Annual Report 2012

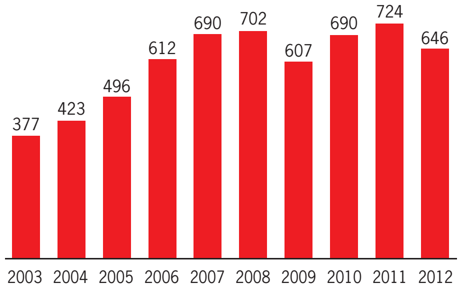
HUPAC

Profile of the Hupac Group

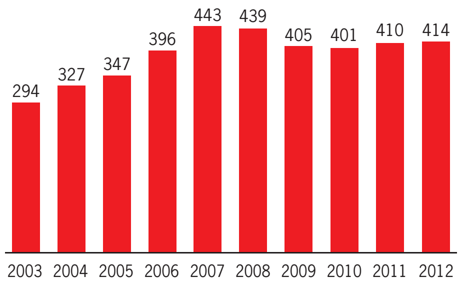
Facts & Figures

Year of incorporation	1967
Share capital	CHF 20 million
Shareholders	Over 100
Capital structure	72% logistics and transport companies 28% rail companies
Headquarters	Chiasso
Operational branches/ Representative office	Basel, Busto Arsizio, Oleggio, Piacenza, Singen, Cologne, Duisburg, Rotterdam, Antwerp, Taulov, Warsaw, Moscow
Business profile	Independent intermodal transport operator
Transport offer	Shuttle Net: Europe-wide network with a focus on Alpine transit and additional services on the East-West axis (Spain, Eastern Europe, South Eastern Europe, Russia, Far East)
Customers	Transport and logistics companies
Traffic volume	646,214 road consignments
Employees	414
Rolling stock	5,166 rail platforms 13 main-line and/or shunting locomotives
Terminal management	Busto Arsizio-Gallarate, Novara RAlpin, Piacenza, Aarau, Basel, Chiasso, Lugano Vedeggio, Singen, Antwerp
Information technology	Goal, integrated software solution for intermodal transport Cesar, web-based customer information system Ediges, XML-based data exchange system E-train, satellite-supported train monitoring system
Certifications	Quality management system ISO 9001:2008 Environmental management system ISO 14001:2004 ECM – Entity in Charge of Maintenance
Financial data	Annual turnover CHF 454.5 million (EUR 377.1 million) Profit for the year CHF 4.4 million (EUR 3.6 million) Cash flow CHF 48.1 million (EUR 39.9 million)
Dated 31.12.2012	

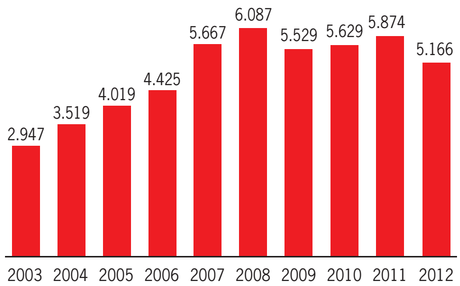
Traffic volume
Road consignments in 1000s



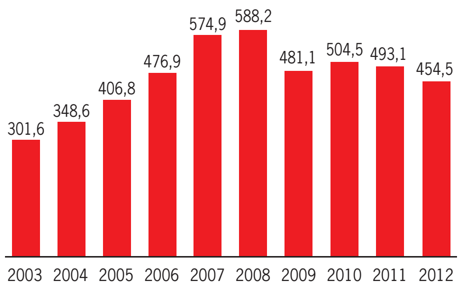
Employees



Rolling stock
Number of rail platforms



Turnover in million CHF



Profile of the Hupac Group

Profile

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

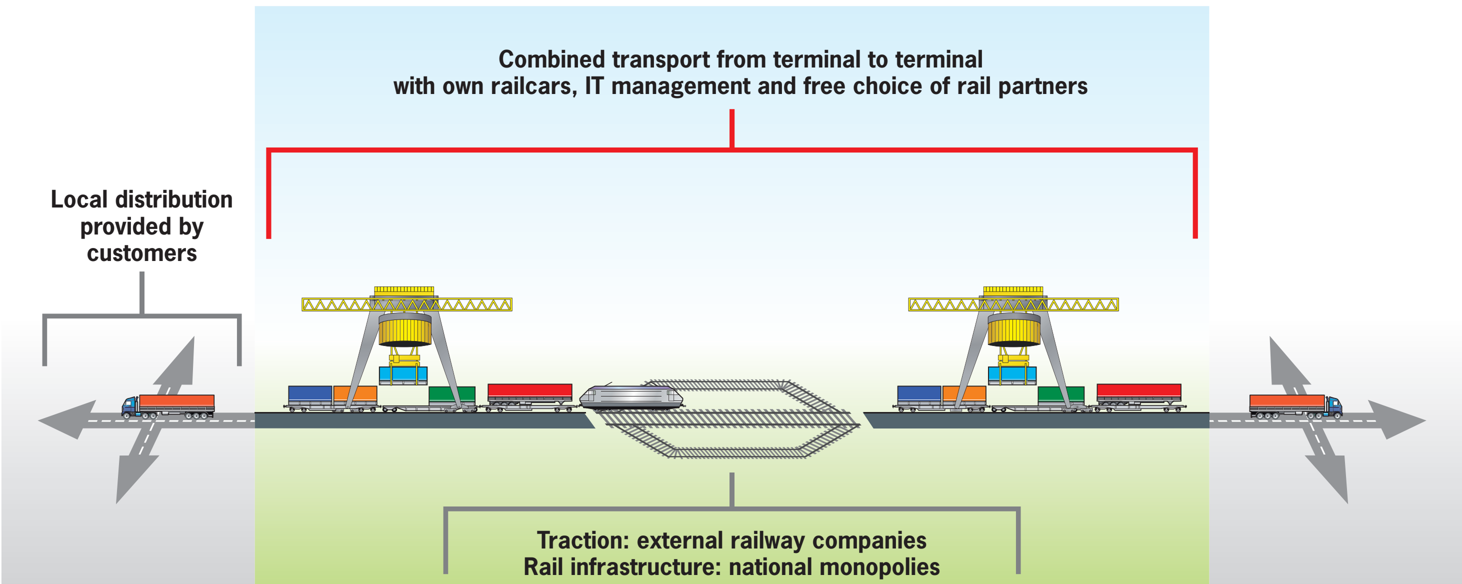
Hupac operates a network of 100 trains each day between Europe's main economic areas. In 2012, the traffic volume was around 646,000 road consignments. The Hupac Group employs around 410 employees in 13 companies with locations in Switzerland, Germany, Italy, the Netherlands, Belgium, Denmark, Poland and Russia.

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

Business model

Hupac has around 5,200 rail platforms and bundles the consignments of different transport companies into whole trains as a neutral, independent combined transport operator. These trains run back and forth between transhipment terminals on long and mostly international routes. The traction is provided by external rail companies. The pre-carriage from the origin to the terminal and the onward carriage form the terminal to the final destination are carried out by transport companies. Hupac is committed to railway liberalisation and offers its services to all transport companies.

Hupac's business model



Annual Report 2012

Seizing the opportunities of deregulation

Dear shareholders and friends of the company

Hupac has been through a difficult year. The economic crisis restricted the international exchange of goods, and Italy was particularly affected. In addition to the economic slowdown, combined transport suffered infrastructural interruptions lasting in some cases for weeks. All in all, there was a 10.7% reduction in volume compared to the previous year.

The continuing weakness on the demand side increased competitive pressure in the transport market as a whole. Overcapacities, pricing pressure and the erosion of margins set off a negative dynamic, the consequences of which were felt in many places.

Hupac was also increasingly exposed to competition. That's a good thing: it releases energies and gets things moving. Hupac successfully held its ground against a multitude of combined transport operators in the core Alpine transit market, each with varying objectives, business models and scope of action. Though the financial year 2012 was certainly not easy, Hupac ended it with a satisfactory profit and cash flow.

Hupac intends to provide its customers with a reliable, marketable combined transport system both tomorrow and further into the future. In the past year we have consistently developed our company with a view to reducing costs, increasing efficiency and satisfying the varied needs of the market.

Firstly, Hupac has tapped and developed new and promising markets. A number of transport concepts have been streamlined and sustainably improved. Where this was not possible, Hupac has withdrawn its services.

Secondly, Hupac has continued its partial entry into the rolling stock maintenance market. The wheel set reconditioning facility in Busto Arsizio was opened in September. The facility creates the capacity required to make the management of the Hupac wagon fleet more efficient.

Thirdly, we began in-depth discussions with our main rail partners, whose entire production processes are being put to the test. The aim is to identify potential for rationalisation and exploit it together in the interest of the market.

Fourthly, Hupac enhanced its sales policy by offering solutions for customers with regular, even volumes of traffic and a corresponding quantity commitment. With an enhanced sales organisation, Hupac will bring itself even closer to its customers.

But a number of combined transport production factors are beyond Hupac's control. The planned expansion of the Gotthard line for 750 metre-long trains with a P400 profile all the way to the Italian terminals via Luino and Chiasso is designed to increase productivity and tap into the semi-trailer segment. This will require assertiveness on the part of politics.

There is also great potential for innovation in the rules that govern the railway system. Whilst road transport continuously increases its performance thanks to full liberalisation, the rail industry still has to contend with technical obstacles and monopolistic interests. The EU's Fourth Railway Package is an opportunity to reduce the structural costs of the railway through interoperability, eliminate cross-subsidies and promote the lasting growth of rail. Let's tackle it!

I thank you on behalf of the Board of Directors for your trust and look forward to continuing our journey together.

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

Chiasso, April 2013

Sustainable management, shared growth

Dear shareholders, customers, partners and employees

No event characterised the past year as much as the numerous interruptions on the Gotthard route. Rockfalls in Gurtnellen led to closures lasting one week in March, four weeks in June and another week in November. About 50 of Hupac's trains were directly affected each day.

But a crisis is a true test of character. Infrastructure operators, authorities, rail companies, combined transport operators and carriers worked hand in hand to make the most of the modest capacity of the alternative corridor via Lötschberg. For the first time, freight transport took priority over passenger traffic, which can after all be diverted onto other modes of transport. The emergency programme was progressively put into action from day to day. However, a satisfactory solution could not be found for about half of the Hupac traffic, particularly on the short-haul links such as Southern Germany ⇆ Italy, Switzerland ⇆ Italy and in Swiss domestic traffic. This led to a loss of around 25,000 road consignments, equivalent to 6% of the annual volume of transalpine traffic through Switzerland.

The aim for the future must be to develop effective rail-based alternatives in case of significant infrastructure failures. Once again, the opportunity to divert traffic onto other lines has proved enormously important for the stability and reliability of freight transport. The opening of the Gotthard base tunnel at the end of 2016 will lastingly relieve the situation in transalpine traffic.

In the past year, Hupac celebrated its 45th anniversary – an event of great significance in times of fast-moving economic and business cycles. Hupac's business model – rail transport from terminal to terminal with its own assets such as terminals and rolling stock – has stood the test of time. Hupac specialises in the role of a neutral consolidator, combining the consignment volumes of many different transport companies and carrying them on regular block trains in a Europe-wide network.

On the occasion of the 45th General Meeting in Lugano, Hupac was able to take another step into the future. Together with Mauro Moretti, CEO of Italian Railways, a Memorandum of Understanding was signed between FSI, FS Logistica, Cemat and Hupac. The aim is to continue the development of terminal capacity in Northern Italy to prepare for the traffic volumes expected when the flat railway via Gotthard opens. Milan, Piacenza and Brescia have been identified as locations for new transhipment terminals. The planning for a terminal in the Milano Smistamento rail yard began this year.

You can read more about this on the following pages of our Annual Report. On behalf of the management, I thank you as our shareholders, customers, partners and employees for your positive cooperation.

Bernhard Kunz
Managing Director

Chiasso, April 2013

Combined transport: a system with a future

Combined road/rail transport was introduced in Europe 50 years ago and is now an important alternative for freight transport. The system integrates different transport carriers into a single transport chain, thus combining the advantages of each. Around 140 suppliers operate in this sector. As a pioneer of combined transport and the market leader in Alpine transit, Hupac regards the continuous expansion of the system as an obligation.

The transport technique

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. 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.

The system

The European combined transport system is the result of a standardisation process lasting several decades. Different elements are continuously developed and coordinated:

- 100,000 standardised load units
- 20 million containers worldwide
- 60,000 flat wagons and pocket wagons in various technical versions
- 400 transhipment terminals
- 2,000 cargo locomotives
- Europe-wide rail infrastructure that accommodates the requirements of combined transport.

