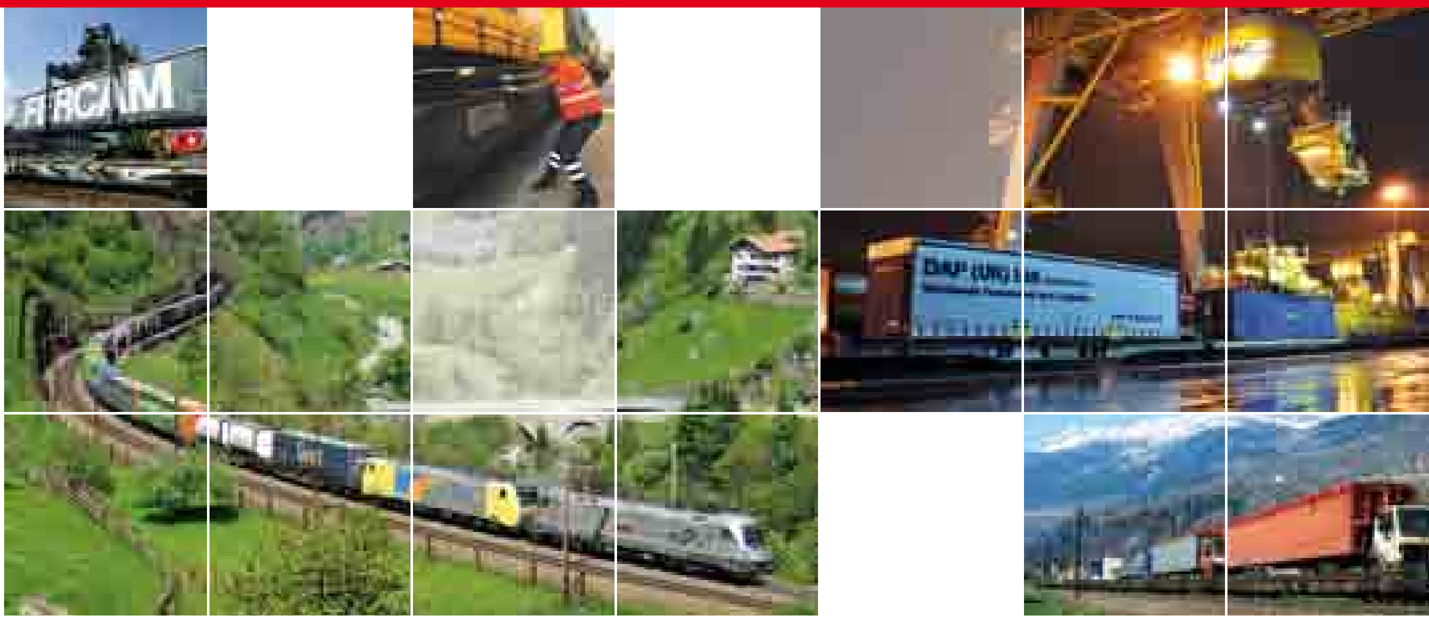
Annual Report 2008



HUPAC

Profile of the Hupac Group

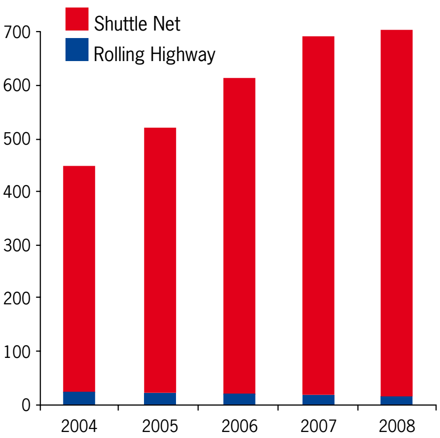
Hupac is the leading intermodal transport operator through the Swiss Alps and one of the market leaders in Europe. The company endeavours to ensure that an increasing volume of goods can be transported by rail and not by road, thus contributing to modal shift and environmental protection.

With a workforce of 439 employees, Hupac operates a network of 110 trains every day between Europe's main economic areas and between the harbours and the hinterlands. In 2008, traffic volume was 702,308 road consignments.

Hupac was founded in 1967 in Chiasso. Today the Hupac Group comprises ten companies based in Switzerland, Germany, Italy, the Netherlands and Belgium. The company is owned by around 100 shareholders. The share capital amounts to CHF 20 million; 72% belongs to logistics and transport companies, while 28% is held by rail companies.

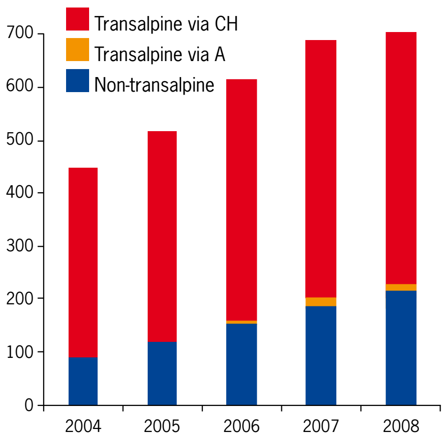
Traffic development by business areas

Road consignments in 1000



Traffic development by traffic type

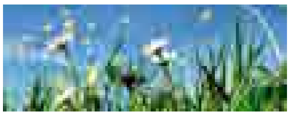
Road consignments in 1000

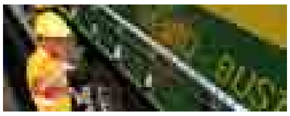


Year of incorporation	1967
Share capital	CHF 20 million
Shareholders	ca. 100
Capital structure	72% logistics and transport companies 28% rail companies
Headquarters	Chiasso
Operational branches	Basel, Busto Arsizio, Oleggio, Singen, Cologne, Duisburg, Rotterdam, Antwerp, Taulov, Warsaw
Business profile	Independent intermodal transport operator
Business areas	Shuttle Net with 108 trains per day Rolling Highway with 2 trains per day
Traffic volume 2008	702,308 road consignments – 12.4 million net tonnes ▸ Shuttle Net: 685.780 road consignments – 12,1 million net tonnes ▸ Rolling Highway: 16.528 road consignments – 0,3 million net tonnes
Rolling stock	6,087 13 main-line and/or shunting locomotives
Terminal management	Busto Arsizio-Gallarate, Oleggio, Desio, Novara RAlpin, Aarau, Basel, Chiasso, Singen, Ede
Information technology	Goal, integrated software solution for intermodal transport Cesar, customer information system with links to 370 terminals E-train, satellite-supported train monitoring system Ediges, XML-based data exchange system
Employees	439
Quality and environment	Quality management system ISO 9001:2000 Environmental management system ISO 14001:2004
Financial data	Annual turnover CHF 588.2 million (EUR 370.7 million) Profit for the year CHF 2.8 million (EUR 1.8 million) Cash flow CHF 33.9 million (EUR 21.4 million)

Dated 31.12.2008

Annual Report 2008





Foreword

Coping with the crisis together

2008 was a tough year – for Hupac, combined transport and the logistics industry as a whole. Hupac had a very strong start to the year with double-digit growth rates. But the second quarter saw a slump in demand, which necessitated a capacity adjustment. The effects of the financial crisis on the real economy became increasingly clear in the second half of the year. Freight transport collapsed across all industries in the final quarter, making a drastic impact on Hupac's traffic development. Only modest growth of 1.8% was achieved by the end of the year. Hupac carried a total of 702,308 road consignments by rail – a new record, albeit by a narrow margin.

In the face of the economic downturn, Hupac quickly took steps to ensure an acceptable result for the business despite the tough conditions. It focused on adjusting capacity to match the drastically reduced demand. The traffic offering for 2008 had been designed for considerably higher volumes and needed to be reduced in several stages so that train capacity could be utilised economically. Restructuring measures and gateway solutions made it possible to maintain the network in all major markets.

Despite the crisis, Hupac continues to believe in the future of combined transport. That is why we invested CHF 73.5 million in 2008 to expand it. We enlarged our own fleet of wagons, modernised the main terminal at Busto Arsizio-Gallarate and set about expanding our terminal capacity.

In September, work began on the construction of the HTA Hupac Terminal Antwerp. In October, Hupac co-founded the joint venture Combinant, which aims to build another terminal in the port area of Antwerp. These important steps will secure Hupac's future in the rapidly growing Benelux market.

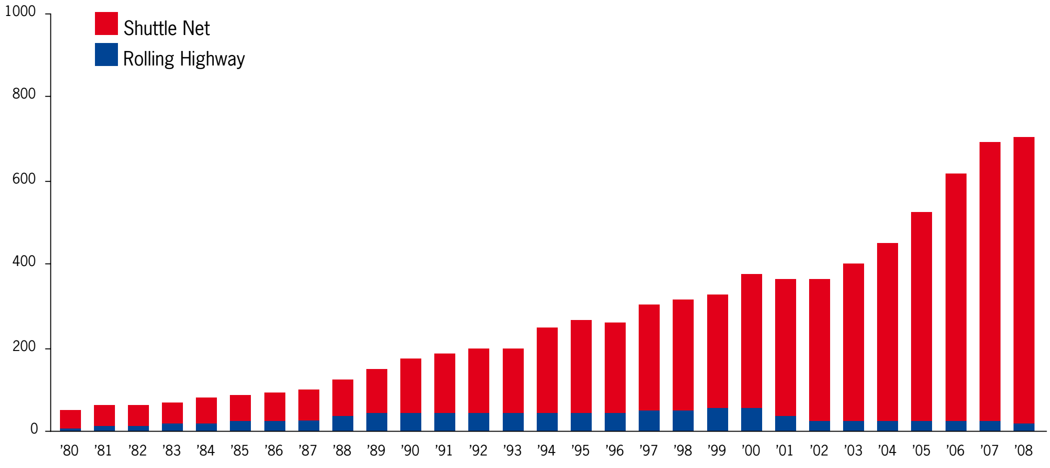
As the recession has intensified in the current year, further measures have become inevitable, such as the reduction in rented wagons and the postponement of part of the planned investments in rolling stock and infrastructure. Reduced working hours have also been introduced in some areas. I am impressed by the professionalism and commitment shown by the Hupac team under these difficult conditions and thank all the staff for that.

The best way to cope with a crisis is to anticipate it, as the American economist Walt W. Rostow himself realised. Hupac started doing this early on, by operating sustainably, investing continuously and building a solid foundation.

Nonetheless, the force of the current crisis demands a far broader perspective. The massive reduction in the international exchange of goods in Europe, unmatched in the post-war era and amounting to more than 20% across every sector, is having a particularly serious impact on combined transport. Shrinking volumes are forcing the operators to abandon connections with inadequate utilisation because of the high fixed costs. The consequences are predictable: the European

Traffic development 1980-2008

Road consignments in 1000



combined transport network built up over the decades will be thinned out, which in turn will cause further traffic to shift to the roads, and even more connections will have to be closed – a scenario that poses a threat not only to Hupac but also to combined transport in Europe as a whole.

