Annual Report 2013

HUPAC

Profile of the Hupac Group

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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.

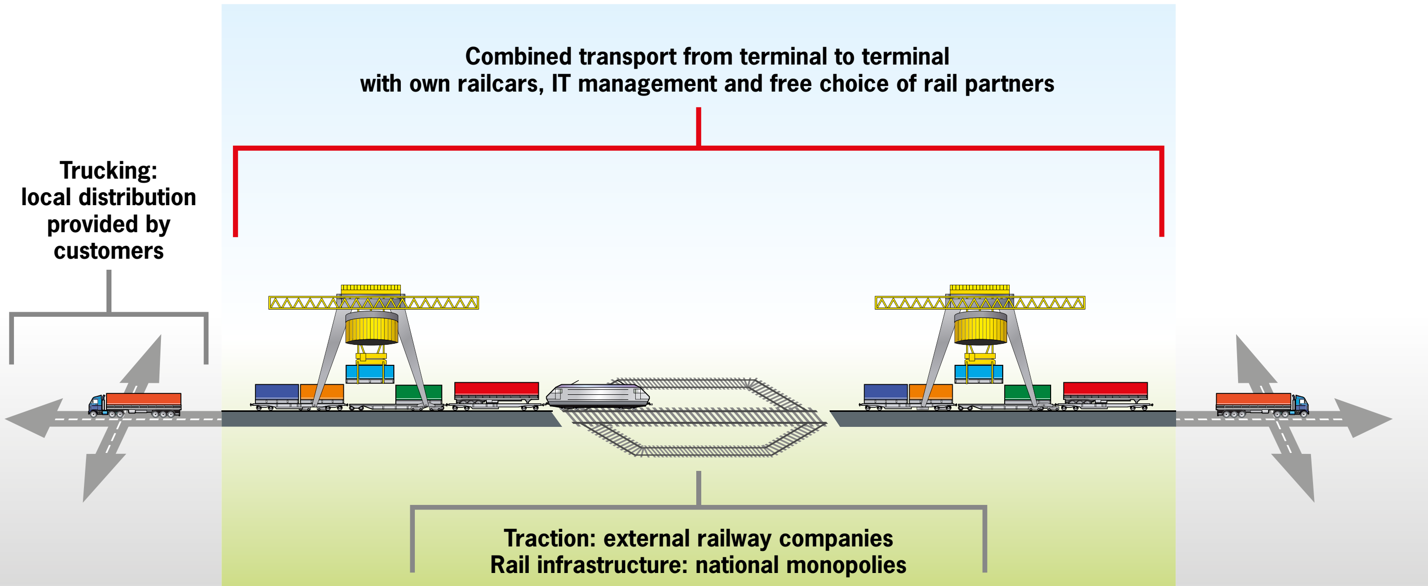
Hupac operates a network of 100 trains each day between Europe's main economic areas and as far away as Russia and the Far East. In 2013, the traffic volume was around 657,000 road consignments. The Hupac Group employs 405 persons in 12 companies with locations in Switzerland, Germany, Italy, the Netherlands, 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% 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 5,000 rail platforms and bundles the consignments of different transport companies into whole trains as a neutral, independent combined transport operator. The 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

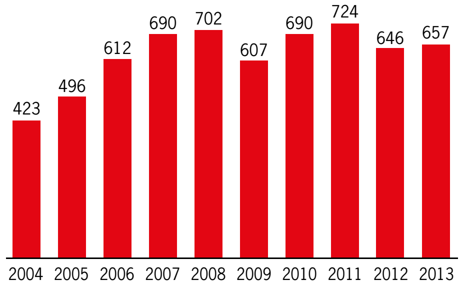


Facts & Figures

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	Europe-wide network for combined transport with a focus on Alpine transit Regular services to Russia and the Far East
Customers	Transport and logistics companies
Traffic volume	656,877 road consignments
Employees	405
Rolling stock	4,967 rail platforms 10 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 Traffic Viewer, individual customer overview of the traffic situation Ediges, XML-based data exchange system
Certifications	Quality management system ISO 9001:2008 Environmental management system ISO 14001:2004 ECM – Entity in Charge of Maintenance according to Directive EU 445/2011
Financial data	Annual turnover CHF 480.2 million (EUR 390.2 million) Profit for the year CHF 6.6 million (EUR 5.3 million) Cash flow CHF 50.8 million (EUR 41.3 million)
Dated 31.12.2013	

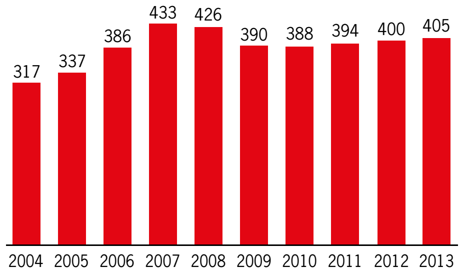
Traffic volume

Road consignments in 1000s



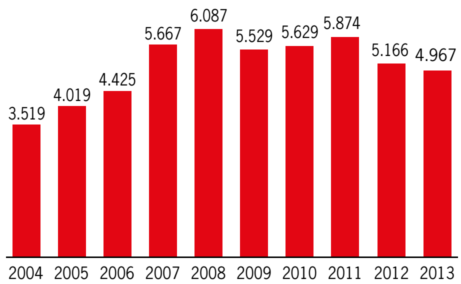
Employees

New calculation, without TSG

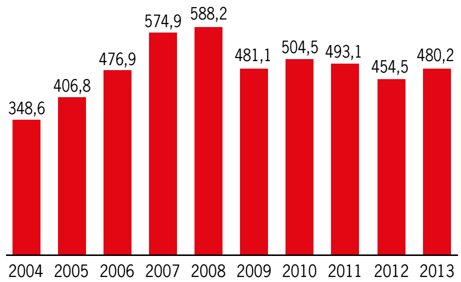


Rolling stock

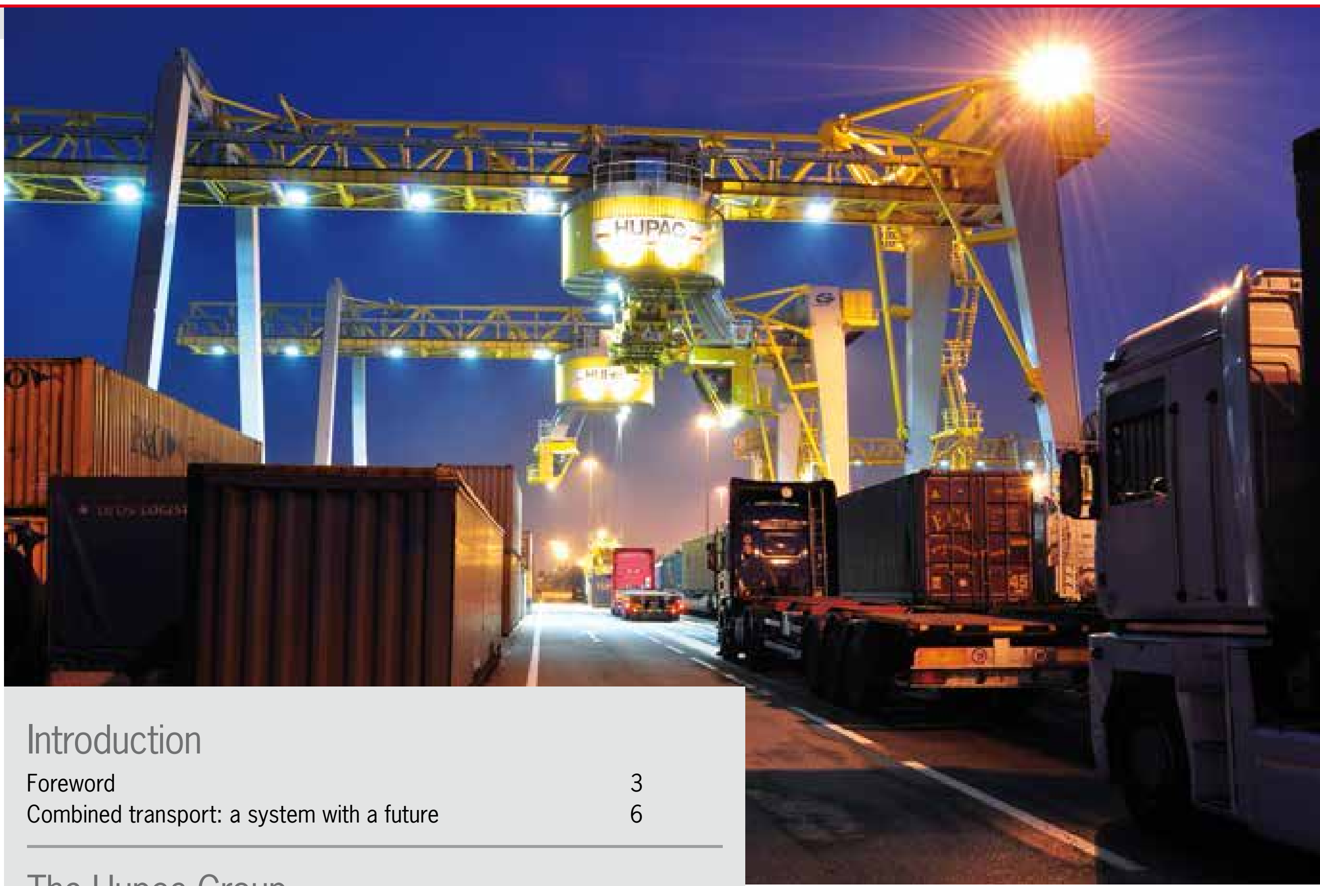
Number of rail platforms



Turnover in million CHF



Annual Report 2013



Introduction

Strategy with vision

Dear shareholders and friends of the company

When the founders of Hupac were looking for a solution for transalpine freight transport through Switzerland at the end of the 1960s, they would never have dreamed that a few decades later the company would be operating a Europe-wide network with connections as far as Russia and the Far East. Already at that time its creation was set in place with ten railway wagons. Today there are about 5,000, and for the first time in its history Hupac now also has its own wagons for the Russian broad gauge.

Step by step Hupac has increased its presence in the expanding markets of the East. After opening a representative office in Warsaw in 2006, this was followed in 2011 by the establishment of the Russian Intermodal Express. In 2013 a decision was made to also operate transport with our own rolling stock in Russia. In March 2014 Hupac LLC with its registered office in Moscow was finally established to procure and hire out rolling stock.