The market

Combined transport is a growth market with a Europe-wide traffic volume of 192 million tonnes of freight and an average annual growth rate of 7.7%. Compared to the road, it is competitive over long distances from 500 km, or even 300 km in Alpine transit. The existing shortages in road haulage, favourable transport policy conditions and the positive environmental balance are the key market drivers.

The customers

Carriers that use unaccompanied combined transport make a long-term system decision and substantial investments. These include specific load units suitable for rail loading with grappler pockets for lifting and a reinforced chassis. Other factors to consider include organisational and structural adjustments such as dedicated scheduling, information technology, branches or partners to handle the initial and final road leg of the transport, short-haul tractors and drivers. The development capacity of the combined transport system and the reliability of the transport policy conditions are key criteria for investment decisions.

Success factors

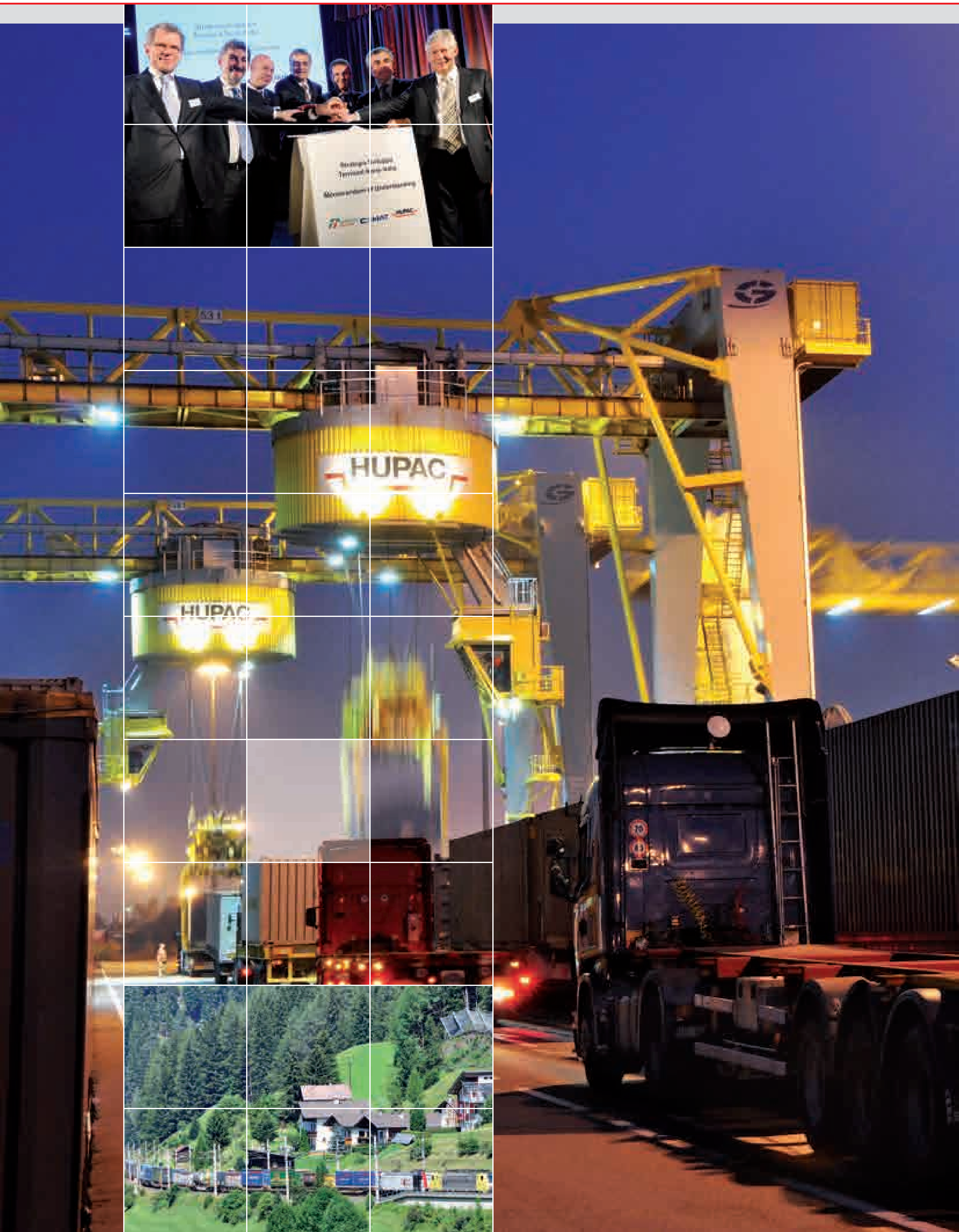
Combined transport competes with pure road transport and is exposed to heavy price pressure. High volumes, high productivity and optimal use of scarce rail capacity are key success factors for the marketability of the system. The quality and reliability of the transport service are also of great importance. They are crucial for customer satisfaction but also for production efficiency, because delayed trains cause high subsequent costs. This could be solved by an overhaul of the current priority regulation, which favours passenger trains over freight trains as a matter of principle. The provision of rail infrastructure suitable for freight transport also plays an important part: if long, heavy trains with a high profile can run directly into centrally located terminals on routes with low gradients and no border stops, this will create the best conditions for the success of combined transport.

Advantages for all

In 2011, the sector generated an annual turnover of EUR 5.3 billion and provided 39,000 jobs with operators, terminals and railways. The CO_2 savings compared to pure road transport amounted to 6.7 million tonnes. The reduction in external costs brought by the shift of volumes from the road to the railways can be estimated at EUR 2.2 billion. Combined transport thus makes an important contribution to society and the environment.

Source: UIC, Report on Combined Transport, 2012

The Hupac Group


HUPAC
HUPAC

Vision and guidelines of the Hupac Group

Vision: “Moving together”

Hupac is one of Europe’s leading, independent network operators in European combined transport. We endeavour to ensure that – in an expanding transport market – an increasing amount of freight is transported by rail instead of road. By doing so, we contribute to modal shift and environment protection.

As a pioneer of combined transport and the market leader in transalpine transport, we take responsibility for the continuous expansion of the system. We maintain dialogue with all partners in the value chain and focus on innovation, quality and productivity as the keys to success.

We aim to grow alongside our customers as a proficient and reliable partner. Our target is a sustainable increase of freight traffic equivalent to 8-10% per annum in order to reach a volume of 1 million road consignments by 2015; this with an operating profit of 2-3% (EBIT margin of turnover).

Guidelines: “Professional and reliable”

Shifting freight transport
We want to make intermodal transport the priority transport solution on long European routes. As an independent and neutral operator, we combine the traffic volumes of different carriers on our shuttle trains and support the development of modern logistics concepts. Having our own resources such as rail wagons and terminals gives us the necessary freedom to act in the interest of the market.

Customer-oriented approach
Our main objective is to have satisfied, loyal customers. We seek 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
Our employees are the company’s most important resource. They are offered attractive working conditions, regular training and professional updating programmes. We cultivate an open, cohesive corporate environment and encourage motivation, team spirit and individual responsibility. Good performance is rewarded.

Safety as a competitive advantage
Transport by rail is many times safer than on the road. We are committed to maintaining and improving safety in all areas of the company, specifically at the terminals, in fleet management and when checking the load units. Our processes are certified and externally audited.

Efficient processes
Hupac aims to offer competitive service products in line with customer requirements through cost-awareness and standardisation of business processes. Our quality management system and information technology play a crucial role in achieving such objectives.

Together with partners
Hupac is working on the steady expansion of the multimodal European network, either on its own or in collaboration with strong partners. The essential criterion for cooperation is the optimisation of the entire logistics chain by grouping together and exploiting the strengths of each market partner.

Open markets
In the railway sector we work together with our partners according to the principle of “integrated traction responsibility”. We support the liberalisation of the railways and focus on close, synergistic cooperation with a large number of rail partners.

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

Environmental responsibility
By shifting traffic from roads onto the railways we make a significant contribution to climate protection and energy efficiency. An environmentally-oriented approach is encouraged by Hupac and put into practice by every employee in their daily activities. Our environmental management system provides guidelines for eco-friendly and safe production methods and the moderate use of natural resources.

Hupac Ltd
Chiasso
Parent company

100% → **Hupac Intermodal Ltd**
Chiasso
Sales & Customer Service
Traffic Operations
Terminal Operations

95.55% → **Hupac SpA**
Milano
Terminal Operations
Railway Operations
4,45% various third parties

50% → **Terminal Singen TSG GmbH**
Singen
Terminal Operations
50% DB Intermodal Services GmbH

97% → **Fidia SpA**
Oleggio
Terminal Operations
Warehouse Logistics
3% Hupac SpA

100% → **Hupac Intermodal NV**
Rotterdam
Service Provider

100% → **Hupac GmbH**
Singen
Sales & Customer Service
Railway Operations

100% → **Termi Ltd**
Chiasso
Terminal Engineering

100% → **Centro Intermodale SpA**
Milano
Terminal Engineering

99.94% → **Hupac Intermodal BVBA**
Antwerp
Terminal Engineering
Terminal Operations
0.06% Hupac Intermodal NV

75% → **Intermodal Express LLC**
Moscow
Sales & Customer Service
25% Andrey Munkin

5% → **Termi SpA**
Busto Arsizio
Terminal Engineering
95% Termi Ltd

100% → **Terminal Piacenza Intermodale Srl**
Piacenza
Terminal Operations

Board of Directors of Hupac Ltd

Name	Age	Position	Nationality	First nomination	Expiry of mandate
Dr. Hans-Jörg Bertschi	55	Chairman since 1993	Swiss	1987	2013
Dr. Thomas Baumgartner	58	Member	Italian	1990	2013
Thomas Hoyer	62	Member	German	1988	2013
Ing. Nicolas Perrin	53	Member	Swiss	2008	2013
Nils Planzer	41	Member	Swiss	2008	2013
Peter Hafner	56	Secretary	Swiss	1999	2013

Management Board of the Hupac Group and management of the subsidiaries

Hupac Ltd	Bernhard Kunz	*Managing Director*
	Peter Hafner	*Deputy Managing Director and Finance & Administration*
	Aldo Croci	*Information Technology*
	Leonardo Fogu	*Fleet Management*
	Peter Howald	*Sales & Operations*
	Giorgio Pennacchi	*Engineering*
	Piero Solcà	*Logistics & Infrastructures*

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*

Intermodal Express LLC
Andrey Munkin — *Managing Director*

Terminal Singen TSG GmbH
Sascha Altenau — *Managing Director*
Kerstin Corvers — *Managing Director*

Termi Ltd
Peter Hafner — *Managing Director*

Termi SpA
Peter Hafner — *Chairman*
Francesco Crivelli — *Delegate of the Board of Directors*

Fidia SpA
Francesco Crivelli — *Delegate of the Board of Directors*

Centro Intermodale SpA
Peter Hafner — *Chairman*

Terminal Piacenza Intermodale Srl
Piero Solcà — *Chairman*

Dated 31.12.2012

Corporate Governance

Structure of the Hupac Group

At the end of 2012 the Hupac Group consisted of a total of 13 companies based in Switzerland, Germany, Italy, the Netherlands, Belgium and Russia. Each company operates within its own well-defined remit in order to provide advanced solutions and contribute to the overall efficiency of the Group.

In December 2012, Hupac Ltd acquired the shares of Centro Intermodale SpA based in Milan. The company owns land for the construction of a terminal in Piacenza, the strategically important crossing point of Corridors 1 and 5. Centro Intermodale SpA also holds 100% of Terminal Piacenza Intermodale Srl, a company that operates a transhipment terminal in Piacenza for various operators.

Board of Directors

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

Capital structure

In the year under review, Hupac Ltd had a share capital of CHF 20 million. The company is owned by more than 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.

A share ownership scheme for senior executives was implemented in the year under review.

Substantial minority shareholdings

Hupac maintains substantial minority shareholdings in various companies within the field of combined transport. At the end of 2012 these were the combined transport operators Cemat and RAlpin, the terminal operator Combinant, the data processing service provider Cesar Information Service and the rail companies Crossrail and SBB Cargo International.

Hupac maintains minor shareholdings in the terminal operating companies KTL Kombi-Terminal Ludwigshafen, DIT Duisburg Intermodal Terminal and Eurogateway (Novara), in the operator Kombiverkehr GmbH & Co. KG, the branch association UIRR and the terminal owner Centro Interportuale Merci (Novara).