Anticipating this development is an urgent task for transport policy makers today. To prevent the current crisis from causing irreparable damage to the combined transport system and throwing the process of modal shift back by many years, a coordinated approach is required of all partners in the transport chain and the public institutions.

The pricing pressure on industry, which is being passed onto the combined transport operators via the carriers, demands an appropriate railway pricing policy, particularly as the roads are facing huge competitive pressure due to the large surpluses of cargo space. This is not the time for the railways to raise their prices.

In contrast, we are pleased that the recession has prompted certain railways to work partner-like to maintain the combined transport network. We are also confident that the institutions in Switzerland, the EU and the individual European states will quickly find solutions to enable combined transport to survive this difficult phase.

As well as great challenges, the year in progress also offers new opportunities. We are actively using these chances to maintain our position as one of the leading combi operators in Europe. At the beginning of the year, Hupac successfully integrated a connection between Taulov and Verona into the Shuttle Net. In March we initiated new connections to Spain and Portugal. Further connections are planned both on the North-South and the East-West axis. These product innovations underline Hupac's intention to expand the network in close cooperation with its customers despite the crisis, while systematically adjusting it to logistical requirements.

I do not expect the economic crisis to end before 2010. The whole of 2009 will remain a great challenge for Hupac and its staff. Yet this is also an outstanding opportunity to reform our core business processes. Hupac aims to use the crisis to cast off some ballast and become even more flexible, fast and customer-focused. We aim to focus even more clearly on our competitive advantages – the Europe-wide network, safety, reliability – so that we can offer the market even more added value. We are convinced that this strategy will enable us to emerge more strongly from the crisis.

At this point I would like to offer my sincere thanks to the staff of the Hupac Group, our customers, shareholders, business partners and institutions for their trust. Together we are expanding the combined transport system and thus creating added value for the economy, environment and society. We stand by this obligation – even in uncertain times.

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

Chiasso, April 2009


HUPAC
P16
schöni
BAS
dreier

The Hupac Group

Hupac Ltd
Chiasso
Parent company

100% → **Hupac Intermodal Ltd** Chiasso Sales & Customer Service Traffic Operations Terminal Operations	100% → **Hupac Intermodal NV** Rotterdam Service Provider	99,94% → **Hupac Intermodal BVBA** Antwerp Terminal Engineering Terminal Operations 0,06% Hupac Intermodal NV
95,55% → **Hupac SpA** Milano Terminal Operations Railway Operations	100% → **Hupac GmbH** Singen Sales & Customer Service Railway Operations	97% → **Fidia SpA** Oleggio Terminal Operations Warehouse Logistics 3% Hupac SpA
50% → **Terminal Singen TSG GmbH** Singen Terminal Operations	80% → **Termi Ltd** Chiasso Terminal Engineering	5% → **Termi SpA** Busto Arsizio Terminal Engineering 95% Termi Ltd

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
Bruno Planzer	66	Member	Swiss	1989	2010
Nils Planzer	38	Member	Swiss	2008	2010
Peter Hafner	53	Secretary	Swiss	1999	2010

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*
Aldo Croci	*Information Technology*
Giorgio Pennacchi	*Engineering*
Peter Hafner	*Finance & Administration*

Hupac Intermodal Ltd
Bernhard Kunz — *Managing Director*
Peter Howald — *Deputy Managing Director*

Hupac Intermodal NV
Mark Jansen — *Operations Director*

Hupac Intermodal BVBA
Dirk Fleerakkers — *Operations Director*

Hupac SpA
Francesco Crivelli — *Delegate of the Board of Directors*
Sergio Crespi — *Managing Director*

Hupac GmbH
Sascha Altenau — *Managing Director*

Fidia SpA
Paolo Paracchini — *Delegate of the Board of Directors*

Terminal Singen TSG GmbH
Sascha Altenau — *Managing Director*
Gerhard Bukowski — *Managing Director*

Termi Ltd
Peter Hafner — *Managing Director*

Termi SpA
Peter Hafner — *Chairman*

Dated 31.12.2008

Corporate Governance

Structure of the Hupac Group

At the end of 2008 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 an expansion of the organisational structure of Hupac Intermodal BVBA, founded in Antwerp in 2007. Dirk Fleerakkers joined the company in December 2008 as Operations Director. In this role he deals mainly with operational but also administrative matters, supporting the construction of the HTA Hupac Terminal Antwerp and representing Hupac's interests on site.

Board of Directors

There were major changes in the Board of Directors of Hupac Ltd. In May 2008 the General Meeting elected Ing. Nicolas Perrin, CEO of SBB Cargo, to the Board of Directors. He succeeds Daniel Nordmann, who stepped down in August 2007. Another newcomer to the Board of Directors is Nils Planzer, managing director of Planzer AG. He succeeds Theo Allemann, managing director of Hupac Ltd from 1968 to 2003, who left the Board of Directors in May 2008 upon reaching retirement age.

The Board of Directors of Hupac Ltd comprises six 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 covered by this report 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 2008 these were the combined transport operators Cemat and RAlpin and the data processing service provider Cesar Information Services. In June 2008, Hupac Ltd sold its shares in the Belgian private railway, DLC. In October 2008, Hupac co-founded the company Combinant NV based in Antwerp with BASF and IFB. The purpose of the company is to construct and operate a new transhipment terminal on the BASF yard in the north of the port of Antwerp. BASF holds 45% of the share capital of EUR 500,000, with 35% in the hands of Hupac and 20% held by IFB.

Organisation regulations

Hupac's Group organisation 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 2008 in review

January	▸ Increase in frequency of departures on the Duisburg ⇆ Buna/Schwarzheide connection
February	▸ Start of the Slawkow ⇆ Moscow train in partnership with Russkaya Troyka ▸ Introduction of a new Singen ⇆ Lentate sul Seveso Rolling Highway connection to replace the discontinued Singen ⇆ Milan Greco Pirelli connection ▸ Order of 170 T5 and 80 T4.2 pocket wagons
March	▸ Increase in frequency on the Duisburg ⇆ Krems connection
April	▸ Closure of the Piacenza ⇆ Oleggio/Busto, Perpignan ⇆ Basel and Duisburg ⇆ Wiler/Birrfeld connections
May	▸ New Antwerp ⇆ Bordeaux shuttle in collaboration with Naviland Cargo ▸ Nicolas Perrin and Nils Planzer are elected to the Board of Directors of Hupac Ltd
June	▸ Restructuring of traffic between Zeebrugge and Italy with the introduction of a Zeebrugge ⇆ Busto Arsizio connection via gateway Ludwigshafen
July	▸ Increase in frequency of the Stabio ⇆ Aarau shuttle with a weekend departure
September	▸ Re-opening of the renovated S2 module at the Busto Arsizio-Gallarate terminal and start of renovations in module S3 ▸ Start of construction of the HTA Hupac Terminal Antwerp
October	▸ Foundation of terminal company Combinant NV, Antwerp, in conjunction with BASF and IFB
December	▸ Discontinuation of the Frankfurt/Mannheim ⇆ Busto, Frankfurt ⇆ Rotterdam, Duisburg ⇆ Hamburg/Lübeck, Busto ⇆ Genoa trains ▸ New operating concept for traffic between Germany and Austria/Hungary with direct routing of the trains ▸ Restructuring of the Singen ⇆ Milano Certosa connection and discontinuation of the Singen ⇆ Lentate sul Seveso Rolling Highway connection for the renovation of the Monte Olimpino II tunnel ▸ Order of 50 flat container wagons

Transport techniques

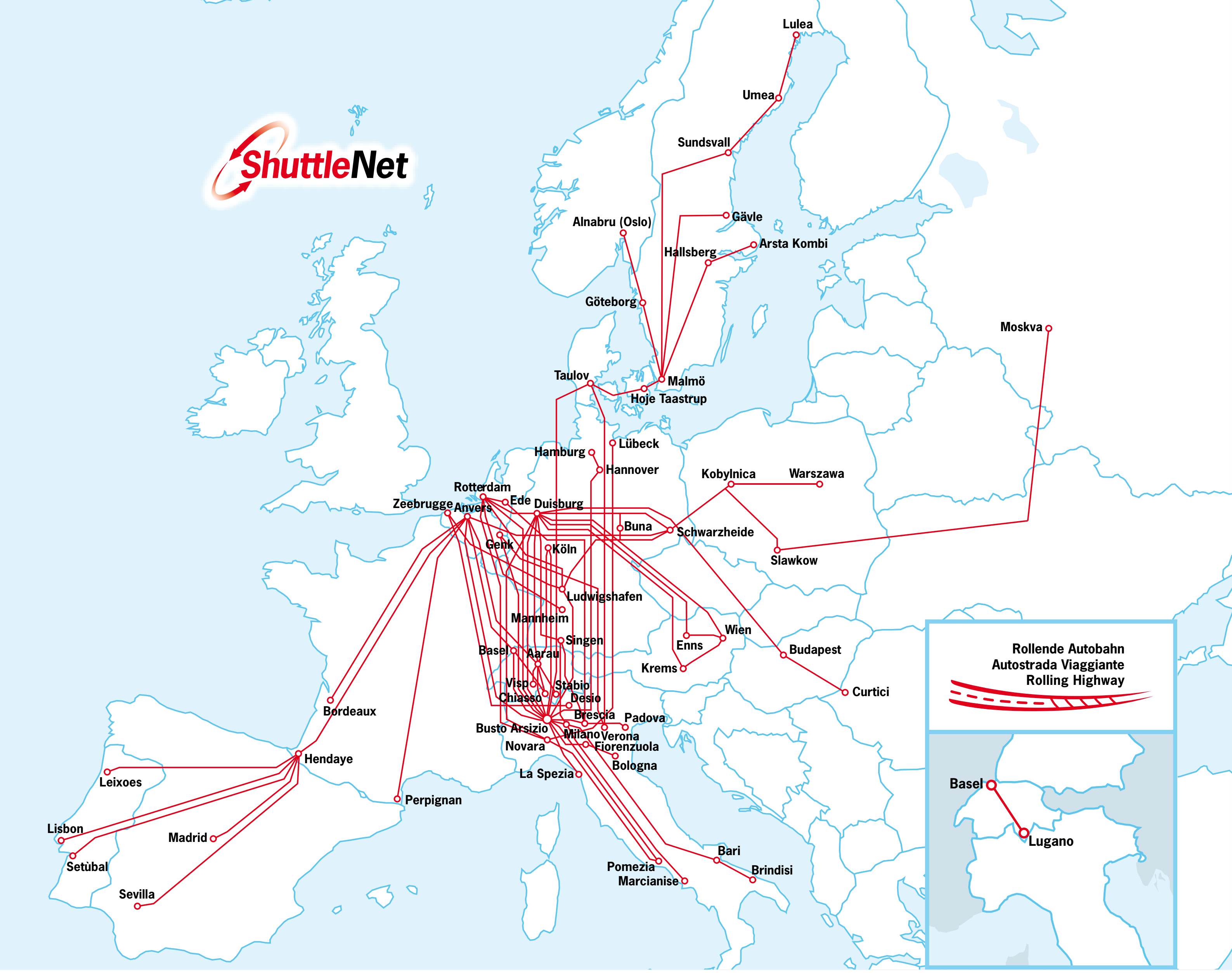
Intermodal transport combines different means of transport: road, rail, sea and air.

