

Annual Report 2009





## Profile of the Hupac Group



## Profile of the Hupac Group

Hupac is the leading combined transport operator through Switzerland and one of the market leaders in Europe. The company works to ensure that an increasing volume of goods can be transported by rail and not by road, thus making an important contribution to modal shift and environment protection.

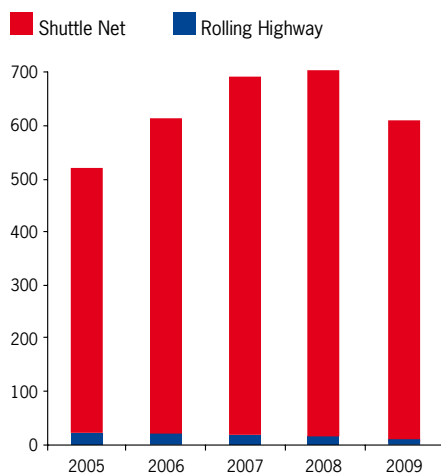
Hupac operates a network of more than 110 trains each day between Europe's main economic areas and between the harbours and the hinterlands. With a workforce of 400 employees, the Hupac Group comprises ten companies based in Switzerland, Germany, Italy, the Netherlands and Belgium.

The company's wagon fleet consists of around 5,500 wagon modules. In 2009, the volume of traffic was around 607,000 road consignments.

Hupac was founded in Chiasso in 1967 and has 100 shareholders. The share capital amounts to CHF 20 million; 72% of this belongs to logistics and transport companies, while 28% is held by rail companies, thus guaranteeing closeness to the market and independence from the railway companies.

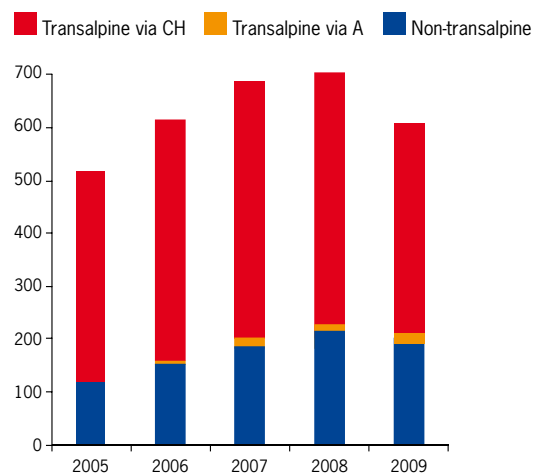
### Traffic development by transport techniques

Road consignments in 1000s



### Traffic development by business areas

Road consignments in 1000s





Year of incorporation	1967
Share capital	CHF 20 million
Shareholders	approx. 100
Capital structure	72% logistics and transport companies 28% rail companies
Headquarters	Chiasso
Operational branches	Basel, Busto Arsizio, Oleggio, Singen, Cologne, Duisburg, Rotterdam, Antwerp, Taulov, Warsaw
Business profile	Independent intermodal transport operator
Traffic techniques	Shuttle Net (UCT) with 108 shuttle trains per day Rolling Highway with 2 trains per day
Traffic volume 2009	607,284 road consignments ▶ Shuttle Net: 597,286 road consignments ▶ Rolling Highway: 9,998 road consignments
Rolling stock	5,529 wagon modules 13 main-line and/or shunting locomotives
Terminal management	Busto Arsizio-Gallarate, Desio, Novara RAIn, Aarau, Basel, Chiasso, Singen, Antwerp
Information technology	Goal, integrated software solution for intermodal transport Cesar, web-based customer information system Ediges, XML-based data exchange system E-train, satellite-supported train monitoring system
Employees	405
Quality and environment	Quality management system ISO 9001:2000 Environmental management system ISO 14001:2004
Financial data	Annual turnover CHF 481.1 million (EUR 318.6 million) Profit for the year CHF 2.8 million (EUR 1.8 million) Cash flow CHF 46.7 million (EUR 30.9 million)

Dated 31.12.2009



# Annual Report 2009

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## Looking ahead

Dear ladies and gentlemen, dear friends of the company,

2009 was a challenging year. The global economic crisis affected the transport market and Hupac's transport network along with it. Up to 25% falls in volume led to high overcapacities and initially tore large holes in the budget. Thanks to energetic restructuring measures, Hupac managed to break even by the end of the year and was able to show investments amounting to CHF 56 million.

Despite the difficult general conditions, this was not a lost year en route to our goal. We have shown that we can act quickly and decisively, even when faced with adverse market conditions. We have reduced the frequency of trains, adapted to demand and found solutions for appropriate utilisation of our fleet of rolling stock. Further crisis measures included flexible resource planning in cooperation with the railways, postponement of non-priority investments and the introduction of short-time working at the terminals. Thanks to support from the Swiss Federal Office of Transport, we were able to introduce a stimulus package for transalpine traffic through Switzerland.

Powerful crisis management was a decisive factor in the positive result for the 2009 financial year. I would like to thank all employees who have worked hard and with great commitment for this extraordinary teamwork.

Our most important goal is customer satisfaction – our actions in the economic crisis have also been guided by this motto. On the tightrope walk between profitability and network maintenance, Hupac decided in favour of the latter in many



cases. Customers can count on a stable, high performance transport network and consistently high quality advice and service. What's more, Hupac ventured into a number of new markets last year, such as Spain, Portugal and Romania, and also developed existing segments, such as the transport of 4-metre trailers via Lötschberg and Brenner.

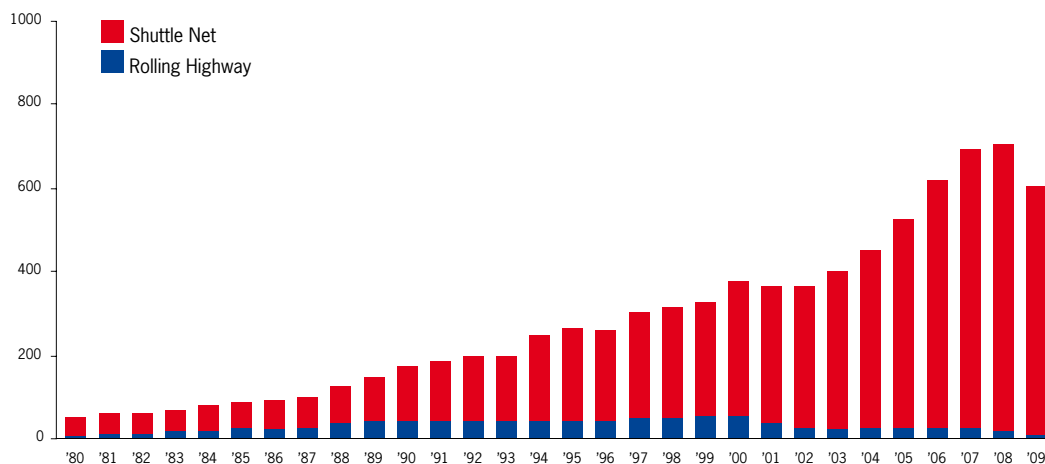
Significant advances were also made in the improvement of productivity. Hupac trains today run better loaded than before the economic crisis. A large number of processes in the terminals, in fleet management and administration have been simplified and standardised. A virtue has been made out of necessity, and so Hupac is now slimmer and stronger than before the crisis.

Above all, Hupac has continued to invest in its own resources such as rolling stock and terminals. January 2010 saw the operational handover of the HTA Hupac Terminal Antwerp. The Combinant Terminal, built by Hupac in cooperation with BASF and IFB, began operations in March 2010 while the expansion of the existing terminal facilities in Busto Arsizio-Gallarate is progressing according to plan.

After all, the crisis has sharpened the focus on the essentials. Innovations have been introduced on a number of fronts - they will help to shape the future of Hupac. One important approach is the "Customer Focus" project, which is reworking organisational structures and processes to make them more

### Traffic development 1980-2009

Road consignments in 1000s



customer focused. Fleet management is also innovative, with rolling stock management now brought in-house under new, open framework conditions. The "CompoFamilies" innovation project begun during the year is intended to increase the efficiency of wagon circulation by introducing homogenous composition families.

Furthermore, we will embark on new routes with our rail partners. With a range of rail companies such as SBB Cargo, DB Schenker Rail, Trenitalia, Crossrail and others, we are investigating how we can make our cooperation even closer, with greater synergies and efficiency. The possible scope ranges from planning optimisation through to possible stake-holdings, as in the case of the new SBB Cargo international traction company to be founded soon.

It's clear to see, Hupac is looking to the future and identifying market prospects according to a clear strategy. **We have a dream:** rail will be the primary means of transport for goods over long distances in Europe by 2020. A significant driver is the concept of Green logistics: scarcity of resources, increasing environmental awareness among customers and government regulations have led the company to change their thinking. However, three conditions need to be met if rail freight transport is to make the jump ahead:

- ▶ Investments in rail infrastructure must be increased and linked with each other across Europe
- ▶ Real competition must enter the rail markets thanks to market liberalisation and functioning regulation
- ▶ Fair competition conditions must exist between road and rail transport.

For example, the extension of the access line to the NEAT tunnel is of central importance. The Gotthard base tunnel is being constructed to take

the ever more important high profile trailers, but many access lines in Switzerland will not be ready until 2030 or later. High profile capacity is already exhausted on the Lötschberg line – particularly by Rola. Alongside the tunnel profiles, infrastructure adaptation to suit 750 metre trains is also essential if we are to be able to keep up with competition from road transport.

2010 is also likely to be a difficult year. In the first quarter we did exceed our planned target of 8% growth, but economic recovery is still likely to be slow. That is why we are going to continue the measures that have led us to success in 2009: strict cost control, selective investments, measures to increase efficiency and competitiveness. In contrast, the market will benefit from numerous product innovations. In the first few months of the year, a number of new connections were introduced, including the trains Rotterdam ⇌ Verona, Cologne ⇌ Novara, Curtici ⇌ Bradu de Sus, Antwerp ⇌ Ludwigshafen, Antwerp ⇌ Verona and Busto Arsizio ⇌ Barcelona.

At this point I would like to take the opportunity to thank the shareholders of the Hupac Group, the customers, business partners and public institutions for their confidence and support for our plans. And once again, our thanks go to the staff who have managed to produce extraordinary results under difficult conditions over the last year. We are confident that we are well equipped to meet the challenges before us and we look forward to travelling along that route with you.

