Panalpina Condensed Consolidated Interim Financial Statements

January to September 2011

PANALPINA
on 6 continents

Content

Key Developments in Third Quarter 2011

Panalpina Group: Key Figures Third Quarter 2011

in millions CHF	July - September 2011	July - September 2010	January - September 2011	January - September 2010
Net forwarding revenue	**1,571.0**	1,873.7	**4,851.8**	5,355.3
Gross profit	**356.1**	381.6	**1,100.4**	1,089.3
EBITDA	**54.2**	59.4	**163.6**	5.8
Operating result (EBIT)	**44.8**	49.5	**135.5**	(28.7)
Consolidated profit	**31.7**	33.6	**98.7**	(58.9)

Panalpina's focus on profitable growth shows in strong third quarter results

The Panalpina Group reported strong results for the third quarter of 2011. Currency adjusted, gross profit increased by 11% year-on-year, supported by organic growth across all regions and segments. Volumes outpaced the market in Ocean Freight and gained traction in Air Freight. The strength of the Swiss franc continued to have a significant adverse effect on the financial results of the Group.

Asia Pacific leading gross profit growth

Gross profit amounted to CHF 356 million in the third quarter of 2011, resulting in a decrease of 7% (+11% currency adjusted). Gross profit for the first nine months of 2011 came in at CHF 1'100 million, an increase of 1% (+14% currency adjusted). All regions and segments recorded an organic gross profit increase. Asia Pacific achieved a record gross profit for the first nine months. The region also reported the highest gross profit growth in local currencies, followed by North America, Latin America and the EMEA region. Gross profit growth in the segments was led by Air Freight, which again was mainly driven by strong yields in a slowing market. The Group achieved an EBITDA of CHF 54 million in the third quarter (CHF 163 million in the first nine months). CHF 14 million of EBITDA were lost due to currency translation (CHF 29 million in the first nine months). The EBITDA-to-gross profit margin showed a further improvement from Q2 (14.5%) to Q3 (15.2%) despite a slowing environment.

Market share gains in Ocean Freight, narrowing gap in Air Freight

In Ocean Freight, Panalpina recorded a volume growth of 8% and therefore gained market share. In fact, the third quarter marked the highest quarterly volumes ever in Ocean Freight. In the first nine months volumes grew 4%. Gross profit per TEU (twenty-foot equivalent unit) of Ocean Freight decreased by 18% (-2% currency adjusted) year-on-year due to the low level of rates and a highly competitive environment. Volume growth in Air Freight was still affected by the profitability restoration program initiated in 2010, where unprofitable business was discontinued. Air Freight volumes were down by 6% year-on-year (-3% in the first nine months). Quarter-on-quarter the gap to the market narrowed from 8% to less than 3%. Yield focus led to a further rise in gross profit per ton, up 3% year-on-year (+23% currency adjusted). Yield management also resulted in a rise of the Group's gross profit margin year-on-year for the third quarter (22.7% compared to 20.4%).

Consolidated Income Statement

for three and nine months ended 30 September 2011 and 2010

in thousand CHF	July - September 2011	July - September 2010	July - September Variance vs PY in %	January - September 2011	January - September 2010	January - September Variance vs PY in %
Forwarding services	1,926,251	2,258,113	(14.7)	5,927,833	6,510,418	(8.9)
Customs, duties and taxes	(355,307)	(384,424)	(7.6)	(1,076,044)	(1,155,157)	(6.8)
Net forwarding revenue	**1,570,944**	**1,873,689**	**(16.2)**	**4,851,789**	**5,355,261**	**(9.4)**
Forwarding services from third parties	(1,214,840)	(1,492,120)	(18.6)	(3,751,390)	(4,266,002)	(12.1)
Gross profit	**356,104**	**381,569**	**(6.7)**	**1,100,399**	**1,089,259**	**1.0**
Personnel expenses	(209,069)	(222,676)	(6.1)	(661,791)	(659,278)	0.4
Other operating expenses	(93,205)	(99,652)	(6.5)	(274,983)	(424,507)	(35.2)
Gains (losses) on sales of non-current assets	350	149	134.9	(50)	351	(114.2)
EBITDA	**54,180**	**59,390**	**(8.8)**	**163,575**	**5,825**	**2,708.2**
Depreciation of property, plant and equipment	(6,625)	(8,045)	(17.7)	(21,133)	(28,190)	(25.0)
Amortization of intangible assets	(2,776)	(1,835)	51.3	(6,929)	(6,306)	9.9
Operating result (EBIT)	**44,779**	**49,510**	**(9.6)**	**135,513**	**(28,671)**	**572.6**
Finance income	418	2,131	(80.4)	4,499	6,546	(31.3)
Finance costs	(4,344)	(5,458)	(20.4)	(9,721)	(12,731)	(23.6)
Profit before income tax (EBT)	**40,853**	**46,183**	**(11.5)**	**130,291**	**(34,856)**	**473.8**
Income tax expenses	(9,126)	(12,530)	(27.2)	(31,635)	(24,028)	31.7
Consolidated profit	***31,727***	***33,653***	***(5.7)***	***98,656***	***(58,884)***	***267.5***
Consolidated profit attributable to:						
Owners of the parent	31,285	32,820	(4.7)	97,338	(60,492)	260.9
Non-controlling interests	442	833	(46.9)	1,318	1,608	(18.0)
Earnings per share (in CHF per share)						
Basic	1.33	1.38	(3.6)	4.12	(2.56)	260.9
Diluted	1.33	1.38	(3.6)	4.12	(2.56)	260.9

