

Logistic operator



- ❖ *Logistic operator (LO) is Russian 3 PL service provider.*
- ❖ *LO provides a service of complex and contract logistics, both for containerized cargo and single piece goods.*
- ❖ *LO is the only Russian logistics provider, offering its customers regular container train service from North-West region (ports of Estonia, Latvia, S.-Pete) to Moscow.*
- ❖ *LO arranges multimodal transportations from Asia-Pacific Region, Europe, America, Africa, Baltic States and CIS to Central Russia mostly by sea and railway.*
- ❖ *LO is a highly qualified team, having expertise in different business fields such as transportation, customs, economics, law and logistics.*



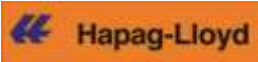
Our Partners



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Russian Railways Inc. and LO Ltd. signed an agreement on logistics activity development cooperation (dated from 1 June 2010, № 446) and since that time LO has got a status of Official Partner of Russian Railways Inc.



In 2008 APL and LO started a new business product – railway extension of maritime services of biggest Shipping Lines to Russia via port of Tallinn to Moscow

In 2008 we have done 65 Block Trains.

In 2009 - 57 Block Trains

In 2010 – 56 Block Trains

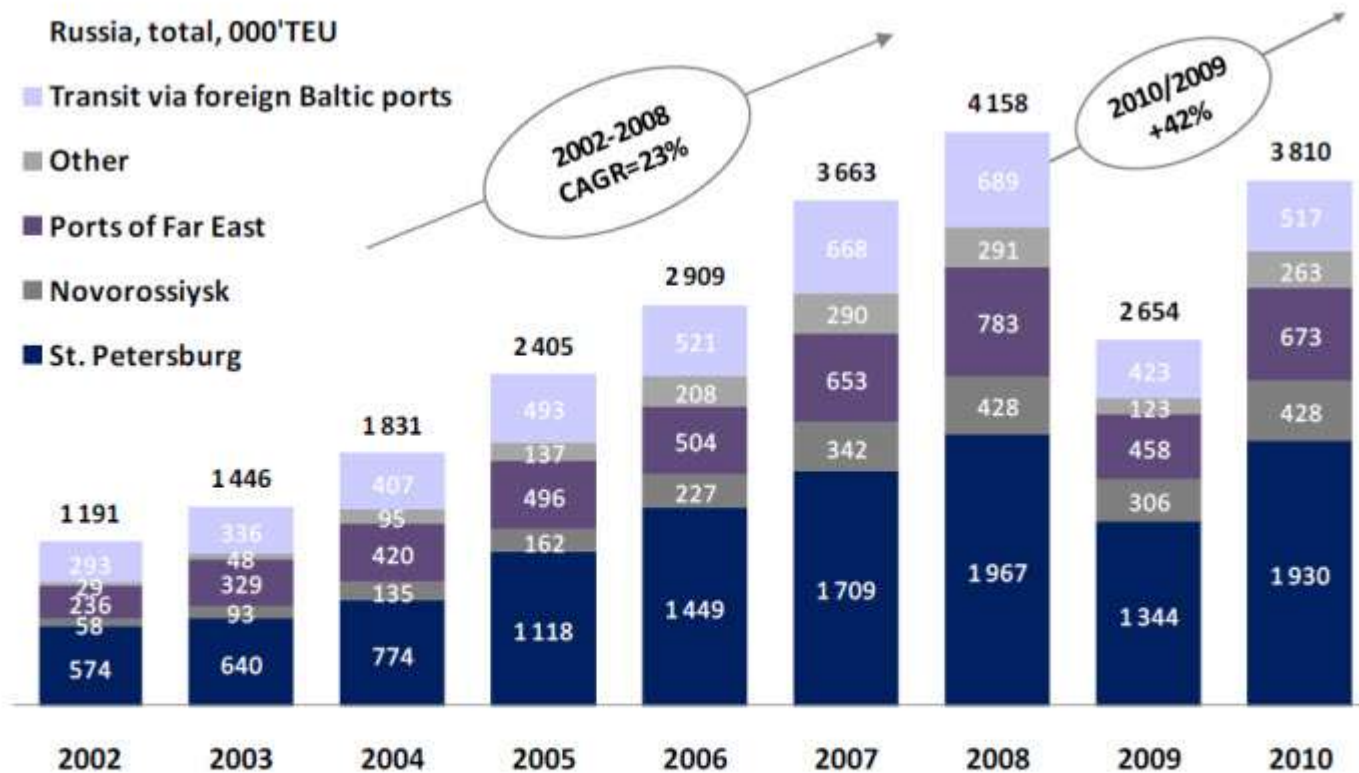
In 2011 – 88 Block Trains Already

NCC Ltd. and LO Ltd. signed an agreement on the joint through service product development – container block-trains, departing from NCC group terminals. (dated from 15 February 2010)



Russian Import/export traffic in containers via ports

Russian Import/export traffic in containers via ports



Russian container market will have to grow over the next 10 years at higher rates than global average in order to reach the existing level of Europe and North America.

