2014

First Quarter

PANALPINA

on 6 continents

CONDENSED INTERIM CONSOLI- DATED FINANCIAL STATEMENTS

CONTENTS

KEY DEVELOPMENTS IN FIRST QUARTER 2014

1 PANALPINA GROUP: KEY FIGURES FIRST QUARTER 2014

IN MILLION CHF	Q1 2014	Q1 2013
Net forwarding revenue	1,596.5	1,601.6
Gross profit	384.3	365.8
EBITDA	39.1	30.1
Operating result (EBIT)	24.5	18.5
Consolidated profit / (loss)	17.8	14.3

2 PANALPINA GROWS AHEAD OF MARKET AND IMPROVES PROFITABILITY IN FIRST QUARTER

International freight forwarding and logistics company Panalpina continued to gain market share in air and ocean freight in the first quarter of 2014. From January to March, Panalpina's volumes in both Air and Ocean Freight grew by 6%. EBIT in the same period increased almost a third to CHF 24.5 million.

2.1 EBIT INCREASES BY ALMOST A THIRD

Group gross profit increased 5% to CHF 384.3 million, reaching the highest first quarter level since the financial crisis. Total operating expenses were up 3% year-on-year but down 5% quarter-on-quarter on a like-for-like basis. Panalpina achieved an EBIT of CHF 24.5 million, an increase of 32% compared to last year's first quarter. The year-on-year EBIT increase was a combination of leveraging growth, managing costs and further improving productivity. The EBIT-to-gross-profit margin increased to 6.4%, up from 5.1% a year ago.

2.2 AIR FREIGHT

Panalpina's Air Freight volumes grew 6% in the first quarter, ahead of the market (+4%). Gross profit per ton decreased 1% to CHF 754 (Q1 2013: CHF 763). As a result, Air Freight gross profit reached CHF 153.7 million (Q1 2013: CHF 146.4 million). Air Freight achieved an EBIT of CHF 26.0 million (Q1 2013: CHF 22.2 million). The EBIT-to-gross-profit margin for the first quarter increased to 16.9% (Q1 2013: 15.2%).

2.3 OCEAN FREIGHT

Panalpina's Ocean Freight volumes also grew 6% year-on-year, while the market only grew 3%. Volumes out of Asia, particularly to North America and Europe, slowed down. Gross profit per TEU of Ocean Freight decreased 1% to CHF 333 (Q1 2013: CHF 338), which resulted in a gross profit of CHF 122.7 million (Q1 2013: CHF 117.3 million). Ocean Freight posted an EBIT of CHF 3.9 million, CHF 1.0 million less in comparison to last year's quarter, but CHF 2.7 million more in comparison to the preceding quarter. The EBIT-to-gross profit margin decreased to 3.2% in the first quarter (Q1 2013: 4.2%).

2.4 LOGISTICS

The Group's Logistics product recorded gross profit growth of 5% to CHF 107.9 million (Q1 2013: CHF 102.1 million). The loss on EBIT level decreased to CHF 5.4 million (Q1 2013: CHF 8.6 million), which was primarily a result of reduced losses in overland activities.

CONSOLIDATED INCOME STATEMENT

for the three months ended March 31, 2014 and 2013

IN THOUSAND CHF	NOTES	2014	2013
Forwarding services		1,951,915	1,943,096
Customs, duties and taxes		(355,459)	(341,543)
Net forwarding revenue	4	**1,596,456**	**1,601,553**
Forwarding services from third parties	4	(1,212,191)	(1,235,731)
Gross profit	4	**384,265**	**365,822**
Personnel expenses		(240,438)	(229,219)
Other operating expenses		(104,710)	(106,484)
EBITDA		**39,117**	**30,119**
Depreciation of property, plant and equipment	5	(8,348)	(8,516)
Amortization of intangible assets	5	(6,293)	(3,144)
Operating result (EBIT)		**24,476**	**18,459**
Finance income		658	1,885
Finance costs		(1,395)	(1,464)
Profit / (loss) before income tax (EBT)		**23,739**	**18,880**
Income tax expenses		(5,935)	(4,580)
Consolidated profit / (loss)		**17,804**	**14,300**
Consolidated profit / (loss) attributable to:			
Owners of the parent		17,972	14,695
Non-controlling interests		(168)	(395)
Earnings per share (in CHF per share)			
Basic		0.76	0.62
Diluted		0.76	0.62