Organisational regulations

The Hupac Group's organisational regulations govern the constitution and passing of resolutions as well as the tasks and responsibilities of the Board of Directors, the Chair of the Board of Directors, the Committee of Chair of the Board and Managing Director as well as 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 greatest operational 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.

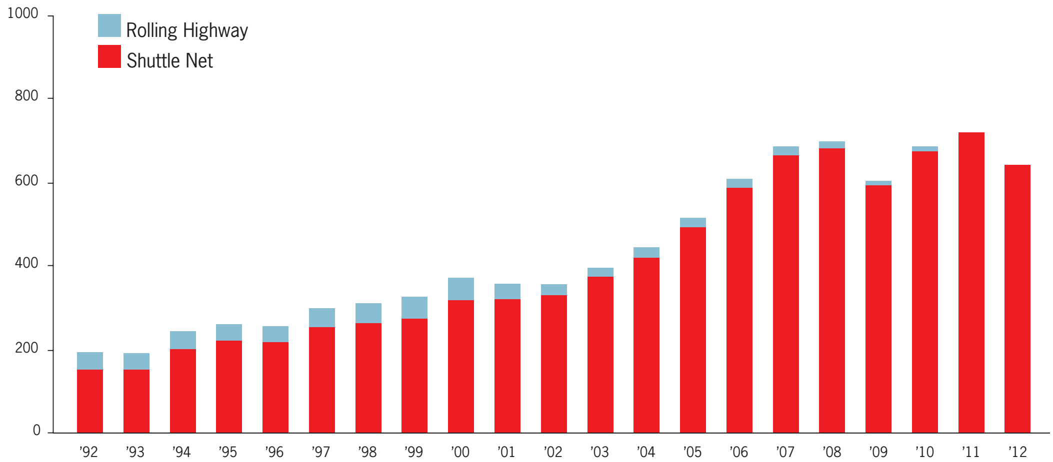
In the year under review, the exchange rate risk was reduced through a series of measures. Operational risks were identified at a number of terminals and resolved by means of infrastructural interventions.

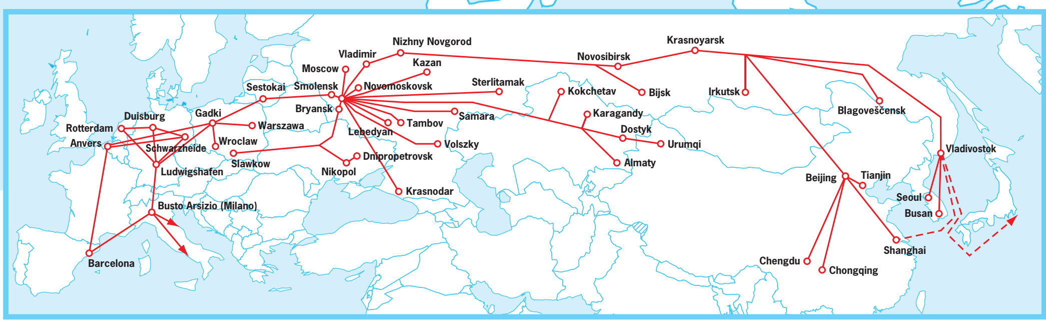
The year 2012 in review

April	▸ Start of the company train between Vienna and Edirne ▸ Start of traffic on the Rothenburg ⇆ Busto Arsizio connection
May	▸ Celebration of Hupac's 45th anniversary in Lugano ▸ Signature of a Memorandum of Understanding between FSI, FS Logistica, Cemat and Hupac for the development of terminal capacity in northern Italy ▸ Ordering of 75 T4.2 and T5 pocket wagons
June	▸ Close cooperation with rail partners and authorities during the four-week closure of the Gotthard route following a rockfall
September	▸ Opening of the wheel set reconditioning facility in Busto Arsizio
November	▸ Restructuring of the network in Poland ▸ Completion of the sixth track in the connection sidings at the Busto Arsizio-Gallarate terminal
December	▸ Acquisition of the shares of Centro Intermodale SpA, Milan ▸ Reopening of the Antwerp ⇆ Barcelona Morrot connection ▸ Introduction of the price management module as the first stage of administrative reengineering

Traffic development 1992-2012

Road consignments in 1000s



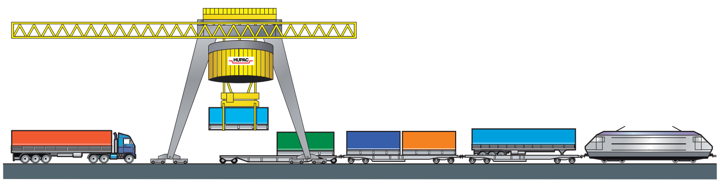


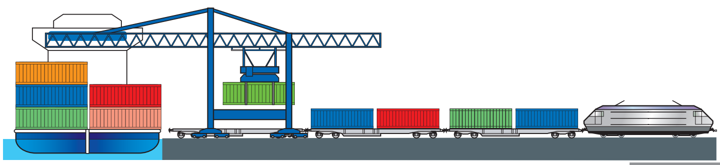
Dated April 2013

Shuttle Net:
unaccompanied combined transport

With Shuttle Net, Hupac connects the main economic areas of Europe with daily shuttle trains:

- Transportation of containers, semi-trailers and swap bodies
- Links from terminal to terminal or from port to inland terminal
- Gateway concepts with intermediate transfer of consignments from one train to another to cover large distances economically.





Hupac's strategy for sustainable freight transport

How innovative is transport policy?

EU White Paper: establishing the conditions for combined transport
Hupac's activities are largely governed by politically determined conditions. Many combined transport production factors are directly or indirectly controlled by the public sector: railway infrastructure, state railways and their own rolling stock workshops. National and international regulations on railway operations, safety, customs etc. are also set by the political and public authorities.

The innovative potential of combined transport thus depends largely on the innovative potential of transport policy. Here, as in so many other areas, the gap between aspiration and reality is enormous. The EU has certainly set ambitious targets for freight transport: 30% of road haulage over 300 km is set to be shifted onto other modes of transport such as rail or ship by 2030, and more than 50% by 2050 (White Paper: "Roadmap to a Single European Transport Area", March 2011). But the implementation of the planned measures faces many obstacles and is progressing very slowly.

Hupac supports the proposed initiatives. They are a suitable means to overcome the regulatory and operational handicaps of rail freight transport:

- Uniform licensing of vehicle types and safety certification for railway undertakings through the strengthening of the European Railway Agency (ERA)
- Development of an integrated operational concept for the freight transport corridors, including infrastructure charges
- Real, non-discriminatory access to railway infrastructure, particularly through the structural separation of rail infrastructure and operations.

There is also a need for action in terms of rail infrastructure policy. "Infrastructure shapes mobility", as the authors of the EU White Paper rightly put it. According to a study by the KTH Railway Group, rail will increase its market share in long-distance freight (300 km and over) from 25% to 60% if the EU guidelines are implemented by 2050. Expanding or modernising rail network capacity to this extent will be a huge challenge to the innovative potential of policymakers in the states concerned.

Hupac's positions

Combined transport is caught between social expectations and economic reality. Hupac actively supports the creation of the conditions required for the further development of combined transport in terms of co-modality.

Deregulation: a driving force for successful rail freight transport
Whilst liberalised road transport has continuously increased its productivity and performance in the past decades, the rail industry is still at the start of the liberalisation process and continues to struggle with technical obstacles and monopolistic interests. In the introduction to the 4th Railway Package (January 2013), the European Commission describes the insufficient opening of the market, barriers to entry for new railway companies, discrimination in daily operation and market-distorting cross-subsidies within integrated railway companies.

Hupac is convinced that full liberalisation will give the rail market the crucial impetus for customer-oriented services and sustainable economic success.

Positions:

- Moving railway liberalisation forward across Europe
- Separation of infrastructure and operations as an effective means to curb the operational and financial discrimination potential of state railways; either through a complete legal and organisational breakup of the infrastructure operator or the construction of strong "Chinese walls" within integrated companies
- Institution of powerful, independent regulatory bodies to take an active part in accompanying the liberalisation process
- Creation of suitable conditions for private investments in the railway system
- Dismantling of technical hurdles and market access barriers so that all railway undertakings have a chance in the open rail market
- Strengthening of the European Railway Agency in order to achieve Europe-wide interoperability and uniform safety regulations
- Harmonization and simplification of the homologation processes for rolling stock
- An international train driver's licence.

Push for rail infrastructure
In the past few decades, investments have been made in road infrastructure throughout Europe, while railways have often been neglected. Investments in rail infrastructure are often driven by commercially successful long-distance passenger transport. This creates a vicious circle: insufficient

capacity is provided for the specific requirements of freight transport – long, heavy, high, slower trains. The resulting inefficiencies and productivity losses further reduce the attractiveness and economic success of rail freight transport.

In order to shift freight traffic from road to rail, a Europe-wide, coordinated, long-term infrastructure plan is required.

Positions:
- Purposeful expansion of EU freight transport corridors in terms of capacity, quality and continuous interoperability
- Provide connections to the NEAT railway link in the north and south in due time
- Increase rail productivity: longer trains (700 to 750 m) and higher train frequency through uniform train safety systems (ETCS)
- Consistent expansion of the Gotthard corridor for 4-metre semi-trailers by 2020
- Benchmarking and effective control of infrastructure costs: track and energy prices must remain affordable
- Promote noise abatement through a bonus for low-noise freight wagons
- Revise priorities: establish equal rights for passenger and freight transport
- Encourage investments in the technology of standardised European, industrially productive combined transport; avoid isolated solutions
- Eliminate terminal bottlenecks, for example in Rotterdam, Antwerp, Rhine/Ruhr, Eastern Italy, Poland: "No combined transport without terminals!".

Level playing field for road and rail

Hupac supports the principle of appropriate use of modes of transport: the railway is suitable for long distances and large volumes, while the road is advantageous for short distances and smaller volumes because it is more flexible. Consignments that are particularly time-critical are often better sent by road, whereas freight with high safety requirements is best carried by rail. But apart from these systemic differences, an abundance of regulations affect the relationship between the two transport systems. They compensate for existing infrastructural differences, offset external costs or express a political will to act in the interest of the public.

For Hupac, the principle of equal opportunities is the key issue: there should be a level playing field for the road and railway.

Positions:
- Retain the present dimensions and weights of road vehicles to ensure their compatibility with combined transport rail wagons
- Retain the restrictions on night-time and weekend road haulage as well as the exemptions for combined transport
- No distortion of competition between road and rail by admitting giga-liners
- Regular review of the external costs of the different modes of transport and the internalization measures (e.g. Eurovignette)
- Adequate support for transalpine combined transport until an efficient combined transport corridor via Gotthard opens up (750 m trains, P400 profile)
- Use scarce rail capacities efficiently: concentrated expansion of efficient unaccompanied combined transport, Rola to be offered as an additional alternative
- Alpine Crossing Exchange: risks outweigh opportunities due to a lengthy negotiation process with the EU.

Certifications

Quality and environment management

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

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

Certifications according to ISO 9001 and 14001 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 the parent company Hupac Ltd, the subsidiary responsible for the operational business, Hupac Intermodal Ltd, the Dutch subsidiary Hupac Intermodal NV and Hupac SpA of Italy.

In September 2010, Hupac's quality and environmental management system was recertified for three years. Interim audits were successfully conducted at the Basel, Chiasso and Busto Arsizio sites in April and November of the year under review.

ECM – Entity in Charge of Maintenance

In October 2010 Hupac successfully completed the audit for ECM (Entity in Charge of Maintenance) certification. An external authority licensed by the Swiss Federal Office of Transport has thus certified that Hupac is adequately organised to meet all requirements in terms of the safety and maintenance of the freight wagons. The ECM system incorporates the whole supply chain of wagon components, thus also ensuring safety upstream.

Following railway liberalisation, responsibility for the maintenance of wagons has passed from the railway companies to the wagon keepers. The designation of an ECM, i.e. an entity responsible for maintenance, has been compulsory for traffic in Germany since 1 January 2011.

In October 2012, the processes of maintenance management were successfully recertified in the context of a surveillance audit. This year, Hupac is preparing for certification under EU Regulation 445/2011.

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 mean 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

Due to the decline in volume in the year under review, revenues from supplies and services also decreased by 7.8% to around CHF 454.5 million. The “Other revenues” item includes state financial support, which decreased by 8.1% compared to the previous year.

The net cost of the services decreased by 8.7% compared to the year before to reach just under CHF 425.5 million. This led to a gross profit of approximately CHF 98.6 million in the year under review, a reduction of 4.2% compared to the previous year.

