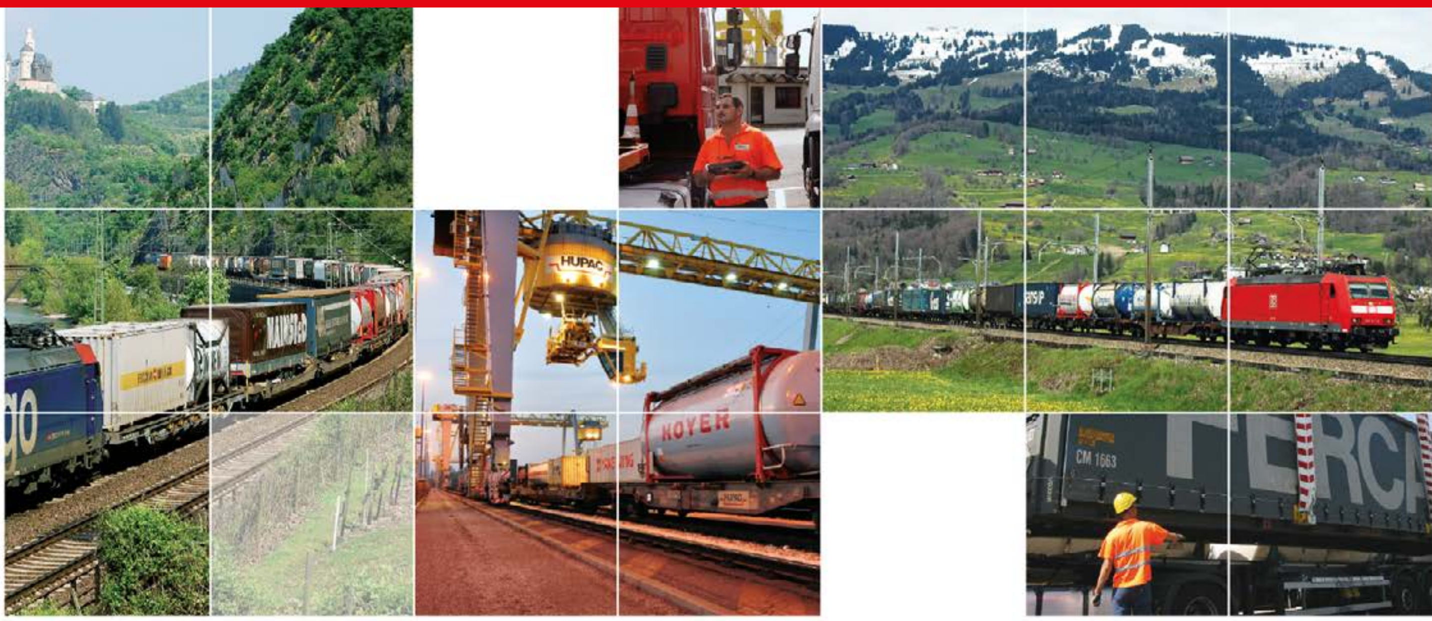
Annual Report 2014



HUPAC

Profile of the Hupac Group

Hupac at a glance

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 100 trains each day between Europe's main economic areas and as far away as Russia and the Far East. In 2014, the traffic volume was around 660,000 road consignments.

The Hupac Group is composed of 13 companies with locations in Switzerland, Germany, Italy, the Netherlands, Belgium, Denmark, Poland and Russia and employs around 400 persons.

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 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.

Business units

Hupac's presence in the market consists of two business units offering services for different customer requirements:

- The Shuttle Net unit operates a trans-European shuttle train network with scheduled departures. It is designed for flexible use by the customers based on their needs. Hupac bears the capacity utilisation risk for the trains.
- The recently established Company Shuttle business unit focuses on point-to-point transports in Europe. Freight forwarders preferring to ship large volumes in dedicated train compositions find a strong business partner in Hupac.

Transport volumes

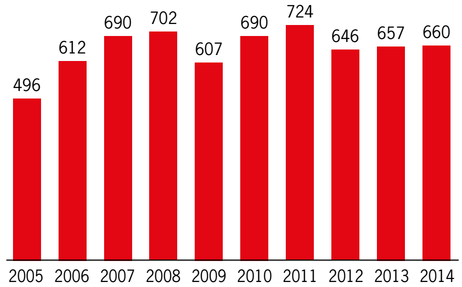
	Road consignments			Net weight in tonnes		
	2014	**2013**	**%**	**2014**	**2013**	**%**
Transit via CH	353,548	353,335	0.1	6,758,000	6,630,000	1.9
Import/export CH	4,059	7,683	- 47.2	64,000	143,000	- 55.2
Domestic CH	22,337	19,484	14.6	373,000	327,000	14.1
Total transalpine via CH	379,944	380,502	- 0.1	7,195,000	7,100,000	1.3
Transit via A	48,091	52,288	- 8.0	877.000	968,000	- 9.4
Transit via F	3,804	3,368	13.0	86.000	69,000	24.6
Total transalpine	431,839	436,158	- 0.1	8,158,000	8,137,000	0.3
Import/export CH	65,826	66,808	- 1.5	977,000	966,000	1.1
Domestic CH	3,167	3,228	- 1.9	31,000	35,000	- 11.4
Other traffic	159,277	150,683	5.7	2,790,000	2,637,000	5.8
Total non-transalpine	228,270	220,719	3.4	3,797,000	3,638,000	4.4
Total	660,109	656,877	0.5	11,955,000	11,775,000	1.5

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

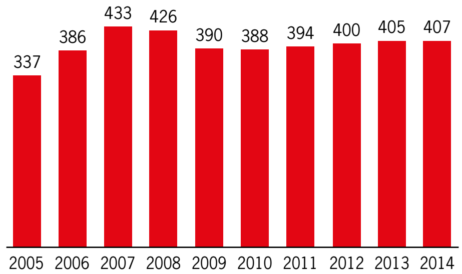
Facts & Figures

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
Business units	Shuttle Net: high-performance intermodal network Company Shuttle: tailor-made solutions for large volumes
Customers	Transport and logistics companies
Traffic volume	660,109 road consignments
Employees	407
Rolling stock	5,036 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 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 476.6 million (EUR 392.4 million) Profit for the year CHF 7.5 million (EUR 6.2 million) Cash flow CHF 41.4 million (EUR 34.1 million)
Dated 31.12.2014	

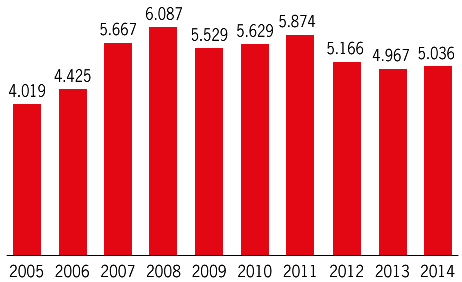
Traffic volume
Road consignments in 1000s