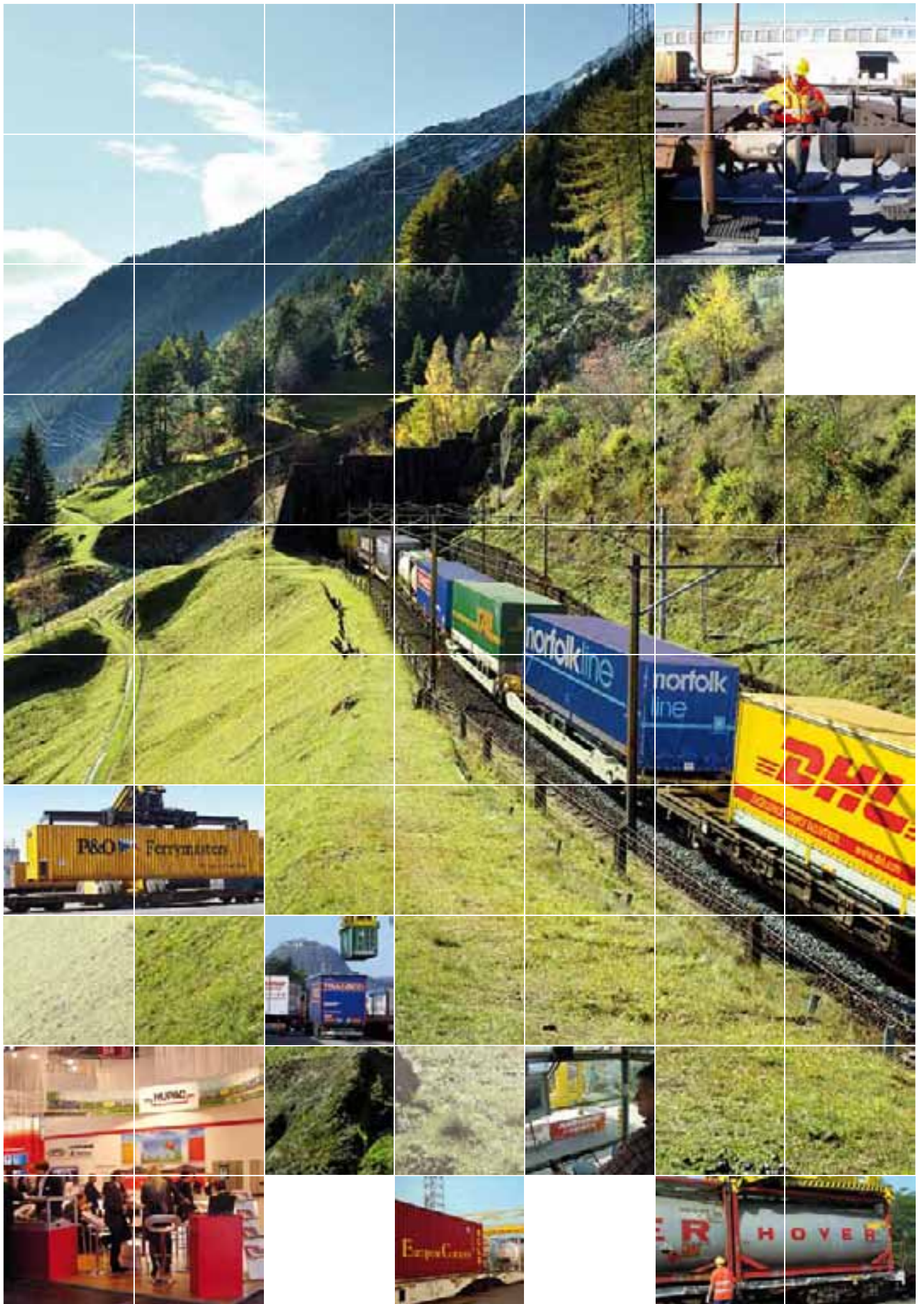


Dr. Hans-Jörg Bertschi  
Chairman of the Board of Directors

Chiasso, April 2010



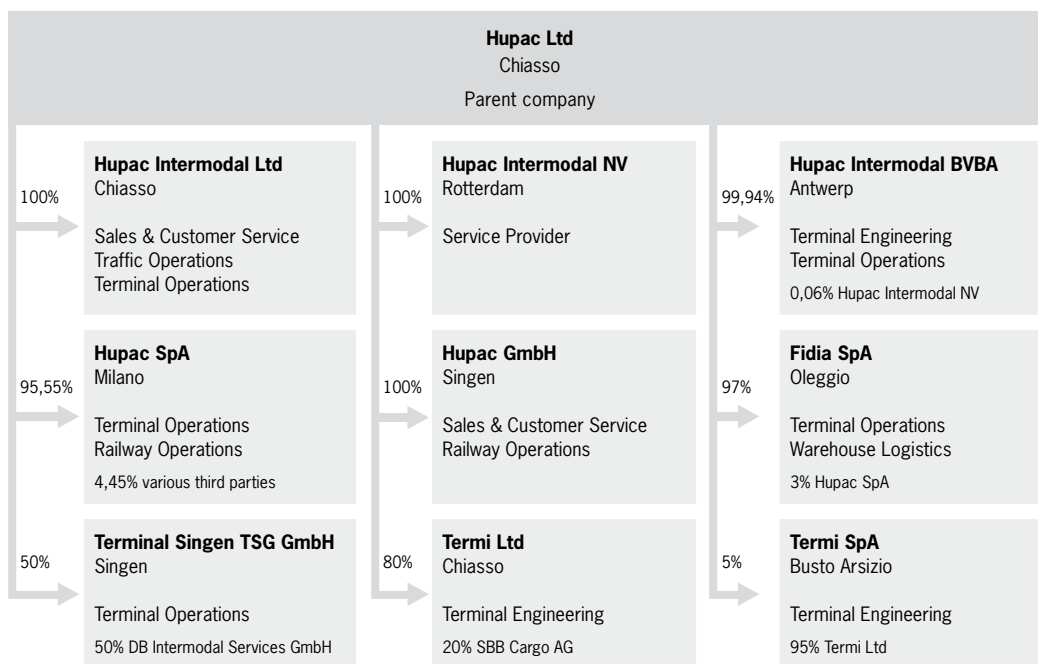








**The Hupac Group**



### Board of directors of Hupac Ltd

Name	Age	Position	Nationality	First nomination	Expiry of mandate
Dr. Hans-Jörg Bertschi	52	Chairman since 1993	Swiss	1987	2010
Dr. Thomas Baumgartner	55	Member	Italian	1990	2010
Thomas Hoyer	59	Member	German	1988	2010
Ing. Nicolas Perrin	50	Member	Swiss	2008	2010
Nils Planzer	38	Member	Swiss	2008	2010
Peter Hafner	53	Secretary	Swiss	1999	2010

### Management board of the Hupac Group and management of the subsidiaries

<b>Hupac Ltd</b>		Bernhard Kunz <i>Managing Director</i> Peter Hafner <i>Deputy Managing Director</i> Peter Howald <i>Intermodal Services</i> Leonardo Fogu <i>Fleet Management</i> Piero Solcà <i>Logistics &amp; QMS/EMS</i> Aldo Croci <i>Information Technology</i> Giorgio Pennacchi <i>Engineering</i> Peter Hafner <i>Finance &amp; Administration</i>
<b>Hupac Intermodal Ltd</b> Bernhard Kunz <i>Managing Director</i> Peter Howald <i>Deputy Managing Director</i>	<b>Hupac Intermodal NV</b> Mark Jansen <i>Operations Director</i>	<b>Hupac Intermodal BVBA</b> Dirk Fleerackers <i>Operations Director</i>
<b>Hupac SpA</b> Francesco Crivelli <i>Delegate of the Board of Directors</i> Sergio Crespi <i>Managing Director</i>	<b>Hupac GmbH</b> Sascha Altenau <i>Managing Director</i>	<b>Fidia SpA</b> Francesco Crivelli <i>Delegate of the Board of Directors</i>
<b>Terminal Singen TSG GmbH</b> Sascha Altenau <i>Managing Director</i> Gerhard Bukowski <i>Managing Director</i>	<b>Termini Ltd</b> Peter Hafner <i>Managing Director</i>	<b>Termini SpA</b> Peter Hafner <i>Chairman</i>

Dated 31.12.2009

## Corporate Governance

### Structure of the Hupac Group

At the end of 2009 the Hupac Group consisted of a total of ten companies based in Switzerland, Germany, Italy, the Netherlands and Belgium. Each company operates within its own well-defined remit in order to provide advanced solutions and contribute to the overall efficiency of the Group.

The year under review saw the establishment of the Fleet Management division within the parent company as well as Hupac Intermodal Ltd. The new organisational unit combines the rolling stock development, acquisition and operation functions under central control. With this restructuring, Hupac aims to improve its response to the stringent requirements on wagon owners since the introduction of the Cotif agreement. The Fleet Management division develops the maintenance plan for the wagon fleet and ensures its timely implementation, monitors safety, optimises the use of wagons and thus secures the profitability of this central resource in the long term. The leadership of the Fleet Management division has been assigned to Leonardo Fogu, who joins the management of Hupac Ltd.

In May 2009, Paolo Paracchini, hitherto Delegate of the Board of Directors of the subsidiary Fidia SpA, retired from the company. His role has been taken up by Francesco Crivelli.

### Board of Directors

In May 2009, Bruno Planzer retired after 20 years of activity on the Board. The Board of Directors of Hupac Ltd now comprises five members. According to the company's by-laws, the shareholders of Hupac are transport companies who actively contribute to the development of intermodal transport. Consequently the majority of the members of the Board of Hupac Ltd are entrepreneurs or managing directors of companies of this type. The German and Italian markets are represented on the Board as geographical markets of strategic importance. In its current composition the Board of Directors represents more than two thirds of all shareholders' votes. The composition of both Hupac Intermodal Ltd and Termi Ltd's Boards of Directors is identical to that of Hupac Ltd. At the other companies of the Hupac Group, the Boards are composed mainly of members of the management of the parent company.

### Capital structure

In the year under review, Hupac Ltd had a share capital of CHF 20 million. The company is owned by roughly 100 shareholders. Transport companies and forwarding agents from Switzerland, Germany, Italy, France, Austria and the Netherlands hold 72% of the share capital, with the remaining 28% held by railway companies. This takes care of closeness to the market, while independence from the railways remains guaranteed.

### Substantial minority shareholdings

Alongside the shareholdings in the companies of the Group, Hupac Ltd maintains substantial minority shareholdings in various companies within the field of combined transport. At the end of 2009 these were the combined transport operators Cemat and RAlpin, the terminal operator Combinant and the data processing service provider Cesar Information Services.

### Organisational regulations

The Hupac Group's organisational regulations govern the constitution and passing of resolutions as well as the tasks and responsibilities of the Board of Directors, the Chair of the Board of Directors and the Management Board. The document applies not only to the parent company but, for important issues, also to all companies of the Hupac Group.

### Risk management

Hupac has set up a risk monitoring system aimed at identifying those situations that could cause considerable financial losses to the Group. The cornerstone of the system consists of a list of risks whose regular updating is entrusted to Hupac Ltd's Management Board. The current information on the status of risk management is regularly presented to the Board of Directors.



## The year 2009 in review

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<b>January</b>	<ul style="list-style-type: none"><li>▶ New shuttle connection between Verona and Taulov with onward connections to Sweden</li><li>▶ Establishment of the Fleet Management division within Hupac Ltd and Hupac Intermodal Ltd</li></ul>
<b>March</b>	<ul style="list-style-type: none"><li>▶ Introduction of new links between France and Eastern Germany/Poland by grouping traffic at a hub terminal in Antwerp</li><li>▶ Construction begins on the underground wastewater separation system at the Busto Arsizio-Gallarate terminal to enhance passive safety</li></ul>
<b>April</b>	<ul style="list-style-type: none"><li>▶ New connections between Antwerp and various destinations in Spain and Portugal</li></ul>
<b>June</b>	<ul style="list-style-type: none"><li>▶ Reopening of the revamped S3 crane module at the Busto Arsizio-Gallarate terminal</li></ul>
<b>July</b>	<ul style="list-style-type: none"><li>▶ Network expansion in Poland by introduction of a Schwarzheide ↔ Katy Wrocławskie connection</li></ul>
<b>August</b>	<ul style="list-style-type: none"><li>▶ Traffic begins on the Budapest ↔ Curtici link</li></ul>
<b>September</b>	<ul style="list-style-type: none"><li>▶ New connections between Antwerp and various destinations in Spain and Portugal</li><li>▶ Work begins on the expansion of the check-in area at the Busto Arsizio-Gallarate terminal</li></ul>
<b>November</b>	<ul style="list-style-type: none"><li>▶ Switch to electronic booking via web and Ediges</li></ul>
<b>December</b>	<ul style="list-style-type: none"><li>▶ Test start-up at the HTA Hupac Terminal Antwerp</li><li>▶ New Busto Arsizio ↔ Verona connection</li><li>▶ Completion of delivery of 42 60-foot container wagons and 69 T5 and T4.2-type pocket wagons</li></ul>

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## Transport techniques

Intermodal transport combines different means of transport: road, rail, sea and air.

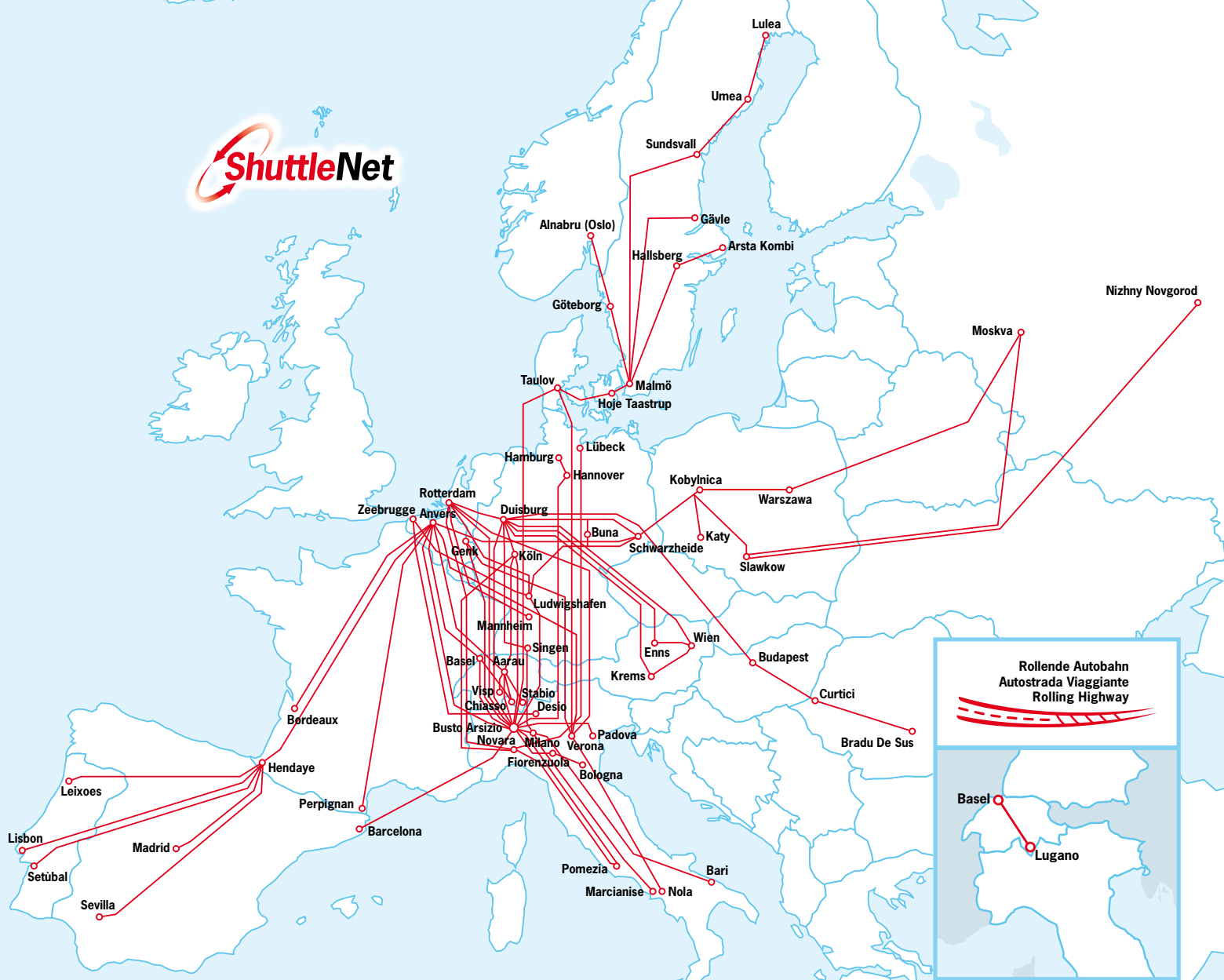
In **unaccompanied combined transport (UCT)**, the loading units are carried by road or by vessel to the transshipment terminals. There they are loaded onto trains to continue the journey by rail, generally over long international distances. Only the loading units – containers, semi-trailers or swap bodies – are carried, while the drivers remain at the terminals. At the destination terminal the consignments are picked up by truck and transported to their final destination.

Unaccompanied combined transport combines the advantages of road and rail and offers an important alternative in European freight traffic. On transalpine routes, it is competitive for distances starting as low as 300 km. Transportation and logistics companies are increasingly shifting their long-distance traffic to the railroad

in order to effectively respond to traffic jams, shortage of drivers, rising energy costs and fiscal burdens, and meet the demand for environmentally compatible transports.

With Shuttle Net, Hupac connects the main economic areas of Europe. In case of longer journeys, an intermediate transfer takes place. At so-called gateway terminals the loading units are transferred from one train to another. In this way they reach secondary economic areas, thus benefiting from the advantages of an extensive intermodal network.

