Annual report 2004

HUPAC


HUPAC

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Hupac Ltd **Chiasso** Parent company			
Hupac Intermodal Ltd **Chiasso** Sales & Customer Service Traffic Management Terminal Management	**Hupac Intermodal NV** **Rotterdam** Sales & Customer Service Traffic Management Terminal Management	**Hupac SpA** **Milano** Terminal Management Railway Operating	**Hupac GmbH** **Singen** Sales & Customer Service Railway Operating
Fidia SpA **Oleggio** Terminal Management Warehousing	**Terminal Singen** **TSG GmbH, Singen** Terminal Management	**Termi Ltd** **Chiasso** Terminal Engineering Estate Management	**Termi SpA** **Busto Arsizio** Terminal Engineering Estate Management

Board of directors of Hupac Ltd

Name	Age	Position	Nationality	First nomination	Expiry of mandate
Dr. Hans-Jörg Bertschi	48	Chairman since 1993	Swiss	1987	2007
Daniel Nordmann	50	Deputy Chairman since 2001	Swiss	2001	2007
Theo Allemann	67	Member	Swiss	1999	2007
Dr. Thomas Baumgartner	51	Member	Italian	1990	2007
Thomas Hoyer	55	Member	German	1988	2007
Bruno Planzer	62	Member	Swiss	1989	2007
Peter Hafner	49	Secretary	Swiss	1999	2007

Management board of Hupac Group

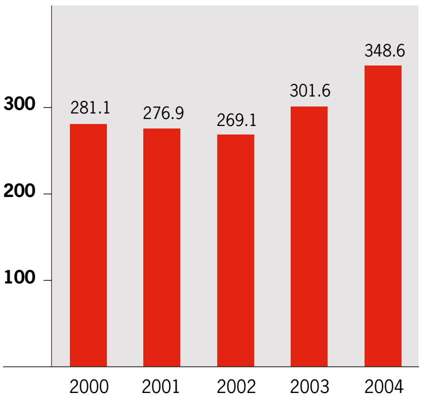
Hupac Ltd

Bernhard Kunz *Managing Director*
Peter Hafner *Deputy Managing Director*
Peter Howald *Intermodal Services*
Piero Solcà *Logistics & QMS/EMS*
Giorgio Pennacchi *Engineering*
Aldo Croci *Information Technology*
Peter Hafner *Finance & Administration*

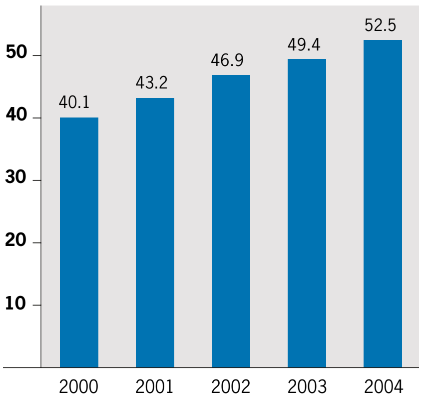
Hupac Intermodal Ltd Bernhard Kunz *Managing Director* Peter Howald *Deputy Managing Director*	**Hupac Intermodal NV** Mark Jansen *Business Manager*	**Hupac SpA** Francesco Crivelli *Managing Director*	**Hupac GmbH** Rudi Mager *Managing Director*
Fidia SpA Paolo Paracchini *Delegate of the Board of Directors*	**Terminal Singen TSG GmbH** Rudi Mager *Managing Director* Rainer Papenfuss *Managing Director*	**Termi Ltd** Peter Hafner *Managing Director*	**Termi SpA** Angelo Grassi *Deputy Chairman*

Business Areas	**Shuttle Net** ▶ Continental Services ▶ Maritime Inland Services 72 shuttle trains per day 422,878 road consignments 7.3 million net tonnes **Rolling Highway** 12 trains per day 25,153 road consignments 0.5 million net tonnes
Resources	**Rolling stock** 3,519 rail wagons 7 main-line locomotives 6 shunting locomotives **Information Technology** Goal, integrated software solution for inter-modal transport Cesar, customer information system
Terminal management	Busto Arsizio Oleggio Milano Greco Pirelli Desio Novara RAlpin Aarau Basel Chiasso Singen Ede
Employees	327
Financial results	Annual turnover CHF 348.6 (EUR 225.8) million Profit for the year CHF 6.5 (EUR 4.2) million Cash flow CHF 52.5 (EUR 34.0) million

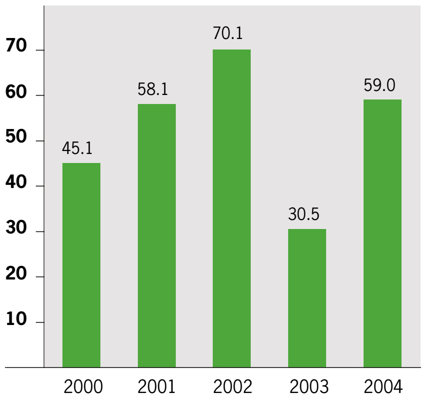
Annual turnover
in million CHF



Cash flow
in million CHF



Investments in tangible fixed assets
without advances, in million CHF




cargo
SAE

The European Railway Era begins

Hupac achieved a positive result in 2004 with a transport growth of over 12% and a sustained margin. The outstanding event last year, however, was the realisation of a new concept with the railways. Having lasted more than 100 years, the era of nationally operated railways has finally come to an end. In December 2004 together with five railway partners Hupac implemented the integrated traction in its entire core business transit transport, thus bringing in the European railway era.

Although the market liberalization of European rail transport has been developing slowly – the first EU directive was issued in 1991 – Hupac achieved a real breakthrough with its railway partners in 2004. The basis for this was an international offer procedure for the traction of all Hupac transit transports. A prerequisite for being awarded the contract besides submitting a competitive price/performance offer, was the willingness to accept responsibility for the integrated traction system from the North to the South of Europe.

In 2004 Hupac wrote European transport history together with the five railway companies SBB Cargo, Stinnes, Trenitalia Cargo, Rail4Chem and Ferrovie Nord. The new production concept, based on internationally integrated traction, is a revolution in the European railway system. For each combined transport route only one railway company is now responsible from the source to the destination. As a result of this, Hupac expects a clear trend change with regard to the quality and productivity of its service in the coming months and years.

The European railway era began on 12 December 2004. With this the liberalization of European rail freight transport has made a quantum leap. However, competition in the railway market is still young and vulnerable. This is where political intervention is needed – from Brussels as well as from Berne. The main issues are the protection of new operators from diverse (actual and potential) discrimination by the state railway companies which still dominate the market and the creation of equal opportunities for all users of the infrastructure. Two important new items of legislation regarding these issues are pending: the third railway package in the EU and the Railway Reform 2 in Switzerland.

Today at least half a dozen railway companies are competing in the alpine transit through Switzerland. Given the circumstances, is it still reasonable on medium-term that the development of all the infrastructure and the planning of freight capacity are only in the hands of the integrated company SBB?

Further we demand that in Switzerland with the Railway Reform 2 will be taken in hand also a reform for the route price system. Is it correct that today freight trains in comparison to passenger trains pay the multiple for the use of the infrastructure, even though these last ones have priority on the network? The new system should base on train-kilometre instead of tonnes-kilometre. Route prices in line with the market requirements – combined with the liberalization of the electricity purchase – make the rails in the freight traffic more attractive than the road and promote the political striven transfer. The today's route price subventions could be abolished as a countermove.

In the coming years the railway infrastructure will also create big challenges for Hupac. Unfortunately bottlenecks in the rail network and the renovation of antiquated lines will impede the development of the combined transport. As regards the NEAT tunnels we believe it is an urgent priority to eliminate the bottlenecks in transport nodes (e.g. Basle) and on the access routes to them.