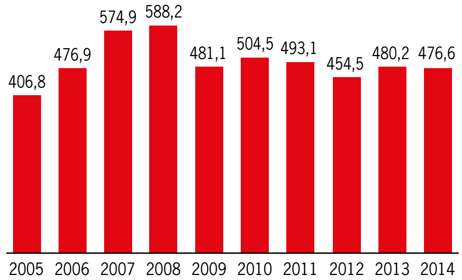
Employees



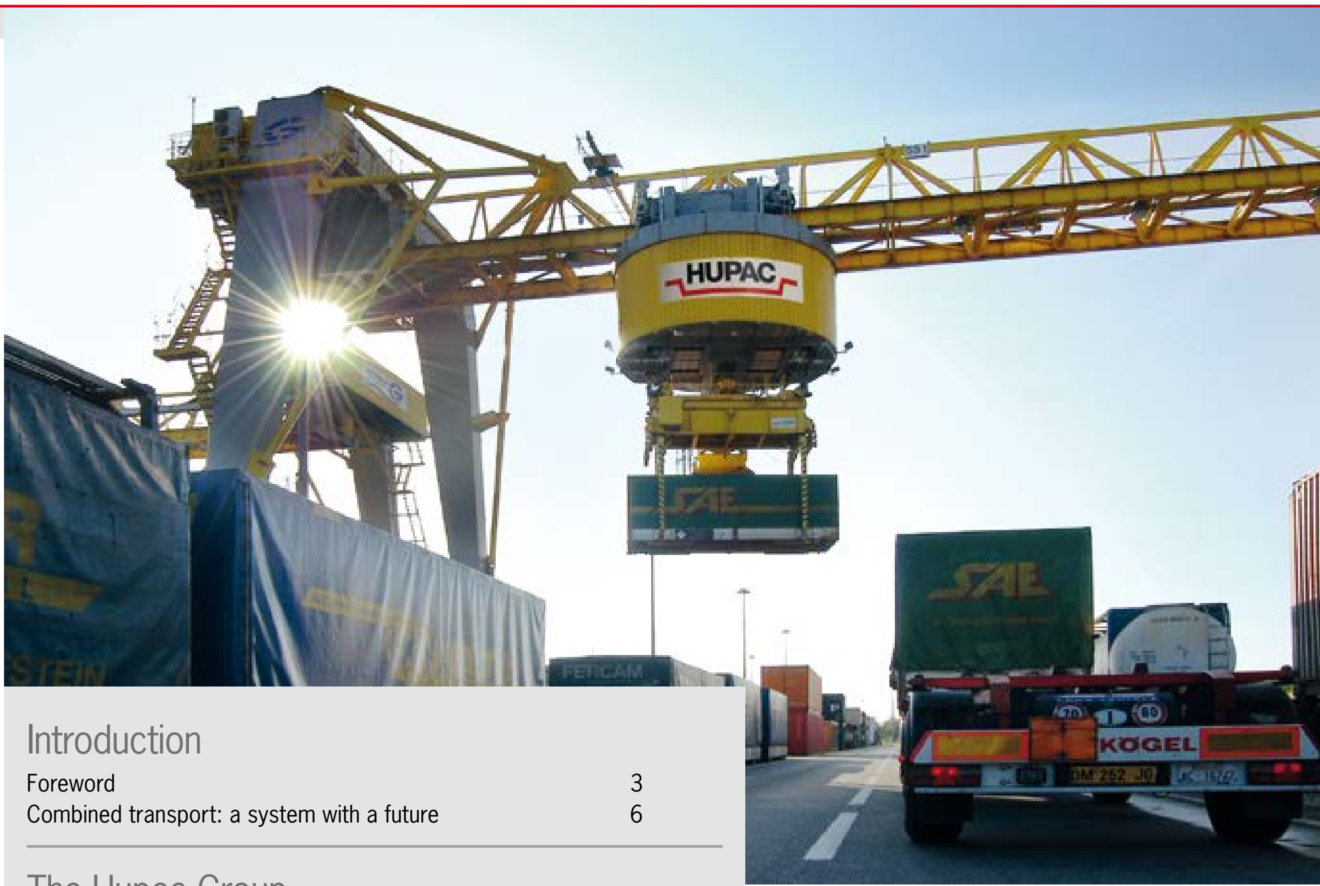
Rolling stock
Number of rail platforms



Turnover in million CHF



Annual Report 2014



Shaping the future

Ladies and gentlemen, dear friends of our company

In the past year Hupac set out to tackle what is arguably the greatest challenge for effective business management: the succession of a new generation, a multi-year process that requires strategic foresight and clear answers to key questions: Who are we today? Where will we be tomorrow? How will we get there?

In this process, it quickly becomes obvious once again that it is not what a company does, but how it does it that makes the difference between success and failure. A priority for Hupac is the culture of a family-operated business, focusing on strong leadership, long-term strategies, frontier spirit and effective decision-making processes.

Today Hupac is able to rely on the support of a group of new and young leaders. It is their responsibility to come up with new ideas, scrutinise existing practices and concentrate on strengthening the success factors of our company, which was established almost fifty years ago.

Part of Hupac's strategic strengths is having our own resources in terms of rolling stock, terminals and information technology. Since 2014 the company's own rolling stock has also been in service in Russia. In February, Hupac LLC, headquartered in Moscow, was established for the procurement and leasing of rolling stock. In the autumn of 2014 Hupac's own broad gauge wagons went into operation on the route between Sestokai (Lithuania) and Moscow. This has significantly enhanced the quality and reliability of our transport services.

But the real change for Hupac and the entire market of combined transports is about to take place in late 2016 with the opening of the Gotthard base tunnel. The flat track is designed for longer and heavier trains and as a result, it is a perfect chance to put the shift from road to railway into practice.

However, the key to the commercial viability of transalpine combined transports is that the productivity benefits achieved by NEAT are passed on to the railway customers rather than being withheld by the infrastructure operator. The guiding principle of the transport policy, "infrastructures instead of subsidies", can only work when the price per gross tonne kilometre on the flat track is considerably lower in the future than it is now on the mountain line.

The upcoming revision of the train path price system in Switzerland should provide incentives for high-performance trains with maximum utilization of the possible parameters, similar to the systems in the neighbouring countries on the Rotterdam-Genoa corridor. The use of long and heavy trains must be cost-effective. If the proper incentives are offered, all of us together can increase the productivity of rail freight services, optimally manage the railway system and actively support the modal shift.

Hupac will face new challenges throughout this year. The euro's loss of value relative to the Swiss franc and falling petroleum prices are boosting road traffic through Switzerland. According to recent studies the cost of railway transports will go up significantly compared to the road. Hupac has initiated various steps to neutralise this competitive handicap and effectively strengthen the company's ability to compete.

On behalf of the Board of Directors, thank you for your confidence. I look forward to continuing our journey together.

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

Chiasso, April 2015

Combined advantage for logistics

Shuttle Net and Company Shuttle are not competing against each other, they complement each other ideally.

Dear customers, partners and employees

2014 was another year packed with challenges: cost pressures, market volatility and overcapacities. Once again, it was necessary to find ways to optimise productivity and lower costs in conjunction with our partners.

The demand for more and more competitive prices was also an opportunity to reassess our business model: does a network operator such as Hupac even have a future? What is the market value of quality and flexibility? Does the future belong to company trains?

In the growth market of combined transports, the number of customers reaching critical mass to purchase block trains on some routes and guarantee planning security to the railways is on the rise. The customers accept the risks, including the responsibility for the wagons.

In contrast, as a network operator, Hupac bears all of the risks and offers maximum flexibility to its customers. In times of rising volatility, this means real added value. Thanks to the volumes of our customers, we have successfully maintained our "Shuttle Net" system and developed new and competitive routes in the face of the economic crisis.

Clearly, network and company train are two separate, distinct products meeting different needs. They are not competing against each other, they complement each other ideally, a concept we know from the airline industry: charter flights for large guaranteed volumes, scheduled flights for flexible private travel.

In the autumn of 2014 Hupac established a separate "Company Shuttle" business unit with the objective to expand the previously developed foundations in block train transports. "Company Shuttle" is a pipeline for the large volumes of some customers, designed to meet specific market needs, while "Shuttle Net" offers maximum flexibility with the tried and tested "pay as you go" approach. Together, the two types of services represent a complete development perspective for logistics.

However, a problem experienced with both Shuttle Net and Company Shuttle with increasing frequency are bottlenecks in the railway network. On-time performance declined on all routes in 2014. If the railway system is not taking steps to counteract this trend, we will cut ourselves off from the market and rapidly lose the ability to compete. Profitability, in particular, in addition to customer satisfaction will suffer the most. Every freight train standing on a siding, waiting to continue, is a waste of the productivity potential of the resources in use, including personnel, engines, wagons, trucks and transhipment terminals. The annual cost burden on the system overall is in the three-digit millions.

Oftentimes freight transports are still viewed as an interference factor, not as a multi-million customer. Malfunctions can cause hours, in some cases even days of delays. But freight transports depend on being on time just as much as passenger trains do. This is a trend going in the wrong direction, particularly since train path charges throughout Europe are increasing. The infrastructure operators are called upon to take a more market-oriented view of freight transports.

One approach is to pay compensation in the event of delays, as practiced with passenger trains and in the airline industry. Delays caused by the rail infrastructure should be handled similarly. When all players in the logistics chain accept their share of the responsibility, we will all be able to offer an attractive product and press ahead with modal shift.

On behalf of the Management, I wish to thank you as our shareholders, customers, partners and employees for your continued support.

Bernhard Kunz
Managing Director

Chiasso, April 2015

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

Unaccompanied combined transport is a growth market with a Europe-wide traffic volume of 203 million tonnes of freight in 2013. Growth was 41% since the reference year of 2005. 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 and 2014

The Hupac Group


HUPAC
P 14
LKW WALTER

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 transport companies on our shuttle trains and support the development of modern logistics concepts. Having our own resources such as rail wagons and terminals gives us the necessary freedom to act in the interest of the market.

Customer-oriented approach
Our main objective is to have satisfied, loyal customers. We seek to meet their needs with market-oriented, reliable transport solutions. Flexibility, innovation and ongoing service quality improvement constitute the core principles at all levels in the Group.

Well-trained, motivated staff
Our employees are the company’s most important resource. They are offered attractive working conditions, regular training and professional updating programmes. We cultivate an open, cohesive corporate environment and encourage motivation, team spirit and individual responsibility. Good performance is rewarded.

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

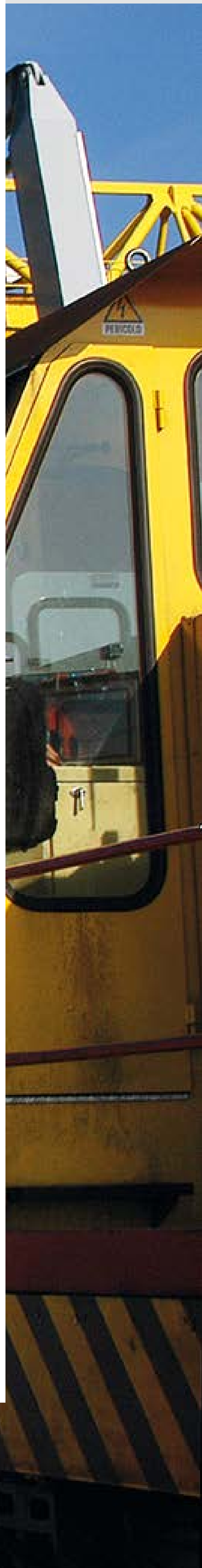
Efficient processes
Hupac aims to offer competitive service products in line with customer requirements through cost-awareness and standardisation of business processes. Our quality management system and information technology play a crucial role in achieving such objectives.