The **Rolling Highway** is an important additional service for transalpine transport, which allows trucks without the necessary fittings for unaccompanied transport to cross the Alps by rail. Whole trucks are loaded onto special rail wagons at the terminal. Drivers travel in a separate sleeping car.



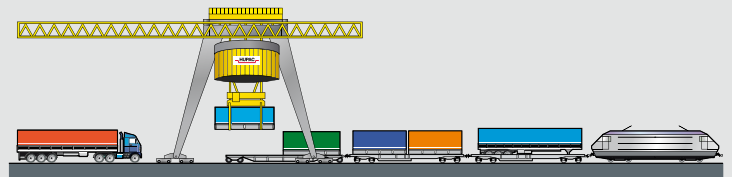
Dated 15.4.2010

Hupac operates a Rolling Highway on the Gotthard route between Basel and Lugano. The low profile height in the Gotthard tunnel significantly limits the market potential. More favourable conditions are offered by the 4-meter

Lötschberg-Simplon corridor. On this route, RAlpin operates a Rolling Highway for transits between Freiburg and Novara. Shareholders of RAlpin Ltd are BLS, Hupac, SBB and Trenitalia.

### Unaccompanied combined transport: Shuttle Net

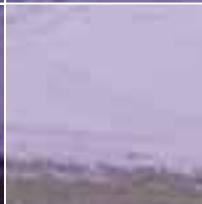
- ▶ Transportation of containers, semi-trailers and swap bodies by rail
- ▶ Connections between the main European economic areas
- ▶ Transportation from terminal to terminal or from port to inland terminal
- ▶ Competitive on routes of 300 km and over



### Rolling Highway

- ▶ Transportation of whole trucks by rail
- ▶ Drivers travel in a separate sleeping car
- ▶ Additional service for crossing the Alps







## Vision and guidelines of the Hupac Group

### Vision

Hupac is one of Europe's leading, independent intermodal transport operators. We endeavour to ensure that – in an expanding transport market – an increasing amount of freight is transported by rail. By doing so, we help to preserve the environment and discharge our social responsibilities.

By maximizing efficiency we aim to lower the cost per loading unit further.

We aim to grow alongside our customers as a reliable partner. Our target is to increase freight traffic between 10 and 12% per annum.

### Guidelines

Hupac offers efficient and innovative solutions to fulfil the wide-ranging requirements in European freight transport. Quality, cost-awareness and safety are the focus of attention of the Group's strategy.

With a predicted annual market growth rate of 3%, Hupac is forecasting an average annual growth of between 10 and 12% over the next few years principally by gaining market share from road freight transport.

#### Customer-oriented approach

The company's main objective is to have satisfied, loyal customers. Hupac seeks to meet their needs with market-oriented, reliable transport solutions. Flexibility, innovation and ongoing service quality improvement constitute the core principles at all levels in the Group.

#### Well-trained, motivated staff

Hupac's employees are the company's most important resource. They are offered attractive working conditions, regular training and further professional updating programmes. By providing an open corporate environment which treats each employee with dignity and respect, Hupac encourages motivation, team spirit and responsibility at an individual level.

#### Breakthrough of intermodal transport

In transalpine transport through Switzerland two thirds of all freight traffic is now being carried by rail. Hupac wishes to advance the development of intermodal traffic among European business areas, making it the preferred transport method. Hupac is thus largely supportive of Switzerland's transport policy.

#### Partnership and expansion of the multi-modal network

Hupac is working on the steady expansion of the multi-modal European network, either on its own or in collaboration with strong partners. The essential criterion for co-operation is the optimization of the entire logistics chain by grouping together and exploiting the strengths of each market partner. Hupac intends to enter agreements with other intermodal transport operators where synergies can be found and the network can be extended. In the railway sector Hupac works together with chosen partners for the supply of railway services in Europe according to the principle of integrated traction responsibility.

#### Efficient processes

Cost-awareness and standardisation of business processes enable the company to ensure efficiency internally and externally towards its partners in the market. Information technology plays a crucial role in achieving such objectives with the aid of Hupac's quality management system.

#### Creation and use of profit

The Hupac Group views the creation of profit as the means for ensuring the existence and financial independence of the Group. The investment policy is geared towards sustainable growth and high added value, which guarantees a return on share capital that is commensurated with the risk involved.

#### Environmental responsibility

By shifting traffic from roads onto the railways we make a significant contribution to a better quality of life. An environmentally-oriented approach is encouraged by Hupac and put into practice by every employee in their daily activities. The company's environmental management system provides guidelines for environmentally friendly production methods and the moderate use of natural resources.

## Hupac's strategy for sustainable freight transport

### Partner for Green Logistics

From an environmental perspective, transport is a real problem. The volume of passenger traffic is constantly increasing, freight transport is growing faster than the economy and despite technological progress, goods transport is not efficient enough to compensate for the additional load caused by its growth. As a result, Europe is unable to meet its greenhouse gas emission targets under the Kyoto Protocol.

Logistics is facing up to this challenge. With the concept of Green Logistics, it is aiming for a complete transformation of logistics strategies, structures and systems in order to create environmentally sound and resource-efficient logistics processes. The target system of Green Logistics involves the creation of sustainable shareholder value through a balance between economical and ecological efficiency.

The issue of Green Logistics remains topical despite the economic crisis. According to a survey by the Baden-Württemberg Cooperative State University in Lörrach, 81% of respondents aim to continue or increase their environmental protection activities, 18% aim to reduce them and just 1% intend to stop them. There are plenty of reasons for this:

- ▶ For many companies, CO<sub>2</sub> emissions are

already a significant cost factor and this is an upward trend.

- ▶ Energy will become scarce and expensive in future. Saving energy reduces costs and emissions. On the issue of energy there is increasing awareness that environmental protection and efficiency are not contradictory goals.
- ▶ There will also be an increase in regulatory interventions on environmental issues by the state in future.
- ▶ Customers are becoming more environmentally aware and this trend will continue. Environmental protection is already an important competitive factor for many companies today.
- ▶ In general, environmental issues create meaning and a sense of identification. They promote cohesion among the companies' employees and society as a whole.

Rail freight transport is regarded as the preferred mode of transport for environmentally sound logistics processes. Combined transport has an important role to play here, as it allows the transportation of individual consignments bundled with other consignments, which can benefit from the advantages of rail without sacrificing the benefits of the road in terms of local distribution.

As a combined transport operator, Hupac regards it as its duty to provide transport and logistics companies with a reliable, market-driven

### Environmental balance of combined transport – success for all partners in the logistics chain

In 2009, Hupac calculated the CO<sub>2</sub> emissions and energy consumption of its entire traffic for the first time. The consignments with a total net weight of 10.7 million tonnes carried on around 700 different routes caused CO<sub>2</sub> emissions of 111,000 tonnes and energy consumption of 3.5 billion megajoules. Compared to pure road transport on the same routes, savings of 86% were achieved in CO<sub>2</sub> emissions and 71% in energy consumption. All partners in the logistics chain are involved in this success: shippers, carriers, rail companies, terminals and operators.

To calculate the environmental impact of its transport operations, Hupac relies on EcoTransIT, an easy-to-use tool with high scientific standards. EcoTransIT calculates the emissions and energy consumption of the various modes of transport using objective, understandable criteria and also provides a comparison with other modes of transport.

The project is supported by many rail companies such as DB, SBB, Trenitalia, SNCF and Green Cargo, as well as the International Union of Railways (UIC). Scientific support is provided by the independent IFEU research institute in Heidelberg. The parameters considered include:

- ▶ specific weight of the freight carried
- ▶ distance from start to destination, depending on mode of transport
- ▶ topography
- ▶ road categories as well as vehicle size and HGV emissions class
- ▶ train length and traction type (diesel/electric) as well as type of power generation for rail transport.

EcoTransIT is free to access via the Internet. Step-by-step instructions for the environmental calculator are available on Hupac's website ([www.hupac.ch](http://www.hupac.ch) >> Customer Service >> Eco-calculator).

rail transport network. Efficient operation of the network is the key challenge, as environmentally sound transport must not be more expensive or of lower quality than comparable options. Together with its partners – railways, terminal operating companies, partner operators, rolling stock manufacturers and maintenance companies – Hupac has campaigned for more than 40 years for the development of combined transport.

## Process reengineering with Customer Focus

“Save, save, save” was the motto of Hupac when the global economy slipped into a deep recession at the start of 2009. But is it possible and advisable to make savings on human resources? Whilst surplus capacity at the terminals was reduced in a socially acceptable way through short working hours, at the headquarters Hupac dared to take a step forward. Do we have suitable structures to be able to carry a million consignments per year in the future? This was the question that the Customer Focus group was set up to consider. Around a third of the staff were given the task of detecting weaknesses and implementing improvements step by step.

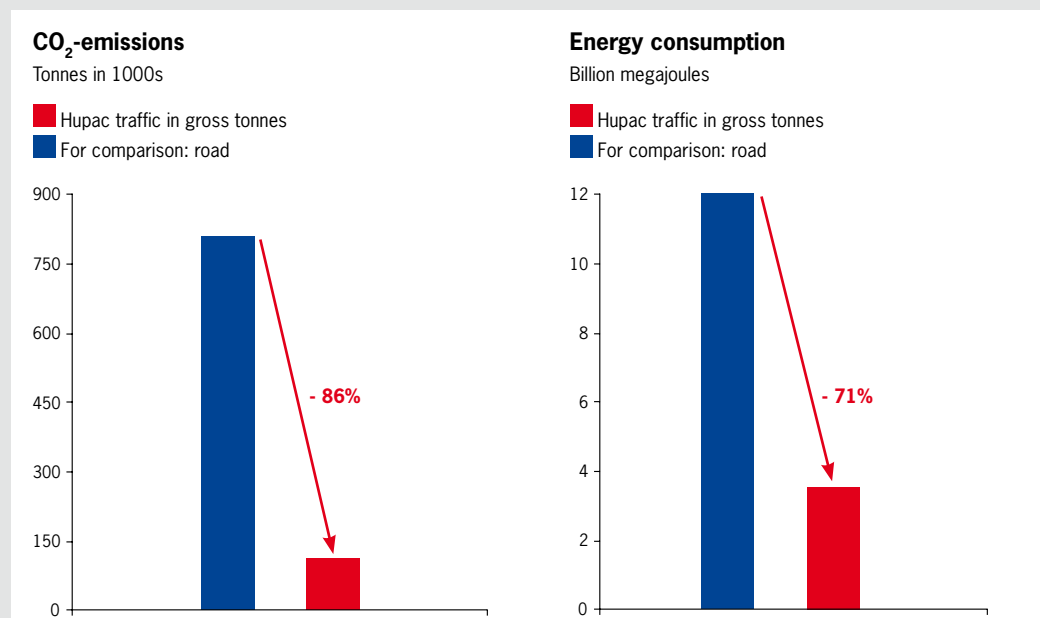
A sensible task, clearly. In the preceding years, strong growth in traffic had often hindered a critical examination of structures and processes. The idea now was to use the break to create new, customer-oriented, web-based business processes.

In the middle of the year, five working groups set about revising central processes with clear priorities: from proposal preparation to booking, from customer communication to invoicing and internal financial reporting. The first measures were implemented as early as autumn. In November, Hupac switched to electronic booking. Since then, customers have reserved their transportation via the Internet or the Ediges data exchange system. This reduces the error rate and allows customers to edit their data for themselves, for example in case of changes or cancellations.

By the end of the year, another tool was ready for use: an online circulation schedule providing information about all trains actually running over the coming five weeks. All data regarding train cancellations or extra trains are updated in real time and are accessible online at all times. This means that customers and terminal operating companies can be sure of reliable information in order to plan their operations. The circulation schedule for public holidays is also on the web and updated in real time. Simplified, system-based processes mean that the public holiday schedule should be available in good time in the future.

Further improvements were made in invoicing and quotation processing. In the current year, Hupac aims to overcome the highest administrative challenge: end-to-end automation of all processes from quotation to billing. A change that will not affect customers that much. The only thing they should notice is that Hupac has become faster, more flexible and more precise.

## Environmental impact of combined transport compared to road transport





## Quality and environmental management

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Since 1995 Hupac's quality management system has been certified and subsequently renewed according to ISO 9001 standards allowing Hupac to pursue and endorse transport development in conformity with increasingly strict quality standards. Hupac views quality as an obligation to improve services constantly and as a foundation for a relationship of mutual trust with its customers, partners and suppliers.

From the start Hupac set out to develop a means of transport capable of being compatible with the environment, in particular with the fragile and sensitive Alpine region. In 1997 Hupac was the first European intermodal operator to be certified according to ISO 14001 for its environmental management system. Today the certification ensures that Hupac provides its customers with transport solutions that respect the needs and requirements of the environment.

Certifications according to ISO 9001 and 14001:2004 concern:

- ▶ Organisation, management and commercialisation of transport

- ▶ Management of combined transport terminals
- ▶ Rolling stock development, acquisition and maintenance
- ▶ Development and implementation of combined transport software solutions and IT systems for the customers.

Certification applies to all companies of the Hupac Group which are active in the areas stated, namely the parent company Hupac Ltd, the subsidiary responsible for the operational business, Hupac Intermodal Ltd, the Dutch subsidiary Hupac Intermodal NV and Hupac SpA of Italy.

In October 2007, the Hupac Group's quality and environmental management system was recertified for three years. In the financial year 2009, interim audits were conducted at the Aarau, Basel, Chiasso and Busto Arsizio branches, including a review of many processes. Hupac will submit its quality and environmental management system to the recertification process once again in the current year.

## Communications with the stakeholders

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The Hupac Group aims to maintain and further develop a trustworthy relationship with its stakeholders, i.e. all those individuals, groups or associations and institutions that contribute to the fulfilment of Hupac's mission as well as those who are in any other way involved in its achievement. Stakeholders means those whose investments are related to Hupac's activities, first of all the shareholders, the customers, the

employees and the business partners. In a wider sense stakeholders include local and national communities in which Hupac carries out its operations, the associations for the protection of the environment and future generations.

Hupac pursues a transparent information policy towards all stakeholders, encouraging an open dialogue and effective communication.



