Panalpina Condensed Consolidated Interim Financial Statements

January to March 2010

PANALPINA
on 6 continents

Content

Key Developments in First Quarter 2010

The Panalpina Group reports strong volume growth in both air (+24%) and ocean freight (+22%) in the first quarter of 2010. Gross profit declined by 13% year-on-year but increased by 5% quarter-on-quarter. Costs were kept at low levels. Profitability per unit of cargo was still under pressure but has been improving sequentially. Settlement discussions with U.S. authorities are nearing finalization with expected fines, other penalties and legal expenses amounting to CHF 120 million.

Growth in volumes and increase in gross profit compared to fourth quarter 2009

In the first quarter of 2010, air freight volumes grew in line with market levels (23% - 25%) by 24% on a year-on-year basis. Ocean freight volumes grew by 22% on a year-to-year basis outpacing the market (15% - 20%). Despite these very encouraging growth rates, volumes remained below pre-crisis levels. Gross profit declined by 13% year-on-year, but increased by 5% quarter-on-quarter. While profitability per ton of air freight is showing clear signs of improvement, profitability per TEU of ocean freight is still under pressure. In terms of tradelanes, Intra-Asian and Latin American related traffic recorded exceptionally strong growth in both air and ocean freight.

Expenses

Personnel and operating expenses were well under control and tracking significantly below the first quarter of 2009. Productivity measured in shipments handled per FTE was kept at very high levels. EBITDA decreased to CHF 10 million which includes legal fees of CHF 8 million related to ongoing investigations.

Balance Sheet

Net working capital intensity remained low at 2,2%. Net cash and cash equivalents as per 31 March 2010 amounted to CHF 511 million.

Others

In view of the advanced stage of the settlement negotiations with the U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC), Panalpina will reserve in April 2010 CHF 120 million, an amount anticipated to cover fines, other penalties and legal expenses relating to the settlement of both the U.S. Foreign Corrupt Practices Act (FCPA) and the U.S. antitrust investigations. This amount will be reflected accordingly in the company's 2010 half year financial statements. The finalization of the settlement with the U.S. authorities is expected in the near future.

The above reserve does not cover other ongoing, non-U.S. antitrust investigations against the international freight forwarding industry in particular the proceeding launched by the European Commission as Panalpina is unable to predict the amount of any potential fine with certainty. For details see "Events after the balance sheet date" on page 15.

Consolidated Income Statement

for three months ended 31 March 2010 and 2009

in thousand CHF	2010	2009	Change vs PY in %
Forwarding services	1,964,686	1,996,080	(1.6)
Customs, duties and taxes	(376,897)	(385,974)	(2.4)
Net forwarding revenue	**1,587,789**	**1,610,106**	**(1.4)**
Forwarding services from third parties	(1,260,377)	(1,234,957)	2.1
Gross profit	**327,412**	**375,149**	**(12.7)**
Personnel expenses	(213,945)	(242,387)	(11.7)
Other operating expenses	(103,132)	(118,579)	(13.0)
(Losses) / gains on sales of non-current assets	(253)	253	(200.0)
EBITDA	**10,082**	**14,436**	**(30.2)**
Depreciation of property, plant and equipment	(8,419)	(8,609)	(2.2)
Amortization of intangible assets	(2,219)	(2,931)	(24.3)
Operating result (EBIT)	**(556)**	**2,896**	**(119.2)**
Finance income	3,575	5,554	(35.6)
Finance costs	(2,903)	(5,851)	(50.4)
Profit before income tax (EBT)	**116**	**2,599**	**(95.5)**
Income tax expenses	(79)	(695)	(88.6)
Consolidated profit	***37***	***1,904***	***(98.1)***
Consolidated profit attributable to:			
Owners of the parent	99	1,542	(93.6)
Non-controlling interests	(62)	362	(117.1)
Earnings per share (in CHF per share)			
Basic	0.00	0.07	(100.0)
Diluted	0.00	0.07	(100.0)

Condensed Consolidated Statement of Comprehensive Income

for three months ended 31 March 2010 and 2009

in thousand CHF	2010	2009
Consolidated profit	**37**	**1,904**
Other comprehensive income		
Available-for-sale financial assets	(88)	0
Amounts recognized in equity for defined benefit post-employment plans		
– Actuarial gains (losses)	6,623	(35)
Exchange difference on translations of foreign operations	8,344	23,671
Income tax on components of other comprehensive income	(1,623)	0
Other comprehensive income for the period, net of tax	**13,256**	**23,636**
Total comprehensive income for the period	***13,293***	***25,540***
Attributable to owners of the parent	13,220	25,037
Attributable to non-controlling interests	73	503