Consolidated Statement of Comprehensive Income

for three and nine months ended 30 September 2011 and 2010

	July - September		January - September	
in thousand CHF	2011	2010	2011	2010
Consolidated profit	**31,727**	**33,653**	**98,656**	**(58,884)**
Other comprehensive income				
Available-for-sale financial assets	2	(2)	556	(89)
Amounts recognized in equity for defined benefit post-employment plans				
– Actuarial (losses) gains	(3,095)	4,965	(8,092)	7,087
Exchange difference on translations of foreign operations	10,839	(22,727)	(22,607)	(5,273)
Income tax on components of other comprehensive income	8,319	(1,212)	12,498	(1,886)
Other comprehensive income for the period, net of tax	**16,065**	**(18,976)**	**(17,645)**	**(161)**
Total comprehensive income for the period	***47,792***	***14,677***	***81,011***	***(59,045)***
Attributable to owners of the parent	47,409	14,362	80,026	(60,279)
Attributable to non-controlling interests	383	315	985	1,234

Consolidated Statement of Financial Position

as of 30 September 2011 respectively as of 31 December 2010

Assets

in thousand CHF	30 September 2011	31 December 2010
Non-current assets		
Property, plant and equipment	106,918	113,833
Intangible assets	131,247	78,091
Investments	35,301	34,843
Derivative financial instruments	4,528	0
Post-employment benefit assets	3,497	10,312
Deferred income tax assets	60,320	65,871
Total non-current assets	**341,811**	**302,950**
Current assets		
Other receivables and other current assets	96,252	97,957
Unbilled forwarding services	78,554	74,742
Trade receivables	1,004,806	958,114
Derivative financial instruments	440	20,454
Other current financial assets	148,567	6,089
Cash and cash equivalents	431,428	528,936
Total current assets	**1,760,047**	**1,686,292**
Total assets	***2,101,858***	***1,989,242***

Equity and liabilities

in thousand CHF	30 September 2011	31 December 2010
Equity		
Share capital	50,000	50,000
Treasury shares	(197,758)	(196,003)
Reserves	1,030,659	950,282
Total equity attributable to owners of the parent	**882,901**	**804,279**
Non-controlling interests	9,107	7,890
Total equity	**892,008**	**812,169**
Non-current liabilities		
Borrowings	312	403
Provisions	111,496	112,579
Post-employment benefit liabilities	40,764	40,671
Derivative financial instruments	503	539
Deferred income tax liabilities	5,161	20,745
Total non-current liabilities	**158,236**	**174,937**
Current liabilities		
Trade payables	531,495	521,207
Other payables and accruals	147,210	134,264
Accrued cost of services	209,246	174,840
Borrowings	6,218	9,335
Derivative financial instruments	10,631	4,993
Provisions and other liabilities	128,253	141,053
Current income tax liabilities	18,561	16,444
Total current liabilities	**1,051,614**	**1,002,136**
Total liabilities	**1,209,850**	**1,177,073**
Total equity and liabilities	***2,101,858***	***1,989,242***

