Panalpina Condensed Consolidated Interim Financial Statements

January to September 2010

PANALPINA
on 6 continents

Content

Key Developments in Third Quarter 2010

Panalpina Group: Key Figures Third Quarter 2010

in million CHF	Q3 2010	Q3 2009
Forwarding services	2,258	1,765
Net forwarding revenue	1,874	1,415
Gross profit	382	338
Gross profit margin in %	20.4	23.9
EBITDA	59	22
EBIT	50	11
EBIT margin in %	13.0	3.3
Consolidated profit	34	5

Panalpina with market share gain, profitability improvement and strong free cash flow in third quarter 2010

In the first nine months of 2010, the Panalpina Group recorded strong volume growth with a 27% increase in Air and a 16% increase in Ocean Freight year-on-year while continuing to outpace the market in both segments; profitability per freight unit (currency adjusted) continued to increase quarter-on-quarter. Gross profit increased in the third quarter by 13% year-on-year (19% in local currencies). Productivity remained at high levels with expenses growing moderately to accommodate increasing shipment volumes. A settlement in the U.S. anti-trust case has been reached and the final settlement of the FCPA case is expected before year end.

“These results confirm that we are on the right path with our focus on a product-driven organization led by our industry verticals. We are continuing to outgrow the market with above average volume growth in both Air and Ocean Freight”, stated CEO Monika Ribar. “With a gross profit increase of 13% compared to the third quarter 2009, our customer-oriented growth strategy is showing results”, she said.

Double digit volume growth, increased gross profit and strong generation of free cash flow

Panalpina increased its forwarding volumes by 27% in Air and 16% in Ocean Freight in the first nine months of 2010. These results clearly surpassed the average market growth of 24-25% in air and 12-13% in ocean freight. However the market began to slow in the third quarter and this was largely due to less restocking activity, a higher comparison base and a shorter-than-usual peak season in ocean freight. Compared to the third quarter of 2009, gross profit rose by 13% (19% in local currencies) to CHF 382 million. The overall increase in gross profit was supported by double digit growth across all regions in local currencies. The company recorded strong development in free cash flow generation amounting to CHF 79 million in the third quarter 2010 (vs. CHF 46 million in the third quarter 2009); supported by a record low net working capital intensity of 1.7%. Cash and cash equivalents as per September 30, 2010 amounted to CHF 526 million.

Productivity remains high, moderate increase in operating costs

Increased shipping volume resulted in a moderate growth in the company’s overall operating costs in the third quarter. In order to accommodate the increase in shipping volumes and business wins, the number of personnel increased primarily in Asia and North America. This strategy has proven effective as productivity has remained at high levels and EBITDA rose to CHF 59 million in the third quarter 2010 (vs. CHF 22 million in the third quarter 2009).

New products

In the third quarter Panalpina successfully launched its additional new own controlled regular air freight services connecting Luxembourg with the new Dubai World Central-Al Maktoum International Airport and as a result was the first ever scheduled freighter service to call at the new state-of-the-art airport. Dubai is now being regularly served as part of Panalpina’s new round the world rotation connecting Luxembourg, Dubai, South Africa, Hong Kong, North America and Latin America. The service enables the company to offer its customers a unique and highly flexible solution for time sensitive airfreight, including fast turnaround times from cargo arrival to delivery. At the same time, Panalpina introduced a new express service to Brazil with an airport-to-airport transit time of 30 hours from Hong Kong via Huntsville, Alabama to São Paulo in order to meet the high demand for fast and reliable connections from Asia to Brazil.

Settlements with U.S. authorities nearing closure

The U.S. antitrust case was settled in the third quarter and Panalpina will pay a related fine of USD 12 million to U.S. authorities. The U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC) FCPA-related investigations have been completed and finalization of the settlement formalities is expected by the end of the year. Both cases in the U.S. are covered by the CHF 128 million provision which was charged to the 2010 second quarter financial statements. This amount does not include any provisions for ongoing anti-trust investigations in Switzerland, the EU, New Zealand and Brazil as Panalpina is unable to predict the amount of any potential fine. A statement of objections was received from EU competition authorities in February 2010 and Panalpina submitted a written response at the end of April. An oral hearing before the Commission's case team took place in July and no decision is expected before mid-2011.