However, shortcomings in the infrastructure of rail terminals must also be overcome. In the second half of this year Hupac will bring into operation the Busto Arsizio/Gallarate terminal extension. In a second phase the infrastructure will be enhanced by a rail wagon maintenance workshop. These considerable investments amounting to approximately CHF 100 million will create the conditions to enable Hupac to facilitate the transfer of further substantial quantities of transalpine traffic from road to rail in the coming years.

As you can see, Hupac continues to work towards the goal of making possible for an environmentally friendly and safe transport system across the Alps in future.

With this consistent strategy we are convinced that we can maintain and further strengthen your confidence as customers, partners and shareholders of Hupac

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

Chiasso, 20 May 2005

The 2004 business year

Transport development
In the financial year 2004 Hupac recorded a volume increase of 12.6% and thus met the set budget targets. While the non-transalpine transport clearly exceeded expectations with an increase of 33.5%, the transalpine transport grew by only 7.5%. Main reasons for this are the scarce terminal capacities in Northern Italy.

Here the management of Hupac would like to take the opportunity to thank customers and employees, railways, authorities and UIRR-partners – especially Cemat and Kombiverker – for their dedicated co-operation.

Offer procedure for the traction
Central element of the financial year 2004 was the offer procedure for Hupac's entire traction package. In the first quarter the concept was developed and sent out to the railways inviting them to submit offers. Following the completion of the negotiating phase in the second quarter, volumes were allocated to the railway companies. The concept of integrated traction was realised in occasion of the timetable change on 12 December 2004.

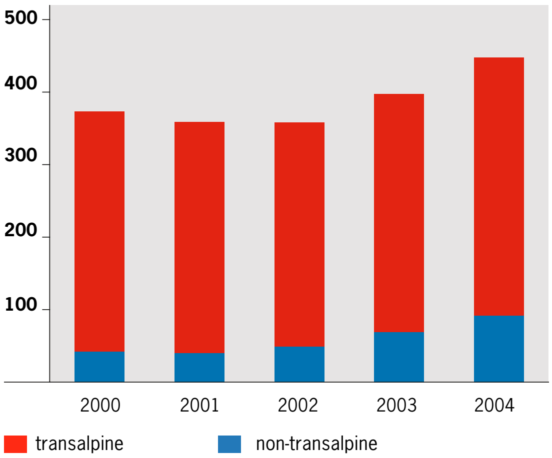
For the first time in its history, Hupac has succeeded in instigating such a bid procedure, thanks in the large part to ex-national railways which have demonstrated the courage to enter the open marketplace. SBB Cargo, for example, pioneered investments in Germany and Italy and was the first railway company to offer direct international traction services. Railion and Trenitalia Cargo have done no less and have organized services on the north-south axis with their own resources and subsidiaries.

The offer procedure challenged the participating railways to change the production processes that in part existed for over a hundred years and were based on the territorial principle. We were pleasantly surprised by our railway partners' capability for innovation and flexibility. All railways managed to build within the year an integrated production system with own subsidiaries or partners. At present five railways are working with Hupac according to the principle of integrated traction: SBB Cargo and Stinnes with their subsidiaries, Trenitalia Cargo, Rail4Chem and Ferrovie Nord with their partners.

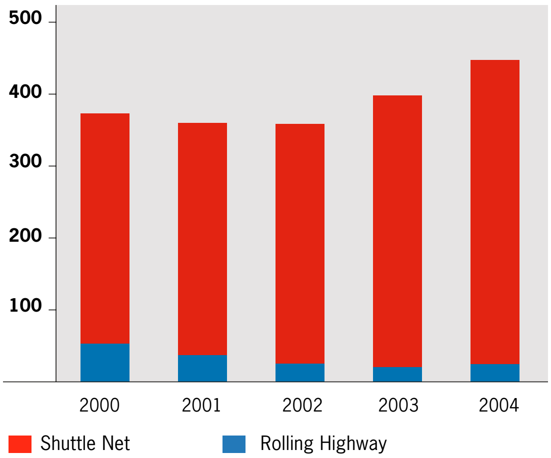
Realisation of the strategy
The aim of Hupac's strategy is the doubling of consignments between 2000 and 2007. At present there's a large gap between the volume development and this ambitious strategy goal. This is mainly due to the years 2001 and 2002 when the operators had to struggle with weak economic conditions. The inadequate quality of the rail system also was a reason preventing successful acquisitions on the market.

In contrast the volume development in the years 2003 and 2004 corresponded with the growth rates stipulated in the strategy. The transit traffic through Switzerland, however, has failed to reach the expected proportions due to limited terminal capacities in Northern Italy. This will change substantially in 2005 with the beginning of operations in the Busto Arsizio terminal extension located in the district of Gallarate. In the future too the development of the transalpine transport will depend on whether the required terminal capacities in

Traffic development by typology
Road consignments x 1000



Traffic development by business areas
Road consignments x 1000



Northern Italy can be provided on time. The target-oriented elimination of rail bottlenecks north and south of the Alps also plays a central role.

Outlook for 2005
Further infrastructure restrictions are expected for 2005 with the upcoming construction work in the Monte Olimpino II tunnel. Unfortunately this will also affect further transport development.

Despite this, Hupac once again budgeted the target of a double-digit growth rate in this financial year. In the first quarter economic recovery was rather slow. The increase on the connection Germany ⇆ Italy has fallen short of the expectations. The Benelux ⇆ Italy market however keeps on developing satisfactorily.

Now, in the first six months, it is of highest priority to stabilise the production system of the integrated traction and to achieve a temporary punctuality rate of at least 80%, in the future of again 95%. The aim of the short and medium term product strategy is to make good use of the new terminal infrastructures in Busto/Gallarate with new transit connections through Switzerland, thus closing the gap with the budgeted target figures.

Highlights

January First deliveries of 165 double wagons for Shuttle Net and 60 low loading wagons for 4-meter-transports on the Rolling Highway

February Development of an offer procedure concept with integrated traction or integrated traction responsibility and dispatch to railway companies

April Receipt of the offers according to the integrated traction concept

June/July Negotiations and contract completion with the railway companies

October Ordering to SBB Cargo, Railion, Trenitalia Cargo, Rail4Chem and Ferrovie Nord based on the principle of integrated traction

November Completion of the overtaking tracks on the Luino-Gallarate line

December Beginning of operation of the Sesto Calende loop

December Profile adaptation Domodossola-Gallarate

December Introduction of the integrated traction

Transport volumes 2004

		Road consignments			Net weight in tonnes		
		2004	2003	%	2004	2003	%
Shuttle Net	***Transalpine***						
	Transit	310,003	285,158	8.7	5,644,000	5,168,000	9.2
	Import/export CH	13,637	16,059	-15.1	238,000	274,000	-13.1
	National CH	7,289	6,746	8.1	93,000	82,000	13.4
	Total	330,929	307,963	7.5	5,975,000	5,524,000	8.2
	Non-transalpine						
	Import/export CH	53,697	50,198	7.0	764,000	721,000	6.0
	Rest of Europe	38,252	18,689	104.7	572,000	271,000	11.1
	Total	91,949	68,887	33.5	1,336,000	992,000	34.7
	Total	**422,878**	**376,850**	**12.2**	**7,311,000**	**6,516,000**	**12.2**
Rolling Highway		25,153	20,895	20.4	474,000	400'000	18.5
Total transport volume		**448,031**	**397,745**	**12.6**	**7,785,000**	**6,916,000**	**12.6**

2004 has been introduced a new computation in transalpine traffic. The figures of the previous year were adapted accordingly.