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

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

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

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



Hupac Ltd
Chiasso
Parent company

- 100% → **Hupac Intermodal Ltd**, Chiasso — Sales & Customer Service, Traffic Operations, Terminal Operations
- 95.57% → **Hupac SpA**, Milano — Terminal Operations, Railway Operations — 4,43% various third parties
- 100% → **Termi Ltd**, Chiasso — Terminal Engineering
- 97% → **Fidia SpA**, Milano — Terminal Operations, Warehouse Logistics — 3% Hupac SpA
- 100% → **Hupac Intermodal NV**, Rotterdam — Service Provider
- 100% → **Hupac GmbH**, Singen — Sales & Customer Service, Railway Operations
- 5% → **Termi SpA**, Busto Arsizio — Terminal Engineering — 95% Termi Ltd
- 100% → **Centro Intermodale SpA**, Milano — Terminal Engineering
  - 100% → **Terminal Piacenza Intermodale Srl**, Piacenza — Terminal Operations
- 99.94% → **Hupac Intermodal BVBA**, Antwerp — Terminal Engineering, Terminal Operations — 0.06% Hupac Intermodal NV
- 98% → **Hupac LLC**, Moscow — Rolling stock management — 2% Intermodal Express LLC
- 75% → **Intermodal Express LLC**, Moscow — Sales & Customer Service — 25% Andrey Munkin

Board of Directors of Hupac Ltd

Name	Age	Position	Nationality	First nomination	Expiry of mandate
Dr. Hans-Jörg Bertschi	57	Chairman since 1993	Swiss	1987	2016
Dr. Thomas Baumgartner	60	Member	Italian	1990	2016
Thomas Hoyer	64	Member	German	1988	2016
Ing. Nicolas Perrin	55	Member	Swiss	2008	2016
Nils Planzer	43	Member	Swiss	2008	2016
Peter Hafner	58	Secretary	Swiss	1999	2016

Management Board of the Hupac Group and management of the subsidiaries

Company	Name	Function
Hupac Ltd	Bernhard Kunz	*Managing Director*
	Peter Hafner	*Deputy Managing Director and Finance & Administration*
	Dario Arcotti	*Engineering*
	Aldo Croci	*Information Technology*
	Leonardo Fogu	*Fleet Management*
	Peter Howald	*Sales & Operations*
	Piero Solcà	*Logistics & Infrastructures*
	Irmtraut Tonndorf	*Communications*
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*
Hupac LLC	Andrey Munkin	*Managing Director*
Termi Ltd	Peter Hafner	*Managing Director*
Termi SpA	Peter Hafner	*Chairman*
	Francesco Crivelli	*Delegate of the Board of Directors*
Intermodal Express LLC	Andrey Munkin	*Managing Director*
Fidia SpA	Francesco Crivelli	*Delegate of the Board of Directors*
Centro Intermodale SpA	Peter Hafner	*Chairman*
Terminal Piacenza Intermodale Srl	Piero Solcà	*Chairman*

Dated 31.12.2014

Corporate Governance

Structure of the Hupac Group

At the end of 2014 the Hupac Group consisted of 13 companies based in Switzerland, Germany, Italy, the Netherlands, Belgium and Russia. Each company operates within its own well-defined remit in order to provide advanced solutions and contribute to the overall efficiency of the Group.

Hupac LLC, headquartered in Moscow, was established in February 2014 for the procurement and leasing of rolling stock.

Important decisions were made in the 2014 financial year to set the course for the succession within the executive management of Hupac Ltd. In September Angelo Pirro (37) joined the company as Deputy Director of Finance and Administration, while Peter Weber (39) brings extensive experience in strategy and corporate development to Hupac. In November Dario Arcotti (47) was promoted to authorised officer of Hupac Ltd., Hupac Intermodal Ltd and Hupac SpA, succeeding Giorgio Pennacchi who went into retirement in October.

Renzo Capanni (35) is another new member of the management of Hupac Intermodal Ltd. He took over the helm of the Company Shuttle business unit in November and was made an authorised officer of the company.

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 and build 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 2014 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 Eurogateway (Novara) and RSC Rail Service Center (Rotterdam), 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

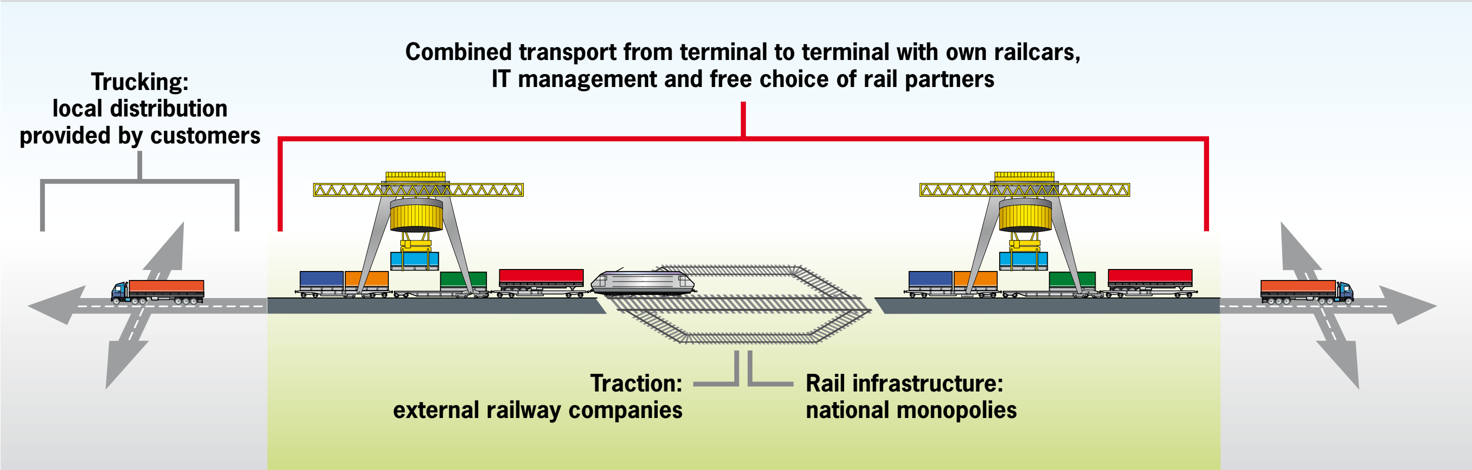
Hupac has set up a risk monitoring system aimed at identifying those situations that could cause considerable financial losses to the Group. The cornerstone of the system consists of a list of risks whose regular updating is entrusted to Hupac Ltd's Management Board. The current information on the status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

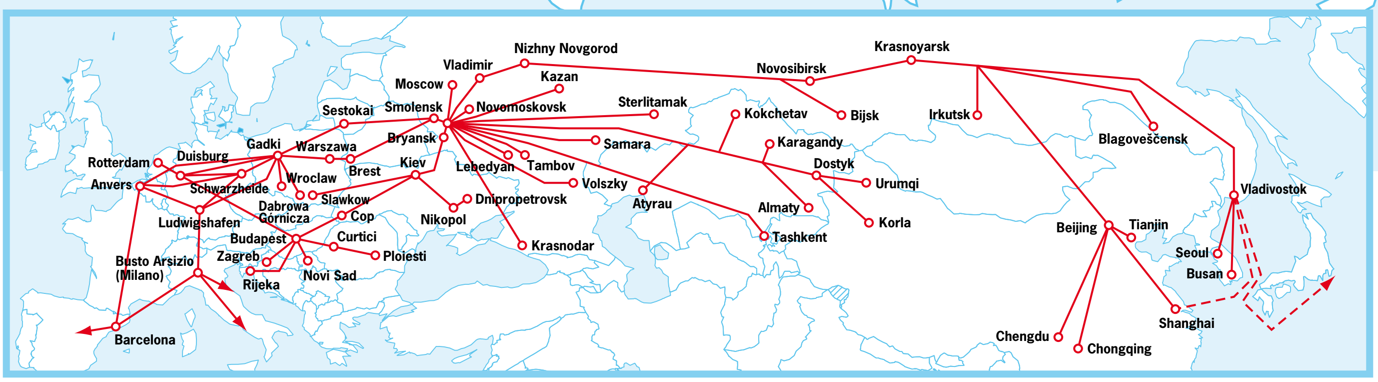
The greatest operational risks are found in the terminals and on the railway lines. They involve accidents that may have an impact on people as well as causing damage to load units, the transported goods, terminal and railway equipment and the environment.

The year 2014 in review

February	▸ Establishment of Hupac LLC, Moscow, primarily for the procurement and leasing of rolling stock ▸ Introduction of a sixth weekly departure on the Duisburg ⇆ Busto, Rotterdam ⇆ Busto and Antwerp ⇆ Verona routes
April	▸ New connection between Budapest ⇆ Novi Sad in cooperation with Transagent ▸ Frequency increase on the Zeebrugge ⇆ Busto connection from four to five weekly departures ▸ Introduction of a second weekly departure on the Antwerp ⇆ Gadki route
June	▸ Enhancement of services on the Singen ⇆ Busto route with the introduction of a seventh weekly departure
August	▸ SBB Cargo, Contargo and Hupac announced the intention to establish a partnership for the operation of the future Basel Nord terminal
September	▸ Start of construction of a parking facility for semi-trailers at the Singen terminal
October	▸ New operating concept between Germany and Poland in cooperation with Kombiverkehr and Polzug
November	▸ Establishment of a new “Company Shuttle” business unit to market dedicated company trains
December	▸ New connections between Budapest ⇆ Rijeka and between Budapest ⇆ Zagreb in cooperation with Transagent ▸ Hupac acquired a 16.33% interest in the shares of the RSC terminal in Rotterdam

Hupac’s business model





Dated April 2015

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 the 2014 financial year, income from supplies and services of the Hupac Group declined by 0.7% compared to the previous year to just above CHF 476.6 million. The item "Other income", which includes government subsidies, rose by 8.1% over 2013.