Consolidated Income Statement

for three and nine months ended 30 September 2010 and 2009

in thousand CHF	July - September 2010	July - September 2009	July - September Variance vs PY in %	January - September 2010	January - September 2009	January - September Variance vs PY in %
Forwarding services	2,258,113	1,764,672	28.0	6,510,418	5,471,091	19.0
Customs, duties and taxes	(384,424)	(349,188)	10.1	(1,155,157)	(1,082,186)	6.7
Net forwarding revenue	**1,873,689**	**1,415,484**	**32.4**	**5,355,261**	**4,388,905**	**22.0**
Forwarding services from third parties	(1,492,120)	(1,077,509)	38.5	(4,266,002)	(3,323,511)	28.4
Gross profit	**381,569**	**337,975**	**12.9**	**1,089,259**	**1,065,394**	**2.2**
Personnel expenses	(222,676)	(209,804)	6.1	(659,278)	(668,632)	(1.4)
Other operating expenses	(99,652)	(106,683)	(6.6)	(424,507)	(324,051)	31.0
Gains on sales of non-current assets	149	192	(22.4)	351	468	(25.0)
EBITDA	**59,390**	**21,680**	**173.9**	**5,825**	**73,179**	**(92.0)**
Depreciation of property, plant and equipment	(8,045)	(8,181)	(1.7)	(28,190)	(25,150)	12.1
Amortization of intangible assets	(1,835)	(2,216)	(17.2)	(6,306)	(8,325)	(24.3)
Goodwill impairment	0	(23)	100.0	0	(1,833)	100.0
Operating result (EBIT)	**49,510**	**11,260**	**339.7**	**(28,671)**	**37,871**	**(175.7)**
Finance income	2,131	(972)	(319.2)	6,546	5,859	11.7
Finance costs	(5,458)	(4,666)	17.0	(12,731)	(14,723)	(13.5)
Profit before income tax (EBT)	**46,183**	**5,622**	**721.5**	**(34,856)**	**29,007**	**(220.2)**
Income tax expenses	(12,530)	(1,112)	1,026.8	(24,028)	(7,557)	218.0
Consolidated profit	***33,653***	***4,510***	***646.2***	***(58,884)***	***21,450***	***(374.5)***
Consolidated profit attributable to:						
Owners of the parent	32,820	3,754	774.3	(60,492)	19,899	(404.0)
Non-controlling interests	833	756	10.2	1,608	1,551	3.7
Earnings per share (in CHF per share)						
Basic	1.38	0.16	762.5	(2.56)	0.84	(404.8)
Diluted	1.38	0.16	762.5	(2.56)	0.84	(404.8)

Consolidated Statement of Comprehensive Income

for three and nine months ended 30 September 2010 and 2009

	July - September		January - September	
in thousand CHF	2010	2009	2010	2009
Consolidated profit	**33,653**	**4,510**	**(58,884)**	**21,450**
Other comprehensive income				
Available-for-sale financial assets	(2)	10	(89)	(1,060)
Amounts recognized in equity for defined benefit post-employment plans				
– Actuarial (losses) gains	4,965	9,068	7,087	7,602
– Effect from asset ceiling	0	(3,375)	0	(3,375)
Exchange difference on translations of foreign operations	(22,727)	(9,223)	(5,273)	6,059
Income tax on components of other comprehensive income	(1,212)	(1,292)	(1,886)	(1,074)
Other comprehensive income for the period, net of tax	**(18,976)**	**(4,812)**	**(161)**	**8,152**
Total comprehensive income for the period	***14,677***	***(302)***	***(59,045)***	***29,602***
Attributable to owners of the parent	14,362	(920)	(60,279)	28,100
Attributable to non-controlling interests	315	618	1,234	1,502

Consolidated Statement of Financial Position

as of 30 September 2010 respectively as of 31 December 2009

Assets

in thousand CHF	30 September 2010	31 December 2009
Non-current assets		
Property, plant and equipment	119,288	141,273
Intangible assets	72,721	71,877
Investments	35,231	37,404
Derivative financial instruments	0	5,561
Post-employment benefit assets	22,667	14,444
Deferred income tax assets	61,284	55,339
Total non-current assets	**311,191**	**325,898**
Current assets		
Other receivables and other current assets	86,136	110,422
Unbilled forwarding services	81,709	83,103
Trade receivables	1,030,103	856,872
Derivative financial instruments	21,242	5,725
Other current financial assets	7,308	10,809
Cash and cash equivalents	526,206	531,803
Total current assets	**1,752,704**	**1,598,734**
Total assets	***2,063,895***	***1,924,632***

