Panalpina Condensed Consolidated Interim Financial Statements

January to June 2012

PANALPINA
on 6 continents

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Key Developments in Second Quarter 2012

Panalpina Group: Key Figures Second Quarter 2012

in million CHF	Q2 2012	Q2 2011	YTD 2012	YTD 2011
Net forwarding revenue	**1,667.6**	1,628.9	3,207.5	3,280.8
Gross profit	**363.3**	370.9	727.4	744.3
EBITDA	**33.6**	53.7	8.8	109.4
EBIT	**22.9**	44.3	(12.0)	90.7
Consolidated profit	**17.3**	32.0	(23.1)	66.9
Non-recurring items	**0.0**	*0.0*	*(59.2)*	*0.0*
underlying EBITDA	**33.6**	53.7	68.0	109.4
underlying EBIT	**22.9**	44.3	47.2	90.7

Panalpina outperforms market in second quarter

In the second quarter of 2012, the Panalpina Group achieved a gross profit of CHF 363 million. This was only slightly below the previous year (-2%), despite a globally receding air freight market and several rate increases by ocean carriers that put pressure on margins. Panalpina's volume growth in both Ocean and Air Freight was above the average market growth. Due to continued cost discipline EBITDA could be kept stable at CHF 34 million quarter-on-quarter. The Group achieved a consolidated profit of CHF 17 million.

Sluggish development of global economy reflected in regions' performance

Net forwarding revenue in the second quarter went up by 2.4% to CHF 1,668 million. Gross profit in the second quarter almost reached previous year level. It came in at CHF 363 million (-2%) despite a globally receding air freight market and several rate increases by ocean carriers. Continued growth in Latin America led to a new second quarter (and half year) gross profit record of CHF 43 million (+7.5%). The sluggish development of the global economy was reflected in the other regions' performance. Gross profit in Asia Pacific decreased to CHF 75 million (-3.8%) due to slowing exports to mature markets. In the EMEA region strong exports could only partly offset weak imports resulting in a decrease of gross profit to CHF 179 million (-2.2%). In a weak environment, gross profit also decreased in North America to CHF 66 million (-5.7%). The Group's gross profit margin decreased to 21.8% in the second quarter (22.8% in Q2 2011) mainly due to the rate increases by ocean carriers but remained stable at 22.7% for the first half.

Market share gains in Ocean and Air Freight

Ocean Freight recorded a new volume record for the second quarter (and half year). Panalpina shipped 7% more TEUs (twenty-foot equivalent units) than the year before, again growing more than twice as fast as the market (market: +3%). Gross profit per TEU of Ocean Freight decreased by 5% as carriers enforced considerable rate increases in particular on the Far East Westbound route. These rate increases could not yet be fully passed on to customers in the second quarter. Still, the lower unit profitability was more than offset by the higher volumes, leading to an increase of gross profit to CHF 110 million (+2%).

In Air Freight, too, Panalpina did better than the market. As the market weakened further in the second quarter, receding by 4%, Panalpina's volumes decreased by 3%. Contraction of gross profit (-6%) was mainly due to the lower volumes. Gross profit reached CHF 162 million in the second quarter of 2012. Gross profit per ton of Air Freight decreased by 3% year-on-year but was stable quarter-on-quarter.

Moderate gross profit growth in Logistics (+1%) reflected the slowing economic environment. Q2 gross profit reached CHF 91 million.

Continued cost discipline kept EBITDA sequentially stable

In 2011, Panalpina made important investments especially in its product divisions. Because of an expected weak market development for 2012, the Group then introduced cost containment measures in the last quarter of 2011. Due to continued cost discipline EBITDA could be kept stable at CHF 34 million quarter-on-quarter. EBITDA-to-gross profit margin also remained stable quarter-on-quarter. The Group achieved a consolidated profit of CHF 17 million in Q2. For the first half of 2012, a loss of CHF 23 million resulted because of the provisions of CHF 59 million for the EU and Swiss antitrust fines made in the first quarter.

