



High-quality logistics solutions

John Nurminen in brief

John Nurminen provides high-quality customer-driven logistics services in the Baltic Sea region. The company's operations are based on an understanding of the customer's business and on specialised logistics expertise.

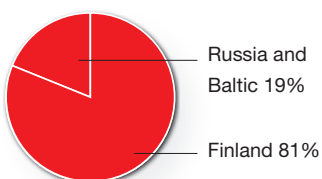
John Nurminen is a Finnish family-owned company with a 120-year history. The secret of our long life is our ability to respond to customer's new requirements and changes in the business environment.

Key figures

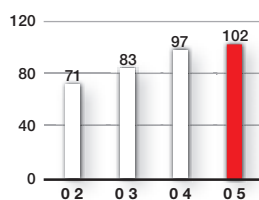
	2002	2003	2004	2005
Turnover, M €	71	83	97	102
Profit, M €	2.5	5.6	9.6	13.0
% of turnover	3.5	6.7	9.9	12.8
Return of investment (ROI), %	7.1	12.9	23.0	25.3
Equity ratio, %	55.4	53.0	49.0	54.7
Investments ¹⁾ , M €	9.5	5.3	14.7	11.1
Personnel				
- in Finland	471	474	551	557
- in Russia and Baltic	50	106	127	128

¹⁾ Gross investments

Personnel



Turnover, M €





► **Reinforcing customers' competitiveness**

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Active year – brisk pace in Russia

Jan Lönnblad has been at the helm of John Nurminen since 1997, with the goal of becoming the market or quality leader as a provider of chosen logistics sectors. The fashion logistics and liner agency businesses were discontinued in 2005. On the other hand, the railway wagons business between Finland and Russia was expanded heavily. The intensity of the Russian market characterised the operation of most business units of John Nurminen.

John Nurminen had an active year in 2005. The turnover exceeded the 100 million euro limit, totalling about EUR 102 million (EUR 97 million in 2004). The company's profitability continued to be good, and the operating profit amounted to EUR 13.0 million (EUR 9.6 million).

There were many factors contributing to the growth, but according to John Nurminen's Managing Director Jan Lönnblad, there was one above all others: The intensity of the Russian market. Economic growth, investments and continuing strong consumer demand in Russia increased the flow of goods from Finland and other European countries to Russia, resulting in growing demand for logistics services as well. During the autumn, Russia became the largest export partner of Finland, and this opened new opportunities for John Nurminen in Russia.

"About 60 per cent of our turnover last year was associated with Russia, in one way or the other," Lönnblad characterises. During the year, many business units also improved their performance in the Baltic countries, which is John Nurminen's third market area apart from Finland and Russia.

Harder competition

"The Finnish logistics market was stable in 2005, with little growth. The beginning

of the year was characterised by disturbances in the labour market. Future will tell whether the 2005 forest industry labour dispute continues to have a negative impact this year," Lönnblad states.

"The competitive situation in the logistics business is getting tougher, as some significant global players have become active in our market area in recent years. The pull of the Russian market has also attracted some new smaller companies," Lönnblad characterises the competitive positions.

Chosen logistics services

"John Nurminen has systematically developed its business in the areas where we can best provide added value to our customers. An important investment project in 2005 was the expansion of the railway wagons business in the railway traffic between Russia and Finland," says Lönnblad. In April, John Nurminen acquired a share in the St. Petersburg based railway operator ZAO Irtrans.

In late spring the company discontinued two of its businesses, Fashion Logistics and the Liner Agency. "The world and the markets are changing, and so must we. We want to concentrate on such areas of logistics services where we feel we can best enhance and support our customers' business," Lönnblad explains the reasons for the divestments.

"Companies want to concentrate on their own core business, and they are increasingly willing to use the services of specialised service providers, which is naturally good news for John Nurminen. Our task is to show the customer that logistics services are available as high-quality and competitive purchased services," Lönnblad states.

The contract signed with Vaasan & Vaasan at the end of the year is an example of a new kind of customer solution. From the beginning of 2006, John Nurminen's Cargo Handling and Value-Added Services Unit has been running the Vaasan & Vaasan crisp bread warehouse in Kotka.

Improved customer satisfaction

"Long-term customer relationships constitute one of our success factors. They enable us to engage in long-range development work, as we want to find the best solutions to the customer's problems," Jan Lönnblad explains. According to the customer satisfaction survey in autumn 2005, the customers were satisfied with John Nurminen's services and operation as a whole. The grades had improved somewhat from the previous year. Only the price/quality ratio was not rated higher than satisfactory.

Competent personnel as key factor

"Competent employees are a necessity for us. Inspired professionals with the right service attitude and a high motivation are in key position in this industry. For example, for a few years now we have systematically invested in personnel development under the theme One Nurminen. This supports our ambition to be the best logistics company internationally by 2010," says Lönnblad. The investing will continue in the coming years, focusing particularly on the professional development of employees working in close contact with customers.

"Measured by financial standards and customer satisfaction, we have already achieved good Scandinavian level, but we still have a lot to improve. Sky is the limit," he remarks with a chuckle.

Established growth target

The previously reported growth target, doubling the turnover in five years – by the end of 2007 – is still valid. In the surveillance period 2002–2007, the turnover has now progressed from 71 million euros to over one hundred million, and the objective is to achieve a turnover of EUR 140 million in two years.

"This means we are about halfway through, despite not achieving the growth

“Our objective is to enter deeper into the value chain of the Russian logistics market.”

target for 2005. That is explained by the divestment of some businesses during the year. Last year's growth was purely organic, as there were no significant acquisitions," Lönnblad summarises.

"In 2004 we invested in new terminals and warehouse space and, for example, a totally new field of business – chemical logistics – and we succeeded in making good use of these investments. There is still growth in sight," Lönnblad says. The goals for the operating profit level and the return on capital employed were exceeded, and the financial solidity was very good.

Future emphasis on Russia

What will the future bring for John Nurminen? "We hope that the external conditions will remain peaceful this year, without any strikes or other labour disputes disturbing the business. We expect the steady demand to continue in the Finnish market. We will also continue to improve the quality of our customer service and to develop new services for industry," Lönnblad describes John Nurminen's domestic prospects.

"The Russian market will become even more important for us. In the future, we will increasingly provide services for companies operating in Russia, both international and Russian ones. Our objective is to enter deeper into the value chain of the Russian logistics market," Lönnblad summarises.

"As direct Russian transports increase, the value-added services currently provided in Finland must be transferred to Russia. We believe that this will also generate demand for new logistics services," Lönnblad envisions and continues:

"We had a good year in 2005, and I wish to thank all our customers and our committed, professional personnel for successful collaboration. We are highly motivated to respond to this year's challenges."





► **Innovative solutions**

“We have responded to the growing need of the Russian and Baltic car market by opening the Baltic region’s first full-service car terminal in the port of Paldiski,” explain Perttu Piri (left) and Juha Keränen from the Vehicle Logistics Unit.

John Nurminen today

John Nurminen’s mission is to produce high-quality logistics solutions that strengthen its customers’ competitiveness in the Baltic region.

The strategy is to focus on logistics and grow – organically and through acquisitions – in the Baltic region. John Nurminen’s competitiveness rests on original know-how, high-quality service and pioneer spirit, on which it builds a strong market position and deep customer relationships. John Nurminen’s long-term customer relations enable long-range commitment and development as well

as support investment decisions concerning the improvement of operations and services.

The company values resulted from an extensive discussion with the personnel at the beginning of 2003, when the company’s subsidiary model became history and operations were integrated under one Nurminen organisation. The values are:

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

“ In my work, innovative and customized logistics solutions require the ability to listen to the customer and fulfil his wishes”, says Jukka Kanerva from the Cargo Handling and Value-Added Services Unit. Behind him are Teuvo Virtanen (left), Janne Kiri and Tiina Åhrlund.

► Aiming for market leadership

John Nurminen tomorrow

John Nurminen's goal is to be the market/quality leader in the chosen logistics sectors. The objective is that companies looking for innovative and tailored logistics solutions will consider John Nurminen as their best partner and that John Nurminen will be the best logistics company on an international scale in 2010.

John Nurminen wants to invest in services and products that provide the most added value to the customers. To adapt

to customer demand, the company will be looking for new activities – and acquisitions – to complement its service range.

The financial goal is to double the turnover during 2002–2007. The long-range target is to maintain at least 7 per cent operating profit and 14 per cent equity ratio levels. In 2005, the growth fell slightly short of the target turnover, due to the divestment of some business activities during the year.

A man with a mustache, wearing a dark blue winter coat with a fur collar, a white shirt, and a red tie, stands on a metal railway bridge. He is leaning on the railing with his right hand. In the background, there are railway tracks, a yellow building, and a church with a white dome and a cross on top. The sky is overcast. A large red triangle is in the top left corner.

► Original know-how

John Nurminen's year 2005

Wagon acquisitions

As an addition to the 100 new timber wagons acquired by the Timber Division in 2004, John Nurminen acquired more than 250 wood chip and timber wagons of various types in 2005. Most of them were leased with long-term contracts to Stora Enso, UPM-Kymmene and Metsäliitto. At the end of the year, Nurminen owned 433 wagons, and the number is still expected to grow in 2006. "These investments in wagons are a significant step for Timber Division in developing the forest industry customers' wagon operation," says Director Kaj Kulp.

Discontinuing Fashion Logistics

John Nurminen divested its Fashion Logistics business to Finland Post Corporation. The business was transferred to the Post's Logistics Business Group in April. "This arrangement made it possible for John Nurminen to concentrate more intensely on its core businesses," explains Managing Director Jan Lönnblad.

Expanding the Wagons Business

John Nurminen expanded its wagons business in the railway traffic between Finland and Russia. In April the company acquired a 49 per cent share of St. Petersburg based railway operator ZAO Irtrans and purchased the company's entire rolling stock. "The acquisition expanded the ser-

"The railway business knows no borders", declares Vladimir Misukievits, head of the St Petersburg based railway operator ZAO Irtrans. In spring 2005 John Nurminen acquired a share in the company and its entire rolling stock.



► **High-quality service**

vices of the wagons business. This guarantees a competent and developing environment for wagon operation,” describes Jorma Kervinen, Director of the Wagons Unit.

Discontinuing Liner Agencies

With large international container companies establishing themselves more firmly in the Finnish market and opening sales offices of their own, John Nurminen decided in June to discontinue representing these clients. Discontinuing the liner agency business meant the end of a long era, as John Nurminen had been involved in the business for 50 years. “Discontinuation of the liner agencies supported our decision to concentrate on the areas where we can provide more added value to the customer,” explains Managing Director Jan Lönnblad.

Customer satisfaction

In September, John Nurminen carried out its annual customer satisfaction survey in all of its eight business units. As a whole, customers were satisfied with John Nurminen’s service and performance. Compared with the previous year, the grades had improved slightly with the exception of the price/quality ratio. Among the business units, Fine Art Logistics and Customs Clearance Services received the best ratings. The grades are presented in connection with the review on each unit.