In **unaccompanied combined transport (UCT)**, the loading units are carried by road or by vessel to the transhipment 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, which Hupac offers under the name “Shuttle Net”, 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, one of the largest networks in terms of route density and traffic frequency, 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.

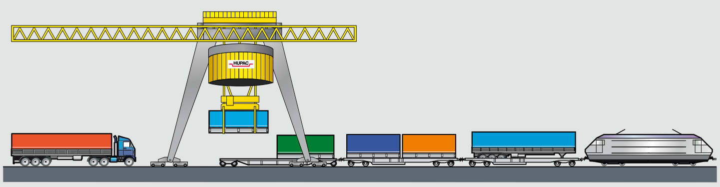
The **Rolling Highway (Rola)** is an important additional service for transalpine transport, which allows trucks without the necessary fittings for unaccompanied transport to cross the Alps by rail. Whole trucks are loaded onto special rail wagons at the terminal. Drivers travel in a separate sleeping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



Hupac operates a Rolling Highway on the Gotthard route between Basel and Lugano. Traffic volume is low, because 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.

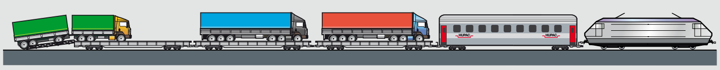
Unaccompanied combined transport: Shuttle Net

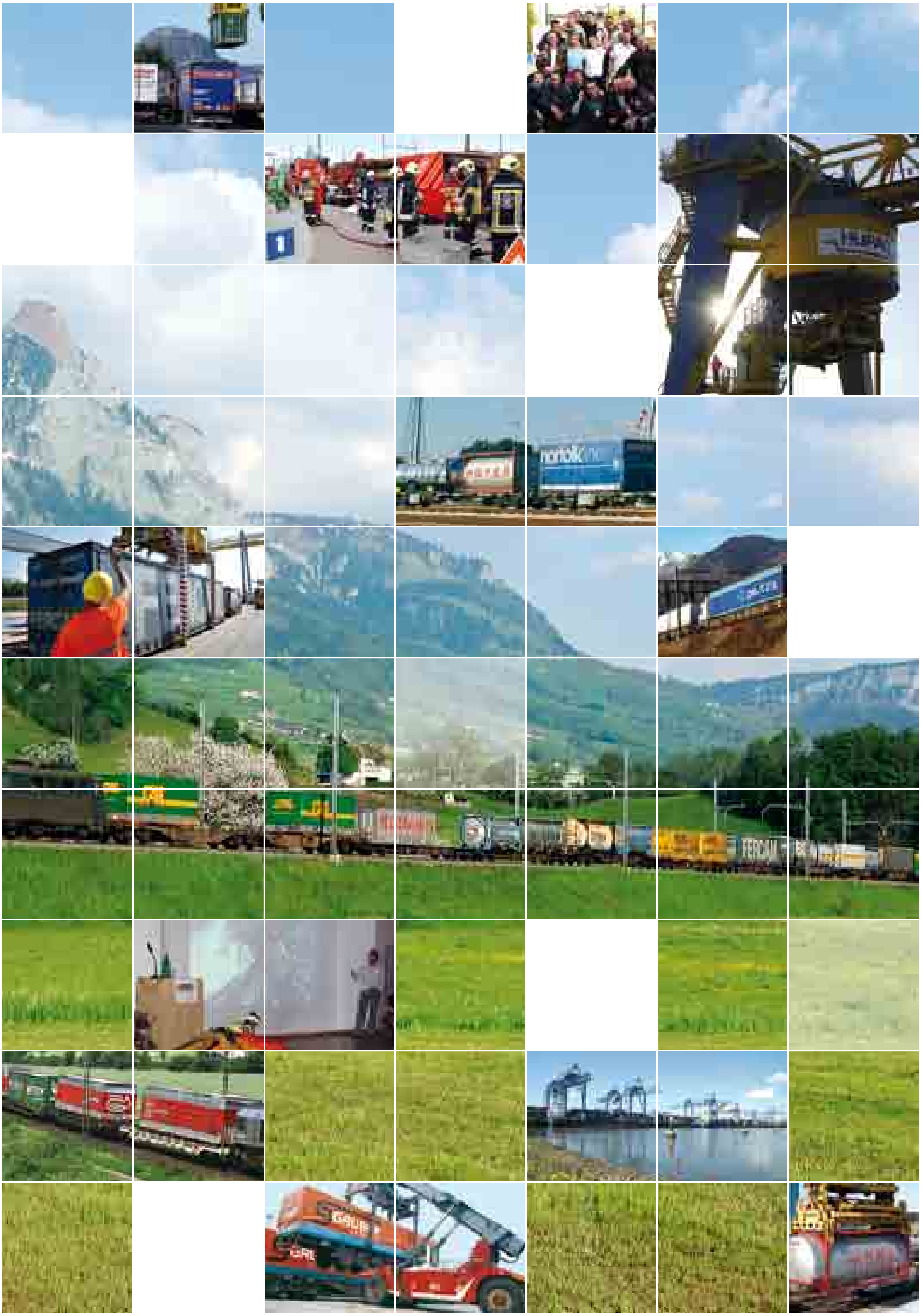
- Transportation of containers, semi-trailers and swap bodies by rail
- Connections between the main European economic areas
- Transportation from terminal to terminal or from port to inland terminal
- Competitive on routes of 300 km and over



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.

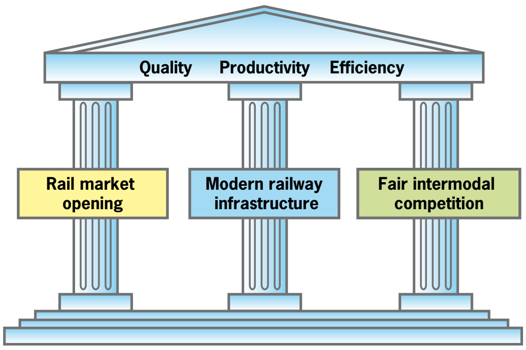
Environmental responsibility
By shifting traffic from roads onto the railways we make a significant contribution to a better quality of life. An environmentally-oriented approach is encouraged by Hupac and put into practice by every employee in their daily activities. The company's environmental management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

Hupac's strategy for sustainable freight transport

Set the course to make combined transport competitive

Hupac actively supports the shifting of heavy transport from the roads to the railways. Year after year, the company invests large sums in rolling stock, transhipment facilities and IT solutions, helping to advance the development of combined transport as an economical and environmentally friendly transport system.

The success of combined transport, however, depends strongly on transport policy and infrastructure framework conditions. In Switzerland, the shift of transalpine freight traffic is enshrined in the constitution and has been confirmed many times by popular vote. Modernisation of the railway infrastructure (especially the NEAT tunnels), opening up the railway market and various supporting measures to ensure fair intermodal competition are among the most important mechanisms of shift policy.



The EU has also set itself the objective of strengthening rail freight transport. The key points of the EU strategy for modal shift are the rail liberalisation begun in 1990, the establishment of an efficient rail network for freight transport and the removal of technical obstacles within Europe.

Implementing modal shift is a challenge for a generation, which will take large investments and allowance for complex transport policy conditions to overcome. In the following, we present a summary of Hupac's views on key issues.

Rail market opening: driving force for modal shift

The liberalisation of the railways represents an enormous opportunity for combined transport and must be resolutely driven forwards. Despite formal liberalisation, the market share of the new railway undertakings is still below 10% on European average. The differences in the single countries clearly indicate that rail freight traffic grows most strongly in those countries in which opening of the market has progressed most. In many cases however, protectionism and tendencies towards remonopolisation restrict the development of rail goods transport.

Positions

- Move rail liberalisation forward across Europe: in Bern, Brussels and in individual European countries
- Institution of powerful, independent regulatory bodies which take an active part in accompanying the liberalisation progress

"As much UCT as possible – as little Rola as necessary"

Unaccompanied combined transport (UCT) and the Rolling Highway (Rola) differ greatly in terms of transportation method. In UCT only the loading units are loaded onto the train, while the driver and the traction engine remain at the terminal. On Rola, the entire truck including the driver travels by train.

Consequently, the net load capacity of Rola trains is lower than that of UCT. An average Rola train transports approx. 20 trucks, while a UCT train moves up to 36 road consignments. This results in higher production costs per transported unit. Added to this is the inefficient use of scarce rail line capacities. Other aspects which adversely affect the Rola system include significantly higher acquisition and maintenance costs for the required special wagons.

As far as the environment is concerned, the scale also tips in favour of UCT compared to Rola. The average transportation distance in UCT is considerably longer, whereas Rola shifts shipments to the railroad only for relatively short distances. Additionally, the CO_2 savings of UCT shipments are significantly higher than on Rola.

Of the combined transports through the Swiss Alps approximately 850,000 road consignments are currently attributable to UCT and 100,000 to Rola. This ratio should be maintained in the future. The transportation policy focuses on UCT. Rola, on the other hand, plays an important complementary and supporting role, because it also accommodates transports which lack the special equipment that is required for UCT.

- Harmonisation and simplification of rolling stock homologation and engine driver licence
- Remove technical hurdles and market access barriers to give all railway companies a chance in the open rail market

Push for rail infrastructure

In the past few decades, strong investments have been made in road infrastructures throughout Europe, while railways were frequently neglected. In order to shift freight traffic from road to rail, a Europe-wide, coordinated, long-term infrastructure plan in support of the railways is required.

Positions

- Provide connections to the NEAT railway link in the north and south in due time to prevent bottlenecks
- Consistent expansion of the Gotthard corridor for 4-meter semi-trailers: for 2018 already, not as from 2030!
- Eliminate terminal bottlenecks, for example in Rotterdam, Antwerp, Rhine/Ruhr, eastern Italy, Poland. No combined transport without terminals!
- Increase rail productivity: longer trains (750 m), higher wagon load capacity (axle load 25 t), more trains in the system
- Reform the weight-based track access system in Switzerland: stop discriminating against freight traffic
- Revise priorities: establish equal rights for passenger and freight transports
- Provide sufficient rail capacities for freight transports

Fair intermodal competition between road and rail

The new Swiss law on freight transport shift passed in December 2008 governs the direction of transport policy for the period 2011-2018, yet it allows great freedom in the implementation of the measures. The main demands of Hupac are a restriction on the capacity expansion of the Rolling Highway to a maximum of 200,000 lorry spaces per year and continued subsidies for combined transport at the present level. Until the opening of the flat rail route through the Gotthard, envisaged in about ten years' time, the railways will require the same level of subsidies in order to remain competitive against the road.

Another issue is the discussion held in many European countries regarding the introduction of extra-long vehicles for road freight transports, the so-called gigaliners. Because of the enormous productivity gain which can be achieved with these vehicles, there is a risk that transports will be shifted from the railroad back to the roads.