Consolidated Income Statement

for three and six months ended June 30, 2012 and 2011

in thousand CHF	April - June 2012	April - June 2011	April - June Variance vs PY in %	January - June 2012	January - June 2011	January - June Variance vs PY in %
Forwarding services	2,024,154	1,979,269	2.3	3,921,949	4,001,582	(2.0)
Customs, duties and taxes	(356,519)	(350,353)	1.8	(714,469)	(720,737)	(0.9)
Net forwarding revenue	**1,667,635**	**1,628,916**	**2.4**	**3,207,480**	**3,280,845**	**(2.2)**
Forwarding services from third parties	(1,304,312)	(1,258,046)	3.7	(2,480,099)	(2,536,550)	(2.2)
Gross profit	**363,323**	**370,870**	**(2.0)**	**727,381**	**744,295**	**(2.3)**
Personnel expenses	(234,251)	(226,227)	3.5	(466,855)	(452,722)	3.1
Other operating expenses	(95,465)	(90,444)	5.6	(251,825)	(181,778)	38.5
Gains / (losses) on sales of non-current assets	(5)	(450)	98.9	102	(400)	125.5
EBITDA	**33,602**	**53,749**	**(37.5)**	**8,803**	**109,395**	**(92.0)**
Depreciation of property, plant and equipment	(7,530)	(6,972)	8.0	(14,588)	(14,508)	0.6
Amortization of intangible assets	(3,215)	(2,433)	32.1	(6,245)	(4,153)	50.4
Operating result (EBIT)	**22,857**	**44,344**	**(48.5)**	**(12,030)**	**90,734**	**(113.3)**
Finance income	10,210	1,279	698.3	12,727	4,081	211.9
Finance costs	(9,838)	(2,820)	248.9	(11,971)	(5,377)	122.6
Profit before income tax (EBT)	**23,229**	**42,803**	**(45.7)**	**(11,274)**	**89,438**	**(112.6)**
Income tax expenses	(5,949)	(10,810)	(45.0)	(11,852)	(22,509)	(47.3)
Consolidated profit	***17,280***	***31,993***	***(46.0)***	***(23,126)***	***66,929***	***(134.6)***
Consolidated profit attributable to:						
Owners of the parent	17,359	31,400	(44.7)	(23,080)	66,053	(134.9)
Non-controlling interests	(79)	593	(113.3)	(46)	876	(105.3)
Earnings per share (in CHF per share)						
Basic	0.72	1.32	(45.5)	(0.98)	2.79	(135.1)
Diluted	0.72	1.33	(45.9)	(0.98)	2.79	(135.1)

Consolidated Statement of Comprehensive Income

for three and six months ended June 30, 2012 and 2011

	April - June		January - June	
in thousand CHF	2012	2011	2012	2011
Consolidated profit	**17,280**	**31,993**	**(23,126)**	**66,929**
Other comprehensive income				
Available-for-sale financial assets	(464)	(23)	(464)	554
Amounts recognized in equity for defined benefit post-employment plans				
– Actuarial (losses) gains	5,310	(10,596)	3,715	(4,997)
Exchange difference on translations of foreign operations	13,100	(29,997)	5,322	(33,446)
Income tax on components of other comprehensive income	(1,100)	5,551	(709)	4,179
Other comprehensive income for the period, net of tax	**16,846**	**(35,065)**	**7,864**	**(33,710)**
Total comprehensive income for the period	***34,126***	***(3,072)***	***(15,262)***	***33,219***
Attributable to owners of the parent	34,075	(3,470)	(15,240)	32,617
Attributable to non-controlling interests	51	398	(22)	602

Consolidated Statement of Financial Position

as of June 30, 2012 respectively as of December 31, 2011

Assets

in thousand CHF	June 30, 2012	December 31, 2011
Non-current assets		
Property, plant and equipment	116,691	113,180
Intangible assets	147,987	141,743
Investments	24,229	72,256
Derivative financial instruments	0	459
Deferred income tax assets	68,831	62,313
Total non-current assets	**357,738**	**389,951**
Current assets		
Other receivables and other current assets	106,447	84,997
Unbilled forwarding services	86,097	77,346
Trade receivables	1,050,664	984,404
Derivative financial instruments	1,792	5,045
Other current financial assets	0	20,000
Cash and cash equivalents	557,888	573,579
Total current assets	**1,802,888**	**1,745,371**
Total assets	***2,160,626***	***2,135,322***