Selling terminal facilities in Kotka

John Nurminen sold terminal facilities in Kotka to the U.S. property investment company W.P. Carey Co. LLC in November. The transaction concerned five terminals of John Nurminen’s Cargo Handling and Value-Added Services Unit, located at the Port of Mussalo, and the Hovinsaari terminal of the Railway Logistics Unit. John Nurminen continues to operate in the facilities as a leaseholder. “By releasing capital that has been tied up in property we can create a solid basis for achieving our financial goals,” says Kenneth Huomo, Director of Administration.

Rearranging the Fine Art Logistics business

John Nurminen established its fine art logistics and conservation services as a separate company in December. “The fine art logistics and conservation services sector has growth potential, and we wanted to promote the unit’s independent growth and development,” Managing Director Jan Lönnblad states.

Personnel

The annual personnel satisfaction survey was carried out in December in all business units. Personnel satisfaction improved from the previous year in all the main areas. The most distinct improvement from 2003 could

be seen in work atmosphere and supervision. The level of grades as a whole was good, and higher than the average level in Finnish companies. Performance reviews had been conducted with 70 per cent of the personnel. The personnel development project under the theme One Nurminen has been in process for a few years, and it continued throughout the entire year. “Every employee at John Nurminen will attend the One Nurminen training. Its purpose is to build a company culture we all can share, and to clarify the company’s values and goals,” says Personnel Manager Jaana Pietilä.

Vehicle Logistics business to Autologistics

At the beginning of 2005, John Nurminen launched a process to simplify the structure and standardise the operations of Vehicle Logistics, and the unit’s business in Turku, Hanko and Kotka was transferred to Nurminen Autologistics Oy on January 1, 2006. The transfer of business did not cause any changes in operational activities or organisation. “After this arrangement, all services associated with pre-delivery inspection, the related additional services and transit transport services are provided by Nurminen Autologistics,” says Managing Director Antero Sundberg. Nurminen Autotrans Oy, a sister company of Nurminen Autologistics, is in charge of domestic vehicle transports.

Skilled personnel

In a labour-intensive industry like logistics, human resources planning is an essential part of the company's competitiveness. In 2005, the theme "One Nurminen" was emphasised in personnel development. Our common, stimulating goal is to be the best logistics company on an international scale by 2010.

The basic work for personnel development under the One Nurminen theme was initiated in the beginning of 2003, when all the logistics services were integrated into one parent company and the previous operating model, based on subsidiaries, became history. The One Nurminen training courses for superiors began in 2004, but the actual implementation of the values, mission, strategy and goals among the entire personnel began in 2005, when employees working in sales management and in contact with customers attended the training. The representatives of health and safety and co-operational organisations as well as their immediate superiors also received their own training. The objective for 2006 is to unite the entire personnel solidly under One Nurminen.

The purpose of the One Nurminen concept is to build a company culture shared by everyone, clarify the significance of the company's values and goals in each employee's work and to identify the indicators and means to reach these goals. The purpose is also to enhance joy to work and, consequently, improve productivity. The objective is to improve the workday of ev-

ery employee at John Nurminen: enhanced motivation and interaction, with fewer mistakes and conflicts.

No disturbances

Systematic personnel activity began at John Nurminen in the beginning of 2003. The employee participation organisation was also established then. John Nurminen Group has kept its employee participation procedure light and agile, which has proved an efficient solution. Common rules concerning the personnel have been developed in cooperation with the representatives of the personnel during the year.

John Nurminen followed closely the various industrial actions in the labour market in the first half of the year. Nurminen's office staff decided not to join the paper industry's sympathy strike and the situation in the company remained peaceful throughout the year. However, the labour dispute in the paper industry had a short-term economic effect on the operation of Railway Logistics Unit.

Moderate increase of personnel

The number of John Nurminen's personnel in Finland, the Baltic countries and Russia stayed approximately on the previous year's level, totalling 685 people in average (678). Of these employees, 557 in average worked in Finland (551).

When the company divests business activities or, on the other hand, acquires new ones, it presents challenges to human resource planning, orientation as well as maintenance and development of required skills. Even in changing situations, we must

be able to provide customers with the right professionals. Therefore, recruitment must involve long-term planning.

Utilisation of the personnel survey results

At the end of the year, John Nurminen carried out its third annual personnel satisfaction survey. The basic purpose is to obtain ideas for the development of operations from the personnel, to inform everyone about the results and to implement the improvements swiftly. The response rate was 81 per cent. Personnel satisfaction improved from the previous year in all the main areas. Work atmosphere and the work of supervisors have improved most distinctly since 2003.

Performance reviews to cover the entire personnel

Performance reviews constitute another regular and important tool for human resources management. In 2005 the reviews were extended to cover the entire personnel in Finland. Performance reviews were conducted with 70 per cent of the personnel. Before this, the reviews involved the management groups of the business units. Another new feature is the opportunity to select the most suitable form for discussion in accordance with each employee's job content and work environment: either a personal or a team discussion.

The entire personnel received a performance bonus for 2004. In addition, about 50 John Nurminen employees are incorporated in a merit pay scheme.

We did it: Logistics solutions for customers for more than 100 million euros! Nurminen people in the picture from the left: Natasha Vidrevich, Vesa Iivonen, Mirka Räisä, Max Branders, Inari Tamski, Jouni Kiero, Hanna Hörkö, Markku Lehti, Thea Merjovirta and Eila Suorsa.



Pass around the experience and knowledge!

John Nurminen has considered the possibility to distribute the ideas of knowledge and experience, the so-called tacit knowledge, among the employees. John Nurminen's Cargo Handling and Value-Added Services Unit has established a procedure where an experienced employee tutors a more junior colleague in getting acquainted with the industry and learning the job.

"This is a job you can only learn by doing," confirm production supervisor Rauno Lindström, 50, and warehouse worker Arto Piekola, 27, who work in Hakkila, Vantaa. Their job includes unloading goods from containers and sorting them according to the customer's order. They are also responsible for dispatching the goods according to schedule to retail chains in Finland.

They have worked together as a team since the time Piekola started at John Nurminen nearly five years ago.

"We have developed certain routines for our team work along the years. We always keep each other up to date on what we are doing. I can always completely trust Arto as a team mate. Period."

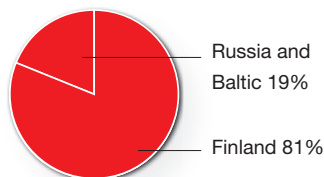
"Rauski has been a great tutor, because he has never kept his knowledge to himself. Instead, he has always been ready to instruct and support me. Of course, your own attitude means a lot: whether you have initiative and are willing to learn," Piekola remarks.

"The one thing that has been repeated here over and over is: ask for advice! There is no such thing as a dumb question," Lindström says. This is particularly important, as mistakes can easily become very expensive.

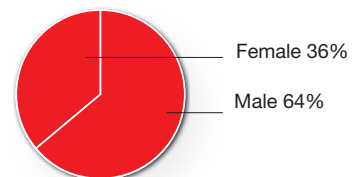
"Pressure at work has increased and schedules have become tighter, and sometimes you see that your colleague needs help just by glancing at his face. But still it is always nice to come to work. And the more humour you have, the better everything goes," they summarise.

► One Nurminen

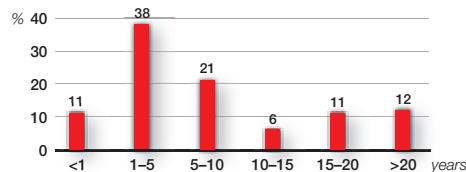
Personnel by country



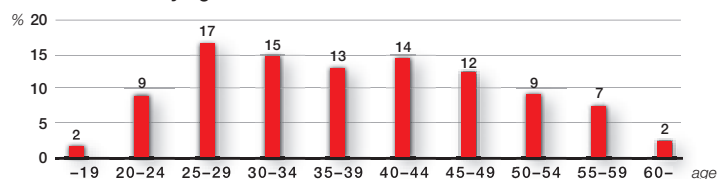
Personnel by gender



Personnel by duration of employment



Personnel by age



Business environment

John Nurminen's business environment in 2005 was characterised by a stable market in Finland and vigorous growth in Russia. However, the disturbances in the Finnish labour market had some effect on John Nurminen's business, too. This year's prospects in Finland are moderately optimistic. There is still growth potential in Russia – by adapting to the market.

Solid position in Finland

Finland and Russia are John Nurminen's most important market areas. The company also operates in the Baltic countries.

The Finnish logistics market was stable in 2005, with little growth. John Nurminen retained its strong position in the Finnish market, for example in special and heavy transports and pre-delivery inspections, servicing and transport of new cars. Rain and floods caused damage in car ports, and this complicated the Vehicle Logistics Unit's market situation somewhat in the early part of the year.

The first half of the year was also characterised by disturbances in the labour market, but John Nurminen managed to avoid the impending strikes. Nevertheless, the strike warnings and strike threat and the forest industry labour dispute early in the summer caused problems to John Nurminen, not only as financial losses but also by complicating operational activities. The summer was quiet, and its effects were still visible in the Timber Division in autumn, particularly in round wood import. The ceasing of paper exports in the summer affected the turnover and result of Railway Logistics, too.

Potential in the Russian market

Economic growth was vigorous in Russia, as investments and the consumers' purchasing power increased. This also created new opportunities for John Nurminen in Russia. During the year, Russia became Finland's biggest trade partner in export. A remarkable portion of John Nurminen's activities – about 60 per cent last year – is linked with the Russian market, and the weight of that market has grown continuously.

Many of John Nurminen's business units became active in the Baltic market, too.

Toughening competition

The competitive situation in the logistics business is stepping up, as some significant global players have become active in the Baltic region in recent years. Russian companies have also entered the Russian logistics market with great intensity. Moreover, the positive economic development in Russia has also attracted new Finnish rivals to compete with John Nurminen in the same market.

Vehicle Logistics and Special and Heavy Transport experienced no significant change in the competitive situation during the year. Transit transports to Russia had a considerable role in Vehicle Logistics. Vehicle Logistics was also actively involved in development projects in various Finnish ports. In the special and heavy transport business John Nurminen retained its solid standing and market leadership.

Timber Division faced toughening competition during the year. Customers were establishing themselves in Russia more firmly, and they were increasingly willing to produce their logistic solutions themselves. On the other hand, outsourcing is the general trend in the industry, so there will probably be demand for external service providers also in the future. John Nurminen will continue to acquire rolling stock of its own, and it will invest strongly in this sub-area in the future, too. At the same time it will be looking for new products and operating models to serve the forest industry companies in the best possible way.

Railway Logistics experienced more stringent competition, as several new competitors entered the market. The unit responded to price pressures by improving the efficiency of operations and by investing in rolling stock. The unit's own rolling stock will essentially improve the quality and reliability of service.

In Fine Art Logistics John Nurminen was clearly the market leader in Finland, even though 2005 was slightly quieter for the unit compared with the previous year. John Nurminen's fine art logistics business also has a solid foothold in Russia.

In Cargo Handling and Value-Added Services the market situation depends mainly on the development of the transit transport business. The competition in cargo handling and terminal operations became harder. Especially, the supply of warehouse space in Eastern Finland increased strongly during the year.