HOYER
BAS
FERCAM
FERCAM
R.M.I.
P&O Ferrymasters
TRANSCO
Geest
Vos
DHL
dreier
dreier
MAINSPED

Intermodal Services

Shuttle Net
With a total volume of 422,878 consignments transport development in the business area Shuttle Net recorded an increase of 12.2% in the year under report. The Benelux transports with new connections such as Zeebrugge ⇆ Segrate (from November 2004) and Ludwigshafen ⇆ Rotterdam contributed substantially to this growth. The transport volume Germany ⇆ Italy was also developed further. Mainly responsible for this are the introduction of the connection Duisburg ⇆ Novara via Lötschberg with 4 meters corner height and the strengthening of the offer Singen ⇆ Chiasso/Milano. Further transport increases have been achieved in the Swiss domestic transport with a doubling of the offer Basel/Aarau ⇆ Stabio/Chiasso.

Transalpine transit transport
The transalpine transit transport volume has increased by 8.7% to 310,003 consignments. Below we outline the development of the most important market segments.

Scandinavia ⇆ Italy
The transport increases from Norway and Sweden to Italy couldn't make up the decreases from Denmark. Total volume dropped by 8.8% to 21,075 consignments. Particularly the gateway transports from Taulov to the Danish terminals were heavily affected by traffic holdups and delays on the Busto ⇆ Taulov main line. Due to failure to meet performance criteria customers were forced to find alternatives, leading to noticeable transport losses.

With the timetable change in December 2004 the four train pairs per week running between Luino and Taulov were relocated to the Busto terminal. The new Scandinavia concept offers the customer eight weekly departures per travel direction and thus, with regard to the train frequency, a very interesting market service.

North Germany ⇆ Italy
New acquisitions and the development of transports from the Baltic States led to a strong increase of more than 26%. Furthermore, customers lost due to the restrictions caused by the renovation of the Monte Olimpino II tunnel could be regained.

Product development 2004

January Free-access-train Duisburg ⇆ Novara via Lötschberg with 4 meters corner height for the transport of semitrailers with the P400 profile

March Start-up of new low-loader wagons on the Basel ⇆ Lugano line for the loading of trucks with a corner height of up to 4 meters

June Third daily shuttle train Singen ⇆ Milano Certosa with stop in Chiasso

July Own shuttle train in free access between Rotterdam and Duisburg

September Second daily train departure of the Rolling Highway between Basel SBB and Lugano Vedeggio

September Second daily train departure of the shuttle train Basle/Aarau ⇆ Stabio/ Chiasso

November Inclusion of the connection Segrate ⇆ Zeebrugge

December Rearrangement of the Scandinavia transport by relocating the Luino ⇆ Taulov train to the Busto terminal

December Trial runs of the new Frankfurt FIT ⇆ Busto Arsizio shuttle train

Borlänge
Gävle
Alnabru (Oslo)
Arsta Kombi
Hallsberg
Norrköping
Jonköping
Göteborg
Älmhult
Aarhus
Taulov
Malmö
Hoje Taastrup
Hamburg
Lübeck
Hannover
Rotterdam
Ede
Duisburg
Zeebrugge
Anvers
Leipzig
Buna
Schwarzheide
Köln
Beiseförth
Frankfurt
Ludwigshafen
Singen
Linz
Wien
Basel
Aarau
Hall
Graz
Stabio
Desio
Chiasso
Segrate
Brescia
Oleggio
Busto Arsizio
Milano
Novara
Genova
La Spezia
Bari
Pomezia
Brindisi
Marcianise

Baden-Württemberg ⇆ Italy
Here too we succeeded in regaining transport volumes for our connections that had been previously lost due to the Monte Olimpino II tunnel renovation. Strong transport increases were achieved thanks to the introduction of a third shuttle train between Singen and Milano Certosa. Due to a stop in Chiasso this train also serves the segment Tessin/Como ⇆ South Germany. The development of the shuttle connection Basle ⇆ Busto also developed positively because new customers could be gained. In this market segment we recorded an increase of 22%.

Rhine/Ruhr ⇆ Italy
The change of an operation concept in the Ruhr area and the introduction of a train pair between Duisburg and Novara enabling loading of semitrailers with a P400 profile proved to be successful. Thanks to the new connection, for the first time we could offer the transport of large-volume semitrailers between the Ruhr area and Italy, thus opening up new transport potential. The volume of the shuttle connection Cologne ⇆ Brescia could be increased sharply despite various infrastructure problems in the Brescia terminal.

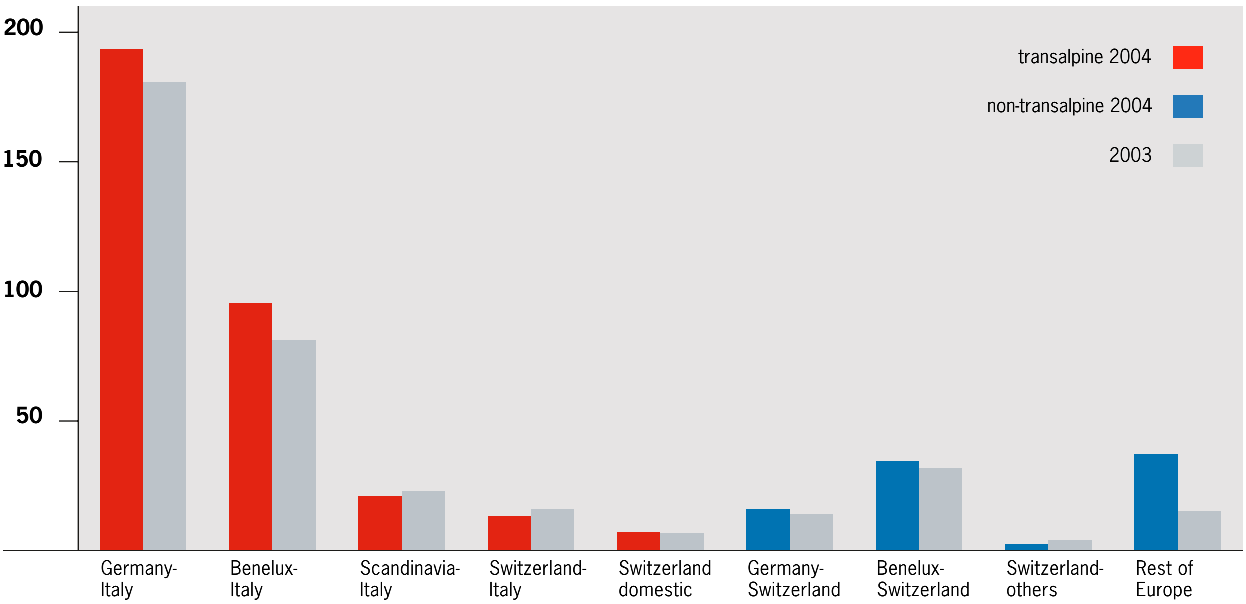
Rhine/Main ⇆ Italy
In this market segment we didn't meet the set target for 2004. Various operational difficulties delayed the introduction of the shuttle train Frankfurt ⇆ Busto until January 2005. A further shortfall was caused by an operational rearrangement in the processing of the gateway transports. Because of these conditions and a weak market demand we recorded a decrease of 7% in this market segment.

Netherlands ⇆ Italy
The positive development of transport and demand on the connection Rotterdam ⇆ Novara enabled us to increase the capacity by one train per week and direction. Thanks to the connection introduced in 2003 between Rotterdam and Novara via Lötschberg with the P400 profile we could gain new customers for the combined transport. The connection Rotterdam/Ede ⇆ Brescia developed extremely well despite the Monte Olimpino II tunnel renovation. Overall we achieved a 13% increase in the transport volume in this segment.

Belgium ⇆ Italy
In 2004 this market segment was also characterised by a double-digit increase in transport volume. In November 2004 the Eurocombi transports between Zeebrugge and Segrate were included in the Hupac Shuttle Net. This inclusion furthered the transport increase even more, reaching a 28% on the connections Antwerp ⇆ Oleggio/Brescia and Zeebrugge ⇆ Segrate.

Transalpine import/export Switzerland
Due to market shifts and new operational concepts with direct transports between Northern Europe and Italy, which replaced the gateway transports via Switzerland, the transport volume decreased by 15%. Particularly the drift of transports between Switzerland and Central/Southern Italy to other market operators contributed to the negative result.