Equity and liabilities

in thousand CHF	June 30, 2012	December 31, 2011
Equity		
Share capital	50,000	50,000
Treasury shares	(195,820)	(197,278)
Reserves	989,307	1,053,086
Total equity attributable to owners of the parent	**843,487**	**905,808**
Non-controlling interests	9,060	9,082
Total equity	**852,547**	**914,890**
Non-current liabilities		
Borrowings	274	231
Provisions	89,716	85,032
Post-employment benefit liabilities	44,121	47,151
Deferred income tax liabilities	17,212	14,492
Total non-current liabilities	**151,323**	**146,906**
Current liabilities		
Trade payables	631,163	588,104
Other payables and accruals	151,408	144,354
Accrued cost of services	190,783	184,519
Borrowings	0	7,296
Derivative financial instruments	7,246	4,648
Provisions and other liabilities	161,843	125,420
Current income tax liabilities	14,313	19,185
Total current liabilities	**1,156,756**	**1,073,526**
Total liabilities	**1,308,079**	**1,220,432**
Total equity and liabilities	***2,160,626***	***2,135,322***

Condensed Consolidated Statement of Changes in Equity

for six months ended June 30, 2012 and 2011

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 January 1, 2012	**50,000**	**(197,277)**	**(121,706)**	**(162,104)**	**1,336,895**	**905,808**	**9,082**	**914,890**
Consolidated profit					(23,080)	(23,080)	(46)	(23,126)
Other comprehensive income for the period, net of tax			2,542	5,298		7,840	24	7,864
Total comprehensive income for the period	**0**	**0**	**2,542**	**5,298**	**(23,080)**	**(15,240)**	**(22)**	**(15,262)**
Dividends paid					(47,239)	(47,239)	0	(47,239)
Share-based payments - employee share plan					1,309	1,309		1,309
Share-based payments - option plan					193	193		193
Changes in treasury shares, net		1,457			(2,801)	(1,344)		(1,344)
Balance on June 30, 2012	***50,000***	***(195,820)***	***(119,164)***	***(156,806)***	***1,265,277***	***843,487***	***9,060***	***852,547***

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 January 1, 2011	**50,000**	**(196,003)**	**(108,862)**	**(151,070)**	**1,210,214**	**804,279**	**7,890**	**812,169**
Consolidated profit					66,053	66,053	876	66,929
Other comprehensive income for the period, net of tax			(3,278)	(30,158)		(33,436)	(274)	(33,710)
Total comprehensive income for the period	**0**	**0**	**(3,278)**	**(30,158)**	**66,053**	**32,617**	**602**	**33,219**
Dividends paid						0	(48)	(48)
Share-based payments - employee share plan					703	703		703
Share-based payments - option plan					584	584		584
Changes in treasury shares, net		50			(1,284)	(1,234)		(1,234)
Balance on June 30, 2011	***50,000***	***(195,953)***	***(112,140)***	***(181,228)***	***1,276,270***	***836,949***	***8,444***	***845,393***