## **Hupac's economic responsibility**

Hupac's economic responsibility is based on the pursuit of efficiency, cost-saving and result-focused management, constantly improved financial results and strategic decisions that generate an ever higher company asset value capable of ensuring Hupac's existence.

## Economic development

2009 Hupac Groups revenues from supplies and services fell by 18.2% to CHF 481.1 million. Net cost of the services declined even stronger. They amounted CHF 383.2 million, representing a decrease of 23.1% compared to the year before. Consequently, gross profit increased by 8.8% to CHF 98.0 million.

Thanks to sustained cost optimisation, Hupac achieved an annual profit of CHF 2.8 million which falls below the positive result of the year before by only 2.0%. The Group's cash flow as of year end according to the simplified calculation method –

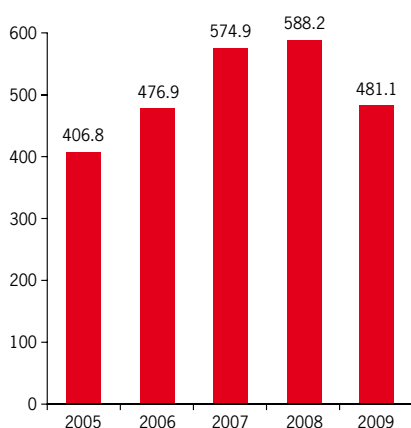
annual profit plus depreciation and change in provisions – was CHF 46.7 million, which represents an increase of 37.8% compared to the year before.

Total investments in tangible fixed assets reached again a high level of CHF 55.7 million. Investments were primarily related to the purchase of rail wagons and the construction or expansion of terminal infrastructures in Belgium and Italy.

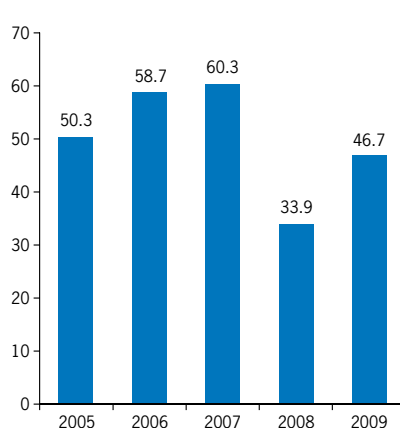
In view of the difficult general conditions the economic development of Hupac Group is considered to be satisfactory.

Values in 1000 CHF	2009	2008	%
Revenues from supplies and services	481,147	588,227	- 18.2
Net cost of the services	383,182	498,152	- 23.1
Gross profit	97,965	90,075	8.8
Group's operating profit	2,755	2,810	- 2.0
Group's cash flow	46,683	33,889	37.8

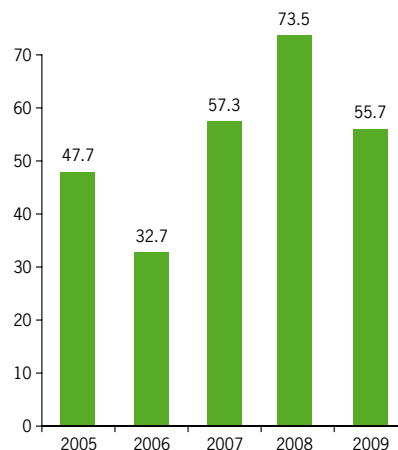
**Annual turnover**  
in million CHF



**Cash flow**  
in million CHF



**Investments in tangible fixed assets**  
in million CHF





## Traffic development

In the crisis year 2009, Hupac recorded a double-digit reduction in traffic for the first time in its history of more than forty years. In total, the company carried 607,284 road consignments by rail, a decrease of 13.5% compared to 2008. After the reduction in traffic of around 25% in the first quarter, the trend stabilised as the year continued. In the final months, a slight increase compared to the previous year was achieved.

Despite the slump in volume, Hupac maintained the network in all major markets. Capacities were adjusted to the actual demand for transport without compromising the performance of the transport network. Flexible resource planning was introduced in collaboration with the traction suppliers. A temporary economic stimulus plan was also launched with the railways and the Swiss Federal Office of Transport to counter the threat of a shift back onto the roads.

### Shuttle Net

With a traffic volume of 597,286 road consignments, the Shuttle Net business area suffered a slump in traffic of 12.9%. In total, 88,494 fewer consignments were carried than in the previous year.

Transit traffic through Switzerland was hit particularly hard. Here we recorded a reduction of 15.6%. In contrast, Swiss domestic traffic proved more resistant to the crisis with growth of 5.2%. There was also a very pleasing trend in transalpine traffic via Austria. Traffic was increased by 52.3% thanks to the introduction of a new Taulov ⇄ Verona shuttle. In total, the volume of transalpine traffic fell by 13.6%.

The reduction in non-transalpine traffic was 11.4%. Swiss import/export traffic suffered a heavy loss of 23.3%. In the "other European traffic" market segment, the slump in volume turned out to be more moderate, falling by 6.6%. This was helped by the introduction of various new destinations in Spain, Portugal, Romania and Poland.

### Transport volumes

		Road consignments			Net weight in tonnes		
		2009	2008	%	2009	2008	%
<b>Shuttle Net (UCT)</b>	Transit via CH	358,193	427,588	- 16.2	6,604,000	7,859,000	- 16.0
	Import/export CH	5,580	8,571	- 34.9	98,000	160,000	- 38.7
	National CH	22,091	21,000	5.2	327,000	315,000	3.8
	<b>Total transalpine via CH</b>	<b>385,864</b>	<b>457,159</b>	<b>- 15.6</b>	<b>7,029,000</b>	<b>8,334,000</b>	<b>- 15.6</b>
	Transit via A	21,082	13,843	52.3	406,000	281,000	44.5
	<b>Total transalpine</b>	<b>406,946</b>	<b>471,002</b>	<b>- 13.6</b>	<b>7,435,000</b>	<b>8,615,000</b>	<b>- 13.7</b>
	Import/export CH	47,181	61,504	- 23.3	664,000	869,000	- 23.6
	Other European traffic	143,159	153,274	- 6.6	2,439,000	2,567,000	- 5.0
	<b>Total non-transalpine</b>	<b>190,340</b>	<b>214,778</b>	<b>- 11.4</b>	<b>3,103,000</b>	<b>3,436,000</b>	<b>- 9.7</b>
	<b>Total</b>	<b>597,286</b>	<b>685,780</b>	<b>- 12.9</b>	<b>10,538,000</b>	<b>12,051,000</b>	<b>- 12.6</b>
<b>Rolling Highway</b>		9,998	16,528	- 39.5	172,000	311,000	- 44.7
<b>Total transport volume</b>		<b>607,284</b>	<b>702,308</b>	<b>- 13.5</b>	<b>10,710,000</b>	<b>12,362,000</b>	<b>- 13.4</b>

**Road consignment:** number of loading units that would equate to one HGV in road haulage, i.e. one semi-trailer or two swap bodies 7.15 metres long or one heavy tank container or two light 20-foot containers

**Net weight:** weight of the goods carried

### Scandinavia ⇄ Italy

Thanks to the introduction of the new Taulov ⇄ Verona shuttle connection via Austria, we were able to increase traffic volume by 4.6% in the year under review. The new link is an important connection in our Scandinavia network and enables us to develop new traffic potential thanks to the P400 rail profile.

### Germany ⇄ Italy

The economic crisis had a severe impact on this segment of the transport market. In combined transport we registered a slump in traffic of 18.2%. The decrease in volume affected all connections, albeit to a varying extent. In order to achieve a justifiable utilisation of train capacity, we reduced the frequency on frequent departure links such as Cologne ⇄ Busto Arsizio and Ludwigshafen ⇄ Busto Arsizio without causing any appreciable inconvenience to the market. The Frankfurt ⇄ Busto Arsizio and Mannheim ⇄ Busto Arsizio shuttle connections were discontinued as it was possible to offer customers an alternative on the Ludwigshafen ⇄ Busto Arsizio connection.

### Netherlands ⇄ Italy

We also recorded a decrease in volume of 15.4% on these connections due to the economic crisis. Despite the poor economic situation, we were able to gain new customers for combined transport. Various trial runs for the transportation of perishable goods were successfully completed as part

of a large-scale project. Substantial volumes of these products should be loaded regularly onto our shuttle trains in future.

### Belgium ⇄ Italy

Compared to other traffic corridors, volume on this axis remained relatively stable. Due to the devaluation of the British currency as a result of the financial crisis, the Zeebrugge ⇄ Desio connection suffered massive losses. The growth in volume on the Genk ⇄ Verona connection, which stood its ground well thanks to the P400 profile via Brenner and recorded an increase of 7.4%, did not compensate for the decreases in traffic on the other connections. There were also a number of volume losses due to the introduction of a company train. In total, we registered a decline in traffic of 9.5% in this segment.

### Swiss import/export transalpine traffic

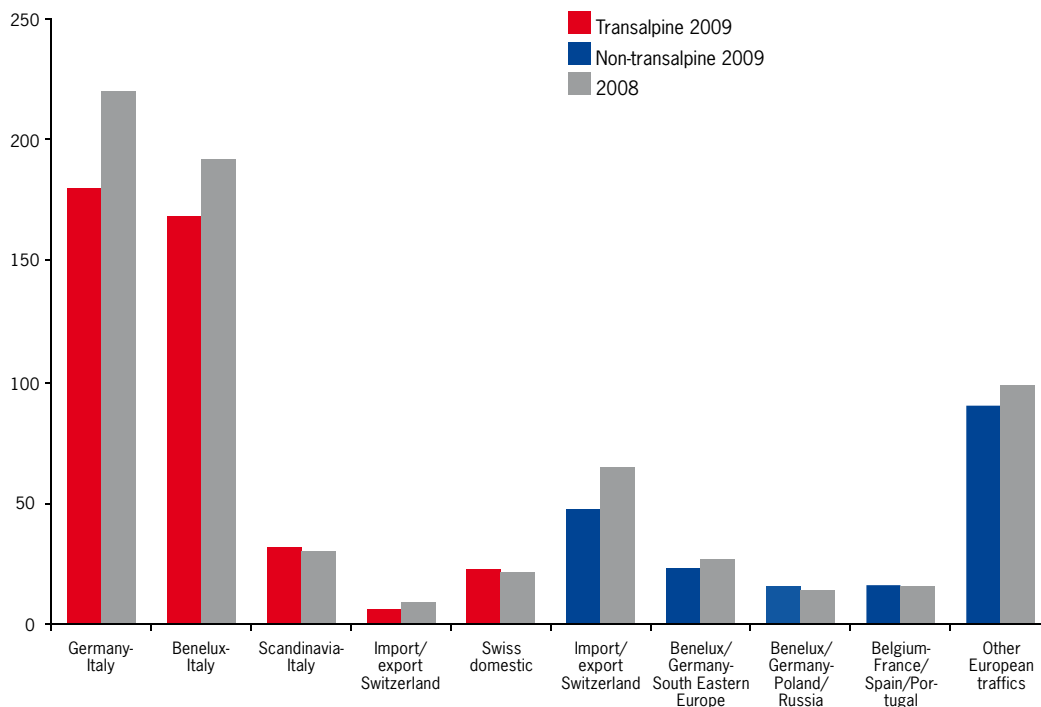
Due to the increasing disparity in traffic flows, some combined transport connections were no longer justifiable and were therefore discontinued. In maritime transport, the shipping routes in the Mediterranean were restructured, causing an additional loss of volume. In total, we recorded a loss of 34.9% in this segment.

### Swiss domestic transalpine traffic

The introduction of an additional departure between Aarau and Stabio enabled us to adapt our service to match the needs of consumer

## Development of the market segments in the Shuttle Net

Road consignments in 1000s



freight transport even better. Thanks to this increase in attractiveness, we achieved volume growth of 5.2%.

#### Swiss import/export non-transalpine traffic

The reduction in traffic of 23.3% is essentially due to the discontinuation of the Duisburg ⇌ Switzerland shuttle connection and the sharp falls in maritime traffic, which was severely affected by the global economic crisis. A change in the logistics concept made it necessary to abandon the Scandinavia ⇌ Switzerland transport link.

#### Benelux/Germany ⇌ South Eastern Europe

The reorganisation of the operational concept, i.e. running direct trains to Vienna or Budapest, proved a success. Further improvements in quality were achieved. In August 2009, a new connection was also introduced with four weekly departures between Budapest and Curtici in Romania.

#### Benelux/Germany ⇌ Poland

The operational concept of integrated traction responsibility introduced at the end of 2008 also proved successful between Germany and Poland. The target of a 90% punctuality rate was achieved and it was possible to compensate for the reductions in traffic in the first three months. The network was also expanded in the summer with a new connection between Schwarzheide and Katy Wroclawskie near Wroclaw. The volumes of traffic towards Russia via the Slawkow hub were also

continuously increased.

#### Benelux ⇌ Southern France/Spain

We also recorded growth in the traffic corridor between Belgium and Southern France. Various new connections between Antwerp and Spain/Portugal via the Hendaye hub were introduced in April 2009. Thanks to strong demand for transport, the frequency reduction introduced at the start of 2009 was abolished, allowing a return to the scheduled daily departures. In total, volumes in this traffic corridor were increased by 6.8%.

#### Maritime transport

The crisis-related reduction in traffic also affected maritime transport, which Hupac mainly handles on the Antwerp-Switzerland axis via the Maritime Inland Services office based in Basel. Although the volume of traffic decreased by around 16%, the market was offered the usual range of services. The Busto Arsizio ⇌ Genoa connection was temporarily suspended. The ports of Genoa and La Spezia can now be reached by road via the Busto Arsizio terminal.