Development of the Shuttle Net market segments
Road consignments x 1000



Transalpine domestic transport Switzerland
Thanks to the outstanding quality on the connection Stabio ⇆ Aarau we recorded a further volume increase of 8%. The transport decline on the Basel ⇆ Chiasso and Aarau ⇆ Chiasso line could be cushioned with the redevelopment of the operational concept. Since October one shuttle train between Basle and Chiasso and two shuttle trains between Aarau and Stabio have been running daily. Thanks to this improved market service transport volumes could again be increased.

Non-transalpine import/export Switzerland
In this market segment a volume increase of 7% was achieved. The positive development of the maritime transport between Belgium and Switzerland contributed significantly to this positive result. The single wagon transports from/to Germany decreased due to the unfavourable price-performance ratio. A trend change was also evident in the Austria ⇆ Switzerland transport segment where we could increase transports again slightly compared to 2003. The same applies to the transport corridor Scandinavia ⇆ Switzerland.

Non-transalpine Rest of Europe
In this market segment we achieved an above average increase of more than 104% thanks to the products newly introduced in the last six months of 2003. These are mainly the connection between Ludwigshafen and Central Germany (Leipzig, Buna, Schwarzheide) and the transport Rotterdam ⇆ Worms which was newly relocated to the Ludwigshafen terminal at the beginning of 2005. Thanks to good quality and the possibility to connect new transports via gateway the volumes of these connections could be expanded significantly.

Maritime Inland Services
Maritime transport recorded in the year in question a volume of transport of 50,000 TEU, the equivalent of an 8.7% increase over the previous year. This result confirms the rapid growth of the maritime sector and the efficacy of the strategy applied by Hupac from the year 2000 with the creation of an ad hoc structure.

In recent years globalisation and the shifting of economic balances have created huge markets with unprecedented opportunities. Shipping companies and shipbuilders have encouraged and facilitated the development of trade with container ships with enormous capacity which reduce port calls (one call port policy – hub policy).

Rail transport is becoming increasingly interesting as a logistics solution able to tackle the first signs of deficiency of capacity in the North Range ports such as Rotterdam and Antwerp. Although management of these enormous container volumes is creating a series of problems in Europe, it represents an opportunity which Hupac must on all accounts grasp in order to continue to offer its clients competitive and innovative solutions.

Maritime transport requires the supply of additional services which are not the norm in continental transport. The operator has to provide integrative services which complete the transport cycle up to collection and delivery door-to-door or on quay (trucks, port barges) so as to observe the dates of loading of the containers onto the ships.

After the pioneering phase Hupac has adopted a policy of "short rapid steps" with the aim of acquiring transport with commitments and concentrating on large clients, particularly hauliers or their associations such as Groupement Fer for Switzerland and shipping companies. The product strategy involves solutions aimed fully at the maritime sector with the creation of new services such as the Antwerp Shuttle between Antwerp and Basle, and feeder links between ports and the Shuttle Net network, as in the case of the Medgate Shuttle between Genoa and Busto Arsizio and the La Spezia Shuttle between La Spezia and Chiasso.

A classic example for this latter logistics proposal is the Medgate Shuttle. Thanks to this train feeder we have connected to Shuttle Net a port enjoying constant growth and which is strategically interesting for transport routes with the Far East. Using Genoa as a port of call rather than the ports of the North Range reduces travel between Asia and Europe by five to seven days, with positive economic effects both on the hiring of containers and the stops of ships in ports.

Rolling Highway

The volume of the business segment Rolling Highway amounted to 25,153 road consignments, corresponding to an increase of 20.4% compared to the previous year. In 2004 we managed to regain the transports lost in the previous year due to the closure of the Monte Olimpino II tunnel.

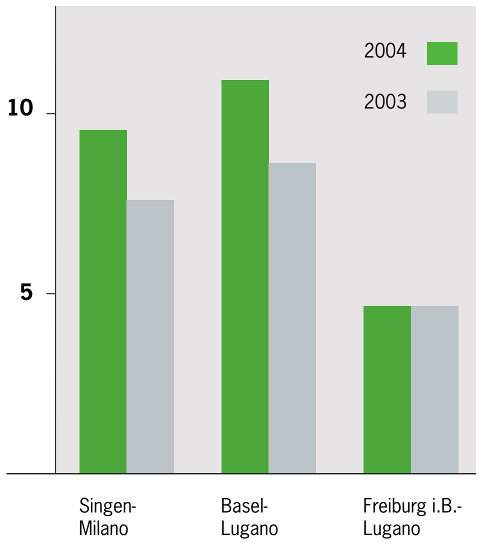
Relaunching the connection Milano ⇆ Singen brought the desired results. The doubling of the daily service between Lugano and Basle (September 2004) and the operational start of 60 innovative ultra low-loader wagons on the Lugano ⇆ Basle line contributed to the positive overall result. Thanks to the low loading platform semitrailers with a corner height of up to 4 meters can be transported. This enabled us to exploit new market potential.

The outlook for 2005 is positive, especially if the authorisation for the transportation of vehicles with a corner height of up to 4 meters can be obtained on other lines as well. Unfortunately new problems must be expected due to the infrastructural maintenance work in the Monte Olimpino II tunnel.

Rolling Highway connections

Development of transport lines

Road consignments x 1000



Internal logistics

Rail traction
One of the main objectives of the 2004 business year was the preparation of the integrated traction concept. We coordinated with the railway compannies involved, all aware that only by means of this new system, linked to the full interoperability of the traction stock, can improved quality results and hence greater competitiveness be achieved. The setting-up of various work groups assigned to prepare the operative structures for change was a positive response to needs.

The advantages of the new traction system are the removal of various interfaces at border train stations, the productivity increase of locomotives circulating across borders and the improved information exchange because now we have, contrary to the past, only one contact for the entire international route. These advantages represent the basis for the quality agreement with our railway partners.

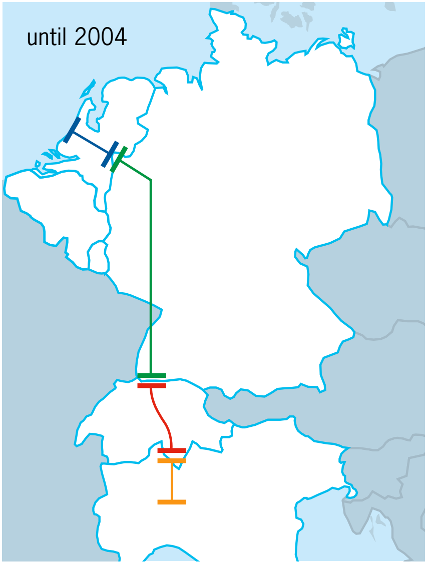
On this occasion we would like to thank the various railway companies for the considerable efforts and willingness shown. We are all convinced that, thanks to the new climate of competition, railway companies can also show the positive effects of integrated traction in terms of higher quality.

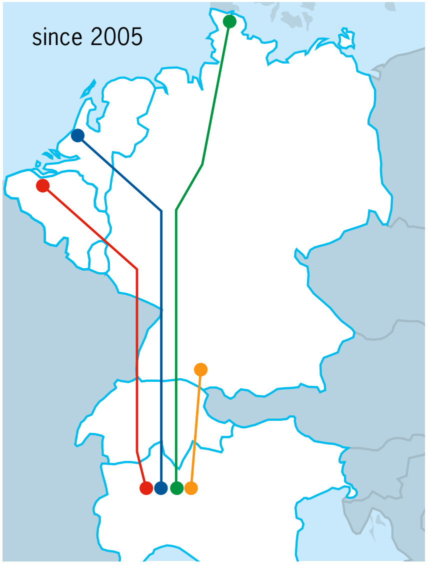
The railway company of Hupac SpA, in addition to consolidating the service of traction of empty wagons to and from the workshops between Chiasso and Gallarate, has made a local contribution to the integrated traction project and the support given to other railway companies during the first phase of implementation was considerable. Our railway company has also played an important role in the training of our personnel in the typical work of the railway sector (shunting, train formation etc.).