Equity and liabilities

in thousand CHF	30 September 2010	31 December 2009
Equity		
Share capital	50,000	50,000
Treasury shares	(193,112)	(192,567)
Reserves	939,351	999,131
Total equity attributable to owners of the parent	**796,239**	**856,564**
Non-controlling interests	8,198	7,015
Total equity	**804,437**	**863,579**
Non-current liabilities		
Borrowings	529	891
Provisions	123,883	66,658
Post-employment benefit liabilities	36,712	39,126
Derivative financial instruments	987	0
Deferred income tax liabilities	22,760	21,915
Total non-current liabilities	**184,871**	**128,590**
Current liabilities		
Trade payables	581,040	519,596
Other payables and accruals	146,448	122,823
Accrued cost of services	150,197	159,712
Borrowings	8,529	11,995
Derivative financial instruments	14,401	2,233
Provisions and other liabilities	156,526	103,371
Current income tax liabilities	17,446	12,733
Total current liabilities	**1,074,587**	**932,463**
Total liabilities	**1,259,458**	**1,061,053**
Total equity and liabilities	***2,063,895***	***1,924,632***

Condensed Consolidated Statement of Changes in Equity

for nine months ended 30 September 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					(60,492)	(60,492)	1,608	(58,884)
Other comprehensive income for the period, net of tax			5,112	(4,899)		213	(374)	(161)
Total comprehensive income for the period	**0**	**0**	**5,112**	**(4,899)**	**(60,492)**	**(60,279)**	**1,234**	**(59,045)**
Dividends paid						0	(54)	(54)
Share-based payments - employee share plan					527	527		527
Share-based payments - option plan					1,506	1,506		1,506
Changes in treasury shares, net		(545)			(1,531)	(2,076)		(2,076)
Reclassification of non-controlling interests to parent shareholder					(3)	(3)	3	0
Balance on 30 September 2010	***50,000***	***(193,112)***	***(96,611)***	***(141,372)***	***1,177,334***	***796,239***	***8,198***	***804,437***

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					19,899	19,899	1,551	21,450
Other comprehensive income for the period, net of tax			2,093	6,108		8,201	(49)	8,152
Total comprehensive income for the period	**0**	**0**	**2,093**	**6,108**	**19,899**	**28,100**	**1,502**	**29,602**
Dividends paid					(44,895)	(44,895)	(289)	(45,184)
Share-based payments - employee share plan					2,325	2,325		2,325
Share-based payments - option plan					1,170	1,170		1,170
Changes in treasury shares, net		5,185			(5,389)	(204)		(204)
Acquired non-controlling interests			2,194			2,194	(2,194)	0
Balance on 30 September 2009	***50,000***	***(192,568)***	***(113,136)***	***(139,865)***	***1,247,975***	***852,406***	***6,651***	***859,057***