Customs Clearance Services reinforced its market position, particularly as a result of the increasing volume of transit transport to Russia.

In Ship Agency Services the competitive situation remained the same, but John Nurminen reinforced its position in the cruise business. John Nurminen was involved in the development of the new Act on Fairway Dues, trying to bring the ship agent's obligations to a more reasonable level. Fairway dues are collected retrospectively, which complicates the operation of the entire industry and imposes an excessively high financial risk on all ship agents. However, the new Act on Fairway Dues that came into force at the beginning of 2006 is not much improved in this respect.

Stable outlook in Finland

In the Finnish labour market, 2006 should turn out to be more peaceful than the previous year. The steady demand for logistics services is also believed to continue.

It is estimated that industrial companies will increasingly outsource their non-core business activities to external service providers. This is an opportunity for John Nurminen, whose strategy includes close monitoring of the customers' changing service needs and customer-driven development of new kind of services and solutions.

Growth in Russia, realising the risks

The Russian market includes certain risks, and John Nurminen is well aware of them. Rapid changes in the economic situation, like the recession in 1998, are always possible, and the logistics market is tightly linked with any changes in the customs clearance procedures and tariffs.

Russia is still living in a transition economy, but in the long run its legislation will stabilise and the logistics infrastructure will improve. Russia is also continuously increasing its port capacity. In time, these factors will probably change Finland's standing with regard to transit traffic and transit shipments. For John Nurminen this means adapting to the changes and increasingly transferring to Russia the logistics services now performed in Finland. It is also estimated that there will be demand for entirely new logistics services.

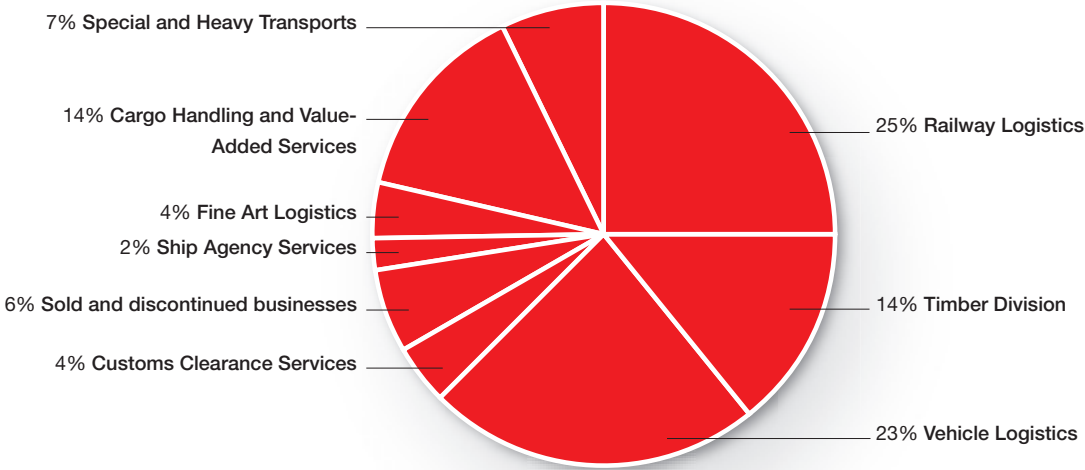
Business Units

John Nurminen provides high-quality logistics services in the fields of business where it can produce the best added value for the customers.

Our services in a nutshell

- ▶ **Vehicle Logistics** – logistics services for imported vehicles
- ▶ **Special and Heavy Transports** – logistics services for large and heavy transports
- ▶ **Timber Division** – comprehensive logistics solutions for Finnish and Russian forest industry
- ▶ **Railway Logistics** – railway transports and terminal services for railway traffic between Finland and the CIS countries
- ▶ **Fine Art Logistics** – services for transferring and transporting works of art and art collections
- ▶ **Cargo Handling and Value-Added Services** – cargo handling, warehousing, chemical logistics and value-added services
- ▶ **Customs Clearance Services** – tailored import and export forwarding services
- ▶ **Ship Agency Services** – ship agency services at Finnish and Baltic sea ports

John Nurminen’s turnover by business unit



Vehicle Logistics

The Vehicle Logistics Unit provides vehicle import logistics services to vehicle manufacturers, importers and dealers. It is the largest independent service provider in the industry.

Number of personnel: 160

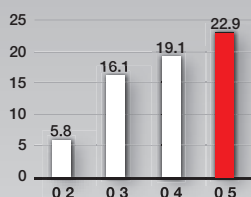
Offices: 5

Vehicles delivered: 175,000

Did you know: On average, 75 John Nurminen car transport trucks are loaded daily in the Port of Hanko

Customer satisfaction: excellent 4.21/5.00 (2004: 4.22)

Turnover, M€



The services offered by John Nurminen's Vehicle Logistics include pre-delivery inspection and maintenance, installations of various accessories according to the customer's wishes and domestic vehicle transports as well as transit transports to Russia and the Baltic countries. In addition, John Nurminen's Vehicle Logistics Unit provides import and export documentation services and car tax calculation services.

John Nurminen operates in all important car ports. The unit's car terminals are located in Turku, Helsinki, Hanko, Kotka and Paldiski, Estonia. Service packages are designed according to each customer's wishes: some customers may need only individual services relating to vehicle import documents, while others utilise the entire service chain, starting from the ship unloading yard and installation of accessories and ending with delivery to the dealer's premises. The average lead time from ship to car dealer is three to six days.

Stable situation in Finland

The turnover went up to EUR 22.9 million (EUR 19.1 million). Most of the growth resulted from the increasing Russian transit traffic. The unit's profitability continued to be good.

In 2005, cars were selling at a brisk pace in Finland, and the sales of passenger cars increased by four percent from the previous year. In addition to a favourable economic trend, the car taxation reform continued to promote growth. About 75,000 of the vehicles transported via John Nurminen's car terminals were headed for the domestic market, and about 35 percent of these ended up in the Helsinki region. John Nurminen owns 20 custom-made transport units, which handle all domestic vehicle transports.

Expanding in the Russian market

Car sales increased considerably in Russia. As a result of this, in 2005 the business of John Nurminen's Vehicle Logistics Unit was characterised by marked expansion of transit traffic to Russia. It is worth noting that among the vehicles delivered to Russia, the most remarkable growth was seen in the category of medium-priced family cars.

John Nurminen transported about 100,000 vehicles to Russia as transit deliveries. In 2005, most of the cars to be delivered to Russia still arrived via Hanko, but John Nurminen's new car terminal in Kotka, opened in November, is expected to become an important point for car transit traffic to Russia. The Port of Kotka has been actively involved in developing the port services.

Operation was launched also at the Paldiski car terminal in Estonia, completed in May 2005. The terminal serves the expanding car retail business in the Baltic countries.

Investments in information systems

John Nurminen's Vehicle Logistics Unit gains competitive edge by investing constantly in information systems. The new CarPort system enhances data traffic between car manufacturers and John Nurminen, and it also facilitates the monitoring of vehicle deliveries from the port of arrival to the dealer. Information can be submitted to the various members of the delivery chain and to the authorities. CarPort is tailored to suit each customer's systems and individual needs.

Growth as target

In 2006, the objective of the unit is to grow more rapidly than the market. This ambition is supported by the positive development of customer satisfaction, long-term customer relationships and the unit's position as the only provider of a complete logistics service chain for saleable cars.

The growth of car sales in Russia is expected to continue. This will present new challenges to the capacity of the car terminals, as they must be able to handle the increasing number of cars going to Russia while maintaining high service quality. This year John Nurminen will particularly focus on developing the Kotka car terminal into an important transit point alongside the Hanko terminal.



Customer: VW-Auto Oy

Case: Implementation of a new pre-delivery inspection model: handling cars going directly to customers or to be stored in priority order

Solution: Modification of procedures and information systems to comply with the new model

VW-Auto Oy imports Audi, Volkswagen

and Seat. John Nurminen performs the pre-delivery inspections of all these cars in Kyläsaari, Helsinki. The collaboration has continued since the beginning of the 1990s.

“Pre-delivery inspection is an important link in the car's logistic chain, and it gives essential information on the car's condition and equipment to our warranty department, for example,” says Logistics Manager Matti Veiste from VW-Auto. The pre-delivery inspection includes removal of protective care and wax, checking the car's paint and equipment, cleaning and washing, installing additional accessories, etc. Additional accessories include, for example, plywood overlay to the trunk of a vehicle.

“Last year we modified our operating model, and now the cars coming to pre-delivery inspection are divided into two groups: cars going directly to customers and cars going to storage area, in which case immediate inspection is not necessary. This way we can handle the cars in the order of urgency, which speeds up the delivery to customers.

“John Nurminen really has the skill to listen to the customer, and it has adapted its own process efficiently to our new model. For its own part, John Nurminen has worked actively to make sure that the car manufacturer's criteria are met.”

Information systems have already been developed together, but the work continues. Systems will be enhanced further to make them even more informative. “For instance, we are interested in utilising bar code or RFID systems in warehouse management,” Veiste says.

Special and Heavy Transports

The Special and Heavy Transports Unit offers transport services for large and heavy items in Europe, Russia and the Baltic countries. The transports are always tailored to the customers' wishes.

Number of personnel: 26

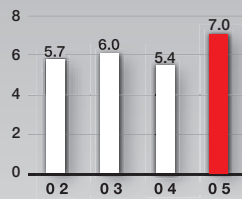
Offices: 4

Special transport trailers: 30

Did you know: In Estonia John Nurminen transports complete houses from the manufacturing plant to the construction site

Customer satisfaction: excellent 4.35/5.00
(2004: 4.42)

Turnover, M€



John Nurminen's special and heavy transports consist mainly of import and export transports for the heavy mechanical engineering industry. Domestic transport services are specialised in heavy and highly demanding transports. The transports are tailored as complete service packages according to the customer's needs – utilising the company's business partner network, when necessary. The unit has offices in Jyväskylä, Helsinki, Pori and Tallinn.

The turnover of Special and Heavy Transports went up to EUR 7.0 million (EUR 5.4 million). Price competition in the industry was tough, but the unit managed to improve its profitability.

Active year

The Special and Heavy Transports Unit had a very active year. The positive development of the domestic mechanical engineering industry and the growing investment activity in Russia resulted in increasing demand for special and heavy transports. John Nurminen was the market leader in the special and heavy transport industry.

Project transports increased their share of the turnover. An example of such a contract in 2005 were the special transports in connection with the delivery of the world's largest paper machine to Borlänge, Sweden.

Complete service chain, an essential strength

International special transports are the major field of expertise in the unit. John Nurminen's professionals are experts in handling difficult transports involving long distances; the tougher the assignment, the better it suits them. The transport equipment can be tailored to the requirements of each transport assignment.

The unit's strength is the complete control of the entire service chain, from the planning of loading to the choice of ferry connections and the acquisition of official permits, and from eliminating traffic hindrances to the actual transport and warning vehicle services. In addition, John Nurminen is well-acquainted with the international permit procedures, and the company has a long history of communicating with the authorities in the destination countries – either directly or via international partners.