Terminals
The need for continual improvement of our products forces us to re-evaluate our working processes incessantly. The most important link in the process, the terminal, is therefore constantly compared with objectives of productivity, low cost and flexibility and with careful management of the problems linked to safety. 2004 featured a review of all the organisational aspects of day-to-day operations in view of the introduction of the new integrated traction system. Thanks to the considerable skills and motivation of our personnel working on site, it was possible to implement the planned changes with perfect timing.

Throughout the year there were changes in the air at Busto Arsizio, required due to the need for immediate planning of the future working needs of the terminal which, with implementation of the expansion in the area of Gallarate, is to reach a considerable size. In this respect a work group has been set up with the sole task of checking on all the aspects relating to the coming into service scheduled for Septem-

The integrated traction concept





ber 2005. Procurement of the necessary resources such as shunting locomotives and traction engines and the new operations management were at the centre of these assessments.

Given the consolidation of maritime transport, the Aarau terminal was equipped with a new crane truck which meets and exceeds the various requirements of the strict Swiss laws on protection of the environment, particularly as regards emissions of fine particulate.

At the Basle terminal an important traffic of deep sea containers to and from Antwerp has been consolidated. Thanks to the efforts of staff working locally, it was possible to achieve excellent results also on reduced surface.

Punctuality of trains
The constant and steady improvement in the rate of punctuality of our trains shows us that the action taken is moving in the right direction. In the relevant year the rate of punctuality on the Luino line increased by 16 percentage points compared to the previous year to reach 69%. We have however to improve on this result in that our aim is still that of achieving 95% punctuality.

In the last weeks of December, following the train timetable change and the introduction of the integrated traction, we encountered some difficulties caused by problems of interfacing at the borders. Most were solved within a few weeks. The other aspects relating to railway resources (locomotives, drivers, train lines) are to be dealt with in early 2005.

Productivity
As part of a long-term strategy, Hupac set the target of increasing productivity, thus ensuring the future competitiveness of combined transport. After the initial early successes in 2003, it was possible to boost productivity considerably in the year in question. Process efficiency was enhanced thanks to the implementation of various structural changes, resulting in a productivity increase of almost 10%, measured on the basis of the kilometre performance per Hupac truck. The number of consignments per employee increased by 11%.

Warehousing
Hupac offers customers a vast range of cargo logistics services via the affiliate Fidia Divisione Magazzini Generali. The company's location, in the immediate vicinity of the Busto Arsizio terminal, has storage warehouses, load unit parking areas and office space. During the last financial year various clients assigned logistic operations to Fidia, thus enabling maximum capacity of the location to be exploited.


Railion
G2000 - 03 SF

Information Technology

Information Technology

Information systems play a central role in the operation of the combined transport. Goal – Global Oriented Application for Logistics – is an integrated software co-ordinating the intermodal transport from booking to billing and managing the information in real-time. Goal, designed by Hupac and further developed in co-operation with Cemat, represents today the most widely used system in Europe for the operation of the combined transport.

In 2004 Hupac further developed the Maritime Transport and introduced numerous new transport connections. The information Technology team supported these activities with the implementation of new support functions for the terminals involved.

A further challenge for the Hupac Information Technology specialists was the terminal extension Busto/Gallarate. A site of this dimension makes high demands on the transition handling. In the past financial year Hupac designed new systems for space management and innovative IT solutions for loading and unloading. The new systems will be ready for use throughout the entire site when the terminal will be opened in mid 2005.

e-Services

For Cesar, Hupac's customer information system, new developments were accomplished in the year under report. In April Hupac, Cemat, Kombiverkehr, Novatrans and the umbrella organisation UIRR founded the operator company Cesar Information Services (CIS). The company based in Brussels offers e-services for intermodal transport: from timetable enquiry to booking, from tracking & tracing to information in case of traffic hold-ups. The online system is continually updated with real-time information from the information systems of the participating operators. The aim of the new company is to expand the user group on the side of the customer and to win new combi-operators as partners.

2004 was the year Cesar was consolidated amongst the European clientele. Every week Cesar receives information on 62,000 transports and 250,000 status data on the various phases of the transport network. On www.cesar-online.com the 300 registered users can monitor each phase of their consignments.

The development of the e-services in 2004 focused on the growing demands of customers and partners (railways, ports, suppliers) with regard to electronic data exchange. Transport companies with a high volume of consignments book our services directly from their forwarding systems via a XML interface. The booking is then integrated automatically into Hupac's information system. The e-booking increases the accuracy of the booking entries thus reducing costs and time.

Engineering

Rolling stock

Hupac has a broad pallet of innovative wagons for the Shuttle Net lines and the Rolling Highway. With 3,519 units the wagon fleet offers numerous advantages to the customers.

Shuttle Net

- Container flat wagon: additional loading capacity by optimisation of dead weight (production of prototype and development of the serie)
- Pocket wagon: designed for heavy goods and volume-optimised trailers of today's generation by reduction of dead weight
- Mega II: suitable for high cube containers, swap bodies, trailers and megatrailers.

Rolling Highway

- Transportation of trucks up to 44 tonnes
- Since 2004 transportation of trucks with a corner height of 4 meters on the Gotthard line
- Comfortable sleeping cars for truck drivers.

With the latest wagons Hupac meets the requirements for noise protection. Approximately 50% of the wagons are equipped with noise-reducing plastic soles. Preventive and controlled maintenance improves the availability of the wagons. Continuous development of the components and technical quality controls are to increase the operational performance of the wagons in the future.

In the year under report, 75 double wagons and 90 Mega double wagons were delivered. The wagon fleet of the Rolling Highway was extended by 60 low loading wagons for 4-meter-transports. The acquisition of further rolling stock for the Shuttle Net is intended for 2005.

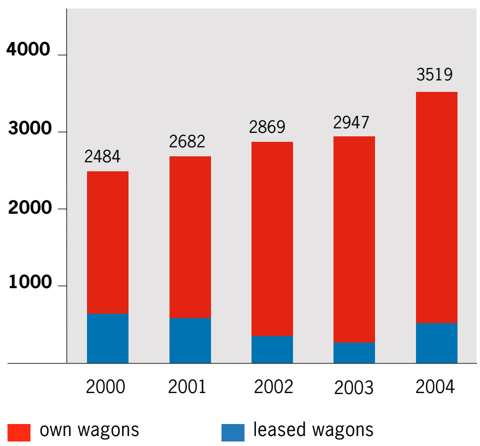
Vehicle coding

Hupac has an internal unit for the coding of road vehicles. These must get approval by a European railway company for railway transportation so that compatibility between vehicle and railway wagon on the desired line is ensured. In the period 2000 to 2004, on behalf of its customers, Hupac performed close to 9,900 codings.

Busto/Gallarate terminal

The construction work of the terminal extension in Gallarate progressed steadily in the year under report. It should be completed, as planned, by July 2005. The terminal will start operation with two crane modules each on three tracks and a total of six gantry cranes.

Rolling stock




Geest

Employees

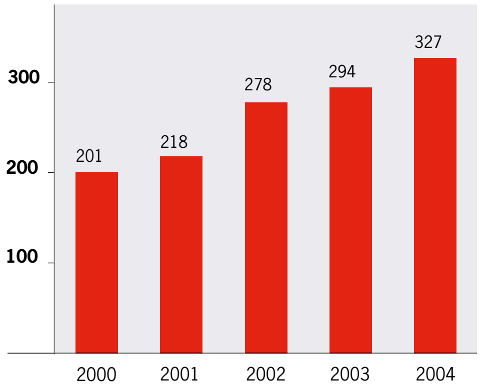
At the end of the financial year 2004 the Hupac Group had 327 employees. 115 of these worked for Hupac Intermodal Ltd in Switzerland. In Italy 152 employees worked for Hupac SpA and 34 for Fidia SpA. The subsidiaries in Germany and the Netherlands employed a total of 15 workers.