Condensed Consolidated Statement of Cash Flows

for three and six months ended June 30, 2012 and 2011

	April - June		January - June	
in thousand CHF	2012	2011	2012	2011
Profit for the period	**17,280**	**31,993**	**(23,126)**	**66,929**
Income tax expenses	5,949	10,810	11,852	22,509
Depreciation and amortization	10,745	9,405	20,833	18,661
Impairment of financial assets	4,646	0	4,646	0
Net interest (income) expense	(771)	671	(1,513)	789
(Gain)/loss on sales of property, plant and equipment	5	450	(102)	400
(Gain)/loss on sales of financial assets	(9,890)	0	(9,890)	0
Non-cash expenses and (income)	(2,254)	(1,969)	(1,917)	(2,608)
	25,710	**51,360**	**783**	**106,680**
(Increase)/decrease in working capital	(26,578)	(31,944)	(39,737)	5,735
Increase/(decrease) in short- and long-term provisions	(42,606)	(35,361)	36,654	(20,036)
Cash generated from operations	**(43,474)**	**(15,945)**	**(2,300)**	**92,379**
Interest paid	(543)	(1,397)	(1,193)	(2,213)
Income taxes paid	(2,397)	(9,959)	(14,843)	(22,358)
Net cash from operating activities	**(46,414)**	**(27,301)**	**(18,336)**	**67,808**
Interest and dividends received	1,128	1,473	2,706	2,586
Proceeds from sales of PPE	(57)	(9)	365	500
Repayments of loans, receivables and other financial assets (incl. sales of investments)	29,943	377	82,682	886
Purchase of property, plant and equipment	(11,024)	(6,605)	(17,934)	(11,182)
Investments (incl. goodwill) in consolidated subsidiaries	0	(57,156)	0	(59,469)
Purchase of intangible assets and other assets	(7,794)	(1,303)	(10,812)	(3,460)
Purchase of investments and other financial assets	(3,664)	(73,005)	(4,733)	(124,817)
Net cash flows from investing activities	**8,532**	**(136,228)**	**52,274**	**(194,956)**
Free cash flow	**(37,882)**	**(163,529)**	**33,938**	**(127,148)**
Change in current and non-current borrowings	(1,097)	1,807	(1,140)	99
Dividends paid	(47,239)	0	(47,239)	0
Dividends paid to non-controlling interests	0	(48)	0	(48)
Purchase of treasury shares	(2,003)	(6,699)	(3,980)	(6,699)
Sale of treasury shares	1,226	4,058	1,581	4,337
Net cash used in financing activities	**(49,113)**	**(882)**	**(50,778)**	**(2,311)**
Effect of exchange rate changes on cash and cash equivalents	8,920	(13,695)	1,149	(14,805)
Net (decrease) increase in cash and cash equivalents	**(78,075)**	**(178,106)**	**(15,691)**	**(144,264)**
Cash and cash equivalents at the beginning of the period	635,963	562,778	573,579	528,936
Cash and cash equivalents at the end of the period	***557,888***	***384,672***	***557,888***	***384,672***

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

for the six months ended June 30, 2012

General information

Panalpina World Transport (Holding) Ltd. (referred hereafter as the "Company") and its subsidiaries is one of the world's leading providers of supply chain solutions, combining intercontinental Air and Ocean Freight with comprehensive Value-Added Logistic Services and Supply Chain Services. Thanks to its in-depth industry know-how and customized IT systems, Panalpina provides globally integrated end-to-end solutions tailored to its customers' supply chain management 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 listed on the SIX Swiss Exchange in Zurich.

The condensed consolidated interim financial statements for the six months ended June 30, 2012 were approved for issue by the Audit Committee on July 30, 2012.

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 six-month period ended June 30, 2012.

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 December 31, 2011.

The condensed consolidated interim financial statements are presented in Swiss francs (CHF) which is the functional currency of the Company 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 2011, 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 2011 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 application of accounting policies and the reported amounts of assets, liabilities, income and expenses of the condensed consolidated interim financial statement. It requires management to exercise its judgment and assumptions 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 judgements, if any, are recognized in the period when they occur. In preparing this condensed consolidated interim financial report, significant judgements made by management in applying the key sources of estimation were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2011.

Income tax expenses are recognized based on management's best estimation of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period. Due to non-deductible tax expenses (mainly fines recognized in the amount of CHF 59.2 million), the current tax rate is not comparable with previous year's tax rate.

Changes in accounting policies

Effective January 1, 2012 the Group adopted the amendments to IFRS 7 ***"Disclosures - Transfer of Financial Assets" as well as*** the amendments to IAS 12 ***"Deferred tax - Recovery of Underlying Assets".***

IFRS 7 (amendment) *"Deferred tax - Transfer of Financial Assets"*
In October 2010 the IAS issued "Disclosures - Transfer of Financial Assets (amendments to IFRS 7) with an effective date of July 2011. The adoption of this amendment did not have any impact on the consolidated financial statements of the Group.

IAS 12 (amendment) *"Deferred tax - Recovery of Underlying Asset"*
In December 2010 the IASB issued Deferred Tax: "Recovery of Underlying Assets" - Amendments to IAS 12. The Amendment offers a partial clarification of the treatment of timing differences arising in connection with the application of the fair-value model of IAS 40. In the case of real estate held for investment purposes, it is often difficult to assess whether existing differences will reverse through continued use or as a result of a sale. The amendment to IAS 12 provides that reversal in principle occurs as a result of a sale. As a consequence of the amendment, SIC 21 "Income Taxes – Recovery of Revalued Depreciable Assets" shall no longer be effective for real estate held for investment purposes measured at fair value. The adoption of this amendment did not have any impact on the consolidated financial statements of the Group.