The Cost of services was 0.4% lower than a year ago. This resulted in a gross profit of approximately CHF 104.4 million in the 2014 reporting year, representing an increase of 3.6% over the previous year.

The Group's profit for the year 2014 rose by 15% to approximately CHF 7.5 million. This was made possible not least by the contribution of the associated companies, whose result increased by about CHF 0.9 million from a year ago.

The Group's cash flow according to the simplified calculation method based on annual profit plus depreciation and changes in provisions totalled CHF 41.4 million in the 2014 financial year, corresponding to a decrease of 18.5% compared to 2013.

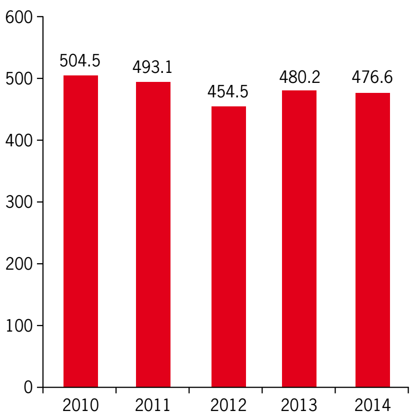
Investments in fixed assets amounted to CHF 16.7 million in 2014.

In view of the continued challenging economic conditions, the results of the Hupac Group in the 2014 reporting year are considered to be satisfactory.

Values in 1000 CHF	**2014**	**2013**	**%**
Income from supplies and services	476,640	480,199	- 0.7
Other income	74,818	69,216	8.1
Cost of the services	447,014	448,601	- 0.4
Gross profit	104,444	100,814	3.6
Group's operating profit	7,544	6,563	15.0
Group's cash flow	41,435	50,807	- 18.5

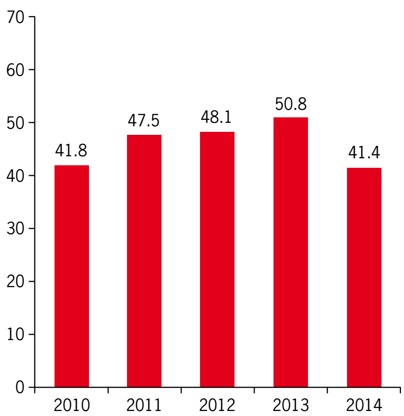
Annual turnover

in million CHF



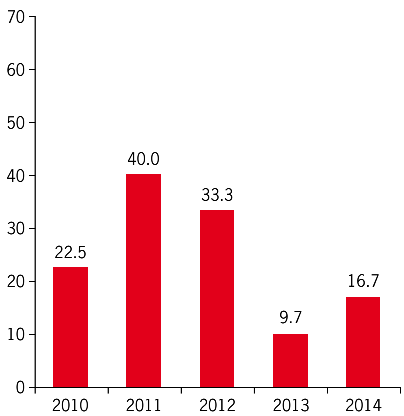
Cash flow

in million CHF



Investments in tangible fixed assets

in million CHF



Traffic development

In the 2014 financial year Hupac transported 660,109 road consignments by rail. While an increase of 3.8% was achieved during the first six months compared to the same period a year ago, the second half of the year saw a marked slump in the economy. Overall, we achieved a growth in volume of 0.5%.

The traffic development at Hupac over the past year reflects the economic situation in Europe: The trade of goods, particularly with Italy, the major recipient market of Hupac transports, remained at a relatively low level. Competitive and price pressures were heightened by downward-trending diesel prices and overcapacities on road and rail.

In the core business of transalpine transports through Switzerland Hupac was able to maintain the volume. Transports via Austria fell by 8% and decreased to a volume of approximately 48,100 road consignments. This was primarily attributable to line closures lasting several weeks due to construction work in Denmark and the related significant loss in quality on the Scandinavia ⇆ Italy route via Austria.

Non-transalpine transports grew by 5.7%, an encouraging result made possible by new connections, higher demand for transports related to Spain and the consolidation of operating concepts on the East-West routes.

The operational quality in the rail network, on the other hand, continued to be a cause for concern. On-time performance decreased on all routes compared to 2013, although to varying degrees. Unsatisfactory operational quality in the rail system is a major detrimental factor impacting modal shift. In the current weak economic environment the risk of a loss of business to other more reliable means of transportation is particularly severe.

Scandinavia ⇆ Italy

During the last fiscal year, the Scandinavia ⇆ Italy route continued to be affected by extensive infrastructure-related work in Denmark lasting several weeks. Despite careful planning and preparation with the goal to keep the effects on the market at a minimum, the results were less than optimal. The reduced capacity trains arrived with significant delays at our consolidation point in Taulov and therefore, transports continuing to Sweden could frequently not be shipped on time.

As a result, the volume in Sweden dropped by 27%. We experienced the same effects on the Verona ⇆ Taulov shuttle connection, operated jointly with our partner Cemat. The situation was made even more difficult by the significant competitive pressure in combined transports, which resulted in a decline by 33.4%.

Hupac was able to hold the volumes on the Busto ⇆ Taulov route at the prior year level. Due to our good relationship with Greencargo, the line to Norway between Malmö and Alnabru, which had previously been given up by CargoNet, our partner in Norway, has been reactivated.

Overall, Hupac suffered a sharp decline in volume of 19.5% on the Scandinavian route. This negative development caused us to restructure the entire operating concept. Transports to Sweden are now routed through the Cologne gateway. In cooperation with our partner Kombiverkehr we are operating four round trips per week between Cologne and Malmö, enabling us to offer a significantly expanded network to the Swedish market, and also a P400 connection to Novara, in addition to the service to Busto Arsizio. Capacities on the Busto ⇆ Taulov line will be adjusted based on market demand.

Germany ⇆ Italy

Despite a challenging economic environment, Hupac achieved a 2.5% increase in the German market, demonstrating once again that connections with a P400 clearance gauge for semi-trailers offer the best market and growth chances.

Overall, we were able to maintain the volume on the route between northern Germany and Italy. This was primarily attributable to the P400 connection Lübeck ⇆ Novara with an increase of 14.8%. On the other hand, the volumes on the main connection Hamburg ⇆ Busto fell by 1.9%.

The situation is similar on the Rhine/Main ⇆ Italy corridor through Switzerland. While the core connection Ludwigshafen ⇆ Busto was impacted by very heavy price pressures from other competitors and reported a minus of 3.8%, the new route between Ludwigshafen ⇆ Novara achieved an increase of 130%, mainly in the P400 segment. However, despite this highly encouraging development, we were unable to compensate the shrinking volumes on the core route, and the year ended with a 1.5% decline on this line.

The strongest growth in the transports related to Italy was reported on the Rhine/Ruhr corridor. A well-defined marketing strategy with respect to price policy and services offered resulted in a 10.5% increase. Interval-based departures and an optimised operating concept were well received by the customers, as reflected in an increase in volume by 7% on the route between the Ruhr area ⇆ Busto Arsizio via the Gotthard. However, on this line, too, the actual growth driver was the Cologne ⇆ Novara connection with the P400 profile; this route generated an increase of 43%.

The Singen ⇆ Milano Certosa line suffered a 2.5% decline in volume caused by a shift to the Brenner route and a temporary lack of service quality, which the competitors on the road immediately used to their advantage. On these short-haul routes, even slight delays are forcing logistics providers to look for other solutions when the quality cannot be assured. As a result of the unsatisfactory performance, the operating concepts for the Cava Tigozzi steel transports were revised and adjusted in early 2015.

Netherlands ⇆ Italy
To continue ensuring the quality of services, additional consolidations were made on the Netherlands ⇆ Italy corridor in the 2014 financial year. Some trains were increasingly routed via the Gotthard-Luino line because of the shortcomings on the route via Domodossola in terms of operating parameters, lack of quality and unreasonable price policies of competitors. This step enabled us to maintain the volumes transported via Switzerland at the prior year level. Transports via the Brenner route grew by 1.8% owing to the P400 profile.