Hupac's strategy of operating combined transport with its own resources has also proved promising in new markets. Proximity to the market, flexibility and high productivity of the resources are tangible advantages that Hupac's customers also benefit from in the East-West axis.

However, Hupac's core market remains Alpine transit transport. The traffic volume is stagnating owing to the continuing economic recession in Italy, but with the opening of the Gotthard base tunnel and the four-metre corridor via Chiasso and Luino the conditions will exist in the foreseeable future to create even more competiveness and shift additional transport volumes

Hupac is also preparing for this. The terminal strategy for Italy signed in 2012 together with FSI, FS Logistica and Cemat has made good progress during the year under review. The planning and project work for the Milano Smistamento terminal is in full swing; additional terminals are to follow in Piacenza and in Brescia. Hupac is also receptive to terminal projects north of the Alps, true to the motto "no combined transport without terminals".

A central factor for future development will be cooperation with our rail partners. Freight railways must make an active contribution to the competitiveness of the entire logistics chain. Streamlined processes, high productivity of the resources used, punctual rail operations – these are only some of the subjects that the railways must deal with more offensively so that our common market can develop. Some railways can obviously do this better than others. Opening-up the market, which is so far not nearly as broad as it should be, definitely gives us food for thought and examples of best practice.

As a consolidator, Hupac believes it is important to appeal to as broad a customer-base as possible and to serve this in line with market requirements. During the year covered by the report Hupac was able to welcome a large number of new customers mostly with a low shipment volume. Customers with high, regular volumes are increasingly deciding on slot concepts, i.e. for taking on a certain number of positions on the trains at favourable conditions. For major customers, a separate business unit "Company Shuttle" will be set up in 2014.

I would like to 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 2014

Rays of hope for the rail system

> We are expecting improvements in productivity when the Gotthard base tunnel and the 4-metre corridor begin operation

Dear shareholders, customers, partners and employees

2013 was another year of crisis. The recession that started in 2008 is causing over-capacity for road and rail transport across Europe. Many road transport companies have outsourced their fleets to Eastern Europe, which triggers a vicious circle: the falling prices for road transport set a benchmark that rail transport cannot achieve despite continuous productivity improvements under the current regulatory framework conditions.

This unbalanced competition between road and rail is an increasing burden for the rail sector. In 2010 operators and railways generated high losses. The enormous pressure on costs leads to all the reserves being taken out of the system with the aim of making production as streamlined as possible and to at least reduce losses.

How long can this continue to go well? All the partners involved in the logistics chain are interested in the existence of a competitive transport system. Transport policy also values the railways: according to the EU White Paper, by 2030 30% and by 2050 50% of long-distance freight transport is to be shifted to more environmentally friendly modes of transport.

How can we still offer our customers competitive transport services tomorrow and the day after tomorrow and at the same time consolidate the railway system and position ourselves sustainably in this environment? There are a few rays of hope for the future. These include improved productivity and quality.

We are expecting improvements in productivity when the Gotthard base tunnel and the 4-metre corridor on the North-South axis through Switzerland begin operation. These are investments that are also worthwhile for transport policy because an efficient flat railway for trains 750 metres in length with a 4-metre profile raises productivity, lowers costs and reduces the need for subsidies. Therefore the infrastructure construction financed by Switzerland in Italy represents a well-calculated investment, which will pay for itself within a short space of time.

Quality is the second key word because quality saves money. Punctual trains make it possible to use resources such as locomotives, railway wagons, terminals, road vehicles and employees rationally. Unpunctual trains cause an enormous loss of productivity and destroy the trust of customers.

However, quality requires investment. Last year Hupac set up its own area for production monitoring round the clock, seven days a week to coordinate the trains as they interact with the railways, terminals and customers. Lots of delays and irregularities are absorbed by operators like Hupac through increased expenditure such as for replacement compositions so that customers are aware of traffic irregularities as little as possible.

We expect the same from our railway partners: reserves, round-the-clock service, proactive information, targeted problem-solving and processes that ensure that productivity rises and quality does not have an adverse effect on costs. We owe this to our customers.

Quality corresponding to customer requirements is also our guiding theme for the current year. Our customers expect good availability, high punctuality, efficient event management and problem-free administrative procedures. We are continuously working on this. This is because a streamlined, optimised value added chain is a recipe for success in the future.

On behalf of the management, I would like to thank you as our shareholders, customers, partners and employees for your positive cooperation.

Bernhard Kunz
Managing Director

Chiasso, April 2014

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
PAGU 554 021

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.

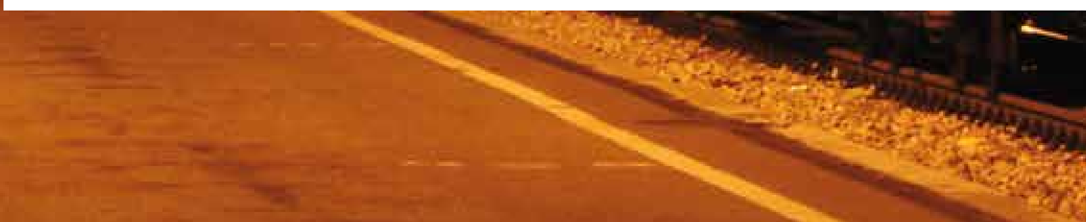
Efficient processes
Hupac aims to offer competitive service products in line with customer requirements through cost-awareness and standardisation of business processes. Our quality management system and information technology play a crucial role in achieving such objectives.

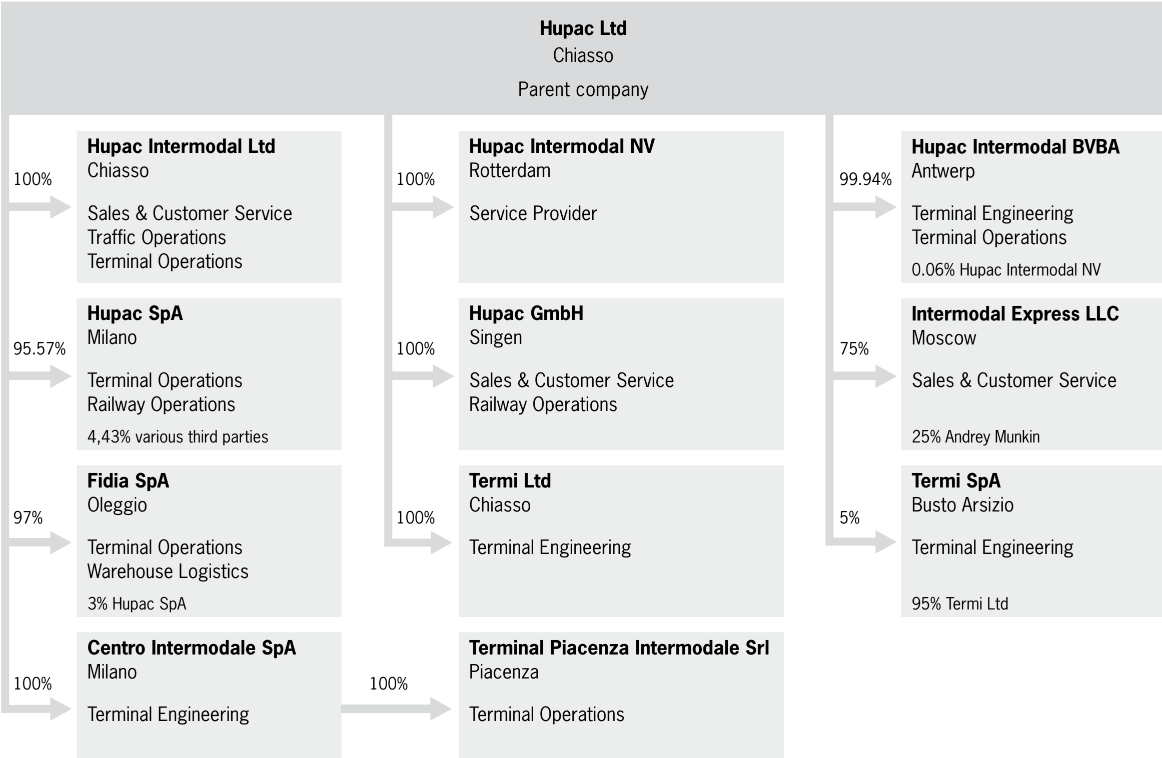
Together with partners
Hupac is working on the steady expansion of the multimodal European network, either on its own or in collaboration with strong partners. The essential criterion for cooperation is the optimisation of the entire logistics chain by grouping together and exploiting the strengths of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





Board of Directors of Hupac Ltd

Name	Age	Position	Nationality	First nomination	Expiry of mandate
Dr. Hans-Jörg Bertschi	56	Chairman since 1993	Swiss	1987	2016
Dr. Thomas Baumgartner	59	Member	Italian	1990	2016
Thomas Hoyer	63	Member	German	1988	2016
Ing. Nicolas Perrin	54	Member	Swiss	2008	2016
Nils Planzer	42	Member	Swiss	2008	2016
Peter Hafner	57	Secretary	Swiss	1999	2016

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*

Hupac GmbH
Sascha Altenau *Managing Director*

Intermodal Express LLC
Andrey Munkin *Managing Director*

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

Termi Ltd
Peter Hafner *Managing Director*

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

Centro Intermodale SpA
Peter Hafner *Chairman*

Terminal Piacenza Intermodale Srl
Piero Solcà *Chairman*

Dated 31.12.2013

Corporate Governance

Structure of the Hupac Group

At the end of 2013 the Hupac Group consisted of a total of 12 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 January 2013 Irmtraut Tonndorf, Communications Manager, was promoted to authorised signatory of Hupac Ltd and Hupac Intermodal Ltd.

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.

Shareholdings

Terminal Singen TSG GmbH with its registered office in Singen should be mentioned as a joint venture company. The shareholders of the company are Hupac Ltd and DB Intermodal Services GmbH. In November 2013 Terminal Alptransit Srl was established. The main purpose of the company is to plan the Milano Smistamento terminal project. The shares in the company are held at 50% each by FS Logistica SpA and Hupac Ltd.

Hupac maintains substantial minority shareholdings in various companies within the field of combined transport. At the end of 2013 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 SBB Cargo International and Crossrail.

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.

