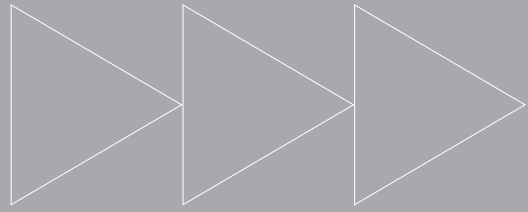


John Nurminen ▶▶▶





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John Nurminen in brief

John Nurminen is a company providing customer-driven logistics services based on the understanding of the customer's operations and on specialised logistics expertise.

John Nurminen is a 119-year-old Finnish family-owned company. The secret of its long life is the ability to respond to customer's new challenges and changes in the business environment.

Key Figures

Eur million	2002	2003	2004
Turnover	71	83	97
Profit*	2,5	5,6	9,6
% of turnover	3,5	6,7	9,9
Return on investment (ROI), %	7,1	12,9	23,0
Equity ratio, %	55,4	53	49
Investments	9,5	5,3	14,7**
Personnel			
– in Finland	471	474	551
– in Russia and Baltic	50	106	127

* Profit before extraordinary items and taxes

** Gross investments

Guiding Principles

▶▶▶ Our mission

To produce high-quality logistics solutions that strengthen our customers' competitiveness in the Baltic region.

▶▶▶ Our goal

To be the market/quality leader in the chosen logistics sectors. Companies seeking for innovative and tailored logistics solutions consider John Nurminen as their best partner.

▶▶▶ Our target

To double our turnover during 2002 - 2007 and to maintain at least 7 % operating profit and 14 % equity ratio levels.

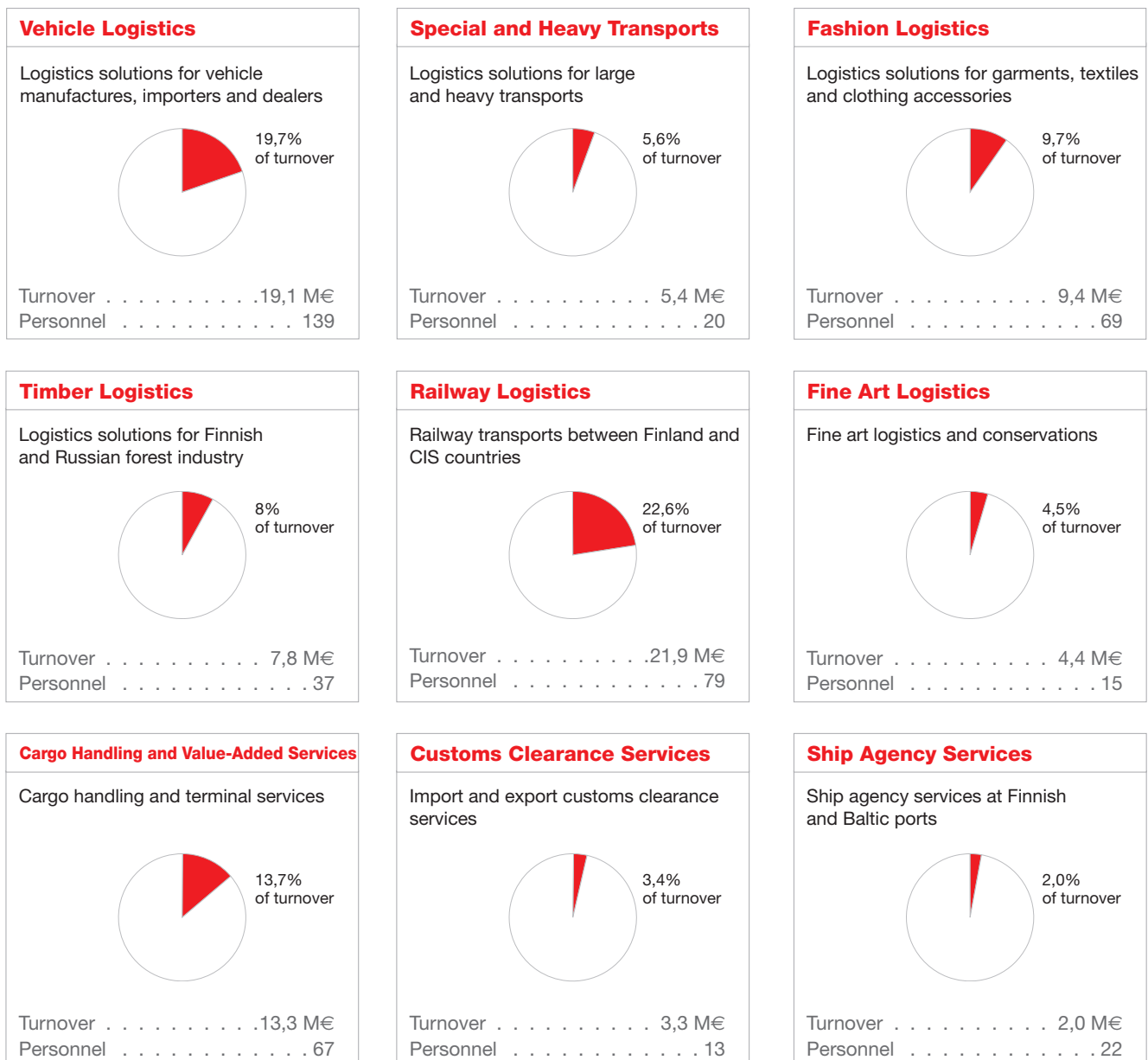
▶▶▶ Our strategy

To focus on logistics and grow organically and through acquisitions in the Baltic region. Our competitiveness rests on original know-how, high-quality service and pioneer spirit, on which we build a strong market position and deep customer relation.

▶▶▶ Our values

- **Trust and be trustworthy**
- **Entrepreneurship means liability**
- **Develop and improve**
 - **for the benefit of the customer**
- **Operate profitably**

Business Units



Turnover outside the Business Units was approximately 10 %

"We are now stronger and more alert to identify customers' wishes and needs."

Jan Lönnblad, Managing Director

Interview with the Managing Director

How was John Nurminen's second year with the new company structure?

2004 was a successful year for John Nurminen. Our turnover increased by 17 per cent to EUR 97 million. Profitability also developed positively and our net profit went up to EUR 9.6 million.

Our restructuring project was also operationally a happy solution. Cooperation within the company has increased, the company culture has been strengthened and the personnel have adopted our common values as their own. We continue to work on the development of our operating methods, e.g. by applying jointly any good practices developed by one unit.

You succeeded in achieving your growth objectives. What did this growth consist of?

The business environment was quite a challenge. The economic growth in Europe was slow and the level of investment remained low, while consumption increased considerably in Russia and the Baltic countries. The high world market price of oil impeded another increase in demand in Russia. Many of our units have had an extremely busy year, as the flow of goods to the east has been growing continuously.

Apart from the increased demand in the east, our growth was based on the breeding ground planned already in 2002. To make this growth possible we have developed our own operations, invested in the infrastructure and expanded the value-added chain of our services.

Did you change your range of services?

We discontinued the trailer repair and inspection operation by selling the business to Kuormatilatekniikka KTT Oy in the spring. We also sold the exhibition lo-

gistics business to Suomen Messulogistiikka Oy and remained a minority shareholder in it. Changes took place in the Liner Agency business and two of our key clients set up their own offices in Helsinki at the end of the year. We are currently in the process of reorganising our Liner Agency operation.

The chemical logistics terminal at the port of Mus-salo (Kotka) was completed in November. The terminal's safety level is unique in Finland, and its personnel has been trained in accordance with the industry's strict requirements. Chemical logistics is a new addition to our service range.

What were the biggest investment projects?

Our investment rate was rather high, and our total investments amounted to 15 million euros. We invested particularly in rolling stock, terminals and information systems. Significant investments made in railway wagons improve our competitiveness in railway traffic between Russia and Finland and enable us to meet the increasing demand in railway and timber logistics. The fleet of Vehicle Logistics Unit in domestic transports was diversified and information systems were upgraded. Moreover, the Special and Heavy Transports Unit became established in Estonia.

Logistics is a huge and constantly growing business. Which sector does John Nurminen see as its own speciality?