Hupac has always stressed the importance of well trained and motivated personnel with pronounced intercultural skills. Last year Hupac Intermodal Ltd focused its efforts on getting ready for the new business operational conditions. With internal seminars on change management and on presentation and negotiating techniques the personnel was prepared for the new challenges in the liberalised environment.

Hupac SpA, the largest employer within the Hupac Group, in the year under report, has introduced a new human resources management system. The upcoming Busto/Gallarate terminal extension makes high demands on the human resources department, particularly with regard to training and optimising the organisational processes. With seminars promoting multiple skills and on-the-job-training for new employees Hupac SpA is getting ready for the new challenges.

The liberalisation process requires from each employee a high degree of flexibility to adapt to the new situation. The Board of directors and the Management board would like to take this opportunity to thank all employees for their commitment and daily effort to meet our business targets.

Workforce of the Hupac Group



Corporate Governance

Structure of the Hupac Group

At the end of 2003 the Hupac Group consisted of a total of nine companies (diagram 1,see page 2). The parent company Hupac Ltd is a mixed holding company. Main tasks are the management of the Group, the procurement and management of the rolling stock as well as the realisation of the holdings. The operational business covering all of Europe is led and operated by Hupac Intermodal Ltd. In Holland, Italy and Germany it is supported by companies of the Hupac Group based in Rotterdam, Milan and Singen. Fidia SpA and TSG GmbH are local operator companies of terminals and infrastructures complementing the operational business. Termi Ltd and Termi SpA finance, build and maintain terminals for the combined transport.

Capital Structure

In the year under report Hupac Ltd had a share capital of CHF 20 m. The company is owned by around 90 shareholders. Transport companies and forwarding agents from Switzerland, Germany, Italy, France and the Netherlands hold 72% of the share capital, railway companies the remaining 28%.

Board of directors

The board of directors of Hupac Ltd consists of six members (diagram 2, see page 2). According to statutes, shareholders of Hupac are primarily transport companies actively involved in the advancement of the combined freight transport. Thus the board of directors of Hupac consists mainly of owners or managing directors of such companies. With Germany and Italy important geographical markets are covered. In its current composition the board of directors represents more than two thirds of all shareholders' votes. The composition of the board of directors of Hupac Intermodal Ltd and Termi Ltd is identical to that of Hupac Ltd.

Management of the Group

Diagram 3 on page 2 outlines the management of the Hupac Group at the end of the year under report. In September Mark Jansen took over the operational management of Hupac Intermodal NV based in Rotterdam.

Organisation regulations

The organisation regulations of the Hupac Group regulate the constitution and adoption of resolutions as well as the tasks and responsibilities of the following organs: board of directors, presidency of the board of directors and management. The document applies not only to the parent company, but, in important questions, also to all companies of the Hupac Group.

Shareholders' rights

Each share represented in the general assembly constitutes the right to a vote. Article 695 OR remains reserved. The general assembly passes its resolutions and carries out its elections with absolute majority of the represented votes as far as the law permits.

Auditing place

The parent company Hupac Ltd, the Swiss subsidiaries as well as the accounts of the Group are examined by Pricewaterhouse-Coopers in Lugano. The management letter of the external auditors will be used as a work instrument for internal auditing. The recommendations of the external auditors are implemented by the management.

Public financial aids

One of the goals of Swiss transport policy is the relocation of the freight transit crossing the Alps from road to rail. On the one hand, means from oil taxes contribute to the financing of the terminal infrastructure, because the economy of transhipment facilities is not guaranteed with capital market financing.
On the other hand, the operators in intermodal transport - in particular in the alpine transit - cannot cover the costs fully with market profits. Thanks to various laws the Federal Government therefore supports the providers of services in intermodal transport financially.

The following investment projects in terminal infrastructures of Termi Ltd and Termi SpA were financed primarily by the Federal Government:

- Terminal Busto Arsizio (completed)
- Track connection Gallarate (completed)
- Terminal Singen (partly completed)
- Extension of the Busto Arsizio terminal on the district grounds of Gallarate and Busto Arsizio (under construction).

The Hupac Group has to repay a consistent part of these financial aids. Until 2041 the repayments including interests amount to CHF 112.2 million (see figure below). Over the next years the Federal Government wants to reduce the operating contributions per consignment kilometre annually, in order to be able to relocate increasingly more transports with these saved amounts. In the year under report the average supporting measures per consignment kilometre in Switzerland for Rolling Highway and Shuttle Net (unaccompanied combined transport) presented themselves with a ratio of 3:1 (see figure below).

Risk management

In the year under report an inventory of the current risks was drawn up by the Hupac Group with a particular focus on operational activities in the terminals and on railway lines. Primary risks are accidents with possible damage to goods and people. Other items include lasting line interruptions, derailments and breakdowns but also damage due to fire, water and theft.

Besides these, all risks at the employees' workplaces were examined. In the administrative sector the collecting procedures, exchange rate risks and contract deficits were put under the spotlight. In the IT sector the reliability of the hardware and software systems as well as the data transmission lines have to be mentioned. Important issues in the engineering sector are maintenance problems to the rolling stock and the quality in designing and building terminal infrastructure. Last but not least the legislative risks such as the development of the operating contributions by the Swiss Confederation were also taken into account.

All sector managers in Switzerland and all branch managers abroad have listed their specific risks in full. For each risk the measures to be implemented, the deadlines and the responsibilities were established. A risk assessment blueprint for the evaluation of all risks according to their occurrence, probability or extent of damage caused, provides the necessary outline and serves as guideline for prioritising measures.

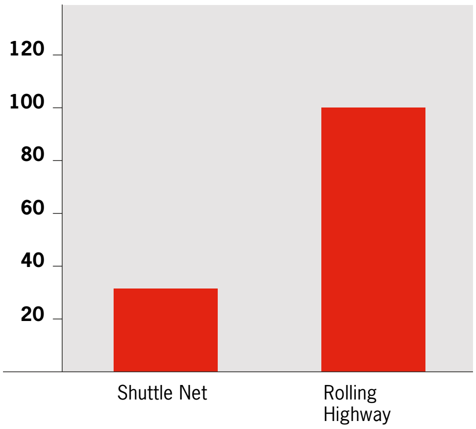
The management updates the Board of directors on a regular basis on risk management issues in general and on the handling of specific risks.

Information policy

The Hupac Group aims to have an open information policy towards all shareholders. Hupac supports open dialogue and active communication with customers, employees, shareholders, suppliers, the media, the state and other partners.