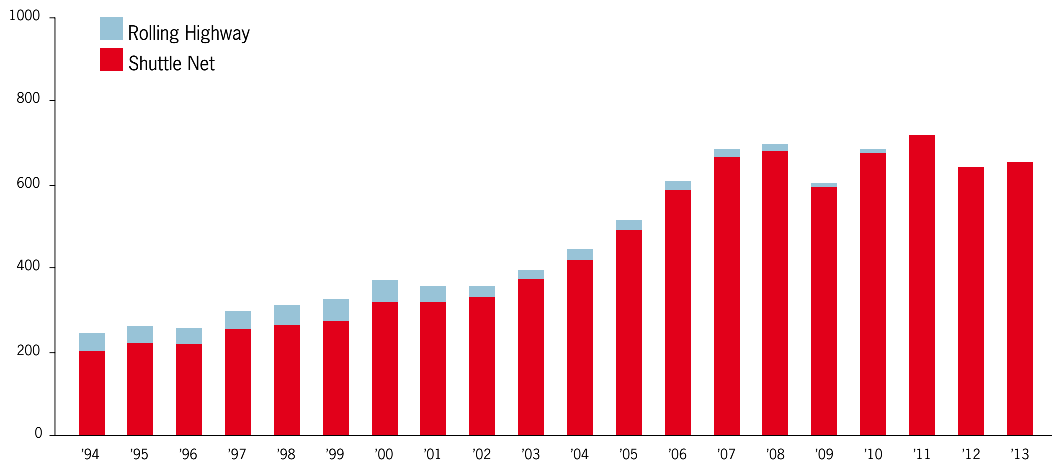
During the year covered by the report safety management at Hupac was reviewed. The objective is to strengthen a uniform, actively controlled safety culture in the entire Hupac Group.

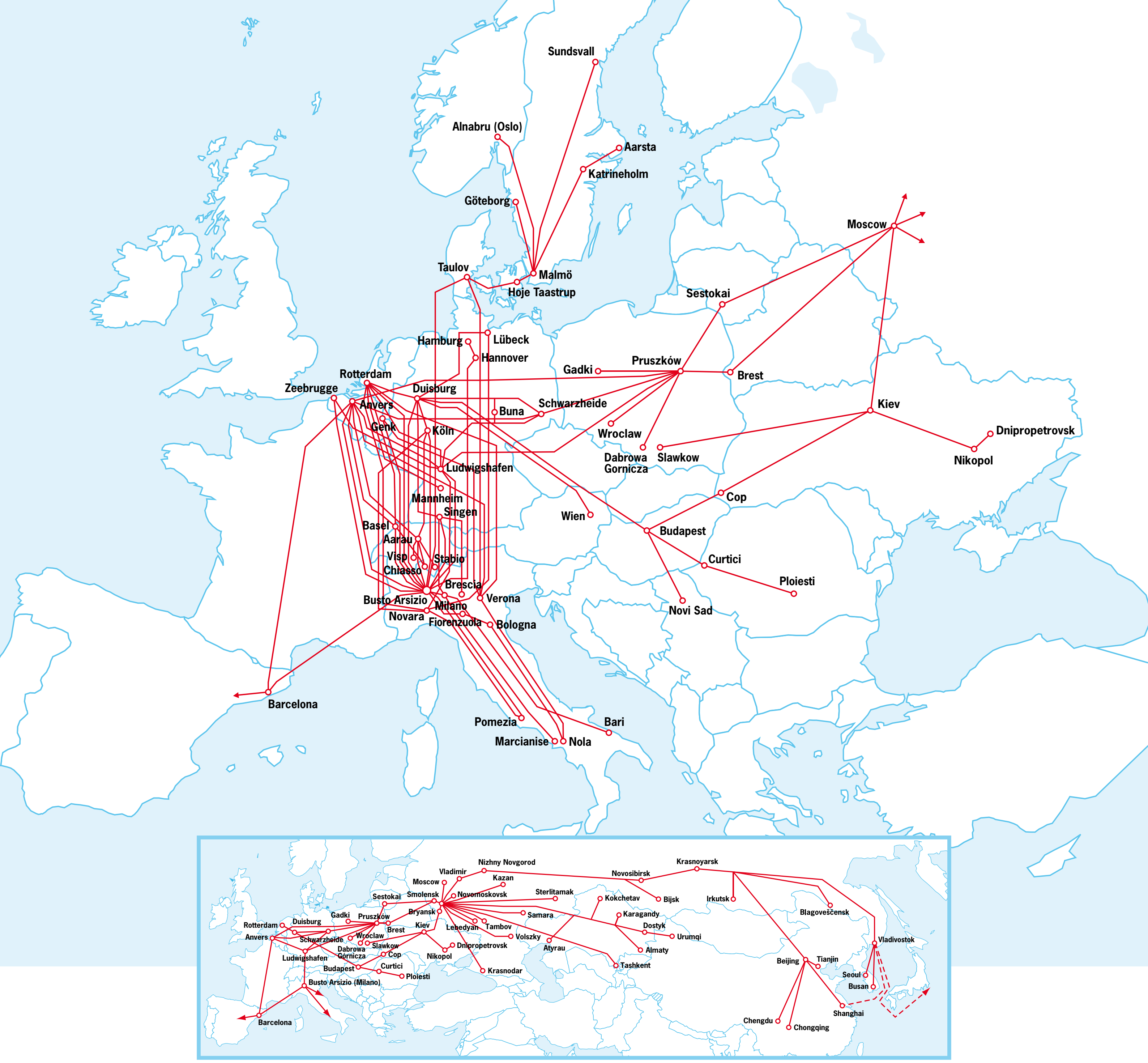
The year 2013 in review

January	▸ Introduction of a second weekly departure on the Busto Arsizio ⇆ Barcelona connection
April	▸ New Budapest ⇆ Ploiesti connection in collaboration with Rail Cargo Hungaria ▸ Shift of the Busto Arsizio ⇆ Central Switzerland connection to Stabio with five round-trips per week ▸ Start of cooperation with Greencargo for transport connections in Sweden
May	▸ Opening of a new route via Budapest/Ukraine for traffic to Russia
June	▸ Introduction of a fourth weekly departure on the Antwerp ⇆ Barcelona connection ▸ Resumption of the P400 Ludwigshafen ⇆ Novara connection with three round-trips per week
September	▸ Re-certification of the quality management system in accordance with ISO 9001 and the environment management system in accordance with ISO 14001 ▸ Introduction of a direct train Antwerp Combinant ⇆ Busto Arsizio with initially three round-trips per week
October	▸ Certification of Hupac as Entity in Charge of Maintenance (ECM) ▸ Start of a Cremona ⇆ Busto Arsizio feeder in cooperation with a logistics-provider in the steel industry
November	▸ Order of 100 freight wagons for the Russian broad gauge ▸ Order of 50 T3000 pocket wagons ▸ Establishment of Terminal Alptransit Srl to plan Milano Smistamento terminal
December	▸ Completion of a prototype freight wagon for the Russian broad gauge

Traffic development 1994-2013

Road consignments in 1000s





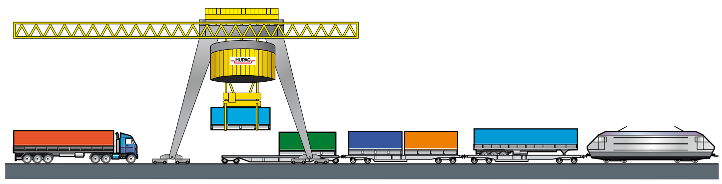
Dated April 2014

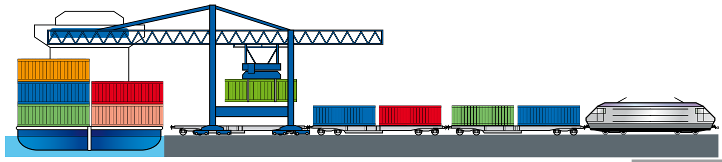
Solutions for Green Logistics

Hupac offers eco-friendly transport solutions for logistics: combined road/rail traffic. Hupac's network connects the major economic areas in Europe with the emphasis on Alpine transit. Russia and the Far East are integrated into the network.

The offer in key words:

- Shipment of containers, semi-trailers and swap bodies by rail
- Transport from terminal to terminal or from port to inland terminal
- High frequency of departures: up to five train pairs per day and direction
- Centrally located terminals
- Gateway concepts with intermediate transfer of shipments from one train to another in order to cover large distances quickly and economically
- Option for P400 semi-trailers in Alpine transit
- Attentive, pro-active customer service.





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, the Belgian Hupac Intermodal BVBA, the German Hupac GmbH, and Hupac SpA of Italy.

In September 2013, Hupac's quality and environmental management system was recertified for three years.

ECM – Entity in Charge of Maintenance

In October 2013 Hupac obtained ECM certification in accordance with EU-Directive 445/2011 for the maintenance of goods wagons. The certificate is valid for five years and covers all aspects of wagon management, thereby ensuring high standards with regard to quality and safety.

This confirms that Hupac can 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.

As a pioneer Hupac already achieved certification as an ECM in 2010 in accordance with the Memorandum of Understanding (Brussels, 2009) as ECM.

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

In 2013, income from deliveries and services of the Hupac Group rose by 5.7% compared with the previous year to approximately CHF 480.2 million. The position “Other income” includes state-financed support. This declined by 0.6% compared with the previous year.

The cost of services were 5.4% higher than in 2012. During the year covered by the report this led to a gross profit of over CHF 100.8 million, which equates to a rise of 2.2% over the previous year.

The annual profit of the Group increased by 49.5% to almost CHF 6.6 million during the year covered by the report. The various companies whose results had improved compared with the previous year also contributed to this.

The cash flow of the Group in accordance with the simplified calculation method of annual profit plus depreciation and changes in reserves totalled approximately CHF 50.8 million at the end of 2013. This corresponds to a rise of 5.6% compared with the previous year.

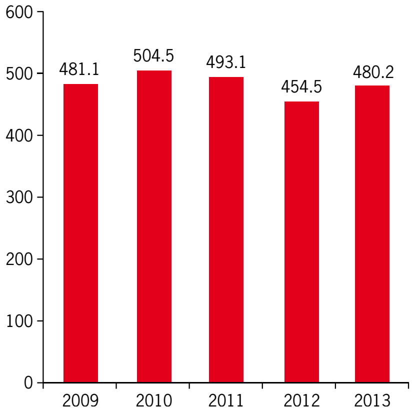
Investment in fixed assets amounted to merely CHF 9.7 million in 2013. This investment primarily concerned the purchase of railway wagons as well as three new tyre cranes in Piacenza.