Numerous international companies with competitive handling of high-volume flows of material operate in this industry. Compared to these, John Nurminen is a minor operator, and it is therefore most sensible for us to focus only on narrow logistical service sectors that require special know-how. In such sectors we can grow profitably by strengthening our customer relations and by extending our value chain.



Jan Lönnblad

We have some really long-term customer relationships. Many of our customers have been our business partners for more than a decade, and so we can call it a genuine partnership. We also want to fulfil our customers' expectations in the future, and this requires high-quality services and customer-driven development. Deep-going cooperation requires perseverance, but in the long run it benefits both parties.

John Nurminen carried out a customer survey in the beginning of the year. What kind of response did you get?

I could summarise it by saying that we have satisfied customers. We surveyed our customers' views on the services, the operations, our competitiveness' value for money, and the image customers have of our company. John Nurminen is seen as an extremely reliable business partner that knows well the customer's business. Our company's overall rating was good, while many individual units achieved an excellent rating. There was room for development, too. We have studied all this carefully and started taking the necessary measures. The survey results give us a good starting point for strengthening our customer relations and extending our value chains.

How will you implement the growth strategy in the future?

Our growth target is based on a versatile strategy. Our good financial standing makes acquisitions possible, while our organic growth consists of a number of sub-areas.

Companies tend to focus on their particular areas of know-how, and this results in an increase in outsourcing. At the same time material flows are growing. These factors combine to increase the demand for logistics, and at the same time, along with internationalisation, logistics-related requirements become increasingly demanding.

Our efficient organisation and the investments made over the last few years constitute a good basis for growth. The investments in railway wagons and terminals enable us to deal with higher volumes of material flow and to widen our range of services. The new inroads, such as vehicle logistics' domestic distribution and chemical logistics, expand our service range and extend our clientele.

In the future we shall utilise more thoroughly our entire market area, which covers Finland, Russia and the Baltic countries. All our units do not yet operate on the entire market area, and therefore we shall plan separate development paths for each unit. Last year the growth of the Russian economy was 7 per cent, and I presume that this growth will continue as strong in the coming years. Russia is a huge market where operating conditions are still being developed. We also have room for further growth in the Baltic countries, although this market area is not very large.

What is John Nurminen like today?

John Nurminen is an active and developing company that operates in close cooperation with its customers and provides high-quality services. We are now stronger and more alert to identify customers' wishes and needs.

We have a good year behind us, and we can be satisfied with our achievements. I wish to thank the entire personnel and all our customers for the results achieved through seamless teamwork.

Business Environment

Logistics is comprehensive management of the material, information and money flows in a supply chain.

Competitive edge through know-how

As a result of globalisation, the significance of logistics and its cost-efficiency continues to grow. The industry is changing and requirements are increasing. As supply chains become longer and material flows larger and more diversified, the management of the entire logistics chain will become increasingly important. Logistics know-how enables the production of more competitive and efficient solutions. Networking and cooperation between the various operators in the logistics chain provides added value, and the significance of information management becomes more important.

Demanding conditions of Finland

Logistical efficiency is particularly important for the Finnish economy, because of the long distances between the export industry and main markets and the thin material flows. In addition to the unfavourable location, the climate is demanding. For these reasons logistics costs for the Finnish industry and trade are clearly higher than for their competitors. John Nurminen aims to serve Finnish industry and trade by developing cost-effective logistics solutions that will reduce the edge gained by their competitors.

Russia developing rapidly

Finland's location in the EU and next to Russia and its understanding of the Russian operating methods create new opportunities. The annual growth of the Russian national economy is 7 per cent to 9 per cent, and this growth is predicted to continue for many years to come. Russia with its 140 million people is a huge marketplace. The growth is largely based on increasing consumer demand. The business environment is also more stable than before and the country's legislation is developing, and the preconditions for establishment of foreign enterprises have significantly improved. Foreign enterprises interested in the Russian market have already set up agencies and companies there.

John Nurminen's business is currently focused on Russia, where the company has a respectable and strong tradition. The good reputation is a significant competition factor in the Russian enterprise culture. John Nurminen's long-term operations in the eastern border area enable it to penetrate farther into Russia and at the same time to expand its operations to comprise other business activities.

Over 80 per cent of transports in Russia utilise the railroad network. Railroad traffic is vital to the country, particularly as the road network is fairly poor and the seaports are often jammed. John Nurminen's Railway Logistics and Timber Logistics Units have been able to benefit from the growing market for the last few years. The creation of efficient transport routes and solutions will be the strongest competition factor in the future. Modern equipment, efficient use of such equipment and information systems that utilise the very latest technology enable us to offer cost-effective solutions. Railway logistics requires investments in rolling stock and terminals, and John Nurminen has already started making these. One-way traffic continues to be the problem, as full export wagons sent to Russia often return empty. Finding import cargo back to Finland would balance the situation and improve profitability.

The Finnish forest industry is one of John Nurminen's key customer groups. Approx. 16 million cubic metres of raw wood and wood chips is annually imported from Russia to Finland to meet the needs of the Finnish forest industry, and this volume is expected to grow strongly. Competition about wood resources is getting keener, and it will be necessary to extend the sourcing area. Efficient solutions are preconditions for raw wood transports.

Routes via Baltic countries

The Baltic market is also growing strongly, but the marketplace is small and it is divided between three different countries and nations. EU membership will clarify the legislation and the operating methods in the Baltic countries. The infrastructure has also improved in the Baltic countries, and there are numerous small, developing ports. The Baltic countries will enable new, direct routes to be adopted for transports to Russia and to other CIS countries. In the future the Baltic railways will enable routes that are logistically natural to be used for transports to Russia, Kazakhstan, Ukraine and even to China.

John Nurminen's operations in the Baltic countries have been based on the shipping operation. During the last few years the development of the market has created numerous new opportunities. A good example of this is the car terminal at the Paldiski seaport which was opened at the end of the year. New cars for the Baltic market will now be distributed through this terminal instead of channelling them via the Hanko seaport. Apart from the Vehicle Logistics Unit, Special and Heavy Transports and Fashion Logistics also have operations in the Baltic countries.

Personnel

John Nurminen is educative, humane and safe working community. The company is capable of achieving good financial results and, in addition, it has personnel who enjoy their work and customers who are satisfied with the service. The company's success enables continuous employment, and only a satisfied personnel can serve customers with success. John Nurminen monitors all these contributing factors annually.

The challenging operating environment in logistics requires the ability to foresee future events and to plan actions accordingly. Changes may require quick decisions, choosing what to keep, what to develop, and what to relinquish. Therefore, it is important that employees strengthen their own skills and take good care of their ability to work.

One Nurminen - one common target

Good management and clear objectives are the main keys to success. The restructuring of the company, implemented in 2003, can be summarised in the concept: One Nurminen - one common target. Each employee at Nurminen should understand the common objectives, strategy and values and be able to apply them to their day-to-day work, communicated and managed in accordance with Nurminen's policies. The superiors' task is to show the way and to guide their organisation in the right direction. Members of the management groups and key personnel are trained for this task at One Nurminen management training courses. John Nurminen aims to become, on an international scale, the best logistics company in its chosen business areas by 2010.

Satisfied personnel

John Nurminen invests in the personnel's welfare. Personnel satisfaction was measured in a survey carried out in December, with 75 per cent of the personnel responding. The results showed that their work comfort was good, which corresponds to the average level in Finland. 42 per cent of the respondents were very satisfied with their work and 48 per cent were satisfied with their own work and the company but critical about the flow and development of work practices. This group can be seen as a resource of the company. Working environment, management actions and John Nurminen as a company improved their grades compared to last year's survey results. The results have

been utilised as a basis for taking corrective action and planning the development of the working community.