Condensed Consolidated Statement of Cash Flows

for three and nine months ended 30 September 2010 and 2009

	July - September		January - September	
in thousand CHF	2010	2009[1]	2010	2009[1]
Profit for the period	**33,653**	**4,510**	**(58,884)**	**21,450**
Income tax expenses	12,530	1,112	24,028	7,557
Depreciation and amortization	9,880	10,397	34,496	33,475
Goodwill impairment charge	0	23	0	1,833
Net interest (income) expense	214	2,001	(1,138)	4,566
Gain on sales of property, plant and equipment	(149)	(192)	(351)	(468)
Non-cash expenses and income	2,167	(2,335)	3,651	1,289
	58,295	**15,516**	**1,802**	**69,702**
(Increase) decrease in working capital	51,668	21,167	(61,052)	155,641
Increase (decrease) in short- and long-term provisions	(17,516)	17,494	87,739	18,817
Cash generated from operations	**92,447**	**54,177**	**28,489**	**244,160**
Interest paid	(1,199)	(2,015)	(4,484)	(8,380)
Income taxes paid	(4,722)	(10,209)	(16,064)	(38,341)
Net cash from operating activities	**86,526**	**41,953**	**7,941**	**197,439**
Interest and dividends received	1,117	9,608	4,248	12,881
Proceeds from sales of PPE and assets held for sale	0	1,379	1,121	3,819
Repayments of loans, receivables and other financial assets	2,738	3,221	14,282	5,865
Purchase of property, plant and equipment	(7,882)	(7,167)	(16,096)	(22,624)
Purchase of intangible assets and other assets	(3,230)	(122)	(8,292)	(2,733)
Purchase of investments held for trading and other financial assets	0	(2,672)	(10,178)	(15,177)
Net cash flows from investing activities	**(7,257)**	**4,247**	**(14,915)**	**(17,969)**
Free cash flow	**79,269**	**46,200**	**(6,974)**	**179,470**
Change in current and non-current borrowings	(226)	(9,594)	(2,362)	(11,755)
Dividends paid	0	0	0	(44,895)
Dividends paid to non-controlling interests	0	(3)	(54)	(289)
Purchase of non-controlling interests	0	0	0	(268)
Purchase of treasury shares	(1,463)	(5,243)	(4,228)	(5,243)
Sale of treasury shares	270	0	1,462	3,331
Net cash used in financing activities	**(1,419)**	**(14,840)**	**(5,182)**	**(59,119)**
Effect of exchange rate changes on cash and cash equivalents	991	(4,330)	6,559	110
Net (decrease) increase in cash and cash equivalents	**78,841**	**27,030**	**(5,597)**	**120,461**
Cash and cash equivalents at the beginning of the period	447,365	455,840	531,803	362,409
Cash and cash equivalents at the end of the period	***526,206***	***482,870***	***526,206***	***482,870***

[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 nine months ended 30 September 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 nine months ended 30 September 2010 were approved for issue by the Audit Committee on 3 November 2010.

Basis of preparation of the condensed consolidated interim financial statements

These interim financial statements comprise the unaudited condensed consolidated interim financial statements of the Company and its affiliates (together referred to as the "Group" and individually as "Group entities") for the nine-month period ended 30 September 2010.

They are prepared in accordance with the International Accounting Standard 34 (IAS 34) *"Interim Financial Reporting".* These condensed 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 condensed consolidated interim financial statements taking into account any presentational changes made in the consolidated financial statements 2009 or in these condensed 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 condensed 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. Due to some non-taxable expenses the current tax rate is not comparable with the previous year tax rate.

In the past the Group erroneously assigned additional currency impacts such as differences between average and closing rate in the line item "effect of exchange rate changes on cash and cash equivalents" of the condensed consolidated statement of cash flows. To be in compliance with IAS 7.28, the Group extracted all exchange differences which are not part of cash and cash equivalents from the above mentioned line item and assigned it to the corresponding cash flow position.

in thousand CHF	Adjusted 30 September 2009 Statement of Cash Flows	30 September 2009 Statement of Cash Flows
Cash generated from operations	244,160	225,044
Net cash from operating activities	197,439	191,204
Net cash flows from investing activities	(17,969)	(30,199)
Free cash flow	179,470	161,005
Net cash used in financing activities	(59,119)	(58,851)
Effect of exchange rate changes on cash and cash equivalents	110	18,307

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"*, Improvements to IFRS (May 2010) 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 condensed 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 Panalpina Logistics (Shanghai) Ltd was founded with a nominal capital of CNY 5,000,000.

Seasonality

Historically, the Group's results have been subject to seasonal trends. The first half year is normally weaker than the second half year as the first 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. The Executive Board has been identified as chief operating decision maker. 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 nine months ended 30 September 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	2,714	2,352	1,080	879	626	519	935	639	**5,355**	**4,389**	0	0	5,355	4,389
Gross profit (GP)	558	558	201	198	116	109	214	200	**1,089**	**1,065**	0	0	1,089	1,065
GP (decrease) increase in %	0		1.5		6.4		7.0		**2.3**				2.3	
EBITDA	55	28	(51)	(18)	18	15	67	64	**89**	**89**	(83)	(16)	6	73
EBITDA in % of GP	9.9	5.0	(25.4)	(9.1)	15.5	13.8	31.3	32.0	**8.2**	**8.4**			0.6	6.9
Operating result (EBIT)	32	11	(55)	(23)	16	12	61	58	**54**	**58**	(83)	(20)	(29)	38
EBIT in % of GP	5.7	2.0	(27.4)	(11.6)	13.8	11.0	28.5	29.0	**5.0**	**5.4**			(2.7)	3.6