Flexible and competent personnel and innovative solutions in unexpected situations are part of John Nurminen's service quality. The company handles about half of the transports with its own modern fleet, but the reliable partner network is frequently utilised as well. This year John Nurminen's own fleet will be available in the Helsinki region, too.

Expanding in Russia and the Baltic countries

This year is expected to be good for Special and Heavy Transports. The growth rate of the market will not equal that of 2005, but growth is still expected to continue, particularly in Russia. Plans have been made to expand in the Russian and Baltic markets. It is estimated that the unit's turnover will increase.



Customer: ABB Oy, Machines

Need: Focusing on core business by outsourcing motor and generator transport services to an external expert

Solution: A complete transport service package, including the permits required by different countries and the driving arrangements

ABB is a leading electric power and automation technology company and one of the largest motor manufacturers in the world. ABB Oy, Machines, manufactures motors and generators in Pitäjänmäki, Helsinki. They may weigh up to 150,000 kg.

“John Nurminen provides us with a complete service package, including the planning of transport, the permits required by different countries, the route arrangements like lifting tram wires and eliminating other traffic hindrances, getting around bridges, and so on,” says Sirpa Helin, who is in charge of transports at ABB Oy, Machines.

Collaboration with John Nurminen has continued for decades, but it has intensified in recent years. Each transport is an independent project and always involves a bidding procedure.

“We appreciate John Nurminen's rapid response to our requests for offers and our changing transport instructions. We expect to get fluent, competent and, above all, reliable transport services. John Nurminen's partner network, particularly in Europe, has also been an important factor.

“We are a demanding customer, as there is often very little time for transport arrangements when motors or generators are to be delivered. The size and weight of items to be transported are also increasing, which will present additional challenges to special transports. In the future we will increasingly use the assistance of John Nurminen's consultants at the planning stage in matters relating to bracing and binding,” says Helin.

Timber Division

John Nurminen's Timber Division offers comprehensive logistics solutions to the Finnish and Russian forest industries. The division specialises in transporting round timber and wood chips as full wagonloads and entire trainloads. The market area is Russia and other CIS countries, as well as the Baltic countries.

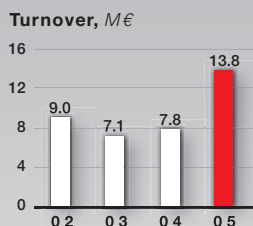
Number of personnel: 37

Offices: 8

Railway wagons owned: 433

Did you know: Up to 20 per cent of the timber used in the Finnish forest industry is imported from Russia

Customer satisfaction: good 4.00/5.00
(2004: 3.69)



In 2005, the Timber Division was divided into two parts: the Timber Logistics Unit and the Wagons Unit. Growing demand and improvement of customer service were the basic reasons for the division.

Freight services and operating of wagons form an integral part of the Timber Division's operations. John Nurminen's wagons business expanded remarkably in railway transports between Finland and Russia, when John Nurminen acquired in April 2005 a share in the Russian railway operator company ZAO Irtrans. At the same time it purchased the company's entire rolling stock.

Timber Division's office network covers the entire eastern border of Finland. There are five timber terminals in Russia and three terminals at Finnish border stations. Timber is collected to the terminals for transportation. In Russia, the subsidiary OOO Huolintakeskus is in charge of the terminals and the acquisition of rolling stock, and ZAO Irtrans is in charge of operating wagons. Both companies are located in St. Petersburg.

The expansion of the wagons business lifted Timber Division's turnover to EUR 13.8 million (EUR 7.8 million).

Committed customers

In 2005, about 15–20 per cent of the timber used in the Finnish forestry industry was imported from Russia. The year was a period of intensive growth for John Nurminen's Timber Division, despite the unfavourable economic trend in the forest industry. John Nurminen developed successful new services for its customers, reinforcing the customers' business. This also generated new demand for John Nurminen's services. Profound knowledge of the customer's business and customer-driven development work contributed greatly to the success of John Nurminen's Timber Division in the current forest industry market situation.

John Nurminen is the market leader in round timber and wood chips forwarding and terminal operations between Russia and Finland. Competition was tough in the various sectors of the industry. There are several rivals providing wagons operating and rolling stock services, and some customers provide these services themselves.

Deeper into Russia

Efficient transport of goods requires fluent cooperation between the Finnish and Russian authorities. Scheduling and correct timing of transports constitute the most critical quality element in the timber business. As the operating of wagons extends farther and farther into Russia, the timing of transports is becoming increasingly complex. Therefore, John Nurminen has developed an information system that enables wireless entering and maintenance of data – via satellite connections. Apart from serving the terminal network in Russia, the system will also enable real-time monitoring of rolling stock.

It seems that in the future John Nurminen's Finnish forest industry customers will increasingly establish subsidiaries in Russia, and the distance between timber supply areas and the Finnish eastern border is growing. Therefore, increasing demand is expected for transports collecting timber to be delivered to John Nurminen's timber terminals in Russia. On the other hand, direct railway transports from larger dispatch stations will increase the demand for stanchion wagons.

Active development continues

The objective of the Wagons Unit is to expand its business remarkably in the next few years. This growth will be achieved by developing the logistics systems and the rolling stock in cooperation with the customers: by developing and supplying wagons for different needs and transports. In the Timber Logistics Unit, the development of a laser-based timber measuring system will soon be completed, and the system will be implemented during 2006. This will improve the accuracy of measuring considerably. As a whole, John Nurminen's Timber Division expects considerable organic growth.



Customer: Stora Enso Oyj

Need: Cost-efficiency and new solutions for measurement and logistics service for wood to be imported from Russia.

Solution: Extension of the logistic chain to Stora Enso's terminals in Russia.

Stora Enso's Wood Supply Russia is responsible for supplying wood from Russia to the Group's 30 mills in Finland, Russia and the Baltic countries. Cooperation with John Nurminen has continued for decades.

"We supply about eight million cubic metres of wood from Russia annually, which is about 15–20 per cent of the wood needed by Stora Enso's mills in Europe. Traditionally, the wood supplied from Russia is birch pulpwood, but the assortment is growing," says Wood Supply Manager Arto Lyykorpi from Stora Enso's Wood Supply Russia.

"The Russian supplier used to deliver the wood to the border or the receiving mill, but now it is only responsible for delivery to the station of departure, and the buyer is mainly responsible for the transport," Lyykorpi explains.

"We have built our own terminal network in Russia, and now we are ready to outsource terminal and logistics operations to an external service provider – in addition to the traditional services, such as wood transport, measurement of wood at the border and import forwarding.

"Early this year, John Nurminen began operating in our Russian terminal. They are in charge of measurement operations and internal and outgoing logistics at the terminal. We seek cost-efficiency this way, and with the help of John Nurminen's strong logistics expertise we also aim for enhanced flexibility and continuous development of our performance in the rapidly changing operating environment.

"John Nurminen has had the skill and courage to follow its customers when they have established themselves in Russia, and to actively offer new solutions and invest in developing them," Lyykorpi describes.

Railway Logistics

John Nurminen's Railway Logistics Unit offers railway transport services and related customs clearance, forwarding and terminal services mainly in railway traffic between Finland and the CIS countries. In addition to export and import transports, service packages can be tailored to the customer's needs

Number of personnel: 82

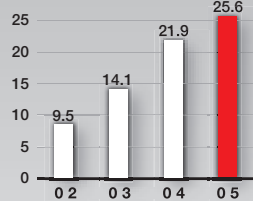
Offices: 8

Annual traffic at John Nurminen's railway terminals: 350,000 tons

Did you know: The distance from Vainikkala border station to Helsinki is 286 km, and 181 km to St. Petersburg.

Customer satisfaction: good 4.17/5.00 (2004: 3.99)

Turnover, M€



The railway transport services offered by the Railway Logistics Unit include transports of finished goods and raw materials as well as project-related export services. Such project deliveries have increased along with the growing investment activity in Russia. Designing the best possible transport combination for the customer is part of the service, that is, terminal and customs clearance services and container and truck transports are combined with railway transports to provide the most rational solution for the customer.

Railway Logistics has an office at every international border crossing point at Finland's eastern border. Moreover, the unit has railway terminals, which also function as bonded warehouses, in Vainikkala, Niirala, Kotka, Kouvola and Luumäki, and forwarding offices in Vaalimaa and Nuijamaa. All John Nurminen's railway terminals have versatile cargo handling equipment.

In addition to transports between Finland and the CIS countries, John Nurminen's transport areas include the Baltic countries, Mongolia, China and South Korea.

The increasing trade in the CIS countries accelerated the growth of the Railway Logistics Unit's turnover to EUR 25.6 million (EUR 21.9 million). Profitability remained good despite the labour dispute in the forest industry in 2005.

Increasing machinery and equipment deliveries

Competition became harder, particularly competition with other routes like the Baltic and the Black Sea routes, but also with other service providers on the same route. Russian logistics companies became active, but the most important rivals were still Finnish.

The favourable market situation in Russia and other CIS countries was visible especially in Finnish exports to Russia. Business was particularly lively at the beginning of the year and in the autumn. Various investment-related machinery and equipment transports increased. Paper exports dropped in the summer, and the summer's deficit caused by the forest industry labour dispute could not be compensated during the autumn.

About three quarters of John Nurminen's Railway Logistics turnover came from export transports and one quarter from imports. Particularly the increased demand for steel in the EU area and chemical transports boosted the volume of imports by rail.

Customer-driven development

Terminal capacity was increased in Kotka and Kouvola as a response to the growing demand for transports in the east and the future challenges. Moreover, 50 new covered wagons were acquired. The unit also has more than a hundred leased wagons. Investments in wagons will continue this year.

Development work in the Railway Logistics Unit focused strongly on cooperation with the customers. Examples of customer-driven development work include development of information systems, reinforcement of container traffic and investments in steel transports.

Focus on wagon tracking

Continuing growth is expected in the Railway Logistics market.

This year the unit will invest in wagon tracking, in order to provide the customers with real-time information on the progress of wagons. The unit also intends to improve the efficiency of return transports. The expansion of rolling stock will also facilitate the planning of return transports and the enhancement of their efficiency.



Customer: Shell Lubricants

Need: Transport solutions to respond to the vigorously growing demand for Shell's lubricants in Russia

Solution: Competitive and flexible railway transport services, adjusted to Shell's special needs

Shell Lubricants is a globally operating business unit of Shell. Among other things, it is responsible for production and logistics in Shell's lubricant plants. The Laajasalo LOBP in Helsinki sells its products to 47 countries.

“John Nurminen's services are cost-efficient, but Shell's strict safety regulations are always followed,” says Logistics Manager Mikko Kunnas, in charge of deliveries at the Laajasalo plant, describing the cooperation that goes back some 10 years.

John Nurminen transports mainly packaged lubricants from the Laajasalo plant to the railway terminal in Vainikkala. It loads the goods into a container or covered wagon, takes care of transport documents and export clearance, transports the goods to the destination station and performs regular monitoring during transport. Among the wide range of export destinations, rail transport is used for deliveries to Russia, Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan.