The following new or revised standards, amendments to standards and interpretations that have been published are mandatory for future Group's accounting periods, but the Group has not early adopted them: IFRS 9 *"Financial Instruments: Measurement and Classification"*, IFRS 10 *"Consolidated Financial Statements"*, IFRS 11 *"Joint Arrangements"*, IFRS 12 *"Disclosure of interests in other entities"*, IFRS 13 *"Fair value measurement"* as well as IAS 1 (amended) *"Presentation of Financial Statements"*, IAS 28 (amended) *"Investments in Associates",* IAS 32 (amended) *"Financial Instruments - Presentation"* and IFRS7 *"Financial Instruments - Offsetting of Financial Assets and Financial Liabilities*" and IAS 19 *"Employee benefits"*. IAS 19 was amended in June 2011. As the Group already eliminated the corridor approach and recognized all actuarial gains and losses in Other Comprehensive Income (OCI) as they occurred and already recognized all past service costs the impact on Group level will only be the replacement of interest costs, and the expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). In addition the amendments require additional disclosures at year end. The adoption of this amendment has a decreasing impact on the expected return on plan assets. The impact on the consolidated financial statements of the Group of the other new or revised standards, amendments to standards and interpretations 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 fromits 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 half year is normally weaker than the second half year. This seasonality is based on many factors, including holiday seasons, consumer demand, climate and economic conditions.

Condensed operating segment information

Management has determined the operating segments based on the reports reviewed by the Executive Board that are used to make strategic decisions. The Executive Board considers the business from a geographic perspective, as the Group's operations are predominantly managed by the geographical location. The Executive Board assesses performance of the operating segments based on a measure of adjusted EBIT. This measurement basis excludes the effect on non-recurring expenditure from the operating segments such as restructuring costs, legal expenses, reorganization costs as well as fines recognized. The measurement also excludes the unrealized gains and losses on financial instruments as well as interest income and expenditure, as this type of activities are driven by the central treasury function, which manages the cash position of the Group. Income taxes are not assessed by segment.

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 six months ended June 30, 2012 and 2011

in million CHF	Europe/ Africa/ Middle East/CIS 2012	Europe/ Africa/ Middle East/CIS 2011	North America 2012	North America 2011	Central and South America 2012	Central and South America 2011	Asia/ Pacific 2012	Asia/ Pacific 2011	**Total segments 2012**	**Total segments 2011**	Corporate 2012	Corporate 2011	Total Group 2012	Total Group 2011
Third-party net forwarding revenue	1,515	1,637	669	635	407	418	616	591	**3,207**	**3,281**	0	0	3,207	3,281
Gross profit (GP)	357	370	134	140	83	81	153	153	**727**	**744**	0	0	727	744
GP (decrease) increase in %	*(3.5)*		*(4.3)*		*2.5*		*0.0*		*(2.3)*				*(2.3)*	
Segment EBITDA	(1)	25	(5)	9	3	12	33	44	**30**	**90**	37	19	67	109
EBITDA in % of GP	*(0.3)*	*6.8*	*(3.7)*	*6.4*	*3.6*	*14.8*	*21.6*	*28.8*	*4.1*	*12.1*			*9.2*	*14.7*
Segment operating result (EBIT)	(9)	17	(8)	7	1	10	30	41	**14**	**75**	33	16	47	91
EBIT in % of GP	*(2.5)*	*4.6*	*(6.0)*	*5.0*	*1.2*	*12.3*	*19.6*	*26.8*	*1.9*	*10.1*			*6.5*	*12.2*
Fine and related costs													(59)	0
Operating result (EBIT)													(12)	91