for July to September 2010 and 2009

	Europe/ Africa/ Middle East / CIS		North America		Central and South America		Asia/ Pacific		**Total segment**		Corporate		Total Group	
in million CHF	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	Q3 2010	Q3 2009	**Q3 2010**	**Q3 2009**	Q3 2010	Q3 2009	Q3 2010	Q3 2009
Third-party net forwarding revenue	935	741	382	279	222	170	334	225	**1,873**	**1,415**	0	0	1,873	1,415
Gross profit (GP)	190	177	70	62	43	36	78	63	**381**	**338**	0	0	381	338
GP increase (decrease) in %	7.3		12.9		19.4		23.8		**12.7**				12.7	
EBITDA	27	7	1	(5)	8	4	25	19	**61**	**25**	(1)	(3)	60	22
EBITDA in % of GP	14.2	4.0	1.4	(8.1)	18.6	11.1	32.1	30.2	**16.0**	**7.4**			15.7	6.5
Operating result (EBIT)	16	3	0	(6)	8	3	23	17	**47**	**17**	2	(6)	49	11
EBIT in % of GP	8.4	1.7	0.0	(9.7)	18.6	8.3	29.5	27.0	**12.3**	**5.0**			12.9	3.3

The provision to cover the fines, legal penalties and compliance consultancy fees relating to the settlement of both the U.S. Foreign Corrupt Practices Act (FCPA) and the U.S. anti-trust investigations was regognized in the second quarter 2010. The total amount of CHF 128 million is included in the segment "North America" (CHF 40 million) and in the reconciling item "Corporate" (CHF 88 million) of the year to date comparison.

Information by business

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

for nine months ended 30 September 2010 and 2009

in million CHF	Air Freight 2010	Air Freight 2009	Ocean Freight 2010	Ocean Freight 2009	Supply Chain Management 2010	Supply Chain Management 2009	**Total 2010**	**Total 2009**
Third-party net forwarding revenue	2,584	1,940	2,121	1,781	650	668	**5,355**	**4,389**
Increase (decrease) in %	33.2		19.1		(2.7)		**22.0**	
Gross profit (GP)	481	439	338	358	270	268	**1,089**	**1,065**
GP margin in %	18.6	22.6	15.9	20.1	41.5	40.1	**20.3**	**24.3**
GP increase (decrease) in %	9.6		(5.6)		0.7		**2.3**	

for July to September 2010 and 2009

in million CHF	Air Freight Q3 2010	Air Freight Q3 2009	Ocean Freight Q3 2010	Ocean Freight Q3 2009	Supply Chain Management Q3 2010	Supply Chain Management Q3 2009	**Total Q3 2010**	**Total Q3 2009**
Third-party net forwarding revenue	880	655	773	558	220	202	**1,873**	**1,415**
Increase (decrease) in %	34.4		38.5		8.9		**32.4**	
Gross profit (GP)	169	142	124	111	88	85	**381**	**338**
GP margin in %	19.2	21.7	16.0	19.9	40.0	42.1	**20.3**	**23.9**
GP increase (decrease) in %	19.0		11.7		3.5		**12.7**	

Property, plant and equipment and intangible assets

During the period under review, the Group acquired CHF 10.3 million machinery and equipment (30 September 2009: CHF 10.6 million), CHF 3.3 million in building and building under construction (30 September 2009: CHF 8.4 million), CHF 1.7 million in vehicles (30 September 2009: 3.0 million) and CHF 8.2 million intangible assets (30 September 2009: 2.8 million), mainly software licences.

In the second quarter 2010, the net assets of two barges have been revalued. As the recoverable amounts of these assets do not exceed the carrying amounts, an impairment of CHF 3.3 million (2009: 0 million) has been recognized in the second quarter 2010.

The following tables show the movements in the net book values of property, plant and equipment and intangible assets for the nine-month period ended 30 September 2010 and 2009:

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended 30 September 2010		
Net book value on 1 January 2010	**141,273**	**71,877**
Translation differences	(7,953)	(903)
Additions	15,279	8,202
Disposals (net)	(1,121)	(149)
Depreciation and amortization	(28,190)	(6,306)
Net book value on 30 September 2010	**119,288**	**72,721**

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended 30 September 2009		
Net book value on 1 January 2009	**147,696**	**73,733**
Translation differences	2,564	1,403
Additions	21,924	2,774
Disposals (net)	(3,024)	(286)
Depreciation and amortization	(25,150)	(10,158)
Net book value on 30 September 2009	**144,010**	**67,466**

Intangible assets as of 30 September 2010 include goodwill of CHF 42.0 million (30 September 2009: CHF 42.5 million), brands and customer relations of CHF 3.5 million (30 September 2009: CHF 5.3 million) and software and other intangible assets of CHF 27.2 million (30 September 2009: 19.7 million).