“Our cooperation is conducted in a positive atmosphere, and it also involves a lot of development work. For example, we have developed a model for planning meetings that are held in association with large orders from Russia. The attendees include representatives from Shell in Finland and Russia and from John Nurminen. Extremely tightly scheduled transports to large Russian industrial customers present great challenges. Efficient logistics are important for the continuity of these orders,” Kunnas characterises.

Fine Art Logistics

The Fine Art Logistics Unit provides services for transferring and transporting individual works of art and entire collections, as well as inventory, condition assessment, conservation and framing services. The business operation of the Unit was established as a company called Nurminen Prima Oy in December.

Number of personnel: 38

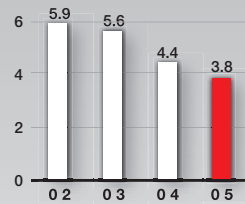
Offices: 2

Conserved works per year: 300

Did you know: 85% of all works of art in the world are in storage instead of being on view

Customer satisfaction: excellent 4.30 / 5.00 (2004: 4.25)

Turnover, M€



Every work of art is unique and irreplaceable. Therefore, the handling of fine art requires high professional skill. The Fine Art Logistics Unit helps you take good care of art – whether it is an individual work of art owned by a private proprietor or an entire valuable art exhibition to be transferred from one continent to another.

The Unit's customer base consists of international and domestic museums, galleries, artists, private proprietors, auction rooms, as well as an extensive network of international partners specialising in fine art logistics.

The Unit's offices in Vantaa and Moscow employ nearly 40 professionals: fine art coordinators, special packers, drivers, conservators and frame makers. In Moscow the operation is managed by our fine arts logistics subsidiary OOO John Nurminen CIS, with offices in the centre of Moscow and at the airport.

The turnover of the Fine Art Logistics Unit fell to EUR 3.8 million (EUR 4.4 million), and profitability decreased. Fine art logistics accounted for the major part of the turnover, and the rest came from conservation services.

Market leader in fine art logistics

The fine art logistics market is characterised by stability. State subsidies are of great importance for exhibition activity. In 2005, the Fine Art Logistics Unit had a slightly quieter year than in 2004.

John Nurminen is the absolute market leader in the Finnish fine art logistics market. Its competitive advantages include high quality of service and an extensive service range, long experience, an efficient partner network and good knowledge of Russia. Safety has always been a particularly important issue for John Nurminen.

On 1 December 2005, the business of the Fine Art Logistics Unit was established as a company called Nurminen Prima Oy in order to promote the unit's independent growth and development.

Nail to nail

The Fine Art Logistics Unit handles all stages of transferring works of art, from packing and transport to the hanging of the works. The unit's carpentry shops in Vantaa and Moscow design and manufacture individual tailor-made transport crates for works of art.

Conservation preserves aesthetic and economic value

The purpose of conservation is to keep works of art in best possible condition for future generations. Inventory ensures that the information on works is up to date. Conservation can include preventive care or repair of damage, done with respect for the valuableness of the work of art.

Growth from Russia

Fine art logistics and conservation services are estimated to have considerable growth potential, and as an established company Nurminen Prima has even better opportunities for venturing into new areas and finding new business partners. Novel forms of service are developed actively. The unit seeks growth particularly in the Russian market. After one quieter year, the turnover is expected to return to the 2004 level.



Customer: St. Petersburg Foundation

Need: Transport and display of an extremely diverse and rare collection of exhibits

Solution: John Nurminen packed, transported and inspected the Mannerheim exhibition items from cigarette cases to portrait.

The idea of an exhibition on Mannerheim's life originated at the beginning of the 2000s in discussions between the assistant director of St. Petersburg State Hermitage and his Finnish friends.

“The exhibition opened at the Hermitage early in 2005. Later it was moved to the National Museum in Helsinki, then to the Miikkeli Art Museum, and during spring 2006 the exhibition will be on view in the Castle of Turku,” exhibition secretary Reetta Kalajo relates.

John Nurminen was responsible for collecting, inspecting, packing and transporting the exhibits, totalling some 700 works and objects. Tailor-made transport crates were constructed for some of the works. Inspecting each item every time before and after packing and transport was a significant operation.

“Exhibits were borrowed from dozens of Finnish museums, archives and private collections. Some items were also obtained from the Mannerheim family branch in Sweden. Obtaining all the invaluable items for the exhibition presented no problems, as people really wanted to contribute to the largest Mannerheim exhibition ever,” Kalajo relates.

“Perhaps the most laborious part of the project was the forwarding process on the way to St. Petersburg, and the customs clearance of the items borrowed from the Hermitage for the exhibition's tour in Finland. Still, it was fantastic to observe the professional skill and experience John Nurminen showed in managing this project. And I suppose John Nurminen already had experience of transferring the huge Mannerheim portrait painted by Järnefelt,” Kalajo characterises.

Cargo Handling and Value-Added Services

Cargo Handling and Value-Added Services provides cargo handling, warehousing and value-added services for forwarding companies, wholesale traders and import and export companies. Constant development work guarantees flexible high-quality services.

Number of personnel: 70

Offices: 6

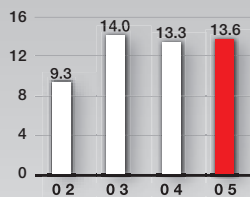
Warehouse capacity: 95,000 m²

Containers unloaded: 27,100 teu

Did you know: The volume of the largest ship loaded in the Port of Loviisa was 30,091 m³

Customer satisfaction: good 4.00/5.00
(2004: 3.74 / 5.00)

Turnover, M€



Cargo Handling and Value-Added Services offers a comprehensive and constantly developing range of services for various logistics sectors. The unit has offices in Vantaa and the ports of Kotka, Hamina, Loviisa and Turku. Professional personnel, an extensive partner network and established relationships with authorities are part of John Nurminen's competence.

The turnover went up slightly from the previous year to EUR 13.6 million (EUR 13.3 million), and profitability continued to be good.

Fluctuating market situation

At the beginning and end of the year the industry's overall market development was favourable. In contrast, the summer was surprisingly quiet in volume. The most dramatic change was experienced in eastern traffic. The progress from transit loading to direct container transports reduced the need for handling. At the same time new warehousing capacity was introduced in the market – particularly in the Helsinki, Kotka and Hamina regions.

A favourable geographical location, focusing on core competence, productisation of services and improvement of quality guaranteed customer satisfaction, and capability of responding to the toughening competition.

Customer-driven services

During the year the Cargo Handling and Value-Added Services Unit improved its services by developing logistics services into readily identifiable products in accordance with the customers' needs. Sorting Services, Factory Logistics, Containerised Cars Services and Environmental Logistics were developed alongside Transit Services, Terminal Services, Timber and Bulk services and Chemical Logistics. The products were developed in cooperation with the customers.

Transit Services for the handling and warehousing of goods destined to Russia and the CIS countries are provided in Hamina and Mussalo, Kotka.

Terminal Services refer to the collection of batches from different suppliers into one place and to the sorting of these batches according to the customer's wishes. Terminal services are offered in Vantaa, in the immediate vicinity of Helsinki-Vantaa Airport and the Helsinki Metropolitan Area highways.

The Timber and Bulk office, located in the Port of Loviisa, specialises in the export handling of sawn timber. Loviisa is one of the largest ports exporting sawn timber in southern Finland.

Chemical Logistics offers unit goods warehousing of dangerous and other chemicals for industrial customers and for import, export and transit transport at the Port of Mussalo, Kotka. In 2004 investments were made in the Mussalo chemical warehouse in preparation for the new act on the storage of chemicals, which entered into force in July 2005.

Sorting services are provided to franchising groups and chain-type customers. Goods are sorted by category to be delivered as complete batches to shops or the warehouses of franchising groups.

Factory Logistics handles the customer's internal logistics at the customer's premises. The logistics chain continues in John Nurminen's premises.

In Containerised Cars Services cars arrive at the port in containers. The service includes unloading the cars from containers and getting the cars ready to drive for the customer.

Environmental Logistics provides logistics services for various recyclable goods.

Positive expectations

Information management will become more and more important for the material flow. The service is being developed, and management through the web will increase considerably. The customer will benefit from the improved management of information flow. The new products are expected to generate growth for the unit this year. Export to Russia should continue briskly, and the volumes handled in Finland are expected to grow.



Customer: Vaasan & Vaasan Oy

Need: More efficient and expandable warehouse operations and advanced warehouse information system for the crisp bread factory in Kotka.

Solution: Outsourcing warehousing and export logistics to John Nurminen, which enables Vaasan & Vaasan to concentrate on crisp bread manufacturing.

Vaasan & Vaasan is the second largest crisp bread manufacturer in the world. It exports about 60–70 per cent of its production. The most popular products include Vaasan Repeat thin crisps and the crisp breads Vaasa Schoolsnaack and Vaasa Small Round. All of these are manufactured at the Kotka crisp bread factory.

“We began to consider outsourcing the crisp bread unit's warehousing operations as a solution to the need for additional warehouse space and a new warehouse system. After about a year of planning, we signed the collaboration contract at the end of the year,” explains project manager Mikko Vainonen from Vaasan & Vaasan. From the beginning of 2006, John Nurminen has been in charge of the crisp bread factory's warehouse operations and logistics, working at Vaasan & Vaasan's own premises. At the same time seven Vaasan & Vaasan employees transferred to John Nurminen.

“By outsourcing we sought solid logistics expertise and flexibly available warehouse space, as well as savings. In the future it will be possible to expand Vaasan & Vaasan's warehouse operations to John Nurminen's premises at the Port of Kotka. Now we also have a modern warehouse system in our use,” Vainonen describes. John Nurminen is also responsible for distributing the products from the factory to the market: this includes transport arrangements and loading as well as transport and export documents.

“Our cooperation has had a promising start, and we have high expectations for the future development of our operations,” Vainonen summarises the beginning of the collaboration.

Customs Clearance Services

The Customs Clearance Services Unit offers tailored forwarding services for import and export trade in Finland: forwarding services related to transports and international trade, customs clearance documents, transit documents, intra-EU trade Intrastat statistics and domestic transport services.

Number of personnel: 19

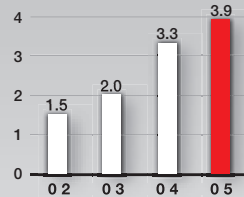
Offices: 3

Forwarding assignments per year: 25,000

Did you know: Customs clearance of electricity requires also information on weight, number of parcels and way of importation (car, ship, air)

Customer satisfaction: excellent 4.59/5
(2004: 4.24)

Turnover, M€



John Nurminen's Customs Clearance Services Unit specialises in forwarding services for export and import trade associated with land, sea, rail, postal or air transport. The unit's offices are located in Vantaa, Kotka and Rauma, but forwarding services are also available at other John Nurminen offices close to customs offices in different parts of Finland.

The customers include export and import companies and shipping companies/liner agencies as well as forwarders and carriers.

The good general economic situation had a positive effect on the demand for John Nurminen's Customs Clearance Services, and the unit increased its turnover to EUR 3.9 million (EUR 3.3 million). The unit succeeded in maintaining its profitability at the previous years' level, even though subcontractors increased their relative share of forwarding. At the same time the unit strengthened its position in the market. The number of assignments grew by about 20 per cent, totalling about 25,000 assignments. Transit transports to Russia increased particularly strongly.

