Panalpina Condensed Consolidated Interim Financial Statements

January to March 2011

PANALPINA
on 6 continents

Content

Key Developments in First Quarter 2011

Panalpina Group: Key Figures First Quarter 2011

in million CHF	Q1 2011	Q1 2010
Net forwarding revenue	1,651.9	1,587.8
Gross profit	373.4	327.4
Gross profit margin	22.6%	20.6%
Reported EBITDA	55.6	10.1
EBITDA margin	14.9%	3.1%
Reported EBIT	46.4	(0.6)
EBIT margin	12.4%	(0.2%)
Reported consolidated profit	34.9	0.0
Free cash flow	36.4	(23.3)

Panalpina with solid start into 2011

In the first quarter of 2011, the Panalpina Group reported strong double digit growth in profitability compared to the first quarter 2010 and volume increases in Air and Ocean Freight. Gross profit increased by 14% (+22% currency adjusted) year-on-year to CHF 373 million which, together with ongoing cost discipline, led to a jump in EBITDA to CHF 56 million (Q1 2010: CHF 10 million). The growth in profitability and improvements in working capital management resulted in an excellent operating cash flow of CHF 108 million (Q1 2010: CHF -13 million).

Currencies impacted financial results

The ongoing strength of the Swiss franc again had a major effect on the financial results. Gross profit was impacted by almost 8% and amounted to CHF 373 million in the first quarter of 2011, an increase of 14% (+22% currency adjusted). However, currencies had no material impact on margins.

Gross profit increase across all segments

In Q1 2011, Panalpina recorded a gross profit increase across all segments. Gross profit per ton of Air Freight and per TEU (twenty-foot equivalent unit) of Ocean Freight experienced double-digit growth. Air Freight recorded a gross profit increase of 24% to CHF 170 million (+32% currency adjusted) which was driven by higher volumes of 6% and strong yields. Gross profit per ton grew by 17% (+24% currency adjusted). Ocean Freight volume increased by 2% and gross profit grew 12% (+20% currency adjusted) to CHF 113 million resulting mainly from higher yields. Gross profit per TEU increased by 10% (+16% currency adjusted). In the Logistics segment, gross profit grew by 1% (+8% currency adjusted) to CHF 90 million.

Strong cash flow generation

Operating expenses of CHF 318 million remained almost flat year-on-year, helped by the strong Swiss franc. In the first quarter of 2011, the EBITDA-to-gross profit margin increased to 14.9% from 3.1% in the same quarter of 2010. At the same time, the net working capital intensity reached a new all-time low of 1.3% at the end of March 2011 compared to 2.2% at the end of March 2010. These significant improvements in profitability and working capital management led to a boost of operating cash flow, which grew to CHF 108 million in the first quarter of 2011 compared to CHF -13 million in the first quarter of 2010.

Consolidated Income Statement

for three months ended 31 March 2011 and 2010

in thousand CHF	January - March 2011	2010	Variance vs PY in %
Forwarding services	2,022,313	1,964,686	2.9
Customs, duties and taxes	(370,384)	(376,897)	(1.7)
Net forwarding revenue	**1,651,929**	**1,587,789**	**4.0**
Forwarding services from third parties	(1,278,504)	(1,260,377)	1.4
Gross profit	**373,425**	**327,412**	**14.1**
Personnel expenses	(226,495)	(213,945)	5.9
Other operating expenses	(91,334)	(103,132)	(11.4)
Gains on sales of non-current assets	50	(253)	(119.8)
EBITDA	**55,646**	**10,082**	**451.9**
Depreciation of property, plant and equipment	(7,536)	(8,419)	(10.5)
Amortization of intangible assets	(1,720)	(2,219)	(22.5)
Operating result (EBIT)	**46,390**	**(556)**	**n/a**
Finance income	2,802	3,575	(21.6)
Finance costs	(2,557)	(2,903)	(11.9)
Profit before income tax (EBT)	**46,635**	**116**	**n/a**
Income tax expenses	(11,699)	(79)	n/a
Consolidated profit	***34,936***	***37***	***n/a***
Consolidated profit attributable to:			
Owners of the parent	34,653	99	n/a
Non-controlling interests	283	(62)	n/a
Earnings per share (in CHF per share)			
Basic	1.47	0.00	100.0
Diluted	1.46	0.00	100.0