Consolidated Statement of Financial Position

as of 31 March 2010 respectively as of 31 December 2009

Assets

in thousand CHF	2010	2009
Non-current assets		
Property, plant and equipment	135,480	141,273
Intangible assets	71,150	71,877
Investments	42,246	37,404
Derivative financial instruments	4,495	5,561
Post-employment benefit assets	21,427	14,444
Deferred income tax assets	56,801	55,339
Total non-current assets	**331,599**	**325,898**
Current assets		
Other receivables and other current assets	118,765	110,422
Unbilled forwarding services	80,459	83,103
Trade receivables	931,192	856,872
Derivative financial instruments	11,194	5,725
Other current financial assets	10,054	10,809
Cash and cash equivalents	510,738	531,803
Total current assets	**1,662,402**	**1,598,734**
Total assets	***1,994,001***	***1,924,632***

Equity and liabilities

in thousand CHF	2010	2009
Equity		
Share capital	50,000	50,000
Treasury shares	(192,567)	(192,567)
Reserves	1,013,148	999,131
Total equity attributable to owners of the parent	**870,581**	**856,564**
Non-controlling interests	7,097	7,015
Total equity	**877,678**	**863,579**
Non-current liabilities		
Borrowings	727	891
Provisions	83,990	66,658
Post-employment benefit liabilities	38,232	39,126
Deferred income tax liabilities	19,794	21,915
Total non-current liabilities	**142,743**	**128,590**
Current liabilities		
Trade payables	565,088	519,596
Other payables and accruals	147,605	122,823
Accrued cost of services	134,544	159,712
Borrowings	8,735	11,995
Derivative financial instruments	5,643	2,233
Provisions and other liabilities	98,905	103,371
Current income tax liabilities	13,060	12,733
Total current liabilities	**973,580**	**932,463**
Total liabilities	**1,116,323**	**1,061,053**
Total equity and liabilities	***1,994,001***	***1,924,632***

Condensed Consolidated Statement of Changes in Equity

for three months ended 31 March 2010 and 2009

in thousand CHF	Share capital	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent							
Balance on 1 January 2010	**50,000**	**(192,567)**	**(101,723)**	**(136,473)**	**1,237,327**	**856,564**	**7,015**	**863,579**
Consolidated profit					99	99	(62)	37
Other comprehensive income for the period, net of tax			4,912	8,209		13,121	135	13,256
Total comprehensive income for the period	**0**	**0**	**4,912**	**8,209**	**99**	**13,220**	**73**	**13,293**
Share-based payments - employee share plan					216	216		216
Share-based payments - option plan					590	590		590
Reclassification of non-controlling interests to parent shareholder			(9)			(9)	9	0
Balance on 31 March 2010	***50,000***	***(192,567)***	***(96,820)***	***(128,264)***	***1,238,232***	***870,581***	***7,097***	***877,678***

According to an agreement with a minority shareholder all negative balances of non-controlling interests shall be accounted to parent shareholders' equity.

in thousand CHF	Share capital	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent							
Balance on 1 January 2009	**50,000**	**(197,753)**	**(117,423)**	**(145,973)**	**1,274,865**	**863,716**	**7,632**	**871,348**
Consolidated profit					1,542	1,542	362	1,904
Other comprehensive income for the period, net of tax			(35)	23,530		23,495	141	23,636
Total comprehensive income for the period	**0**	**0**	**(35)**	**23,530**	**1,542**	**25,037**	**503**	**25,540**
Dividends paid						0	(285)	(285)
Share-based payments - employee share plan					513	513		513
Balance on 31 March 2009	***50,000***	***(197,753)***	***(117,458)***	***(122,443)***	***1,276,920***	***889,266***	***7,850***	***897,116***