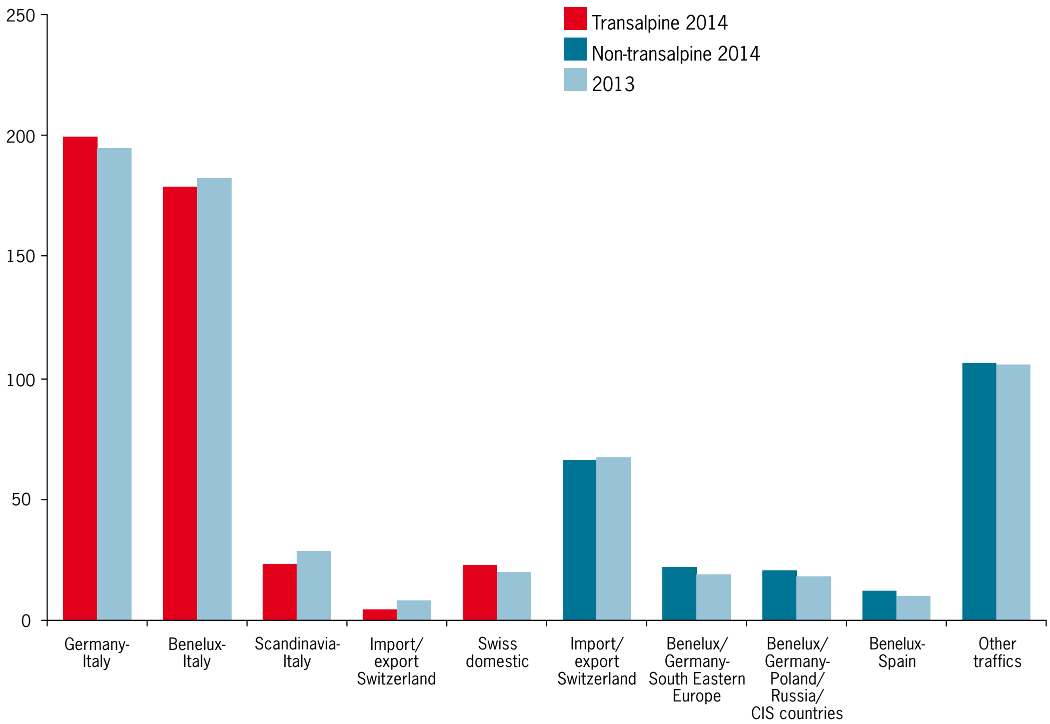
Belgium ⇆ Italy
The traffic volume between Antwerp ⇆ Busto Arsizio increased by 2.5% due to a good market performance related to the Antwerp HTA and Antwerp Combinant terminals. The introduction of competitive services between Cologne and Verona and between southern Belgium and Verona caused us to discontinue operations on the Genk ⇆ Verona line. While the connection between Antwerp Combinant ⇆ Verona with our partner Cemat achieved very good results, it was unable to compensate for the loss of volume in the Genk transports. On the whole, this segment declined by 3.2%.

Swiss import/export transalpine traffic
The developments in the transalpine import/export traffic were impacted by a number of negative factors. In addition to a stagnating economy in Italy and the decline in exports as a result of an overvaluation of the Swiss franc, we experienced a re-shifting of some of the Busto Arsizio-Gallarate traffic to the Ticino. The segment reported a drop of 47%.

Swiss domestic transalpine traffic
In the Swiss domestic transalpine traffic segment, we achieved a growth rate of 14.6%. However, this is primarily attributable to transports from Busto Arsizio-Gallarate being shifted back to the Ticino. Despite this increase, the route stagnated due to the strong Swiss franc and the weak eco-

Development of the market segments in the Shuttle Net

Road consignments in 1000s



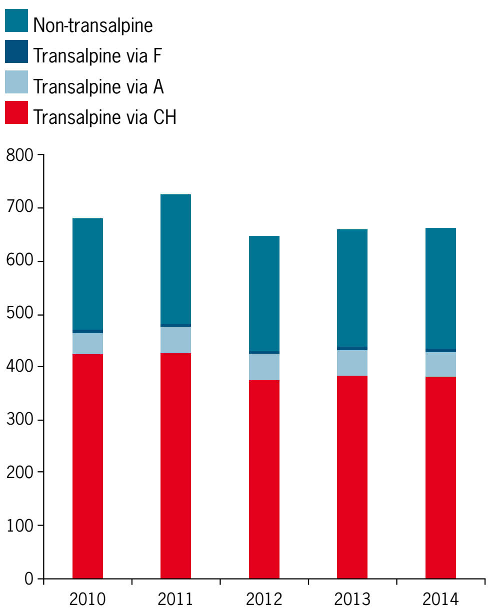
nomic environment in Italy. Some transports were shifted back to the road.

Swiss import/export non-transalpine traffic
The Antwerp/Rotterdam ⇆ Switzerland routes were impacted by an economy-based imbalance in the flow of goods. The resulting competitive pressure from Rhine river shipping and other providers of combined transports led to a slight loss in volume for Hupac.

Developments in the Germany ⇆ Switzerland traffic segment, particularly the connection between Cologne ⇆ Switzerland, were exceptionally positive thanks to the acquisition of new traffic, due also to a consolidation of other existing rail systems. Although the traffic increased considerably on this line by 16.5% we suffered a decline of 1.5% in the Swiss import/export market segment overall.

Benelux/Germany ⇆ South Eastern Europe
On the Benelux/Germany ⇆ South Eastern Europe route we successfully increased the volume by 16.6%. This was achieved by servicing new markets, such as Serbia with the Novi Sad terminal and Croatia with the Rijeka and Zagreb terminals as well as an expansion in the traffic in Romania with the Curtici and Ploiesti terminals. With the concentrated acquisition of new traffic the volume and thus the utilization rate of the trains was increased.

Traffic development by business areas
Road consignments in 1000s



Benelux/Germany ⇆ Poland/Russia/CIS countries
On the Benelux/Germany ⇆ Poland/Russia/CIS countries corridor, we successfully increased the traffic volume by 11.2%. Although the sales activities had been intensified, expectations were not fully met because of the growing competition on the road from/to Poland caused by overcapacities and short-sea shipping in Russia. To counteract these factors and enhance productivity on these routes, Hupac developed a new operating concept, according to which the hub will be relocated from Posen to Warsaw and direct trains will be introduced. Contrary to the promises from the infrastructure providers we were unable to implement these measures in the 2014 financial year due to delays in the finishing work in the Warsaw area.

In the autumn of 2014 we implemented a new operating concept between Germany and Poland in cooperation with Kombiverkehr and Polzug, which resulted in higher quality services and an increase in the frequency of departures.

In Russia, we were able to raise the volumes by 12.6%. The use of our own rolling stock led to a marked increase in quality and productivity.

Spain traffic
In early 2014 we experienced major difficulties on the Antwerp ⇆ Spain route due to renovations in the infrastructure and a total of sixteen strike days. With the business-related measures that were taken and an increase in the frequency of departures we successfully regained customer confidence. As a result, we achieved our goal and boosted the volume by 22%.

We were faced with the same general conditions on the Busto ⇆ Barcelona connection. Although we lost one of our slot partners, we were able to close the gap by taking appropriate steps and achieved a 13% increase in the volume.

Maritime transport
In the container transports between Switzerland and the ports of Antwerp/Rotterdam Hupac suffered a relative loss in volume as a result of weak exports.

Our maritime transport system focuses on connections from/to Switzerland. Our basic services package covers the Benelux ports and we additionally provide services to the southern ports via Busto Arsizio-Gallarate. While the volume fluctuates over the course of a year, it is stable on an annual basis.

With respect to quality, Hupac experienced bottlenecks and delays for a variety of reasons in the maritime terminals in connection with the delivery of containers. In some cases, this jeopardized the efficient rotation of trains. To keep the effects on quality to a minimum and ensure on-time performance, Hupac was forced to rely on the flexibility of its wagon fleet.

Operating resources

Rolling stock

At the end of 2014 Hupac had a fleet of 5,036 wagon modules, which represents an increase of 2.0% compared to the prior year. Leased wagons accounted for 3.2% 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 four percentage points to 87% thus exceeding the target of 85%.

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 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, 118 wagon modules worth approx. CHF 6,9 million were delivered, consisting of 18 model T3000 twin pocket wagons and 100 freight wagons for the Russian broad gauge. The delivery of 32 twin pocket wagons and an order for another 50 units of this type of wagon have been planned for the current year.

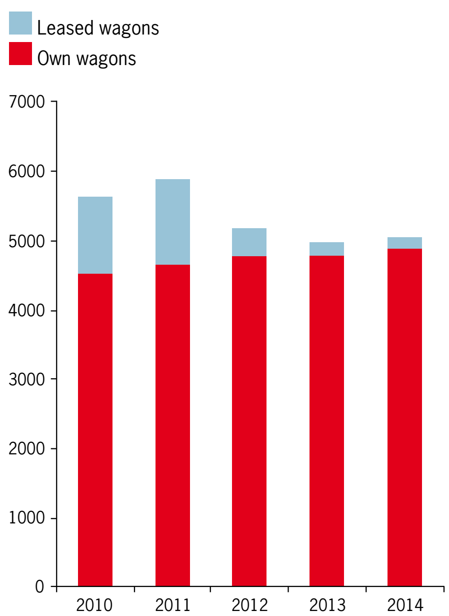
Rail traction

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, Crossrail, Captrain, WLB Wiener Lokalbahnen, SNCF Fret, SNCB Logistics, Rotterdam Rail Feeding, Interporto Servizi Cargo, CFI Compagnia Ferroviaria Italiana, Rail Cargo Hungaria and TXL.