For April to June 2012 and 2011

in million CHF	Europe/ Africa/ Middle East/CIS Q2 2012	Europe/ Africa/ Middle East/CIS Q2 2011	North America Q2 2012	North America Q2 2011	Central and South America Q2 2012	Central and South America Q2 2011	Asia/ Pacific Q2 2012	Asia/ Pacific Q2 2011	**Total segments Q2 2012**	**Total segments Q2 2011**	Corporate Q2 2012	Corporate Q2 2011	Total Group Q2 2012	Total Group Q2 2011
Third-party net forwarding revenue	788	811	351	317	213	201	315	300	**1,667**	**1,629**	0	0	1,667	1,629
Gross profit (GP)	179	183	66	70	43	40	75	78	**363**	**371**	0	0	363	371
GP increase (decrease) in %	*(2.2)*		*(5.7)*		*7.5*		*(3.8)*		*(2.2)*				*(2.2)*	
Segment EBITDA	(1)	9	(2)	9	4	6	15	23	**16**	**47**	17	6	33	53
EBITDA in % of GP	*(0.6)*	*4.9*	*(3.0)*	*12.9*	*9.3*	*15.0*	*20.0*	*29.5*	*4.4*	*12.7*			*9.1*	*14.3*
Segment operating result (EBIT)	(5)	6	(4)	8	3	5	14	21	**8**	**40**	15	4	23	44
EBIT in % of GP	*(2.8)*	*3.3*	*(6.1)*	*11.4*	*7.0*	*12.5*	*18.7*	*26.9*	*2.2*	*10.8*			*6.3*	*11.9*
Fine and related costs													0	0
Operating result (EBIT)													23	44

Information by business

The Group's business can be divided into three divisions: Air Freight, Ocean Freight and Logistics:

for six months ended June 30, 2012 and 2011

	Air Freight		Ocean Freight		Logistics		**Total**	
in million CHF	2012	2011	2012	2011	2012	2011	**2012**	**2011**
Third-party net forwarding revenue	1,540	1,657	1,238	1,167	429	457	**3,207**	**3,281**
Increase (decrease) in %	*(7.1)*		*6.1*		*(6.1)*		*(2.3)*	
Gross profit (GP)	321	343	225	221	181	180	**727**	**744**
GP margin in %	*20.8*	*20.7*	*18.2*	*18.9*	*42.2*	*39.4*	*22.7*	*22.7*
GP increase (decrease) in %	*(6.4)*		*1.8*		*0.6*		*(2.3)*	

for April to June 2012 and 2011

	Air Freight		Ocean Freight		Logistics		**Total**	
in million CHF	Q2 2012	Q2 2011	Q2 2012	Q2 2011	Q2 2012	Q2 2011	**Q2 2012**	**Q2 2011**
Third-party net forwarding revenue	792	837	657	564	218	228	**1,667**	**1,629**
Increase (decrease) in %	*(5.4)*		*16.5*		*(4.4)*		*2.3*	
Gross profit (GP)	162	173	110	108	91	90	**363**	**371**
GP margin in %	*20.5*	*20.7*	*16.7*	*19.1*	*41.7*	*39.5*	*21.8*	*22.8*
GP increase (decrease) in %	*(6.4)*		*1.9*		*1.1*		*(2.2)*	

Property, plant and equipment and intangible assets

During the period under review, the Group acquired CHF 12.6 million machinery and equipment (June 30, 2011: CHF 6.7 million, CHF 2.1 million vehicles (June 30, 2011: 1.0 million) and invested CHF 3.3 million in building and building under construction (June 30, 2011: CHF 2.4 million) and CHF 10.8 million in intangible assets (June 30, 2011: 3.6 million). Intangible assets comprise mainly software development and licences.

The following tables show the movements in the net book values of property, plant and equipment and intangible assets for the six-month period ended June 30, 2012 and 2011:

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended June 30, 2012		
Net book value on January 1, 2012	**113,180**	**141,743**
Translation differences	375	1,726
Additions	17,980	10,763
Disposals (net)	(256)	0
Depreciation and amortization	(14,588)	(6,245)
Net book value on June 30, 2012	**116,691**	**147,987**

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended June 30, 2011		
Net book value on January 1, 2011	**113,833**	**78,091**
Translation differences	(6,239)	(5,060)
Change in Scope of consolidation	444	56,279
Additions	10,124	3,647
Disposals (net)	(449)	0
Depreciation and amortization	(14,508)	(4,153)
Net book value on June 30, 2011	**103,205**	**128,804**

Intangible assets as of June 30; 2012 include goodwill of CHF 82.7 million (June 30, 2011: CHF 79.7 million), brands and customer relations of CHF 15.1 million (June 30, 2011: CHF 17.2 million) and software and other intangible assets of CHF 50.2 million (June 30, 2011: 31.9 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 six months ended June 30, 2012 and 2011. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount. As per June 30, 2012 no impairment indicators were determined.