Supporting measures for Shuttle Net and Rolling Highway

per consignment/km in Switzerland, indexed; Rolling Highway = 100



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

values in 1000 CHF

Years	2003 - 2005	2006	2007 - 2017	2018 - 2026	2027 - 2030	2031 - 2035	2036 - 2041	2003-2041 Total
Loan repayment	263	2,496	3,849 3,849	3,586 3,586	2,551 2,551	2,020	317	100,105
Interests			352 - 919	221 - 835	32 - 127			12,063
Total	263	2,496	4,201 - 4,768	3,807 - 4,421	2,583 - 2,678	2,020	317	112,168


CARGO
CARGO
cargo

Consolidated financial statements

Consolidated income statement 2004 and 2003

Amounts in 1 000 CHF	2004	2003
Revenues from supplies and services	348 597	301 591
Net cost of the services	(260 097)	(217 143)
Gross profit	88 500	84 448
Payroll expenses	(23 960)	(22 041)
General expenses	(11 003)	(10 389)
Depreciation and provisions	(46 027)	(43 509)
Gains from disposal of fixed assets	1 813	420
Losses from disposal of fixed assets	(18)	(116)
Operating profit	9 305	8 813
Financial income	360	220
Financial expenses	(1 441)	(1 813)
Result from associates	343	994
Foreign exchange differences	(173)	(195)
Profit before extraordinary items	8 394	8 019
Non-operating income	199	306
Non-operating expenses	0	(50)
Extraordinary income	1 158	733
Extraordinary expenses	(57)	(611)
Profit before taxes	9 694	8 397
Taxes	(3 096)	(2 373)
Profit before minority interest	6 598	6 024
Minority interest	(41)	(64)
Group profit	6 557	5 960

Consolidated balance sheet at 31 December 2004 and 2003

Amouts in 1 000 CHF	31.12.2004	31.12.2003
ASSETS		
CURRENT ASSETS		
Liquid funds	44 378	32 409
Receivables from supplies and services	53 113	45 635
- third parties	52 091	45 191
- shareholders	1 022	444
Other receivables	15 122	8 454
Stocks	1 067	1 205
Accrued income	14 225	4 632
Total current assets	127 905	92 335
FIXED ASSETS		
Financial fixed assets	20 525	20 216
- Investments	18 652	18 131
- Deposits and other financial assets	657	409
- Deferred tax assets	1 216	1 676
Tangible fixed assets	208 375	197 557
- Advance to suppliers	27 707	14 175
- Technical equipment	9 865	10 904
- Rolling stock	84 529	81 761
- Plants on third parties' lands	1 848	2 012
- Terminals, buildings and land	81 799	85 967
- Other tangible fixed assets	2 627	2 738
Intangible fixed assets	988	1 409
Total fixed assets	229 888	219 182
Total assets	357 793	311 517

Amounts in 1 000 CHF	31.12.2004	31.12.2003
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Short-term financial debts	7 250	6 649
Account payables from supplies and services	31 726	33 875
- third parties	26 428	33 803
- shareholders	5 298	72
Other short-term debts	2 863	3 190
Accrued expenses	56 815	37 658
Short-term provisions	19 208	9 305
Total short-term liabilities	117 862	90 677
Long-term liabilities		
Long-term debts	144 560	131 244
Long-term provisions	34 554	33 019
Deferred tax liabilities	2 795	3 014
Total long-term liabilities	181 909	167 277
Total liabilities	299 771	257 954
Minority interests	1 020	1 079
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
Reserves	31 379	26 994
Translation difference	(934)	(470)
Group profit	6 557	5 960
Total shareholders' equity	57 002	52 484
Total liabilities and shareholders' equity	357 793	311 517

Consolidated cash-flow statement 2004 and 2003

Amounts in 1 000 CHF	2004	2003
Group profit	6 557	5 960
Depreciation of tangible assets	42 121	36 156
Depreciation of intangible assets	488	474
Increase of provisions	1 218	7 127
Release of provisions	0	(139)
Gain from sale of tangible assets	(1 610)	(304)
Foreign exchange differences	1 573	(4 212)
Income from associated companies	(343)	(994)
Minority interests	(59)	120
Increase of receivables	(23 633)	(11 346)
Variation of inventories	118	(41)
Variation of short-term payables	27 049	(6 123)
Cash flows from operating activities	53 479	26 678
Purchase of tangible assets	(65 194)	(39 530)
Proceeds from sale of tangible assets	12 562	8 658
Purchase of intangible assets	(74)	(260)
Proceeds from sale of intangible assets	0	0
Purchase of investments	(658)	(128)
Proceeds from sale of investments	239	0
Cash flows from investing activities	(53 125)	(31 260)
Increase of long-term loans	13 355	19 430
Dividends payment	(1 600)	(1 600)
Cash flows from financing activities	11 755	17 830
Variation	12 109	13 248
Cash at beginning of the year	32 409	18 800
Foreign exchange differences on cash	(140)	361
Cash at end of the year	44 378	32 409

Notes to the consolidated financial statements 2004

Accounting policies

Consolidation principles
The consolidated financial statements of Hupac Ltd have been prepared using the purchase price system, 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 2004 also include a general risk provision of Swiss Francs 4.0 million (in the previous year: Swiss Francs 3.4 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 was used for joint ventures. Interests of minor significance were 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 was 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 % 31.12.2004	Interests as % 31.12.2003
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	95.19	93.93
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 NV, Rotterdam	EUR	200 000	100.00	100.00
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 % 31.12.2004	Interests as % 31.12.2003
Cemat SpA	Milan (Italy)	34.26	34.26
D & L Cargo NV	Boom (Belgium)	40.00	40.00
RAlpin Ltd	Berne (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 mean 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 mean 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	
	31.12.2004	31.12.2003	2004	2003
CHF/EUR	1.5456	1.5706	1.5437	1.5210

Shareholders' equity movements

Amounts in 1 000 CHF	Share capital	Reserves	Translation differences	Total	Minority interests
Balance at 1 January 2003	20 000	28 594	(2 153)	46 441	960
Translation differences			765	765	55
Translation differences of associated companies				918	918
Parent company dividend		(1 600)		(1 600)	
Consolidated profits 2003		5 960		5 960	64
Balance at 31 December 2003	20 000	32 954	(470)	52 484	1 079
Translation differences			(203)	(203)	(14)
Translation differences of associated companies				(256)	(256)
Increase in investments				0	(86)
Adjustment translation differences		5	(5)	0	
Sale of investment at equity		20		20	
Parent company dividend		(1 600)		(1 600)	
Consolidated profits 2004		6 557		6 557	41
Balance at 31 December 2004	20 000	37 936	(934)	57 002	1 020

Other information in accordance with legal requirements

Amounts in 1 000 CHF	31.12.2004	31.12.2003
1. Guarantees, other indemnities and assets pledged in favour of third parties	1 401	4 722
2. Pledges on assets to secure own liabilities	117 545	87 326
3. Leasing commitments not recorded in the balance sheet	0	247
The indicated amount includes all future commitments arising from existing leasing contracts, including interest and expenses.		
4. Fire insurance value of tangible fixed assets	142 301	148 059

Report of the Group Auditors to the General Meeting on the Consolidated Financial Statements 2004

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement and notes, from page 25 to page 30) of Hupac SA for the year ended 31 December 2004.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements comply with Swiss law and the consolidation and valuation principles as set out in the notes.

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

PricewaterhouseCoopers SA

Mario Cao Antonio Attanasio

Lugano-Paradiso, April 15 2005

Financial statements Hupac Ltd

Income statement 2004 and 2003

Amounts in 1 000 CHF	2004	2003
Income from supplies and services	65 959	44 672
Cost of services	(21 803)	(1 310)
Gross profit	44 156	43 362
General expenses	(863)	(1 075)
Depreciation of tangible fixed assets	(36 308)	(30 487)
Amortisation of intangible fixed assets	(36)	(46)
Provision and value adjustments	(2)	(4 412)
Gains on disposal of fixed assets	1 074	176
Gains on disposal of investments	136	0
Losses on disposal of fixed assets	0	(77)
Ordinary operating profit before financial items	8 157	7 441
Financial income	271	504
Financial expenses	(1 387)	(1 745)
Foreign exchange differences	76	(48)
Ordinary operating profit	7 117	6 152
Extraordinary income	22	26
Extraordinary expenses	0	(3)
Profit before taxes	7 139	6 175
Taxes	(1 620)	(1 395)
Profit for the year	5 519	4 780

Notes to the income statement

The item *Income from supplies and services* contains income from the hiring-out of assets as well as from the granting of licenses for the use of Hupac Ltd brands. The reason for the strong increase in relation to the prior year is that since 1 January 2004 Hupac Ltd has rented out the rolling stock incl. maintenance costs. On the other hand the number of wagons to be rented out has also further increased compared to the prior year.

Costs of services rose strongly due to the signing of the new maintenance contract between Hupac Ltd and SBB Cargo AG. Until the end of 2003 the maintenance costs were paid directly by the operator Hupac Intermodal Ltd. After deduction of *Costs of services*, *Gross profit* in 2004 was approximately CHF 0.8 million higher than in the prior year.