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three months ended March 31, 2014 and 2013

IN THOUSAND CHF	2014	2013
Consolidated profit / (loss)	**17,804**	**14,300**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of the net defined benefit asset / liability	960	(3,329)
Income taxes on these components of other comprehensive income	(235)	834
Subtotal, net of tax	**725**	**(2,495)**
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets	0	270
Exchange difference on translations of foreign operations	(4,805)	15,361
Income tax on these components of other comprehensive income	0	0
Subtotal, net of tax	**(4,805)**	**15,631**
Other comprehensive income for the period, net of tax	**(4,080)**	**13,136**
Total comprehensive income for the period	**13,724**	**27,436**
Attributable to owners of the parent	13,874	27,708
Attributable to non-controlling interests	(150)	(272)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at March 31, 2014, December 31, 2013 and March 31, 2013, respectively

IN THOUSAND CHF	NOTES	MARCH 31, 2014	DECEMBER 31, 2013	MARCH 31, 2013
ASSETS				
Non-current assets				
Property, plant and equipment	5	112,855	118,908	130,525
Intangible assets	5	125,512	118,093	138,238
Investments		29,592	28,349	33,506
Post-employment benefit assets		20,699	19,905	0
Deferred income tax assets		65,776	65,457	70,878
Total non-current assets		**354,434**	**350,712**	**373,147**
Current assets				
Other receivables and other current assets		163,101	102,671	136,986
Unbilled forwarding services		87,844	91,192	84,901
Trade receivables		1,046,287	1,059,582	1,059,288
Derivative financial instruments		2,040	2,905	1,654
Other current financial assets		521	5,472	0
Cash and cash equivalents		355,348	336,923	392,151
Total current assets		**1,655,141**	**1,598,745**	**1,674,980**
Total assets		**2,009,575**	**1,949,457**	**2,048,127**
EQUITY AND LIABILITITES				
Equity				
Share capital	6	2,375	2,375	2,375
Treasury shares	6	(2,995)	(3,339)	(9,404)
Retained earnings and reserves		712,495	698,472	768,919
Total equity attributable to owners of the parent		**711,875**	**697,508**	**761,890**
Non-controlling interests		11,523	11,673	8,892
Total equity		**723,398**	**709,181**	**770,782**
Non-current liabilities				
Borrowings		206	208	250
Provisions	7	80,574	77,617	77,907
Post-employment benefit liabilities [1]		49,695	49,674	62,952
Deferred income tax liabilities [1]		13,812	16,533	13,417
Total non-current liabilities		**144,287**	**144,032**	**154,526**
Current liabilities				
Trade payables		541,057	577,205	581,504
Other payables and accruals		196,047	152,017	165,282
Accrued cost of services		202,025	184,479	222,186
Borrowings		1,130	3,053	2,797
Derivative financial instruments		5,511	1,710	6,451
Provisions and other liabilities	7	171,014	155,366	123,518
Current income tax liabilities		25,106	22,414	21,081
Total current liabilities		**1,141,890**	**1,096,244**	**1,122,819**
Total liabilities		**1,286,177**	**1,240,276**	**1,277,345**
Total equity and liabilities		**2,009,575**	**1,949,457**	**2,048,127**

[1] Figures as of March 31, 2013 have been restated due to the early adoption of the amendments to IAS 19 (November 2013) in 2013. Please refer to note 2.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the three months ended March 31, 2014 and 2013

2014 IN THOUSAND CHF	ATTRIBUTABLE TO THE OWNERS OF THE PARENT					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL		
Balance on January 1, 2014	**2,375**	**(3,339)**	**(187,798)**	**886,270**	**697,508**	**11,673**	**709,181**
Consolidated profit				17,972	17,972	(168)	17,804
Other comprehensive income			(4,823)	725	(4,098)	18	(4,080)
Total comprehensive income for the period	**0**	**0**	**(4,823)**	**18,697**	**13,874**	**(150)**	**13,724**
Dividends paid					0	0	0
Share-based payments employee share plan				230	230		230
Share-based payments option plan				0	0		0
Changes in treasury shares, net		344		(81)	263		263
Balance on March 31, 2014	**2,375**	**(2,995)**	**(192,621)**	**905,116**	**711,875**	**11,523**	**723,398**