With regard to the continuing difficult economic situation, the development of the Hupac Group during 2013 can be considered as more than satisfactory.

Values in 1000 CHF	2013	2012	%
Income from supplies and services	480,199	454,499	5.7
Other income	69,216	69,630	- 0.6
Cost of the services	448,601	425,483	5.4
Gross profit	100,814	98,646	2.2
Group’s operating profit	6,563	4,390	49.5
Group’s cash flow	50,807	48,097	5.6

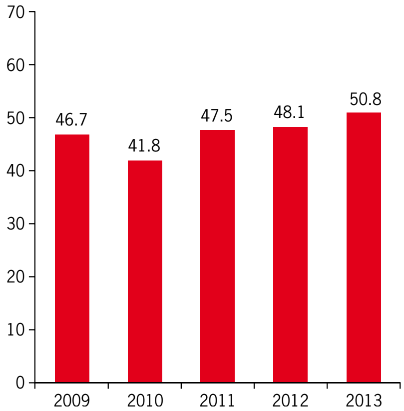
Annual turnover

in million CHF



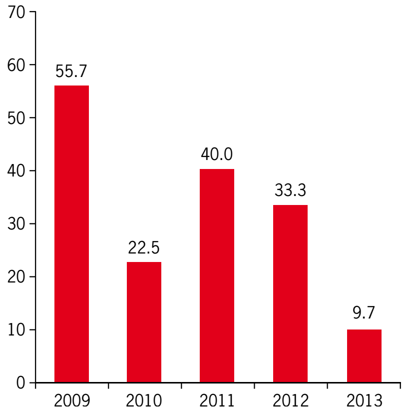
Cash flow

in million CHF



Investments in tangible fixed assets

in million CHF



Traffic development

In the 2013 financial year Hupac carried a total of 656,877 road consignments by rail. This corresponds to an increase of 1.7% compared with the previous year. The weak economic trend in particular in Italy, the most important market to receive Hupac consignments, continued to have an impact on market demand.

In the core business of transalpine traffic through Switzerland Hupac was able to increase volume by 1.9% to 380,502 transported road consignments. On numerous routes a frequency of five departures per day and direction was offered.

In transalpine traffic via France the connection that started at the beginning of the year between Busto Arsizio and Barcelona should be mentioned. This was increased to two round-trips per week as part of further development and to satisfy demand.

In transalpine traffic via Austria volume fell by 2.1% to 52,288 road consignments. This is the result of volume losses in the Scandinavia ⇆ Verona corridor and to a lesser extent the Belgium ⇆ Verona corridor. The extremely positive development of the Netherlands ⇆ Verona corridor was not able to compensate for the declines in other connections.

For the traffic axis between Benelux/Germany and Eastern Europe as well as with regard to traffic with Spain, it was possible to achieve progress, particularly concerning quality and quality assurance. This is the result of the changes to the operating concepts introduced at the end of 2012 and various consolidation measures.

Scandinavia ⇆ Italy
We were faced with numerous challenges at the Scandinavia ⇆ Italy transport axis in the 2013 financial year. Bad weather such as storms and a large number of building sites had an enormous impact on traffic operations. In April our Swedish partner ICS ceased operating. Hupac was able to enter into new cooperation with Greencargo relatively quickly and in this way re-establish the connections between Malmö and Sweden. Acute pricing policy in the short sea sector created strong competitive pressure compared with the “fixed crossing” by rail via Denmark, which led to further falls in volume.

Owing to the economic environment in Norway, our partner CargoNet also saw himself forced to stop the connection between Malmö and Alnabru.

Thanks to major efforts, it was possible to find and implement some appropriate alternatives at short notice. Despite this we recorded a fall in volume of 10.4%.

Transport volumes

	Road consignments			Net weight in tonnes		
	2013	**2012**	**%**	**2013**	**2012**	**%**
Transit via CH	353,335	346,588	1.9	6,630,000	6,511,000	1.8
Import/export CH	7,683	10,044	- 23.5	143,000	198,000	- 27.8
Domestic CH	19,484	16,787	16.1	327,000	253,000	29.2
Total transalpine via CH	380,502	373,419	1.9	7,100,000	6,962,000	2.0
Transit via A	52,288	53,425	- 2.1	968,000	1,041,000	- 7.0
Transit via F	3,368	139	2,323	69,000	2,000	3,350
Total transalpine	436,158	426,983	2.1	8,137,000	8,005,000	1.6
Import/export CH	66,808	66,531	0.4	966,000	953,000	1.4
Domestic CH	3,228	3,378	- 4.4	35,000	36,000	- 2.8
Other traffic	150,683	149,322	0.9	2,637,000	2,530,000	4.2
Total non-transalpine	220,719	219,231	0.7	3,638,000	3,519,000	3.4
Total	656,877	646,214	1.7	11,775,000	11,524,000	2.2

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

Germany ⇆ Italy
In this important transport corridor Hupac was able to record an increase of 5.1%. The connection between northern Germany and Busto Arsizio as well as the weekend connection between Lübeck Travemünde and Novara for semi-trailers with a P400 profile developed very well. Through the implementation of a new logistics concept in collaboration with a loader and a logistics company in Italy it was possible to acquire new volumes in particular in the Ruhr. This meant that volume losses to competitors were more than compensated for.

The new P400 Ludwigshafen ⇆ Novara connection for 4-metre semi-trailers had to be temporarily suspended at the start of 2013 owing to a timetable that was not optimal. It was re-introduced with an optimised timetable at the beginning of the summer. The volume from the Rhine/Main economic area could be maintained at the level of the previous year, despite the aggressive price policy of some operators.

Certain volumes on the Milano Certosa/Brescia ⇆ Singen link, which had been lost in 2012 as a result of the closure at Gurtnellen, could be brought back to the railway thanks to good, reliable quality. Owing to the increase in demand, it was possible to expand capacity by an additional round-trip per week.

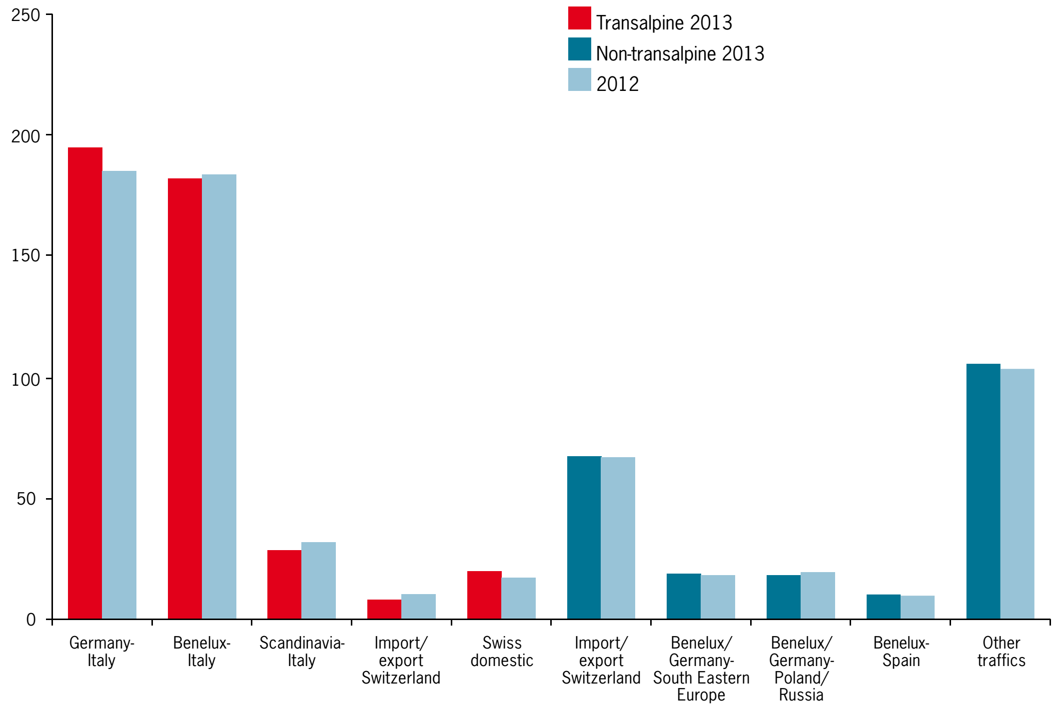
Netherlands ⇆ Italy
Despite the strained economic environment, we were able to acquire new volumes for the P400 Rotterdam ⇆ Verona connection. Owing to the good networking opportunities of our transport offer it was possible to gain a new customer for our connections to/from Italy. The rise in volume in this market segment amounted to 3.9%.

Belgium ⇆ Italy
We recorded slight declines on both transport axes via Switzerland and Austria following the introduction of competitive products, which cost us volumes from Genk and Zeebrugge. On the other hand, we were able to add volumes from Antwerp to Italy and increase the three Antwerp Combinant ⇆ Verona round-trips to five.

Antwerp Combinant ⇆ Busto Arsizio traffic, which had previously been handled via the Ludwigshafen hub, is now being transported on a direct train with an initial three round-trips, which will then be increased to four round-trips in a second phase.

Swiss import/export transalpine traffic
The strong franc continues to influence the Italian economy that has not yet gathered momentum and therefore also the development of this transport link. In the 2012 financial year certain traffic volumes were moved from Stabio to Busto Arsizio. These have now been returned to the original

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



Aarau ⇆ Stabio connection. This was why we recorded a fall in traffic in this segment.

Swiss domestic transalpine traffic
In 2013 a new connection between Rothenburg near Lucerne and Stabio near Chiasso was incorporated into our national network. This factor and the return of volumes from Busto Arsizio to Stabio led to a very positive increase in traffic.

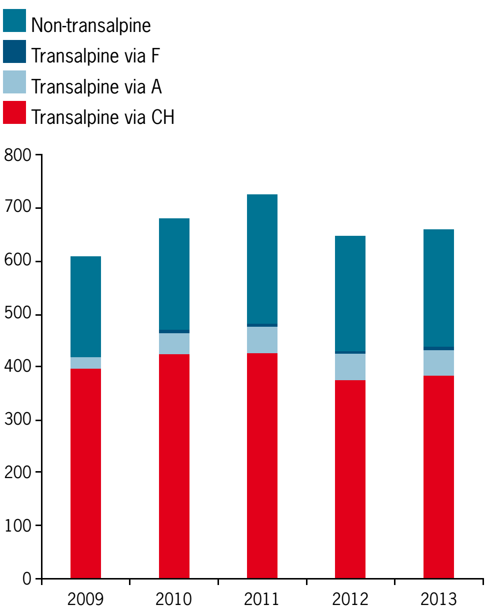
Import/export non-transalpine traffic
Through a new acquisition we were able to obtain new rail-based traffic for non-transalpine import/export traffic.