The Group’s operating profit increased by 65.6% to just under CHF 4.4 million in the year under review. Insufficient wagon availability caused by the continuation of SBB’s carriage recall also had a severe negative impact on the Group result in the year under review.

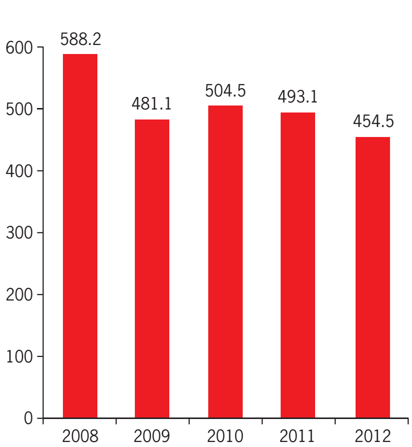
The Group’s cash flow as of year’s end according to the simplified calculation method – annual profit plus depreciation and changes in provisions – was CHF 48.1 million, which represents a small increase of 1.2% compared to the year before.

Investments in tangible fixed assets amounted to CHF 33.3 million in 2012. The investments were primarily related to the purchase of rail wagons, the completion of the Busto Arsizio-Gallarate terminal and the building of the wheel-set refurbishing centre of Busto Arsizio.

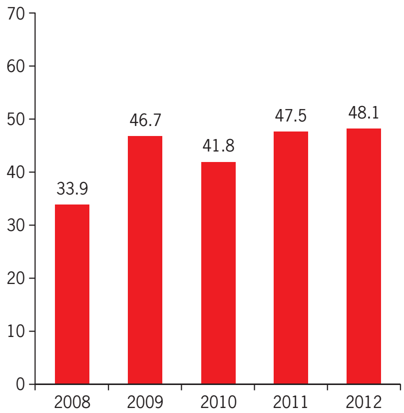
In view of the continuing difficult situation on the currency front, the economic development of the Hupac Group is considered to be satisfactory.

Values in 1000 CHF	2012	2011	%
Income from supplies and services	454,499	493,128	-7.8
Other income	69,630	75,735	-8.1
Cost of the services	425,483	465,861	-8.7
Gross profit	98,646	103,002	-4.2
Group’s operating profit	4,390	2,651	65.6
Group’s cash flow	48,097	47,506	1.2

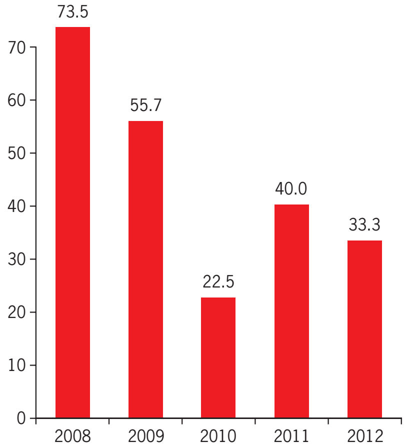
Annual turnover
in million CHF



Cash flow
in million CHF



Investments in tangible fixed assets
in million CHF



Traffic development

In total, Hupac carried 646,214 road consignments (1.3 million TEU) in unaccompanied combined transport in the financial year 2012. Hupac's customers thus reduced the burden on Europe's roads by 2,800 HGV journeys per day, making a significant contribution to sustainable and eco-friendly freight transport.

The volume of traffic achieved represents a decrease of 10.7% from the previous year. The main reason for the negative traffic development is weak demand for transport services as a result of the current economic crisis in Europe and particularly in Italy.

Traffic through Switzerland was put under additional strain by three total closures of the Gotthard line lasting 40 days in all. Further restrictions were imposed by construction work on the Lötschberg/Simplon axis. Overall, the route via Switzerland recorded a 11.9% reduction in consignments, around half of which was due to the line closures.

In transalpine traffic via Austria, on the other hand, Hupac achieved modest growth of 0.7%. This was particularly due to the efficient 4-metre corridor for the transportation of P400 semi-trailers. Hupac was able to strengthen its market position in this segment.

There was also a reduction of 20.1% in non-transalpine import/export traffic. As a result of the negative economic environment, Hupac was forced to make a capacity adjustment and consolidate its services between the western ports and Switzerland.

The transport axes Benelux/Germany ⇆ Poland/Russia, Benelux/Germany ⇆ Austria/Hungary/Romania and Benelux ⇆ Spain also saw the introduction of consolidation measures and the adjustment of operational concepts. For example, Hupac was the first operator to use the UIC line on the Spanish route to Barcelona. The load units no longer need to be transferred from standard gauge to broad gauge wagons at the Franco-Spanish border. Overall, the reduction in volumes in this segment was relatively moderate.

Scandinavia ⇆ Italy

The discontinuation of connections in Sweden by our former cooperation partner CargoNet at the end of 2011 and the transition to the new partner ICS presented some difficulties. Short-term capacity shortages and quality issues worsened at the start of 2012, necessitating a reorganisation. The capacity adjustments on the Malmö ⇆ Alnabru connection operated by the Norwegian partner CargoNet were also accompanied by quality defects. Due to the resulting volume losses, Hupac

Transport volumes

	Road consignments			Net weight in tons		
	2012	**2011**	**%**	**2012**	**2011**	**%**
Transit via CH	346,588	394,081	- 12.1	6,511,000	7,418,000	-12.2
Import/export CH	10,044	4,644	116.3	198,000	70,000	182.9
Domestic CH	16,787	25,163	- 33.3	253,000	431,000	- 41.3
Total transalpine via CH	373,419	423,888	- 11.9	6,962,000	7,919,000	- 12.1
Transit via A	53,425	53,053	0.7	1,041,000	997,000	4.4
Transit via F	139	1,221	- 88.6	2,000	26,000	- 92.3
Total transalpine	426,983	478,162	- 10.7	8,005,000	8,942,000	- 10.5
Import/export CH	66,531	83,247	- 20.1	953,000	1,175,000	- 18.9
Domestic CH	3,378	2,729	23.8	36,000	28,000	28.6
Other traffic	149,322	159,756	- 6.5	2,530,000	2,736,000	- 7.5
Total non-transalpine	219,231	245,732	- 10.8	3,519,000	3,939,000	- 10.7
Total	646,214	723,894	- 10.7	11,524,000	12,881,000	- 10.5

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

was forced to adjust capacity to the new level of demand. Because of these quality issues, certain customers sought alternative solutions from other competitors involving the “fixed link” and the “broken” connection via the Baltic Sea ferry. The reduction in volume on the Brenner axis was far less drastic thanks to the P400 service; however, the Brenner closure due to construction work was still a factor here.

Germany ⇆ Italy
We recorded a sharp reduction in volume of 13.9% in this market segment. The Gotthard closures in April, June and November were among the main reasons. On the Singen ⇆ Milano Certosa short-haul connection in particular, the route closures led to heavy losses in favour of the road. It will require great effort and persuasion to win these volumes back for combined transport.

In the Rhine/Ruhr economic area, competitive pressure intensified due to the introduction of company trains by competitors on other routes. Some of the volumes required to fill the capacity of these trains were taken from our trains on the route via Switzerland. The introduction of new train concepts also affected us in the Rhine/Main economic area. We recorded growth in traffic on our Cologne ⇆ Novara and Travemünde ⇆ Novara connections thanks to new acquisitions in the P400 semi-trailer segment.

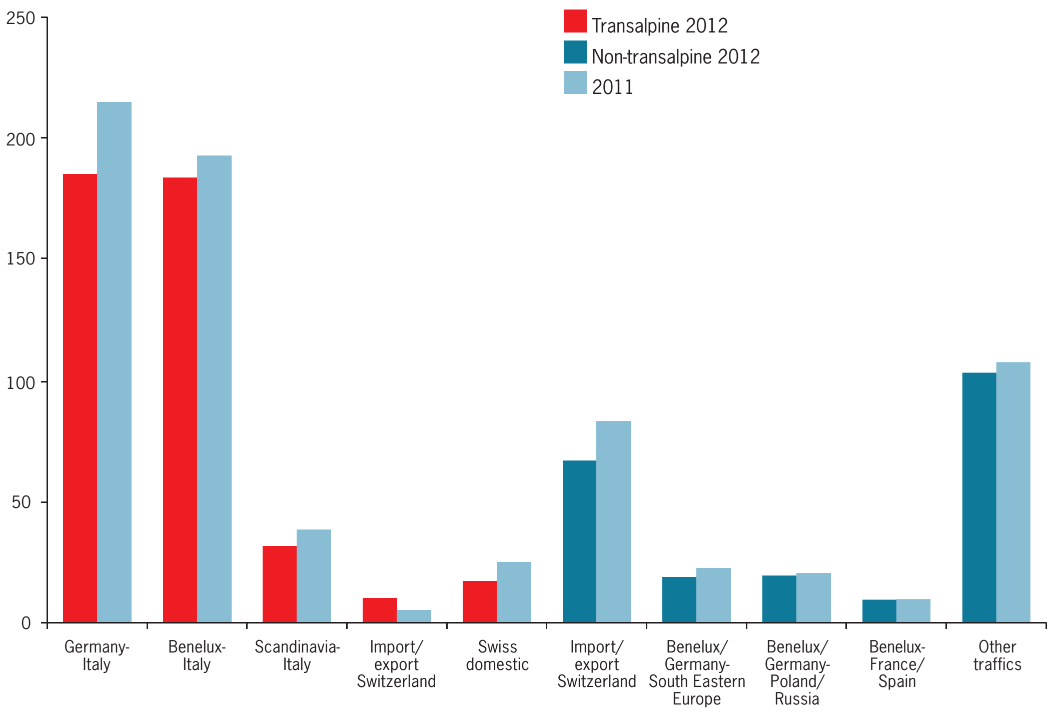
Netherlands ⇆ Italy
Taking account of the economic trend and the Gotthard closure, this market segment saw a decline of 7.9% in a restrained context. The volumes on the Rotterdam ⇆ Verona connection were increased by 5% thanks to new acquisitions, mainly in the P400 semi-trailer market. However, this failed to compensate for the losses on the Gotthard axis, where we recorded reductions due to our competitors’ aggressive price policy.

Belgium ⇆ Italy
Compared to other transport axes and in the context of the existing economic and infrastructural conditions, the development of the Belgium ⇆ Italy corridor is relatively pleasing. The decline in volume of just 2.5% was partly thanks to the Antwerp ⇆ Verona connection, where an increase of 5% was recorded. Here, too, the P400 semi-trailer traffic proved to be a growth driver. Adjusted for the losses caused by the six-week Gotthard closure, the figures also show modest growth on the Swiss transit axis.

Swiss import/export transalpine traffic
The strong Swiss franc and the recession in Italy had a negative impact on exports to the country. The strong growth of this segment was due to the transfer of certain traffic flows from Stabio to Busto Arsizio.

Swiss domestic transalpine traffic
Adjusted for the transfer of traffic from Stabio to Busto Arsizio, this segment suffered an 11% reduction in volume. Besides the economic downturn, this was also due to the disruption on the Gotthard line. Diversions via Lötschberg were not a suitable alternative on the short Swiss domestic connections, so the traffic had to be completely transferred to the road.

Development of the market segments in the Shuttle Net
Road consignments in 1000s



Import/export non-transalpine traffic
The economic crisis and export weakness led to overcapacities and accordingly aggressive competition from the road, which caused traffic between Germany and Switzerland to shift back onto the road. The traffic flows on the Netherlands ⇆ Switzerland transport axis were consolidated and the connection to and from Niederglatt was discontinued. Considerable volumes were also lost to the road as a result of the restructuring of the Swiss split system for local distribution, combined with marked price changes.

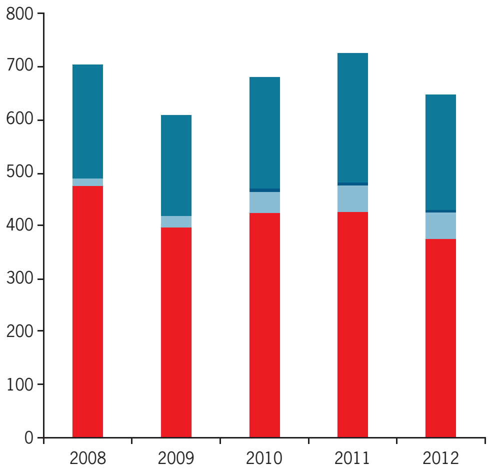
Benelux/Germany ⇆ South Eastern Europe
The continued deterioration of the economic climate intensified the competitive environment, mainly due to low freight rates in road haulage and a ruinous price war among other operators, including the sea route for traffic to Turkey. Given this market situation, Hupac carried out a consolidation of the network to Vienna/Budapest and Romania.

