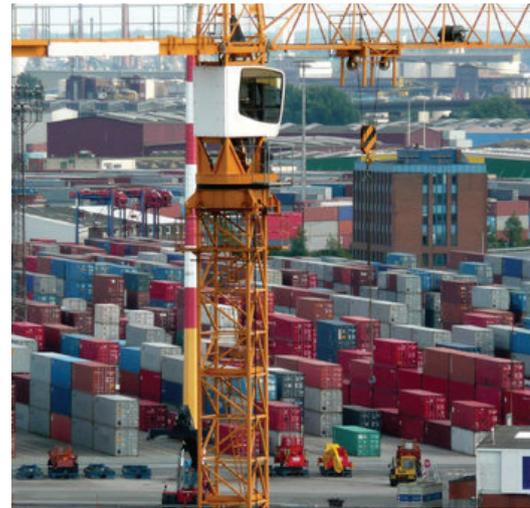
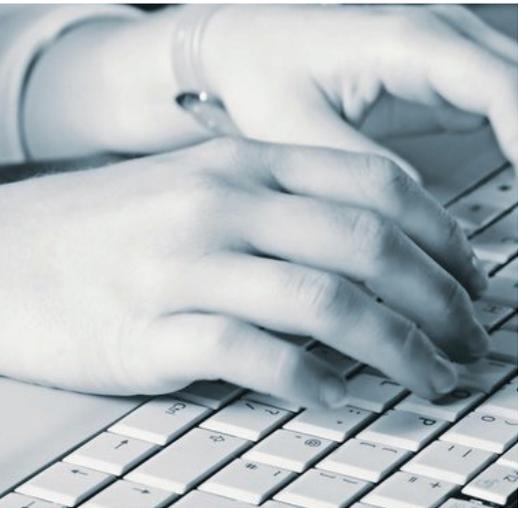




ace Logistics

2013



The logo for ace Logistics, featuring the word "ace" in a blue, lowercase, sans-serif font and "Logistics" in a blue, uppercase, sans-serif font with a stylized orange and white circular graphic element between the two words. The logo is mounted on a light-colored wall in an office setting.

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Preface

On the whole, 2013 was a successful year for ACE Logistics Group. Due to unfavourable business climate the turnover dropped by 3,3% to 17,6 million Euros. Regardless of the decrease in turnover the profitability (EBIT) remained on the same level as in previous year: 1,55 million Euros.



Andres Matkur | MD ACE Logistics Group





ACE Logistics Group

ACE Logistics Group offers wide range of logistics and transport services. According to the long-term strategy, the companies of the Group render air, sea and road transport services, as well as various warehousing and logistics services. Baltics and its neighbouring region has been identified as the home market of the company. The group makes use of various agent networks worldwide. As a result the company can call on professional partners everywhere in the world. As for the financial targets of the company, ACE Logistics Group would like to achieve at least 30% return on equity and 5% of net profitability annually.

Among the individual subsidiaries of ACE Logistics Group, the best performer was ACE Lithuania, where the financial results exceeded the expectations in every aspect. ACE Latvia and Estonia managed to largely maintain their current operating margins and the Belarusian subsidiary reached the profit at the closing of the year.

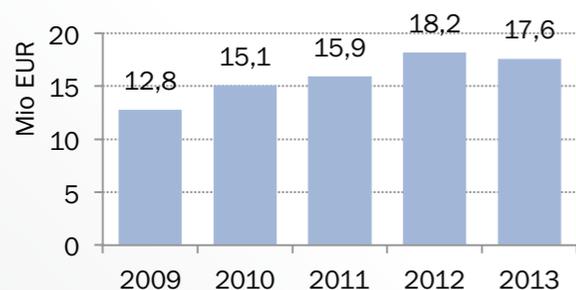
ACE Logistics Group belongs to the following shareholders:

- **Ithal Nõukoja AS** (Mr. Tõnu Sepp, Mr. Anti Oidsalu) – 58,41%
- **Mr. Karli Lambot** – 34,09%
- **Mr. Teet Järvekülg** – 7,5%