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 June 30, 2012 and December 31, 2011 for brand name and customer relations was CHF 23.4 million and CHF 21.3 million, respectively. Amortization expenses of these intangible assets totalled CHF 1.6 million for the six months ended June 30, 2012 (six months ended June 30, 2011: CHF 1.4 million). There were no impairment charges recorded on these other intangible assets during the six months ended June 30, 2012 and 2011.

Investments and other current financial assets

In the period under review investments decreased by CHF 48.0 million mainly due to the repayment of money market and time deposits of CHF 34.3 million and the sale of the investment of 12% of Luxair SA's shares to the state of Luxembourg.
The decrease of other current financial assets was due to the repayment of money market investments in the amount of CHF 20 million. During the period under review the Group assesed the recoverable amount of another financial asset with the conclusion that the recoverability is no longer given. Therefore an impairment charge in the amount of CHF 4.6 million was recognized in the financial result.

Equity

The weighted average number of shares issued was 23,629,465 (December 31, 2011: 23,638,975). The ordinary share capital and issued numbers of shares have not changed during the interim period 2012. The Annual Meeting of Shareholders held as per May 8, 2012 approved the proposal of the Board of Directors to cancel the 1,250,000 repurchased shares as well as the reduction of the nominal value of the remaining 23,750,000 shares by CHF 1.90 per share. After the cancellation and the nominal value reduction of the shares the share capital would decrease to CHF 2.375 million.
Due to the reduction of the share capital, the Annual Meeting of Shareholders approved the proposal of the Board of Directors to adjust the authorized capital as per May 8, 2012. The Board of Directors is therefore authorized to create authorized capital to the maximum amount of CHF 300,000 by issuing a maximum of 3,000,000 registered shares with a nominal value of CHF 0.10 each at any time until May 10, 2013.

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. As per May 8, 2012 the shareholders approved, in addition to the above mentionned decisions, the distribution of a dividend for the fiscal year 2011 of CHF 2.00 per share (business year 2010: no dividend).
The dividends distributed to holders of outstanding shares during the interim period totaled CHF 47,239,112. (six months ended June 30, 2011: CHF 0) and had been recorded against retained earnings. Except for 1,380,444 treasury shares, all shares were dividend-bearing.

Share capital and treasury shares

in thousand CHF	Outstanding number of shares (numbers)	Ordinary shares	Treasury shares	Total
On January 1, 2012	**23,631,908**	**50,000**	**(197,278)**	**(147,278)**
Treasury shares				
Purchased	(42,000)		(3,980)	(3,980)
Sold under employee share plan	16,407		1,669	1,669
Sold under employee option plan	21,038		2,154	2,154
Bonus settled with own shares	15,878		1,615	1,615
On June 30, 2012	***23,643,231***	***50,000***	***(195,820)***	***(145,820)***

As of June 30, 2012, the number of outstanding shares amounted to 23,643,231 shares (December 31, 2011: 23,631,908 shares) and the number of treasury shares to 1,356,769 (December 31, 2011: 1,368,092). Treasury shares have been deducted from shareholder's equity.

Share and Option Ownership Program

Management Incentive Plan (MIP) 2011/12

As in previous years an additional management incentive plan was setup in 2012. Participants in this program had the right to purchase shares with a discount of 10% based on the share price equal to the closing price on the SIX Swiss Stock Exchange at the cut-off day. The difference between the discounted share price on the grant date and the share price paid by the participants is recognized as personnel expenses on the date of the issue of the shares. The shares are subject to a one-year lock-up period. For every purchased share under this plan, the Group granted a number of free shares according to a "Free Share Ratio" which is annually set by the Compensation and Nomination Committee. For the current year the ratio was set to 1:4 (1 free share per 4 shares bought). The free shares have a vesting period of one to three years. On non-vested free shares, no dividends are paid and there is no entitlement. The shares cannot be settled in cash.

The fair value of the free shares corresponds to the market price of the shares at the grant date.

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

Executive Board Mid-Term Incentive Plan

In the reporting period Executive Board members received 40% of the bonus in company shares totalling to 11,930 shares (previous year: 13,528 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 (13,528 shares) reflecting the bonus paid in the previous year.