Despite the challenging market environment, a weekly round-trip block train from Vienna to Istanbul was introduced in close cooperation with a Turkish logistics company.

Benelux/Germany ⇆ Poland/Russia
Hupac recorded increasingly strong demand in this corridor, particularly to Russia. To increase productivity and secure quality and capacity, Hupac successively built up and expanded the route from Warsaw to Sestokai. Faced with unrealistic price demands from our Russian cooperation partner, Hupac was forced to modify the entire production concept on the East-West axis at the end of 2012.

Traffic development by business areas
Road consignments in 1000s

- Non-transalpine
- Transalpine via F
- Transalpine via A
- Transalpine via CH



Following the restructuring, we now run one weekly block train each from Ludwigshafen and Antwerp to Gadki near Poznan. From Poznan – the new hub in Poland – we offer a weekly direct block train to Sestokai. There are daily connecting trains from Poznan to Pruskow (Warsaw), Dabrowa (Katowice) and Wroclaw to tap into the Polish economic areas. In addition to the weekly block trains from Antwerp and Ludwigshafen, there are guaranteed daily departures from Duisburg, Antwerp and Ludwigshafen to Poznan via the coordination point of Schwarzheide.

Benelux ⇆ Spain
The economic situation in Spain and Portugal did not stimulate demand for transport and, coupled with the renewed strikes and construction works in France, adversely affected any further volume growth in this corridor. A substantial improvement in performance and quality was achieved thanks to the changeover of the Antwerp ⇆ Perpignan connection to Barcelona Morrot via the new UIC line at the turn of 2011/2012, because the load units no longer need to be transferred from standard gauge to broad gauge wagons at the Franco-Spanish border. This change of concept enabled us to stabilise the initial erosion of volumes.

At the end of 2012, Hupac opened the new transport link from Busto Arsizio to Barcelona Morrot via the UIC line with a weekly round trip. The frequency had already been increased to two departures per week by January 2013.

Maritime transport
After the strong growth in the previous year, in 2012 we recorded a reduction in the volumes carried. Whilst demand for transport remained at a high level, the introduction of new, aggressive offerings by other operators caused a dispersal of traffic. An unbalanced trend was also noticeable on the Rotterdam ⇆ Switzerland axis, as exports continue to suffer from the strong Swiss franc. Traffic to the Ligurian ports via Busto Arsizio was stable and continues to offer an attractive alternative to the western ports.

Operating resources

Rolling stock

In the crisis year 2012, Hupac faced the challenge of bringing its operating resources into line with reduced demand. The wagon fleet was reduced by around 700 units to 5,166 wagon modules, a decrease of 12.1%. The reduction was achieved through the scheduled and staggered termination of lease agreements. At the end of 2012, leased wagons accounted for just 7.7% of the total rolling stock.

In terms of wagon maintenance, Hupac continued its strategy of securing capacity and increasing productivity. The shortages of the previous year were overcome thanks to close cooperation with the partners, optimisation of empty runs and the contribution of the company's own workshops. Wagon availability increased by five per cent to just under 80% in the year under review. The target for 2013 is 83%, with a medium-term goal of 90%.

In September 2012, a new wheel set reconditioning centre was opened in the immediate vicinity of the Busto Arsizio-Gallarate terminal. The facility covers a total of 9,000 square metres and is equipped for non-destructive testing as well as the re-profiling of wheel sets and replacement of brake discs. The workshop is operated by Cosmef in close cooperation with Hupac's fleet management division. Capacity at the workshop is set to increase gradually and reach 45 wheel sets per shift in the medium term. Investments in the facility constructed by Hupac SpA amounted to around EUR 8 million.

The company's own workshop for preventive maintenance in Busto Arsizio also made a positive contribution to the strategic objective of securing wagon availability. The output volume of the facility, also operated by Cosmef, was slightly increased thanks to a number of organisational measures.

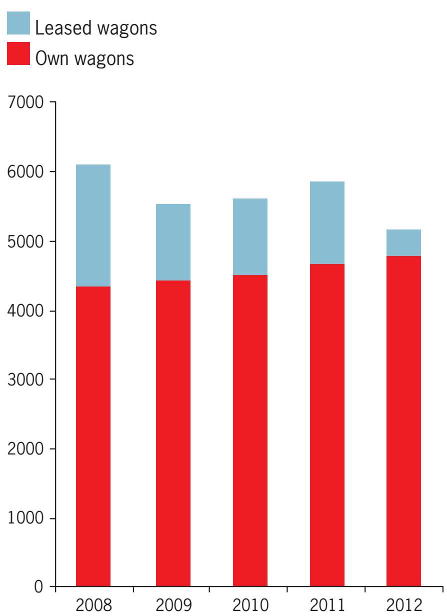
Despite the economic crisis, Hupac continued to invest in its own rolling stock. In total, 118 wagon modules worth approx. CHF 14 million were delivered. This involved the T4.2 type for P386 coded semi-trailers and the T5-type pocket wagons for megatrailers and heavy containers. The delivery of around 20 wagons is expected for the current year.

Rail traction

Over 95% of Hupac's transport is conducted in accordance with the principle of integrated international traction responsibility. 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 International, DB Schenker Rail, Trenitalia Cargo, Crossrail, Captrain, WLB Wiener Lokalbahnen, SNCF Fret, SNCB

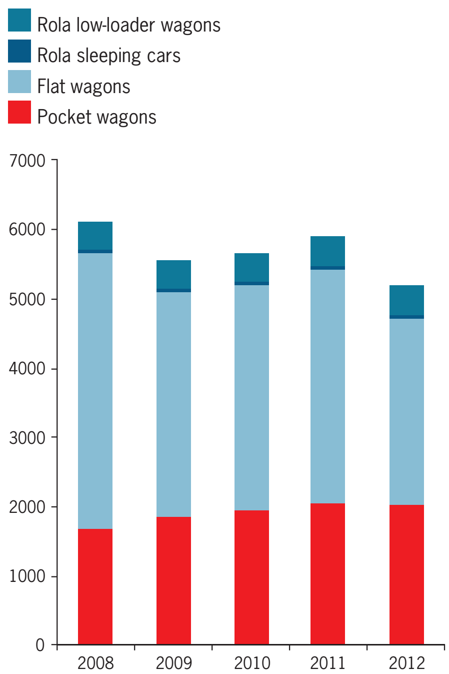
Rolling stock

Number of rail platforms



Rolling stock by type

Number of rail platforms



Logistics, Rotterdam Rail Feeding, Interporto Servizi Cargo and Rail Cargo Hungaria.

The rail transport company of Hupac SpA expanded its operations. As well as traction for the daily Busto Arsizio ⇆ Milano Smistamento train, the company provides technical inspections in the Busto Arsizio-Gallarate terminal. Over 90% of the trains ready for departure are technically inspected by Hupac's controllers. Furthermore, all shunting operations between the terminal and the new workshop are carried out by Hupac. Around 40 staff is employed in the areas of traction and shunting.

Terminals

Hupac’s trains serve around 70 transhipment terminals in 15 European countries. Many other terminals can be reached via train connections offered by our partners. In the year under report, several new terminals were connected to Hupac’s network: Rothenburg in Switzerland, Edirne in Turkey as well as Pruszkow, Gadki and Wroclaw in Poland.

There were no major irregularities at Hupac’s own terminals in the year under review. Operational services were provided with high quality and reliability. The crane availability reached 98% in the Busto Arsizio-Gallarate terminal and 99% in Singen and HTA Hupac Terminal Antwerp.

In November 2012, the sixth track of the connection sidings was put into operation at the Busto Arsizio-Gallarate terminal. With this infrastructure, all works are concluded to the completion of the Busto Arsizio-Gallarate terminal.

Information technology

Transport is highly dependent on the coordination of different interfaces within the entire value chain. Information technology is therefore one of Hupac’s most important assets.

The company has a centralised system that links the branch offices and around 60 terminals all over Europe. At the heart of the system is Goal (Global Oriented Application for Logistics), a software application developed by Hupac for the coordination of combined transport from booking to billing. A number of terminals and operators have adopted the system. Many partners such as operators, ship owners etc. exchange their data with Hupac via XML using the Ediges (Electronic Data Interchange Goal with External Partners) system. Only a fraction of the data used to control and monitor the annual volume of consignments needs to be processed manually.

Uninterrupted tracking of the loading units is an indispensable service for customers. They can access all status reports based on the Goal data via the Cesar web-based customer information system. The integration of the data system also creates added value for the customers, who tend to select e-booking and e-billing functions with direct data entry into the system, particularly for large transport volumes.

In the year under review, the IT specialists implemented a revision of the entire customer administration process. All procedures from quotation to billing are represented in the system and centrally administered. This allows rapid and reliable processing while maintaining the required flexibility. The first module relating to price management was completed in December 2012. The entire administrative reengineering should be finalised by 2014.

Quality, safety and productivity

Quality

In the year under review there was a noticeable improvement in train punctuality, defined as less than an hour late, compared to the previous year. Once again it became clear that the quality of rail freight transport rises in a weak economic climate with lower volume pressure. This is due to the adequacy of the available rail resources.

The highest quality was once again achieved on the route via Chiasso, where 90% of trains (previous year: 88%) ran on time. Punctuality on the Brenner axis increased from 78% to 89% as the difficulties of the previous year were resolved. Progress was also recorded in non-transalpine traffic with an increase in quality from 78% to 83%. Punctuality on the Luino axis was increased from 74% to 77%, while the figure on the Lötschberg axis remained unchanged at 71%.

Safety

One of Hupac's primary strategic goals is to ensure operational safety. Avoiding accidents at the terminals and on the railway lines, preventing or mitigating the consequences of operational disruption and protecting the integrity of the loading units in its care are the company's overriding safety objectives.

Hupac supports the zero-error strategy of the rail system and applies a range of precautions and measures to reduce risks and increase safety. All vehicles, load units and rail wagons are subject to systematic checks from departure to destination. The processes are agreed with the terminal and railway partners and periodically reviewed. There were no major accidents to report in the year under review at the terminals or on the railway lines.

Safety management was reviewed and enhanced in the year under review. The main focuses were emergency management, internal and external training as well as safety auditing. The systematic recording and assessment of operational irregularities was also underpinned to support the implementation of preventive measures. In the year under review, further automatic controls were introduced in the Goal system so that safety-critical situations can be reliably prevented.

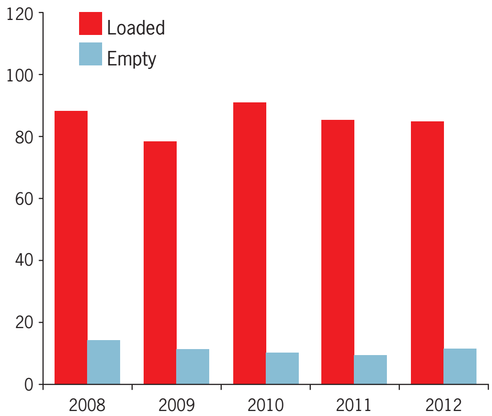
Productivity

Hupac strives to secure the competitiveness of combined transport by constantly increasing productivity. The running performance of the rolling stock, measured by the average mileage per loaded wagon, fell slightly by 0.6% in the year under review. Due to the increasingly uneven traffic and a major workshop recall, an increase of 21.7% in the average unloaded mileage was recorded.

At the Busto Arsizio-Gallarate terminal, the number of load units processed per employee increased by 3%. In contrast, a 21% drop in productivity was recorded at the Aarau terminal due to the transfer of larger volumes to other transhipment terminals. Productivity at the headquarters, measured by the number of road consignments per average number of employees, also decreased by 14%.

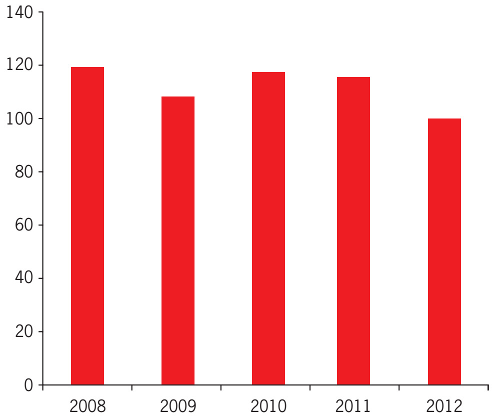
Running performance of wagons

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



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. They are mostly 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.