2013 IN THOUSAND CHF	ATTRIBUTABLE TO THE OWNERS OF THE PARENT					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL		
Balance on January 1, 2013	**2,375**	**(10,018)**	**(164,810)**	**905,965**	**733,512**	**9,241**	**742,753**
Consolidated profit				14,695	14,695	(395)	14,300
Other comprehensive income			15,238	(2,225)	13,013	123	13,136
Total comprehensive income for the period	**0**	**0**	**15,238**	**12,470**	**27,708**	**(272)**	**27,436**
Dividends paid					0	(77)	(77)
Share-based payments employee share plan				318	318		318
Share-based payments option plan				13	13		13
Changes in treasury shares, net		614		(275)	339		339
Balance on March 31, 2013	**2,375**	**(9,404)**	**(149,572)**	**918,491**	**761,890**	**8,892**	**770,782**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the three months ended March 31, 2014 and 2013

IN THOUSAND CHF	NOTES	JANUARY - MARCH 2014	JANUARY - MARCH 2013
Consolidated profit / (loss)		**17,804**	**14,300**
Income tax expenses		5,935	4,580
Depreciation and amortization	5	14,641	11,660
Net interest expenses / (income)		(181)	(261)
Loss / (gain) on sales of property, plant and equipment	5	(271)	(84)
Other non-cash (income) and expenses		28	44
		37,956	**30,239**
(Increase) / decrease in working capital adjustments		(14,171)	(9,006)
(Decrease) / increase in short-term and long-term provisions and other liabilities		19,754	3,095
Cash generated from operations		**43,539**	**24,328**
Interest paid		(267)	(280)
Income taxes paid		(10,644)	(11,747)
Net cash from operating activities		**32,628**	**12,301**
Interest and dividends received		448	541
Proceeds from sales of property, plant and equipment		1,361	169
Proceeds from investments and other current financial assets		4,814	0
Repayments of long-term loans and receivables and other financial assets		262	456
Purchase of property, plant and equipment		(4,308)	(6,734)
Purchase of intangible assets and other assets		(13,629)	(5,880)
Purchase of investments and other financial assets		(2,007)	(1,486)
Net cash used in investing activities		**(13,059)**	**(12,934)**
Free cash flow		**19,569**	**(633)**
Proceeds of short- and long-term borrowings		2,053	0
Repayment of short- and long-term borrowings		0	(104)
Dividends paid to non-controlling interests		0	(77)
Sale of treasury shares		263	339
Net cash used in financing activities		**2,316**	**158**
Effect of exchange rate changes on cash and cash equivalents		(3,460)	(435)
Net increase / (decrease) in cash and cash equivalents		**18,425**	**(910)**
Cash and cash equivalents at the beginning of the period		336,923	393,061
Cash and cash equivalents at the end of the period		**355,348**	**392,151**

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Panalpina World Transport (Holding) Ltd. (referred to hereafter as the Company) and its subsidiaries (collectively the "Group" and individually "Group Companies") is one of the world's leading providers of supply chain solutions. The company combines its core products of Air Freight, Ocean Freight, and Logistics to deliver globally integrated, tailor-made end-to-end solutions. Drawing on in-depth industry knowledge and customized IT systems, Panalpina manages the needs of its customers' supply chains, no matter how demanding they might be.

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.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements are the unaudited condensed interim consolidated financial statements (hereafter "the Interim Financial Statements") of the Company for the three-months period ended March 31, 2014 (hereafter "the Interim Period"). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2013 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information. They were authorized for issuance in accordance with a resolution by the Group's Audit Committee on April 28, 2014.

2.2 STATEMENT OF COMPLIANCE

The Interim Financial Statements have been prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group since the Annual Financial Statements.

2.3 MANAGEMENT JUDGMENTS AND ESTIMATES

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It requires management to exercise its judgments 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 are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas in which assumptions and estimates are significant to the Interim Financial Statements, were the same as those applied in the Annual Financial Statements.

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.

2.4 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.