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the country of operation. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash-flow projections based on financial budgets approved by management covering a five-year period. Cash-flows beyond the five year period are extrapolated using estimated growth rates.

There were no impairment charges recorded on goodwill during the nine months ended 30 September 2010 (30 September 2009: CHF 1,833 thousand). Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount.

As per 30 September 2010 no impairment indicators for the CGUs "Airfreight" and "Janco" were determined. For the CGU "Grampian" an impairment test was performed based on the following key assumptions, however no impairment need was determined:

	30 September 2010	31 December 2009
Growth rate[1]	2.75%	3.13%
Operating expenses in % of forwarding revenues[2]	98.84%	98.71%
WACC[3]	10.80%	12.25%

[1] Weighted average growth rate used to extrapolate cash flows beyond the budgeted period
[2] Budgeted operating expenses in % of forwarding revenues
[3] Pre-tax discount rate applied to the cash flow projections

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 30 September 2010 and 31 December 2009 for brand name and customer relations was CHF 19.2 million and CHF 18.1 million, respectively. Amortization expenses of these intangible assets totaled CHF 1.3 million for the nine months ended 30 September 2010 (nine months 2009: CHF 2.6 million). There were no impairment charges recorded on these other intangible assets during the nine months ended 30 September 2010 and 2009.

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 outstanding shares was 23,672,080 (30 September 2009: 23,653,879).

Dividends

On 4 May 2010, the shareholders approved that no dividends will be distributed in respect of the business year 2009 (business year 2008: CHF 1.90 per share).

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)**
Treasury shares				
Purchased	(42,742)		(4,228)	(4,228)
Sold under employee share plan	13,453		1,240	1,240
Sold under employee option plan	7,630		712	712
Bonus settled with own shares	18,774		1,731	1,731
On 30 September 2010	***23,664,592***	***50,000***	***(193,112)***	***(143,112)***

As of 30 September 2010, the number of outstanding shares amounted to 23,664,592 shares (30 September 2009: 23,667,477 shares) and the number of treasury shares to 1,335,408 (30 September 2009: 1,332,523). Treasury shares have been deducted from shareholder's equity.

Share and Option Ownership Program

As in previous years an additional management incentive plan was setup in 2010. The terms of this share and option program are identical to the Management Incentive Program 2008/09 as described in the Consolidated Financial Statements 2009 apart from the strike price of the "International Management Incentive Plan" which equals the closing price of the share on the cut-off day at the SIX Swiss Exchange.

Under this program participants of the "International Management Incentive Plan" received 12,099 options with a strike price of CHF 97.60 and participants of the "United States Management Incentive Plan" received 1,354 options with a strike price of CHF 89.55.

The weighted average fair value of the share options granted during the reporting period is determined using the binomial valuation model, applying the following significant inputs into the model:

in CHF	International Management Incentive Plan 09/10	United States Management Incentive Plan 09/10
Market price of share	89.55	89.55
Exercise price of option	97.60	89.55
Expected volatility (in %)	45.32	45.32
Option life (in years)	5	5
Dividend yield (in %)	1.63	1.63
Risk-free interest rate based on Swiss government bonds (in %)	1.55	1.55

The members of the Executive Board and the Boards of Directors did not participate in the above-mentioned incentive plans.

In 2009, the target bonus scheme for Executive Board members as well as the remuneration of the Board of Directors has been adjusted to focus on the company's sustainable mid- and long-term success.

Executive Board Mid-Term Incentive Plan

In the reporting period Executive Board members received 40% of the bonus in company shares totalling to 4,155 shares (previous year: 11,740 shares) with a restriction period of one year. This number of shares will additionally be matched by the company after this restriction period. These additional shares are also subject to a further one-year restriction period.

During the period under review the management received the matched shares (11,740 shares) reflecting the bonus paid in the previous year.

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.

Expenses from major legal cases in the income statement are disclosed under operating expenses. During the second quarter CHF 128.0 million have been recognized. There were no such items in the previous interim period.