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

Customer policy

Hupac is committed to maintaining and strengthening its market position by means of a policy focused on the customer's needs and expectations, with the objective of achieving high quality services. Hupac is constantly committed to attracting new customers to combined transport, for instance by developing efficient logistics solutions within its network, assisting customers in the process of purchasing and coding suitable road vehicles, as well as offering advice in the initial stages.

Hupac makes customer proximity at all levels its corporate philosophy. This is exemplified by the special measures taken by customers during the economic crisis, as well as the continuous optimisation and simplification of interfaces and processes. The process reengineering dubbed "Customer Focus" proceeded in the year under review.

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

The expansion of the transport network requires the systematic adjustment of working processes in operations, engineering and information technology. In the year under review, many workshops and training sessions were held with our partners, thus ensuring standard processes across Europe.

There is still much potential for improvement in our cooperation with the railways. The focus is on improving service quality as well as increasing efficiency and productivity. Hupac has introduced measures with various railways to interlock processes even more closely and use resources even more economically.

Development of shareholdings

SBB Cargo International Ltd, Olten
Since the start of 2011, Hupac has held a minority interest of 25% in the Swiss carrier for international block-train and combined transport on the North-South axis. The aim is to establish SBB Cargo International as a strong, lean freight railway by integrating logistical know-how from the private sector. This stimulates the market and creates additional incentives for modal shift.

SBB Cargo International also registered falling transport volumes in the year under review as a result of the Europe-wide economic crisis. Cooperation with Hupac was successful. The efforts to rationalise and standardise processes were continued. The potential for optimisation are discussed and implemented in working groups with a focus on the market, operations and finance.

Crossrail Ltd, Muttenz
Crossrail is one of the few private railways still in existence after the period of consolidation in recent years. A recapitalisation of Crossrail took place in February, attracting new shareholders. Hupac's shareholding in Crossrail is at 25%.

Cemat SpA, Milan
Hupac has worked closely with Cemat since the seventies and has been one of the Italian combined transport operator's shareholders for decades. At the end of the year under review, Hupac's capital share remained unchanged at 34.5%.

Hupac was able to intensify its cooperation with Cemat in the year under review. There was a positive development in jointly operated traffic. The Memorandum of Understanding signed by FSI, FS Logistica, Cemat and Hupac in May lays the foundation for the joint development of terminal capacity in northern Italy.

RAlpin Ltd, Olten
In conjunction with SBB, BLS and Trenitalia, Hupac is a founding partner of the company established in 2001 to operate combined transport through Switzerland. At the end of the year under review, its capital share remained unchanged at 33.1%.

Hupac handles many tasks on behalf of RAlpin, such as customer service, scheduling and invoicing for the Rolling Highway on the Lötschberg and the Gotthard axis. It also operates the Lugano and Novara terminals via its subsidiary, Fidia. In the year under review, Hupac leased 426 low-loader wagons and 32 sleeping cars to RAlpin.

Combinant NV, Antwerp
At the start of 2009, Hupac acquired a shareholding of 35% in the Belgian terminal operator Combinant in cooperation with BASF and IFB. The aim was to secure terminal capacity in the strategically important Antwerp port area.

Put into operation in 2010, the terminal developed according to plan. However, the volume of consignments fell short of expectations due to the economic crisis. In the year under review, Hupac handled 50 trains per week via the Combinant terminal.

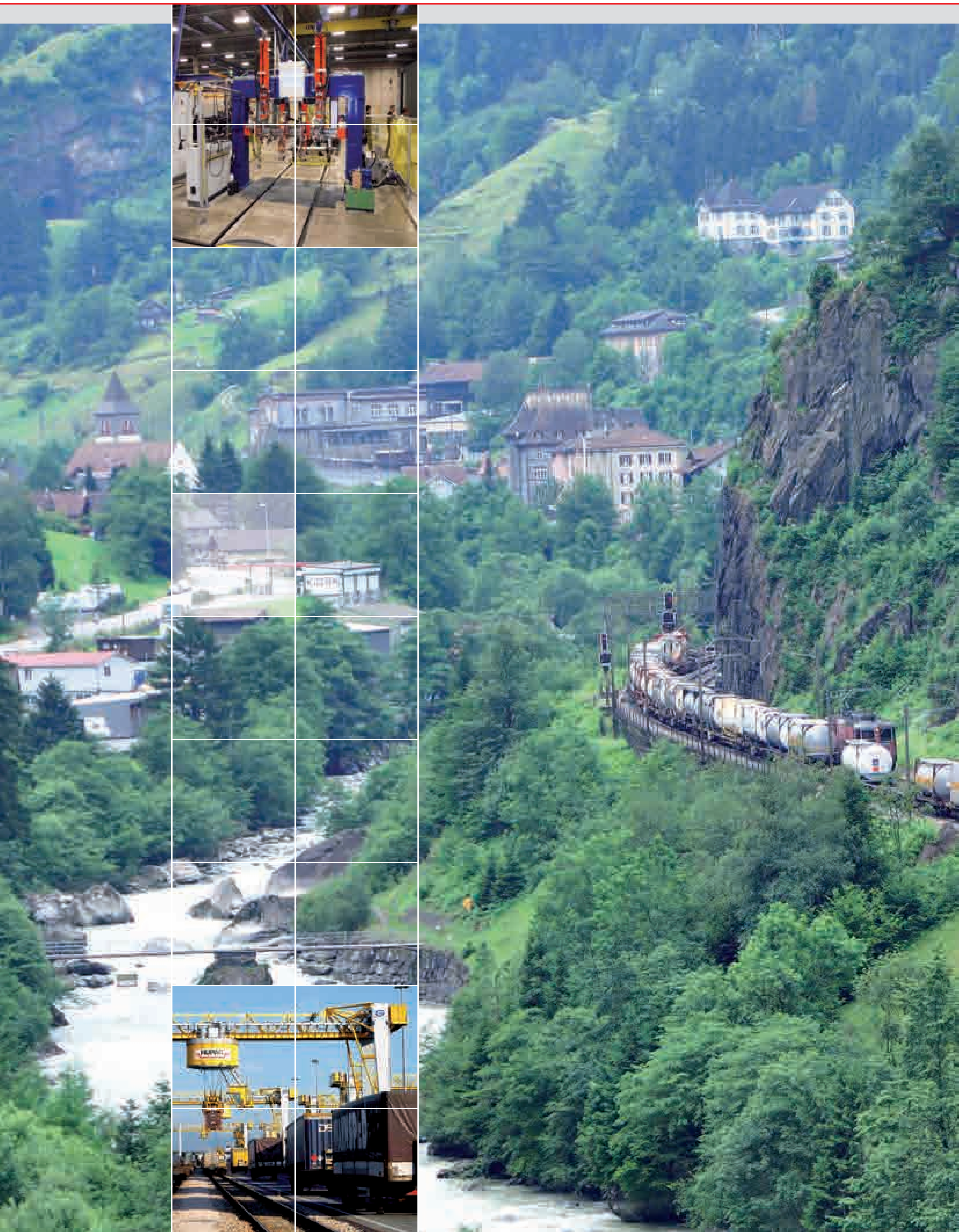
KTL Kombi-Terminal Ludwigshafen AG, Ludwigshafen
Hupac has held a share of 15% in the operator of the Ludwigshafen combined transport terminal since 2005. In Hupac's network, the KTL acts as a central hub for the grouping of consignments between Germany, Italy, Belgium and Poland. More than 110 Hupac trains run via the hub each week.

DIT Duisburg Intermodal Terminal AG, Duisburg
The trimodal Duisburg Intermodal Terminal, in which Hupac has held a share of 10% since 2003, serves as an inland hub for the major North Sea ports of Rotterdam and Antwerp. In the year under review, Hupac ran just 55 trains per week via this terminal.

CIS Cesar International Services Scarl, Brussels
Hupac is a founding partner of Cesar International Services, established in 2004, with a capital share of 25%. Various other combined transport operators also hold shares in the Brussels-based service company, which manages and develops the Cesar customer information system.

Hupac's environmental responsibility

Hupac fulfils its environmental responsibility by keeping the environmental impact of its operations to a minimum, reviewing and evaluating its environmental services and setting itself objectives for constant improvement. Hupac is committed to noise reduction, to developing efficient operating processes that reduce energy consumption and polluting emissions and to the environmentally friendly transport of all types of goods.



Environmental performance

In the year under review, the shift of freight transport from the roads to the Hupac transport network saved more than 661,000 tons of CO_2 and nearly 8 billion megajoules of energy compared to pure road transport, according to the environmental calculator of www.ecotransit.org.

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

Noise abatement of freight wagons

In railway traffic, noise abatement is an important environmental issue. Hupac has been systematically adapting its own wagons according to the directives on noise reduction and is heralding the development and implementation of "whisper brakes".

At the end of 2012, 91% (previous year: 88%) of the wagon fleet owned by Hupac were fitted with low-noise brakes made with synthetic materials. Unlike the old metal brakes made of grey cast iron, the so-called K-pad does not deform the running surface of the wheels, which remains smooth thus making the train run up to 10 decibels quieter.

Whereas new wagons are already fitted with low-noise brakes, the older models are being converted and fitted with synthetic brake pads during the scheduled stopover at the workshop. Around 101 wagons were noise-refurbished in 2012; the noise abatement programme should be completed by 2015. The cost of converting the brakes is borne by the Swiss Government.

Consumption and emission reduction

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

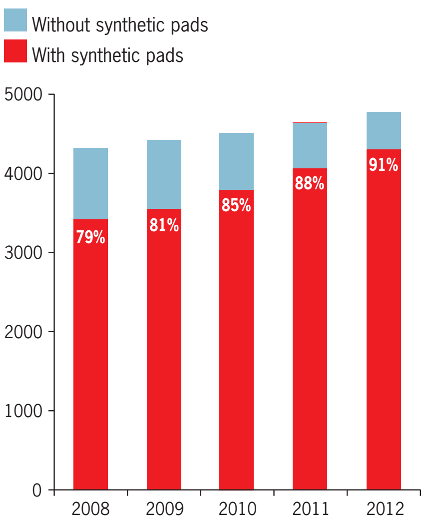
Efficient processes at the terminals reduce environmental impact. Hupac therefore measures relevant operations such as crane lifts and shunting and introduces measures to achieve a low environmental impact with high service quality through sensible use of resources.

The Busto Arsizio-Gallarate and Singen environmental projects

The environmental compatibility of the Busto Arsizio-Gallarate and Singen terminal facilities was enhanced further in the year under review. The biotopes fed by the rainwater collected in the terminals are regularly maintained.

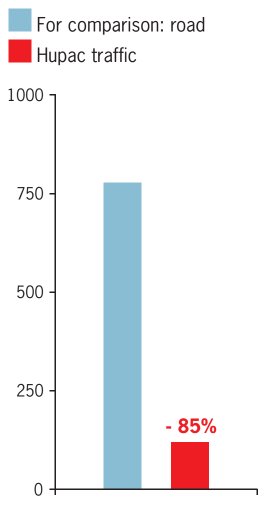
Wagons fitted for noise reduction

Number of own wagons



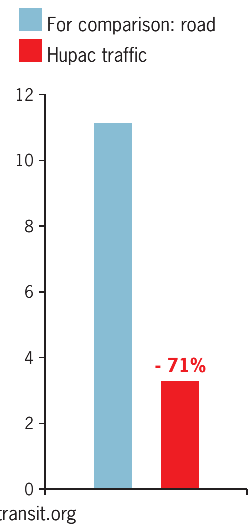
CO_2-emissions

Gross tons in 1000s



Energy consumption

in billion megajoules



www.ecotransit.org

Transportation of hazardous materials

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

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

In the year under review, the training courses involved approximately 190 employees at the terminals in Busto Arsizio, Basel and Aarau as well as in the Chiasso headquarters. The focus of the training was on document management, load unit inspection and emergency management in cooperation with the authorities and emergency services. As always, our customers made a very valuable contribution.

Hupac's hazardous material management system stipulates that all accidents and incidents are precisely recorded and assessed. In the year under review there were no accidents involving hazardous materials that caused damage to people or property. This means that Hupac's operations with hazardous materials have been free of accidents for decades.

Incidents are defined as minor irregularities that can usually be rectified by the transport companies' specialists, such as leaking containers with odour formation or drops of escaping liquid. Potential irregularities are detected, recorded and assessed during numerous inspections. In the year under review, the number of irregularities remained more or less constant. 49 incidents were reported at the terminals (previous year: 57) and 30 on the rail network (previous year: 24).