Positions

- Adequate support to combined transport until the NEAT corridor opens up
- Use scarce rail capacities efficiently: concentrated expansion of efficient UCT, Rolling Highway to be offered as an additional alternative
- Alpine Crossing Exchange: risks outweighing chances due to a lengthy negotiation process with EU
- Gigaliner: risk of inverse shift of freight transport from rail to roads

System comparison between unaccompanied combined transport (UCT) and Rolling Highway (Rola)

	UCT	Rola
Payload per train	750 t	400 t
Average transport distance	800 km	300 km
Reduction of CO_2 emissions per consignment-km in comparison with road	60%	23%
Investment costs per wagon	1 CHF	1 CHF 1 CHF
Wagon maintenance costs	1 CHF	1 CHF 1 CHF 1 CHF 1 CHF
Need for subsidies per consignment	1 CHF	1 CHF 1 CHF 1 CHF

Transport, environment and quality

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.

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.

Certifications according to ISO 9001 and 14001 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.

Communications with the stakeholders

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

In 2008 Hupac Group's revenues from supplies and services rose by 2.3% to CHF 588.2 million. Net cost of the services amounted to CHF 498.1 million, representing an increase of 7.0% over the prior year. Gross profit therefore declined by 17.6% to CHF 90.1 million.

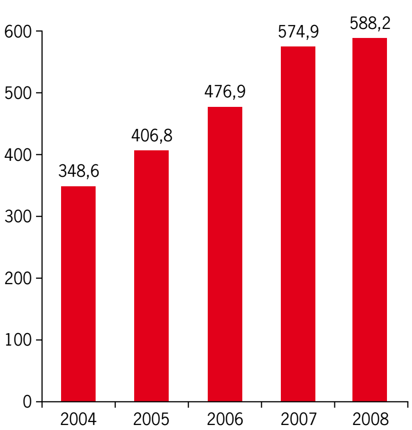
In spite of weakening demand over the course of the year and the market slump in the fourth quarter, Hupac generated an annual profit of CHF 2.8 million, down 61.1% from the prior year. The Group's cash flow as of year-end according to the simplified calculation method – annual profit plus depreciation and change in provisions – was CHF 33.9 million, which represents a decrease of 43.8%.

Total investments in tangible fixed assets reached a record level of CHF 73.5 million. Investments were primarily related to the purchase of rail wagons and the construction or expansion of terminal infrastructures in Belgium and Italy.

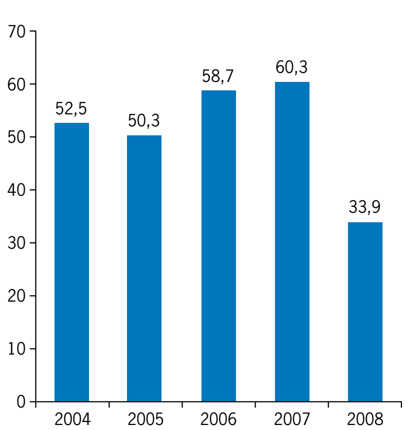
In view of the challenging general conditions the economic development of Hupac Group is considered to be acceptable.

Values in 1000 CHF	**2008**	**2007**	**Variation in %**
Revenues from supplies and services	588,227	574,973	2.3
Net cost of the services	498,152	465,637	7.0
Gross profit	90,075	109,336	- 17.6
Group's operating profit	2,810	7,223	- 61.1
Group's cash flow	33,889	60,347	- 43.8

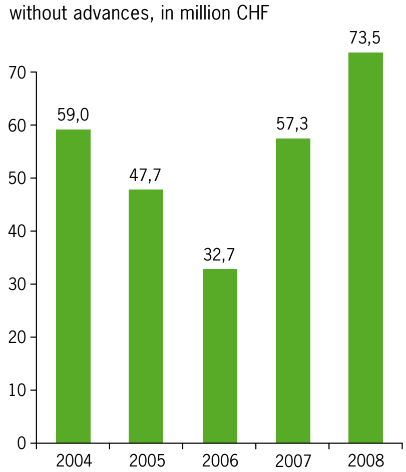
Annual turnover
in million CHF



Cash flow
in million CHF



Investments in tangible fixed assets
without advances, in million CHF



Traffic development

After five years of strong growth and double-digit increases, Hupac recorded stagnation in the year 2008. In total, the company carried 702,308 road consignments by rail, an increase of 1.8% compared to 2007. The reason for this modest growth is the economic recession and the associated reduction in the flow of goods.

Hupac's traffic development reflected the general economic trend in the course of the year. Whilst double-digit growth rates were achieved in the first quarter, growth slackened in the course of the year as a result of the economic downturn. The volume of traffic fell rapidly in the last quarter and was around 16% lower than the previous year in November and December.

Shuttle Net

In the Shuttle Net business area, volume increased by 16,567 or 2.5% to 685,780 road consignments. Once again, the strongest growth was seen in non-transalpine combined transport with an increase of 14.1% compared to 2007. In contrast, transalpine traffic declined for the first time in Hupac's history due to the economic recession, registering a fall of 2.1% to 471,002 road consignments.

Swiss domestic traffic bucked this trend with a very pleasing growth rate of 29.1%, achieving a volume of 21,000 consignments. There was also another increase in traffic on the Brenner line, which registered a volume of 13,843 road consignments at the end of the year, representing growth of 6.3% compared to the previous year.

The "Other European traffic" market segment continued to grow. This area, which includes all non-transalpine and non-Swiss traffic, saw an increase in volume of 24.8% to 153,274 road consignments. This was partly thanks to new market offerings towards Eastern Europe and the Iberian Peninsula.

Scandinavia ⇆ Italy
An enhanced operating concept raised volumes by 5.3% in the year under review. The slight decline in traffic from Sweden was offset by very strong growth in traffic to and from Denmark.

Germany ⇆ Italy
From the autumn, the impact of the economic crisis on the logistics sector was increasingly noticeable in this area. Although certain links such as Northern Germany ⇆ Italy remained at the previous year's level and the new Singen ⇆ Brescia

Transport volumes

		Road consignments			Net weight in tonnes		
		2008	2007	%	2008	2007	%
Shuttle Net (UCT)	Transit via CH	427,588	441,787	- 3.2	7,859,000	8,019,000	- 2.0
	Import/export CH	8,571	9,862	- 13.1	160,000	183,000	- 12.6
	National CH	21,000	16,268	29.1	315,000	259,000	21.6
	Total transalpine via CH	457,159	467,917	- 2.3	8,334,000	8,461,000	- 1.5
	Transit via A	13,843	13,024	6.3	281,000	259,000	8.5
	Total transalpine	471,002	480,941	- 2.1	8,615,000	8,720,000	- 1.2
	Import/export CH	61,504	65,444	- 6.0	869,000	942,000	- 7.7
	Other European traffic	153,274	122,828	24.8	2,567,000	2,057,000	24.8
	Total non-transalpine	214,778	188,272	14.1	3,436,000	2,999,000	14.6
	Total	685,780	669,213	2.5	12,051,000	11,719,000	2.8
Rolling Highway		16,528	20,730	- 20.3	311,000	385,000	- 19.2
Total transport volume		702,308	689,943	1.8	12,362,000	12,104,000	2.1

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

and Duisburg ⇆ Novara (P400) connections grew strongly, there was a decrease in volume of 5.3% in this segment. The Basel Bad ⇆ Busto connection was also affected by production halts in Italy and the consequent stoppage of raw material deliveries.

The Netherlands ⇆ Italy
Despite various quality issues on the Betuweroute and the decline in demand in the last quarter, volume growth of 1.7% was recorded. Traffic towards Central and Southern Italy also continued to develop positively. On the Rotterdam ⇆ Novara (P400) connection, quality impairments led to traffic losses.

Belgium ⇆ Italy
After the strong growth in 2007, we recorded a fall in volume of 4.5% in this segment. This was due to the Zeebrugge ⇆ Italy traffic, where quality issues and a drastic fall in demand forced us to suspend one daily train pair. The UK traffic also suffered from the unfavourable exchange rate. The volume growth on the other connections – Genk ⇆ Verona (P400) in particular – could not entirely compensate for the loss.

Swiss import/export transalpine traffic
After the positive traffic development of the past years, we recorded a fall of 13.1% in this corridor due to the growing competitiveness of the road in comparison to the railways. The traffic from/to Northern Italy as well as from/to Southern Italy was equally affected by this process of shrinkage.

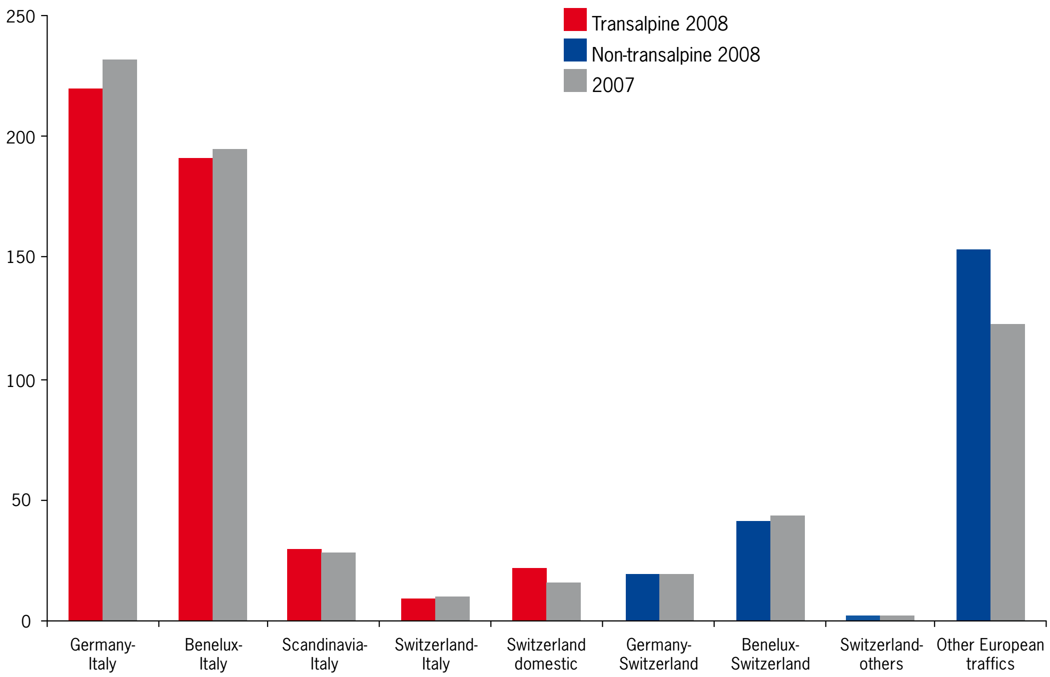
Swiss domestic transalpine traffic
In this segment unaffected by the recession, we achieved growth of 29.1%. To satisfy logistical requirements, particularly in the consumer goods area, we introduced a Sunday departure between Aarau and Stabio, thus achieving a marked improvement in service.