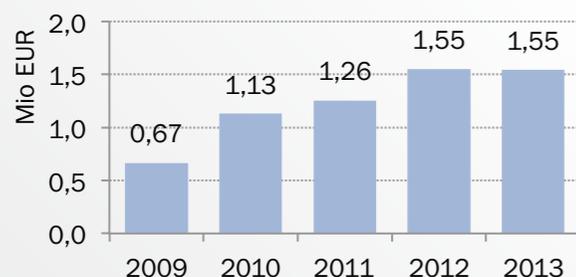
ACE Logistics Group consists of the following active companies:

- **In Estonia:** ACE Logistics Estonia AS, Cargo Handling AS, Airprox AS, ACE Tollivormistuse OÜ, Sepise Kinnsivara OÜ
- **In Latvia:** ACE Logistics Latvia SIA, Airprox SIA
- **In Lithuania:** ACE Logistics UAB
- **In Belarus:** ACE Logistics BEL
- **In Finland** (since 2014): Dachser Finland OY (50% shareholding)

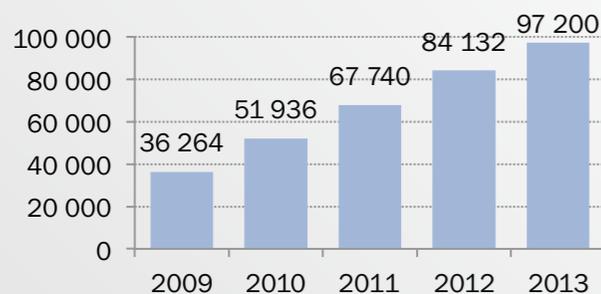
Consolidated Net Sales



Consolidated EBT

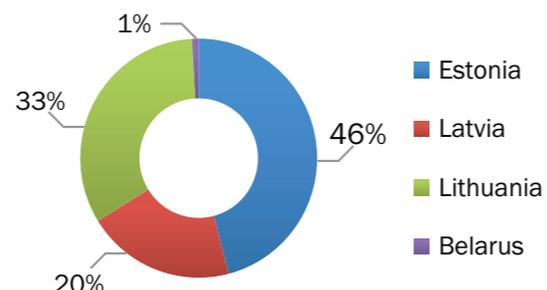


Shipments*

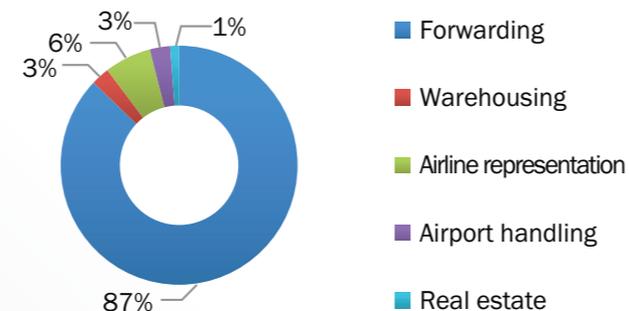


*ACE shipments total (excl. Cargo Handling and Air Proxy shipments)

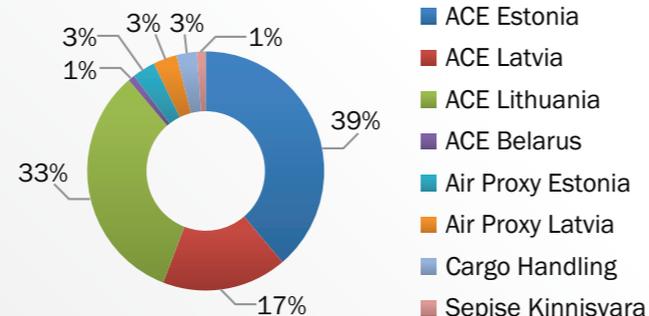
Net Sales per Country



Net Sales per Services



Net Sales per Company



Main Financial Highlights

*Consolidated, EUR

	2009	2010	2011	2012	2013
For the Year					
Consolidated Net Sales	12 797 252	15 094 575	15 911 839	18 196 212	17 592 607
Change of Net sales	-28%	18%	5%	14%	-3%
EBT	667 084	1 129 834	1 256 181	1 551 350	1 547 030
Change of EBT	-28%	69%	11%	23%	0%
Total cash flow	-209 862	170 263	384 529	203 755	246 303

Capital Ratios

Return On Equity (ROE)	30%	45%	36%	40%	37%
Net profitability	5,2%	5,9%	6,5%	7,2%	7,0%

By the End of the Year

Total assets	4 471 605	5 235 397	5 674 593	6 229 188	6 104 033
Share capital	28 115	28 115	28 115	28 116	28 116
Equity	2 282 064	2 703 082	2 865 578	3 239 127	3 406 501
Number of employees	82	80	92	103	113



Human Resource and Management System

In the end of 2013, 113 employees were working in ACE Logistics Group. As the level of services in logistics depends much on well trained professional workforce, the focus of HR is on maintaining low turnover of personnel.