2.5 SIGNIFICANT ACCOUNTING POLICIES

Except as described in note 2.6, the accounting policies applied in these Interim Financial Statements are the same as those applied in the Annual Financial Statements.

As described in the Annual Financial Statements, in 2013 the Group early adopted the amendments to IAS 19 "*Defined Benefit Plans - Employee Contributions*" issued in November 2013 and decided to apply the practical expedient (IAS 19 para. 93 (b)). As a result, the defined benefit obligation increased by CHF 1.185 million as of January 1, 2012 and remeasurement losses recognized within other comprehensive income by CHF 0.856 million for the year ended December 31, 2012, respectively, whereas current service costs decreased by CHF 0.611 million for the year ended December 31, 2012, resulting in an overall net increase of post-employment benefit liabilities of CHF 1.430 million as of January 1, 2013 (CHF 1.080 million net of deferred tax) with a relating decrease of equity.

2.6 CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new standards, new interpretations and amendments to existings standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2014: Amendments to IFRS 10, IFRS 11 and IAS 27 "*Investment Entities*", Amendments to IAS 39 "*Novation of Derivatives and Continuation of Hedge Accounting*", IFRIC 21 "*Levies*" and certain amendments to various standards from "*Annual Improvements to IFRS 2010-2012 Cycle*" issued by the IASB. These do not have a material impact on the Group's overall results and financial position as well as related disclosures.

2.7 FUTURE NEW AND REVISED STANDARDS

The following new or revised standards, amendments to existings standards and interpretations have been issued, but are not yet effective: "*Annual Improvements to IFRS 2010-2012 Cycle*" and "*Annual Improvements to IFRS 2011-2013 Cycle*" both issued by the IASB (effective date June 30, 2015), IFRS 14 "*Regulatory Deferral Accounts*" (effective date January 1, 2016) and IFRS 9 "*Financial Instruments*" (effective date January 1, 2018). The Group has not yet analyzed in detail the changes to the accounting policies and the impact on the Group's overall results and financial position.

3 CHANGE IN SCOPE OF CONSOLIDATION

During the Interim Period under review, no significant new subsidiary has been established and there was no business combination and no significant subsidiaries were disposed of.

4 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 operating result (Segment EBIT). This measurement basis excludes the effects on non-recurring expenditure from the operating segments.

Condensed operating segment information for the three months ended March 31, 2014 is as follows:

2014 IN THOUSAND CHF	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	ASIA PACIFIC	ELIMI-NATIONS	TOTAL GROUP
External forwarding services	641,209	143,368	511,757	300,122		1,596,456
Intra-group forwarding services	311,822	48,051	205,706	378,196	(943,775)	0
Net forwarding revenue	**953,031**	**191,419**	**717,463**	**678,318**	**(943,775)**	**1,596,456**
Forwarding services from third parties	(798,844)	(157,980)	(602,600)	(596,542)	943,775	(1,212,191)
Gross profit	**154,187**	**33,439**	**114,863**	**81,776**	**0**	**384,265**
Personnel expenses	(103,831)	(20,053)	(75,031)	(41,523)		(240,438)
Other operating expenses	(42,652)	(12,215)	(32,652)	(17,191)		(104,710)
EBITDA	**7,704**	**1,171**	**7,180**	**23,062**	**0**	**39,117**
Depreciation and amortization	(5,339)	(1,664)	(4,208)	(3,430)		(14,641)
Operating result (EBIT)	**2,365**	**(493)**	**2,972**	**19,632**	**0**	**24,476**
Financial result						
Finance income						658
Finance costs						(1,395)
Profit before income tax (EBT)						**23,739**
Income tax expenses						(5,935)
Consolidated profit						**17,804**

Condensed operating segment information for the three months ended March 31, 2013 is as follows:

2013 IN THOUSAND CHF	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	ASIA PACIFIC	ELIMI-NATIONS	TOTAL GROUP
External forwarding services	620,040	125,280	566,068	290,165		1,601,553
Intra-group forwarding services	326,144	44,743	154,490	336,485	(861,862)	0
Net forwarding revenue	**946,184**	**170,023**	**720,558**	**626,650**	**(861,862)**	**1,601,553**
Forwarding services from third parties	(794,411)	(140,565)	(608,379)	(554,238)	861,862	(1,235,731)
Gross profit	**151,773**	**29,458**	**112,179**	**72,412**	**0**	**365,822**
Personnel expenses	(105,257)	(18,727)	(67,937)	(37,298)		(229,219)
Other operating expenses	(42,802)	(10,914)	(37,102)	(15,666)		(106,484)
EBITDA	**3,714**	**(183)**	**7,140**	**19,448**	**0**	**30,119**
Depreciation and amortization	(3,939)	(1,755)	(3,419)	(2,547)		(11,660)
Operating result (EBIT)	**(225)**	**(1,938)**	**3,721**	**16,901**	**0**	**18,459**
Financial result						
Finance income						1,885
Finance costs						(1,464)
Profit before income tax (EBT)						**18,880**
Income tax expenses						(4,580)
Consolidated profit						**14,300**

4.1 INFORMATION BY PRODUCT

The Group's business can be divided into three divisions: Air Freight, Ocean Freight, Logistics. Information by product for the three months ended March 31, 2014 and 2013 is as follows:

2014 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
Net forwarding revenue	**746,996**	**667,054**	**182,406**	**1,596,456**
Forwarding services from third parties	(593,252)	(544,380)	(74,559)	(1,212,191)
Gross profit	**153,744**	**122,674**	**107,847**	**384,265**
Personnel expenses	(89,810)	(82,723)	(67,905)	(240,438)
Other operating expenses	(32,583)	(30,908)	(41,219)	(104,710)
EBITDA	**31,351**	**9,043**	**(1,277)**	**39,117**
Depreciation and amortization	(5,347)	(5,106)	(4,188)	(14,641)
Operating result (EBIT)	**26,004**	**3,937**	**(5,465)**	**24,476**
Financial result				
Finance income				658
Finance costs				(1,395)
Profit before income tax (EBT)				**23,739**
Income tax expenses				(5,935)
Consolidated profit				**17,804**

2013 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
Net forwarding revenue	**718,944**	**663,355**	**219,254**	**1,601,553**
Forwarding services from third parties	(572,432)	(546,136)	(117,163)	(1,235,731)
Gross profit	**146,512**	**117,219**	**102,091**	**365,822**
Personnel expenses	(85,240)	(78,940)	(65,039)	(229,219)
Other operating expenses	(35,169)	(29,749)	(41,566)	(106,484)
EBITDA	**26,103**	**8,530**	**(4,514)**	**30,119**
Depreciation and amortization	(3,937)	(3,619)	(4,104)	(11,660)
Operating result (EBIT)	**22,166**	**4,911**	**(8,618)**	**18,459**
Financial result				
Finance income				1,885
Finance costs				(1,464)
Profit before income tax (EBT)				**18,880**
Income tax expenses				(4,580)
Consolidated profit				**14,300**

5 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the Interim Period, the Group recognized an amount of CHF 2.1 million, a net total of additions of CHF 3.2 million and disposals of CHF 1.1 million, (2013: CHF 2.9 million) as machinery and equipment, CHF 1.1 million (2013: CHF 1.8 million) as buildings and buildings under construction, CHF 0.0 million (2013: 2.0 million) as vehicles and CHF 13.6 million (2013: 5.9 million) as intangible assets. Additions to intangible assets mainly comprise costs incurred relating to software licenses and software development costs (both external and internally generated costs capitalized).

The following table shows the movements in the net book values of property, plant and equipment and intangible assets for the three months periods ended March 31, 2014 and 2013, respectively.

IN THOUSAND CHF	PROPERTY, PLANT AND EQUIPMENT 2014	INTANGIBLE ASSETS 2014	PROPERTY, PLANT AND EQUIPMENT 2013	INTANGIBLE ASSETS 2013
Net book value on January 1	**118,908**	**118,093**	**130,209**	**134,135**
Translation differences	(923)	100	2,140	1,356
Additions	4,308	13,629	6,777	5,891
Disposals (net)	(1,090)	(17)	(85)	0
Depreciation and amortization	(8,348)	(6,293)	(8,516)	(3,144)
Net book value on March 31	**112,855**	**125,512**	**130,525**	**138,238**

Intangible assets as of March 31, 2014 include goodwill of CHF 44.4 million (March 31, 2013: CHF 65.0 million), brands and customer relations of CHF 0.0 million (March 31, 2013: CHF 1.5 million) and software of CHF 81.1 million (March 31, 2013: CHF 71.5 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 of a CGU 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 three months periods ended March 31, 2014 and 2013, respectively. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount. As per March 31, 2014, no impairment indicator was identified.