Cooperation creates influence

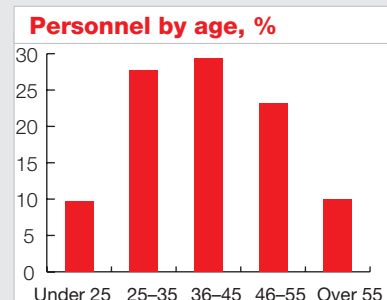
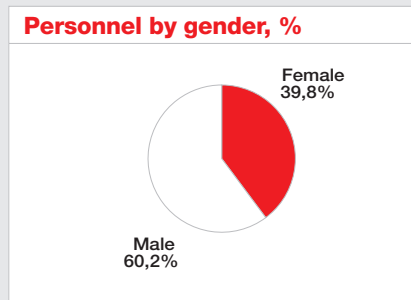
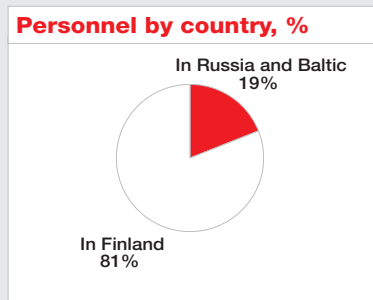
The new company structure meant a new operating model. The company's operation had previously consisted of independent activities within small subsidiaries, and integration into a large organisation required plenty of investment both in the personnel unit and in the creation of channels for interaction among the personnel. Now the cooperation and health and safety organisations have been built, their principles and responsibilities have been defined, and operations are becoming established.

Performance reviews support development

The most important tool in personnel management is a dialogue about work performance. Performance reviews support the development of know-how, motivation and knowledge management. These reviews are conducted between every superior and every permanently employed person. The discussion creates an opportunity to provide feedback and influence one's own work and working environment. Future development and training needs are identified during the performance reviews, and further measures are agreed on this basis.

Work capacity and motivation

Motivation and work capacity are made of numerous factors. Both are influenced by work requirements, personal skills and the working environment, and also by the person's state of health and lifestyle. At John Nurminen the contribution towards well-being at work is targeted at the entire personnel. The aim is to develop the functionality of the working community and to prevent any incapacity for work or loss of working efficiency. Workplace surveys and ergonomic inspections have been carried out at all offices, and the plans of action based on these results are being implemented. The employees get a comprehensive picture of their own state of health through a health inspection. Physical fitness and healthy lifestyles are supported through exercise vouchers, longer-term Aslak fitness programmes and lunch subsidies and by organising an annual Exercise Day for the entire personnel. John Nurminen is a company that cares about its employees.





Vehicle Logistics

Vehicle Logistics Unit provides comprehensive logistics solutions for vehicle manufacturers, importers and dealers. Services include pre-delivery inspection and maintenance, domestic transport and transit transports to Russia and the Baltic countries. The Unit has offices in Turku, Helsinki and Hanko in Finland and Paldiski in Estonia, as well as two subsidiaries: Nurminen PDI Oy and Nurminen Autotrans Oy. The Unit's turnover in 2004 amounted to EUR 19.1 million and its employees numbered 139.

Healthy demand

New car sales continued at a brisk pace in Finland, and the number of vehicles delivered by the Unit was more or less the same as in 2003. While demand in domestic transports remained steady, transit transports to Russia and the Baltic countries increased considerably. The multiplication in the number of transit deliveries resulted from a growth in the volumes of existing customers, as well as business with new customers. Operation continued to show good profitability.

Further resources through investments

The company in charge of domestic transport, L. Pihlapuro Oy, merged with V M Tikkinen Oy, and the company's name was changed to Nurminen Autotrans Oy. To enhance transport operation, Vehicle Logistics Unit invested in a new information system, as well as in transport fleet, which now

includes 22 transport units. A car terminal and workshop for inspections and accessories installation of new cars was also opened at the port of Paldiski, west of Tallinn.

Closer cooperation with customers

The Unit received positive feedback in the customer satisfaction survey in 2004 and it aims to further deepen and expand customer relationships. The operating environment supports the development and provision of new solutions, with car manufacturers and importers looking for new, more cost-effective methods with shorter lead times. In addition to developing new customer-oriented solutions, Vehicle Logistics Unit emphasises customer contacts and information flow and has already launched development projects for new information systems.

Growth in transit transport

The growing Russian economy is expected to further raise car demand, which brings positive development in the volumes of transit transports. The fleet investments made in domestic transport over the year enable the Unit to increase its market share. As car sales in Finland are predicted to remain brisk, the demand for pre-delivery inspections is also expected to be high. The Unit launched operation in Paldiski in February 2005 and is also prepared to roll out operations in Kotka.

Partners: Ford Motor Company ZAO in Russia and Gema-Trans

Ford is one of the best-known brands in the world. Ford in Finland has been the Vehicle Logistics Unit's customer for over 25 years, and cooperation with Ford Russia dates back more than ten years. Gema-Trans, a Russian vehicle transport company, acts as John Nurminen's partner and carries out Ford's transit transports from Finland to Russia. The number of vehicles transported has risen enormously despite the fact that Ford has its own production plant in Russia, and only imported vehicles are transported via Finland. In 2004 the business partners handled some 10,000 vehicles, and the volume is expected to almost double during 2005.

The Vehicle Logistics Unit performs the Ford vehicle

pre-delivery services, including inspection for damage, warehousing, vehicle forwarding and reporting. This cooperation is regular and close. The growing market demands an ability to quickly adapt capacity. Wide-ranging volume fluctuations and changes to existing regulations are also demanding for the operation.

Close cooperation also means joint planning and development of operations. Up-to-date information is increasingly important, and therefore John Nurminen utilises Ford's information systems and develops its own solutions in cooperation with Ford. Joint planning also covers route options and logistics for new vehicle models introduced to the market.



Special and Heavy Transports

The Special and Heavy Transports Unit offers services for large and heavy transports in Europe, Russia and the Baltic countries. The transports are tailored to customers' individual needs. The customer base consists mainly of the mechanical engineering industry and forwarding companies. The Unit's offices are located in Jyväskylä, at Hakkila in Vantaa and Tallinn. Its turnover in 2004 amounted to EUR 5,3 million and its employees numbered 20.

Tougher price competition

The Unit reached its goals for profitability, although turnover fell slightly from the previous year. The market for special transports went down, and some competitors launched an aggressive price war, occasionally at quality's expense. While deliveries for the mechanical engineering industry remained at a low level, the growing volume of orders promise better for the future.

Investments in the Baltic countries and Russia

Transport subcontracting was centralised in Finland, and a new ERP system was introduced to enhance the management of transports. Services were launched in Estonia in the spring under the name Nurminen Heavy Oü, and the

company's resources were built up. The Unit's goal is to become the market and quality leader in Estonia, as well as a significant player in other Baltic countries. Cooperation was strengthened in Russia both with the company's local partner and OOO John Nurminen CIS.

Excellent customer service

The Unit is market leader in its field, with excellent quality of service. Staff expertise, service attitude and flexibility received special thanks in the customer survey at the beginning of 2004. Profound know-how, modern fleet and good information systems ensure cost-effectiveness also in the future.

Future prospects

With operations becoming more international, the development of competitiveness calls for an effective and globally extensive cooperation network. Market is expected to grow in all of the Unit's market areas. Deliveries for the mechanical engineering industry will increase in Finland, and the markets in the Baltic countries and Russia are also developing favourably. The measures already carried out, as well as possible future acquisitions, support the Unit in achieving its growth target.

Partner: Finnish Road Administration

The Finnish Road Administration is the authority that grants permits for special transports in Finland. John Nurminen is awarded the some 450 special transport permits a year, meaning approximately 2–3 permits a day. Dating back to the 1970s, cooperation is close and flexible. John Nurminen's expertise receives praise from its partner. Permit applications that are filled out in detail and include all the required appendices shorten handling times.

The Road Administration's standard handling time for special and heavy permits is one week and for other permits two days, but the process is often even faster than this. The information entered in the application depends on

the type of permit. Applicants can express their wish about the route, but if only the loading and unloading addresses have been given, the route is determined by the Road Administration. It selects the routes using an information system introduced in 1992, which continues to be functional and in some respects exceptionally advanced in international comparison. Since permits granted to EU registered vehicles may be valid up to one year, a delay in transport schedules does not always demand a new application.

If required, the Road Administration also controls bridge crossings of heavy transports. It also trains traffic controllers and drivers in cooperation with educational institutions.



Fashion Logistics

The Fashion Logistics Unit provides clothing industry, importers and retailers with customer-oriented logistics services for garments, textiles and clothing accessories. The comprehensive service comprises the customs clearance, finishing, warehousing and transport. The Unit has branch offices in Lahti and Tallinn, and it belongs to a European Fashionet network. Its turnover in 2004 totalled 9.4 million euros and the number of personnel was 69. In March 2005, the Unit's business operation was sold to Finland Post Corporation. It will be part of the Post Logistics Services as of 30 April 2005.