Consolidated Statement of Comprehensive Income

for three months ended 31 March 2011 and 2010

	January - March	
in thousand CHF	2011	2010
Consolidated profit	**34,936**	**37**
Other comprehensive income		
Available-for-sale financial assets	577	(88)
Amounts recognized in equity for defined benefit post-employment plans		
– Actuarial (losses) gains	5,599	6,623
Exchange difference on translations of foreign operations	(3,449)	8,344
Income tax on components of other comprehensive income	(1,372)	(1,623)
Other comprehensive income for the period, net of tax	**1,355**	**13,256**
Total comprehensive income for the period	***36,291***	***13,293***
Attributable to owners of the parent	36,087	13,220
Attributable to non-controlling interests	204	73

Consolidated Statement of Financial Position

as of 31 March 2011 respectively as of 31 December 2010

Assets

in thousand CHF	31 March 2011	31 December 2010
Non-current assets		
Property, plant and equipment	111,441	113,833
Intangible assets	81,006	78,091
Investments	36,524	34,843
Derivative financial instruments	97	0
Post-employment benefit assets	15,911	10,312
Deferred income tax assets	61,099	65,871
Total non-current assets	**306,078**	**302,950**
Current assets		
Other receivables and other current assets	107,176	97,957
Unbilled forwarding services	79,919	74,742
Trade receivables	973,830	958,114
Derivative financial instruments	5,196	20,454
Other current financial assets	55,949	6,089
Cash and cash equivalents	562,778	528,936
Total current assets	**1,784,848**	**1,686,292**
Total assets	***2,090,926***	***1,989,242***

Equity and liabilities

in thousand CHF	31 March 2011	31 December 2010
Equity		
Share capital	50,000	50,000
Treasury shares	(195,694)	(196,003)
Reserves	986,877	950,282
Total equity attributable to owners of the parent	**841,183**	**804,279**
Non-controlling interests	8,094	7,890
Total equity	**849,277**	**812,169**
Non-current liabilities		
Borrowings	425	403
Provisions	114,760	112,579
Post-employment benefit liabilities	42,364	40,671
Derivative financial instruments	1,281	539
Deferred income tax liabilities	17,251	20,745
Total non-current liabilities	**176,081**	**174,937**
Current liabilities		
Trade payables	556,701	521,207
Other payables and accruals	157,119	134,264
Accrued cost of services	169,464	174,840
Borrowings	6,439	9,335
Derivative financial instruments	752	4,993
Provisions and other liabilities	155,208	141,053
Current income tax liabilities	19,885	16,444
Total current liabilities	**1,065,568**	**1,002,136**
Total liabilities	**1,241,649**	**1,177,073**
Total equity and liabilities	***2,090,926***	***1,989,242***

Condensed Consolidated Statement of Changes in Equity

for three months ended 31 March 2011 and 2010

in thousand CHF	Attributable to owners of the parent: Share capital	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance on 1 January 2011	**50,000**	**(196,003)**	**(108,862)**	**(151,070)**	**1,210,214**	**804,279**	**7,890**	**812,169**
Consolidated profit					34,653	34,653	283	34,936
Other comprehensive income for the period, net of tax			4,804	(3,370)		1,434	(79)	1,355
Total comprehensive income for the period	**0**	**0**	**4,804**	**(3,370)**	**34,653**	**36,087**	**204**	**36,291**
Share-based payments - employee share plan					230	230		230
Share-based payments - option plan					308	308		308
Changes in treasury shares, net		309			(30)	279		279
Balance on 31 March 2011	***50,000***	***(195,694)***	***(104,058)***	***(154,440)***	***1,245,375***	***841,183***	***8,094***	***849,277***

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

Condensed Consolidated Statement of Cash Flows

for three months ended 31 March 2011 and 2010

in thousand CHF	January - March 2011	2010
Profit for the period	**34,936**	**37**
Income tax expenses	11,699	79
Depreciation and amortization	9,256	10,638
Net interest (income) expense	118	39
Gain on sales of property, plant and equipment	(50)	253
Non-cash expenses and income	(639)	(895)
	55,320	**10,151**
(Increase) decrease in working capital	37,679	(39,212)
Increase (decrease) in short- and long-term provisions	15,325	15,844
Cash generated from operations	**108,324**	**(13,217)**
Interest paid	(816)	(1,074)
Income taxes paid	(12,399)	(6,251)
Net cash from operating activities	**95,109**	**(20,542)**
Interest and dividends received	1,113	1,700
Proceeds from sales of PPE and assets held for sale	509	582
Repayments of loans, receivables and other financial assets	509	3,045
Purchase of property, plant and equipment	(4,577)	(4,386)
Investments (incl. goodwill) in consolidated subsidiaries	(2,313)	0
Purchase of intangible assets and other assets	(2,157)	(1,642)
Purchase of investments held for trading and other financial assets	(51,812)	(2,020)
Net cash flows from investing activities	**(58,728)**	**(2,721)**
Free cash flow	**36,381**	**(23,263)**
Repayment of current and non-current borrowings	(1,708)	(2,253)
Sale of treasury shares	279	0
Net cash used in financing activities	**(1,429)**	**(2,253)**
Effect of exchange rate changes on cash and cash equivalents	(1,110)	4,451
Net (decrease) increase in cash and cash equivalents	**33,842**	**(21,065)**
Cash and cash equivalents at the beginning of the period	528,936	531,803
Cash and cash equivalents at the end of the period	***562,778***	***510,738***