Condensed Consolidated Statement of Cash Flows

for three months ended 31 March 2010 and 2009

in thousand CHF	2010	2009[1]
Profit for the period	**37**	**1,904**
Income tax expenses	79	695
Depreciation and amortization	10,638	11,540
Net finance expense	39	1,656
Loss (gain) on sales of property, plant and equipment	253	(253)
Non-cash income and expenses	(895)	(2,824)
	10,151	**12,718**
(Increase) decrease in working capital	(39,212)	138,523
Increase in short- and long-term provisions	15,844	17,166
Cash generated from operations	**(13,217)**	**168,407**
Interest paid	(1,074)	(4,056)
Income taxes paid	(6,251)	(15,996)
Net cash from operating activities	**(20,542)**	**148,355**
Interest and dividends received	1,700	1,712
Proceeds from sales of PPE and assets held for sale	582	1,618
Repayments of loans, receivables and other financial assets	3,045	2,461
Purchase of property, plant and equipment	(4,386)	(9,433)
Purchase of intangible assets and other assets	(1,642)	(796)
Purchase of investments held for trading and other financial assets	(2,020)	(3,002)
Net cash flows from investing activities	**(2,721)**	**(7,440)**
Free cash flow	**(23,263)**	**140,915**
Change in current and non-current borrowings	(2,253)	(2,955)
Dividends paid to non-controlling interests	0	(285)
Net cash used in financing activities	**(2,253)**	**(3,240)**
Effect of exchange rate changes on cash and cash equivalents	4,451	8,065
Net (decrease) increase in cash and cash equivalents	**(21,065)**	**145,740**
Cash and cash equivalents at the beginning of the period	531,803	362,409
Cash and cash equivalents at the end of the period	***510,738***	***508,149***

[1] Certain comparatives have been restated to conform to the current period's presentation.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

for the three months ended 31 March 2010

General information

Panalpina World Transport (Holding) Ltd. (referred hereafter as the "Company") and its subsidiaries is one of the world's leading providers of forwarding and related logistics services, specializing in intercontinental air freight and ocean freight and associated supply chain management solutions. Thanks to its in-depth industry know-how and state-of-the-art IT systems, Panalpina provides globally integrated door-to-door forwarding solutions tailored to its customers' individual needs.

Panalpina World Transport (Holding) Ltd. is a limited company incorporated and domiciled in Basel. The registered address is Viaduktstrasse 42, 4002 Basel, Switzerland. The Company shares are publicly traded and its primary listing is on the SIX Swiss Exchange in Zurich.

The condensed consolidated interim financial statements for the three months ended 31 March 2010 were approved for issue by the Audit Committee on 28 April 2010.

Basis of preparation of the condensed consolidated interim financial statements

These interim financial statements comprise the unaudited consolidated interim financial statements of the Company and its affiliates (together referred to as the "Group" and individually as "Group entities") for the three-month period ended 31 March 2010.

They are prepared in accordance with the International Accounting Standard 34 (IAS 34) "*Interim Financial Reporting*". These consolidated interim financial statements do not include the notes contained in the annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2009.

The condensed consolidated interim financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest thousand except when otherwise indicated.

Accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies applied in the Consolidated Financial Statements 2009, except where noted below. Where necessary, comparative information has been reclassified from the previously reported consolidated interim financial statements taking into account any presentational changes made in the consolidated financial statements 2009 or in these consolidated interim financial statements.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities as well as the disclosure of contingent liabilities on the date of the consolidated interim financial statements.

It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Deviations from estimates and judgments are recognized in the period in which the estimates are revised and in any future periods affected.

Income tax expenses are recognized based upon the best estimate of the weighted average annual income tax rate expected for the full financial year. The Group's effective tax rate amounts to 68.1% (31 March 2009: 26.6%). The current tax rate is due to low profit before taxes, not comparable with previous year tax rate as in certain tax jurisdictions minimum tax payments are owed.

Changes in accounting policies

Effective 1 January 2010 the Group adopted the newly issued IFRIC 17 ***"Distribution of Non-cash Assets to Owners"*** and the revised standard IFRS 1 ***"First-Time Adoption of IFRSs"*** as well as the amendments to IFRS 1 ***"First-Time Adoption of IFRSs – Additional Exemptions",*** IFRS 2 ***"Group's Cash-settled and Share-based Payment Transactions",*** IFRS 5 ***"Measurement of Non-current Assets (or Disposal Groups) classified as Held-for-Sale"*** and IAS 1 ***"Presentation of Financial Statements".***

IFRS 5 (amendment) *"Measurement of Non-current Assets (or Disposal Groups) classified as Held-for-Sale"* (Annual Improvements)
The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The adoption of this amendment did not have any impact on the condensed consolidated interim financial statements as the Group does not have any qualifying assets.