Benelux/Germany ⇆ South Eastern Europe
The intensive acquisition efforts for traffic on the East-West axis are showing success. For example the number of transports was increased by 1.6% and the volume in tonnes by approximately 6%. Owing to the aggressive price policy of other market competitors, the block train from Vienna to Halkali that had been introduced in 2012 had to be discontinued in June 2013.

The difficult economic framework conditions, the decline in prices and the new entry of other operators had an effect on the development of the corridor from Austria/Hungary. Despite this, Hupac was able to increase traffic volumes thanks to good services.

Traffic development by business areas

Road consignments in 1000s



Benelux/Germany ⇆ Poland/Russia
At the start of the year a new operating concept was introduced with direct trains between Gadki and various destinations such as Antwerp, Ludwigshafen, Schwarzheide and Sestokai. The initial operational difficulties were immediately identified and corrected straight away through excellent collaboration with our Polish traction partner and terminal operator.

Despite good, stable quality, we recorded a fall in volume in tonnes of 3%. This was the result of the loss of coal exports from Poland to Germany as well as in the conversion of traffic to Russia from the route via Slawkow in Poland to the route via Sestokai in Lithuania. As a result of extensive building works in Lithuania, we were forced to make a detour on the route via Brest/Malaszcewice in Belarus between June and November.

This temporary, enormous change to operations could be handled smoothly thanks to good planning and collaboration with our partners.

Spain traffic
In June 2013 the number of weekly departures was increased from three to four round-trips per week on the Antwerp ⇆ Barcelona El Morrot link. This became necessary in order to deal with the rising demand for transport, which led to further improvement in and assurance of quality after the implementation of the measures introduced with SNCF Fret. All the trains on this connection travel on the new UIC line up to Barcelona El Morrot. The loading units no longer have to be transferred from normal gauge to the Spanish broad gauge at the French/Spanish border. This represents further progress to improve quality and reduce transport losses.

On the new UIC line the Busto ⇆ Barcelona El Morrot shuttle train also completes two round-trips per week. Despite a large number of building sites in France, it was possible to maintain quality and punctuality at a good level.

Maritime transport
The volumes transported by Hupac have fallen slightly in an extremely competitive market environment. Whilst traffic with the port of Antwerp largely remained stable, there was increasing unbalancement on the Switzerland ⇆ Rotterdam axis to the detriment of exports. The competition between the western and northern ports continued to become more acute.

However, for Switzerland Rotterdam remains the most important port for imports, above all for containers from the Far East. Thanks to a daily departure and the use of some “one-way” additional trains, the necessary capacity for the high import volume could be ensured.

Operating resources

Rolling stock

In the crisis year 2013, Hupac again brought its operating resources into line with reduced demand. The wagon fleet was reduced by around 200 units to 4,967 wagon modules, a decrease of 3.9%. The reduction was achieved through the scheduled and staggered termination of lease agreements. At the end of 2013, leased wagons accounted for just 3.8% of the total rolling stock.

In terms of wagon maintenance, Hupac continued its strategy of securing capacity and increasing productivity. The processes of empty wagon supply, component coordination and maintenance are well-honed. As a result wagon availability rose by three percentage points to 82% during the year covered by the report. The target of 83% was achieved during the last quarter and was even exceeded. This year a further rise in this figure is expected.

The company's own workshops in Busto Arsizio made a major contribution to ensuring wagon availability. The wheel set re-conditioning centre opened in 2012 overcame its teething troubles and is now operating as planned. The facility is equipped for non-destructive testing and re-profiling and re-conditioning wheel sets.

The company's own workshop for preventative maintenance also recorded problem-free operations. The output volume was able to be increased substantially by various measures.

The low market growth on the one hand and the high wagon availability on the other hand caused a low investment demand in the rolling stock sector. In total, 17 wagon modules worth approx. CHF 2.2 million were delivered, namely T5-type pocket wagons for mega-trailers. The delivery of around 40 twin pocket wagons T3000 is expected for the current year.

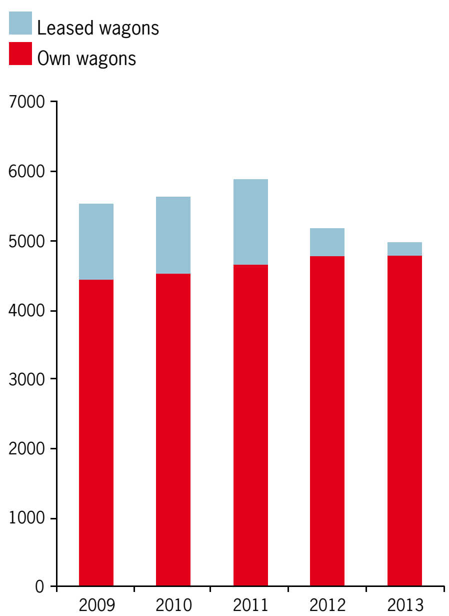
Rail traction

Over 95% of Hupac's transport is conducted in accordance with the principle of integrated international traction responsibility. Markets 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 Logistics, Rotterdam Rail Feeding, Interporto Servizi Cargo, CFI Compagnia Ferroviaria Italiana 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 workshops in Busto Arsizio are carried out by

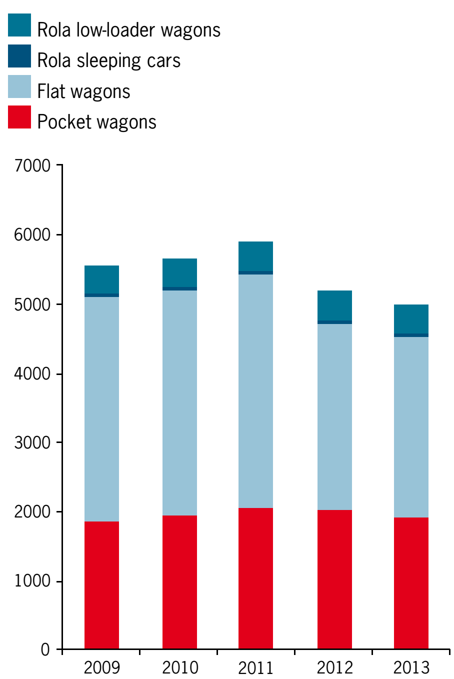
Rolling stock

Number of rail platforms



Rolling stock by type

Number of rail platforms



Hupac. During the year covered by the report various empty wagon compositions were transferred to the Tortona partner workshop. 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. During the year covered by the report the transhipment plants at Cava Tigozzi near Cremona and Ploiesti near Bucharest were connected to the Hupac network.

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.

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 customers and partners exchange their data with Hupac via XML using the Ediges (Electronic Data Interchange Goal with External Partners) system. During the year covered by the report Hupac established data connections with approximately 25 companies in the logistics chain (customers, operators, railways, terminals).

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 choose e-booking and e-billing functions with direct data entry into the system, particularly for large transport volumes.

During the year covered by the report the IT specialists supported the Fleet Management Division in expanding the ECM system. This included programs for component management, monitoring and controlling workshop activity and handling at the administrative interfaces. In addition, various tasks were carried out in the areas of document administration, contract management and general administration.

Quality, productivity and safety

Quality

In the year under review there was an 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.

However there are marked differences between the various routes. Via Chiasso and via Brenner it was possible to achieve and exceed the strategic target of 90% quality. The trains via Chiasso travelled with punctuality of 93% (previous year: 90%); on the Brenner axis a punctuality rate of 95% was achieved (previous year: 89%). Progress was also recorded on the Lötschberg axis with an improvement in punctuality from 71% to 74%.

However, the trend was in decline on the single track Luino axis. After three positive years train punctuality fell from 77% to 75%. The reason for this was primarily the tighter rail resources. The problem has been recognised and is being dealt with together with our rail partners.

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, increased by 7.9% in the year under review. An increase of 4.4% in the average unloaded mileage was recorded.

In the Busto Arsizio-Gallarate terminal the number of loading units handled was increased by 9.8% per person. In the Aarau terminal the level remained stable with a rise of 0.5%. Productivity at headquarters improved slightly by 0.4% measured by the road consignments per average number of employees.

Safety

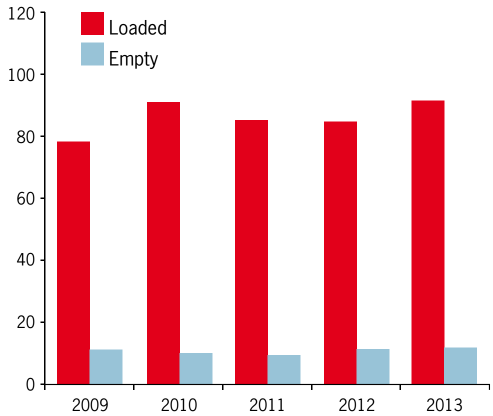
One of Hupac's primary strategic goals is to ensure operational safety. Avoiding accidents at the terminals and on the railway lines, preventing or mitigating the consequences of operational disruption and protecting the integrity of the loading units in its care are the company's overriding safety objectives.

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.

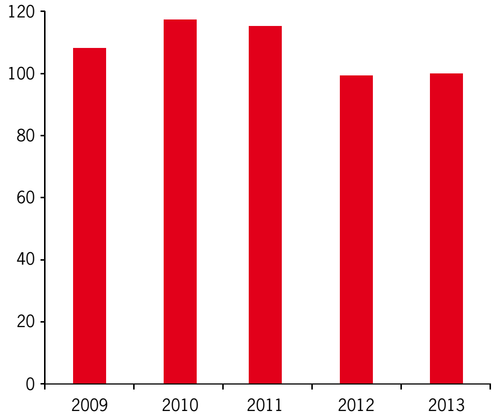
Running performance of wagons

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. During the year covered by the report Traffic Viewer started operations. This is a web-based tool, with which customers have an individual overview of the situation regarding their shipments on the Hupac transport network. Traffic Viewer accesses a database with all traffic irregularities. Furthermore a new database-supported process was introduced for claims management.

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-trains 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.

Cooperation with SBB Cargo International was successful. It was possible to expand the transport undertaken for Hupac. A focus of strategic collaboration is the preparation for the opening of the Gotthard base tunnel.