The rail transport company of Hupac SpA expanded its operations. As well as traction for the Busto Arsizio ⇆ Milano Smistamento train, the company provides all shunting services in the Busto Arsizio-Gallarate terminal. Over 90% of the trains ready

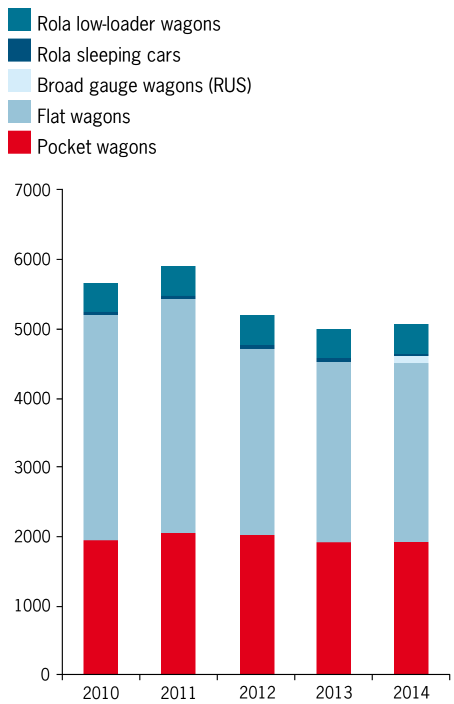
Rolling stock

Number of rail platforms



Rolling stock by type

Number of rail platforms



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 Hupac. Around 40 staff is employed in the areas of traction and shunting.

Terminals

Hupac's trains serve around 60 transhipment terminals in 16 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 Novi Sad, Rijeka und Zagreb 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.

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

Quality measured by on-time performance of the trains deteriorated in 2014 compared to the prior year period. This key indicator declined on all routes. Trains arriving at their destination with a delay of less than one hour are considered to be on time.

On the Luino route, the on-time performance rate decreased by six percentage points from 75% to 69%. On the line via Chiasso the rate fell eight percentage points (from 93% to 85%) and three percentage points via Domodossola (from 74% to 71%). In the non-transalpine transports, on-time performance deteriorated from 76% to 64%. Punctuality of trains routed via the Brenner dropped to 61% (previous year 95%).

The reasons for this downturn are based on a variety of factors. In terms of infrastructure it is attributable to scheduled construction work, technical defects and isolated capacity bottlenecks. With respect to the railway companies it is primarily due to resource-related problems. Storm damage and strikes also contributed significantly to the delays.

To counteract the dramatic corrosion of quality Hupac reinforced the presence in the Chiasso dispatch centre in 2014. It is now manned seven days a week around the clock. Numerous back-up compositions are ready to be used as needed in order to ensure on-time service.

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, slightly decreased by 1.0% in the year under review. An increase of 3.3% in the average unloaded mileage was recorded.

In the Aarau terminal the number of loading units handled was increased by 13.2.% per person. In the Busto Arsizio-Gallarate terminal the level remained stable with a decrease of 0.5%. Productivity at headquarters fell 8.1% measured by the road consignments per average number of employees.

Safety

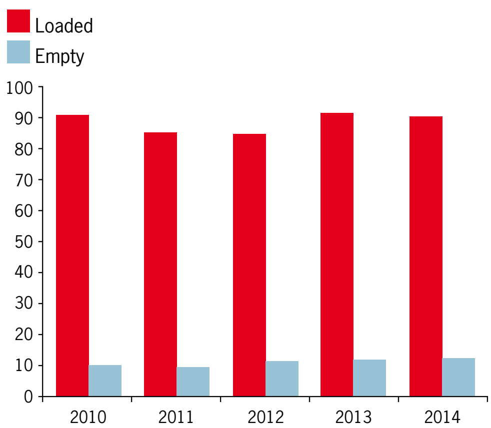
One of Hupac's primary strategic goals is to ensure operational safety. Avoiding accidents at the terminals and on the railway lines, preventing or mitigating the consequences of operational disruption and protecting the integrity of the loading units in its care are the company's overriding safety objectives.

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.

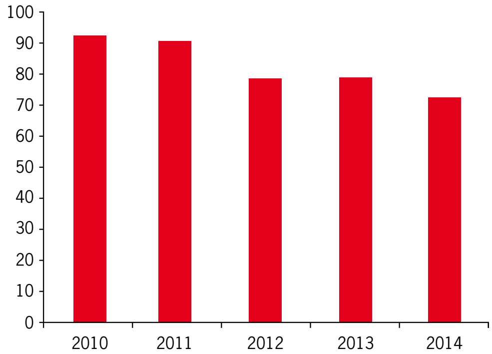
Running performance of wagons

Average kilometres per Hupac wagon in the normal gauge net, indexed; loaded 2006 = 100



Productivity at the headquarters

Road consignments per average number of employees in Chiasso, indexed; 2006 = 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. Optimising the company's own resources and monitoring transports around the clock are top priorities.

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.

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. The existing quality problems have been recognised and are being processed systematically. A focus of strategic collaboration is the preparation for the opening of the Gotthard base tunnel and the phasing out of operating subsidies for transalpine combined transport by the end of the 2023.

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 was at 25% at the end of 2014.

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 34.48%.

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 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 425 low-loader wagons and 9 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 40 trains travel every week via this hub.

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 and build the Milano Smistamento terminal project. The funding request for the construction of the terminal was approved in October 2014 by the Federal Office of Transport. The building permit is expected in 2015.

Combinant NV, Antwerp
Hupac holds a share of 35% in the Combinant NV terminal operator, which was established in 2009. The other partners are BASF and Hoyer. In the year under review, Hupac handled 60 trains per week via the Combinant terminal.

KTL Kombi-Terminal Ludwigshafen GmbH, 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 80 Hupac trains run via the hub each week.

DIT Duisburg Intermodal Terminal GmbH, 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 40 trains per week via this terminal.

RSC Rail Service Center, Rotterdam
In December 2014 Hupac acquired a 16.33% interest in the RSC terminal in Rotterdam. Jointly with other partners in the transportation industry, Hupac is committed to providing new ideas for a market-oriented expansion in inland transports from Rotterdam. With 70 weekly departures the RSC terminal is the hub for Hupac's Netherlands traffic.

CIS Cesar International Services Scarl, Brussels
Hupac is a founding partner of Cesar International Services, established in 2004, with a capital share of 25.1%. 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.


WETRON
WETRON
Geest
HUPAC
L 11

Environmental performance

In the year under review, the shift of freight transport from the roads to the Hupac transport network saved more than 850,000 tonnes of CO_2 and 10.5 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 mis-loading 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.

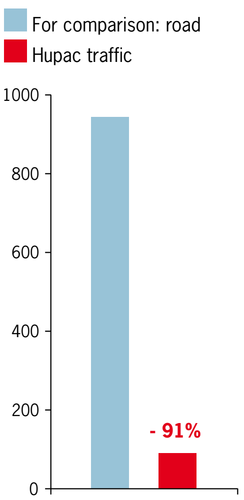
In every sector Hupac emphasises the human factor. The employees are regularly made aware of and trained in safety issues in order to recognise risks at the workplace and deal with them effectively.

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 com-

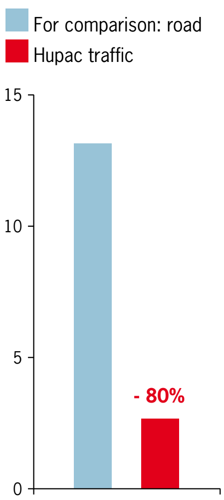
CO_2-emissions

Gross tonnes in 1000s



Energy consumption

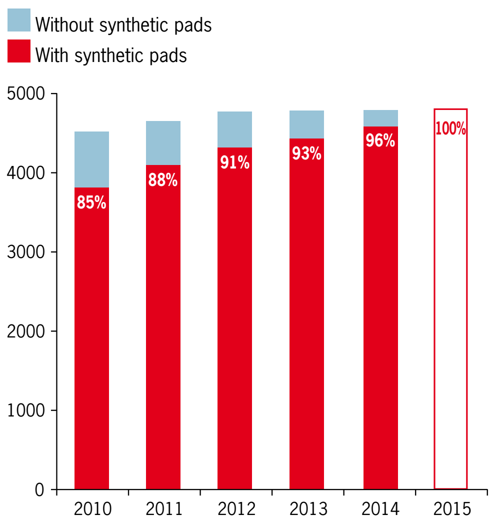
in billion megajoules



www.ecotransit.org

Wagons fitted for noise reduction

Number of own wagons in the normal gauge net



bined transport, road hauliers, combined transport operators and railway companies apply standard safety regulations and procedures, achieving a high level of safety thanks to this close cooperation.

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

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. 65 incidents were reported at the terminals (previous year: 56) and 16 on the rail network (previous year: 26).

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 2014, 96% (previous year: 93%) 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 150 wagons were noise-refurbished in 2014; 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 has converted four wagons to this new technology. Noise measurements have shown that we can achieve a reduction of the noise value of 2.5 dB with disc brakes. 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 2014, there were 407 members of staff (previous year: 405). 176 people were employed at Hupac Intermodal in Switzerland, Denmark and Poland, 204 at the subsidiaries Hupac SpA, Fidia SpA and Termi SpA in Italy, and 27 at the remaining subsidiaries in the Netherlands, Germany, Belgium and Russia. The proportion of women fell from 16 to 13%. The average seniority amounted to 10.9 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 15 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 2014 Hupac trained six apprentices in Chiasso to become commercial 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, 27 occupational injuries were recorded along with 366 lost working days. The number of lost working days per employee thus slightly increased in comparison to the previous year.