Condensed Consolidated Statement of Changes in Equity

for nine months ended 30 September 2011 and 2010

	Attributable to owners of the parent						Non-con-trolling interests	Total equity
in thousand CHF	Share capital	Treasury shares	Other reserves	Transla-tion reserve	Retained earnings	Total		
Balance on 1 January 2011	**50,000**	**(196,003)**	**(108,862)**	**(151,070)**	**1,210,214**	**804,279**	**7,890**	**812,169**
Consolidated profit					97,338	97,338	1,318	98,656
Other comprehensive income for the period, net of tax			1,890	(19,202)		(17,312)	(333)	(17,645)
Total comprehensive income for the period	**0**	**0**	**1,890**	**(19,202)**	**97,338**	**80,026**	**985**	**81,011**
Dividends paid						0	(47)	(47)
Share-based payments - employee share plan					984	984		984
Share-based payments - option plan					696	696		696
Changes in treasury shares, net		(1,755)			(1,329)	(3,084)		(3,084)
Acquisition Grieg						0	279	279
Balance on 30 September 2011	***50,000***	***(197,758)***	***(106,972)***	***(170,272)***	***1,307,903***	***882,901***	***9,107***	***892,008***

	Attributable to owners of the parent						Non-con-trolling interests	Total equity
in thousand CHF	Share capital	Treasury shares	Other reserves	Transla-tion reserve	Retained earnings	Total		
Balance on 1 January 2010	**50,000**	**(192,567)**	**(101,723)**	**(136,473)**	**1,237,327**	**856,564**	**7,015**	**863,579**
Consolidated profit					(60,492)	(60,492)	1,608	(58,884)
Other comprehensive income for the period, net of tax			5,112	(4,899)		213	(374)	(161)
Total comprehensive income for the period	**0**	**0**	**5,112**	**(4,899)**	**(60,492)**	**(60,279)**	**1,234**	**(59,045)**
Dividends paid					0	0	(54)	(54)
Share-based payments - employee share plan					527	527		527
Share-based payments - option plan					1,506	1,506		1,506
Changes in treasury shares, net		(545)			(1,531)	(2,076)		(2,076)
Acquired non-controlling interests					(3)	(3)	3	0
Balance on 30 September 2010	***50,000***	***(193,112)***	***(96,611)***	***(141,372)***	***1,177,334***	***796,239***	***8,198***	***804,437***

Condensed Consolidated Statement of Cash Flows

for three and nine months ended 30 September 2011 and 2010

	July - September		January - September	
in thousand CHF	2011	2010	2011	2010
Profit for the period	**31,727**	**33,653**	**98,656**	**(58,884)**
Income tax expenses	9,126	12,530	31,635	24,028
Depreciation and amortization	9,401	9,880	28,062	34,496
Net interest (income) expense	205	214	994	(1,138)
(Gain) loss on sales of property, plant and equipment	(350)	(149)	50	(351)
Non-cash expenses and income	3,427	2,167	819	3,651
	53,536	**58,295**	**160,216**	**1,802**
(Increase) decrease in working capital	14,414	51,668	20,149	(61,052)
Increase (decrease) in short- and long-term provisions	11,266	(17,516)	(8,770)	87,739
Cash generated from operations	**79,216**	**92,447**	**171,595**	**28,489**
Interest paid	(1,261)	(1,199)	(3,474)	(4,484)
Income taxes paid	(5,497)	(4,722)	(27,855)	(16,064)
Net cash from operating activities	**72,458**	**86,526**	**140,266**	**7,941**
Interest and dividends received	1,330	1,117	3,916	4,248
Proceeds from sales of PPE and assets held for sale	638	(203)	1,138	1,121
Repayments of loans, receivables and other financial assets	400	337	1,286	14,282
Purchase of property, plant and equipment	(8,253)	(7,679)	(19,435)	(16,096)
Acquisition of subsidiaries, net of cash	0	0	(59,469)	0
Purchase of intangible assets and other assets	(5,360)	(3,230)	(8,820)	(8,292)
Purchase of investments held for trading and other financial assets	(20,447)	2,401	(145,264)	(10,178)
Net cash flows from investing activities	**(31,692)**	**(7,257)**	**(226,648)**	**(14,915)**
Free cash flow	**40,766**	**79,269**	**(86,382)**	**(6,974)**
Change in current and non-current borrowings	(44)	(227)	55	(2,362)
Dividends paid to non-controlling interests	1	1	(47)	(54)
Purchase of treasury shares	(1,918)	(1,463)	(8,617)	(4,228)
Sale of treasury shares	69	270	4,406	1,462
Net cash used in financing activities	**(1,892)**	**(1,419)**	**(4,203)**	**(5,182)**
Effect of exchange rate changes on cash and cash equivalents	7,882	991	(6,923)	6,559
Net (decrease) increase in cash and cash equivalents	**46,756**	**78,841**	**(97,508)**	**(5,597)**
Cash and cash equivalents at the beginning of the period	384,672	447,365	528,936	531,803
Cash and cash equivalents at the end of the period	***431,428***	***526,206***	***431,428***	***526,206***