Intangible assets with a finite useful life 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 that were fully amortized at December 31, 2013. There were no impairment charges recorded on intangible assets during the three months periods ended March 31, 2014 and 2013, respectively.

6 SHARE CAPITAL AND TREASURY SHARES

The share capital, the number of issued shares and the authorized capital have not changed during the Interim Period. The weighted average number of shares issued was 23,717,619 (March 31, 2013: 23,652,780).

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 dividends for the fiscal year 2013 of CHF 2.20 per share. This proposal is subject to approval at the Annual Meeting of Shareholders on May 9, 2014.

IN THOUSAND CHF	OUT-STANDING NUMBER OF SHARES (NUMBERS)	ORDINARY SHARES	TREASURY SHARES	TOTAL
Shares issued	23,750,000	2,375		2,375
Treasury shares held	(33,467)		(3,339)	(3,339)
Balance on January 1, 2014	**23,716,533**	**2,375**	**(3,339)**	**(964)**
Treasury shares				
Purchased	0	0	0	0
Sold under employee share plan	938	0	94	94
Sold under employee option plan	2,508	0	250	250
Bonus settled with own shares	0	0	0	0
Subtotal movement of treasury shares during the period	3,446	0	344	344
Shares issued	23,750,000	2,375		2,375
Treasury shares held	(30,021)		(2,995)	(2,995)
Balance on March 31, 2014	**23,719,979**	**2,375**	**(2,995)**	**(620)**

As of March 31, 2014, the number of outstanding shares amounted to 23,719,979 shares (March 31, 2013: 23,655,761 shares) and the number of treasury shares to 30,021 (March 31, 2013: 94,239). Treasury shares have been deducted from shareholder’s equity.

7 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.

7.1 LONG-TERM PROVISIONS

2014 IN THOUSAND CHF	EMPLOYEE BENEFITS	CLAIMS AND OTHER PROVI-SIONS	TOTAL PROVI-SIONS
Balance on January 1	**32,055**	**45,562**	**77,617**
Translation differences	(40)	74	34
Addition	1,248	3,080	4,328
Reversal of unused amount	(247)	(98)	(345)
Charged in income statement	**1,001**	**2,982**	**3,983**
Utilization	(808)	(252)	(1,060)
Balance on March 31	**32,208**	**48,366**	**80,574**

2013 IN THOUSAND CHF	EMPLOYEE BENEFITS	CLAIMS AND OTHER PROVI-SIONS	TOTAL PROVI-SIONS
Balance on January 1	**34,097**	**38,984**	**73,081**
Translation differences	592	556	1,148
Addition	824	4,089	4,913
Reversal of unused amount	(127)	(948)	(1,075)
Charged in income statement	**697**	**3,141**	**3,838**
Utilization	(140)	(20)	(160)
Balance on March 31	**35,246**	**42,661**	**77,907**

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 the USA. The timings of these cash outflows can be reasonably estimated based on past performance. In addition employee provisions include the liability of CHF 377 thousand (December 31, 2013: CHF 363 thousand) for the cash settled compensation plan. Significant provisions are discounted by using the corresponding discount rate applicable in respective countries where 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 March 31 is expected to be utilized within the next two to five years. Management determined the provision based on past performance and its expectation of the funds needed for the future settlement of claims not yet reported.

7.2 SHORT-TERM PROVISIONS AND OTHER LIABILITIES

2014 (IN THOUSAND CHF)	EMPLOYEE BENEFITS AND OTHERS	OUT-STANDING VACATION ENTITLE-MENT	CLAIMS	RESTRUC-TURING	TOTAL
Balance on January 1	**74,457**	**23,035**	**49,178**	**8,696**	**155,366**
Translation differences	(474)	(122)	(227)	(6)	(829)
Addition	21,524	692	1,973	832	25,021
Reversal of unused amounts	(1,241)	(25)	(1,090)	(834)	(3,190)
Charged in income statement	**20,283**	**667**	**883**	**(2)**	**21,831**
Utilization	(414)	33	(1,900)	(3,073)	(5,354)
Balance on March 31	**93,852**	**23,613**	**47,934**	**5,615**	**171,014**