The majority of employees have worked in ACE Logistics Group companies for more than 5 years, 23 employees have been with the company for over 10 years and 14 employees for over 15 years. In 2013 the first member of ACE Logistics Group team celebrated 20th work anniversary. The factors behind this achievement are the attention of management on HR area, good opportunities for career development, interesting field of activity, pleasant internal climate and good colleagues.

The effects of the HR work is reflected in annual regular customer satisfaction surveys in all Baltic countries. The Customer Satisfaction Index has improved steadily – in 2013 it was 9,47 in Lithuania, 9,27 in Estonia and 9,12 in Latvia on 10 point scale. The Net Promoter Score was

88% in Lithuania and 77% in Estonia and in Latvia. The main areas that the customers appreciate are reliability, professional staff, high service standard and good value for money. Maintaining professional and customer-oriented service is the main strategic goal of the company.

In order to further increase the reliability of their services, ACE Logistics Group companies are implementing ISO Quality and Environmental Management standards. ACE Logistics Estonia and Cargo Handling have ISO Quality Management certificate, ACE Logistics Estonia has also passed ISO Environmental Management certification. In 2015 the group is working to get the certification also for companies in Latvia and Lithuania. This should enable further increase of quality and efficiency of the services offered by the ACE Logistics Group.

Inge Parring | *Quality and Personnel Manager,*
ACE Logistics Group



ACE Logistics in Estonia

For ACE Logistics Estonia 2013 was the 21st year on the logistics market. The financial results of 2013 were somewhat controversial for the company: road transport sector saw positive developments, while air consignments decreased notably. As a result the company reports a decrease in turnover (-5,5%) and in profitability (-4%) compared to the previous year. However, the total number of shipments increased by 17%, exceeding 4 000 shipments in best months.

Air transport was strongly influenced by the changing strategies of larger exporters, aimed at shifting from air transport to less expensive road- and sea transport. Additionally, some flight operators have contributed to the unfavourable climate by increasing their rates.

The developments of road transport were, however, positive: company managed to increase both export and import volumes around 20%. The intra-Baltic traffic

gained a new level of quality during 2013, in addition to the well established traditional transportation routes, which consist of regular transport throughout Europe. ACE Logistics Estonia's next goal is to bring Scandinavian and especially Finnish route to the new level of development, and also to turn more attention to the area of part and full truckloads sector.

The last couple of years have seen a relatively stable development in customs clearance and warehousing services. In customs clearance sector the average monthly number of files was over 550 per month. Additionally, to small extent the company carries out Intrastat reporting for its customers. The warehousing services remained also stable and the number of clients did not change during the year.

Andres Matkur | MD ACE Logistics Estonia





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ACE Logistics in Lithuania

2013 was the 17th year of ACE Logistics in Lithuanian market. It was financially a very successful year and there were also other positive achievements. Turnover increased by 18%, number of shipments by 28%, and profitability reached 7%.

2013 was the first full year when company operated in brand new facilities close to Vilnius airport. New facilities and the location brought also new possibilities: cross-docking procedures in 1 500 m² warehouse and terminal.

ACE Logistics Lithuania opened its own customs warehouse in June 2013. This made possible the handling of LCL containers and «air+road» shipments delivered from hub-airports within Europe, which resulted in cost savings and also enabled to improve service quality, decrease the lead times and increase operational efficiency.

Daily connections to important destinations were established in 2013. In the beginning of the year

daily lines started connecting Vilnius with the Pan-European network. In September daily truck to Riga and Tallinn started to operate, improving the service to destinations in Baltics as well as in Scandinavia. This improved significantly the competitive position of the company, resulting in 45% increase in export shipments. Traffic to Russia currently represents a rather small portion in turnover. However, it is one of the company's goals to develop this traffic in future.

In sea transport LCL consolidation business is becoming increasingly important each year. Number of LCL shipments increased by 23% during 2013.