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

for the nine months ended 30 September 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 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 is listed on the SIX Swiss Exchange in Zurich.

The condensed consolidated interim financial statements for the nine months ended 30 September 2011 were approved for issue by the Audit Committee on 2 November 2011.

Basis of preparation of the condensed consolidated interim financial statements

These interim financial statements comprise the unaudited condensed consolidated interim financial statements of the Company and its affiliates (together referred to as the “Group” and individually as “Group entities”) for the nine-month period ended 30 September 2011.

They are prepared in accordance with the International Accounting Standard 34 (IAS 34) *“Interim Financial Reporting”.* These condensed consolidated interim financial statements do not include the notes contained in the annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 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 condensed consolidated interim financial statements taking into account any presentational changes made in the consolidated financial statements 2010 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 and accounting policies and the reported amounts of assets, liabilities income and expenses of the condensed consolidated interim financial statements.

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 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 the 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. The Group is disclosing related parties transactions with revised standard.

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 condensed consolidated interim financial statements comprise the financial statements of all companies which are directly or indirectly controlled by Panalpina. Control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. During the period under review Grieg Logistics AS, Norway was fully acquired and Panalpina Logistics SRL, Buenos Aires has been established. The entities are completely included in the scope of consolidation.

Seasonality

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

Condensed operating segment information

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 activity is driven by the central treasury function, which manages the cash position of the Group. Income taxes are not assessed by segment.

In the nine months period ended 30 September 2011 no non-recurring expenditures were recognized. To comply with year end 2010 disclosure the segment information for the period ended 30 September 2010 has been adjusted by the expenses for the provision to cover the fines, legal penalties and compliance consultancy fees relating to the settlement of both the U.S. Foreign Corrupt Practices Act (FCPA) and the U.S. anti-trust investigations in the total amount of CHF 128 million which were originally included in the segment "North America" (CHF 40 million) and in the reconciling item "Corporate" (CHF 88 million).

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

Condensed operating segment information

for nine months ended 30 September 2011 and 2010

in million CHF	Europe/ Africa/ Middle East/CIS 2011	2010 [1]	North America 2011	2010 [1]	Central and South America 2011	2010 [1]	Asia/ Pacific 2011	2010 [1]	**Total segment 2011**	**2010** [1]	Corporate 2011	2010 [1]	Total Group 2011	2010 [1]
Third-party net forwarding revenue	2,385	2,714	946	1,080	618	626	903	935	**4,852**	**5,355**	0	0	4,852	5,355
Gross profit (GP)	544	558	203	201	120	116	233	214	**1,100**	**1,089**	0	0	1,100	1,089
GP (decrease) increase in %	*(2.5)*		*1.0*		*3.4*		*8.9*		*1.0*				*1.0*	
Segment EBITDA	39	55	11	(11)	13	18	65	67	**128**	**129**	36	5	164	134
EBITDA in % of GP	*7.2*	*9.9*	*5.4*	*(5.5)*	*10.8*	*15.5*	*27.9*	*31.3*	*11.6*	*11.8*			*14.9*	*12.3*
Segment operating result (EBIT)	26	32	7	(15)	10	16	61	61	**104**	**94**	32	5	136	99
EBIT in % of GP	*4.8*	*5.7*	*3.4*	*(7.5)*	*8.3*	*13.8*	*26.2*	*28.5*	*9.5*	*8.6*			*12.4*	*9.1*
Fine and related costs														(128)
Operating result (EBIT)														(29)

[1] For comparison reasons the segment information for the period ended 30 September 2010 was restated by the expenses for the provision to cover the fines, legal penalties and compliance consultancy fees relating to the settlement of both the U.S. Foreign Corrupt Practices Act (FCPA) and U.S. anti-trust investigations.