Board of Directors Restricted Stock Award Plan

The restricted stock award plan for the Board of Directors has been introduced in 2009. Part of the remuneration of each Board member is settled in free shares of the company. The corresponding number of shares per member will be based on the share's closing price at the assignment date. The shares have a one-year restriction period. During the period under review the board of directors received 3,948 shares (2011: 2,562 shares).

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.

Long-term provisions

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended June 30, 2012			
Balance on January 1, 2012	**37,869**	**47,163**	**85,032**
Translation differences	(139)	862	723
Addition	2,371	5,531	7,902
Reversal of unused amounts	(508)	(1,929)	(2,437)
Utilization	(813)	(691)	(1,504)
Balance on June 30, 2012	**38,780**	**50,936**	**89,716**

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended June 30, 2011			
Balance on January 1, 2011	**34,450**	**78,129**	**112,579**
Translation differences	(1,334)	(4,713)	(6,047)
Change in Scope of consolidation	267	414	681
Addition	1,984	2,990	4,974
Reversal of unused amounts	(173)	(5,709)	(5,882)
Utilization	(131)	(436)	(567)
Balance on June 30, 2011	**35,063**	**70,675**	**105,738**

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 of CHF 3,118 million 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 June 30, 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 as well as a provision to cover the fines, legal penalties and compliance consultancy fees relating to the settlement of the U.S. Foreign Corrupt Practices Act (FCPA).

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 June 30, 2012					
Balance on January 1, 2012	**73,107**	**22,420**	**29,244**	**649**	**125,420**
Translation differences	(147)	(149)	(392)	(11)	(699)
Addition	40,383	4,444	65,135	0	109,962
Reversal of unused amounts	(8,951)	(664)	(3,891)	(19)	(13,525)
Utilization	(55,196)	(2,681)	(913)	(525)	(59,315)
Balance on June 30, 2012	**49,196**	**23,370**	**89,183**	**94**	**161,843**

in thousand CHF	Employee benefits and others	Outstanding vacation entitlement	Claims	Restructuring provisions	Total
Period ended June 30, 2011					
Balance on January 1, 2011	**64,737**	**19,449**	**56,028**	**839**	**141,053**
Translation differences	(2,982)	(1,161)	(3,725)	(67)	(7,935)
Change in Scope of consolidation	259	1,004	0	0	1,263
Addition	23,476	7,741	4,068	0	35,285
Reversal of unused amounts	(4,839)	(599)	(1,796)	0	(7,234)
Utilization	(30,628)	(5,492)	(12,062)	(170)	(48,352)
Reclassification to long-term provision	10	(10)	0	0	0
Balance on June 30, 2011	**50,033**	**20,932**	**42,513**	**602**	**114,080**

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 49.7 million of personnel profit participation (for the six month ended June 30, 2011: CHF 24.8 million) has been paid out. For the current year, additional personnel profit participation of CHF 31.6 million (for the six month ended June 30, 2011: CHF 12.1 million) and short term employee benefits have been recorded.

Claim provision includes the current portion of certain claims brought forward against the Group by customers and forwarding agents as well as a short-term provision of approximately CHF 16.7 million 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. In addition claim provision includes CHF 59.2 million to settle the penalties from WEKO and EU anti-trust Claim provision. The expenses for the WEKO and EU anti-trust Claim provision are included in other operating expenses.

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 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.

Major legal claims

In March 2012 the EU Commission has fined various major freight forwarding companies for antitrust violations prior to 2008 related to isolated air freight surcharges on certain European trade lanes. Panalpina was ordered to pay a penalty of EUR 46.5 million. Panalpina has appealed the European Commission's decision to the European General Court. Further Panalpina has signed a settlement agreement with competition authorities in Switzerland, which is still subject to the formal approval of the Swiss Competition Commission, and has booked a corresponding provision of CHF 3.2 million.

Regarding the Brazilian proceedings, Panalpina's Holding company has in the meantime been served with a preliminary investigation notice by the Brazilian competition authority (SDE) alleging anti-trust violations.

Other than that, the status of the proceedings disclosed under „pending legal claims" in the consolidated financial statements 2011 (pages120 and 121) remained unchanged.

Contingent liabilities and other commitments

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

Events after the balance sheet date

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

Basel, July 30, 2012