Long-term provisions

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended 30 September 2010			
Balance on 1 January 2010	**28,756**	**37,902**	**66,658**
Translation differences	(1,641)	(2,488)	(4,129)
Addition	6,513	49,130	55,643
Reversal of unused amounts	(1,195)	(2,794)	(3,989)
Utilization	(5,601)	(437)	(6,038)
Reclassification	7,450	(7,450)	0
Reclassification from short-term provision	0	15,738	15,738
Balance on 30 September 2010	**34,282**	**89,601**	**123,883**

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended 30 September 2009			
Balance on 1 January 2009	**26,784**	**48,986**	**75,770**
Translation differences	232	(260)	(28)
Addition	4,781	3,803	8,584
Reversal of unused amounts	(264)	(1,432)	(1,696)
Utilization	(2,671)	(7,005)	(9,676)
Balance on 30 September 2009	**28,862**	**44,092**	**72,954**

Employee provision mostly relates 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 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 30 September 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. Furthermore a long-term provision in the amount of CHF 55.0 million was recorded to cover the fines, legal penalties and compliance consultancy fees relating to the settlement of both the U.S. Foreign Corrupt Practices Act (FCPA) and the U.S. anti-trust investigations.

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 30 September 2010					
Balance on 1 January 2010	**45,285**	**21,077**	**32,983**	**4,026**	**103,371**
Translation differences	(1,892)	(1,373)	(765)	(998)	(5,028)
Addition	55,609	25,864	96,401	1,647	179,521
Reversal of unused amounts	(8,314)	(11,256)	(30,136)	0	(49,706)
Utilization	(35,787)	(13,239)	(3,683)	(3,185)	(55,894)
Reclassification to long-term provision	0	0	(15,738)	0	(15,738)
Balance on 30 September 2010	**54,901**	**21,073**	**79,062**	**1,490**	**156,526**

in thousand CHF	Employee benefits and others	Outstanding vacation entitlement	Claims	Restructuring provisions	Total
Period ended 30 September 2009					
Balance on 1 January 2009	**31,172**	**24,941**	**35,564**	**0**	**91,677**
Translation differences	2,897	897	(2,658)	0	1,136
Addition	55,164	26,076	11,380	14,450	107,070
Reversal of unused amounts	(2,072)	(13,373)	(2,487)	(2,723)	(20,655)
Utilization	(40,556)	(16,425)	(5,178)	(7,821)	(69,980)
Reclassification	(712)	814	(102)	0	0
Balance on 30 September 2009	**45,893**	**22,930**	**36,519**	**3,906**	**109,248**

Claim provision includes the current portion of certain claims brought forward against the Group by customers and forwarding agents. In addition a short-term provision in the amount of CHF 71.0million was recorded to cover the fines, legal penalties and compliance consultancy fees relating to the settlement of both the U.S. Foreign Corrupt Practices Act (FCPA) and the U.S. anti-trust investigations.

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 30 September is expected to be utilized within one year.

Apart from the 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 and related social security costs and payroll taxes as well as compliance consultancy fees. During the period under review CHF 17.7 million of personnel profit participation (30 September 2009: CHF 13.7 million) has been paid out. For the current year additional personnel profit participation of CHF 28.8 million (30 September 2009: CHF 26.9 million) including related social security costs and payroll taxes as well as compliance consultancy fees in the amount of CHF 2.0million have been recorded.

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. In 2010 additionally recognized restructuring provisions relate to adjustments of the previous year estimations. During the period under review no additional restructuring plan has been approved.

Business combinations

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

Major legal claims

On 30 September 2010, Panalpina announced the settlement of claims arising from an investigation by the U.S. Department of Justice Antitrust Division (DOJ) for violations of the Sherman Antitrust Act. Under the terms of the agreement which is subject to court approval, Panalpina will pay a total of approximately USD 12.0 million. The respective fine is part of a provision of CHF 128.0 million which has been charged to the 2010 Q2 financial statements. This provision also covers payments and compliance consultancy fees related to a pending settlement with the DOJ and the SEC for violations of the FCPA. The aforementioned provision does not cover other ongoing antitrust investigations in the EU, Switzerland, New Zealand and Brazil as Panalpina is unable to predict the outcome of these proceedings and related potential fines.

Other than that, the status of the proceedings disclosed under “pending legal claims” in the Consolidated Financial Statements 2009 (pages 136 and 137) has not changed.

Events after the balance sheet date

Since the balance sheet date, no events have become known of for which a disclosure is required.