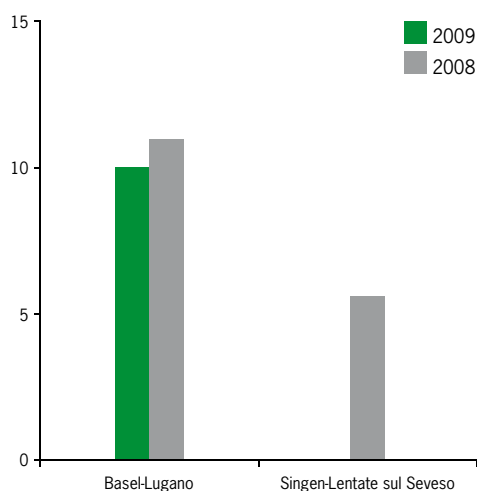
### Rolling Highway

Hupac operates a Rolling Highway on the Gotthard route. The service is currently restricted to one departure per day and direction between Basel and Lugano. It uses around 60 special, extra-deep low-floor wagons, which can carry semi-trailers with a corner height up to 3.96 metres. In addition, Hupac handles sales and operations of the Rolling Highway between Freiburg and Novara on behalf of RAlpin.

In the year under review, 9,998 road consignments were carried on the Hupac Rolling Highway, a reduction of 39.5% compared to the previous year. The main reason for this decrease in volume is the discontinuation of the Singen ⇌ Lentate sul Seveso connection in December 2008, necessitated by the closure of the Monte Olimpino tunnel. In the year under review, it was therefore only possible to operate the Rolling Highway with one train pair on the Gotthard route. The economic crisis also resulted in heavy losses, particularly in the first half of the year.

### Development of the Rolling Highway

Road consignments in 1000s



## Operating resources

### Rolling stock

In the crisis year 2009, the management of the wagon fleet became crucially important. The focus was on eliminating the surplus capacity caused by the reduction in traffic. Even in the previous year, various rolling stock lease agreements were terminated. During the year under review, around 700 wagon modules were returned, which brought a substantial reduction in fixed costs. At the end of the year, Hupac's fleet consisted of 5,529 wagon modules, a reduction of 9.2% compared to the previous year. The number of leased wagons decreased by 38% compared to the previous year, reaching 20% as a proportion of the total rolling stock by the end of the year.

Another measure also introduced in 2008 was the postponement of rolling stock deliveries. Thanks to close, cooperative partnerships with various rolling stock manufacturers, it was possible to postpone the delivery of wagons ordered in 2008 and spread it over a longer period. In total, 111 wagon modules worth approx. CHF 16 million were delivered in the year under review. This involved 42 weight-reduced 60-foot flat container wagons and 69 T5-type pocket wagons for megatrailers and heavy containers as well as the T4.2 type for P386 coded semi-trailers. The delivery of the orders will continue into 2010.

Despite the crisis, Hupac continues to invest in its own rolling stock. Progress was also achieved in the development of new rolling stock. Hupac is working with a Swiss wagon manufacturer to develop a versatile multi-pocket wagon that can

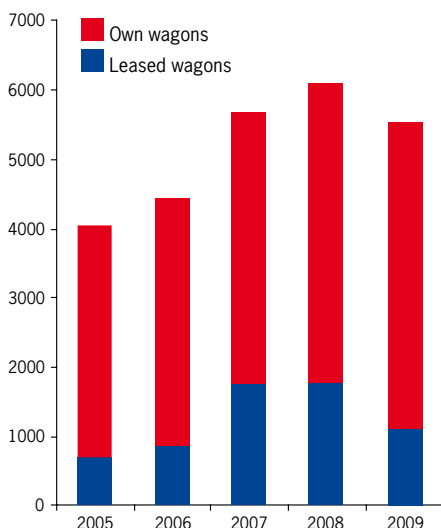
carry two semi-trailers or several containers and swap bodies, even heavy ones. An initial prototype should be produced in the current year and put into test operation after approval.

In 2009, the focus of fleet management was on the restructuring of wagon maintenance. Since the Cotif agreement came into force in 2006, Hupac has been wholly responsible for the maintenance and safety of its wagon fleet. The collection and processing of data from each individual wagon was further optimised in the year under review. A new wagon maintenance concept was developed in collaboration with various partners, with frequent checks and maintenance phases for each wagon. Hupac has several aims here. Firstly, the concept should ensure a high level of safety for the wagons. Secondly, preventive maintenance should reduce potential damage to wagons, thus increasing the operational safety and quality of transport. This in turn raises the productivity of the fleet and thus makes transport more economical, for the benefit of all concerned.

The concept for network-oriented wagon maintenance developed in the previous year was further refined and brought into the implementation phase. Cooperation was agreed or started with about a dozen workshops at central intersections in the transport network. Local maintenance saves transport costs and increases the availability of the rolling stock by reducing downtimes. An important development in this regard is the construction of a workshop on the yard of the Busto Arsizio-Gallarate terminal, which should be put into operation in the current year.

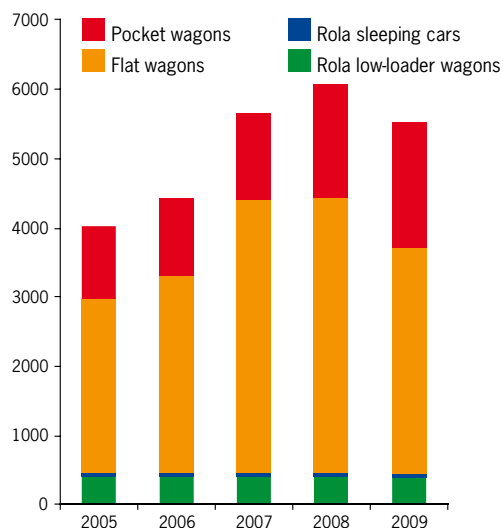
### Rolling stock

Number of wagon modules



### Rolling stock by type

Number of wagon modules





## Rail traction

Over 95% of Hupac's transport is conducted in accordance with the principle of integrated traction. Markets such as Eastern Europe, where the structures only partly allow this business model, are an exception. In the year under review, the main freight carriers of the Hupac trains included SBB Cargo, DB Schenker Rail, Trenitalia Cargo, Crossrail, Nordcargo, Veolia Cargo, WLB Wiener Lokalbahnen, SNCF Fret, B Cargo, PKP Cargo and MAV Cargo. The rail transport company of Hupac SpA also operates in the Busto Arsizio area.

Cooperating with our railway partners posed particular challenges in 2009. The rapid decrease in volume forced us to adjust our offering quickly to the new market situation. In conjunction with the railways we were able to find solutions to guarantee both the sensible use of resources and also the existence of the network in the interests of customers.

## Terminals

Hupac's trains serve around 65 transshipment terminals in 15 European countries. Many other terminals can be reached via train connections offered by our partners.

Hupac maintains direct relations with around 50 terminals. Almost all of the terminals are connected to the Hupac Goal system through electronic data transfer. The aim is to achieve the fullest possible coverage, thus ensuring that data are consistent across the network and quality standards are high. Terminals without a Goal connection transfer the traffic data to the head office in Chiasso for manual entry into the IT system.

In December 2009, the newly constructed HTA Hupac Terminal Antwerp was put into test operation. The facility is adjacent to the yard previously used by Hupac at quay 468. It consists of a check-in area and transshipment module with five platforms and several tracks and sidings. Up to twelve train pairs with a length of 620 metres can be handled per day, equivalent to a loading capacity of 600 road consignments per day. In the start-up phase, the HTA serves five train pairs per day destined for Basel/Aarau and Busto Arsizio.

The revamping of the S3 crane module at the Busto Arsizio-Gallarate terminal was completed in June 2009, restoring the facility to full capacity. The expansion of the check-in area began in September 2009 and should be completed by autumn 2010.

Another development was the closure of the terminal in Ede near Utrecht in December 2009, initiated by the local authorities. Customers can divert to the terminal in Rotterdam about 100 kilometres away.

Great progress was made on the introduction of electronic booking, which guarantees faster processes, a lower risk of error and a better service compared to traditional fax reservation. Hupac offers its customers two e-booking systems: web booking, also accessible via the Cesar platform, and the Ediges data exchange system. Process improvements and a customer information campaign made it possible to increase the proportion of electronic bookings from 45% to more than 80%.

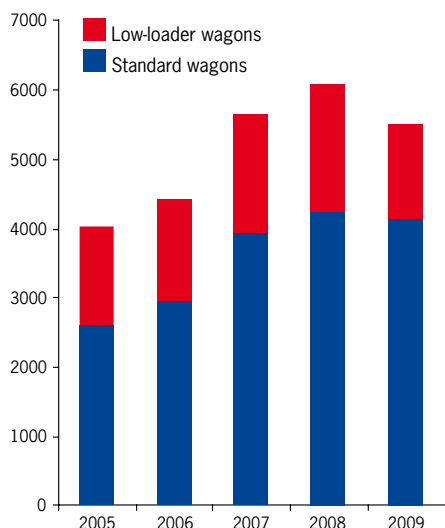
## Information technology

Hupac manages its traffic with the help of Goal – Global Oriented Application for Logistics, an integrated software package designed by Hupac and further developed in cooperation with Cemmat. It coordinates intermodal transport from booking to billing.

In the year under review, Hupac implemented the newly developed data exchange system, Ediges - Electronic Data Interchange Goal with External Partners – for many partners and customers. The aim of this application is the exchange of information between Goal and external systems belonging to customers, terminals and third-party suppliers via XML. For example, Ediges enables to integrate the data of the peripheral terminals working without Goal into Hupac's data processing systems without additional human resources and to make them available to all parties involved in real time.

## Rolling stock by construction

Number of wagon modules



## Quality, safety and productivity

### Train punctuality

Punctuality and reliability are the main performance criteria in combined transport. Hupac therefore records the arrival and departure times of trains as part of its quality management. The times are reported in part by the railway companies, in part by the terminal operating companies and registered in the Goal IT system. Reliable data are available for a high proportion of the traffic operated by Hupac. These objective key figures are crucial for the detection and realisation of improvement potentials. In September of the year under review, Hupac started a project to improve data quality with a view to collecting high-quality data on all routes by the end of 2010.

In the year under review there was a slight improvement in train punctuality, defined as less than an hour late, compared to the previous year. Traffic via Luino registered an increase in punctuality from 72% to 75%, whilst quality on the line via Chiasso remained unchanged at 79%. Progress was also made on the Lötschberg axis with an increase from 63% to 77%.

The first few months of the current year unfortunately saw a perceptible fall in quality. This is due to the crisis-related reduction in rail resources and many disturbances such as snowfalls, accidents and siding works. Poor service quality leads to high consequential costs for all partners in the logistics chain and diminishes customer trust. At numerous crisis meetings with its railway partners, Hupac strongly advocated the rapid restoration of an acceptable quality level.

### Safety

Safety is one of Hupac's top priorities. The company campaigns for a safe and reliable transport system and constantly aims to improve safety in all areas of the company.

The greatest risks are found in the terminals and on the railway lines. They involve accidents that may have an impact on people as well as causing damage to load units, the transported goods, terminal and railway equipment and the environment.

Hupac applies a range of precautions and safety measures to reduce these risks and increase safety. All vehicles, load units and rail wagons are subject to systematic checks from departure to destination. The processes are agreed with the terminal and railway partners and periodically reviewed.

It is crucially important to provide information and raise the awareness of staff, customers, partners and in general all those involved in the provision of the transport services. In the year under review, a number of information events were held on the topics of load security, hazardous goods and operational safety.

Hupac systematically prepares itself for emergencies. In the year under review, the members of the task force at the Busto Arsizio-Gallarate terminal took part in a basic fire brigade course with a final examination. Training courses were also held at the Aarau and Basel terminals.

In the past year, audits were again conducted by SBB Cargo to test operational safety. Many Hupac trains from Busto Arsizio-Gallarate, Novara, Domodossola, Basel, Duisburg and Cologne were comprehensively checked in terms of the condition of the load units and rolling stock as well as the transport documents. Hupac passed the audits successfully, which confirms the high quality standard of the upstream procedures.

There were no major accidents to report in the year under review at the terminals or on the railway lines. One problem was the frequency of thefts from trains ready for departure outside a number of terminals in Germany and Italy. Close cooperation with the security authorities led to a drastic reduction in these occurrences, particularly in Italy.

## Productivity

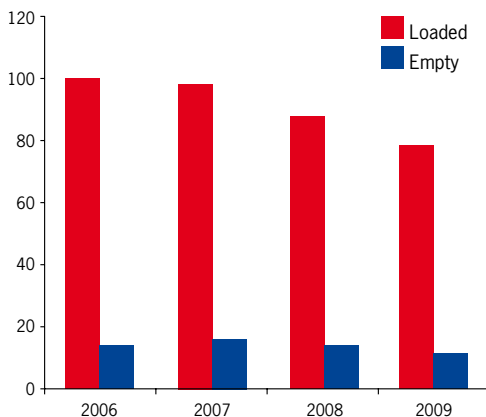
The economic crisis is also reflected in the key productivity figures. Capacity remained unused due to the low volume of traffic, which made it impossible to achieve the objective of increasing productivity in all areas.

The running performance of the rolling stock, measured by the average mileage per loaded wagon, fell by 10.9% due to the large number of train cancellations. In contrast, there were positive efforts to reduce unloaded mileage, which fell by 19.8% in the year under review. This is particularly due to the intensive efforts to achieve satisfactory train utilisation. The improved fleet management, one aim of which was to reduce empty runs to the workshops, also contributed to this pleasing result. Overall, train utilisation was increased by 1.4%.