Company's success was formalized by receiving the prize «Architect of Transport and Logistics 2013», issued by the National Forwarders and Logistics association LINEKA.

Ignas Puluikis | MD ACE Logistics UAB



ACE Logistics in Latvia



ACE Logistics is on the Latvian logistics market already for 16 years. Although the financial results remained stable in 2013, the highest number of shipments ever was reached.

Total number of shipments increased by 23%. The turnover dropped by 6% compared to the previous year, mainly because of the changes in shipment structure of air and sea freight. The profitability of the company remained on the same level.

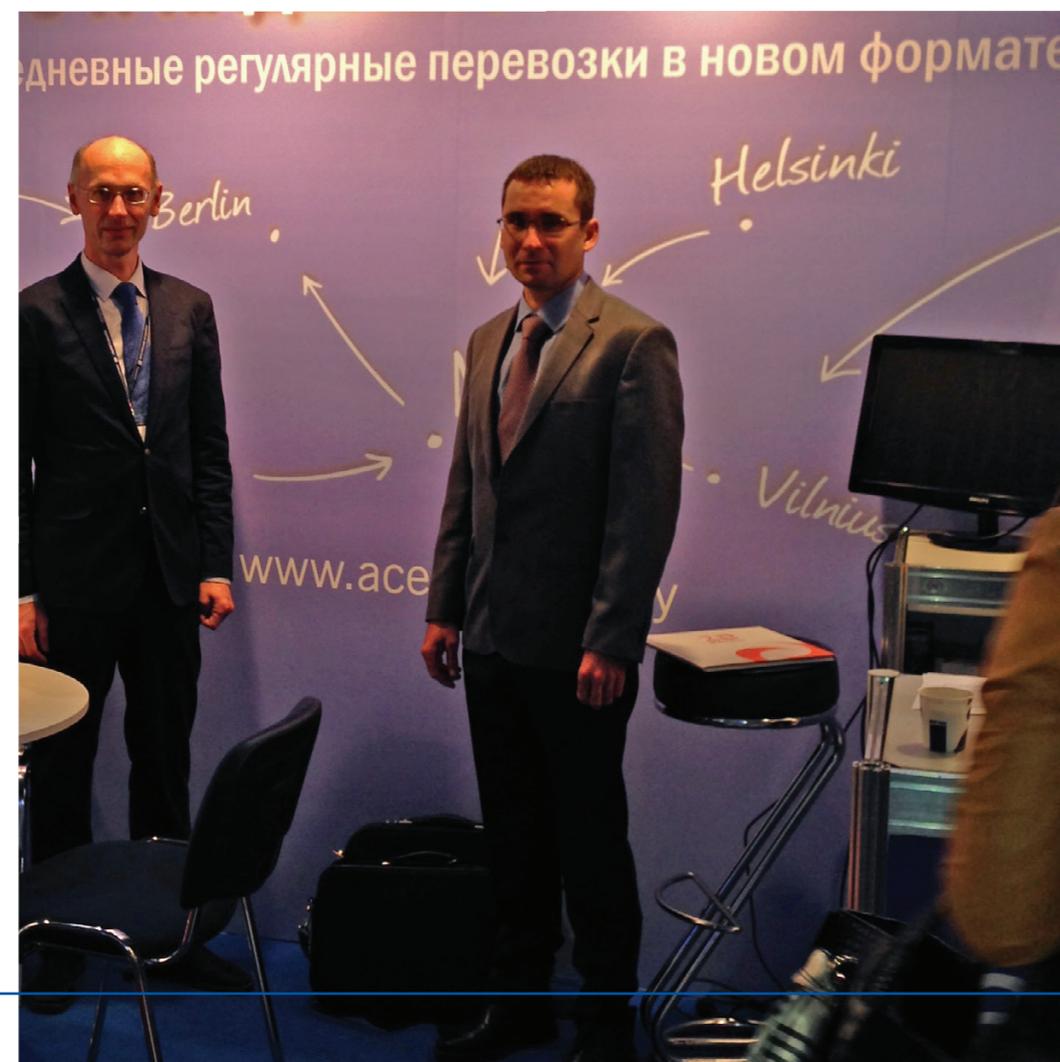
ACE Logistics Latvia took part in setting up the everyday Intra-Baltic traffic that connects Tallinn, Vilnius and Riga. Due to its location between Tallinn and Vilnius, Riga is a very important traffic point on this route. New possibilities enabled to attract new

customers and form a good basis for road export growth in the forthcoming years.