General expenses decreased by more than CHF 0.2 million.

Depreciation of tangible fixed assets rose by approximately CHF 5.8 million especially as a result of more rolling stock being delivered in 2004 than in the prior year. As a result of government support for trade and industry, higher depreciation rates could be used for investments made in the reporting period.

In contrast to the prior year, in 2004 *Provisions and value adjustments* did nearly not arise.

Gains on disposal of fixed assets was mainly generated through the sale of spare parts for rolling stock maintenance.

In 2004 Hupac Ltd shows an *Ordinary operating profit* of CHF 7.117 million. After allowing for the extraordinary items and tax *Profit for the year* 2004 was CHF 5.519 million.

Balance sheet at 31 December 2004 and 2003

Amounts in 1 000 CHF	31.12.2004	31.12.2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3 192	2 500
Receivables from supplies and services	12 492	7 033
- third parties	2 691	886
- group companies	8 928	5 853
- shareholders	1 023	444
- Provisions for doubtful debts	(150)	(150)
Other receivables	360	315
- third parties	360	315
Prepayments and accrued income	5 225	1 078
Total current assets	21 269	10 926
FIXED ASSETS		
Financial fixed assets	33 865	33 043
- Investments	27 918	27 294
- Loans	5 945	5 747
- Other financial fixed assets	2	2
Tangible fixed assets	84 393	91 886
Intangible fixed assets	53	89
Total fixed assets	118 311	125 018
Total assets	139 580	135 944

Amounts in 1 000 CHF	31.12.2004	31.12.2003
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Payables from supplies and services	6 567	726
- third parties	1 263	654
- group companies	6	0
- shareholders	5 298	72
Short-term loans	7 250	6 649
- third parties	7 000	6 649
- shareholders	250	0
Other short-term debt	404	799
- third parties	404	799
Accrued expenses and short-term provisions	8 061	5 252
Total short-term liabilities	22 282	13 426
Long-term liabilities		
Long-term debts	54 433	61 683
- third parties	42 000	49 000
- group companies	11 683	12 683
- shareholders	750	0
Long-term provisions	14 150	16 039
Total long-term liabilities	68 583	77 722
Total liabilities	90 865	91 148
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
General reserve	4 502	4 442
Statutory reserves	18 300	15 300
Retained earnings	5 913	5 054
- Profit carried forward	394	274
- Profit for the year	5 519	4 780
Total shareholders' equity	48 715	44 796
Total liabilities and shareholders' equity	139 580	135 944

Notes to the balance sheet

At the end of 2004 *Total current assets* grew from approximately CHF 10.9 in the previous year to slightly more than CHF 21.2 million, mainly due to the increase of *Receivables from supplies and services*.

The book value of the *Financial fixed assets* is more or less the same compared to the prior year, while the *Tangible fixed assets* decreased to CHF 84.4 million.

Thus Hupac Ltd's balance sheet footings at the end of 2004 increased to over CHF 139.5 million.

On the liability side the *Payables from supplies and services* increased strongly as they were affected by the new business relations relating to the rolling stock maintenance.

Long-term liabilities was greatly reduced by large repayments to the company's relating banks.

At the end of the year 2004 *Shareholder equity* of Hupac Ltd was approximately CHF 48.7 million, corresponding to an equity ratio of 34.9% and representing a slight improvement compared to the previous year.

Notes to the financial statements 2004

1. Business activity of Hupac Ltd

With effect from 1 January 2000, parent company Hupac Ltd relinquished the entire organization and operation of intermodal transport services in favour of its new subsidiary, Hupac Intermodal Ltd which was formed on 24 November 1999.
As from 2000, the business activity of Hupac Ltd has been chiefly concerned with asset management. Worth particular mention in this connection are the hiring out of assets and the granting of licences for the exploitation of Hupac Ltd brands to Hupac Intermodal Ltd. Likewise Hupac Ltd continues to 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	31.12.2004	31.12.2003
2.1 Guarantees and assets pledged in favour of third parties	15 005	13 249
2.2 Leasing commitments not recorded in the balance sheet	0	247

The item includes all future commitments arising from existing leasing contracts, including interest and expenses.

	31.12.2004	31.12.2003
2.3 Fire insurance value of tangible fixed assets	79 496	88 880

2.4 Significant investments in subsidiary companies

Company	Business activity	Registered capital	in 1 000	Share of capital as % 31.12.2004	31.12.2003
Hupac Intermodal Ltd, Chiasso	Traffic Management/ Terminal Management	CHF	250	100.00	100.00
Hupac SpA, Milan	Terminal Management/ Railway operating	EUR	2 040	95.19	93.93
Sub-interests of Hupac SpA, Milan:					
- Fidia SpA, Oleggio	Terminal management/Warehousing	EUR	260	3.00	3.00
Hupac GmbH, Singen	Terminal Management/ Railway operating	EUR	210	100.00	100.00
Termi Ltd, Chiasso	Terminal Engineering/ Estate Management	CHF	500	80.00	80.00
Sub-interests of Termi Ltd, Chiasso:					
- Termi SpA, Busto Arsizio	Terminal Engineering/Estate Management	EUR	2 000	95.00	95.00
Termi SpA, Busto Arsizio	Terminal Engineering/ Estate Management	EUR	2 000	5.00	5.00
Fidia SpA, Oleggio	Terminal Management/Warehousing	EUR	260	97.00	97.00
Hupac Intermodal NV, Rotterdam	Traffic Management/ Terminal Management	EUR	200	100.00	100.00
Terminal Singen TSG GmbH, Singen	Terminal Management	EUR	260	50.00	50.00
Cemat SpA, Milan	Traffic Management/Terminal Management	EUR	7 000	34.26	34.26
D & L Cargo NV, Boom	Railway operating	EUR	177	40.00	40.00
Cesar Information Services Scarl, Brussels	Data processing service for customers	EUR	100	25.10	0
RAlpin Ltd, Berne	Traffic Management/Terminal Management	CHF	300	30.00	30.00
SWE-Kombi AB, Helsingborg	Traffic Management/Terminal Management	SEK	1 200	30.00	30.00

3. Shareholders' equity movements

Amouts in 1 000 CHF	Share capital	General reserve	Statutory reserves	Retained earnings	Total
Balance at 1 January 2003	20 000	4 179	13 000	4 437	41 616
Dividends				(1 600)	(1 600)
Transfer to the general legal reserve		263		(263)	0
Transfer to the statutory reserves			2 300	(2 300)	0
Profit for the year				4 780	4 780
Balance at 31 December 2003	20 000	4 442	15 300	5 054	44 796
Dividends				(1 600)	(1 600)
Transfer to the general legal reserve		60		(60)	0
Transfer to the statutory reserves			3 000	(3 000)	0
Profit for the year				5 519	5 519
Balance at 31 December 2004	20 000	4 502	18 300	5 913	48 715

4. Other notes

Certain financial statement classifications have been changed compared to the previous year's presentation. The comparative figures in these financial statements have therefore been re-classified to conform with the new presentation.

Proposal for the distribution of retained earnings

		2004
Profit carried forward	CHF	393 920
Profit for the year	CHF	5 518 629
Retained earnings at the disposal of the General Meeting	CHF	5 912 549

Proposal of the Board of Directors:

Dividends	CHF	1 600 000
Transfer to the general reserve	CHF	60 000
Transfer to the statutory reserves	CHF	4 000 000
To be carried forward	CHF	252 549
	CHF	5 912 549

Report of the Statutory Auditors to the General Meeting on the Financial Statements 2004

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes, from page 32 to page 35) of Hupac Ltd for the year ended 31.12.2004.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

PricewaterhouseCoopers SA

Mario Cao Antonio Attanasio

Lugano-Paradiso, 15 April 2005

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