Swiss Import/Export non-transalpine traffic
There was virtually no change in the Germany ⇆ Switzerland traffic. In contrast, there were falls of 5.6% in the traffic between Belgium and Switzerland. This was due to qualitative defects caused by capacity bottlenecks in the distribution of containers in the port area. Single wagon traffic from/to Austria suffered another drastic slump.

Benelux/Germany ⇆ South Eastern Europe
The traffic between Benelux/Germany and South Eastern Europe made a significant contribution to the growth of non-transalpine traffic. An increase in the frequency of departures and an improved operating concept led to growth of 31.5%. The slight decline in traffic between the Netherlands and Austria due to qualitative defects was more than offset by the marked increase in traffic between Germany and Austria/Hungary.

Development of the Shuttle Net market segments

Road consignments in 1000



Benelux/Germany ⇆ Poland
The traffic between Benelux/Germany and Poland doubled in the year 2008. At the beginning of the year we started traffic from/to Moscow via the Slawkow hub. Quality was lastingly improved at the end of 2008 with the introduction of integrated traction responsibility. The PKP locomotives run back and forth across the border between Poland and Ruhland, keeping the stops at the border in Frankfurt/Oder to a minimum.

Belgium ⇆ Southern France/Spain
The newly introduced traffic between Belgium and Spain trebled despite strikes and quality defects due to construction work on the French network. A stopover for the Antwerp ⇆ Hendaye train in Bordeaux made it possible to expand the network in France and offer the market an additional connection. The Basel ⇆ Perpignan connection introduced at the start of 2008 had to be discontinued after a few months due to infrastructure problems in France that could not be overcome in the short term.

Maritime transport
In the year under review, maritime transport achieved a volume of around 71,400 TEU, almost exactly the level of the previous year. Maritime transport also registered a drastic decline in the last quarter, albeit offset by the positive development in the first half of the year.

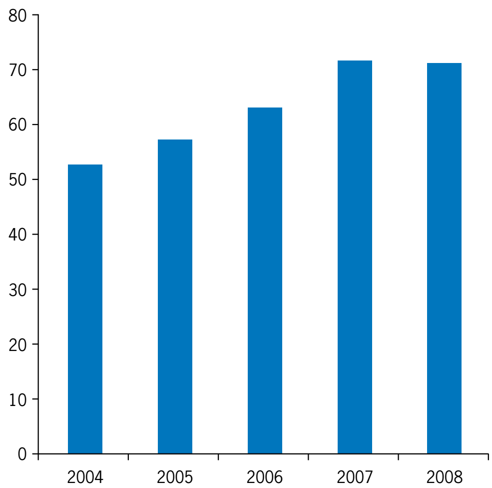
Rolling Highway

The Rolling Highway operated by Hupac on the Gotthard route registered a decline of 20.3% to 16,528 road consignments. As well as the dwindling market acceptance of this transport offering, which can only carry trucks with a corner height up to 3.80 metres due to the low rail profile on the Gotthard route, numerous operational problems led to this loss of volume. The closure of the Milan Greco Pirelli terminal in December 2007 led to a suspension of the Singen ⇆ Milan connection. A new terminal location in Lentate sul Seveso north of Milan was only put into operation in February. All the same, the frequency of trains had to be reduced from two to one train pair per day.

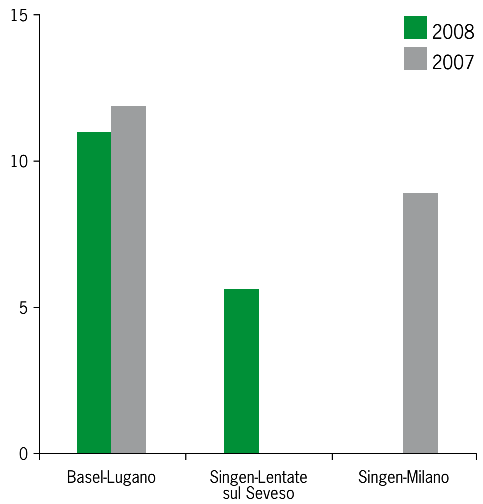
In mid-December, the Singen ⇆ Lentate sul Seveso connection was discontinued due to the closure of the Monte Olimpino tunnel. As a result, the Rolling Highway via Gotthard will only run on the Basel ⇆ Lugano route in 2009 with one train pair per day.

In October 2008, the extra-deep low-loader wagons specially developed by Hupac for 4-metre traffic via Gotthard received approval for Italy after several years of waiting. The wagons are now authorised throughout the Germany-Italy route.

Development of maritime transport
TEU in 1000



Development of the Rolling Highway
Road consignments in 1000



Operating resources

Rolling stock

By the end of 2008 the Hupac fleet consisted of 6,087 loading units, equal to an increase of 7.4% compared to the previous year. The proportion of leased wagons decreased by 2% compared to the previous year, reaching 29% by the end of the year.

Around 420 wagon modules went into operation in the year under review, some of them ordered in the previous years. This involved around 260 weight-reduced 60-foot flat container wagons and 160 T5-type pocket wagons for megatrailers and heavy containers as well as the T4.2 type for P(386) coded semi-trailers.

The expansion of the company's own fleet of wagons continued in the year under review. 300 wagon modules worth around CHF 48 million were ordered from Swiss manufacturers. Due to the economic crisis the delivery of the wagons will be spread over several years.

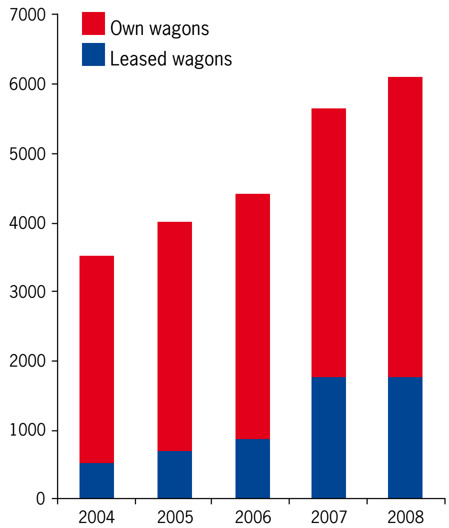
The decline in traffic volume posed a great challenge to fleet management. Whereas the strong demand for transport and delays in delivery by wagon manufacturers led to temporary wagon shortages in the past years, calling for the rental of rolling stock, in 2008 excess capacity had to be eliminated as a result of the economic downturn. Yet the measures adopted, such as the postponement of rolling stock deliveries and termination of the lease agreements, will only make an impact in the year 2009. Good solutions for storing the wagons not currently in use have been found in collaboration with the railways.

The year under review saw great progress in the restructuring of wagon maintenance. Since the Cotif agreement came into force in 2006, transferring responsibility for maintenance to the wagon owners, Hupac has been seeking solutions to cope with the complex requirements of its fleet in use across Europe and its high productivity targets. In close cooperation with its partners, SBB and AAE, Hupac is developing a concept for network-oriented wagon maintenance. The wagons running through Switzerland on the North-South axis will continue to be inspected at the Bellinzona factory. The wagons in use on the East-West axis are to be maintained in workshops elsewhere in Europe. The advantages stem from logistical enhancements, which save transport costs and increase the availability of the rolling stock by reducing downtimes.

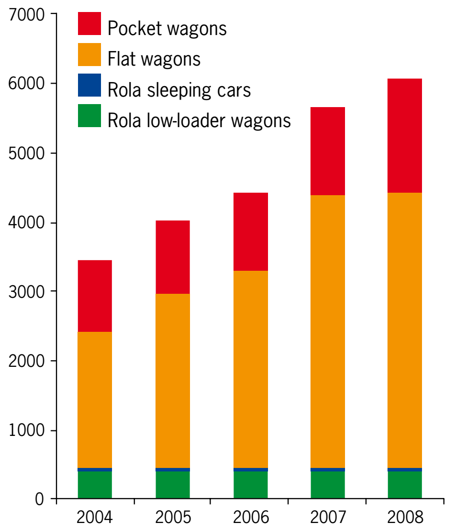
Rail traction

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, Intermodal DB Logistics, Trenitalia Cargo, SNCF Fret, Crossrail, DLC, Ferrovie Nord Cargo, Veolia Cargo, WLB Wiener Lokalbahnen, BCargo and PKP Cargo. Very positive was the

Rolling stock
Number of wagon modules



Rolling stock by type
Number of wagon modules



collaboration with PKP Cargo on the Poland ⇆ Ruhland line. With Hupac, the Polish national railways implemented the concept of integrated traction between Germany and Poland for the first time.

Cooperating with our railway partners posed particular challenges in 2008. 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.

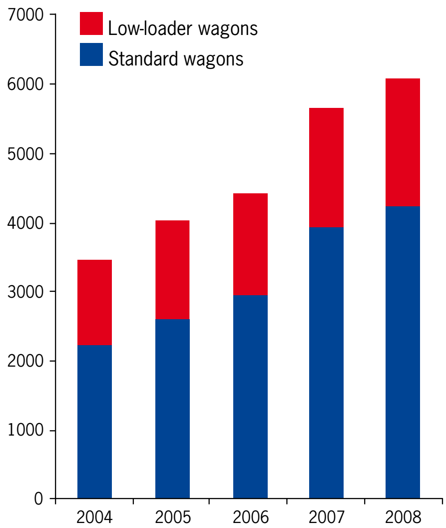
Hupac's Italian railway company, which performs shunting activities and short-haul runs in the Busto Arsizio area, assumed new tasks in the year under review. In mid-December, SBB Cargo Italia transferred various technical train services to Hupac SpA such as technical checks, brake tests and the collection of train data for many trains from Busto Arsizio-Gallarate. The work is performed within the Busto Arsizio-Gallarate terminal. Using the downtimes in the terminal and shortening the operational stopover at the transfer platform makes it possible to improve productivity and increase the capacity of the facility.

Terminals

By the end of 2008, Hupac's transport network numbered around 75 terminals. Nine transhipment facilities are directly owned or operated by Hupac, including the hub in Busto Arsizio-Gallarate and the terminal facility in Singen. Around 65 terminals are operated by third parties. In the course of 2008 Hupac began collaborating with the terminal of Bordeaux.

Rolling stock by construction

Number of wagon modules



About 80% of the terminals in the Shuttle Net network manage their traffic with Goal. 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.

As far as future developments are concerned, Hupac aims at consolidating terminal capacity in areas characterised by strong traffic relevance, in particular the areas of Antwerp, Rotterdam and Cologne as well as Northern Italy. Construction of the HTA Hupac Terminal Antwerp began in September 2008. The newly founded Hupac Intermodal BVBA is building a five-platform transhipment module with a length of 600 metres and three gantry cranes over an area of 52,000 square metres. The facility, which has a capacity of 15 train pairs per day, is scheduled for completion at the beginning of 2010.

The renovation and expansion work continued as planned at the Busto Arsizio-Gallarate terminal. After the renovation of the S2 crane module in the first half of the year, construction work in the S3 module began in September. The construction of a six-platform storage facility within the terminal site began in 2007 and was completed in July 2008. The new platform facility allows greater flexibility and is helping to enhance the productivity of the terminal.