Container Terminal Market in Russia

Key market trends

- ▶ The potential of Russian container market is high and its main drivers are:

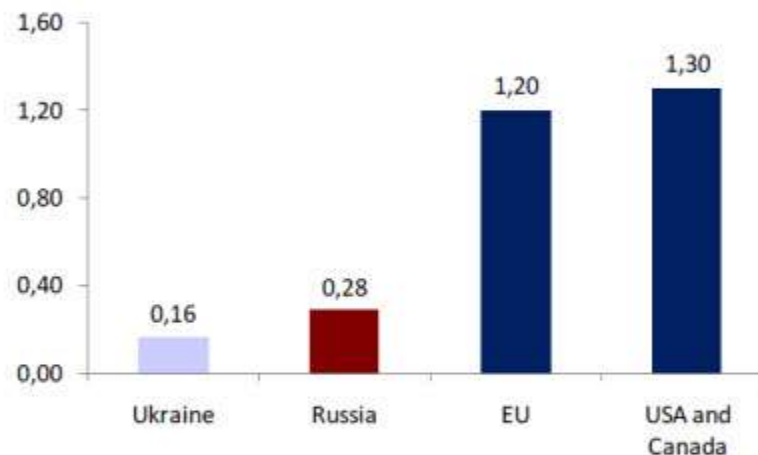
- ▷ high potential for growth of consuming power in terms of GDP per capita which is currently 3 (three) times lower than Western European average;

- ▷ high potential for growth of containerization level of Russian import-export bulk cargoes which is now 4 (four) times lower than global average in developed countries;

- ▶ Baltic ports (St. Petersburg and Ust Luga) will continue to handle 50-60% of Russian container inflow / outflow because of proximity of these ports to regions where:

- ▷ 57% of Russian population is concentrated;
- ▷ 60% of Russian GDP is produced.

Containerization levels in Russia and other countries, TEU per 10 capita, 2010



Existing and prospective container train routes

Existing and prospective container train routes



Our Products:

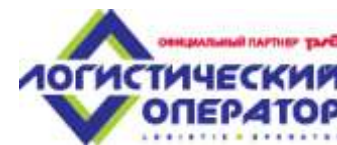


Our Products

- Excellent **maritime service** covering all major trade routes to Russia
- **Container trains operations** including efficient **customs brokerage service** in Russia
- Logistics service providing in Moscow as well as in any other region
- **Door-to-door delivery** scheme including the following stages of transportation: from shipper's warehouse to a port of loading, sea shipping to Russian, Estonian, Latvian and Lithuanian ports, transit carriage, delivery to Moscow by rail, and after that to the consignee's warehouse either by truck or by rail.
- Transit time for cargo, following from Latvia/Estonia to Moscow is 48 hours
- Diversified range of **associated services** in Moscow at Moskva-Tovarnaya Oktyabr'skaya railway station, which are:
 - Handling operations at a railway station
 - Assistance in customs clearance
 - Cargo delivery to a consignee's warehouse by truck
 - Cargo forwarding by rail after completing customs clearance
 - Cargo certification
 - Cargo insurance
 - Foreign trade consulting and legal support



Our customers enjoy the following advantages:



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(compared with the existing practice of transportation by trucks, which even nowadays can't cope with the growing cargo flow)

- ✓ *Crossing border without any queue*
- ✓ *Short and predictable transit time*
- ✓ *No weight limitations*
- ✓ *Customs clearance directly at a railway station in Moscow*
- ✓ *Assistance in confirming the accuracy of a declared value of goods during customs clearance*
- ✓ *Applying preliminary electronic declaring technology (ED-1, ED-2)*
- ✓ *Truck down-time elimination, upon arrival at a bonded warehouse*
- ✓ *Door delivery service, enabling to transport cargo from a railway station to a customer's warehouse. Customer can plan time and amount of containers to be delivered, depending on the warehouse capacity.*
- ✓ *Attractive storage costs for the containerized cargo, waiting at a railway station*



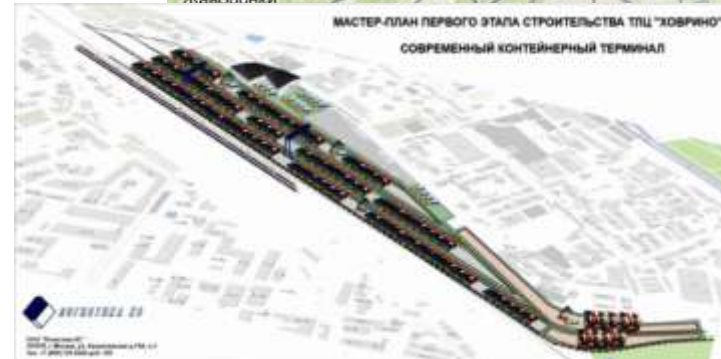
New rail terminal in Moscow

Hovrino Terminal

- Receiving the block-trains with Import cargo from St.Petersburg, Ust-Luga, Riga, Tallinn, Klaipeda, Novorossiisk, Odessa and delivery to the consignees by road transport
- Block train service of Full and empty containers to Moscow region or origin ports
- Warehousing services
- Customs Clearance;
- Cargo Insurance.

The advantages of Hovrino terminal

- Moving the rail operations away from the city center of Moscow, due to the congestion caused by the passenger traffic
- Lowering the ecological impact to the city center of Moscow
- Increasing the railway capacity
- Increasing the volumes carried by our services
- Limiting the amount of heavy trucks on the roads



Container train services development prerequisites

- *Increasing of incoming containerized cargo flows*
- *Prohibition of transporting heavy containers by truck*
- *Plans of Russian Government to impose quotas on incoming containers, transporting by truck and dispatching from foreign ports. This measure will inevitably cause the cargo flows displacement to other Baltic ports (Riga, Tallinn) and Russian ports (Saint Petersburg, Ust Luga)*
- *Dramatic changes in Russian customs clearance procedures aimed at implementing a new concept of removing all customs offices closer to the Russian border. Inland customs offices will be available only for the cargo, transported by rail. Thus, in Moscow it will be possible to get import customs clearance only at railway stations (within Moscow railway customs office effective area).*
- *Eco-friendly solutions applying by a lot of world-known companies, which make them switch 30-40% of their cargo volumes from road to railway mode of transport.*



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