Lively autumn season

The Fashion Logistics Unit achieved the set targets. Demand was increased both by new customers and by the growing goods volumes of current customers. Also, customers' interest in outsourcing their activities grew stronger. The spring season corresponded to expectations, but the liveliness and long duration of the autumn season was a surprise. From time to time demand was so intense that capacity had to be raised through temporary arrangements and extra workforce. The new warehouse completed in early 2004 eased the situation by centralising the operations at a single address in Lahti.

New warehouse in Tallinn

In July, new premises were also introduced in Tallinn, enabling efficient handling of both hanging products and those

packed in cartons. The information system created for road transport arrangements in Finland was developed further to cover also the export activities; this program will be introduced also at the Tallinn office in the future. The operation of the Fashionet network improved, and its operating range expanded as new members were acquired. Transport companies working in close cooperation with the Unit increased their fleets specialising in hanging clothes transportation.

Seasonal preparations

The Fashion Logistics Unit received excellent ratings in its customer survey in the spring. The service approach, response times and know-how were rewarded with particular praise. The Unit aims to maintain the high customer satisfaction by developing working methods and information systems. The lively autumn season indicated stronger seasonal fluctuations than in previous years. In fact the Unit has already changed some of its operating methods in order to balance such fluctuations, and it has looked for more flexible solutions to improve the stock turnover.

Increased imports from the Far East

Consumers' requirements have grown and, therefore, clothes for sale are expected to be well ironed and finished. The trend of customers wishing to outsource their stocks is also continuing. There is clearly potential for growth in the fashion logistics market. The removal of import quotas from the trade between China and the EU is also expected to increase demand.

Case: Texmoda

The Texmoda Fashion Group is a cooperative owned by 46 independent retailer members. The task of the Texmoda Fashion Group Cooperative is to develop the Moda and Jim & Jill business concepts in cooperation with the retailers. The key part of this cooperation is to produce individual product ranges for the retailers. The MODA chain is Finland's largest chain of specialised men's wear and women's wear shops. The Jim & Jill chain specialises in youth fashions. There are more than 100 shops across the country. Texmoda's sales in 2004 totalled over 124 million euros.

The cooperation between Texmoda and the Fashion Logistics Unit started over ten years ago in the form of import

transportation. Two years ago Texmoda also outsourced its stocks to John Nurminen, and their cooperation in garment finishing started at the same time. Now the Unit also carries out customs clearance on Texmoda's behalf.

It is important that shops receive their highly finished products for sales exactly at the right time. For this reason, a high quality service is essential for this cooperation. The operations must be flexible, consignments flawless, reports up to date and distribution reliable. Therefore, close contacts are maintained between Texmoda and the Fashion Logistics Unit. Results are monitored and new ideas for further development of the operation are discussed at seasonal meetings.



Timber Logistics

The Timber Logistics Unit offers logistical solutions to the Finnish and Russian forest industry. The Unit is specialised in transporting round timber and wood chips, mainly by rail. The services include transport, warehousing, measuring and grading of timber, as well as quantity and quality reporting. The network of offices covers the entire eastern border of Finland, and there are timber terminals both in Russia and at the Finnish border stations. In Russia, the subsidiary OOO Huolintakeskus is responsible for the Timber Logistics Unit's operations. The Unit's turnover in 2004 amounted to EUR 7.8 million and the number of employees was 37.

Wagon shortage eased by investments

The import of raw wood to Finland grew moderately and increased the Unit's turnover with greater demand for additional services such as freight forwarding and operating. Profitability improved and the targets set were attained. The shortage of wagons in Russia necessitated further investments in rolling stock, and the Unit acquired specialised wagons for the transport of round timber and wood chips. The procurement of new wagons increased the supply of transport towards the end of the year, but the effects will be seen more clearly during 2005. Investments in the development of rolling stock will be important also in the future.

Expansion to wagon operation

In December a letter of intent was signed on the acquisition of a minority shareholding in the Russian railway opera-

tor ZAO Itrans and on purchasing the entire rolling stock owned by the company. This arrangement will expand the services and ensure a skilled and developing environment for operating wagons. Skilled operations will improve the turnaround of wagons and ensure a cost-effective service to customers.

Personal customer service

During the next few years the market will offer good growth opportunities to efficient, goal-oriented service providers. The Unit will explore customers' requirements accurately in order to offer even more personal customer service. Also, cooperation with Russian business partners will be strengthened. The development of information systems will also be significant; good timing of transports will be a key factor in achieving high quality in timber logistics.

Vigorous growth

The outlook for growth in timber logistics is extremely good. During the next few years, the raw wood import from Russia will be significant to the Finnish forest industry, and consequently, the demand for logistics will grow. The industry is outsourcing its activities both in Finland and in Russia. The Unit's investments in rolling stock and terminals will improve its capability to respond to the growing demand. This will enable the Unit to expand its operating environment from Finnish border areas farther into the Russia and to develop the internal transports of Russia.

Case: Metsäliitto Group

Metsäliitto Group is one of Europe's largest forest industry companies, with subsidiaries such as M-real, Finforest, Botnia and Metsä Tissue. The Group's turnover in 2004 totalled 8.5 billion euros and it employed some 30,000 personnel.

John Nurminen's Timber Logistics Unit has been responsible for Metsäliitto's raw wood transports since the early 1990s. The Unit is in charge of managing the wood supplies from Russia to Metsäliitto's mills or, in practice, sending them the right kind of deliveries at the right time.

The total service comprises forwarding, customs clearance, warehousing, transport, leasing and operating of wagons, and terminal services. The timber is also measured and graded.

Electronic data transmission is also an important part of the service. Information systems are being developed in cooperation with the customer. Other challenges such as the tight timetables required by the transports and the demanding conditions in the operating area, also call for close cooperation.



Railway Logistics

The Railway Logistics Unit serves exporting companies primarily through railway transports between Finland and the CIS countries. The service covers also customs clearance, forwarding and terminal services. The railway terminals, which are also used as bonded warehouses, are located at Vainikkala, Niirala and Luumäki. A road haulage terminal is located at Vaalimaa. The Unit's turnover in 2004 amounted to EUR 21.3 million and the number of employees was 79.

Lively demand

2004 was a good year for the Railway Logistics Unit. Significant investments in terminals and rolling stock enabled it to respond to an increasing demand for railway logistics. The goods flow increased, particularly to Russia, Ukraine and Kazakhstan. Economic growth continued to be strong in the region, and also the high market price of oil increased the demand. Apart from regular transports, also the volume of new customer contacts and project-related transports increased. The competition became harder as Russian forwarding agents entered the Finnish market and customers were looking for alternative transport routes.

Introduction of private rolling stock

Acquisitions of new rolling stock improved the availability of transport capacity during the latter part of the year. John Nurminen has increased its rolling stock capacity by investing in both own and leased private rolling stock for the past four years. Efficient information systems enable a

rapid rotation of wagons. Moreover, terminals have been built and modernised during the last few years. The building of further terminal capacity will be completed in Kotka and Vainikkala during 2005.

Quality and environmental certification

Operations were expanded by setting up in Moscow a branch office that works in close cooperation with John Nurminen CIS. The Vainikkala border station introduced a 24-hour service system in April. This improves customer service and speeds up the rotation of wagons. The quality project progressed according to plan, and in June the Unit was awarded a quality and environmental certification that covers the entire service.

Import from Russia

It is predicted that the rapid economic development of Russia and the other CIS countries will continue during the next few years. Export to the east will increase and the exported articles will be of a greater variety, while import will continue to consist primarily of various raw materials. Rising freight prices will impair the competitiveness of railway transport, although short transit times and safety ensure that this service will continue as a good alternative. New cost-effective transport solutions are being investigated together with the customers, and the share of combination transports is expected to grow. The growth in the trade between Finland and China will also be reflected in the future of railway transport.

Case: Timberjack

Timberjack is the world's leading manufacturer of forestry machinery. Its product range includes harvesters and forwarders as well as feller-bunchers, skidding machines and timber hoists for whole-tree harvesting.

The Railway Logistics Unit and Timberjack have been business partners for the past five years. Forestry machinery is regularly transported from Niirala to Russia both by rail and by road. The Unit also stocks Timberjack spare parts.