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 Cemat. 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. Of particular interest to the customers is the booking facility between the customer's system and the Goal software as well as the e-billing system for the receipt, review and direct entry of the billing data into the customer's accounting system.

Quality, safety and productivity

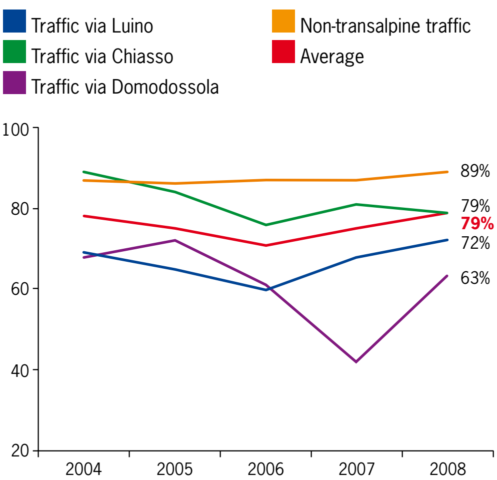
Train punctuality

Quality measured by train punctuality improved slightly in 2008 compared to the previous year. In total, 79% of the Shuttle Net trains ran punctually (previous year 75%), i.e. less than 60 minutes late. The highest punctuality rate was once again achieved by non-transalpine traffic at 89%. The traffic via Chiasso deteriorated slightly from 81% to 79%. Quality on the Luino route increased once again compared to the previous year (68%) and, at 72%, reached its highest level since the end of the nineties. The serious problems with infrastructure and resources in the North affecting the traffic on the Lötschberg axis were partly eliminated, leading to an increase in punctuality from 42% to 63%. This trend must be maintained with the greatest determination.

With this continued improvement in quality, we have taken another step towards guaranteeing a punctuality rate of 90%. In 2009 the situation should improve as a result of the reduction in traffic. However, the large number of construction works in the European network will continue to have an effect on quality.

Development of Shuttle Net quality

% of trains with delay < 1h



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 business.

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. 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, an emergency plan for the Aarau terminal was developed and adopted in collaboration with the local fire brigade. The document governs procedures and responsibilities in the event of an accident at the terminal and thus improves safety for customers, staff and residents.

In May, an emergency drill was held at the Basel Wolf terminal in cooperation with the fire brigade. On this occasion, the internal security team was able to test its capacities for deployment in case of emergency.

In the past year, audits were conducted in Hamburg, Duisburg, Frankfurt, Antwerp and Busto Arsizio-Gallarate by the Pro Check working group from SBB Cargo. The audits concerned load security, the handling of hazardous goods, the condition of the rolling stock and the administrative procedures. Hupac passed all the audits successfully and values them as an important touchstone of its high safety standards.

There were no major accidents to report in the year under review at the terminals or on the railway lines. Altogether, a constant level of safety was maintained.

Productivity

Hupac aims to safeguard the competitiveness of its range of services by making constant increases in productivity. Due to the unexpectedly low volume of traffic in the year under review, it was not possible to achieve the objective of increasing productivity in all areas.

The running performance of the rolling stock fell by 11.1% as a whole due to the large number of train cancellations. In the core Shuttle Net business, the ratio between the loaded and unloaded running performance of the wagons rose by 3.4% compared to the previous year, which is due to the improvement in train utilisation.

There was a positive overall trend in productivity in the terminal area. In Busto and Aarau there was an increase in the number of loading units processed per employee, while reductions in volume led to a decline in Desio. Productivity decreased at the headquarters, where the number of road consignments in relation to the average number of employees fell by 6.6%.

Customers

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.

Hupac customers come from all over Europe. A considerable number of clients are also Hupac's shareholders. 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.

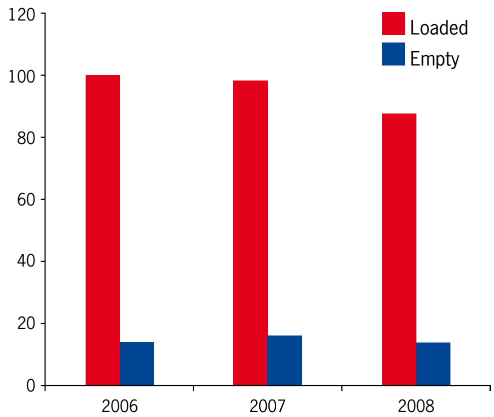
Hupac is constantly committed to attracting new customers to combined transport, for instance by assisting them in the process of purchasing and coding suitable road vehicles, as well as providing them with the necessary support in the initial stages.

The dialogue with the customers

Every year Hupac organises focused meetings with its own customers at the major hubs of the Shuttle Net network. In 2008 the "Customer Conventions" took place in Warsaw, Rotterdam, Cologne and Busto Arsizio. Approximately 250 delegates received first-hand information on the latest market developments. During last year's events special attention was drawn to the infrastructural needs

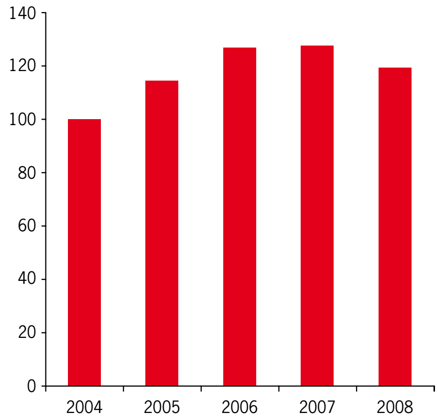
Running performance of wagons

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



Productivity at the headquarters

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



of rail transport, as well as the enlargement of the Shuttle Net network along the North-South and East-West axes. During these meetings, customers propose a variety of options for improvement, which Hupac considers as important signals that will help the company to orient future activities.

Customer satisfaction

Several procedures aim to constantly monitor customer satisfaction levels. In September a customer satisfaction assessment was carried out concerning the users of the terminals in Aarau, Basel, Chiasso, Lugano, Busto, Desio and Oleggio. On a sample of 525 truck drivers and dispatchers, 83% (+10.7% compared to 2007) consider the situation very good or good, 13% satisfactory and 3% unsatisfactory. The friendliness and operational readiness of the Hupac staff were rated as good or very good by 89% of respondents (+11.2% compared to 2007), acceptable by 9% and unsatisfactory by 2%. Hupac thus achieved its best result since the surveys began.

Suppliers

Suppliers' profile and characteristics

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

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.

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 assessment 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.

Workshops with partners

Together with its partners, Hupac is constantly committed to the improvement and consolidation of the Group's transport network system. Various working groups also met in 2008 to discuss current issues.

In the year under review, Hupac launched a comprehensive programme in collaboration with SBB Cargo to optimise working processes and increase productivity. The main areas of activity are the terminal/railway company interface, the flow of information particularly in case of irregularities and disruptions, the synergistic use of resources and quality. There is also systematic development of the "soft" factors such as communications skills, knowledge transfer and dealing with differences in corporate culture. The programme is designed to last between one and two years and should lead to the implementation of specific, quantifiable measures.

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 certification

In 1997 Hupac was the first European intermodal operator to be certified according to the environment standard ISO 14100. Through this certification and by supporting the modal shift from road to rail, Hupac contributes substantially to a better quality of life of the communities in which it operates.

The environmental management system is the mandatory standard for ecologically friendly production processes and the moderate use of natural resources.

Environmental services

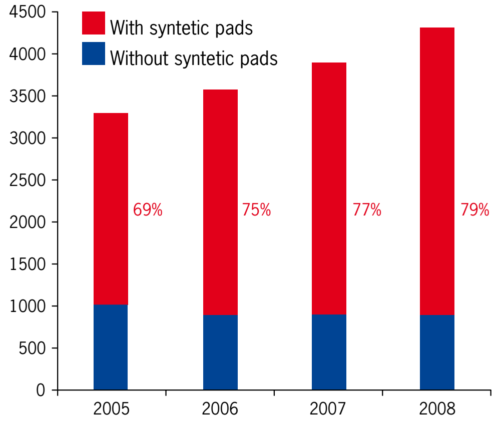
As envisaged in the environmental management system, Hupac invests in new facilities and equipment such as rail wagons, cranes and locomotives, which improve the company's environmental services. Preference is given to the best possible solutions in terms of noise reduction as well as the reduction of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

Noise abatement of freight wagons

In railway traffic, noise abatement is an important environmental issue. 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".

Wagons fitted for noise reduction

Number of own wagons



At the end of the year under report, 79% (previous year: 77%) 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 synthetic 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 fitted with synthetic brake pads during the scheduled stopover at the workshop. Around 400 wagons were noise-proofed in the year 2008. In the coming years, these measures will be applied to another 400 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 development at administrative level

At the Chiasso headquarters, power consumption has risen by 11%, while water and gas consumption has fallen by 8%. The consumption of paper has risen by 12%.

The Busto Arsizio-Gallarate and Singen environmental projects

In designing the extension of the Busto Arsizio-Gallarate terminal, which went into operation in 2005, specific environmental requirements have been taken into consideration, according to an agreement with Consorzio Parco Lombardo della Valle del Ticino, which is responsible for environmental issues in this area. Among the works carried out there are river embankment enhancements to manage the seasonal high tides of the Rile and Tenore rivers, a biotope irrigated by the rain waters collected in the terminal, construction of an underpass tunnel below the terminal in order to allow the safe transition of animals, reforestation and parkland restoration in areas outside the terminal itself. In addition, Hupac has committed itself for the coming years to maintaining the biotope, including monitoring the underpass for animals.

In December, construction work was completed on the dam in the area surrounding the Busto Arsizio-Gallarate terminal. The 1.5 km-long dam protects the expansion area of the Busto Arsizio terminal, the Malpensa highway and residential areas of Busto Arsizio from flooding by the Rile and Tenore rivers. The installation reduces the risk of flooding at the terminal while also providing important protection for the population.

Combined transport of hazardous goods

The transport of hazardous goods by rail is of great importance thanks to the safety and reliability of the railways as a means of transport but also thanks to the political will to support the shift in transport of such goods from road to rail.