2013 (IN THOUSAND CHF)	EMPLOYEE BENEFITS AND OTHERS	OUT-STANDING VACATION ENTITLE-MENT	CLAIMS	RESTRUC-TURING	TOTAL
Balance on January 1	**51,585**	**22,238**	**33,225**	**17,431**	**124,479**
Translation differences	789	446	890	384	2,509
Addition	14,923	1,374	516	1,438	18,251
Reversal of unused amounts	(3,235)	(89)	(1,866)	(135)	(5,325)
Charged in income statement	**11,688**	**1,285**	**(1,350)**	**1,303**	**12,926**
Utilization	(1,011)	(105)	(6,827)	(8,453)	(16,396)
Balance on March 31	**63,051**	**23,864**	**25,938**	**10,665**	**123,518**

Apart from outstanding vacation entitlement and the current portion of items 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 Interim Period, CHF 0.4 million of personnel profit participation (2013: CHF 1.0 million) was paid out. For the Interim Period, an additional provision of CHF 17.5 million (2013: CHF 12.4 million) for personnel profit participation and related social security costs and payroll taxes was recognized.

Claims provisions include the current portion of certain claims brought forward against the Group by customers and forwarding agents as well as an amount of USD 35 million related to a U.S. class action settlement agreement formally executed in Q1/2014. Utilization of the claims provision during the three months period ended March 31, 2013 mainly included a payment of CHF 3.2 million for the WEKO claim.

The restructuring provision held as at January 1, 2014 related to headcount reductions in certain functions mainly in Germany, Norway and Angola (January 1, 2013: concerned headcount reductions in all functions mainly in marketing and sales and in operations in various countries with the largest amounts for Europe and North America, as well as for Corporate functions). During the Interim Period, no significant additional restructuring provisions have been recognized.

8 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives, policies and government structure are consistent with those disclosed in note 17 to the Annual Financial Statements.

Fair value hierarchy

The table below analyzes recurring fair value measurement for financial assets and financial liabilities. These fair value measurements are categorized into different levels in the fair value hierarchy based on the input and techniques used. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

MARCH 31, 2014 (IN THOUSAND CHF)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale financial assets	0	2,104	0	2,104
Financial assets at fair value through profit or loss held for trading	1,589	0	0	1,589
Derivative financial assets	0	2,040	0	2,040
Available-for-sale financial assets at cost				126
Total				**5,859**
Derivative financial liabilities	0	5,511	0	5,511
Total				**5,511**

DECEMBER 31, 2013 (IN THOUSAND CHF)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale financial assets	0	2,146	0	2,146
Financial assets at fair value through profit or loss held for trading	6,512	0	0	6,512
Derivative financial assets	0	2,905	0	2,905
Available-for-sale financial assets at cost				134
Total				**11,697**
Derivative financial liabilities	0	1,710	0	1,710
Total				**1,710**

There were no significant transfers between Level 1 and Level 2 and vice versa during the Interim Period.

The Group determines Level 2 fair values using the following valuation techniques:

- Availabe-for-sale investments using a valuation model based on the most recently published financial data.
- Derivative financial instruments are based on valuation models that use observable market data for interest rates and foreign exchange rates at the measurement date.

Other financial instruments (such as e.g. short-term trade and other receivables / payables / accruals) are not disclosed as their carrying amounts are a reasonable approximation of fair values.

9 MAJOR LEGAL CLAIMS

As reported in the Annual Financial Statements, Panalpina entered into a preliminary agreement to settle a class action lawsuit and agreed to pay an amount of USD 35 million, which includes previously received proceeds of USD 5.8 million, in an unrelated class action against various airlines. This agreement which is still subject to U.S. court approval has been formally executed in Q1/2014 and the payment, which has been fully provisioned in 2013, has been made in April 2014.

Other than this, the status of the proceedings disclosed under “pending legal claims” in the Annual Financial Statements (pages 131 and 132) has remained unchanged.

10 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

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

11 EVENTS AFTER THE BALANCE SHEET DATE

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

Basel, April 28, 2014