Crossrail Ltd, Muttenz
Crossrail is one of the few private railways still in existence after the period of consolidation in recent years. 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.

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 26 sleeping cars to RAlpin.

Terminal Singen TSG GmbH, Singen
The joint venture company Terminal Singen TSG GmbH, which was established in 1999, operates the Singen terminal. Approximately 50 trains travel every week via this hub. During the year covered by the report Sabine Wolf was named as the Co-Managing Director and representative of the shareholder DB Intermodal Services.

Terminal Alptransit Srl, Milan
In November 2013 FS Logistica and Hupac founded Terminal Alptransit Srl, each holding an equal number of shares. The main purpose of the company is to plan the Milano Smistamento terminal project. At the end of 2013 a request for financing was submitted to the Federal Office of Transport. If this request is accepted and sufficient financing is provided by the Swiss Government, the terminal project will be implemented. A construction period of two years is to be expected.

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 60 trains per week via the Combinant terminal.

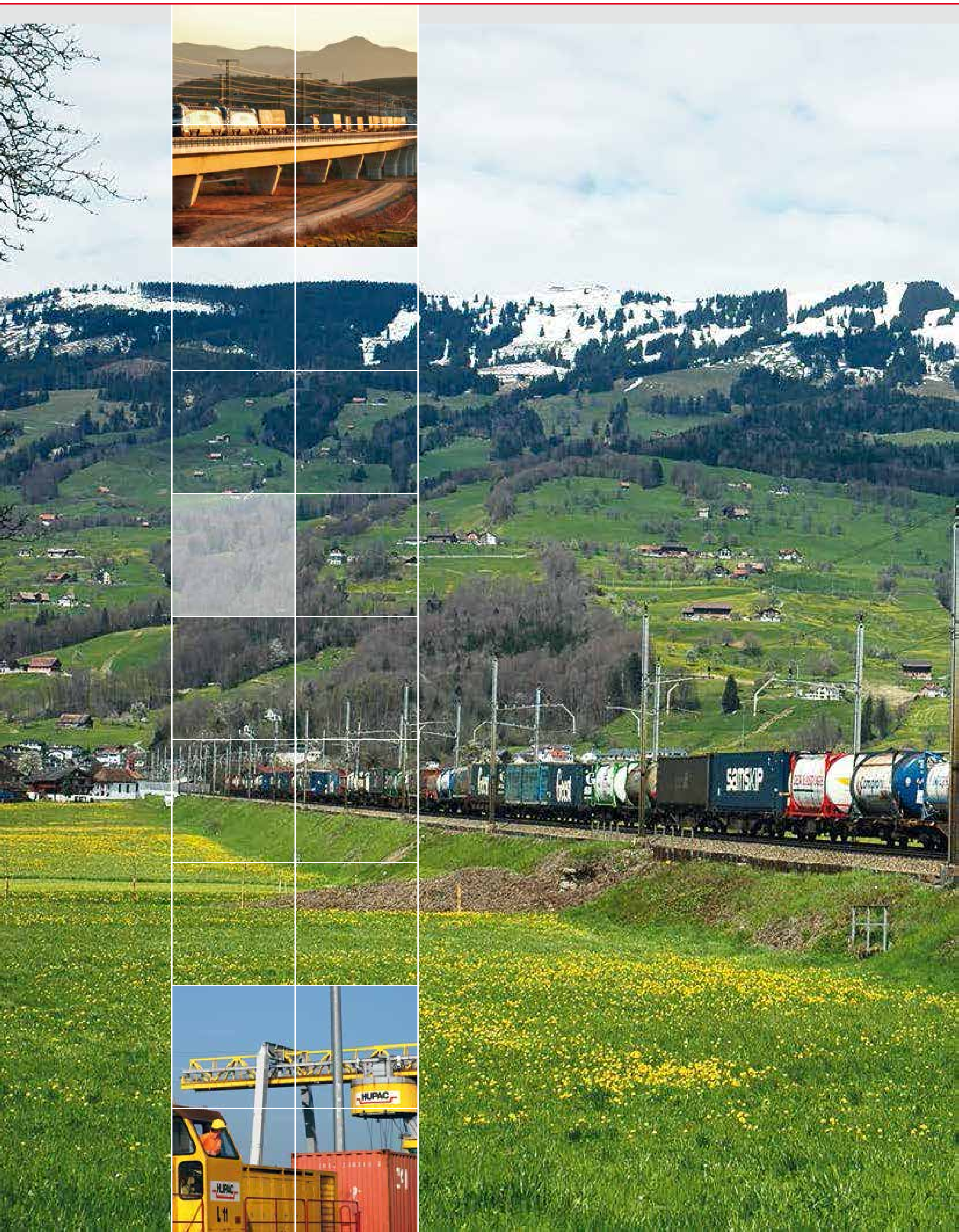
KTL Kombi-Terminal Ludwigshafen AG, Ludwigshafen
Hupac has held a share of 15% in the operator of the Ludwigshafen combined transport terminal since 2005. In Hupac's network, the KTL acts as a central hub for the grouping of consignments between Germany, Italy, Belgium and Poland. Around 100 Hupac trains 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 50 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.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HUPAC

Environmental performance

In the year under review, the shift of freight transport from the roads to the Hupac transport network saved more than 750,000 tonnes of CO_2 and 8.8 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.

Protection against accidents with harmful effects on the environment

Hupac's production is arranged in such a way from an infrastructure and organisation perspective that the risk of an accident with consequences for people and the environment is as low as possible. The measures applied comply with and in many cases exceed the requirements of the valid provisions.

In the rolling stock sector Hupac emphasises a concept of preventative maintenance. All rail wagons undergo various testing and maintenance steps at defined intervals. This means that safe circulation of the rolling stock is ensured.

Prevention is also the guiding principle in the terminal sector. The operating software Goal is equipped with control functions that prevent misloading of the train. In this way risks for rail traffic are effectively prevented.

The terminals of the Hupac Group have a range of active and passive safety measures:

- Sealing of the floor to protect the ground water
- Lockable waste water system: in the event of a loss of harmful materials during a rainfall, the soiled water is directed to a retention basin to separate it from the remaining water.
- Safe operation in the handling area through electric portal cranes.

The Busto Arsizio-Gallarate terminal is designed for a high handling volume and has additional preventative safety devices such as for example electronic signal and operating/control equipment for internal rail traffic and a centralised electronic control of all the safety equipment.

In every sector Hupac emphasises the human factor. The employees are regularly made aware of and trained in safety issues in order to recognise risks at the workplace and deal with them effectively.

Transportation of hazardous materials

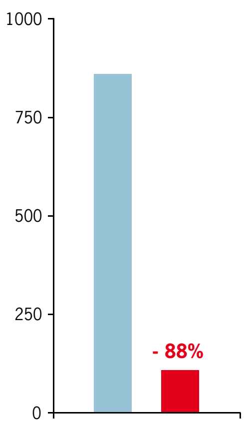
Hazardous goods are an important part of our economy and an indispensable element of many areas of everyday life. Basic commodities for industrial production, heating oil, fuel, medical gases, and pesticides – all of these goods may only be transported if certain safety precautions are observed. Rail is particularly suitable for the transportation of hazardous materials. In combined transport, road hauliers, combined

CO_2-emissions

Gross tonnes in 1000s

For comparison: road

Hupac traffic

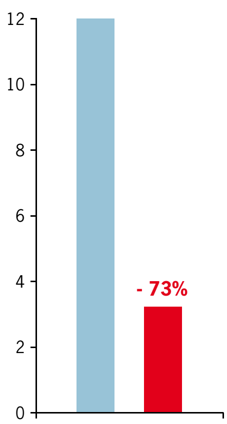


Energy consumption

in billion megajoules

For comparison: road

Hupac traffic



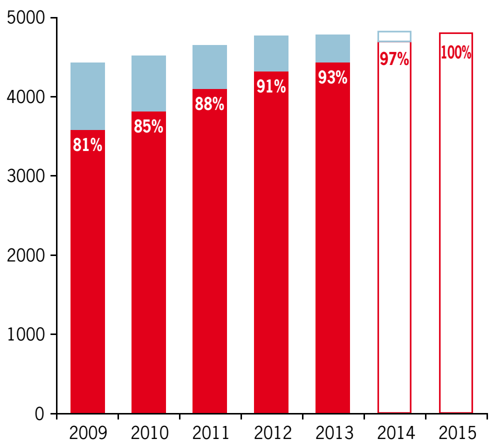
www.ecotransit.org

Wagons fitted for noise reduction

Number of own wagons

Without synthetic pads

With synthetic pads



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.

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. 56 incidents were reported at the terminals (previous year: 49) and 26 on the rail network (previous year: 30).

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 2013, 93% (previous year: 91%) 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 100 wagons were noise-refurbished in 2013; the noise abatement programme should be completed by 2015. The cost of converting the brakes is borne by the Swiss Government.

A further reduction of the noise value will be achieved with disc brakes. In the summer of 2014 Hupac will convert four wagons to this new technology. A first series of wagons with disc brakes will be ordered in the current year.

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.

Biotopes Busto Arsizio-Gallarate and Singen

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.

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 2013, there were 405 members of staff (previous year: 400). 168 people were employed at Hupac Intermodal in Switzerland, Denmark and Poland, 211 at the subsidiaries Hupac SpA, Fidia SpA and Termi SpA in Italy, and 26 at the remaining subsidiaries in the Netherlands, Germany, Belgium and Russia. The proportion of women rose from 15% to 16%. The average seniority amounted to 14.7 years.

Training

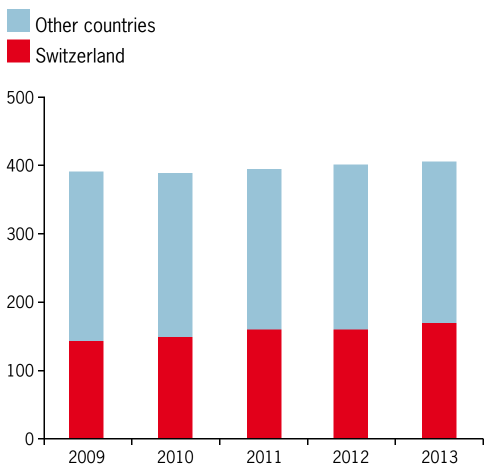
Numerous coaching and training courses were held in the year under review. Internal foreign language courses and trainings on safety and rolling stock took place in Chiasso and Busto Arsizio. Other training courses covered IT applications and administrative processes, while a number of employees attended external courses for special training requirements.