for July to September 2011 and 2010

in million CHF	Europe/ Africa/ Middle East/CIS Q3 2011	Q3 2010	North America Q3 2011	Q3 2010	Central and South America Q3 2011	Q3 2010	Asia/ Pacific Q3 2011	Q3 2010	**Total segment Q3 2011**	**Q3 2010**	Corporate Q3 2011	Q3 2010	Total Group Q3 2011	Q3 2010
Third-party net forwarding revenue	748	935	311	382	200	222	312	334	**1,571**	**1,873**	0	0	1,571	1,873
Gross profit (GP)	174	190	63	70	39	43	80	78	**356**	**381**	0	0	356	381
GP increase (decrease) in %	*(8.4)*		*(10.0)*		*(9.3)*		*2.6*		*(6.6)*				*(6.6)*	
Segment EBITDA	14	27	2	1	1	8	21	25	**38**	**61**	17	(1)	55	60
EBITDA in % of GP	*8.0*	*14.2*	*3.2*	*1.4*	*2.6*	*18.6*	*26.3*	*32.1*	*10.7*	*16.0*			*15.4*	*15.7*
Segment operating result (EBIT)	9	16	0	0	0	8	20	23	**29**	**47**	16	2	45	49
EBIT in % of GP	*5.2*	*8.4*	*0.0*	*0.0*	*0.0*	*18.6*	*25.0*	*29.5*	*8.1*	*12.3*			*12.6*	*12.9*

Information by business

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

for nine months ended 30 September 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	2,446	2,584	1,739	2,121	667	650	**4,852**	**5,355**
Increase (decrease) in %	*(5.3)*		*(18.0)*		*2.6*		*(9.4)*	
Gross profit (GP)	508	481	331	338	261	270	**1,100**	**1,089**
GP margin in %	*20.8*	*18.6*	*19.0*	*15.9*	*39.1*	*41.5*	*22.7*	*20.3*
GP increase (decrease) in %	*5.6*		*(2.1)*		*(3.3)*		*1.0*	

for July to September 2011 and 2010

	Air Freight		Ocean Freight		Logistics		**Total**	
in million CHF	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	**Q3 2011**	**Q3 2010**
Third-party net forwarding revenue	789	880	572	773	210	220	**1,571**	**1,873**
Increase (decrease) in %	*(10.3)*		*(26.0)*		*(4.5)*		*(16.1)*	
Gross profit (GP)	165	169	110	124	81	88	**356**	**381**
GP margin in %	*20.9*	*19.2*	*19.2*	*16.0*	*38.6*	*40.0*	*22.7*	*20.3*
GP increase (decrease) in %	*(2.4)*		*(11.3)*		*(8.0)*		*(6.6)*	

Property, plant and equipment and intangible assets

During the period under review, the Group acquired CHF 11.9 million machinery and equipment (30 September 2010: CHF 10.3 million), CHF 6.4 million in building and building under construction (30 September 2010: CHF 3.3 million), CHF 1.1 million in vehicles (30 September 2010: 1.7 million) and CHF 8.9 million intangible assets (30 September 2010: 8.2 million), mainly software licences.

The following tables show the movements in the net book values of property, plant and equipment and intangible assets for the nine-month period ended 30 September 2011 and 2010:

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended 30 September 2011		
Net book value on 1 January 2011	**113,833**	**78,091**
Translation differences	(4,415)	(5,102)
Change in scope of consolidation	444	56,279
Additions	19,377	8,908
Disposals (net)	(1,188)	0
Depreciation and amortization	(21,133)	(6,929)
Net book value on 30 September 2011	**106,918**	**131,247**

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

Intangible assets as of 30 September 2011 include goodwill of CHF 79.8 million (30 September 2010: CHF 42.0 million), brands and customer relations of CHF 16.1 million (30 September 2010: CHF 3.5 million) and software and other intangible assets of CHF 35.3 million (30 September 2010: 27.2 million).

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

There were no impairment charges recorded on goodwill during the nine months ended 30 September 2011 and 2010. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount. As per 30 September 2011 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 30 September 2011 and 31 December 2010 for brand name and customer relations was CHF 20.1 million and CHF 18.9 million, respectively. Amortization expenses of these intangible assets totalled CHF 2.4 million for the nine months ended 30 September 2011 (nine months 2010: CHF 1.3 million). There were no impairment charges recorded on these other intangible assets during the nine months ended 30 September 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 outstanding shares was 23,642,747 (30 September 2010: 23,672,080).