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

for the three months ended 31 March 2011

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 logistics services, specializing in end-to-end supply chain management solutions and intercontinental air freight and ocean freight shipments. Thanks to its in-depth industry know-how and state-of-the-art IT systems, Panalpina provides globally integrated door-to-door forwarding services 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 listed on the SIX Swiss Exchange in Zurich.

The condensed consolidated interim financial statements for the three months ended 31 March 2011 were approved for issue by the Audit Committee on 3 May 2011.

Basis of preparation of the condensed consolidated interim financial statements

These interim financial statements comprise the unaudited consolidated interim financial statements of the Company and its affiliates (together referred to as the "Group" and individually as "Group entities") for the three-month period ended 31 March 2011.

They are prepared in accordance with the International Accounting Standard 34 (IAS 34) "*Interim Financial Reporting*". These consolidated interim financial statements do not include the notes contained in the annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2010.

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 2010, except where noted below. Where necessary, comparative information has been reclassified from the previously reported consolidated interim financial statements taking into account any presentational changes made in the consolidated financial statements 2010 or in these consolidated interim financial statements.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect application of accounting policies and the reported amounts of assets, liabilites, income and expenses of the consolidated interim financial statements.

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 and judgments are recognized in the period in which the estimates are revised and in any future periods affected.

Income tax expenses are recognized based upon the best estimate of the weighted average annual income tax rate expected for the full financial year. The current tax rate is not comparable with previous year tax rate as in certain tax jurisdictions minimum tax payments were owed in previous year due to low profit before taxes.

Changes in accounting policies

Effective 1 January 2011 the Group adopted the revised standard IAS 24 ***"Related Party Disclosures"*** as well as the amendments to IAS 32 ***"Financial Instruments: Presentation - Classification of Rights Issues"*** and IFRIC 14 ***"The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum Funding Requirement".***

IAS 24 (revised) *"Related Party Disclosures"*
The revised standard supersedes IAS 24 "Related Party Disclosures", issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. The revised standard provides a simplified definition of related parties by clarifying its intended meaning and eliminating inconsistencies from the definition.

IAS 32 (amendment) *"Financial Instruments: Presentation - Classification of Rights Issues"*
The amendment applies to annual periods beginning on or after 1 February 2010. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". As Panalpina has no rights issues, the adoption of this amendment did not have any impact on the condensed consolidated financial statements.

IFRIC 14 (amendment) *"The Limit on a Defined Benefit Asset, Minimum Funding Requirement and Their Interaction – Prepayment of a Minimum Funding Requirement"*
The amendment corrects an unintended consequence of IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction". Without the amendment, entities are not permitted to recognize some voluntary prepayments for minimum funding contributions as an asset. With this amendment this has been revoked and should be applied retrospectively to the earliest comparative period presented. The adoption of this amendment did not have any impact on the consolidated financial statements of the Group.

In addition, the IASB issued amendments to its standards in May 2010, primarily with a view to remove inconsistencies and clarifying the wording. There are separate transitional provisions for each standard. The adoption of the amendments resulted in changes to the accounting policies but did not have any significant impact on the financial position or performance of the Group.

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 2012 or later periods, but the Group has not early adopted them: IFRS 7 (amended) *"Transfer of Financial Assets"*, IFRS 9 *"Financial Instruments: Measurement and Classification"* and IAS 12 (amended) *"Recovery of Underlying Assets"*. Their impact on the consolidated financial statements of the Group has not yet been analyzed in detail but it is not expected to be material, if any.

Change in scope and method of consolidation

The consolidated interim financial statements comprise the financial statements of all companies which are directly or indirectly controlled by Panalpina. Control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. During the period under review Panalpina Logistics S.R.L., Buenos Aires has been established.