Hupac places great importance on practice-oriented education and training. So the employees are made aware of the operational value creation processes. They are trained for practical, operational tasks and can be deployed flexibly. During the year covered by the report five employees participated in job-rotation schemes, spending time in branches and subsidiaries. A large number of short-term secondments within the company promoted interdivisional thinking.

In 2013 three additional apprentices started their training in Chiasso to become commercial employees. Hupac is now training a total of six apprentices.

Workforce of the Hupac Group

Number of employees



Occupational health and safety

Hupac takes care of healthy and safe workplaces in compliance with 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, 14 occupational injuries were recorded along with 243 lost working days. The number of lost working days per employee thus slightly 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 83 to 82. At the Italian subsidiary the score reached 75 (previous year: 77).

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 2013 Hupac achieved a volume of 381,000 road consignments or 7.1 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 terminal (as per final accounts of 2012).

The terminals are accessible without discrimination and are used by various operators. In addition to Hupac, during the year covered by the report these included the partners Cemat and Kombiverkehr, P&O Ferrymasters as well as TX Logistics.

The Hupac Group will have to repay a considerable part of these subsidies, amounting from 2013 to 2040 to around CHF 70.4 million. In the same period, estimated interest of around CHF 5.2 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 operating subsidies per road consignment declined by an average of 3.5% in 2013 compared with 2012.

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

Values in 1000 CHF

Years	2013	2014-2026	2027-2030	2031-2035	2036-2040	2013-2040 Total
Loan repayment	3,856	3,645 - 3,856	2,599 - 2,662	1,470 - 1,551	65	70,401
Interest	460	102 - 537	9 - 64			5,199
Total	4,316	3,747 - 4,308	2,608 - 2,666	1,470 - 1,551	65	75,600

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
- Assoferr, Milan
- Assologistica, Milan
- Camera di Commercio Svizzera in Italia, Milan
- ANITA, Rome
- CIFI, Rome
- Coordination Council on Trans-Siberian Transport, 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.

- Overall plan for domestic rail freight traffic, consultation July 2013: the overall plan is intended to create the conditions for the future commercial viability of rail freight traffic. Start-up financing for new rail products by the Swiss Government should be disregarded. Subsidies for freight traffic facilities are to be granted only as of a certain minimum size or minimum quantity. The current unequal treatment between combined traffic terminals and loading platforms with a crane must be corrected. Network use concepts and network use plans must be agreed with neighbouring countries. An active regulator must monitor discrimination-free management of the network in the public interest.

- Terminal strategy, mediation procedure of the Swiss Government: Hupac supports the prioritisation of the Basel Nord site with a staggered expansion in line with traffic development. The facility must be designed as a consolidation point both for maritime as well as continental traffic. Handling of trailers and swap bodies must be foreseen. The ownership and the operatoring of the terminal are to be arranged in an open and anti-discriminatory manner.

- Construction and financing of a 4-metre corridor on the Gotthard axis: During the year covered by the report the southern connections to the Gotthard base tunnel were again the focus of attention. Together with sector representatives Hupac made the public in Switzerland and Italy aware 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 2013 and 2012

Amounts in 1 000 CHF	2013	2012
Income from supplies and services	480 199	454 499
Other income	69 216	69 630
Cost of the services	(448 601)	(425 483)
Gross profit	100 814	98 646
Payroll expenses	(32 771)	(31 783)
General expenses	(11 744)	(9 845)
Depreciation and provisions	(44 244)	(43 707)
Gains from disposal of fixed assets	585	667
Losses from disposal of fixed assets	(23)	(170)
Operating profit	12 617	13 808
Financial income	297	604
Financial expenses	(2 480)	(2 844)
Result from associates	(394)	(4 686)
Foreign exchange differences	(179)	(600)
Profit before extraordinary items	9 861	6 282
Non-operating income	115	512
Extraordinary income	45	909
Extraordinary expenses	(39)	(589)
Profit before taxes	9 982	7 114
Taxes	(3 109)	(2 595)
Profit before minority interest	6 873	4 519
Minority interest	(310)	(129)
Group profit	6 563	4 390

Notes to the consolidated income statement 2013

In 2013 the Hupac Group's *Income from supplies and services* increased over the previous by 5.7% to CHF 480.2 million.

The item *Other income* is comprised of operating contributions and financial support payments for the use of low-noise rolling stock, totalling approximately CHF 69.2 million in the 2013 financial year, which represents a decrease of 0,6% compared to the previous year.

The *Cost of the services* increased by 5.4% from last year to approximately CHF 448.6 million. The company's *Gross profit* was increased by 2.2% compared to the previous year's figure.

Payroll expenses in the year under review were higher by 3.1% with respect to the previous year. The item *General expenses* over the previous year increased by 19.3%.

Depreciation and provisions in the 2013 financial year amounted to CHF 44.2 million, corresponding to a increase of 1,2% from the previous year.

Compared to last year, *Financial income* decreased by just under CHF 0.3 million, while *Financial expenses* due to a smaller debt with the banks has decreased by 12.8 % to just under CHF 2.5 million. The *Results from associates* has increased over the previous year by almost CHF 4.3 million. The *Foreign exchange differences* show to an improvement of around CHF 0.4 million over the previous year.

Consolidated balance sheet at 31 December 2013 and 2012

Amounts in 1 000 CHF	31.12.2013	31.12.2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	53 814	22 931
Receivables from supplies and services	62 911	57 366
- third parties	53 212	48 965
- shareholders	9 699	8 401
Other receivables	13 446	15 156
Stocks	3 448	3 516
Accrued income	24 854	25 818
Total current assets	158 473	124 787
FIXED ASSETS		
Financial fixed assets	38 028	37 893
- Investments	32 819	32 766
- Other financial assets	4 785	4 736
- Deferred tax assets	424	391
Tangible fixed assets	201 969	222 740
- Advances to suppliers	224	481
- Technical equipment	23 380	23 183
- Rolling stock	60 342	78 035
- Plants on third parties' lands	12 830	13 321
- Terminals, buildings and land	98 797	101 449
- Other tangible fixed assets	6 396	6 271
Intangible fixed assets	9 366	15 071
Total fixed assets	249 363	275 704
Total assets	407 836	400 491

Amounts in 1 000 CHF	31.12.2013	31.12.2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Short-term financial debts	15 214	13 520
Account payables from supplies and services	47 696	45 941
- third parties	47 360	45 197
- shareholders	336	744
Other short-term debts	5 899	3 828
Accrued expenses	46 177	44 940
Short-term provisions	41	37
Total short-term liabilities	115 027	108 266
Long-term liabilities		
Long-term debts	147 621	156 428
Long-term provisions	61 696	57 552
Deferred tax liabilities	1 758	2 530
Total long-term liabilities	211 075	216 510
Total liabilities	326 102	324 776
Minority interests	614	332
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
Reserves	65 767	62 718
Treasury shares	(1 468)	(1 408)
Translation difference	(9 742)	(10 317)
Group profit	6 563	4 390
Total shareholders' equity	81 120	75 383
Total liabilities and shareholders' equity	407 836	400 491

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 6.6 million in 2013, corresponding to an increase of 49.5% 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 0.6 million in the 2013 financial year (previous year: loss of approximately CHF 0.7 million).

Consolidated cash-flow statement 2013 and 2012

Amounts in 1 000 CHF	2013	2012
Group profit	6 563	4 390
Depreciation of tangible assets	34 043	39 728
Depreciation of intangible assets	4 129	1 860
Variation of provisions	3 258	581
Other non monetary items	(2 323)	(956)
Net result from sale of tangible assets	(562)	(183)
Income from associated companies	394	4 686
Minority interests	309	130
Variation of inventories	101	88
Variation of short-term receivables	(2 619)	6 014
Variation of short-term liabilities	6 672	(3 086)
Cash flows from operating activities	49 965	53 252
Purchase of tangible assets	(9 719)	(33 310)
Proceeds from sale of tangible assets	1 581	11 451
Purchase of intangible assets	(561)	(4 572)
Purchase of investments	(245)	(17 667)
Proceeds from sale of investments	0	202
Change in value of investments	65	0
Cash flows from investing activities	(8 879)	(43 896)
Variation of long-term receivables	(74)	(4 204)
Variation of long-term loans	(8 933)	(6 638)
Treasury shares	(60)	152
Dividends payment	(1 174)	(1 571)
Cash flows from financing activities	(10 241)	(12 261)
Variation	30 845	(2 905)
Cash at beginning of the year	22 931	25 860
Foreign exchange differences on cash	38	(24)
Cash at end of the year	53 814	22 931

Notes to the consolidated financial statements 2013

Accounting policies

Consolidation principles
The consolidated financial statements of Hupac Ltd have been prepared using the purchase price method, 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 2013 also include an additional 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 more than 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

The following companies were fully or pro rata consolidated:

Company		Share or company capital	Interests as % 31.12.2013	31.12.2012
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	95.57	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	100.00
Sub-interests of Centro Intermodale SpA, Milan: - Terminal Piacenza Intermodale Srl, Piacenza	EUR	52 000	100.00	100.00
Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	99.94	99.94
Hupac Intermodal NV, Rotterdam	EUR	200 000	100.00	100.00
Sub-interests of Hupac Intermodal NV, Rotterdam: - Hupac Intermodal BVBA, Antwerp	EUR	1 601 000	0.06	0.06
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 % 31.12.2013	31.12.2012
Cemat SpA	Milan (Italy)	34.48	34.48
RAlpin Ltd	Olten (Switzerland)	33.11	33.11
Crossrail Ltd	Muttenz (Switzerland)	25.00	25.00
SBB Cargo International Ltd	Olten (Switzerland)	25.00	25.00
Cesar Information Services Scarl	Brussels (Belgium)	25.10	25.10
Combinant NV	Antwerp (Belgium)	35.00	35.00
Terminal Singen TSG GmbH	Singen (Germany)	50.00	50.00

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

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

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.