Internal communications

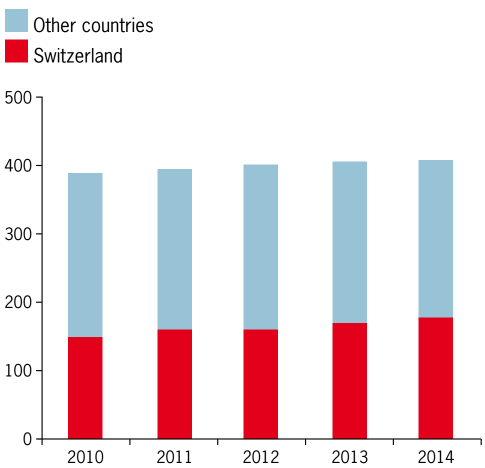
In the year under review, Hupac intensified its internal communications in order to provide all staff with constant, first-hand information about the market, the company's situation and the measures taken. In the course of the year, the senior management organised several meetings with the staff in all 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 82 to 80. At the Italian subsidiary the score reached 72 (previous year: 75).

Workforce of the Hupac Group

Number of employees



Modal shift policy

Responsibility for the mobility of the future

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

In 2014 Hupac achieved a volume of 380,000 road consignments or 7.2 million net tonnes in the segment of transalpine traffic through Switzerland alone, thus confirming its role as an important player in the modal shift of traffic. In the years to come the company will further reinforce its position by continuing to develop new infrastructures, thus supporting the Swiss modal shift policy based on sustainability.

Public subsidies

The Swiss Federation has envisaged a series of measures to support modal shift from road to rail. On one hand, revenues originating from the fuel tax provide funds to finance terminal infrastructures, given the fact that investments in 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, Kombiverkehr and TX Logistics.

The Hupac Group will have to repay a considerable part of these subsidies, amounting from 2014 to 2040 to around CHF 66.4 million. In the same period, estimated interest of around CHF 4.3 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 1.8% in 2014 compared with 2013.

Repayment of public financial aids and interest: indicative cash flow burden per year
Values in 1000 CHF

Years	2014	2015-2026	2027-2030	2031-2035	2036-2040	2014-2040 Total
Loan repayment	3,846	3,636 - 3,846	2,589 - 2,592	1,470 - 1,551	65	66,383
Interest	391	93 - 491	8 - 58			4,327
Total	4,237	3,729 - 4,258	2,597 - 2,650	1,470 - 1,551	65	70,710

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

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

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 2014 and 2013

Amounts in 1 000 CHF	2014	2013
Income from supplies and services	476 640	480 199
Other income	74 818	69 216
Cost of the services	(447 014)	(448 601)
Gross profit	104 444	100 814
Payroll expenses	(33 605)	(32 771)
General expenses	(11 231)	(11 744)
Depreciation and provisions	(44 572)	(44 244)
Gains from disposal of fixed assets	227	585
Losses from disposal of fixed assets	(164)	(23)
Operating profit	15 099	12 617
Financial income	285	297
Financial expenses	(2 013)	(2 480)
Result from associates	469	(394)
Foreign exchange differences	(3 297)	(179)
Profit before extraordinary items	10 543	9 861
Non-operating income	184	115
Non-operating expenses	0	0
Extraordinary income	16 849	45
Extraordinary expenses	(15 988)	(39)
Profit before taxes	11 588	9 982
Taxes	(3 750)	(3 109)
Profit before minority interest	7 838	6 873
Minority interest	(294)	(310)
Group profit	7 544	6 563

Notes to the consolidated income statement 2014

In the financial year 2014 *Income from supplies and services* of the Hupac Group declined by 0.7% compared to the previous year to just over CHF 476.6 million.

The item *Other income* is comprised of operating contributions, financial support for the conversion to and the use of low-noise rolling stock totalling approximately CHF 74.8 million in the 2014 reporting year, which represents an increase of 8.1% over the previous year.

The *Cost of the services* compared to the previous year decreased by 0.4%. *Gross profit* is thus increased by 3.6% compared to the previous year.

Payroll expenses in the 2014 were 2.5% higher than a year ago, while *General expenses* decreased by 4.4% compared to the previous year.

Depreciation and provisions in the reporting year amounted to just under CHF 44.6 million, representing a slight increase of 0.7% from 2013.

Compared to last year, *Financial income* decreased by 4% to approximately CHF 0.3 million. *Financial expenses* also decreased compared to the prior year by 18.8% to around CHF 2 million due to a reduction in the debt owed to banks. The *Result from associates*, totalling about CHF 0.5 million, is also encouraging. *Foreign exchange differences* resulted in a considerable loss of approximately CHF 3.3 million, primarily attributable to the developments related to the Russian ruble and to a lesser extent to some Euro positions.

The item *Extraordinary income* is comprised of a one-time payment for maintenance services provided over a period of several years and the reversal of provisions at Hupac Intermodal Ltd in connection with tax claims in Italy, while *Extraordinary expenses* consist almost exclusively of taxes,

Consolidated balance sheet at 31 December 2014 and 2013

Amounts in 1 000 CHF	31.12.2014	31.12.2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	44 592	53 814
Receivables from supplies and services	58 739	62 911
- third parties	48 919	53 212
- shareholders	9 820	9 699
Other receivables	12 656	13 446
Stocks	3 407	3 448
Accrued income	32 905	24 854
Total current assets	152 299	158 473
FIXED ASSETS		
Financial fixed assets	36 251	38 028
- Investments	34 299	32 819
- Other financial assets	1 503	4 785
- Deferred tax assets	449	424
Tangible fixed assets	186 915	201 969
- Advances to suppliers	1 903	224
- Technical equipment	24 282	23 380
- Rolling stock	48 240	60 342
- Plants on third parties' lands	11 928	12 830
- Terminals, buildings and land	94 721	98 797
- Other tangible fixed assets	5 841	6 396
Intangible fixed assets	3 514	9 366
Total fixed assets	226 680	249 363
Total assets	378 979	407 836

Amounts in 1 000 CHF	31.12.2014	31.12.2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Short-term financial debts	5 380	15 214
Account payables from supplies and services	34 664	47 696
- third parties	34 498	47 360
- shareholders	166	336
Other short-term debts	4 529	5 899
Accrued expenses	47 862	46 177
Short-term provisions	75	41
Total short-term liabilities	92 510	115 027
Long-term liabilities		
Long-term debts	137 000	147 621
Long-term provisions	61 916	61 696
Deferred tax liabilities	2 208	1 758
Total long-term liabilities	201 124	211 075
Total liabilities	293 634	326 102
Minority interests	584	614
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
Reserves	70 456	65 767
Treasury shares	(1 514)	(1 468)
Translation difference	(11 725)	(9 742)
Group profit	7 544	6 563
Total shareholders' equity	84 761	81 120
Total liabilities and shareholders' equity	378 979	407 836

penalties and interest paid to the Italian tax authorities and consulting fees in Italy, in addition to taxes incurred in Switzerland by Hupac Intermodal Ltd. After accounting for *Taxes* and netting of minority interests the Hupac Group generated a profit of approximately CHF 7.5 million for the year 2014, up by 15% over the previous year.

Hupac Intermodal Ltd, by far the most important company of the Hupac Group based on turnover, reported a slight loss in the 2014 financial year of approximately CHF 0.2 million (previous year: loss of approximately CHF 0.6 million).

Consolidated cash-flow statement 2014 and 2013

Amounts in 1 000 CHF	**2014**	**2013**
Group profit	7 544	6 563
Depreciation of tangible assets	28 533	34 043
Depreciation of intangible assets	6 541	4 129
Variation of provisions	988	3 258
Other non monetary items	767	(2 323)
Net result from sale of tangible assets	(63)	(562)
Income from associated companies	(469)	394
Minority interests	(8)	309
Variation of inventories	1	101
Variation of short-term receivables	(4 251)	(2 619)
Variation of short-term liabilities	(11 764)	4 980
Cash flows from operating activities	27 819	48 273
Purchase of tangible assets	(16 741)	(9 719)
Proceeds from sale of tangible assets	1 009	1 581
Purchase of intangible assets	(1 036)	(561)
Proceeds from sale of intangible assets	325	0
Purchase of investments	(1 498)	(245)
Change in value of investments	(134)	65
Cash flows from investing activities	(18 075)	(8 879)
Variation of financial receivables	3 247	(74)
Variation of financial loans	(20 316)	(7 241)
Treasury shares	(46)	(60)
Dividends payment	(1 572)	(1 174)
Cash flows from financing activities	(18 687)	(8 549)
Variation	(8 943)	30 845
Cash at beginning of the year	53 814	22 931
Foreign exchange differences on cash	(279)	38
Cash at end of the year	44 592	53 814

Notes to the consolidated financial statements 2014

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 2014 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 consolidated:

Company		Share or company capital	Interests as % 31.12.2014	31.12.2013
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	95.57
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
Sub-interests of Intermodal Express LLC, Moscow:				
- Hupac LLC, Moscow	RUB	60 000 000	2.00	0
Hupac LLC, Moscow	RUB	60 000 000	98.00	0

The following companies were consolidated using the equity method:

Company	Registered in	Interests as % 31.12.2014	31.12.2013
Cemat SpA	Milan (Italy)	34.48	34.48
Terminal Alptransit Srl	Milan (Italy)	50.00	50.00
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 and Terminal Alptransit Srl.