There was a variable trend in labour productivity. At the Busto Arsizio-Gallarate terminal, short working hours and the cancellation of temporary contracts led to an increase of 12% in the number of load units processed per employee. This was a fundamental contribution to limiting the operating loss of this major terminal. There was a positive trend at the Desio terminal (+17%), and a reduction of 9% from a very high level recorded in Aarau. At the headquarters in Chiasso there was also a decline in productivity of 9%, measured by the number of road consignments per average number of employees. Following the strong growth in recent years, human resources were used for the restructuring of many processes

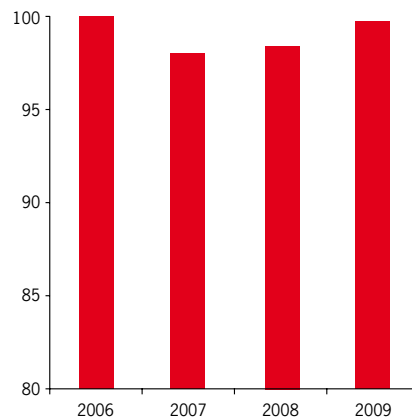
### Running performance of wagons

Average kilometre per Hupac wagon in the Shuttle Net, indexed; loaded 2006 = 100



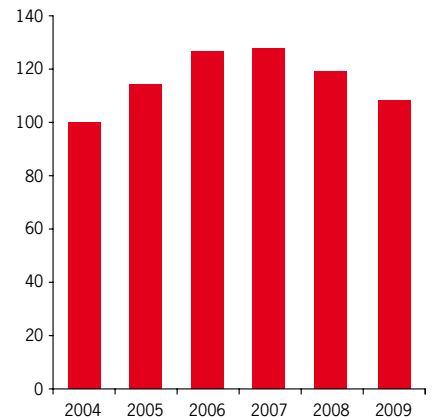
### Wagon occupancy

Load factor of wagons in the Shuttle Net, indexed; 2006 = 100



### Productivity at the headquarters

Road consignments per average number of employees in Chiasso, indexed; 2004 = 100



## Customers

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### Customer base composition

Hupac's customers are road hauliers, forwarding agents and logistics companies; in the maritime sector there are also maritime agents and ship owners. Unaccompanied traffic generally serves medium and medium-large companies which invest in suitable road vehicles for combined traffic and have in place an organisation sufficiently structured to meet the operational needs of combined transport. Rolling Highway services do not require purpose-built equipment and can be therefore used by road hauliers of all sizes.

The geographical provenance of Hupac customers is very mixed. A considerable number of clients are also Hupac's shareholders, thus ensuring direct market control vis-à-vis the Group's strategies. Customer loyalty is very high; several customers have worked with Hupac since the company's formation at the end of the 1960s.

### Customer policy

Hupac is committed to maintaining and strengthening its market position by means of a policy focused on the customer's needs and expectations with the objective of achieving high quality services and optimising internal resources.

Hupac is constantly committed to attracting new customers to combined transport, for instance by assisting them in the process of purchasing and coding suitable road vehicles, as well as providing them with the necessary support in the initial stages.

### The dialogue with the customers

In the financial year 2009 Hupac organised meetings with its customers at the major hubs of the Shuttle Net network. The Customer Conventions took place in Basel, Cologne and Busto Arsizio. Approximately 200 delegates received first-hand information on the latest market developments.

## Suppliers

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### Suppliers' profile and characteristics

Hupac's major suppliers are railway companies, terminal operators and the industries for the construction and maintenance of railway wagons.

ment and selection criteria ensure that Hupac's supply companies enforce current health, safety and environmental laws and regulations with a particular focus on consumption reduction and waste material disposal.

### Hupac's policy towards its suppliers

Hupac is well aware that its policy towards the suppliers is an essential part of the Group's strategy because of its role in ensuring the quality and safety of the service supplied. This is why the purchase of each item of material, instrumentation, equipment, furniture as well as services is carried out in conformity with established procedures in line with the company's strategic requirements.

### Workshops with partners

Together with its partners, Hupac is constantly committed to the improvement and consolidation of the Group's transport network system. The expansion of the transport network requires the systematic introduction and adjustment of working processes in operations, engineering and information technology. In the year under review, many workshops and training sessions were held with our partners in Austria, Hungary, Romania, Belgium and Germany with the aim of guaranteeing standard processes for our customers across Europe.

### Selection of suppliers

Suppliers are evaluated and selected according to criteria set out in order to meet Hupac's specific requirements such as transparency, continuity, reliability and economic efficiency. Further assess-





## **Hupac's environmental responsibility**

Hupac fulfils its environmental responsibility by keeping the environmental impact of its operations to a minimum, reviewing and evaluating its environmental services and setting itself objectives for constant improvement.

Hupac is committed to noise reduction, to developing efficient operating processes that reduce energy consumption and polluting emissions and to the environmentally friendly transport of all types of goods.

## Environmental performance

In the year under review, the shift of freight transport from the roads to the Hupac transport network saved 700,000 tonnes of CO<sub>2</sub> and 8.5 billion megajoules of energy compared to pure road transport, according to the environmental calculator of [www.ecotransit.org](http://www.ecotransit.org).

Hupac is also committed to environmentally friendly action in its own field of activity, supported by its ISO 14001 environmental management system. The focus is on transshipment and shunting operations at the terminals, fleet management and administrative areas.

### Noise abatement of freight wagons

In railway traffic, noise abatement is an important environmental issue and an ever-closer target partly thanks to the support provided by the Government of the Swiss Federation. Hupac has been systematically adapting its own wagons according to the directives on noise reduction and is heralding the development and implementation of "whisper brakes".

At the end of 2009, 81% (previous year: 79%) of the wagon fleet owned by Hupac were fitted with low-noise brakes made with synthetic materials. Unlike the old metal brakes made of grey cast iron, the so-called K pad does not deform the running surface of the wheels, which remains smooth thus making the train run up to 10 decibels quieter.

Whereas new wagons are already fitted with low-noise brakes, the older models are being converted and fitted with synthetic brake pads during the scheduled stopover at the workshop. Around 40 wagons were noise-proofed in the year 2009, in 2010 these measures will be applied to another 200 wagons. The cost of converting the brakes is borne by the Swiss government.

In addition also other noise remediation measures have been implemented, such as brake systems with axle bearings of rubber instead of steel.

### Consumption and emission reduction

As envisaged in the environmental management system, Hupac invests in new facilities and equipment such as rail wagons, cranes and locomotives which improve the company's environmental performance. Preference is given to the best possible solutions in terms of noise reduction as well as the reduction of polluting emissions and energy consumption.

In the year under review, three state-of-the-art, energy-efficient gantry cranes were purchased for the HTA Terminal Antwerp. The cranes use the kinetic energy generated by load lowering and brake setting, converting it into electrical energy. This energy is fed into the power grid, thus reducing energy consumption per crane lift.

Efficient processes at the terminals reduce environmental impact. Hupac therefore measures relevant operations such as crane lifts and shunting and introduces measures to achieve a low environmental impact with high service quality through sensible use of resources.

Efficient fleet management also reduces the environmental impact of transport. Well utilised trains make particularly efficient use of energy. The average unloaded mileage per wagon was reduced by 19.8% in the year under review.

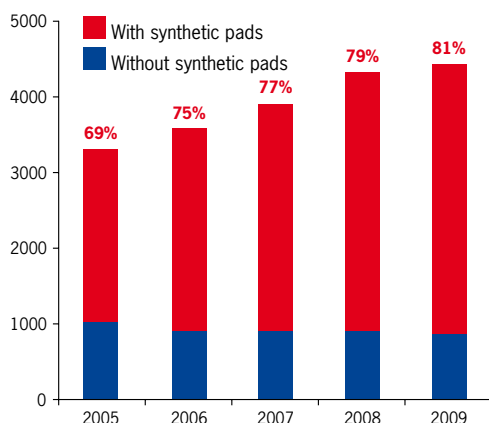
### The Busto Arsizio-Gallarate and Singen environmental projects

The Busto Arsizio-Gallarate terminal takes specific environmental requirements into consideration. Reforestations, renaturations and a biotope fed by the rain waters collected in the terminal help to make the facility environmentally friendly.

In the year under review, important structural measures were implemented at the Busto Arsizio-Gallarate terminal to enhance passive safety. The entire yard of the Busto Arsizio half of the terminal is being sealed and fitted with a wastewater separation system to allow the immediate separation of clean and polluted water. In case of spilling of harmful fluid the soil and environment will be effectively protected. A similar system was installed during the construction of the Gallarate half of the terminal. The facility is scheduled for completion by the middle of 2010.

#### Wagons fitted for noise reduction

Number of own wagons



## Transportation of hazardous materials

Hazardous goods are an important part of our economy and an indispensable element of many areas of everyday life. Basic commodities for industrial production, heating oil, fuel, medical gases, pesticides – all of these goods may only be transported if certain safety precautions are observed. Rail is particularly suitable for the transportation of hazardous materials. In combined transport, road hauliers, combined transport operators and railway companies apply standard safety regulations and procedures, achieving a high level of safety thanks to this close cooperation.

Hupac takes great care in its handling of this transport segment, which accounts for around 15% of the total traffic volume. The company's own centralised service, headed by a hazardous goods compliance advisor, appointed and trained according to the provisions of CE Directive 96/35, implements the appropriate regulations in all areas of the Group, advises customers and trains the staff.

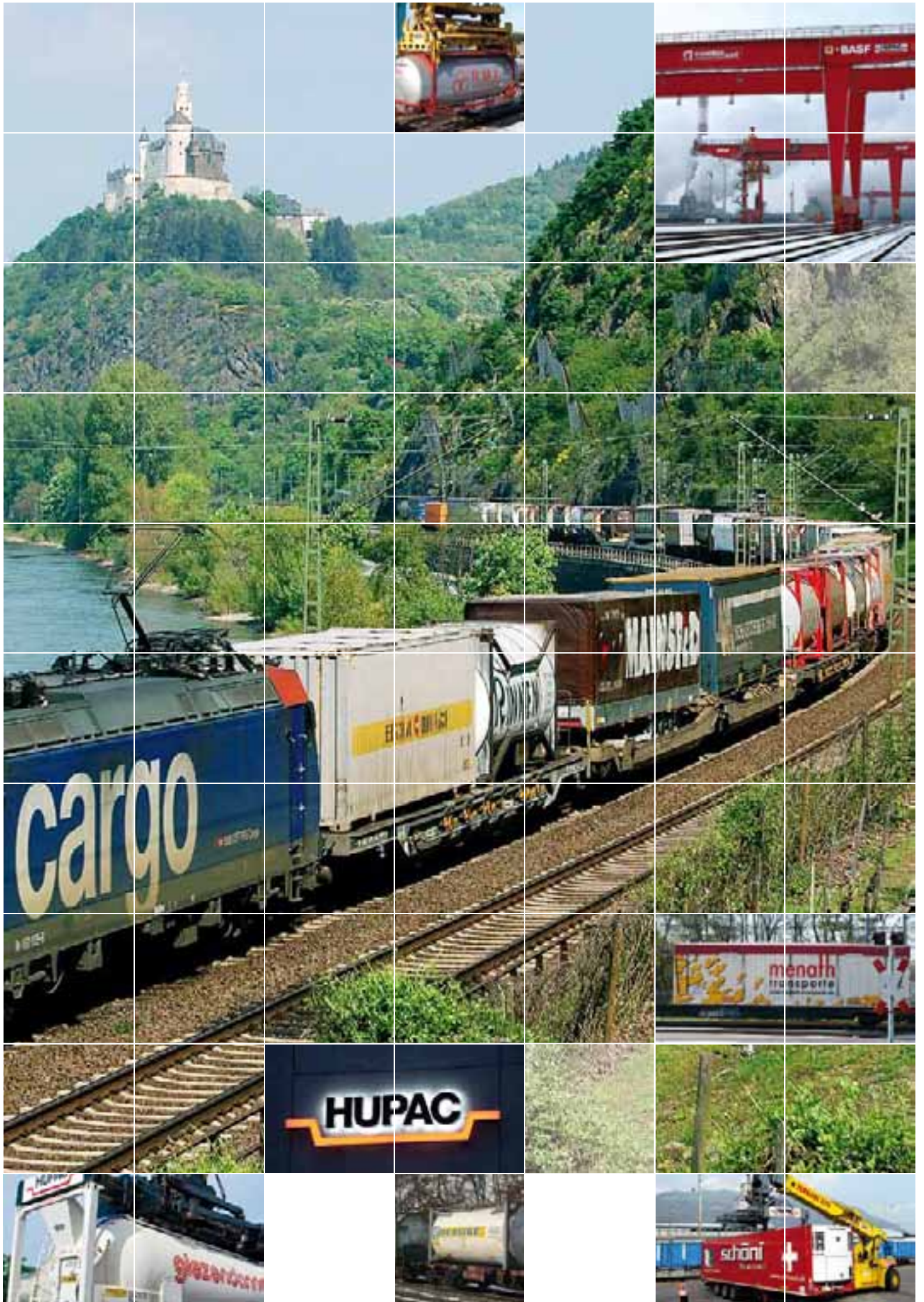
In the year under review, various new regulations came into force in the areas of ADR (road), RID (rail) and IMDG (maritime). They were implemented on schedule by Hupac, particularly with regard to the safety instructions and avoidance of environmental hazards. New rules on the transportation of waste were also introduced by EU Regulation 1013 in the year under review.

Also in 2009 the staff attended training courses on the handling of hazardous goods. As always, our customers made a very valuable contribution. Exercises were held in collaboration with the fire brigade at the Aarau, Basel and Busto Arsizio-Gallarate terminals.

There were no major incidents with hazardous materials to report in the year under review. A number of irregularities were resolved and there was no damage to people or objects.









## **Hupac's social responsibility**

**Hupac practises its social responsibility by championing the modal shift policy from road to rail under the appointment and with the support of the Swiss Government. Motivation and training of the staff, which is Hupac's most important resource, together with an open and constructive dialogue with the institutions, are essential processes for the achievement of this objective.**



## Employees

### Composition

In the crisis year 2009, Hupac was forced to bring its human resources at least partly into line with reduced demand. This mainly involved socially compatible measures such as transfers within the company and a halt on recruitment. In addition, temporary contracts were not renewed. In total, 34 jobs were lost, a reduction of 8.2% compared to the number of employees in the previous year.

At the end of 2009, there were 405 members of staff. 143 people were employed at Hupac Intermodal in Switzerland, Denmark and Poland, 228 at the subsidiaries Hupac SpA, Fidia SpA and Termini SpA in Italy and 34 at the remaining subsidiaries in Germany, Belgium and the Netherlands. As before, 87% of the employees were men and 13% were women. The average seniority increased to 8.0 years.

At the Singen and Busto Arsizio-Gallarate terminals, short working hours were introduced in March and April, respectively. At the headquarters in Chiasso, the redundant staff was assigned to process optimisation projects

### Training

Numerous coaching and training courses were held in the year under review. Internal foreign language courses took place in Chiasso and Busto Arsizio, while courses on safety and hazardous materials were held in Chiasso, Aarau, Basel and Busto Arsizio. Other training courses covered IT applications and administrative processes, while a number of employees attended external courses for special training requirements. In 2009 Hupac continued the training of three apprentices who will obtain the diploma for commercial employees.