Air transport makes up the smallest proportion of turnover for ACE Logistics Latvia. In 2013 the number of export shipments increased by 25%. In 2014, the focus will remain on the growth in air transport.

In the sea transport the number of shipments increased by 17% during 2013. LCL saw a continuous growth trend, whereas FCL shipments decreased.

Daina Zvirgzde | MD ACE Logistics Latvia



ACE Logistics in Belarus

ACE Logistics Belarus, the youngest member of ACE Logistics Group, started its activities in January 2011. It is managed by Ignas Puluikis, MD of ACE Logistics Lithuania and the companies are also operationally deeply connected. Vilnius is a gateway for the road transport shipments arriving from all over Europe and is used as a transfer point for LCL («less container loads») and «air+road» shipments, as well.

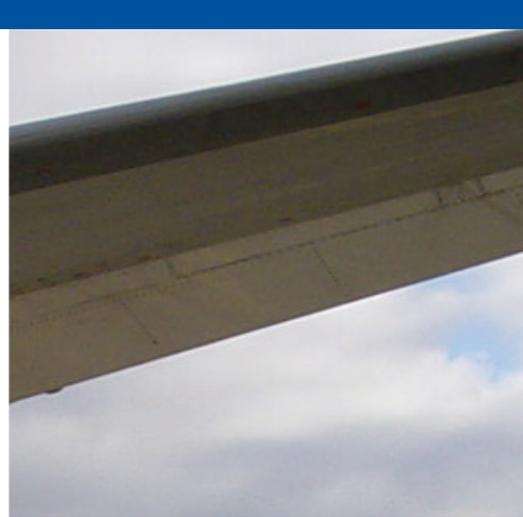
2013 was a successful year as it was the first year when the operations of the company started to generate profits. Main activity was road transport sales to the local customers. ACE Logistics Belarus is proud that 95% of customers are continuing with the company after their first shipment. This shows that

there is demand for high-quality transport services.

A regular scheduled truck line, called «Bee-line», connecting Vilnius and Minsk was started in September. ACE Logistics Belarus was among the few local forwarders participating in Lithuanian railway's «contrailer» train project with one LCL trailer per week, routing Vilnius-Minsk. Number of shipments by air and sea doubled during 2013.

ACE Logistics Belarus participated at the «Transport and Logistics 2013» exhibition in October. Local importers and forwarders showed high interest in the services provided by ACE Logistics Belarus.

Ignas Puluikis | MD ACE Logistics BEL



Cargo Handling and Airproxy Activities

2013 was the 20th full year of operations for Cargo Handling, which passed without surprises and as expected in terms of sales revenue and profit. Cargo Handling mainly offers air freight handling and storage service, coupled with the add-on services of customs terminal and customs storage and to smaller extent the loading of goods at Tallinn airport. The clients of the company consist of various flight operators, couriers, forwarding companies and companies involved with international trade.

Sales revenue fell by 7% in 2013. The decrease was mainly caused by the shrinking amount of exports by air and by strong pressure on handling prices. Sales revenue consisted fully of the sale of services, of which 70% came from Estonia and 30% from abroad. Sales to foreign markets decreased by 2,7%.

The company invested heavily into fixed assets in 2013. In order to ensure the compliance with the

ever-increasing flight safety requirements, the Cargo Handling obtained a new dual-view X-ray machine.

In 2013 many flight operators started to implement the e-freight (paper free air transport). Therefore the company placed great emphasis on systems development, particularly on the possibility to forward shipping documents electronically.

Airproxy is active in the business of General Sales&Services Agents (GSSA) and represents numerous wellknown flight operators in Estonia and Latvia. Among the flight companies there are Coyne Airways in the Baltics, Czezh Airlines Cargo, Lufthansa Cargo, SAS Cargo and Singapore Airlines Cargo in Estonia. The 2013 was Airproxy's 17th year of operations in Estonia and 9th in Latvia.

Viljar Lehtmets | MD Cargo Handling AS
and Airproxy AS



Social Responsibility and Sponsorship Projects

Logistics Seminar

Logistics Seminar is an annual event organized by students of logistics since 2000. The idea has evolved and the seminar has become a well-rooted tradition and one of the largest logistics event in Estonia.