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	
	31.12.2014	31.12.2013	2014	2013
EUR/CHF	1.2025	1.2264	1.2146	1.2308
RUB/CHF	0.01741	0.02714	0.02420	0.02910

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 2013	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
Translation differences				(1 569)	(1 569)	(324)
Translation differences of associated companies				(414)	(414)	
Net equity adjustment		(302)			(302)	
Purchase of treasury shares			(46)		(46)	
Parent company dividend		(1 572)			(1 572)	
Consolidated profits 2014		7 544			7 544	294
Balance at 31 December 2014	20 000	78 000	(1 514)	(11 725)	84 761	584

Other information in accordance with legal requirements

Amounts in 1 000 CHF	31.12.2014	31.12.2013
1. Guarantees, other indemnities and assets pledged in favour of third parties	9 002	8 752
2. Pledges on assets to secure own liabilities	75 834	80 347
3. Leasing commitments not recorded in the balance sheet	17	25
4. Fire insurance value of tangible fixed assets	118 916	132 458
5. Debts towards personnel foundations	453	502

Treasury shares

Registered shares	2014	2013
Initial holdings on 01.01.	378	361
- Purchase	37	88
- Sale	(28)	(71)
Final holdings on 31.12.	387	378

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.

Dissolution of hidden reserves
In the accounting period 2014 CHF 11.04 million of hidden reserves were dissolved (2013: CHF 0).

Risk assessment
The group-wide internal risk assessment process consists of reporting to the Board of Directors of Hupac Ltd on identified risks and management's reaction to them. The procedures and actions to identify the risks, and where appropriate remediate, are performed by the management.

Report of the statutory auditor to the General Meeting on the consolidated financial statements 2014

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 2014.

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 2014 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, 17 April 2015

Financial statements of Hupac Ltd

Income statement 2014 and 2013

Amounts in 1 000 CHF	2014	2013
Income from supplies and services	72 484	71 627
Other income	4 520	3 120
Cost of services	(31 193)	(30 365)
Gross profit	45 811	44 382
General expenses	(1 547)	(1 400)
Depreciation of tangible fixed assets	(19 188)	(24 855)
Amortisation of intangible fixed assets	(1 431)	(3 659)
Provisions and value adjustments	(12 900)	(4 550)
Dividend income	336	0
Gains on disposal of fixed assets	42	26
Losses on disposal of fixed assets	(59)	(21)
Ordinary operating profit before financial items	11 064	9 923
Financial income	1 033	726
Financial expenses	(1 455)	(1 793)
Foreign exchange differences	(2 126)	(477)
Ordinary operating profit	8 516	8 379
Extraordinary income	6 000	0
Extraordinary expenses	(6 000)	0
Profit before taxes	8 516	8 379
Taxes	(1 968)	(1 900)
Profit for the year	6 548	6 479

Notes to the income statement

In 2014, *Income from supplies and services* increased by 1.2% compared to the previous year to approximately CHF 72.5 million. The item consists primarily of income from the leasing of assets, with rolling stock representing the lion's share.

Other income reflects the government subsidies which were granted for rolling stock noise abatement. Compared to the previous year the amount increased by 44.9% to just over CHF 4.5 million.

Cost of services in the 2014 financial year totalled approximately CHF 31.2 million, corresponding to a slight increase of 2.7% over the prior year. Rolling stock maintenance costs represent the largest share of this item. *Gross profit* of CHF 45.8 million is up by 3.2% from last year.

General expenses rose by 10.5% compared to the previous year to approximately CHF 1.5 million. The increase was primarily attributable to higher consulting fees and advertising expenses.

Compared to 2013, *Depreciation of tangible fixed assets* dropped by 22.8% to around CHF 19.2 million, resulting mainly from minor investments in the rolling stock.

The item *Amortisation of intangible fixed assets* was 60.9% lower than a year ago.

Provisions and value adjustments in the 2014 reporting year rose to CHF 12.9 million, primarily due to value adjustments in the shareholdings and the provisions for foreign currency risks. After accounting for some other smaller items, Hupac Ltd generated an *Ordinary operating profit before financial items* of approximately CHF 11.1 million in the 2014 financial year, representing an increase of 11.5% over the previous year.

Financial income is up by around CHF 0.3 million from 2013, while *Financial expenses* decreased also by about CHF 0.3 million, as the debt payable to banks has been reduced again considerably.

After adjusting for *Foreign exchange differences*, which resulted in a foreign currency loss of CHF 2.1 million, Hupac Ltd generated an *Ordinary operating profit* of just over CHF 8.5 million, up slightly by 1.6% over the previous year.

Extraordinary income consists of a one-time payment for maintenance services provided over a period of several years. This amount was transferred in full to *Extraordinary expenses* of Hupac Intermodal Ltd, the lessee of the rolling stock, due to insufficient availability of rolling stock during the same reference period.

Balance sheet at 31 December 2014 and 2013

Amounts in 1 000 CHF	31.12.2014	31.12.2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	19 577	17 328
Receivables from supplies and services	12 189	22 863
- third parties	1 443	2 274
- group companies	10 989	20 832
- shareholders	23	23
- Provisions for doubtful debts	(266)	(266)
Other receivables	2 083	2 127
- third parties	2 083	2 127
Stocks	1 338	1 391
Treasury shares	1 514	1 468
Prepayments and accrued income	13 490	1 807
Total current assets	50 191	46 984
FIXED ASSETS		
Financial fixed assets	114 619	111 898
- Investments	74 553	76 227
- Loans third parties	230	234
- Loans group	39 832	35 433
- Other financial fixed assets	4	4
Tangible fixed assets	49 129	60 849
Intangible fixed assets	5 593	6 559
Total fixed assets	169 341	179 306
Total assets	219 532	226 290

Amounts in 1 000 CHF	31.12.2014	31.12.2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Short-term liabilities		
Payables from supplies and services	3 610	6 403
- third parties	2 760	5 416
- group companies	714	860
- shareholders	136	127
Short-term loans	5 379	15 213
- third parties	5 379	15 213
Other short-term debt	717	810
- third parties	717	810
Accrued expenses and short-term provisions	23 643	21 497
Total short-term liabilities	33 349	43 923
Long-term liabilities		
Long-term debts	48 761	53 921
- third parties	48 761	53 921
Long-term provisions	46 486	42 486
Total long-term liabilities	95 247	96 407
Total liabilities	128 596	140 330
SHAREHOLDERS' EQUITY		
Share capital	20 000	20 000
General reserve	4 953	3 055
Reserve for treasury shares	1 514	1 468
Capital contribution reserve	459	459
Statutory reserves	57 186	54 200
Retained earnings	6 824	6 778
- Profit carried forward	276	299
- Profit for the year	6 548	6 479
Total shareholders' equity	90 936	85 960
Total liabilities and shareholders' equity	219 532	226 290

After *Taxes* in the amount of CHF 1.9 million, Hupac Ltd reported a *Profit for the year* of just over CHF 6.5 million in 2014, corresponding to an increase of 1.1% compared to 2013.

Notes to the balance sheet

Total assets of Hupac Ltd decreased in the 2014 financial year by CHF 6.7 million to approximately CHF 219.5 million.

On the asset side, current assets increased by 2% compared to the previous year, while fixed assets decreased by the same percentage. At the same time, *Liabilities* decreased by about 3.5% and the *Shareholders' equity* increased compared to 2013.

As of the end of 2014, Hupac Ltd reported *Total shareholders' equity* of approximately CHF 90.9 million, corresponding to an equity ratio of 41.4% (previous year: 38%).

Notes to the financial statements 2014

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	31.12.2014	31.12.2013
2.1 Guarantees and assets pledged in favour of third parties	40 070	38 425
2.2 Fire insurance value of tangible fixed assets	28 586	40 446

2.3 Significant investments

Company	Business activity	Registered capital in 1 000		Share of capital as % 31.12.2014	31.12.2013
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	95.57
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
Sub-interests of Intermodal Express LLC, Moscow: - Hupac LLC, Moscow	Rolling Stock Management	RUB	60 000	2.00	0
Hupac LLC, Moscow	Rolling Stock Management	RUB	60 000	98.00	0
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	50.00

2.4 Treasury shares

Registered shares	2014	2013
Initial holdings on 01.01.	378	361
- Purchase	37	88
- Sale	(28)	(71)
Final holdings on 31.12.	387	378

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 2013	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
Dividends						(1 572)	(1 572)
Transfer to the general reserve		430				(430)	
Transfer to reserve for treasury shares		1 468	46		(1514)		
Transfer to the statutory reserves					4 500	(4 500)	
Profit for the year						6 548	6 548
Balance at 31 December 2014	20 000	4 953	1 514	459	57 186	6 824	90 936

Proposal for the distribution of retained earnings

Amounts in CHF	31.12.2014
Profit carried forward	276 177
Profit for the year	6 548 492
Retained earnings at the disposal of the General Meeting	6 824 669
Proposal of the Board of Directors:	
- Maximum dividends on the total nominal share capital	1 600 000
- Transfer to the general reserve	60 000
- Transfer to the statutory reserves	4 900 000
- To be carried forward	264 669
	6 824 669

Report of the statutory auditor to the General Meeting on the financial statements 2014

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 2014.

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 2014 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, 17 April 2015

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

Hupac Ltd
Viale R. Manzoni 6
CH-6830 Chiasso
Tel. +41 58 8558800
Fax +41 58 8558801
info@hupac.com
www.hupac.com