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. On 10 May 2011, the shareholders approved that no dividends will be distributed in respect of the business year 2010 (business year 2009: no dividend).

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				
Purchased	(79,042)		(8,617)	(8,617)
Sold under employee share plan	32,117		3,448	3,448
Sold under employee option plan	11,523		1,223	1,223
Bonus settled with own shares	20,245		2,191	2,191
On 30 September 2011	***23,627,301***	***50,000***	***(197,758)***	***(147,758)***

As of 30 September 2011, the number of outstanding shares amounted to 23,627,301 shares (30 September 2010: 23,664,592 shares) and the number of treasury shares to 1,372,699 (30 September 2010: 1,335,408). Treasury shares have been deducted from shareholder's equity.

Share and Option Ownership Program

Management Incentive Plan (MIP) 2010/11

As in previous years an additional management incentive plan was setup in 2011. 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 Board 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 13,528 shares (previous year: 4,155 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 (4,155 shares) reflecting the bonus 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 2,562 shares (2010: 0 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 30 September 2011			
Balance on 1 January 2011	**34,450**	**78,129**	**112,579**
Translation differences	(810)	(1,815)	(2,625)
Change in scope of conslidation	267	414	681
Addition	2,346	4,539	6,885
Reversal of unused amounts	(298)	(5,039)	(5,337)
Utilization	(236)	(451)	(687)
Balance on 30 September 2011	**35,719**	**75,777**	**111,496**

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

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

The balance for claims represents a provision for certain claims brought forward against the Group by customers and forwarding agents. The balance as of 30 September is expected to be utilized within the next two to five years. Long-term claims include an additional provision for probable potential future payments in connection with transport damages 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 30 September 2011					
Balance on 1 January 2011	**64,737**	**19,449**	**56,028**	**839**	**141,053**
Translation differences	(1,833)	(972)	(1,475)	(35)	(4,315)
Change in scope of consolidation	259	1,004	0	0	1,263
Addition	46,998	11,832	2,347	0	61,177
Reversal of unused amounts	(10,938)	(5,662)	(4,573)	0	(21,173)
Utilization	(35,718)	(5,053)	(8,754)	(227)	(49,752)
Reclassification to long-term provision	10	(10)	0	0	0
Balance on 30 September 2011	**63,515**	**20,588**	**43,573**	**577**	**128,253**

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

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 25.7 million of personnel profit participation (2010 CHF 17.7 million) has been paid out. For the current year, additional personnel profit participation of CHF 19.9 million (2010: CHF 28.8 million) and termination benefits of CHF 5.7 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.

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 approximately CHF 2.3 million, with a deferred consideration of up to CHF 0.6 million depending on the financial performance of the acquired business during the two years period ended 31 January 2013.

As per 1 April 2011 the Group acquired 100% 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. Grieg Logistics, established in 1969, is a leading logistics provider to the Norwegian oil and gas, shipping and maritime industries. It has a broad product portfolio including logistics, freight forwarding and project development. In Norway Grieg Logistics serves the national market with offers throughout the country. Businesses will add approximately NOK 400 million (CHF 67.0 million) to the Panalpina Group's annual turnover. Grieg Logistics with its strategic locations throughout Norway, has built up a strong reputation for providing customers with tailer-made services to meet their needs. The acquisition was settled for an initial cash consideration of approximately CHF 60.3 million.

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

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
Cash and cash equivalents	3,174	0	3,174
Property, plant and equipment	444	0	444
Other current assets	357	0	357
Intangible assets	0	15,927	15,927
Receivables	10,322	0	10,322
Other non-current assets	351	(72)	279
Payables	(2,501)	0	(2,501)
Provisions	(681)	0	(681)
Other current liabilities	(5,099)	348	(4,751)
Net assets	**6,367**	**16,203**	**22,570**
Non-controlling interest			(279)
Less acquired liquidity			(3,174)
Goodwill			40,352
Total cash flow from acquisition of businesses			***59,469***

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

Major legal claims

Anti-trust settlement negotiations with the New Zealand Commerce Commission have been completed and the agreed penalty has been approved by the competent court.

Other than that, 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 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, 3 November 2011