High quality requirements have been set for transportation of forestry machinery by rail. Precise loading drawings for all types of machinery, including specification of the size

of nails used on the load supports have been approved by the Russian Railways. The loading and strapping of machinery is highly skilled work. The machines must be supported, any removable parts located in the cab, the lights and windows covered and the doors sealed. The service provided for Timberjack also includes the production of documents, freight forwarding and, where necessary, escorting and monitoring of wagons.

Tight schedules make the operation challenging. Directions for the supporting and strapping of loads may sometimes be contradictory, and regulations applied on the Finnish and Russian sides of the border may differ.



Fine Art Logistics

The Fine Art Logistics Unit provides high-quality fine art logistics services, special services for valuables, and conservation services. Its customer base includes art museums, galleries and private proprietors of fine art. The Unit's operational bases are situated at Hakkila in Vantaa, and in Moscow, where the operation is managed by OOO John Nurminen CIS, a subsidiary of John Nurminen. In 2004, the Unit's turnover totalled EUR 4.4 million and the number of employees was 15.

Improved profitability

There has been no significant change in the demand for fine art logistics during the year; the market has remained quiet and the competition keen. Nevertheless, the year has been good for the Unit, and the profitability of the operations has improved thanks to the effective operating methods. Cooperation with the Moscow subsidiary has, in particular, produced growth in the volume of business. There has also been increasing demand for conservation services.

Focus on fine art

The Unit focused on fine art after the Exhibition Logistics business was sold to Suomen Messulogistiikka Oy in May. John Nurminen remained a minority shareholder in this

company. Cooperation with auction houses was activated during the year, for example by organising various customer events. Close contacts were kept with the customers, including training for fine art handling. Consequently, the Unit received high ratings from its customers in a satisfaction survey in the spring.

Growth from the east

Due to the instability of world economics, no significant change is expected during 2005 in the demand for fine art logistics. The Russian market, on the other hand, continues to offer opportunities for further growth. The Unit holds a good market position in Finland, and it distinguishes from other operators by providing a highly refined service that covers not only transport services but also management and conservation of collections. Opportunities for growth can be increased by providing new forms of service.

Case: Pohjola

The Pohjola Group has built up a noteworthy collection of fine art during its 114 years of operation. The collection consists of paintings, graphics, sculptures, textile art and valuable pieces of furniture. All the works of art are located in Pohjola's various offices across Finland, as the company's aim is to give pleasure to personnel and customers by displaying these works of art on a continual basis.

As Pohjola changed over to the IAS accounting practice it was necessary to determine the market value of each work of art. John Nurminen's Fine Art Logistics Unit car-

ried out an inventory of Pohjola's art collection, inspecting all works of art and checking their condition in detail, updating the data on the register, and determining a market value for each work of art. Up-to-date information on these works can now be accessed on Pohjola's Fine Art Register through various criteria. Pohjola and John Nurminen are also partners in the conservation of these works of art.

Pohjola is a group of underwriters that focuses on liability insurance and investment services. Its turnover totals approx. 1,170 million euros and it employs 2,900 people.



Cargo Handling and Value-Added Services

Cargo Handling and Value-Added Services provides import and export companies, forwarding companies and the wholesale trade with cargo handling, warehousing and value-added services. Its offices are located at Hak-kila in Vantaa, and in the ports of Mussalo (Kotka), Hami-na, Loviisa and Turku. The Loviisa office specialises in sawn timber and bulk cargo, while the Mussalo Unit also offers services for chemical logistics. The Unit's turnover in 2004 amounted to EUR 13.3 million and the number of employees was 67.

Increasing domestic demand

Finland's export to Russia was still on the increase, and domestic demand picked up. There were seasonal fluctuations in transit transport. The demand for cargo handling levelled out during 2004, and the market was less stable than before. In contrast, demand for sawn timber grew slightly.

Year of investments

The Unit made big investments in the construction and expansion of terminal facilities in Vantaa, Mussalo and Loviisa. Operations in Hakila expanded, and terminal facilities doubled. The chemical logistics terminal in Mussalo, featuring a unique safety level in Finland, completed in November. The handling of labelled goods is John Nurminen's

new service demanding special expertise. In addition to facilities complying with regulations, chemical logistics made heavy investments in personnel training. A new terminal for normal cargo handling was also constructed in Mussalo. The timber warehouse in Loviisa was moved to a logistically better place. In addition, the service range was expanded by constructing a multi-purpose hall for new cargo handling.

Productisation

The Unit adopted a more product-oriented approach to operations and modified its location-based thinking. Services are now divided into four categories: transit, terminal, timber and bulk, and chemical. This change will enable increasingly broader and clearer services to customers. To strengthen the organisation, the Unit recruited more personnel for terminal operations.

Developing operating methods

Good demand is expected to continue, especially in import operations. However, changes will take place in the operating environment. Transit traffic is about to enter an era of new services. Developing the Unit's operating methods and creating new products provide the foundation for profitable growth also in the future.

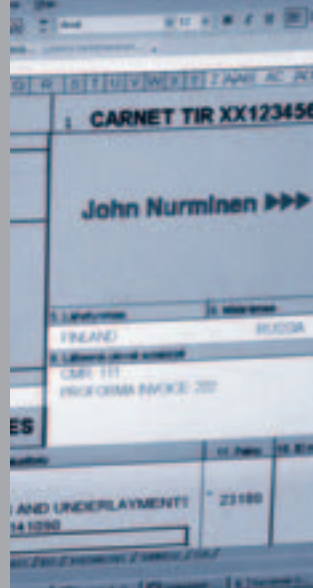
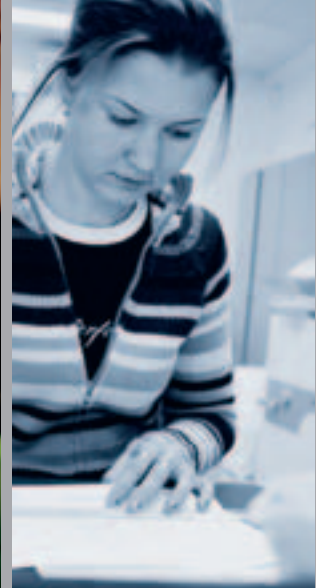
Case: CENTOS

Centos is a logistics company, offering forwarding, warehousing and transport services. The company has been a customer of Cargo Handling Unit in the port of Hamina for nearly a decade. John Nurminen's services to Centos include terminal leasing, warehousing, warehouse accounting and cargo handling.

The customers of Centos are big Asian electronics manufactures, meaning that every year huge amounts of household electronics pass through the warehouses in Hamina on their way to Russia, other CIS countries or the Baltic countries.

Over time, the customer relationship has grown into

close cooperation and also the contract periods are longer than typically in the field. The operations are very demanding, with constantly changing regulations, schedules and volumes. Especially the increasing goods flows call for the ability to adjust operations at short notice. Cultural differences must also be taken into consideration because the Asian operating method and environment differ clearly from the Western policy. Understanding the overall picture is essential. To meet the challenges, Centos and John Nurminen work in close cooperation to develop effectiveness, quality and operating methods.



Customs Clearance Services

Customs Clearance Services Unit offers customs clearance and terminal services for import and export companies, forwarders and shipping companies. Its services include all customs clearance services related to transports and international trade, such as import and export clearances, clearance and transit documents and intra-EU trade statistics. The Unit has offices at Hakkila in Vantaa, Mussalo (Kotka) and the ports of Turku and Hanko. Customs clearance services are also available at many John Nurminen offices around Finland. The Unit's turnover in 2004 amounted to EUR 3.3 million and the number of employees was 13.

Growth in demand

The year turned out to be better than expected, and the number of assignments increased, despite the customs clearance dropping as a result of the EU expansion. The customer base broadened as several forwarding and transport companies outsourced their clearance services. The service production now calls for an increasingly broad range of skills, and the NCTS system, as well as the electronic ITU clearance process implemented in 2004, require advanced information systems. Guarantee requirements have also tightened. The expansion of intra-EU trade statistics and heavy growth in Russian exports and Asian imports increased the demand for the Unit's services. The

Kotka office, opened in 2003, also strengthened its position and expanded its customer base.