IAS 1 (amendment) *"Presentation of Financial Statements"* (Annual Improvements)
The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counter party to settle in shares at any time. The adoption of these amendments did not have any impact on the presentation of the condensed consolidated interim financial statements as the Group does not have any qualifying liabilities.

IFRIC 17 ***"Distribution of Non-cash Assets to Owners"***
The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Group is not impacted by applying IFRIC 17 as the Group did not respectively does not intend to distribute non-cash assets to owners.

Panalpina is not impacted by applying the other above mentioned new, revised or amended standards or interpretations.

The following new or revised standards, amendments to standards and interpretations that have been published are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods, but the Group has not early adopted them: IFRS 9 *"Financial Instruments: Measurement and Classification"*, IAS 24 *"Related Party Disclosures"*, IAS 32 *"Financial Instruments: Presentation - Classification of Rights Issues",* IFRIC 14 (amended) *"The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction – Prepayment of a Minimum Funding Requirement"* and IFRIC 19 *"Extinguishing Financial Liabilities with Equity Instruments"*. Their impact on the consolidated financial statements of the Group has not yet been analyzed in detail but it is not expected to be material, if any.

Change in scope and method of consolidation

The consolidated interim financial statements comprise the financial statements of all companies which are directly or indirectly controlled by Panalpina. Control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. During the period under review no new subsidiary has been established.

Seasonality

Historically, the Group's results have been subject to seasonal trends. The first fiscal quarter has traditionally been the weakest and the third and fourth fiscal quarters have generally been the strongest. This seasonality is based on many factors, including holiday seasons, consumer demand, climate and economic conditions.

Condensed operating segment information

The Group's operations are predominantly determined by the geographical location of the Group's operation. The determination of the Group's operating segments is based on the organization units for which information is reported to the Group's management. The Group is primarily organized by regions and has four reportable segments, "Europe/Africa/Middle East/CIS," "North America," "Central and South America" and "Asia/Pacific." Each reportable segment offers the same products and services. As chief operating decision maker the Executive Board has been identified. The Executive Board monthly reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Performance is measured based on gross profit and operating result (EBIT). Income tax expenses as well as finance income and costs are not assessed by segment.

Certain headquarter activities are reported as "Corporate." These consist of corporate headquarters, including the Corporate Executive Committee, corporate communications, corporate operations, corporate human resources, corporate finance, including treasury, taxes and pension fund management, corporate legal and corporate safety and environmental services.

Condensed operating segment information:

for three months ended 31 March 2010 and 2009

	Europe/ Africa/ Middle East/CIS		North America		Central and South America		Asia/ Pacific		**Total segment**		Corporate		Total Group	
in million CHF	2010	2009	2010	2009	2010	2009	2010	2009	**2010**	**2009**	2010	2009	2010	2009
Third-party net forwarding revenue	828	864	309	343	178	189	273	214	**1,588**	**1,610**	0	0	1,588	1,610
Gross profit (GP)	173	195	61	71	35	34	58	75	**327**	**375**	0	0	327	375
GP (decrease) increase in %	*(11.3)*		*(14.1)*		*2.9*		*(22.7)*		*(12.8)*				*(12.8)*	
EBITDA	3	6	(10)	(8)	5	2	12	24	**10**	**24**	0	(10)	10	14
EBITDA in % of GP	*1.7*	*3.1*	*(16.4)*	*(11.3)*	*14.3*	*5.9*	*20.7*	*32.0*	*3.1*	*6.4*			*3.1*	*3.7*
Operating result (EBIT)	(3)	1	(11)	(10)	4	1	10	22	**0**	**14**	(1)	(11)	(1)	3
EBIT in % of GP	*(1.7)*	*0.5*	*(18.0)*	*(14.1)*	*11.4*	*2.9*	*17.2*	*29.3*	*0.0*	*3.7*			*(0.3)*	*0.8*

Information by business:

for three months ended 31 March 2010 and 2009

The Group's business can be divided into three divisions: Air Freight, Ocean Freight, Supply Chain Management:

	Air Freight		Ocean Freight		Supply Chain Management		**Total**	
in million CHF	2010	2009	2010	2009	2010	2009	**2010**	**2009**
Third-party net forwarding revenue	747	679	632	683	209	248	**1,588**	**1,610**
Increase (decrease) in %	*10.0*		*(7.5)*		*(15.7)*		*(1.4)*	
Gross profit (GP)	137	153	101	129	89	93	**327**	**375**
GP margin in %	*18.3*	*22.5*	*16.0*	*18.9*	*42.6*	*37.5*	*20.6*	*23.3*
GP (decrease) in %	*(10.5)*		*(21.7)*		*(4.3)*		*(12.8)*	

Property, plant and equipment and intangible assets

During the period under review, the Group acquired CHF 2.5 million (2009: CHF 3.7 million) machinery and equipment, CHF 1.3 million (2009: CHF 5.2 million) in building and building under construction, CHF 0.6 million in vehicles (2009: 0.6 million) and CHF 1.6 million (2009: 0.8 million) intangible assets, mainly software licences.