Seasonality

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

Condensed operating segment information

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 adusted EBIT. This measurement basis excludes the effect on non-recurring expenditure from the operating segments such as restructuring costs, legal expenses, reoganization costs as well as fines recognized. The measurement also excludes the urealized gains/losses on financial instruments as well as interest income and expenditure, as this type of activity is 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 three months ended 31 March 2011 and 2010

	Europe/ Africa/ Middle East/CIS		North America		Central and South America		Asia/ Pacific		**Total segment**		Corporate		Total Group	
in million CHF	2011	2010	2011	2010	2011	2010	2011	2010	**2011**	**2010**	2011	2010	2011	2010
Third-party net forwarding revenue	826	828	318	309	217	178	291	273	**1,652**	**1,588**	0	0	1,652	1,588
Gross profit (GP)	187	173	70	61	41	35	75	58	**373**	**327**	0	0	373	327
GP (decrease) increase in %	*8.1*		*14.8*		*17.1*		*29.3*		*14.1*				*14.1*	
EBITDA	16	3	0	(10)	6	5	21	12	**43**	**10**	13	0	56	10
EBITDA in % of GP	*8.6*	*1.7*	*0.0*	*(16.4)*	*14.6*	*14.3*	*28.0*	*20.7*	*11.5*	*3.1*			*15.0*	*3.1*
Operating result (EBIT)	11	(3)	(1)	(11)	5	4	20	10	**35**	**0**	12	(1)	47	(1)
EBIT in % of GP	*5.9*	*(1.7)*	*(1.4)*	*(18.0)*	*12.2*	*11.4*	*26.7*	*17.2*	*9.4*	*0.0*			*12.6*	*(0.3)*

Information by business

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

for three months ended 31 March 2011 and 2010

	Air Freight		Ocean Freight		Logistics		**Total**	
in million CHF	2011	2010	2011	2010	2011	2010	**2011**	**2010**
Third-party net forwarding revenue	820	747	603	632	229	209	**1,652**	**1,588**
Increase (decrease) in %	*9.8*		*(4.6)*		*9.6*		*4.0*	
Gross profit (GP)	170	137	113	101	90	89	**373**	**327**
GP margin in %	*20.7*	*18.3*	*18.7*	*16.0*	*39.3*	*42.6*	*22.6*	*20.6*
GP increase (decrease) in %	*24.1*		*11.9*		*1.1*		*14.1*	

Property, plant and equipment and intangible assets

During the period under review, the Group acquired CHF 3.4 million (2010: CHF 2.5 million) machinery and equipment, CHF 0.9 million (2010: CHF 1.3 million) in building and building under construction, CHF 0.3 million in vehicles (2010: 0.6 million) and CHF 4.5 million (2010: 1.6 million) intangible assets. Intangible assets comprise mainly software licences as well as the acquired assets of Apollo Perth (see also business combination).

The following tables show the movements in the net book values of property, plant and equipment and intangible assets for the three-month period ended 31 March 2011 and 2010.

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended 31 March 2011		
Net book value on 1 January 2011	**113,833**	**78,091**
Translation differences	1,000	145
Change in the scope of consolidation	45	2,322
Additions	4,558	2,168
Disposals (net)	(459)	0
Depreciation and amortization	(7,536)	(1,720)
Net book value on 31 March 2011	**111,441**	**81,006**

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

Intangible assets as of 31 March 2011 include goodwill of CHF 44.7 million (31 March 2010: CHF 42.4 million), brands and customer relations of CHF 4.2 million (31 March 2010: CHF 4.4 million) and software of CHF 32.1 million (31 March 2010: CHF 24.4 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 ended 31 March 2011 and 2010. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount.

Intangible assets with estimable useful lives are amortized over the period of their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with IAS 36 *"Impairment of Assets"*. Intangible assets, stated at cost net of amortization and impairment charges, include brand name and customer relations, which are amortized on a straight-line basis over the estimated useful life of 5 to 10 years. Accumulated amortization as of 31 March 2011 and 31 December 2010 for brand name and customer relations was CHF 19.3 million. Amortization expenses of these intangible assets totaled CHF 330 thousand for the three months ended 31 March 2011 (three months 2010: CHF 481 thousand). There were no impairment charges recorded on these other intangible assets during the three months ended 31 March 2011 and 2010.

Equity

The ordinary share capital and issued numbers of shares as well as the authorized capital have not changed during the interim period 2011. The weighted average number of shares in issue was 23,644,919 (2010: 23,667,477).