### Occupational health and safety

Hupac takes care of healthy and safe workplaces in compliance with applicable regulations. At the Busto Arsizio-Gallarate terminal, the Hupac Group's main production facility, 15 occupational injuries were recorded along with 197 lost working days in the year under review. The ratio of occupational injury days to handling volume thus remained stationary compared to the previous year.

The review of risks to health and safety at the Busto and Desio terminals in accordance with the Italian Legislative Decree 81/08 was continued in 2009. This included a review of the noise and vibration levels on the cranes, locomotives and semi-trailers. Employees who carry out work at height, for example crane repairs, were given specific training.

### Internal communications

In the year under review, Hupac intensified its internal communications in order to provide all staff with constant, first-hand information about the crisis, the company's situation and the measures taken. In the course of the year, the senior management organised many meetings with the staff. In addition, a monthly newsletter was published for the employees.

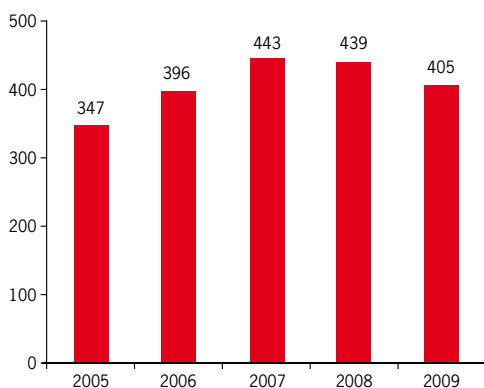
The annual workshop in December covered the topic of "composition families", which will be an important factor in enhancing the efficiency of transportation in the future. These events give a large number of employees an insight into essential topics and an opportunity to contribute ideas and suggestions to make processes more competitive.

### Employee satisfaction

Every year Hupac assesses the satisfaction of its staff on the occasion of the meeting with their superior and through a questionnaire with answers on a scale of 1 to 100. Whilst the average score at the headquarters rose from 82 to 85 in 2009, at the Italian subsidiary it fell from 78 to 72.

#### Workforce of the Hupac Group

Number of employees



## Modal shift policy

### Responsibility for the mobility of the future

Hupac's focus is on unaccompanied transalpine transport across Switzerland which is strongly affected by the Swiss transport policy, whose constitutional objective is the modal shift of transalpine freight traffic from road to rail.

In 2009 Hupac achieved a volume of 396,000 consignments or 7.2 million net tonnes in the segment of transalpine traffic through Switzerland alone, thus confirming its role as an important player in the modal shift of traffic. In the years to come the company will further reinforce its position by continuing to develop new infrastructures, thus supporting the Swiss modal shift policy based on sustainability.

### Public subsidies

The Swiss Federation has envisaged a series of measures to support modal shift from road to rail. On one hand, revenues originating from the fuel tax provide funds to finance terminal infrastructures, given the fact that investments in transshipment equipment cannot guarantee to be profitable when financed by capital markets. And on the other hand, intermodal transport operators, particularly in transalpine traffic, are unable to cover the costs in full by using their income. Based on a range of laws and decrees, the Swiss Government guarantees financial support to the providers of intermodal transport.

Numerous investment projects for the terminal infrastructure of Termini Ltd and Termini SpA were or are mainly subsidised by the Swiss Government. The following projects are already complete:

- ▶ Busto Arsizio terminal
- ▶ Gallarate connection sidings
- ▶ Singen terminal
- ▶ extension of the Busto Arsizio terminal on the district grounds belonging to Gallarate and Busto Arsizio (as per final accounts 2006).

In the 2007-2010 period the completion of the Busto Arsizio-Gallarate terminal is taking place. The extension work proceeded as planned in the year under review.

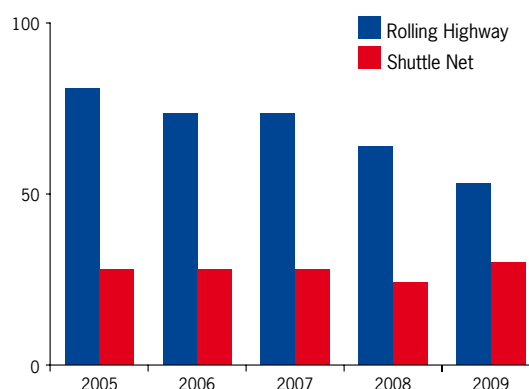
The construction work at the HTA Hupac Terminal Antwerp was continued and completed in 2009. This project is also set to receive partial funding from the Swiss government.

The Hupac Group will have to repay a considerable part of these subsidies, amounting from 2009 to 2040 to around CHF 89.3 million. In the same period, estimated interest of around CHF 8.5 million will be payable to the Swiss government (see table).

In terms of the operating subsidies, the Swiss government applies a diminishing model. The subsidies per consignment-kilometre through Switzerland generally are reduced year by year, allowing the shift of increasing amounts of traffic with roughly the same funds. In the past year, the operating subsidies per consignment-kilometre fell by 12.7% for the Rolling Highway. For the Shuttle Net (UCT), the Confederation increased the subsidies starting from the second half of the year, in order to oppose the effects of the economic crisis. Therefore the Shuttle Net figure rose slightly again.

### Subsidies for Rolling Highway and Shuttle Net

Per consignment-kilometre in Switzerland, indexed; Rolling Highway 2004 = 100



### Repayment of public financial aids: indicative cash flow burden per year

Values in 1000 CHF

Years	2009	2010-2026	2027-2030	2031-2035	2036-2040	2009-2040 Total
Loan repayment	5,340	3,394 - 3,974	2,721	1,545 - 1,548	65	89,297
Interest	273	150 - 697	14 - 98			8,453
Total	5,613	3,652 - 4,599	2,735 - 2,819	1,545 - 1,548	65	97,750

## Relationship with public institutions and communities

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A constructive, open relationship with the Swiss and European institutions is a primary objective for Hupac.

In 2009 Hupac strengthened its relationship policies with international institutions by receiving guests and delegations from all over Europe in order to show and explain how combined traffic works and how the Busto Arsizio-Gallarate terminal operates. Also in the year under report Hupac has attended several conferences where it was able to share the experience of the Group, pointing out the needs and priorities at political, regulatory and infrastructural level necessary to support the growth of intermodal traffic.

In the crisis year 2009, Hupac was forced to make a reduction in its commitment to its social environment. Nevertheless, support was provided to a number of projects and associations, particularly in leisure and youth sports.



## Financial statements



## Consolidated financial statements

### Consolidated income statement 2009 and 2008

Amounts in 1 000 CHF	2009	2008
Revenues from supplies and services	481 147	588 227
Net cost of the services	(383 182)	(498 152)
Gross profit	97 965	90 075
Payroll expenses	(33 041)	(36 159)
General expenses	(10 285)	(12 248)
Depreciation and provisions	(43 928)	(42 645)
Gains from disposal of fixed assets	881	5 494
Losses from disposal of fixed assets	(20)	(84)
Operating profit	11 572	4 433
Financial income	335	912
Financial expenses	(3 656)	(2 777)
Result from associates	(1 249)	1 108
Foreign exchange differences	(2 546)	(2 580)
Profit before extraordinary items	4 456	1 096
Non-operating income	380	304
Extraordinary income	527	3 588
Extraordinary expenses	(345)	(46)
Profit before taxes	5 018	4 942
Taxes	(2 195)	(2 060)
Profit before minority interest	2 823	2 882
Minority interest	(68)	(72)
Group profit	2 755	2 810

## Consolidated balance sheet at 31 December 2009 and 2008

Amounts in 1 000 CHF	31.12.2009	31.12.2008	Amounts in 1 000 CHF	31.12.2009	31.12.2008
<b>ASSETS</b>			<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT ASSETS</b>			<b>LIABILITIES</b>		
			<b>Short-term liabilities</b>		
Cash and cash equivalents	29 484	24 378	Short-term financial debts	9 579	8 000
Receivables from supplies and services	59 792	70 378	Account payables from supplies and services	44 626	52 811
- third parties	51 299	64 217	- third parties	35 562	38 567
- shareholders	8 493	6 161	- shareholders	9 064	14 244
Other receivables	15 190	16 407	Other short-term debts	3 198	2 595
Stocks	2 759	1 497	Accrued expenses	43 370	41 598
Accrued income	23 987	23 344	Short-term provisions	1 465	5 799
<b>Total current assets</b>	<b>131 212</b>	<b>136 004</b>	<b>Total short-term liabilities</b>	<b>102 238</b>	<b>110 803</b>
			<b>Long-term liabilities</b>		
			Long-term debts	194 201	182 541
			Long-term provisions	57 398	57 570
			Deferred tax liabilities	2 013	1 921
			<b>Total long-term liabilities</b>	<b>253 612</b>	<b>242 032</b>
			<b>Total liabilities</b>	<b>355 850</b>	<b>352 835</b>
			Minority interests	1 342	1 277
<b>FIXED ASSETS</b>			<b>SHAREHOLDERS' EQUITY</b>		
Financial fixed assets	27 890	29 740	Share capital	20 000	20 000
- Investments	26 415	27 263	Reserves	54 142	51 735
- Deposits and other financial assets	984	1 738	Translation difference	(2 499)	(2 427)
- Deferred tax assets	491	739	Group profit	2 755	2 810
Tangible fixed assets	272 041	260 095	<b>Total shareholders' equity</b>	<b>74 398</b>	<b>72 118</b>
- Advances to suppliers	52 553	34 973			
- Technical equipment	13 346	11 682	<b>Total liabilities and shareholders' equity</b>	<b>431 590</b>	<b>426 230</b>
- Rolling stock	105 563	114 609			
- Plants on third parties' lands	989	1 099			
- Terminals, buildings and land	94 757	94 017			
- Other tangible fixed assets	4 833	3 715			
Intangible fixed assets	447	391			
<b>Total fixed assets</b>	<b>300 378</b>	<b>290 226</b>			
<b>Total assets</b>	<b>431 590</b>	<b>426 230</b>			

## Consolidated cash-flow statement 2009 and 2008

Amounts in 1 000 CHF	2009	2008
Group profit	2 755	2 810
Depreciation of tangible assets	41 011	42 419
Depreciation of intangible assets	139	138
Variation of provisions	120	(18 202)
Other non monetary items	(489)	0
Net result from sale of tangible assets	(860)	(963)
Foreign exchange differences	0	14 943
Income from associated companies	1 249	(1 108)
Minority interests	68	(57)
Variation of inventories	(1 270)	(73)
Variation of short-term receivables	11 112	19 554
Variation of short-term liabilities	(7 743)	(33 851)
Cash flows from operating activities	46 092	25 610
Purchase of tangible assets	(74 652)	(110 823)
Proceeds from sale of tangible assets	21 793	33 610
Purchase of intangible assets	(201)	(399)
Purchase of investments	0	(4 513)
Proceeds from sale of investments	0	636
Dividends	0	107
Cash flows from investing activities	(53 060)	(81 382)
Variation of long-term receivables	1 013	0
Variation of long-term loans	11 775	33 284
Dividends payment	(800)	(1 600)
Cash flows from financing activities	11 988	31 684
Variation	5 020	(24 088)
Cash at beginning of the year	24 378	49 525
Foreign exchange differences on cash	86	(1 059)
Cash at end of the year	29 484	24 378

# Notes to the consolidated financial statements 2009

## Accounting policies

### Consolidation principles

The consolidated financial statements of Hupac Ltd have been prepared using the purchase price method, additional in line with the following principles and in accordance with the provisions of Swiss company law. The consolidated financial statements of Hupac Ltd are based on the individual annual accounts of the Group's foreign subsidiaries, which have been prepared in accordance with uniform, generally accepted accounting and valuation principles, as well as on the statutory financial statements of the Swiss subsidiaries. The consolidated financial statements as at 31 December 2009 also include a general risk provision of CHF 7.1 million.

### Consolidated companies

The consolidated financial statements include the annual results of Hupac Ltd and its Swiss and foreign subsidiary companies in which the parent company has a direct or indirect shareholding of at least 50%, has the voting majority and exercises a predominant influence on the conduct of the company.

Associated companies in which the parent company has more than 20% but less than 50% of the

voting rights are consolidated using the equity method. Pro rata consolidation is used for joint ventures. Interests of minor significance are not included in the consolidation.

### Method of consolidation

Assets and liabilities as well as revenue and expenditure of the consolidated companies are included in full. The purchase method is used for capital consolidation. This involves capitalizing – as goodwill from acquisitions – the difference between the purchase price of a company and the fair market value of the net assets thus acquired, which is amortized on a straight-line basis within five years, at the most.

All balances, transactions and unrealized profits existing between Group companies are eliminated during the consolidation process. Dividends paid by consolidated companies are set off and allocated to the reserves. Minority shareholders' share of equity and profits appear separately on the balance sheet and income statement, respectively.

Pro rata consolidation is used for the 50% interest in Terminal Singen TSG GmbH.

The following companies were fully or pro rata consolidated:

Company		Share or company capital	Interests as %	
			31.12.2009	31.12.2008
Hupac Ltd, Chiasso	CHF	20 000 000		
Hupac Intermodal Ltd, Chiasso	CHF	250 000	100.00	100.00
Hupac SpA, Milan	EUR	2 040 000	95.55	95.55
Sub-interests of Hupac SpA, Milan:				
- Fidia SpA, Oleggio	EUR	260 000	3.00	3.00
Hupac GmbH, Singen	EUR	210 000	100.00	100.00
Termi Ltd, Chiasso	CHF	500 000	80.00	80.00
Sub-interests of Termi Ltd, Chiasso:				
- Termi SpA, Busto Arsizio	EUR	2 000 000	95.00	95.00
Termi SpA, Busto Arsizio	EUR	2 000 000	5.00	5.00
Fidia SpA, Oleggio	EUR	260 000	97.00	97.00
Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	99.94	99.94
Hupac Intermodal NV, Rotterdam	EUR	200 000	100.00	100.00
Sub-interests of Hupac Intermodal NV, Rotterdam:				
- Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	0.06	0.06
Terminal Singen TSG GmbH, Singen	EUR	260 000	50.00	50.00

The following companies were consolidated using the equity method:

Company	Registered in	Interests as %	
		31.12.2009	31.12.2008
Cemat SpA	Milan (Italy)	34.48	34.48
Cesar Information Services Scarl	Brussels (Belgium)	25.10	25.10
Combinant NV	Antwerp (Belgium)	35.00	35.00
RAlpin Ltd	Oltén (Switzerland)	30.00	30.00

### Conversion and transactions in foreign currencies

Transactions in foreign currencies by subsidiaries are converted and booked using the rate of exchange prevailing at the time of the transaction. Exchange rate differences are included in the income statement. Foreign currency balances at the end of the year are converted at the respective year-end exchange rate. Any resulting exchange gains are included in the income statement. A provision is made for unrealized exchange gains.