Customer-oriented operations

The competitiveness of the Customs Clearance Services Unit is based on a skilled personnel, good information systems and a neutral market position. To make operations more customer-oriented, the Unit broadened job descriptions and linked duties. Each customer has now a single contact person, who can better manage customer's business as a whole. The new operating method ensures higher service quality, improves information management and makes work duties more meaningful.

Positive future prospects

Demand is expected to remain good in 2005. Further growth is predicted in Russian trade, and Finnish import is also expected to increase. The Unit will continue to invest in customer relationship management by increasing personnel resources and enhancing information management.

Case: Hong Kong Import Ltd

Hong Kong Import Ltd was established in 2001 and has worked in close cooperation with the John Nurminen Customs Clearance Services Unit since then. John Nurminen is in charge of customs clearance for the company's shipments outside the EU and of intra-EU trade statistics.

Tight schedules lead to hectic operations. Frequent nation-wide sales campaigns mean that the customs clearance of products must be carried out quickly. Import comes in two seasons: summer items in the spring and Christmas articles in the autumn. The company also imports prod-

ucts that have never before been available on the Finnish market. Sorting out the tariff headings and tax treatment of such products can be extremely challenging. In 2004 the cooperation between John Nurminen and Hong Kong Import expanded to warehousing and cargo handling.

Hong Kong Import's wide range of products comes from different parts of Asia. The company serves the Hong Kong department store chain with 15 stores around Finland. The company's turnover in 2004 amounted to EUR 8.1 million and it employed 4 people.



Ship Agency Services

Ship Agency Unit offers ship agency services in nearly all Finnish seaports, as well as in Baltic ports through the Group's service network. The Unit's customer base consists of shipowners and companies engaged in foreign trade. Ship Agency Services represents Finland in the worldwide Multiport Ship Agencies Network. Its turnover in 2004 amounted to EUR 2,0 million and the number of employees was 22.

Structural changes

The operating environment was relatively stable throughout the year. There was a slight drop in the total number of vessels served by the Unit. Dry-bulk traffic, in particular, decreased in the ports of western Finland, and the Unit looked into alternative ways to offer services in ports with little traffic. In the autumn, Ship Agency Services Unit signed a cooperation agreement with Kemi Shipping Oy and Herman Andersson Oy for the production of ship agency services in the Gulf of Bothnia. It also closed down its office in Oulu.

Deepening customer relationships

Ship Agency Services Unit focused on deepening customer relationships, for example, by adopting common, process-enhancing IT solutions. The Unit also implemented a new operational information system that essentially improves

information management and enables better customer service. The system links to PortNet, a national information system for port traffic.

Revision of fairway dues

In 2003 the authorities found that the existing regulations resulted in differing interpretations of the ice class of vessels, used as the basis for fairway dues. The Government appointed a work group to resolve the issue, but the eagerly awaited legislative amendment is still under preparation. Case-by-case retrospective settlement of fairway dues demands a lot of administrative work and will result in financial obligations if the additional dues cannot be collected from shipowners.

Financially sound company

The Unit aims to improve profitability by enhancing operations and expanding customer base especially in the Baltic ports. Competition will continue to intensify as small local service providers enter the market. The competitiveness of John Nurminen is based on superior service in terms of availability and quality. As a pioneer in the field, the Unit develops services that go deeper into the customer's value chain. It received good feedback in the customer survey in spring 2004.

Case: Fortum Oil

Fortum Oil transports and stores nearly 40 million tons of crude oil, petroleum products and chemicals every year. It has a fleet of nearly 30 tankers, both its own and time-chartered vessels. The company has oil refineries in Naantali and Porvoo, both with their own oil ports. Fortum Oil tankers make some 1,500 annual visits to Finnish ports and 120 to Tallinn.

Ship Agency Services Unit handles almost all Fortum Oil's ship clearances in Finland and Tallinn. Fortum's ports are also visited by some two hundred other vessels, whose agency services are handled by John Nurminen. Cooperation started nearly a decade ago when Fortum outsourced

its clearance operations to John Nurminen. During this time the customer relationship has expanded and deepened. The quality and efficiency of operations have been improved through joint development of electronic systems.

Fortum is one of the leading power companies in the Nordic countries and the Baltic region. Its main products include electricity, heat, traffic fuels and heating oils. Fortum Oil is Fortum's subsidiary in charge of the oil sector. Fortum has a turnover of some EUR 11.7 billion and a personnel of 12,900.



The private museum of John Nurminen Foundation at Huolintatalo



Juha Nurminen, Admiral Juhani Kaskeala, Ulla and Alpo Tuurnala and Seppo Sarelius in Turku on 15 September 2004

John Nurminen Foundation

John Nurminen Foundation aims to preserve and maintain the traditions of seafaring and the maritime environment and related cultural heritage in Finland, as well as to foster public interest in these topics.

Grey ships on exhibit and in book

The Foundation and Forum Marinum, a museum that specialises in seafaring, arranged Grey Ships exhibition on Finnish naval vessels and the archipelago in Turku at the end of the year. Over 50 aquarelles painted by commodore (engineer) Alpo Tuurnala were on display at the exhibition, which attracted 6,500 visitors. In February 2005 the exhibition was transferred to Huolintatalo in Helsinki where it can be seen until the end of April.

An art book on these naval ships was published in Finnish in connection with the exhibition.

The Foundation continued to sell its publications – The Northeast Passage, Mare Balticum, Gulf of Finland Album, Art and the Sea, Ultima Thule and Masters of Maritime Art – and developed its distribution channels in Finland and Sweden.

Book Fair and the Emil Cedercreutz Museum

John Nurminen Foundation participated in the Helsinki Book Fair in October with a stand of its own. The Foundation's maps were displayed at the Helsinki University Museum in an exhibition entitled "In the Footsteps of the Bear – at the Iceholds of the Amur river", open from 3 November 2004 to 31 May 2005. The Foundation's paintings were on display at the Emil Cedercreutz Museum in Harjavalta during March and April at an exhibition of maritime art.

The Foundation has maintained and increased its collections by acquiring maritime literature, antique nautical charts and maritime paintings.

For a clean Baltic Sea

The Foundation launched new activities focusing on the protection of seas, and created a strategy for a clean Baltic Sea. The goal is to invest in projects resulting in a concrete reduction of eutrophication in the Baltic Sea and to increase awareness of environmental issues. Activities will most likely concentrate on the St. Petersburg–Neva region.



The Foundation's stand at the Book Fair



Report by the Board of Directors

Turnover and financial result

John Nurminen was able to grow at a clearly faster rate than the industry as a whole, and the company's financial result developed very favourably during 2004. The Group's turnover was EUR 97 million, an increase of 17 per cent on the previous year. The profit before extraordinary items and taxes was EUR 9.6 million, while the corresponding result the year before was EUR 5.6 million. The operational result without the non-recurring items was EUR 7.3 million (EUR 4.3 million in 2003). The return on investment (ROI) was 23 per cent, thus exceeding the 14 per cent set by the company as its long-term target. The operation of the John Nurminen Foundation, especially the protection of Baltic Sea, was supported with EUR 1 million.

The factors that most influenced the positive development of the business were the increases in the trade between Russia and Finland and in transit transports. The strong growth of the Russian economy was particularly apparent in the Railway Logistics Unit, which grew at a very fast pace. Transit transports produced an increase in the Vehicle Logistics Unit's operations. All the units of John Nurminen were profitable.

Business environment

The development of the world economy in 2004 was relatively stable. The markets developed positively in John Nurminen's main market areas Finland, Russia and the Baltic countries. Finland's GDP went up by 3.7 per cent, which can be seen as relatively modest compared to the current economic trend. Export increased by 5 per cent and import by 10 per cent. The growth of the Russian economy continued very favourably. Finnish exports to Russia grew by 25 per cent and import by 23 per cent. The positive development of the Russian economy has been an extremely significant factor in John Nurminen's business. The strong economic growth has also continued in the Baltic countries.

Main events

In 2004 the company continued to concentrate on the core areas of its business. Trailer repair and inspection operations as well as exhibition logistics were discontinued during the year. The exhibition logistics business was sold to Suomen Messulogistiikka Oy, and John Nurminen remained a minority shareholder in it. Essential changes took place during 2004 within the sector of the Liner Agency Services Unit. Two of its clients set up an office of their own in Helsinki,

and one shipping company discontinued its traffic to Helsinki. The Unit's operations have already been adapted accordingly, and such measures will be continued. John Nurminen relinquished its minority shareholding in Globe Ground Finland Oy in accordance with the original agreement. The company also sold its shares in the property at real estate company Pasilankatu 2.