Dividends

The amount available for dividend distribution is based on the available distributable retained earnings of Panalpina World Transport (Holding) Ltd. determined in accordance with the legal provisions of the Swiss Code of Obligations. The Board of Directors has proposed that no dividends should be distributed for the fiscal year 2010. This proposal is subject to approval at the Annual Meeting on 10 May 2011.

Share capital and treasury shares

in thousand CHF	Outstanding number of shares (numbers)	Ordinary shares	Treasury shares	Total
On 1 January 2011	**23,642,458**	**50,000**	**(196,003)**	**(146,003)**
Treasury shares				
Sold under employee option plan	3,115		309	309
On 31 March 2011	***23,645,573***	***50,000***	***(195,694)***	***(145,694)***

As of 31 March 2011, the number of outstanding shares amounted to 23,645,573 shares (31 March 2010: 23,667,477 shares) and the number of treasury shares to 1,354,427 (31 March 2010: 1,332,523). Treasury shares have been deducted from shareholder's equity.

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 31 March 2011			
Balance on 1 January 2011	**34,450**	**78,129**	**112,579**
Translation differences	573	57	630
Change in scope of consolidation	54	0	54
Addition	1,491	3,597	5,088
Reversal of unused amounts	(202)	(2,796)	(2,998)
Utilization	(247)	(346)	(593)
Balance on 31 March 2011	**36,119**	**78,641**	**114,760**

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

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

The balance for claims represents a provision for certain claims brought forward against the Group by customers and forwarding agents. The balance as of 31 March is expected to be utilized within the next two to five years. Long-term claims include an additional provision for probable potential future payments in connection with transport damages 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 31 March 2011					
Balance on 1 January 2011	**64,737**	**19,449**	**56,028**	**839**	**141,053**
Translation differences	222	256	(519)	23	(18)
Addition	19,953	3,660	2,958	0	26,571
Reversal of unused amounts	(2,509)	(616)	(714)	0	(3,839)
Utilization	(906)	(1,662)	(5,595)	(396)	(8,559)
Balance on 31 March 2011	**81,497**	**21,087**	**52,158**	**466**	**155,208**

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

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 0.9 million of personnel profit participation (2010: CHF 9.4 million) has been paid out. For the current year, additional personnel profit participation of CHF 11.4 million and termination benefits (2010: CHF 24.3 million) as well as related social security costs and payroll taxes 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 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.

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. During the period under review no additional restructuring provisions have been recognized.

Business combinations

On 1 February 2011, Panalpina World Transport (Pty) Ltd. in Sydney announced the purchase of defined tangible and intangible assets and the business of Apollo Forwarding in Perth. Apollo and Panalpina have been close partners for more than 10 years. During that time, Apollo Perth has acted as agent of Panalpina. The purchase enables Panalpina to further enlarge the geographical office coverage in Oceania and widen the customer base. In addition to being a well established customs broker, Apollo Perth also provides international freight forwarding services to its Australia based customers who now gain access to Panalpina's global network. The acquisition has been settled for an initial cash consideration of CHF 2.3 million, with a deferred consideration of up to CHF 0.6 million depending of the financial performance of the acquired business during the two year period ended 31 January 2013.

Tangible assets acquired in 2011 include mainly office equipment and vehicles. Intangible assets include customer relationship.

In 2010, there were no acquisitions of subsidiaries or associated companies during the interim period.

Details of net assets acquired and goodwill are as follows:

in thousand CHF	Acquiree's carrying amount	Revaluation due to purchase accounting	Fair value 2011
Property, plant and equipment	45	0	45
Intangible assets	0	617	617
Provisions	(54)	0	(54)
Net assets	**(9)**	**617**	**608**
Goodwill			1,705
Total cash flow from acquisition of businesses			***2,313***

Major legal claims

The status of the proceedings disclosed under „pending legal claims" in the consolidated financial statements 2010 (pages 131 and 132) has not changed.

Contingent liabilities and other commitments

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

Events after the balance sheet date

On 22 March 2011, the Norwegian Competition Authority approved Panalpina's acquisition of Grieg Logistics AS in Norway. As per 1 April 2011 the Group aquired 100 percent of the issued share capital of Grieg Logistics AS, a company today encompassing freight forwarding, domestic transportation, warehousing, distribution and customs clearance with operations in fourteen locations. The acquisition will be settled for an initial cash consideration of approximately CHF 60.5 million, with a deferred consideration adjustment depending on the company net working capital as per acquisition date. As the acquisition and the initial accounting for the business combination is uncompleted, it is not feasible to provide information about the assets and liabilities as at the date. The transaction will be included in the condensed consolidated interim financial statements as per 30 June 2011.

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

Basel, 3 May 2011