Independence and guarantees as key elements

During the year, the customers increasingly outsourced their forwarding services. Even though the general price level has risen, price increases could be kept at a moderate level by enhancing the efficiency of operation.

The competitiveness of John Nurminen's Customs Clearance Services is based on a customer-driven approach and the ability to select the best solution for each customer. Competitive advantages also include competent personnel, flexibility, correct timing of services, an extensive service network and modern information systems. The unit's market position as independent of transport businesses and its good solvency are also important factors. John Nurminen has considerable warehouse/customs guarantees, which enables extensive operations.

Versatile services

The unit's service range includes import forwarding, export forwarding, customs transit procedures, completing the TIR Carnet, Intrastat statistics and arranging domestic transports in association with these services. In addition, Customs Clearance Services acts as John Nurminen's coordinator in matters related to customs clearance, like the management of customs guarantees and the electronic export procedure.

Continuing growth for customs clearance services

The unit's goal for this year is continuous growth at current level. To achieve this, the unit continues to develop its information systems, procedures and personnel.



Customer: OOO LIK

Need: Transport of lime from Kotka to Svetogorsk and a local coordinator for new traffic operation and export documentation

Solution: Inspection work and a model on how to load quick lime without causing delays in traffic

The Russian company OOO LIK is located in Svetogorsk and provides transport services between Russia and the EU. Its services include waste metal transport and export of round timber.

“Cooperation with John Nurminen began in 2002, when we signed a timber transport contract. The decision to start collaboration was reinforced by John Nurminen's extensive office network – including at the border – and good mutual relationships,” explains Sergey Isaev, Managing Director of OOO LIK.

The collaboration comprises truck transport of quick lime from Kotka to Svetogorsk and truck transport of timber from Russia to Finland via Imatra. There are quick lime transports almost every day, involving some ten trailer trucks. A large paper mill in Russia requires large deliveries with high reliability, which means that both information and lime must roll without delay.

“Our cooperation has worked well. John Nurminen's personnel are highly skilled professionals with an outstanding attitude to work. Our operations have improved in many ways. For example, we appreciate the electronic access permits that give access to the guarded port area without visiting the customs office. Electronic export clearance (clearance by IT) also speeds up the process. And new plans are made every day to develop our cooperation,” Isaev says.

Ship Agency Services

The Ship Agency Services Unit offers ship agency services in nearly all Finnish seaports, and also in Baltic ports through the Group's service network. The unit's special expertise includes oil tanker, chemical carrier, dry-bulk carrier and cruise vessel agency services.

Number of personnel: 20

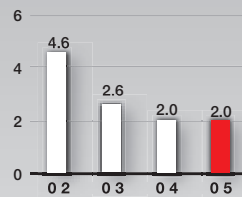
Offices: 6

Ship agency assignments per year: 2,828

Did you know: John Nurminen once again provided ship agency services to minelayer Pohjanmaa's annual naval visit for example to the Azores and Baltimore

Customer satisfaction: good 4.10/5.00
(2004: 4.08)

Turnover, M€



John Nurminen's Ship Agency Services Unit is Finland's leading ship agent for oil tankers. It represents major international and domestic oil companies and carriers. The unit also serves dry-bulk carriers of various sizes, and it has a long experience of providing ship agency services for cruise vessels.

On an assignment from a ship owner or carrier, John Nurminen as ship agent is responsible for providing the services associated with a ship's port call, assists the ship's captain and crew and acts as an information centre between the various parties involved.

Ship agency services also include, for example, crew issues, supplying of spare parts, catering, cargo inspections, bunkering, stevedoring and coordination of stevedoring, and goods handling and storage.

Ship Agency Services operates in nearly all Finnish seaports round the clock, every day of the year. John Nurminen's Ship Agency Services represents Finland in the worldwide Multiport Ship Agencies Network.

The unit's turnover was EUR 2.0 million remaining on the same level as previous year (EUR 2 million). Profitability was satisfactory.

Quiet in the eastern ports – brisk in the west

The beginning of the year was brisk for Ship Agency Services, but business slowed down toward the autumn. This was partly due to Neste Oil's service shutdown in Sköldvik in the autumn. In the ports of Eastern Finland business quieted down because of the reduction in chemical transit transports in Kotka and Hamina during the year. Dry bulk transports – particularly coal shipments – decreased, too.

In contrast, in the ports of Turku, Rauma, Pori and Naantali in Western Finland, turnover took an upward trend and the result improved. Cruise traffic was also lively, and the number of cruise port calls handled by John Nurminen doubled from the previous year. John Nurminen was involved as a ship agent in nearly half of all cruise port calls in the Port of Helsinki.

Present in all Finnish ports

The competitive advantage of John Nurminen's Ship Agency Services is its strong presence in all significant Finnish ports, and also its financial solidity, which is important in a business that ties up a lot of capital. Ship agency customers also receive added value from the services of John Nurminen's other units, like forwarding and transports.

Deep long-term customer relationships enable efficient processes and development of joint information systems. In 2005, development projects with customers included, for example, an extranet solution with invoicing and subcontractor connections.

Act on Fairway Dues provokes discussion

During the year, John Nurminen worked intensively to bring ship agents' responsibility to a more reasonable level. However, the new Act on Fairway Dues that came into force at the beginning of 2006 is not much improved in this respect. This question has complicated business in the entire industry for years, and it remains to be seen what impact it will have on the future of the industry.

Continuous development

New customer base will be sought this year to adapt to the market conditions. The development of customer-driven services will continue. The new bio diesel plant to be opened in Sköldvik will be a challenge, as it will increase the number of annual port calls considerably. Baltic ports also aim at growth. The unit's total turnover is expected to grow slightly.



Customer: Avena Nordic Grain Oy

Need: Ship agency services in Finnish ports on every day of the year

Solution: Experienced, professional service provider. Real-time information flow is a key element.

Avena Nordic Grain is a grain, oilseeds and feedstuffs trading company. It is part of the Lännen Tehtaat Group. Avena Nordic Grain's head office is in Espoo, and it has subsidiaries in Vilna and St. Petersburg as well as representation in Kazakhstan. The number of personnel totals 25.

“Our annual chartering totals more than a hundred dry-bulk vessels, and John Nurminen's Ship Agency Services Unit provides services for us in most Finnish ports,” says Chartering Manager Marko Pallaskorpi from Avena Nordic Grain. The collaboration with John Nurminen has continued since the founding of Avena Nordic Grain in 1995. The ship agency services may also include forwarding, document services, stevedoring coordination, reporting, and so on.

“The availability of several services from one company in many of the ports we use and John Nurminen's high expertise and long experience of ship agency services were the main factors behind our decision to initiate cooperation. In ship agency services we appreciate real-time information flow and availability of service regardless of the day of the week or the time of day. We also expect that the service provider is willing and able to solve problems. John Nurminen has met our expectations well,” Pallaskorpi says. In the background the wheel of a sailing vessel that was built in 1904 and used as a granary in Naantali in the 1960s. After renovation the vessel now has a new life as a restaurant ship in Philadelphia.

John Nurminen Foundation

John Nurminen Foundation aims to preserve and maintain the tradition and cultural heritage of seafaring and the maritime environment. In 2005, the foundation focused on fighting the eutrophication of the Baltic Sea. The foundation also aims to foster public interest in these themes.

Events

The Grey Ships exhibition arranged by the foundation was on view in Huolintatalo from 3 February to 30 April 2005, displaying maritime aquarelles painted by Finnish Commodore Engineer (ret.) Alpo Tuurnala. The exhibition, transferred to Helsinki from the Forum Marinum museum in Turku, attracted nearly a thousand visitors.

The foundation participated in the antique fair held in Mustio from 4 to 10 July 2005, together with John Nurminen's Fine Art Logistics Services. The foundation also had a stand at the Helsinki Book Fair.

During the year, many groups of visitors saw the foundation's collections and learned about its work. The foundation also initiated cooperation with researchers and students at the University of Helsinki's Department of Geography.

Collections

The renovated maritime museum, located in Huolintatalo in Helsinki, was opened in February. The foundation has increased and maintained its collections by restoring its maritime paintings and reframing most of its antique maps.

The foundation launched an extensive project to record its collections in an electronic file. The data and photographs of the collections were recorded by the end of the year. The collection comprises 704 maps, 197 maritime paintings and 375 maritime antiquities, including 69 scale models of ships.

Aiming for a clean sea

John Nurminen Foundation believes that a clean sea is essential to the protection of the maritime cultural heritage. Therefore, the foundation extended its activities to include protection of the maritime environment. Specialists of this field are in charge of the new environmental activity.

As the first project the foundation chose to implement chemical removal of phosphorus at the largest wastewater treatment plants in St. Petersburg. This was definitely the most cost-efficient, swiftest and most visible of the possible alternative environmental measures.

This visibly effective and concrete project is conducted in close cooperation with the St. Petersburg water utility Vodokanal. The joint Finnish-Russian project had an excellent start, with EUR 920,000 received as donations by the end of the year.

The Baltic Sea Symposium was arranged in Huolintatalo on 10 October 2005, relating to the Clean Baltic Sea project. The event welcomed numerous prestigious speakers and guests.

Donations

Visa Hietalahti, an underwater photographer, made a remarkable donation to the foundation in the autumn. The foundation received Hietalahti's underwater photographs of the Baltic Sea, about 4,000 pictures.

Another large donation was received when Juha Nurminen presented his collection of arctic maps to the foundation.

Publications

John Nurminen Foundation continued to publish maritime literature in 2005. Canadian-American sea captain Joshua Slocum's adventurous narration of the first single-handed world circumnavigation was accompanied by another, previously untranslated story by the same author. *Sailing Alone Around the World* and *The Voyage of the Liberdade* was published in Finnish in October. The first edition (1,100 books) was sold out in two months, and the second edition (1,000 books) was published before Christmas.

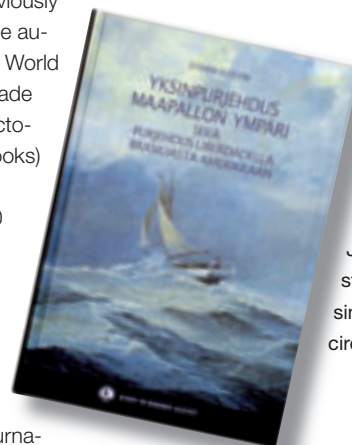
The foundation also continued to sell its previous publications. Both editions of the art book containing aquarelles and writings by Tuurnala (1,800 books) were sold out during the year. The Finnish and German editions of the book *Masters of Maritime Art* were also sold out.



The first environmental protection project was chemical removal of phosphorus at the largest wastewater treatment plants in St. Petersburg. Photo: Jukka Nurminen, the Archipelago Sea, Jurmo.



Juha Nurminen's valuable collection of world maps is on view at John Nurminen's premises on the first floor in Huolintatalo.



Sea captain Joshua Slocum's story about the first single-handed world circumnavigation.