In 2004 the company identified the focal areas that will enable it to grow in future years. Investments totalled EUR 15 million. Significant investments were made to develop the business activities linked to railway traffic between Finland and Russia. Investments in rolling stock enhance the competitiveness of both the Timber Logistics and the Railway Logistics Units. Completion of the terminal construction and modernisation projects will also help expand the existing business activities. The largest project was the construction of a new chemical terminal at Musalo in Kotka. Chemical logistics is a new service provided by the Cargo Handling and Value-Added Services Unit. The Vehicle Logistics Unit's terminal at the port of Paldiski in Estonia was completed, and it was opened in early 2005. The terminal enables the distribution of new vehicles to the Baltic and CIS countries via Estonia. Also the competitiveness of domestic vehicle transports was enhanced through diversifying the transport equipment and upgrading the information systems. At the end of the year a letter of intent was signed on the acquisition of a minority shareholding in the Russian rail operator ZAO Irtrans. Railway operation will enable significant growth in the railway wagon traffic between Finland and Russia.

The transport companies L. Pihlapuro Oy and V M Tikkinen Oy merged, and the new company started operations under the name Nurminen Autotrans Oy. Atlans Oy's name was changed to Nurminen PDI Oy at the beginning of 2005.

Financing

The company's financial standing has been good throughout the year. The equity ratio is 49 per cent. The good financial standing enables the company to quickly respond to any restructuring requirements.

Personnel

The restructuring of the organisation implemented in early 2004 has improved cooperation as expected. Organisations for cooperation and occupational safety and health have been set up, and their opera-

tion is becoming established. Internal development projects and comprehensive training ensure continued development of both the company and its operating methods, a strengthening of its know-how, and the satisfaction of customers and personnel. An annual survey of personnel satisfaction and internal development needs was carried out at the end of the year. The results of this survey will be utilised in further developing of the working community.

During the financial period the company employed an average of 678 people, 551 of these working in Finland and 127 abroad.

Objectives and strategy

The development during the financial year indicates that the objectives for growth and profitability are achievable. The turnover has already increased during the last three years from EUR 60 million to EUR 97 million by 62 per cent. It is expected to reach approx. EUR 130 million by 2007.

The objective for growth presents a challenge and will require a review of policies in 2005. According to company strategy, investments will be distributed across a number of logistical sub-areas. Their objective is to achieve a sustainable competitive edge either through pioneering, differentiation, or through integration deep within the customer's value chain.

The rapid development of the Russian economy has created interesting new logistics segments serving the needs of the customer companies. The operation of the Timber Logistics Unit is based on the Finnish forest industry's need for wood, the Railway Logistics Unit transports Finnish export products to Russia, and Cargo Handling and Value-Added Services and Vehicle Logistics handle the transit transports of consumer goods and cars.

In accordance with our strategy, we have aimed to be pioneers in our sector. Based on these decisions, the share of Russia-related business has increased and is now over 50 per cent of the turnover. However, the selected strategy also involves risks, particularly in the event that trade regulations change drastically.

Future prospects

John Nurminen's business environment is expected to remain similar to that of 2004. The growth in the Finnish economy will continue at a very moderate rate, but the Russian and Baltic markets will continue to develop very positively.

Possible industrial disputes in the labour market will bring the most significant threat to the business environment with a possible negative effect on operations as well as on the 2005 financial result.

The investments made during the year will enable the turnover to grow moderately. Development of the existing businesses and strengthening of the Units' competitiveness will be continued. Expansion through acquisitions will be necessary in order to achieve the growth objective, and suitable targets for reaching John Nurminen's aims are constantly investigated.

Profit and Loss Account

EUR 1,000	1.1.-31.12.2004	1.1.-31.12.2003
NET TURNOVER	96,744	82,903
Other operating income	5,433	1,200
Materials and services		
Raw materials and consumables		
Purchases during the financial year	3,252	906
Change in inventories of raw materials and supplies	3	
External charges	41,492	37,236
	44,747	38,142
Personnel expenses		
Wages and salaries	21,195	17,916
Other personnel expenses	4,832	4,360
	26,027	22,276
Depreciation and reduction in value		
Depreciation according to plan	4,017	3,681
Other operating costs	17,096	14,659
OPERATING PROFIT	10,291	5,345
Financial income and expenses		
Share of associated companies	-45	443
Interest and financial income	794	585
Interest and other financial expenses	1,487	783
	-738	245
PROFIT BEFORE EXTRAORDINARY ITEMS	9,553	5,590
Extraordinary items		
Extraordinary expenses	1,000	0
	-1,000	
PROFIT BEFORE TAXES	8,553	5,590
Taxes		
Change in deferred tax liability	69	-38
Income tax on normal operations	-2,028	-1,410
PROFIT BEFORE MINORITY SHARE	6,594	4,142
Minority share	-186	-28
PROFIT FOR THE FINANCIAL YEAR	6,409	4,114

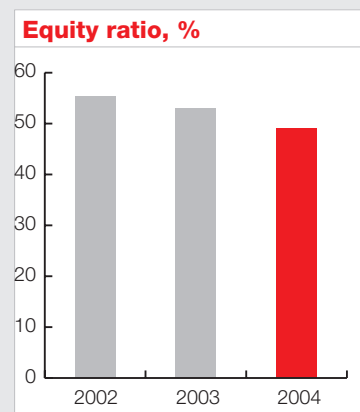
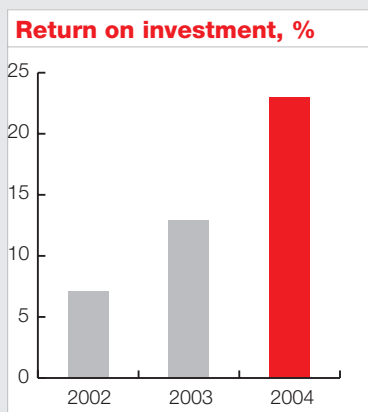
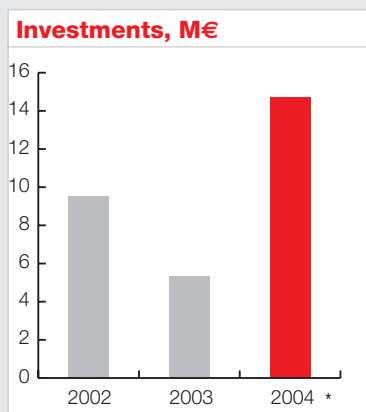
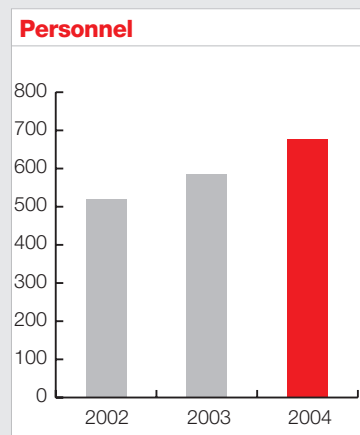
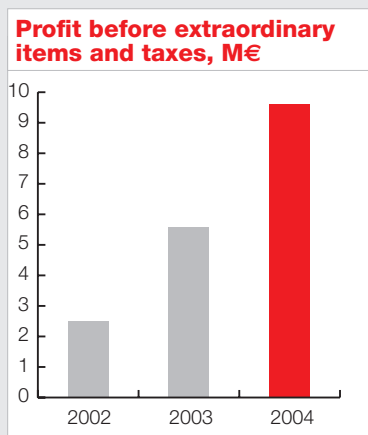
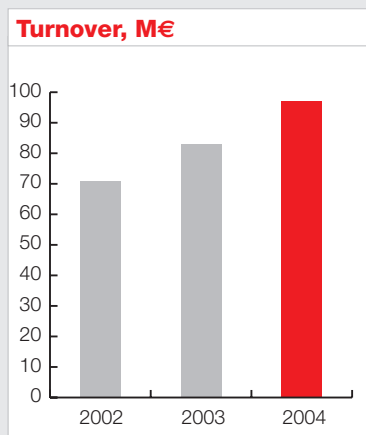
Balance Sheet