The following tables show the movements in the net book values of property, plant and equipment and intangible assets for the three-month period ended 31 March 2010 and 2009.

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended 31 March 2010		
Net book value on 1 January 2010	**141,273**	**71,877**
Translation differences	(915)	(150)
Additions	4,377	1,649
Disposals (net)	(835)	(7)
Depreciation and amortization	(8,420)	(2,219)
Net book value on 31 March 2010	**135,480**	**71,150**

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended 31 March 2009		
Net book value on 1 January 2009	**147,696**	**73,733**
Translation differences	5,931	1,472
Additions	9,471	795
Disposals (net)	(1,365)	(5)
Depreciation and amortization	(8,609)	(2,931)
Net book value on 31 March 2009	**153,124**	**73,064**

Goodwill and other intangible assets

Intangible assets as of 31 March 2010 include goodwill of CHF 42.4 million (31 March 2009: CHF 44.3 million) and other intangible assets (brands and customer relations) of CHF 4.4 million (31 March 2009: CHF 7.0 million).

Intangible assets with estimable useful lives are amortized over the period of their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with IAS 36 *"Impairment of Assets"*. Intangible assets, stated at cost net of amortization and impairment charges, include brand name and customer relations, which are amortized on a straight-line basis over the estimated useful life of 5 to 10 years. Accumulated amortization as of 31 March 2010 and 31 December 2009 for brand name and customer relations was CHF 19.7 million and CHF 16.0 million, respectively. Amortization expenses of these intangible assets totaled CHF 481 thousand for the three months ended 31 March 2010 (three months 2009: CHF 968 thousand). There were no impairment charges recorded on these other intangible assets during the three months ended 31 March 2010 and 2009. The management believes that current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount.

Equity

The ordinary share capital and issued numbers of shares as well as the authorized capital have not changed during the interim period 2010. The weighted average number of shares in issue was 23,667,477 (2009: 23,629,237).

Dividends

The amount available for dividend distribution is based on the available distributable retained earnings of Panalpina World Transport (Holding) Ltd. determined in accordance with the legal provisions of the Swiss Code of Obligations. The Board of Directors has proposed that no dividends should be distributed for the fiscal year 2009. This proposal is subject to approval at the Annual Meeting on 4 May 2010.

Share capital and treasury shares

in thousand CHF	Outstanding number of shares (numbers)	Ordinary shares	Treasury shares	Total
On 1 January 2010	**23,667,477**	**50,000**	**(192,567)**	**(142,567)**
On 31 March 2010	***23,667,477***	***50,000***	***(192,567)***	***(142,567)***

As of 31 March 2010, the number of outstanding shares amounted to 23,667,477 shares (31 March 2009: 23,628,887 shares) and the number of treasury shares to 1,332,523 (31 March 2009: 1,371,113). Treasury shares have been deducted from shareholder's equity. In the period under review no treasury shares have been purchased or sold.

Provisions and other liabilities

Provisions are recognized where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

A possible liability where funds will probably not be required or which cannot be accurately estimated is indicated as a contingent liability.

Long-term provisions

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended 31 March 2010			
Balance on 1 January 2010	**28,756**	**37,902**	**66,658**
Translation differences	(645)	(381)	(1,026)
Addition	3,519	3,131	6,650
Reversal of unused amounts	(350)	(3,347)	(3,697)
Utilization	(289)	(44)	(333)
Reclassification from short-term provision	0	15,738	15,738
Balance on 31 March 2010	**30,991**	**52,999**	**83,990**

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended 31 March 2009			
Balance on 1 January 2009	**26,784**	**48,987**	**75,771**
Translation differences	637	2,007	2,644
Addition	3,839	1,888	5,727
Reversal of unused amounts	(113)	(1,379)	(1,492)
Utilization	(3,450)	(3,503)	(6,953)
Balance on 31 March 2009	**27,697**	**48,000**	**75,697**

Employee provision mostly relate to certain employee benefit obligations, such as "anniversary" benefits, termination payments and long-service benefits mainly in Switzerland, Germany, Austria, Italy, France and USA. The timings of these cash outflows can be reasonably estimated based on past performance. In addition employee provision includes the liability of CHF 1,804 thousand for the cash settled compensation plan. Significant provisions are discounted by using the corresponding discount rate applicable in respective countries were the obligation occurs.