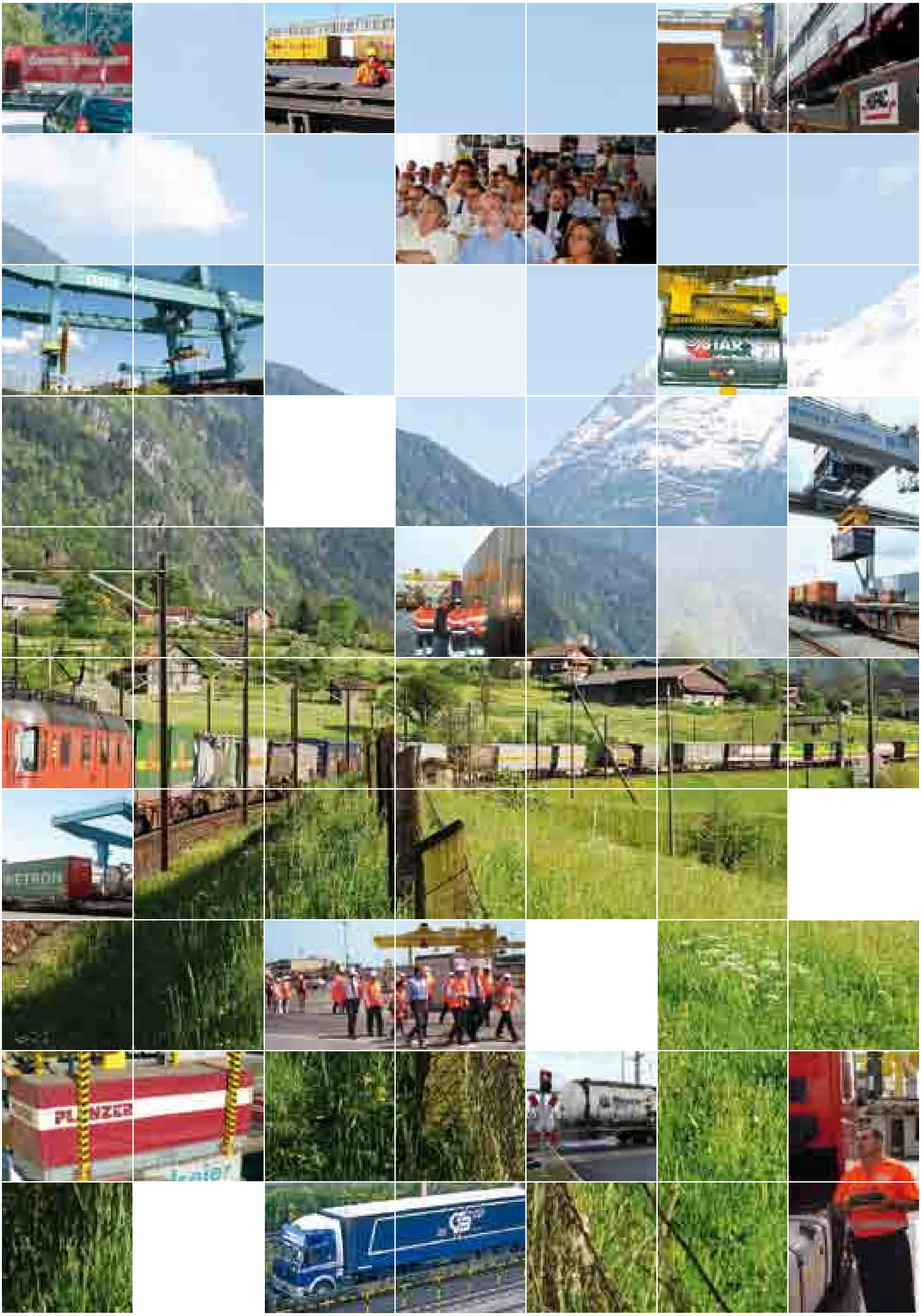
Hupac has put in place a centralised service specifically dedicated to this kind of transport, headed by a hazardous goods compliance advisor, appointed and trained according to the provisions of CE Directive 96/35. This service deals with all aspects which ensure that traffic is carried out safely. Its tasks include compliance with:

- The regulations of ADR (road traffic), RID (rail traffic), IMDG (maritime traffic) and IATA (air traffic)
- National laws
- Directives for customers and staff
- Contacts with the relevant offices
- Staff training
- Centralised database

The hazardous goods service also has the task of coordinating seamless cooperation between combined transport operators, customers, terminals and railway companies in order to handle and solve the whole range of problems.

Also in 2008 the staff attended training courses on the handling of hazardous goods. A series of audits was intended to review the terminals and trains. Exercises and work groups with various railway companies and terminal operating companies also offered the opportunity for further improvement in hazardous goods management.

Hupac works hard to ensure that loading units are collected from the terminals within the legally prescribed period of 24 hours. Various measures were introduced in order to improve the customers' collection behaviour.



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

During the year under review, the number of employees of the Hupac Group fell from 443 to 439. 145 persons were employed at Hupac Intermodal in Switzerland, Denmark and Poland, 257 at the subsidiaries Hupac SpA, Fidia SpA and Termi SpA in Italy and 37 at the remaining subsidiaries in Germany, Belgium and the Netherlands. 87% of the employees were men and 13% were women. The average seniority amounts to 7.1 years.

Training

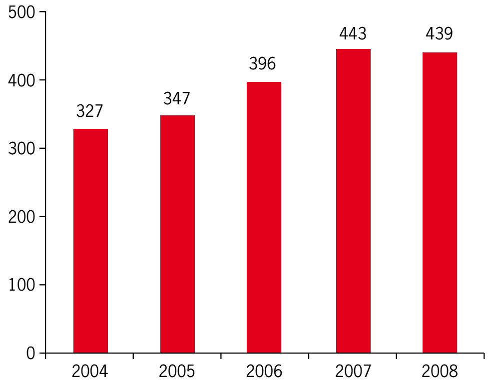
Numerous coaching and training courses were held in the year under review. The main areas are IT applications, foreign languages, hazardous goods, administration, terminal equipment and railroading. New employees undergo an introduction programme over several days. In addition they have the option to take further linguistic and professional training during stages at various subsidiaries. In 2008 Hupac continued the training of four 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. In the year under review, 19 occupational injuries were recorded along with 290 lost working days. The ratio of occupational injury days to traffic volume remained stationary compared to the previous year.

Workforce of the Hupac Group

Number of employees



In 2008, the risks to health and safety at the Busto and Desio terminals were reviewed in accordance with the Italian Legislative Decree 81/08. A variety of technical, organisational and sanitary measures were implemented. As a result, Hupac's employees can count on the highest standards of safety in the workplace, while customers are guaranteed an outstanding service.

There were various initiatives designed to improve the working atmosphere. In June, the Hupac Chiasso football team took part in a tournament in Massagno, while Hupac SpA of Italy held an indoor football tournament in September. Traditional Christmas dinners rounded off the programme.

Internal communications

Hupac attaches great importance to personal, dialogue-based communication. In September, the senior management invited the staff of the entire Group to an information event. An encounter with a top mountaineer was organised in December on the theme of "acting under extreme conditions". A group of around 60 managerial staff examined the topic in greater detail at a workshop.

Approximately 70% of Hupac staff can access InfoNet, the information system that allows data sharing with intranet functions. All employees receive "Moving", the company's magazine. Activities of the work group "Voice" continued in 2008, allowing suggestions made by employees to circulate within the company. Around 20 recommendations have been posted, mostly concerned with the improvement of internal processes.

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. In 2008 an unchanged average score of 82 was achieved.

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 2008 Hupac achieved a volume of 474,000 consignments or 8.6 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 transhipment 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 Termi Ltd and Termi 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.

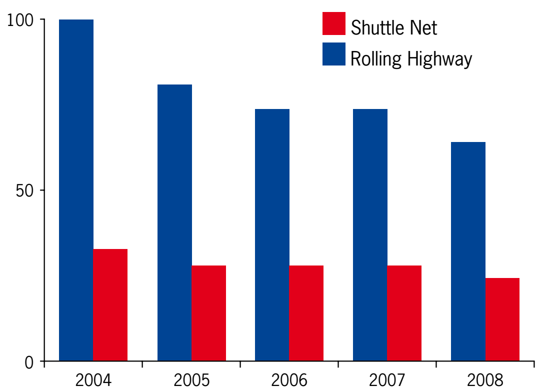
Also in 2008, construction work began at the HTA Hupac Terminal Antwerp and has made good progress. This project is also set to receive partial funding from the Swiss government.

The Hupac Group will have to repay a considerable part of these subsidies, amounting from 31.12.2008 to the year 2040 to around CHF 80.7 million. In the same period, estimated interest of around CHF 9.2 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 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 13.5% for the Rolling Highway and 12.0% for the Shuttle Net traffic (UCT). The subsidies per consignment-kilometre for the Rolling Highway and Shuttle Net remained unchanged at a ratio of 2.7 : 1.

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	2008	2009-2026	2027-2030	2031-2035	2036-2040	2008-2040 Total
Loan repayment	3,526	3,186 - 4,748	2,142	1,548	65	80,668
Interest	311	152 - 732	14 - 98			9,160
Total	3,837	3,338 - 5,042	2,156 - 2,241	1,548	65	89,828

Relationship with public institutions and communities

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

Hupac has therefore 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 2008 we were able to emphasise our role as a socially committed company that acts responsibly with a multitude of initiatives. Hupac supports projects and associations in the immediate environment of the company. Those represented are first and foremost leisure and youth sports, though there are also various social and cultural initiatives.

Financial statements

Consolidated financial statements

Consolidated income statement 2008 and 2007

Amounts in 1 000 CHF	2008	2007
Revenues from supplies and services	588 227	574 973
Net cost of the services	(498 152)	(465 637)
Gross profit	90 075	109 336
Payroll expenses	(36 159)	(34 235)
General expenses	(12 248)	(11 271)
Depreciation and provisions	(42 645)	(53 750)
Gains from disposal of fixed assets	5 494	267
Losses from disposal of fixed assets	(84)	(74)
Operating profit	4 433	10 273
Financial income	912	1 286
Financial expenses	(2 777)	(1 840)
Result from associates	1 108	794
Foreign exchange differences	(2 580)	(940)
Profit before extraordinary items	1 096	9 573
Non-operating income	304	846
Extraordinary income	3 588	1 074
Extraordinary expenses	(46)	(77)
Profit before taxes	4 942	11 416
Taxes	(2 060)	(4 034)
Profit before minority interest	2 882	7 382
Minority interest	(72)	(159)
Group profit	2 810	7 223

Consolidated balance sheet at 31 December 2008 and 2007

Amounts in 1 000 CHF	31.12.2008	31.12.2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	24 378	49 525
Receivables from supplies and services	70 378	91 301
- third parties	64 217	75 082
- shareholders	6 161	16 219
Other receivables	16 407	16 110
Stocks	1 497	1 585
Accrued income	23 344	24 839
Total current assets	136 004	183 360
FIXED ASSETS		
Financial fixed assets	29 740	27 406
- Investments	27 263	25 693
- Deposits and other financial assets	1 738	701
- Deferred tax assets	739	1 012
Tangible fixed assets	260 095	235 734
- Advance to suppliers	34 973	29 025
- Technical equipment	11 682	11 380
- Rolling stock	114 609	85 772
- Plants on third parties' lands	1 099	1 365
- Terminals, buildings and land	94 017	103 836
- Other tangible fixed assets	3 715	4 356
Intangible fixed assets	391	134
Total fixed assets	290 226	263 274
Total assets	426 230	446 634