EUR 1,000	31.12.2004	31.12.2003
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	6,948	7,927
Group goodwill	817	636
Intangible rights	337	464
Intangible assets	1,883	1,821
	9,985	10,848
Tangible assets		
Land and water	484	348
Buildings and constructions	14,443	20,252
Machinery and equipment	6,869	3,546
Other tangible assets	548	646
Advance payments and construction in progress	814	248
	23,158	25,040
Investments		
Shares in associated companies	144	739
Other shares and holdings	1,254	1,401
	1,398	2,140
NON-CURRENT ASSETS Total	34,541	38,028
CURRENT ASSETS		
Inventories	11	74
	11	74
Receivables		
Non-current receivables	319	124
Current receivables	23,066	16,456
Marketable securities	8,108	76
Cash in hand and at banks	1,704	11,873
CURRENT ASSETS total	33,208	28,603
ASSETS TOTAL	67,749	66,631
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	455	436
New issue	100	-
Share premium account	1,735	344
Reserve fund	9	4,265
Exchange rate translation differences	-13	-13
Retained earnings	23,284	22,622
Profit for the period	6,409	4,114
Subordinated loan	990	2,500
	32,969	34,268
MINORITY SHARE	509	1,168
GROUP RESERVES	68	89
LIABILITY		
Deferred tax liability	748	1,145
Non-current liabilities	11,188	11,700
Current liabilities	22,266	18,261
	34,202	31,106
EQUITY AND LIABILITIES TOTAL	67,749	66,631

Cash Flow Statement

1,000 euroa	2004	2003
Cash flow from operating activities		
Operating profit	10,291	5,344
Depreciation	4,016	4,040
Change in working capital	-2,402	-274
Financial income and expenses	-979	245
Extraordinary items	-1,000	0
Other financial items	0	0
Taxes	-2,028	-1,447
Cash flow from operating activities	7,898	7,908
Cash flow from investing activities		
Investments in fixed assets	-5,068	-5,334
Change in group reserves	0	89
Other investments	0	-76
Cash flow from investing activities	-5,068	-5,321
Cash flow from financing activities		
Change in loans	-1,849	5,634
Dividends paid	-3,043	-2,597
Change in share capital	0	2,522
Cash flow from financing activities	-4,892	5,559
Change in liquid assets	-2,062	8,146
Liquid assets 1 Jan.	11,873	3,727
Liquid assets 31 Dec.	9,811	11,873

Key Figures



* Total investments

Return on Investment, (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, % = $\frac{\text{shareholders' equity} + \text{minority interest}}{\text{balance sheet total}} \times 100\%$

¹⁾ on average during the year

Accounting principles

Accounting conventions

All companies of the John Nurminen Group comply with standard accounting conventions based on Finnish accountancy legislation.

Consolidated financial statements

Scope

In addition to the parent company John Nurminen Oy, the consolidated financial statements cover the Group companies of which John Nurminen Oy, either directly or indirectly, owns more than 50% at the year-end and which have significantly influenced the financial result. The associated companies have been included in the consolidated financial statements using the equity method. A share, proportionate to the Group's shareholding, of each associated company's financial result for the period, is included in the financial items.

The effect of the non-consolidated associated companies on the Group's financial result and shareholders' equity is insignificant.

Intra-Group shareholdings

The consolidated financial statements have been drawn up on the acquisition cost method. The difference between the acquisition cost of subsidiaries and the shareholders' equity that corresponds to the shareholding acquired has been partly allocated to fixed assets and partly shown as the Group's goodwill value. On 31 December 2004 such allocations to machinery and equipment totalled EUR 323.000. The allocation to machinery and equipment will depreciate in accordance with the planned depreciation of the relevant fixed asset item and the allocation to the Group's goodwill value over 5 or 10 years.

Intra-Group transactions

Intra-Group transactions, internal receivables and liabilities as well as internal profit-sharing have been eliminated.

Minority interests

Minority interests have been separated from the Group's shareholders' equity and financial result and shown as a separate item.

Valuation of fixed assets

Fixed assets are entered on the balance sheet at cost less planned depreciation. Planned depreciations are calculated as straight-line depreciation based on the economic lifetime of the fixed assets. The depreciation periods of the merged companies' have been harmonised.

Depreciation periods

Goodwill	5–10 years
Other long-term expenditure	5–10 years
Buildings	30–40 years
Machinery and equipment	3–10 years

Valuation of receivables

Receivables are valued at nominal or lower value.

Pensions

Pensions expenditure is shown in accordance with national legislation in each country. The pension security of the Finnish personnel has been arranged through external pension insurance companies. Pensions expenses are entered as expenditure and allocated to the year of accrual.

Deferred taxes

The deferred tax liability included in the balance sheet consists of the tax liability on accrued depreciations, calculated using the tax rate for the following years as confirmed at the time of issuing these financial statements. There are no deferred tax credits.

The Most Significant Shares and Holdings

John Nurminen Group

Domestic Subsidiaries	Domestic Associated Companies	Foreign Subsidiaries
John Nurminen Oy (Parent Company)	Cosfim Oy (50%)	OOO Huolintakeskus (100%)
CIS International Oy (100%)	Turku Stevedoring Oy (55%)	OOO John Nurminen (100%)
Nurminen Autotrans Oy (100%)		John Nurminen Eesti AS (100%)
Nurminen PDI Oy (100%)		OOO John Nurminen CIS (90%)
Nurminen Deepsea (100%)		Nurminen PDI Services Oü (65%)
		Nurminen Maritime Latvia SIA (51%)

Executives



Front row, from the left:

Matti Timonen, Director of ICT
Jan Lönnblad, Managing Director
Kaj Kulp, Director
Jaana Pietilä, Human Resources Manager
Kenneth Huomo, Director of Administration
Rauno Pietilä, Director of Customs Clearance Services
Kauko Kettunen, Director of Timber Logistics

Back row, from the left:

Carl-Erik Bengts, Director of Fashion Logistics
Heikki Laine, Deputy Managing Director
Harri Vainikka, Director of Railway Logistics
Antero Sundberg, Director of Vehicle Logistics
Isto Kiviniemi, Director of Fine Art Logistics
Hannu Vuorinen, Director of Special and Heavy Transports
Jarmo Tynninen, Director of Liner Agency
Perttu Piri, Managing Director, John Nurminen Eesti AS
Svante Eriksson, Director of Ship Agency
Tapani Raunio, Director of Cargo Handling and Value-Added Services

Board Members



Matti Packalén, born 1947
M.Sc. (Eng.), M.Sc. (Econ.)

Chairman of the Board:
Setec Oy
Teamware Group Oy
GoodMood Oy

Board member:
Vapo Oy
KemFine Oy

Rolf Saxberg, born 1944
M.Sc. (Econ. & Bus.Adm.)

Chairman of the Board:
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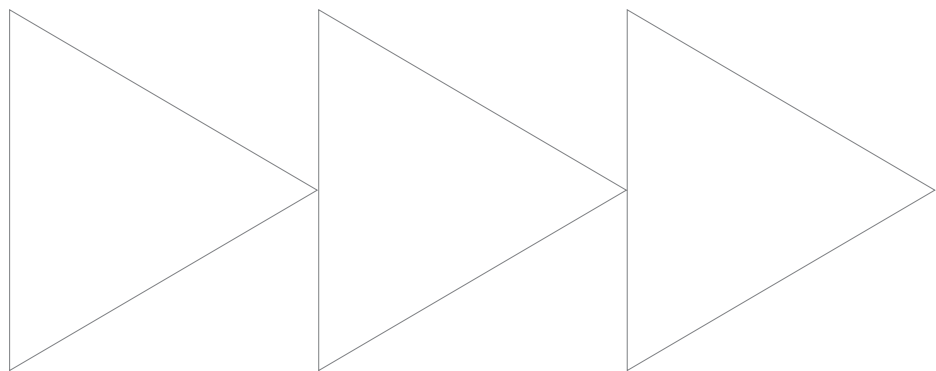
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Annual Report

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Typesetting: Marja Valjus and Tero Kirjokivi

Photographs: Mikko Harna

Translation: Bowne Global Solutions

Printing: Erweko Painotuote Oy