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

At the end of 2012, there were 414 members of staff (previous year: 410). 160 people were employed at Hupac Intermodal in Switzerland, Denmark and Poland, 217 at the subsidiaries Hupac SpA, Fidia SpA and Termi SpA in Italy and 37 at the remaining subsidiaries in the Netherlands, Germany, Belgium and Russia. The proportion of women rose from 14% to 15%. The average seniority increased to 10.4 years.

Training

Numerous coaching and training courses were held in the year under review. Internal foreign language courses took place in Chiasso and Busto Arsizio, while courses on safety and hazardous materials were held in Chiasso, Aarau, Basel and Busto Arsizio. Other training courses covered IT applications and administrative processes, while a number of employees attended external courses for special training requirements. In 2012 Hupac continued the training of three apprentices in Chiasso who will obtain the diploma for commercial employees. Eight employees took part in job rotation programmes.

Occupational health and safety

Hupac takes care of healthy and safe workplaces in compliance with national and international applicable regulations. Appropriate infrastructures and equipment as well as continuous training and instruction ensure a high level of occupational safety. In the year under review, 12 occupational injuries were recorded along with 257 lost working days. The number of occupational injuries and lost working days per employee thus decreased in comparison to the previous year.

Internal communications

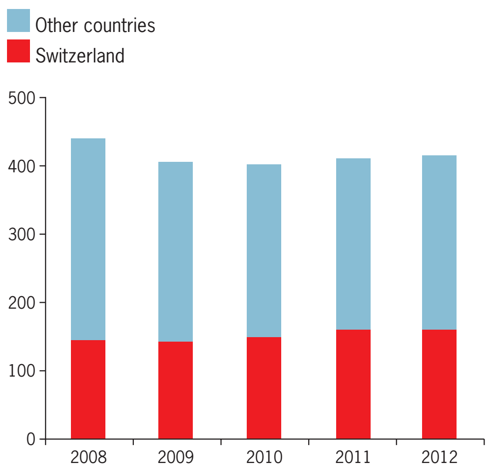
In the year under review, Hupac intensified its internal communications in order to provide all staff with constant, first-hand information about the market, the company's situation and the measures taken. In the course of the year, the senior management organised several meetings with the staff in all subsidies.

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. At the headquarters the average score fell from 85 to 83. At the Italian subsidiary the score reached 77 (previous year: 74).

Workforce of the Hupac Group

Number of employees



Modal shift policy

Responsibility for the mobility of the future

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

In 2012 Hupac achieved a volume of 373,000 consignments or 7.0 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, Termi SpA and Hupac Intermodal BVBA were partly 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 of 2006)
- HTA Hupac Terminal Antwerp
- Completion of the Busto Arsizio-Gallarate (as per final accounts of 2012).

The Hupac Group will have to repay a considerable part of these subsidies, amounting from 2012 to 2040 to around CHF 74.0 million. In the same period, estimated interest of around CHF 6.2 million will be payable to the Swiss Government (see table).

In terms of operating subsidies, the Swiss Government applies a diminishing model. Increasing amounts of traffic are intended to be shifted onto rail with slightly decreasing funds. The Confederation left the subsidies at a slightly higher level in the past year, in order to counter the effects of the economic crisis.

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

Values in 1000 CHF

Years	2012	2013-2026	2027-2030	2031-2035	2036-2040	2012-2040 Total
Loan repayment	3,738	3,638 - 3,848	2,691 - 2,594	1,470 - 1,551	65	74,001
Interest	539	111 - 588	10 - 70			6,224
Total	4,277	3,749 - 4,352	2,601 - 2,664	1,470 - 1,551	65	80,225

Relationship with public institutions and communities

A constructive, open relationship with the Swiss and European institutions is a primary objective for Hupac. The company receives guests and delegations from Switzerland and several European countries in order to show and explain how combined traffic works and how the Busto Arsizio-Gallarate terminal operates.

Hupac also contributes to the advancement of eco-friendly rail freight transport at the institutional level. The company's experience over the decades is valued and utilised in the creation of the necessary framework conditions.

Hupac is an active member of many industry associations. In the year under review, these were:

- ASTAG, Bern
- LITRA, Bern
- Propeller Club, Basel
- VAP, Zurich
- VöV, Bern
- ECTA, Brussels
- ERFA, Brussels
- UIRR, Brussels
- VPI, Hamburg
- Assofer, Milan
- Assologistica, Milan
- CCTT, Moscow

Hupac also participates in a number of workshops, mostly on technical issues.

A large number of transport policy dossiers were drafted in Switzerland in the year under review. Hupac's statements are published online. Here is a summary of the key points.

- Informal preliminary consultation on the promotion of nationwide rail freight transport, August 2012: Hupac supports the principle of economic viability. The redefinition of the tasks of SBB and the securing of infrastructure capacity for freight transport must be regarded as positive steps.

- Consultation on railway noise abatement, August 2012: tackling the problem of noise is a crucial condition for the social acceptance of rail freight transport. Hupac supports the introduction of noise limits in Switzerland after an appropriate transitional period. In the long term, subsidy policy must be internationally harmonised in a technologically neutral way.

- Construction and financing of a 4-metre corridor on the Gotthard axis, December 2012: the corridor-wide adjustment of rail infrastructure to meet the common freight transport parameters (train length of 750 metres, P400 profile) is a precondition for modal shift and the commercially viable operation of combined transport. Pragmatism is required with regard to the southern connections: the expansion of the Chiasso line is important in the long term, while an adjustment of the existing Luino line is more urgent in the short term.

In the year under review, the main focus was on the southern connections to the Gotthard base tunnel. Together with a number of industry representatives, Hupac has raised public awareness of this important issue and supported the institutions involved as far as possible.

Hupac is also committed to its social environment at local level. Despite the current economic crisis, it was able to support a small number of projects and associations, particularly in leisure and youth sports.

Financial statements

Consolidated income statement 2012 and 2011

Amounts in 1 000 CHF	2012	2011
Income from supplies and services	454 499	493 128
Other income	69 630	75 735
Cost of the services	(425 483)	(465 861)
Gross profit	98 646	103 002
Payroll expenses	(31 783)	(32 141)
General expenses	(9 845)	(10 484)
Depreciation and provisions	(43 707)	(47 055)
Gains from disposal of fixed assets	667	807
Losses from disposal of fixed assets	(170)	(106)
Operating profit	13 808	14 023
Financial income	604	414
Financial expenses	(2 844)	(3 143)
Result from associates	(4 686)	(2 404)
Foreign exchange differences	(600)	(4 425)
Profit before extraordinary items	6 282	4 465
Non-operating income	512	147
Extraordinary income	909	2 359
Extraordinary expenses	(589)	(2 138)
Profit before taxes	7 114	4 833
Taxes	(2 595)	(2 174)
Profit before minority interest	4 519	2 659
Minority interest	(129)	(8)
Group profit	4 390	2 651

Notes on the consolidated income statement 2012

In 2012 the Hupac Group's *Income from supplies and services* declined by 7.8% to CHF 454.5 million. This is primarily attributable to the weak economy and various shutdowns of the Gotthard railway line.

The item *Other income* is comprised of operating contributions and financial support payments for the use of low-noise rolling stock, totalling approximately CHF 69.6 million in the 2012 financial year, which represents a decrease of 8.1% compared to the previous year.

The *Cost of the services* decreased by 8.7% from last year to approximately CHF 425.5 million. The company's *Gross profit was* 4.2% below the previous year's figure.

Payroll expenses in the year under review were down by 1.1% from the previous year. In the financial year 2012 savings of some CHF 0.6 million were also achieved compared to 2011 in the item *General expenses*.

Depreciation and provisions in the 2012 financial year amounted to CHF 43.7 million, corresponding to a decrease of 7.1% from the previous year. This is due to relatively few deliveries of new rolling stock in 2012.

Compared to last year, *Financial income* increased again by just under CHF 0.2 million, while *Financial expenses* were approximately CHF 0.3 million lower than in 2011 as a result of the low interest rate level. Regrettably, the *Results from associates* in the financial year 2012 were down by around CHF 2.3 million from the year before. In particular, the shareholdings in Combinant NV,

Consolidated balance sheet at 31 December 2012 and 2011

Amounts in 1 000 CHF	31.12.2012	31.12.2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	22 931	25 860
Receivables from supplies and services	57 366	61 005
- third parties	48 965	54 205
- shareholders	8 401	6 800
Other receivables	15 156	15 671
Stocks	3 516	3 618
Accrued income	25 818	27 774
Total current assets	124 787	133 928
FIXED ASSETS		
Financial fixed assets	37 893	36 581
- Investments	32 766	35 654
- Other financial assets	4 736	561
- Deferred tax assets	391	366
Tangible fixed assets	222 740	226 063
- Advances to suppliers	481	8 352
- Technical equipment	23 183	21 004
- Rolling stock	78 035	87 040
- Plants on third parties' lands	13 321	14 019
- Terminals, buildings and land	101 449	89 336
- Other tangible fixed assets	6 271	6 312
Intangible fixed assets	15 071	9 912
Total fixed assets	275 704	272 556
Total assets	400 491	406 484

Amounts in 1 000 CHF	31.12.2012	31.12.2011
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Short-term financial debts	13 520	10 258
Account payables from supplies and services	45 941	45 084
- third parties	45 197	42 938
- shareholders	744	2 146
Other short-term debts	3 828	3 511
Accrued expenses	44 940	52 312
Short-term provisions	37	128
Total short-term liabilities	108 266	111 293
Long-term liabilities		
Long-term debts	156 428	163 135
Long-term provisions	57 552	56 777
Deferred tax liabilities	2 530	2 675
Total long-term liabilities	216 510	222 587
Total liabilities	324 776	333 880
Minority interests	332	203
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
Reserves	62 718	61 528
Treasury shares	(1 408)	(1 560)
Translation difference	(10 317)	(10 218)
Group profit	4 390	2 651
Total shareholders' equity	75 383	72 401
Total liabilities and shareholders' equity	400 491	406 484

Antwerp, RAlpin Ltd, Olten and in two railway operating companies contributed to this result. *Foreign exchange differences* resulted in a loss of CHF 0.6 million, which represents a significant improvement compared to the previous year.

After accounting for the non-operating income and extraordinary items, the deduction of *Taxes* and offsetting of the minority interests, the Hupac Group generated a *Group profit* of just under CHF 4.4 million in 2012, corresponding to an increase of 65.6% over the previous year.

Hupac Intermodal Ltd, by far the most important company of the Hupac Group based on turnover, suffered a loss of approximately CHF 0.7 million in the 2012 financial year (previous year: loss of approximately CHF 0.6 million).

Consolidated cash-flow statement 2012 and 2011

Amounts in 1 000 CHF	2012	2011
Group profit	4 390	2 651
Depreciation of tangible assets	39 728	41 230
Depreciation of intangible assets	1 860	2 429
Variation of provisions	581	966
Other non monetary items	(956)	2 706
Net result from sale of tangible assets	(183)	(701)
Income from associated companies	4 686	2 403
Minority interests	130	8
Variation of inventories	88	(522)
Variation of short-term receivables	6 014	(5 499)
Variation of short-term liabilities	(3 086)	(9 566)
Cash flows from operating activities	53 252	36 105
Purchase of tangible assets	(33 310)	(39 979)
Proceeds from sale of tangible assets	11 451	1 726
Purchase of intangible assets	(4 572)	(10 091)
Proceeds from sale of intangible assets	0	(87)
Purchase of investments	(17 667)	(10 816)
Proceeds from sale of investments	202	0
Cash flows from investing activities	(43 896)	(59 247)
Variation of long-term receivables	(4 204)	2 060
Variation of long-term loans	(6 638)	1 356
Treasury shares	152	(1 560)
Dividends payment	(1 571)	(1 600)
Cash flows from financing activities	(12 261)	256
Variation	(2 905)	(22 886)
Cash at beginning of the year	25 860	48 845
Foreign exchange differences on cash	(24)	(99)
Cash at end of the year	22 931	25 860

Notes to the consolidated financial statements 2012

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 2012 also include a general risk provision of CHF 3.2 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% and up to 50% of the voting rights are consolidated using the equity method. Equity method is also 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 over a period between five and twenty years.