Financial Statements

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Report by the Board of Directors

Toward a group with narrower logistics sectors

In 2005, the company concentrated even more distinctly on the core areas of its business. This led to divestment of Fashion Logistics, as the group could no longer provide added value to this business. The Fine Art Logistics business was established as a separate company. John Nurminen also decided to discontinue the Liner Agency business.

The growth of John Nurminen's three major fields of business, Timber Division, Railway Logistics and Vehicle Logistics, was convincing during the year with an increase of 31 per cent on the previous year. The share of the company's total investments of EUR 11.1 million was 77.8 per cent. Each of these businesses, as well as the fourth largest business Cargo Handling and Value-Added Services, is at least to some degree involved in Russian trade, which was the major driver of development for the Nurminen Group in 2005.

Turnover and financial result

John Nurminen's growth slowed down a little in 2005. The major reasons were the lockout and strikes in the summer and the divestment of businesses. Despite these factors, the operational result improved slightly, remaining at a highly satisfactory level compared with the average figures in the industry. The Group's turnover was EUR 102 million, an increase of 5 per cent on the previous year. The profit before extraordinary items and taxes was EUR 13.0 million, while the corresponding figure in the year before was EUR 9.6 million. The operational result without non-recurring items was EUR 8.1 million (about EUR 7.3 million in 2004). The return on investment was 25.3 per cent, thus exceeding the 14 per cent set by the company as its long-term target.

The trade and transit transport between Russia and Finland had a significantly positive effect on the development of business. The Timber Division nearly doubled its turnover. The vigorous increase of transit transport to Russia speeded up the development in the Vehicle Logistics Unit. Railway Logistics also experienced rapid growth. All the business units were profitable.

Business environment

Despite some price increases of raw materials, the development of the world economy in 2005 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 2.1 per cent.

Until now, the economic development in Russia has relied on enhanced utilisation of raw material resources and increasing market prices. This has overshadowed the country's internal economic development and its progress toward market economy, which creates a basis for long-term company planning. Moreover, the liberalisation of exchange controls supports internationalisation and the growth of the home market.

The trade between Russia and Finland continued to develop intensively. Exports increased by 32 per cent and imports by 23 per cent.

Main events

The Fashion Logistics business was discontinued during the year, and the process to wind down the Liner Agency business was started. Warehouses in Hovinsaari and Mussalo, both in Kotka, were sold and their use continued under leasing contracts. Investments in 2005 totalled EUR 11.1 million. Again, considerable investments were made in the development of business activities relating to railway traffic between Finland and Russia. Business was also expanded to new transport segments, like wood chips transport within Russia. New wagon investments increased Nurminen's Russian rolling stock to as many as 433 wagons. This will reinforce the competitiveness of both Timber Logistics and Railway Logistics. Acquiring a minority shareholding in ZAO Irtrans enhanced the operational management of railway transport in Russia. A new chemical terminal was opened in Mussalo, Kotka. It is the first chemical terminal in Finland that meets even the strictest safety regulations. The Vehicle Logistics Unit's terminal at the port of Paldiski in Estonia was completed at the beginning of 2005. The terminal enables the distribution of new vehicles to the Baltic countries

through Estonia. The competitiveness of domestic vehicle transports was also enhanced by upgrading and diversifying the transport equipment.

Financing

The company's financial standing has been good throughout the year. The equity ratio was 54.7 per cent at the end of the report year. The good financial standing would have allowed the company to grow even more rapidly by restructuring.

Personnel

During the financial period the company employed an average of 685 people. Of these, 557 worked in Finland and 128 abroad.

The development of the Group's service quality is based on continuous monitoring of the quality of customer service and surveillance of personnel satisfaction. Both surveys were conducted during the year, and the results are used as a basis for unit-specific development measures. The competitive environment has not become any easier, but we were glad to notice that we have made progress in both areas. Continuous development requires demanding goals, and therefore we have set as our goal to be the best logistics company on an international scale in 2010.

John Nurminen Oy's incentive system that is based on shareholding has proved very efficient. Currently more than twenty members of the management have either stock options or shares, and the share of this group, including the stock options, is nearly 20 per cent. About fifty people are incorporated in the merit pay system the company has been applying for a long time. The entire personnel received a performance bonus for 2004.

Objectives and strategy

The Group's transformation into a company concentrating exclusively on logistics has been very rapid. As late as 2000, the share of pure logistics units was less than EUR 30 million. After divesting the travel agency business and airport services and acquiring Huolintakeskus Oy, the Group has focused exclusively on logistics, and

so the turnover of the logistics businesses has tripled in five years. Even though the growth slowed down during the financial year, profitable growth is the most important goal, and the target turnover for 2007 is still EUR 130 million.

In addition to heavy investments in the current business activities and the organic growth based on them, growth will also require acquisitions. In the future the company will continue to concentrate its investments on the four largest businesses, which are Timber and Railway Logistics, Vehicle Logistics and Cargo Handling and Value-Added Services. The strategic objective of the investments is to achieve a sustainable competitive edge, either through pioneering, differentiation or 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 Finnish forest industry's need for wood is the basis for development in the Timber Logistics Unit; the Railway Logistics Unit transports Finnish products to Russia; the Cargo Handling and Value-Added Services Unit specialises in transit transport of investment and consumer goods; and the Vehicle Logistics Unit focuses on vehicle transit transport. Our future objective is to grow with increasing intensity in the narrow special segments of internal transports in Russia. Russia needs new kind of logistic solutions, and we aim to reach a leading position in the selected sectors in accordance with our pioneer strategy.

As a result of these decisions, the share of Russia-related business has already exceeded 50 per cent of the turnover. Even though we by no means underestimate the country risk related to Russia, we do not consider that the strategy we have chosen involves any remarkable risks. Moreover, the drivers of Russia-related business vary in the different fields of business. According to our opinion, the longer a company delays going to Russia, the higher the business risks become. In many fields of business we have been among the first western players, if not the very first one.

Board of Directors

In spring 2005, the Board of Directors was reinforced by raising the number of members to five. Olli Pohjanvirta, LL.M., was selected as the new member. The Board members are also included in the company's incentive system that is based on shareholding.

Future prospects

John Nurminen's business environment is expected to remain similar to that of 2005. The growth in the Finnish economy will continue at a very moderate rate, but the Russian and Baltic markets will continue to develop very rapidly.

Without acquisitions, we expect our turnover in 2006 to grow at least at a double rate compared with the growth of Finland's economy. The operational result is expected to improve from the 2005 level.

The growth target set for 2007 will not be achieved through organic growth only. Even though this year's main focus is on developing the current businesses and reinforcing the competitiveness of the units, John Nurminen is constantly looking for potential acquisition targets that meet the strategic requirements.

In 2006 the company will support John Nurminen Foundation in its work for a cleaner Baltic Sea, particularly the project aiming for more efficient treatment of St. Petersburg's wastewaters.

Profit and Loss Account

EUR 1,000	1.1.–31.12.2005	1.1.–31.12.2004
NET TURNOVER	101,686	96,744
Other operating income	6,544	5,433
Materials and services		
Raw materials and consumables		
Purchases during the financial year	3,696	3,252
Change in inventories of raw materials and supplies	2	3
External charges	43,739	41,492
	47,437	44,747
Personnel expenses		
Wages and salaries	18,659	21,195
Other personnel expenses	4,823	4,832
	23,481	26,027
Depreciation and reduction in value		
Depreciation according to plan	4,047	4,017
Other operating costs	19,724	17,096
OPERATING PROFIT	13,540	10,291
Financial income and expenses		
Share of associated companies	-137	-45
Interest and financial income	1,276	794
Interest and other financial expenses	1,669	1,487
	-530	-738
PROFIT BEFORE EXTRAORDINARY ITEMS	13,010	9,553
Extraordinary items		
Extraordinary expenses	200	1,000
	-200	-1,000
PROFIT BEFORE TAXES	12,810	8,553
Taxes		
Change in deferred tax liability	360	69
Income tax on normal operations	-3,760	-2,028
PROFIT BEFORE MINORITY SHARE	9,410	6,594
Minority share	-326	-186
PROFIT FOR THE FINANCIAL YEAR	9,084	6,409

Balance Sheet

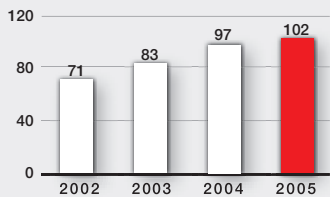
EUR 1,000	31.12.2005	31.12.2004
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	5,241	6,948
Group goodwill	640	817
Intangible rights	298	337
Intangible assets Intangible assets	1,552	1,883
	7,732	9,985
Tangible assets		
Land and water	494	484
Buildings and constructions	10,974	14,443
Machinery and equipment	13,621	6,869
Other tangible assets	558	548
Advance payments and construction in progress	168	814
	25,815	23,158
Investments		
Shares in associated companies	2,547	144
Other shares and holdings	1,065	1,254
	3,612	1,398
NON-CURRENT ASSETS TOTAL	37,158	34,541
CURRENT ASSETS		
Inventories	268	11
	268	11
Receivables		
Non-current receivables	290	319
Current receivables	23,862	23,066
Marketable securities	8,431	8,108
Cash in hand and at banks	6,809	1,704
Current assets total	39,661	33,208
ASSETS TOTAL	76,820	67,749
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	497	455
New issue	0	100
Share premium account	3,939	1,735
Reserve fund	4	9
Other funds	6	
Exchange rate translation differences	1	-13
Retained earnings	27,096	23,284
Profit for the period	9,084	6,409
Subordinated loan	790	990
	41,417	32,969
MINORITY SHARE	623	509
GROUP RESERVES	48	68
LIABILITY		
Deferred tax liability	628	748
Non-current liabilities	10,338	11,188
Current liabilities	23,765	22,266
	34,732	34,202
EQUITY AND LIABILITIES TOTAL	76,820	67,749