Amounts in 1 000 CHF	31.12.2008	31.12.2007
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Short-term financial debts	8 000	6 250
Account payables from supplies and services	52 811	54 524
- third parties	38 567	52 822
- shareholders	14 244	1 702
Other short-term debts	2 595	5 229
Accrued expenses	41 598	71 130
Short-term provisions	5 799	5 634
Total short-term liabilities	110 803	142 767
Long-term liabilities		
Long-term debts	182 541	149 502
Long-term provisions	57 570	74 818
Deferred tax liabilities	1 921	2 031
Total long-term liabilities	242 032	226 351
Total liabilities	352 835	369 118
Minority interests	1 277	1 334
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
Reserves	51 735	47 134
Translation difference	(2 427)	1 825
Group profit	2 810	7 223
Total shareholders' equity	72 118	76 182
Total liabilities and shareholders' equity	426 230	446 634

Consolidated cash-flow statement 2008 and 2007

Amounts in 1 000 CHF	2008	2007
Group profit	2 810	7 223
Depreciation of tangible assets	42 419	41 342
Depreciation of intangible assets	138	191
Variation of provisions	(18 202)	9 054
Net result from sale of tangible assets	(963)	(193)
Foreign exchange differences	14 943	(4 036)
Income from associated companies	(1 108)	(795)
Minority interests	(57)	193
Variation of receivables	19 554	(15 450)
Variation of inventories	(73)	(174)
Variation of short-term payables	(33 851)	15 656
Cash flows from operating activities	25 610	53 011
Purchase of tangible assets	(110 823)	(73 598)
Proceeds from sale of tangible assets	33 610	12 445
Purchase of intangible assets	(399)	(67)
Proceeds from sale of intangible assets	0	0
Purchase of investments	(4 513)	(2)
Proceeds from sale of investments	636	0
Dividends	107	1 199
Cash flows from investing activities	(81 382)	(60 023)
Variation of long-term loans	33 284	(7 386)
Dividends payment	(1 600)	(2 400)
Cash flows from financing activities	31 684	(9 786)
Variation	(24 088)	(16 798)
Cash at beginning of the year	49 525	65 881
Foreign exchange differences on cash	(1 059)	442
Cash at end of the year	24 378	49 525

Notes to the consolidated financial statements 2008

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 2008 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 % 31.12.2008	Interests as % 31.12.2007
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	97.00
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	3.00
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 % 31.12.2008	Interests as % 31.12.2007
Cemat SpA	Milan (Italy)	34.48	34.48
D & L Cargo NV	Boom (Belgium)	0	40.00
RAlpin Ltd	Olten (Switzerland)	30.00	30.00
Cesar Information Services Scarl	Brussels (Belgium)	25.10	25.10
Combinant NV	Antwerp (Belgium)	35.00	0

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	
	31.12.2008	31.12.2007	2008	2007
CHF/EUR	1.4873	1.6571	1.5867	1.6427

Shareholders' equity movements

Amounts in 1 000 CHF	Share capital	Reserves	Translation differences	Total	Minority interests
Balance at 1 January 2007	20 000	49 715	373	70 088	1 141
Translation differences			560	560	34
Translation differences adjustment		(176)	176	0	
Translation differences of associated companies			716	716	
Net equity adjustment of associated companies		(5)		(5)	
Parent company dividend		(2 400)		(2 400)	
Consolidated profits 2007		7 223		7 223	159
Balance at 31 December 2007	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

Other information in accordance with legal requirements

Amounts in 1 000 CHF	31.12.2008	31.12.2007
1. Guarantees, other indemnities and assets pledged in favour of third parties	17	19
2. Pledges on assets to secure own liabilities	105 665	118 372
3. Leasing commitments not recorded in the balance sheet	18	6
This amount includes all future commitments arising from existing leasing contracts, including interest and expenses.		
4. Fire insurance value of tangible fixed assets	304 510	303 652

Dissolution of hidden reserves
In the accounting period 2008 CHF 3.1 million of hidden reserves were dissolved (2007: CHF 0).

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 2008

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 2008.

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 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 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 2008 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 Over-sight 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 2009

Financial statements of Hupac Ltd

Income statement 2008 and 2007

Amounts in 1 000 CHF	2008	2007
Income from supplies and services	61 722	70 937
Cost of services	(22 451)	(18 555)
Gross profit	39 271	52 382
General expenses	(2 016)	(1 497)
Depreciation of tangible fixed assets	(34 434)	(33 463)
Amortisation of intangible fixed assets	(27)	(26)
Provisions and value adjustments	(19)	(8 600)
Dividend income	123	1 213
Gains on disposal of fixed assets	2	18
Gains on disposal of investments	4 531	0
Losses on disposal of fixed assets	(61)	(1)
Losses on disposal of investments	(10)	0
Ordinary operating profit before financial items	7 360	10 026
Financial income	498	309
Financial expenses	(2 117)	(1 432)
Foreign exchange differences	(950)	105
Dissolution provisions exchange losses	950	0
Ordinary operating profit	5 741	9 008
Extraordinary income	1	23
Extraordinary expenses	0	(34)
Profit before taxes	5 742	8 997
Taxes	(1 334)	(2 048)
Profit for the year	4 408	6 949

Notes to the income statement

Income from supplies and services decreased by 13% compared to the prior year. In 2008 the item was primarily comprised of income from hiring out assets. The license granted to Hupac Intermodal Ltd for the use of the Hupac Ltd brands in an amount of just under CHF 4 million was not invoiced in 2008. Due to the unavailability of rolling stock as a result of a disproportionate amount of downtime for maintenance services, on the one hand, and an excess of wagons, particularly in the second semester, on the other hand, Hupac Ltd granted Hupac Intermodal Ltd an appropriate lease reduction.

Cost of services increased by some CHF 3.9 million over the prior year. This item primarily consists of maintenance costs for the rolling stock. As a result, the company's *Gross profit* was CHF 13.1 million lower than a year ago.

General expenses were up just over CHF 0.5 million from the prior year. In the year under review, especially consulting fees of an administrative and legal nature had been incurred for the terminal project in Antwerp as well as for the agreements associated with the maintenance of the rolling stock.

Depreciation of tangible fixed assets rose by 2.9% compared to the year 2007, not least due to additional wagons delivered in 2008.

Gains on disposal of investments are almost exclusively attributable to the sale of a block of shares of the railroad company DLC.

Financial expenses were higher by about CHF 0.7 million than in 2007, primarily resulting from new debt to finance the purchase of rolling stock and the ongoing terminal projects. During the year under review, Hupac Ltd incurred foreign currency losses in an amount of CHF 950,000, which were fully compensated by the *Dissolution of provisions for exchange losses*.

After taxes of approximately CHF 1.3 million, Hupac Ltd reported a *Profit for the year* of approximately CHF 4.4 million for fiscal year 2008, representing a decline of CHF 2.5 million or 36.4% from the prior year.

Cash flow, which was calculated according to the simplified method – annual profit plus depreciation and change in provisions –, for the year 2008 amounted to CHF 37.9 million, which represents a decrease of 22.6% compared to the prior year.

Balance sheet at 31 December 2008 and 2007

Amounts in 1 000 CHF	31.12.2008	31.12.2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	878	7 491
Receivables from supplies and services	19 418	3 608
- third parties	5 375	1 587
- group companies	13 958	2 121
- shareholders	203	0
- Provisions for doubtful debts	(118)	(100)
Other receivables	4 747	4 084
- third parties	4 747	4 084
Prepayments and accrued income	1 192	2 933
Total current assets	26 235	18 116
FIXED ASSETS		
Financial fixed assets	47 268	38 205
- Investments	37 403	30 860
- Loans third parties	491	547
- Loans group	9 370	6 794
- Other financial fixed assets	4	4
Tangible fixed assets	122 963	100 474
Intangible fixed assets	66	60
Total fixed assets	170 297	138 739
Total assets	196 532	156 855

Amounts in 1 000 CHF	31.12.2008	31.12.2007
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Payables from supplies and services	14 267	5 722
- third parties	4 184	4 484
- group companies	7	0
- shareholders	10 076	1 238
Short-term loans	8 000	6 250
- third parties	8 000	6 000
- shareholders	0	250
Other short-term debt	18	35
- third parties	18	35
Accrued expenses and short-term provisions	8 352	5 261
Total short-term liabilities	30 637	17 268
Long-term liabilities		
Long-term debts	63 000	34 000
- third parties	63 000	34 000
- shareholders	0	0
Long-term provisions	39 070	44 570
Total long-term liabilities	102 070	78 570
Total liabilities	132 707	95 838
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
General reserve	4 822	4 762
Statutory reserves	34 300	29 100
Retained earnings	4 703	7 155
- Profit carried forward	295	206
- Profit for the year	4 408	6 949
Total shareholders' equity	63 825	61 017
Total liabilities and shareholders' equity	196 532	156 855

Notes to the balance sheet

Total assets of Hupac Ltd rose by approximately CHF 40 million over the prior year. In addition to an increase in *Tangible fixed assets* by about CHF 23 million, *Investments* were also up by approximately CHF 6.5 million. This is related to an increase in the capital of Hupac Intermodal BVBA in Antwerp and an investment in the newly founded company Combinant NV, also with registered offices in Antwerp.

On the liability side, it should be noted that in view of its structure the amount of CHF 8 million reported under *Short-term loans* would normally be included in *Long-term debts*. However, because the debt will mature within one year, it was classified as a *Short-term liabilities*.

As at the end of 2008, Hupac Ltd reported *Total shareholders' equity* of CHF 63.8 million, representing an equity ratio of 32.5% (prior year 38.9%).

Notes to the financial statements 2008

1. Business activity of Hupac Ltd

With effect from 1 January 2000, 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 consists essentially of asset management. Worth particular mention in this connection are the hiring out of assets and the granting of licenses 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	31.12.2008	31.12.2007
2.1 Guarantees and assets pledged in favour of third parties	10 025	11 779
2.2 Fire insurance value of tangible fixed assets	222 296	217 786

2.3 Significant investments in subsidiary companies

Company	Business activity	Registered capital	in 1 000	Share of capital as % 31.12.2008	31.12.2007
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, Antwerpen	Terminal engineering, terminal operations	EUR	1 601	0.06	3.00
Hupac Intermodal BVBA, Antwerpen	Terminal engineering, terminal operations	EUR	1 601	99.94	97.00
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
D & L Cargo NV, Boom	Railway operations	EUR	177	0	40.00
Cesar Information Services Scarl, Bruxelles	Data processing service for customers	EUR	100	25.10	25.10
Combinant NV, Antwerpen	Terminal engineering, terminal operations	EUR	500	35.00	0
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 2007	20 000	4 622	25 800	6 046	56 468
Dividends				(2 400)	(2 400)
Transfer to the general legal reserve		140		(140)	
Transfer to the statutory reserves			3 300	(3 300)	
Profit for the year				6 949	6 949
Balance at 31 December 2007	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

Proposal for the distribution of retained earnings

Amounts in CHF	2008
Profit carried forward	294 843
Profit for the year	4 407 999
Retained earnings at the disposal of the General Meeting	4 702 842
Proposal of the Board of Directors:	
- Dividends	800 000
- Transfer to the general reserve	0
- Transfer to the statutory reserves	3 700 000
- To be carried forward	202 842
	4 702 842

Report of the statutory auditor to the General Meeting of the financial statements 2008

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 2008.

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 2008 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 Over-sight 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 2009

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