In the consolidated financial statements the assets and liabilities of foreign subsidiaries are converted into Swiss francs using the year-end exchange rate. The average exchange rate for the respective year is used to convert the income statement. Any translation differences resulting from converting the balance sheet at year-end exchange rates and the income statement at average exchange rates are credited or debited to equity under "Translation differences" and thus do not affect profit.

### Revenues from supplies and services

Turnover resulting from supplies and services is booked at the time of performance. Turnover is shown without VAT and after deduction of any discounts and price reductions granted to customers.

Revenues from supplies and services comprises sales to customers, UIRR companies and third parties for services performed on the transport network of Hupac, as well as for the hiring-out of wagons outside this transport network, logistics services and miscellaneous.

### Cost of supplies and services

The cost of supplies and services is made up of the charges invoiced to Hupac for the provision of the necessary supplies and services (including freight charges, leasing of wagons, maintenance, terminal charges, operational insurance premiums and miscellaneous) for achieving the turnover with customers, UIRR companies and third parties. State contributions towards the charges invoiced by third parties are booked as reductions in expenses.

### Table of currency conversion

	Balance sheet		Income statement	
	31.12.2009	31.12.2008	2009	2008
CHF/EUR	1.4844	1.4873	1.5101	1.5867

### Shareholders' equity movements

Amounts in 1 000 CHF	Share capital	Reserves	Translation differences	Total	Minority interests
Balance at 1 January 2008	20 000	54 357	1 825	76 182	1 334
Translation differences			(2 005)	(2 005)	(129)
Translation differences of associated companies			(2 247)	(2 247)	
Net equity adjustment of associated companies		(1 022)		(1 022)	
Parent company dividend		(1 600)		(1 600)	
Consolidated profits 2008		2 810		2 810	72
Balance at 31 December 2008	20 000	54 545	(2 427)	72 118	1 277
Translation differences			(24)	(24)	(3)
Translation differences of associated companies			(48)	(48)	
Net equity adjustment of consolidated companies		397		397	
Parent company dividend		(800)		(800)	
Consolidated profits 2009		2 755		2 755	68
Balance at 31 December 2009	20 000	56 897	(2 499)	74 398	1 342

### Other information in accordance with legal requirements

Amounts in 1 000 CHF	31.12.2009	31.12.2008
1. Guarantees, other indemnities and assets pledged in favour of third parties	7 420	17
2. Pledges on assets to secure own liabilities	105 885	105 665
3. Leasing commitments not recorded in the balance sheet This amount includes all future commitments arising from existing leasing contracts, including interest and expenses.	12	18
4. Fire insurance value of tangible fixed assets	135 968	124 510
5. Debts towards personnel foundations	674	742
6. Dissolution of hidden reserves	0	3 100



## Risk Assessment

The group-wide internal risk assessment process consists of reporting to the Board of Directors of Hupac Ltd on identified risks and management's

reaction to them. The procedures and actions to identify the risks, and where appropriate remediate, are performed by the management.

## Report of the statutory auditor to the General Meeting on the consolidated financial statements 2009

As statutory auditor, we have audited the accompanying consolidated financial statements of Hupac Ltd, Chiasso, which comprise the balance sheet, income statement, cash flow statement and notes, pages 34 to 39, for the year ended 31 December 2009.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropri-

ate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2009 comply with Swiss law and the consolidation and valuation principles as set out in the notes.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Stefano Caccia      Claudio Cereghetti

Lugano, 14 April 2010

## Financial statements of Hupac Ltd

### Income statement 2009 and 2008

Amounts in 1 000 CHF	2009	2008
Income from supplies and services	61 593	61 722
Cost of services	(18 695)	(22 451)
Gross profit	42 898	39 271
General expenses	(1 271)	(2 016)
Depreciation of tangible fixed assets	(33 209)	(34 434)
Amortisation of intangible fixed assets	(54)	(27)
Provisions and value adjustments	0	(19)
Dividend income	23	123
Gains on disposal of fixed assets	612	2
Gains on disposal of investments	0	4 531
Losses on disposal of fixed assets	0	(61)
Losses on disposal of investments	0	(10)
Ordinary operating profit before financial items	8 999	7 360
Financial income	841	498
Financial expenses	(2 847)	(2 117)
Foreign exchange differences	(722)	(950)
Dissolution provisions exchange losses	0	950
Ordinary operating profit	6 271	5 741
Extraordinary income	99	1
Profit before taxes	6 370	5 742
Taxes	(1 470)	(1 334)
Profit for the year	4 900	4 408

### Notes on the income statement

The *Income from supplies and services* item decreased by 0.2% compared to the previous year and primarily comprises income from hiring out assets.

The *Cost of services* reduced by some CHF 3.7 million compared to the previous year. This item primarily consists of maintenance costs for the rolling stock. The company's *Gross profit* thus increased by some CHF 3.6 million from the previous year.

*General expenses* fell to just under CHF 1.3 million in the year under review, a reduction of 37% from the previous year.

*Depreciation of tangible fixed assets* fell by some CHF 1.2 million compared to the previous year.

The *Gains on disposal of fixed assets* primarily result from the sale of two mobile cranes.

*Financial income* rose by CHF 0.3 million compared to the previous year, reaching some CHF 0.8 million. This is primarily related to the interest earned by Hupac Ltd for loans to finance the terminal in Antwerp. *Financial expenses* increased by around CHF 0.7 million compared to the previous year, as a result of the slightly higher level of absolute debt to the banks. Negative *Foreign exchange differences* stand at some CHF 0.7 million.

After *Taxes* of just under CHF 1.5 million, Hupac Ltd reported a *Profit for the year* of CHF 4.9 million for fiscal year 2009, representing an increase of just under CHF 0.5 million or 11.2% from the previous year.

Cash flow, which was calculated according to the simplified method – annual profit plus depreciation and change in provisions –, for the year 2009 amounted to just under CHF 38.2 million, which represents a slight increase of CHF 0.2 million compared to the previous year.

## Balance sheet at 31 December 2009 and 2008

Amounts in 1 000 CHF	31.12.2009	31.12.2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2 968	878
Receivables from supplies and services	14 469	19 418
- third parties	2 185	5 375
- group companies	12 390	13 958
- shareholders	12	203
- Provisions for doubtful debts	(118)	(118)
Other receivables	948	4 747
- third parties	948	4 747
Stocks	974	0
Prepayments and accrued income	729	1 192
<b>Total current assets</b>	<b>20 088</b>	<b>26 235</b>
<b>FIXED ASSETS</b>		
Financial fixed assets	68 129	47 268
- Investments	37 710	37 403
- Loans third parties	430	491
- Loans group	29 985	9 370
- Other financial fixed assets	4	4
Tangible fixed assets	105 982	122 963
Intangible fixed assets	181	66
<b>Total fixed assets</b>	<b>174 292</b>	<b>170 297</b>
<b>Total assets</b>	<b>194 380</b>	<b>196 532</b>

### Notes on the balance sheet

The Total assets of Hupac Ltd fell by just under CHF 2.2 million from the previous year. Whilst Current assets fell by just under CHF 6.2 million, Fixed assets increased by just under CHF 4 million from the previous year. The Loans Group item rose very strongly compared to the previous year. This primarily comprises the loans to the subsidiary Hupac Intermodal BVBA to finance the construction of the new terminal in Antwerp. Also within fixed assets, the book value of *Tangible*

Amounts in 1 000 CHF	31.12.2009	31.12.2008
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Short-term liabilities</b>		
Payables from supplies and services	3 768	14 267
- third parties	366	4 184
- group companies	307	7
- shareholders	3 095	10 076
Short-term loans	9 579	8 000
- third parties	9 579	8 000
- shareholders	0	0
Other short-term debt	60	18
- third parties	60	18
Accrued expenses and short-term provisions	10 478	8 352
<b>Total short-term liabilities</b>	<b>23 885</b>	<b>30 637</b>
<b>Long-term liabilities</b>		
Long-term debts	65 500	63 000
- third parties	65 500	63 000
- group companies	0	0
- shareholders	0	0
Long-term provisions	37 070	39 070
<b>Total long-term liabilities</b>	<b>102 570</b>	<b>102 070</b>
<b>Total liabilities</b>	<b>126 455</b>	<b>132 707</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	20 000	20 000
General reserve	4 822	4 822
Statutory reserves	38 000	34 300
Retained earnings	5 103	4 703
- Profit carried forward	203	295
- Profit for the year	4 900	4 408
<b>Total shareholders' equity</b>	<b>67 925</b>	<b>63 825</b>
<b>Total liabilities and shareholders' equity</b>	<b>194 380</b>	<b>196 532</b>

*fixed assets* fell by almost CHF 17 million from the previous year.

On the liability side, *Payables from supplies and services* fell to just under CHF 3.8 million. The *Short-term loans* and *Long-term debts* both increased slightly from the previous year.

At the end of 2009, Hupac Ltd reported *Total shareholder's equity* of CHF 67.9 million, representing an equity ratio of 34.9% (previous year 32.5%).

# Notes to the financial statements 2009

## 1. Business activity of Hupac Ltd

The business activity of Hupac Ltd consists essentially of asset management. Worth particular mention in this connection is the hiring out of assets of Hupac Ltd to Hupac Intermodal Ltd. and third parties. Likewise Hupac Ltd carry out all activities relating to its subsidiary companies.

## 2. Notes in accordance with article 663b of the Swiss Code of Obligations

Amounts in 1 000 CHF	31.12.2009	31.12.2008
2.1 Guarantees and assets pledged in favour of third parties	45 004	10 025
2.2 Fire insurance value of tangible fixed assets	51 086	42 296
2.3 Significant investments in subsidiary companies		

Company	Business activity	Registered capital	Share of capital as %		
			in 1 000	31.12.2009	31.12.2008
Hupac Intermodal Ltd, Chiasso	Traffic operations, terminal operations	CHF	250	100.00	100.00
Hupac SpA, Milan	Terminal operations, railway operations	EUR	2 040	95.55	95.55
Sub-interests of Hupac SpA, Milan:					
- Fidia SpA, Oleggio	Terminal operations, warehouse logistics	EUR	260	3.00	3.00
Hupac GmbH, Singen	Terminal operations, railway operations	EUR	210	100.00	100.00
Termi Ltd, Chiasso	Terminal engineering	CHF	500	80.00	80.00
Sub-interests of Termi Ltd, Chiasso:					
- Termi SpA, Busto Arsizio	Terminal engineering	EUR	2 000	95.00	95.00
Termi SpA, Busto Arsizio	Terminal engineering	EUR	2 000	5.00	5.00
Fidia SpA, Oleggio	Terminal operations, warehouse logistics	EUR	260	97.00	97.00
Hupac Intermodal NV, Rotterdam	Service provider	EUR	200	100.00	100.00
Sub-interests of Hupac Intermodal NV, Rotterdam:					
- Hupac Intermodal BVBA, Antwerp	Terminal engineering, terminal operations	EUR	1 601	0.06	0.06
Hupac Intermodal BVBA, Antwerp	Terminal engineering, terminal operations	EUR	1 601	99.94	99.94
Terminal Singen TSG GmbH, Singen	Terminal operations	EUR	260	50.00	50.00
Cemat SpA, Milan	Traffic operations, terminal operations	EUR	7 000	34.48	34.48
Cesar Information Services Scarl, Bruxelles	Data processing service for customers	EUR	100	25.10	25.10
Combinant NV, Antwerp	Terminal engineering, terminal operations	EUR	500	35.00	35.00
RAlpin Ltd, Olten	Traffic operations, terminal operations	CHF	300	30.00	30.00

### 2.4 Risk management

Hupac Ltd, as the ultimate parent company of the Hupac Group, is fully integrated into the group-wide internal risk assessment process. The group-wide internal risk assessment process consists of reporting to the Board of Directors of Hupac Ltd on identified risks and management's reaction to them. The procedures and actions to identify the risks, and where appropriate remediate, are performed by the management.

### 3. Shareholders' equity movements

Amounts in 1 000 CHF	Share capital	General reserve	Statutory reserves	Retained earnings	Total
Balance at 1 January 2008	20 000	4 762	29 100	7 155	61 017
Dividends				(1 600)	(1 600)
Transfer to the general legal reserve		60		(60)	
Transfer to the statutory reserves			5 200	(5 200)	
Profit for the year				4 408	4 408
Balance at 31 December 2008	20 000	4 822	34 300	4 703	63 825
Dividends				(800)	(800)
Transfer to the general legal reserve					
Transfer to the statutory reserves			3 700	(3 700)	
Profit for the year				4 900	4 900
Balance at 31 December 2009	20 000	4 822	38 000	5 103	67 925

### Proposal for the distribution of retained earnings

Amounts in CHF	2009
Profit carried forward	202 842
Profit for the year	4 899 937
Retained earnings at the disposal of the General Meeting	5 102 779
Proposal of the Board of Directors:	
- Dividends	1 200 000
- Transfer to the general reserve	20 000
- Transfer to the statutory reserves	3 600 000
- To be carried forward	282 779
	5 102 779



## Report of the statutory auditor to the General Meeting of the financial statements 2009

As statutory auditor, we have audited the accompanying financial statements of Hupac Ltd, which comprise the balance sheet, income statement and notes, pages 40 to 43, for the year ended 31 December 2009.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Stefano Caccia      Claudio Cereghetti

Lugano, 14 April 2010



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