Consolidated Cash Flow Statement

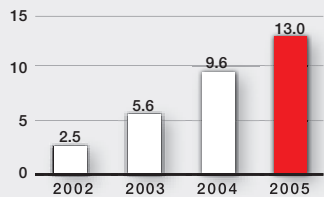
EUR 1,000	31.12.2005	31.12.2004
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit (loss) before extraordinary items	13,010	9,553
Adjustments:		
Planned depreciation	4,047	4,016
Unrealised exchange rate gains and losses		
Other income and expenses with no cash payment	-622	1,115
Financial income and expenses	393	241
Other adjustments	137	
Cash flow before changes in working capital	16,965	14,925
Changes in working capital:		
Current receivables, non-interest bearing, increase(-)/decrease(+)	-796	-6,610
Inventories, increase(-)/decrease(+)	-257	63
Current liabilities, non-interest bearing, increase(+)/decrease(-)	-802	2,372
Cash flow from operating activities before financial items and taxes	15,110	10,750
Interest paid and other financial expenses from operating activities	-1,669	-1,487
Dividends received from operating activities	195	694
Interest received from operating activities	1,080	552
Income taxes paid	-1,875	-1,370
Cash flow before extraordinary items	12,841	9,139
Cash flow from extraordinary items in business operations (net)	-200	-1,000
CASH FLOW FROM OPERATING ACTIVITIES (A)	12,641	8,139
CASH FLOW FROM INVESTING ACTIVITIES:		
Investments in tangible and intangible assets	-8,531	-14,242
Assignment income from tangible and intangible assets	3,971	5,738
Outlay in other investments		-412
Assignment income from other investments	41	890
Loans granted		-195
Repayment of loan receivables	270	
Acquisition of shares in subsidiaries	-8	
Proceeds from sales of shares in subsidiaries		2,958
Acquisition of shares in associated companies	-2,422	
Proceeds from sales of shares in associated companies	37	
Interest received for investments		
Dividend received for investments	50	
CASH FLOW FROM INVESTING ACTIVITIES (B)	-6,591	-5,263
CASH FLOW FROM FINANCING ACTIVITIES:		
Share issue	1,945	
Purchases of own shares		
Sales of own shares		
Withdrawals of short-term loans	429	
Repayments of short-term loans	-14	-134
Withdrawals of long-term loans	2,629	
Repayments of long-term loans	-2,857	-1,715
Dividends paid and other distribution of profit	-2,753	-3,088
CASH FLOW FROM FINANCING ACTIVITIES (C)	-621	-4,937
CHANGE IN LIQUID ASSETS (A+B+C)		
INCREASE (+) / DECREASE (-)	5,429	-2,061
Liquid assets at the beginning of financial period	9,812	11,873
LIQUID ASSETS AT THE END OF FINANCIAL PERIOD	15,241	9,812

Key Figures

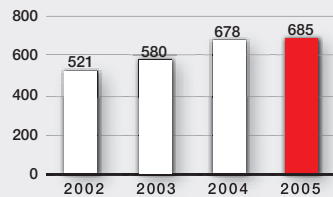
Turnover, M€



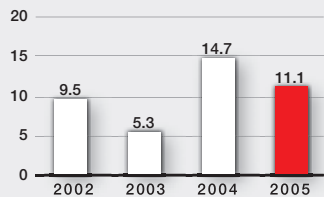
Profit before extraordinary items and taxes, M€



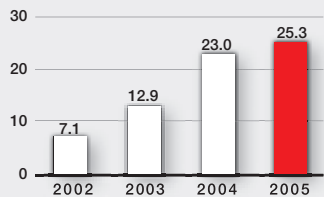
Personnel



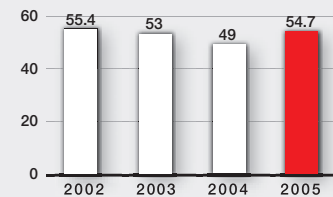
Investments, M€



Return on investment, %



Equity ratio, %



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, % =

$$\frac{\text{shareholder's equity} + \text{minority interest}}{\text{balance sheet total}} \times 100\%$$

¹⁾ on average during the year

Accounting Principles

The scope of the consolidated financial statements

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.

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 subsidiaries and associated companies on the Group's financial result and shareholders' equity is insignificant.

Accounting conventions for the consolidated financial statements

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 allocated to machinery and equipment and to land and water areas. The allocation will depreciate in accordance with the planned depreciation of the relevant fixed asset item. Unallocated items are shown as the Group's goodwill value.

Intra-Group transactions and margins

Intra-Group transactions, internal receivables and liabilities as well as internal distribution of dividend 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. Exchange rate translation differences The income statements of foreign Group companies have been translated into euro at the average rate for the financial period, and balance sheets have been translated into euro at the average rate on the balance sheet date.

Exchange rate translation differences are shown as exchange rate translation differences in shareholders' equity.

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 principles for buildings have been harmonised in 2003.

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 estimated probable 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.

Deferred taxes

The deferred tax liability or deferred tax asset included in the balance sheet consists of the tax liability on accrued depreciation differences and of other temporary differences in taxation and in the financial statement. The balance sheet includes the deferred tax liability in its entirety and the deferred tax asset to an amount equivalent to the estimated probable receivable.

Foreign-currency items

Foreign-currency receivables and liabilities have been converted into euro at the average rate on the balance sheet date.

The exchange rate differences of forward contracts made for hedging purposes have been used to adjust the exchange rate differences of the corresponding hedged items.

Shares and Holdings

John Nurminen Group

Domestic Subsidiaries	Domestic Associated Companies	Foreign Subsidiaries
John Nurminen Oy (Parent Company)	Cosfim Oy (50 %)	OOO John Nurminen (100 %)
Nurminen Autologistics Oy (100 %)	Foreign Associated Companies	John Nurminen Eesti AS (100 %)
Nurminen Autotrans Oy (100 %)	ZAO Irtrans (49 %)	OOO John Nurminen CIS (90 %)
Nurminen Prima Oy (100 %)		OOO Huolintakeskus (88 %)
Turku Stevedoring Oy (55 %)		Nurminen PDI Services Oü (65 %)
		Nurminen Maritime Latvia SIA (51 %)

Board members



Juha Nurminen, born 1946
M.Sc. (Econ. & Bus.Adm.)
Chairman of the Board

Chairman of the Board
▶ John Nurminen Foundation

Board member
▶ Nurminen Prima Oy

Member
▶ Consultative Committee
of the Naval Reserve
▶ Advisory Board of the Finnish
Lifeboat Society
▶ WWF Finland, Board of Trustees,
until 30 June 2005



Matti Lainema, born 1939
D.Sc. (Econ. & Bus.Adm.)

Chairman of the Board
▶ HRD-Group Oy
▶ Magisys Oy

Board member
▶ AW-Energy Oy
▶ Boardman Oy
▶ Elektrobitt Group Oyj
▶ Kaleva Travel Oy
▶ M.A.S.I. Company Oy
▶ Meconet Oy
▶ Reka Oy



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

Chairman of the Board
▶ GoodMood Oy
▶ Nurminen Prima Oy
▶ ProMBO Oy

Board member
▶ KemFine Oy



Olli Pohjanvirta, born 1967
LL.M., Master of Laws RSHU, Russia

Board member
▶ ETL Law Offices Oy

Member
▶ State Registration Chamber's
Advisory Board (RF)



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

Chairman of the Board
▶ Esbogård Aktiebolag
▶ Kuljetusliike Hakonen Oy
▶ Suomen Autoteollisuus Oy
▶ Sail Training Association Finland

Board member
▶ Pohjolan Liikenne Oy



Kenneth Huomo, born 1949
M. Sc. (Econ. & Bus Adm.)
Board Secretary, non-member

Executives



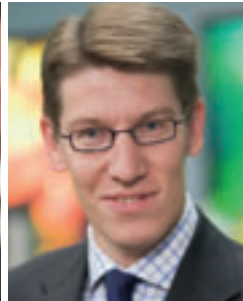
Jan Lönnblad
Management Group
Managing Director



Heikki Laine
Management Group
Deputy Managing Director



Kenneth Huomo
Management Group
Administration



Kaj Kulp
Management Group
Timber Division
Railway Logistics



Jyrki Paavolainen
Management Group
Finance



Antero Sundberg
Management Group
Vehicle Logistics



Svante Eriksson
Ship Agency Services



Jorma Kervinen
Wagons



Kauko Kettunen
Timber Logistics



Isto Kiviniemi
Fine Art Logistics



Rauno Pietilä
Customs Clearance
Services



Perttu Piri
Managing Director
John Nurminen Eesti AS



Tapani Raunio
Cargo Handling and
Value-Added Services



Harri Vainikka
Railway Logistics



Hannu Vuorinen
Special and Heavy
Transports



Jaana Pietilä
Personnel



Matti Timonen
ICT

Contact information

John Nurminen Oy

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Moments of our 120-year history

1886:

Origins of the company

Farmer Johan Nurminen (1851–1914) became engaged in timber trade in Rauma and opened a general shop selling chandlery goods and colonial products.

Due to lack of space the signpainter dropped the letter “a” out of Johan, thereby creating an international name for the company.

1891–1920:

Beginning of the shipping and forwarding businesses

Nurminen’s plans to acquire own tonnage were realised, and the company’s first own vessel, the schooner ship Uljas, was built in Rauma in 1891. The shipping business expanded rapidly, and in 1910 there were no fewer than 22 vessels sailing under the John Nurminen flag.

Johan Nurminen’s son John (1877–1951) acquired the Nurminen trading house from his father and established a forwarding department, which developed into Finland’s biggest forwarding company during the First World War. When the company’s international activities increased, the headquarters were moved to Helsinki.

1930s:

Shareholder in Kaleva Travel

John Nurminen added travel business to its activities by becoming a shareholder in Travel Agency Kaleva Limited. Later – in the 1950s – Kaleva became a subsidiary of John Nurminen.

1950s:

The golden age of shipping

John’s son Matti Nurminen (1911–2000) took the helm in 1946 and began to develop the forwarding sector and the shipping business systematically. The company entered the steamship era with eight steamers, and the shipping business reached its height at the end of the 1950s.

1960s:

Beginning of forwarding and air-freight operations

After the Suez crisis, the company decided to discontinue its shipping business. The focus turned to international forwarding and transport services. Nurminen Air began business at Helsinki Airport as the first air freight forwarder in Finland. Regular road transport to the Soviet Union began on the route Helsinki-Leningrad-Moscow, and liner agency operations were also included in the business activities.

1970s:

Growth and development

A fourth-generation Nurminen, Juha Nurminen, was appointed Managing Director in 1979. The company expanded vigorously. New ocean liner agencies and the breakthrough of international road transport speeded up the building of the company’s own customs terminal network. Business was also extended inland by opening several new regional offices.

1980s:

Prospering international trade

The company was involved in international trade on an increasingly large scale. The lines of business included, for example, export and import forwarding, international transport, Soviet road transport, terminal and warehouse services, ground handling services for airlines, liner agency, ship agency, forwarding for fairs and exhibitions and project-related transports. At the beginning of the decade the headquarters moved to new premises in Huolintatalo.

1990s:

Discontinuing traditional forwarding and transport

The company wound down its traditional transport and forwarding operations and sold them to ASG. The focus shifted to special logistics, ground handling services for airlines, travel agency services and shipping operation.



“Both the business and the personnel are in good hands at John Nurminen”, say Arja Maunula from Fine Art Logistics (left), Antti Nevalainen from Customs Clearance Services and Eila Haverinen and Tuula Nurmilaukas from Administration in the captain’s saloon of s/s Inkeri Nurminen. Their years of service at Nurminen exceed 120. S/s Inkeri Nurminen sailed under the JN flag in 1937–1953. Nowadays the captain’s saloon serves as a cabinet for guests at Huolintatalo.

2000–2005:

Focus on logistics

John Nurminen divested its ground handling services, sold the operations of Kaleva Travel to Kohdematkat Oy and acquired the business operations of Oy Huolintakeskus Ab.

The company’s subsidiary model was discarded, and business operations were brought under one company. In line with its strategy, John Nurminen focused on chosen sectors of logistics. The aim is to obtain a durable competitive advantage through pioneer spirit, original know-how, and by integrating deeply in the customer’s value chain.

Nurminen can handle it.
Since 1886.



**Real success comes from the capacity
to react to future challenges.**

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