The mission of the Logistics Seminar is to give the students of logistics practical experience in organizing an international event as well as to receive and exchange current information among students, lecturers and entrepreneurs. As a result of this experience and participation, the students are much more active on the landscape of the field that they study. Through this event, the vigour and awareness of the youth in transport and logistics is built up. In longer perspective it contributes to the

promotion of these fields in Estonia and this in turn supports the economic growth in the entire region.

ACE Logistics has been the sponsor of the seminar from the very first year and we shall continue supporting the initiative of the students also in the future.



Rat Race

Rat Race is an entertaining charitable race of office clerks that originates from New York. The white collars run through the downtown area in jogging shoes, wearing business suits and holding cell phones and portfolios. Rat Race has become increasingly popular in great cities of the world like New York, Toronto, Sydney, Rotterdam etc.

In Estonia this popular entertaining charitable event has been organized since 2002. The number of participants and spectators has been growing every year, giving evidence of the increasing appreciation for spending time with colleagues outside the office. Every year more than 600 office rats participate in Tallinn, Tartu and other towns. The amount raised every year is approximately EUR 10 000 and it is

donated for charitable purposes like tuition of children in orphanages or support for large families. ACE Logistics has been the logistics partner for the event and also participated with its team in the recent years.

The event is organised by JCI Estonia, an organization incorporating young professionals and entrepreneurs aged 18-40. JCI is the world's third largest international non-governmental organization with the membership above 350 000 in more than 125 countries.



needs was opened in Tallinn in 2003. The objective of the centre is to develop the youngsters' skills, to find suitable work for them, and to sell self-made products. The centre runs six different workshops: porcelain painting, spinning on a spinning jenny, ceramics, silk painting, sewing and outsourcing.

JUKS unites a number of talented youth, whose paintings and drawings could be easily compared to the work of well-known artists. Some of their craft has

been displayed in France, England, Italy, Albania and elsewhere.

In addition to the gifts that ACE acquires from JUKS, we have for several years held an exhibition in the lobby of our main office to show the paintings of the young JUKS authors, where visitors can give financial support to the centre by acquiring works of art.

The workshops at JUKS are led by dedicated supervisors, whom we are always pleased to meet. They say that the work centre is really important for the youth that cannot manage on their own in the outside

world. In the centre, they can make something with their own hands, enjoy the process of creation, and take pleasure in other people's praise for their work.



ACE Xdream

ACE Logistics has been the Main sponsor for successful adventure sports series ACE Xdream since 2011.

ACE Xdream is a sport event of experience, which assumes good physical shape and quick mind, the foundation for success is smooth teamwork. Karli Lambot, the Chairman of the Council of ACE Logistics Group, has done adventure sports already for years and his team has often been in Xdream podium as well.

ACE Xdream consists of 4 adventure races, where 3-member teams need to move through the terrain and collect checkpoints by trekking, mountain-biking,

canoeing and completing additional tasks. There are three levels of difficulty where male, female or mixed teams compete with each other.

ACE Xdream is the most popular adventure sports series in the world, with almost 1 000 participants in every race of the series.



Estonian Nordic Combined Team

ACE Logistics Estonia supported Estonian Nordic Combined Team during the Olympic season 2013/2014. Estonian skiers have been among the best some years ago and there is hope that the new young ones will make it there soon. In addition to professional sports ACE Logistics wishes to promote sports and healthy lifestyle more widely.

On the whole, the season of 2013/2014 brought progress for the Team in terms of both ski jumping and skiing. The boys were able to use more competitive equipment and also the number of support staff increased. Four sportsmen received points at the World Cup series and three youngsters made it to the Olympics. Unfortunately, the goal of sending the whole team to the Olympics did not materialise, however, considering the young age of the Team there is still time.

A decision has been made to continue the sponsorship also for the season of 2014/2015, the highlight of which will be the World Championships in Falun in February.



Martin Raud | Sales and Marketing Manager,
ACE Logistics Estonia

Thank You!

I would like to thank our staff for the commitment and loyalty they have shown in all the work they have done for our companies. I also would like to express my gratitude to our customers and partners for their contribution and pleasant cooperation.

I wish you all luck and the achievement of goals next year.

Andres Matkur | MD ACE Logistics Group



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