The balance for claims represents a provision for certain claims brought forward against the Group by customers and forwarding agents. The balance as of 31 March is expected to be utilized within the next two to five years. Long-term claims include an additional provision for probable potential future payments in connection with transport damages. The management determined the provision based on past performance and its expectation of the funds needed for the future settlement of the claims which are not yet reported.

Short-term provisions and other liabilities

in thousand CHF	Employee benefits and others	Outstanding vacation entitlement	Claims	Restructuring provisions	Total
Period ended 31 March 2010					
Balance on 1 January 2010	**45,285**	**21,077**	**32,983**	**4,026**	**103,371**
Translation differences	274	(153)	(32)	(783)	(694)
Addition	24,279	7,400	2,310	0	33,989
Reversal of unused amounts	(4,309)	(2,508)	(227)	0	(7,044)
Utilization	(9,376)	(1,269)	(3,696)	(638)	(14,979)
Reclassification to long-term provision	0	0	(15,738)	0	(15,738)
Balance on 31 March 2010	**56,153**	**24,547**	**15,600**	**2,605**	**98,905**

in thousand CHF	Employee benefits and others	Outstanding vacation entitlement	Claims	Restructuring provisions	Total
Period ended 31 March 2009					
Balance on 1 January 2009	**31,172**	**24,941**	**35,564**	**0**	**91,677**
Translation differences	3,243	983	(2,326)	0	1,900
Addition	21,889	7,366	3,833	11,734	44,822
Reversal of unused amounts	(2,224)	(4,104)	(776)	0	(7,104)
Utilization	(14,454)	(3,712)	(974)	0	(19,140)
Balance on 31 March 2009	**39,626**	**25,474**	**35,321**	**11,734**	**112,155**

Apart from outstanding vacation entitlement and the current portion of provisions, as disclosed under long-term provisions, short-term provisions and other liabilities include personnel profit participation, social security and payroll taxes. During the period under review CHF 9.4 million of personnel profit participation (2009: CHF 2.2 million) has been paid out. For the current year additional personnel profit participation of CHF 24.3 million (2009: CHF 21.9 million) including related social security costs and payroll taxes has been recorded. Claim provision includes the current portion of certain claims brought forward against the Group by customers and forwarding agents. During the period under review the management reassessed the cash outflow of claims and came to the conclusion that based on past utilization the duration until claims can be settled increased substantially. The reclassification to long-term claim provisions of CHF 15.7 million reflect this change. The balance as of 31 March is expected to be utilized within one year.

Restructuring provisions arise from planned programs that materially change the scope of business undertaken by the Group or the manner in which business is conducted. Such provisions include only the costs necessarily entailed by the restructuring which are not associated with the recurring activities of the Group. The restructuring provisions added in 2009 concern headcount reductions in all functions mainly in operation and marketing and sales in various countries. The timings of the remaining cash outflows are expected to occur within one year. During the period under review no additional restructuring provisions have been recognized.

Business combinations

There were no acquisitions of subsidiaries or associated companies during the interim period 2010 and 2009, respectively.

Major legal claims

The status of the proceedings disclosed under „pending legal claims“ in the Consolidated Financial Statements 2009 (pages 136 and 137) has not changed.

Contingent liabilities and other commitments

There have been no material changes in contingent liabilities and other commitments since the last annual balance sheet date.

Events after the balance sheet date

In view of the advanced stage of the settlement negotiations with the U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC), Panalpina estimates that fines and related legal expenses to cover the settlement costs in both the U.S Foreign Corrupt Practices Act (FCPA) and the U.S. antitrust investigations will amount to approximately CHF 120 million and will be recognized in the second quarter 2010 financial statements.

The above estimation does not cover other ongoing, non-U.S. antitrust investigations against the international freight forwarding industry in particular the proceeding launched by the European Commission as Panalpina is unable to predict the amount of any potential fine with certainty. In the period under review no provision has been recognized as the management was not in the position to reliably assess the exposure until end of April 2010.