All balances, transactions and unrealized profits existing between Group companies are eliminated during the consolidation process. Dividends paid

The following companies were fully or pro rata consolidated:

Company		Share or company capital	Interests as % 31.12.2012	31.12.2011
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	2 000 000	100.00	100.00
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
Centro Intermodale SpA, Milan	EUR	4 480 000	100.00	0
Sub-interests of Centro Intermodale SpA, Milan: - Terminal Piacenza Intermodale Srl, Piacenza	EUR	52 000	100.00	0
Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	99.94	99.94
Hupac Intermodal NV, Rotterdam	EUR	200 000	100.00	100.00
Sub-interests of Hupac Intermodal NV, Rotterdam: - Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	0.06	0.06
Terminal Singen TSG GmbH, Singen	EUR	260 000	0	50.00
Intermodal Express LLC, Moscow	RUB	3 000 000	75.00	75.00

The following companies were consolidated using the equity method:

Company	Registered in	Interests as % 31.12.2012	31.12.2011
Cemat SpA	Milan (Italy)	34.48	34.48
Cesar Information Services Scarl	Brussels (Belgium)	25.10	25.10
Combinant NV	Antwerp (Belgium)	35.00	35.00
Crossrail Ltd	Muttenz (Switzerland)	25.00	25.00
RAlpin Ltd	Olten (Switzerland)	33.11	33.11
SBB Cargo International Ltd	Olten (Switzerland)	25.00	25.00
Terminal Singen TSG GmbH	Singen (Germany)	50.00	0

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.

Equity method consolidation is used for the 50% interest in Terminal Singen TSG GmbH.

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.

Table of currency conversion

	Balance sheet		Income statement	
	31.12.2012	31.12.2011	2012	2011
CHF/EUR	1.2072	1.2158	1.2053	1.2336

Shareholders' equity movements

Amounts in 1 000 CHF	Share capital	Reserves and Group results	Treasury shares	Translation differences	Total	Minority interests
Balance at 1 January 2011	20 000	61 801	0	(8 887)	72 914	213
Translation differences				(809)	(809)	(5)
Translation differences of associated companies				(522)	(522)	
Net equity adjustment		1 327			1 327	(13)
Purchase of treasury shares			(1 560)		(1 560)	
Parent company dividend		(1 600)			(1 600)	
Consolidated profits 2011		2 651			2 651	8
Balance at 31 December 2011	20 000	64 179	(1 560)	(10 218)	72 401	203
Translation differences				34	34	
Translation differences of associated companies				(133)	(133)	
Net equity adjustment		110			110	
Sale of treasury shares			152		152	
Parent company dividend		(1 571)			(1 571)	
Consolidated profits 2012		4 390			4 390	129
Balance at 31 December 2012	20 000	67 108	(1 408)	(10 317)	75 383	332

Other information in accordance with legal requirements

Amounts in 1 000 CHF	31.12.2012	31.12.2011
1. Guarantees, other indemnities and assets pledged in favour of third parties	8 615	7 673
2. Pledges on assets to secure own liabilities	82 450	91 591
3. Fire insurance value of tangible fixed assets	123 384	128 752
4. Debts towards personnel foundations	578	602

Treasury shares

Registered shares	2012	2011
Initial holdings on 01.01.	400	0
- Purchase	0	400
- Sale	(39)	0
Final holdings on 31.12.	361	400

The transactions were conducted on market-based condition.

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.

Other income
In this position are disclosed the governmental grants.

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.

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 2012

As statutory auditor, we have audited the 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 2012.

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 2012 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, 16 April 2013

Financial statements of Hupac Ltd

Income statement 2012 and 2011

Amounts in 1 000 CHF	2012	2011
Income from supplies and services	74 474	72 613
Other income	2 368	3 441
Cost of services	(29 145)	(28 679)
Gross profit	47 697	47 375
General expenses	(1 459)	(1 215)
Depreciation of tangible fixed assets	(31 050)	(32 433)
Amortisation of intangible fixed assets	(1 657)	(2 271)
Provisions and value adjustments	(4 600)	(50)
Dividend income	156	18
Gains on disposal of fixed assets	61	72
Losses on disposal of fixed assets	(163)	(99)
Ordinary operating profit before financial items	8 985	11 397
Financial income	953	966
Financial expenses	(2 063)	(2 473)
Foreign exchange differences	182	(2 206)
Ordinary operating profit	8 057	7 684
Extraordinary income	92	0
Extraordinary expenses	(174)	(610)
Profit before taxes	7 975	7 074
Taxes	(1 807)	(1 620)
Profit for the year	6 168	5 454

Notes to the income statement

The item *Income from supplies and services* increased by 2.6% compared to the previous year to just under CHF 74.5 million and primarily consists of income from leasing out assets. Due to the continued insufficient availability of rolling stock the leasing rates were adjusted slightly downward in the 2012 year under review.

The item *Other income* comprises state subsidies which were provided for rolling stock noise abatement. These payments were 31.2% lower than in the previous year.

Cost of services amounted to approx. CHF 29.1 million in 2012, corresponding to an increase of 1.6% over the previous year with the rolling stock maintenance costs representing the lion's share of this item. Compared to 2011, the company's *Gross profit* rose by 0.7% to just under CHF 47.7 million.

General expenses increased by 20.1% from 2011, which is primarily attributable to various consulting contracts.

Compared to a year ago *Depreciation of tangible fixed assets* decreased by about CHF 1.4 million to CHF 31 million, not least because of a cutback in the purchase of rolling stock.

The item *Provisions and value adjustments* includes a correction of the shareholding in Termi Ltd of CHF 3 million. After accounting for other items, Hupac Ltd achieved an *Ordinary operating profit before financial items* of just under CHF 9 million, corresponding to a decrease of 21.2% over the previous year.

Financial income declined by 1.4% from the previous year. This is primarily attributable to interest on loans to Group companies. *Financial expenses* amounted to approx. CHF 2 million, down from 2011 by around CHF 0.4 million and resulting in savings of 16.6%. The relatively low interest rate level impacted both *Financial income* and *Financial expenses*.

After accounting for small currency gains the *Ordinary operating profit* generated in the 2012 financial year amounted to CHF 8 million, representing a 4.9% growth compared to a year ago.

Balance sheet at 31 December 2012 and 2011

Amounts in 1 000 CHF	31.12.2012	31.12.2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	8 266	2 630
Receivables from supplies and services	6 007	4 706
- third parties	1 490	3 427
- group companies	4 751	1 513
- shareholders	32	32
- Provisions for doubtful debts	(266)	(266)
Other receivables	2 149	2 722
- third parties	2 149	2 722
Stocks	1 450	1 471
Treasury shares	1 408	1 560
Prepayments and accrued income	2 496	4 228
Total current assets	21 776	17 317
FIXED ASSETS		
Financial fixed assets	112 813	85 381
- Investments	75 994	59 399
- Loans third parties	231	265
- Loans group	36 585	25 714
- Other financial fixed assets	3	3
Tangible fixed assets	79 694	87 454
Intangible fixed assets	9 731	9 386
Total fixed assets	202 238	182 221
Total assets	224 014	199 538

Amounts in 1 000 CHF	31.12.2012	31.12.2011
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Payables from supplies and services	11 203	7 312
- third parties	10 117	4 703
- group companies	770	669
- shareholders	316	1 940
Short-term loans	13 421	10 258
- third parties	13 421	10 258
Other short-term debt	396	503
- third parties	396	503
Accrued expenses and short-term provisions	20 712	14 847
Total short-term liabilities	45 732	32 920
Long-term liabilities		
Long-term debts	58 690	52 223
- third parties	58 690	52 223
Long-term provisions	38 936	38 336
Total long-term liabilities	97 626	90 559
Total liabilities	143 358	123 479
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
General reserve	3 095	2 883
Reserve for treasury shares	1 408	1 560
Capital contribution reserve	459	459
Statutory reserves	49 300	45 500
Retained earnings	6 394	5 657
- Profit carried forward	226	203
- Profit for the year	6 168	5 454
Total shareholders' equity	80 656	76 059
Total liabilities and shareholders' equity	224 014	199 538

After accounting for extraordinary items and the deduction of *Taxes* of some CHF 1.8 million, Hupac Ltd reported a *Profit for the year* of approx. CHF 6.2 million for financial year 2012, up by 13.1% from 2011.

Notes to the balance sheet

Total assets of Hupac Ltd rose to over CHF 224 million in the 2012 financial year, which is primarily due to an increase in the financial fixed assets.

On the liability side, *Total liabilities* increased by some CHF 20 million from the previous year. In this context, a slight increase in the debt to third parties should also be noted.

As of the end of 2012, the *Total shareholders' equity* of Hupac Ltd amounted to approx. CHF 80.7 million, corresponding to an equity ratio of 36.0% (previous year 38.1%).

Notes to the financial statements 2012

1. Business activity of Hupac Ltd

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

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

Amounts in 1 000 CHF	31.12.2012	31.12.2011
2.1 Guarantees and assets pledged in favour of third parties	39 984	39 550
2.2 Fire insurance value of tangible fixed assets	43 474	39 491

2.3 Significant investments in subsidiary companies

Company	Business activity	Registered capital		Share of capital as %	
			in 1 000	31.12.2012	31.12.2011
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	2 000	100.00	100.00
Sub-interests of Termi Ltd, Chiasso:					
- Termi SpA, Busto Arsizio	Terminal engineering	EUR	2 000	95.00	95.00
Termi SpA, Busto Arsizio	Terminal engineering	EUR	2 000	5.00	5.00
Fidia SpA, Oleggio	Terminal operations, warehouse logistics	EUR	260	97.00	97.00
Hupac Intermodal NV, Rotterdam	Service provider	EUR	200	100.00	100.00
Sub-interests of Hupac Intermodal NV, Rotterdam:					
- Hupac Intermodal BVBA, Antwerp	Terminal engineering, terminal operations	EUR	1 601	0.06	0.06
Hupac Intermodal BVBA, Antwerp	Terminal engineering, terminal operations	EUR	1 601	99.94	99.94
Terminal Singen TSG GmbH, Singen	Terminal operations	EUR	260	50.00	50.00
Intermodal Express LLC, Moscow	Traffic management	RUB	3 000	75.00	75.00
Centro Intermodale SpA, Milan	Terminal Engineering	EUR	4 480	100.00	0
Sub-interests of Centro Intermodale SpA, Milan:					
- Terminal Piacenza Intermodale Srl, Piacenza	Terminal operations	EUR	52	100.00	0
Cemat SpA, Milan	Traffic operations, terminal operations	EUR	7 000	34.48	34.48
Cesar Information Services Scarl, Bruxelles	Data processing service for customers	EUR	100	25.10	25.10
Combinant NV, Antwerp	Terminal engineering, terminal operations	EUR	500	35.00	35.00
Crossrail Ltd, Muttenz	Railway operating	CHF	24 723	25.00	25.00
RAlpin Ltd, Olten	Traffic operations, terminal operations	CHF	4 530	33.11	33.11
SBB Cargo International Ltd, Olten	Railway operating	CHF	25 000	25.00	25.00

2.4 Treasury shares

Registered shares	2012	2011
Initial holdings on 01.01.	400	0
- Purchase	0	400
- Sale	(39)	0
Final holdings on 31.12.	361	400

The transactions were conducted on market-based conditions.

2.5 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**	**Reserve for treasury shares**	**Capital contribution reserve**	**Statutory reserves**	**Retained earnings**	**Total**
Balance at 1 January 2011	20 000	4 842	0	0	41 600	5 763	72 205
Dividends						(1 600)	(1 600)
Transfer to the general reserve		60				(60)	
Transfer to reserve for treasury shares		(1 560)	1 560				
Transfer to capital contribution reserve		(459)		459			
Transfer to the statutory reserves					3 900	(3 900)	
Profit for the year						5 454	5 454
Balance at 31 December 2011	20 000	2 883	1560	459	45 500	5 657	76 059
Dividends						(1 571)	(1 571)
Transfer to the general reserve		60				(60)	
Transfer to the general reserve		152	(152)				
Transfer to the statutory reserves					3 800	(3 800)	
Profit for the year						6 168	6 168
Balance at 31 December 2012	20 000	3 095	1 408	459	49 300	6 394	80 656

Proposal for the distribution of retained earnings

Amounts in CHF	**31.12.2012**
Profit carried forward	226 123
Profit for the year	6 167 941
Retained earnings at the disposal of the General Meeting	6 394 064
Proposal of the Board of Directors:	
- Maximum dividends on the total nominal share capital	1 200 000
- Transfer to the general reserve	20 000
- Transfer to the statutory reserves	4 900 000
- To be carried forward	274 064
	6 394 064

Report of the statutory auditor to the General Meeting on the financial statements 2012

As statutory auditor, we have audited the financial statements of Hupac Ltd, which comprise the balance sheet, income statement and notes (pages 40 to 43), for the year ended 31 December 2012.

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 2012 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 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, 16 April 2013

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