Table of currency conversion

	Balance sheet		Income statement	
	31.12.2013	31.12.2012	2013	2012
CHF/EUR	1.2264	1.2072	1.2308	1.2053
RUB/CHF	0.02714	0.02996	0.0291	0.0302

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 2012	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
Translation differences				280	280	(28)
Translation differences of associated companies				295	295	
Net equity adjustment		(167)			(167)	
Purchase of treasury shares			(60)		(60)	
Parent company dividend		(1 174)			(1 174)	
Consolidated profits 2013		6 563			6 563	310
Balance at 31 December 2013	20 000	72 330	(1 468)	(9 742)	81 120	614

Other information in accordance with legal requirements

Amounts in 1 000 CHF	31.12.2013	31.12.2012
1. Guarantees, other indemnities and assets pledged in favour of third parties	8 752	8 615
2. Pledges on assets to secure own liabilities	80 347	82 450
3. Leasing commitments not recorded in the balance sheet	25	0
4. Fire insurance value of tangible fixed assets	132 458	123 384
5. Debts towards personnel foundations	502	578

Treasury shares

Registered shares	2013	2012
Initial holdings on 01.01.	361	400
- Purchase	88	0
- Sale	(71)	(39)
Final holdings on 31.12.	378	361

The transactions were conducted on market-based condition.

Revenues from supplies and services
Turnover resulting from supplies and services is booked at the time of performance. Turnover is shown without VAT and after deduction of any discounts and price reductions granted to customers. Revenues from supplies and services comprises sales to customers, UIRR companies and third parties for services performed on the transport network of Hupac, as well as for the hiring-out of wagons outside this transport network, logistics services and miscellaneous.

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 2013

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 2013.

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 2013 comply with Swiss law and the consolidation and valuation principles as set out in the notes.

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

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

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

Ernst & Young Ltd

Stefano Caccia Claudio Cereghetti

Lugano, 14 April 2014

Financial statements of Hupac Ltd

Income statement 2013 and 2012

Amounts in 1 000 CHF	2013	2012
Income from supplies and services	71 627	74 474
Other income	3 120	2 368
Cost of services	(30 365)	(29 145)
Gross profit	44 382	47 697
General expenses	(1 400)	(1 459)
Depreciation of tangible fixed assets	(24 855)	(31 050)
Amortisation of intangible fixed assets	(3 659)	(1 657)
Provisions and value adjustments	(4 550)	(4 600)
Dividend income	0	156
Gains on disposal of fixed assets	26	61
Losses on disposal of fixed assets	(21)	(163)
Ordinary operating profit before financial items	9 923	8 985
Financial income	726	953
Financial expenses	(1 793)	(2 063)
Foreign exchange differences	(477)	182
Ordinary operating profit	8 379	8 057
Extraordinary income	0	92
Extraordinary expenses	0	(174)
Profit before taxes	8 379	7 975
Taxes	(1 900)	(1 807)
Profit for the year	6 479	6 168

Notes to the income statement

Compared to the previous year *Income from supplies* and services has decreased by 3.8% to just over CHF 71.6 million. The item consists primarily of income from leasing out assets. The difference compared to 2012 is mainly attributable to slightly lower daily leasing rates for rolling stock.

The item *Other income* reflects state financial subsidies. These payments were provided for rolling stock noise abatement and have increased by 31.8% over the previous year.

Cost of services in 2013 amounted to just under CHF 30.4 million, corresponding to a 4.2% increase over the previous year. Rolling stock maintenance costs represent the largest share of this item. *Gross profit* declined by approximately 7% compared to 2012, resulting in an amount of CHF 44.4 million.

General expenses were down by 4.1% from a year ago, amounting to exactly CHF 1.4 million.

Depreciation of tangible fixed assets decreased by around 20% or CHF 24.8 million from 2012. This is primarily attributable to a reduction in the purchase of rolling stock.

The item *Amortization of intangible fixed assets* rose by about CHF 2 million compared to the previous year, mainly as a result of amortization of goodwill on equity interests.

Compared to a year ago, the *Provisions and value adjustments* remained approximately constant at just under CHF 4.6 million. After accounting for other smaller items Hupac Ltd achieved an *Ordinary operating profit before financial items* of just over CHF 9.9 million in financial year 2013, representing an increase of 10.4% over the previous year.

Financial income decreased by about CHF 0.2 million from 2012 because outstanding loans to Group companies have also declined. *Financial expenses* are also down by approximately CHF 0.3 million compared to a year ago, primarily because debt payable to banks has decreased.

After adjusting for *Foreign exchange differences*, the *Ordinary operating profit* generated in the 2013 reporting year amounted to approximately CHF 8.4 million, up 4% from the previous year. Since there are no extraordinary items to be noted for financial year 2013, this also represents the *Profit before taxes* for the year.

Balance sheet at 31 December 2013 and 2012

Amounts in 1 000 CHF	31.12.2013	31.12.2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	17 328	8 266
Receivables from supplies and services	22 863	6 007
- third parties	2 274	1 490
- group companies	20 832	4 751
- shareholders	23	32
- Provisions for doubtful debts	(266)	(266)
Other receivables	2 127	2 149
- third parties	2 127	2 149
Stocks	1 391	1 450
Treasury shares	1 468	1 408
Prepayments and accrued income	1 807	2 496
Total current assets	46 984	21 776
FIXED ASSETS		
Financial fixed assets	111 898	112 813
- Investments	76 227	75 994
- Loans third parties	234	231
- Loans group	35 433	36 585
- Other financial fixed assets	4	3
Tangible fixed assets	60 849	79 694
Intangible fixed assets	6 559	9 731
Total fixed assets	179 306	202 238
Total assets	226 290	224 014

Amounts in 1 000 CHF	31.12.2013	31.12.2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Payables from supplies and services	6 403	11 203
- third parties	5 416	10 117
- group companies	860	770
- shareholders	127	316
Short-term loans	15 213	13 421
- third parties	15 213	13 421
Other short-term debt	810	396
- third parties	810	396
Accrued expenses and short-term provisions	21 497	20 712
Total short-term liabilities	43 923	45 732
Long-term liabilities		
Long-term debts	53 921	58 690
- third parties	53 921	58 690
Long-term provisions	42 486	38 936
Total long-term liabilities	96 407	97 626
Total liabilities	140 330	143 358
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
General reserve	3 055	3 095
Reserve for treasury shares	1 468	1 408
Capital contribution reserve	459	459
Statutory reserves	54 200	49 300
Retained earnings	6 778	6 394
- Profit carried forward	299	226
- Profit for the year	6 479	6 168
Total shareholders' equity	85 960	80 656
Total liabilities and shareholders' equity	226 290	224 014

After *Taxes* in the amount of CHF 1.9 million Hupac Ltd therefore generated a *Profit for the year* of approximately CHF 6.5 million for financial year 2013, representing an increase of 5% over 2012.

Notes to the balance sheet

In the financial year 2013 total assets of Hupac Ltd rose by around CHF 2.3 million to approximately CHF 226.3 million.

On the asset side, the share of fixed assets in total assets decreased to approximately 80% (previous year: 90%), while on the liability side, the distribution shifted by 2% compared to the previous year at the expense of *Liabilities* and in favour of *Shareholders' equity*.

As of the end of 2013, the *Total shareholders' equity* of Hupac Ltd amounted to CHF 86 million, corresponding to an equity ratio of 38% (previous year: 36%).

Notes to the financial statements 2013

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 carries 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	31.12.2013	31.12.2012
2.1 Guarantees and assets pledged in favour of third parties	38 425	39 984
2.2 Fire insurance value of tangible fixed assets	40 446	43 474

2.3 Significant investments in subsidiary companies

Company	Business activity	Registered capital		Share of capital as %	
			in 1 000	31.12.2013	31.12.2012
Hupac Intermodal Ltd, Chiasso	Traffic management, terminal management	CHF	250	100.00	100.00
Hupac SpA, Milan	Terminal management, railway operating	EUR	2 040	95.57	95.55
Sub-interests of Hupac SpA, Milan:					
- Fidia SpA, Oleggio	Terminal management, warehousing	EUR	260	3.00	3.00
Hupac GmbH, Singen	Terminal management, railway operating	EUR	210	100.00	100.00
Termi Ltd, Chiasso	Terminal engineering	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 management, warehousing	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 management	EUR	1 601	0.06	0.06
Hupac Intermodal BVBA, Antwerp	Terminal engineering, terminal management	EUR	1 601	99.94	99.94
Terminal Singen TSG GmbH, Singen	Terminal management	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	100.00
Sub-interests of Centro Intermodale SpA, Milan:					
- Terminal Piacenza Intermodale Srl, Piacenza	Terminal management	EUR	52	100.00	100.00
Cemat SpA, Milan	Traffic management, terminal management	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 management	EUR	500	35.00	35.00
Crossrail Ltd, Muttenz	Railway operating	CHF	24 723	25.00	25.00
RAlpin Ltd, Olten	Traffic management, terminal management	CHF	4 530	33.11	33.11
SBB Cargo International Ltd, Olten	Railway operating	CHF	25 000	25.00	25.00
Teralp Srl, Milan	Terminal engineering	EUR	1 500	50.00	0

2.4 Treasury shares

Registered shares	2013	2012
Initial holdings on 01.01.	361	400
- Purchase	88	0
- Sale	(71)	(39)
Final holdings on 31.12.	378	361

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 2012	20 000	2 883	1 560	459	45 500	5 657	76 059
Dividends						(1 571)	(1 571)
Transfer to the general reserve		60				(60)	
Transfer to reserve for treasury shares		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
Dividends						(1 175)	(1 175)
Transfer to the general reserve		20				(20)	
Transfer to reserve for treasury shares		(60)	60				
Transfer to the statutory reserves					4 900	(4 900)	
Profit for the year						6 479	6 479
Balance at 31 December 2013	20 000	3 055	1 468	459	54 200	6 778	85 960

Proposal for the distribution of retained earnings

Amounts in CHF	31.12.2013
Profit carried forward	299 624
Profit for the year	6 478 553
Retained earnings at the disposal of the General Meeting	6 778 177
Proposal of the Board of Directors:	
- Maximum dividends on the total nominal share capital	1 600 000
- Transfer to the general reserve	430 000
- Transfer to the statutory reserves	4 500 000
- To be carried forward	248 177
	6 778 177

Report of the statutory auditor to the General Meeting on the financial statements 2013

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 2013.

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 2013 comply with Swiss law and the company's articles of incorporation.

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

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

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

Ernst & Young Ltd

Stefano Caccia Claudio Cereghetti

Lugano, 14 April 2014

Images:
special thanks to Javier López Ortega, Andy Engelen, Michael E. Klass.

Printed on ecological paper with FSC Mixed Sources
(CQ-COC 000010) and Ecolabel (Rif. IT/011/04) certification

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