Panalpina Condensed Consolidated Interim Financial Statements

January to September 2012

PANALPINA
on 6 continents

Content

Key Developments in Third Quarter 2012

Panalpina Group: Key Figures Third Quarter 2012

in million CHF	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Net forwarding revenue	**1,721.2**	1,571.0	4,928.7	4,851.8
Gross profit	**379.3**	356.1	1,106.7	1,100.4
EBITDA	**18.1**	54.2	27.0	163.6
EBIT	**7.0**	44.8	(5.1)	135.5
Consolidated profit	**4.1**	31.7	(19.0)	98.7
Non-recurring items	**(12.7)**	0.0	(71.9)	0.0
underlying EBITDA	**30.8**	54.2	98.9	163.6
underlying EBIT	**19.7**	44.8	66.8	135.5

Mixed results for Panalpina in the third quarter

The third quarter of 2012 showed mixed results for the Panalpina Group. Gross profit increased by 7% year-on-year, driven by a solid performance in Logistics and Ocean Freight, but it was negatively impacted by a weak performance in Air Freight. Following a disclosure of preliminary figures in October, the Group confirmed that the EBITDA came in at CHF 18 million.

Americas ahead of other regions

The Group's net forwarding revenue in the third quarter of 2012 went up by 10% year-on-year to CHF 1,721 million. Gross profit amounted to CHF 379 million in the third quarter, resulting in an increase of 7%. This was the highest quarterly gross profit in almost two years. Gross profit for the first nine months of 2012 came in at CHF 1,107 million, an increase of 1%. In line with the Group's new regional set-up that came into effect on July 1st, 2012, Panalpina now reports in three regions: Asia Pacific, EMEA and Americas. The Americas (formerly North America and Latin America) recorded the highest quarterly gross profit (CHF 119 million) in this region in almost four years. In the EMEA region weak imports were partly offset by strong exports, resulting in a quarterly gross profit of CHF 183 million. Gross profit in Asia Pacific decreased year-on-year to CHF 78 million due to declining exports to Europe. The Group's gross profit margin decreased slightly to 22% in the third quarter (22.7% in Q3 2011).

Record volumes in Ocean Freight and strong growth in Logistics

Further market share gains in Ocean Freight led to the highest quarterly and year-to-date volumes ever in the Group's history. For the first time, Panalpina forwarded more than one million TEUs (twenty-foot equivalent units) in the first nine months of the year. Volumes in the third quarter were up by 5% (market: +2%) compared to the previous year. Gross profit per TEU of Ocean Freight increased by 6% year-on-year and improved quarter-on-quarter as the carriers' rate increases were passed on to customers in the third quarter. Gross profit in Ocean Freight reached CHF 122 million in Q3 (+11%).

As reported earlier in October, Panalpina's Air Freight division performed disappointingly in the third quarter. Volumes decreased by 8% (market: -4%) compared to the previous year. Europe-related trade lanes were hit hardest and particularly customers in high-tech, telecom and chemicals shipped significantly less by air. In addition, the trend towards smaller shipments was accentuated. Gross profit per ton of Air Freight increased by 4% year-on-year and remained stable quarter-on-quarter. Gross profit in Air Freight amounted to CHF 158 million in Q3 (-4%).

Various new business wins led to a strong gross profit growth in the Logistics division. Gross profit increased by 23% year-on-year in the third quarter and reached CHF 100 million. The gross profit margin in Logistics exceeded 44% for the first time in the Group's history.

EBITDA of CHF 18 million

Due to the weak Air Freight and a higher cost base, the third quarter EBITDA came in at CHF 18 million. The operating expenses were inflated by a one-off extraordinary charge of CHF 12.7 million for accrued salaries of staff leaving the company. The underlying EBITDA-to-gross profit margin fell to 8% (15% in Q3 2011). The Group's consolidated profit amounted to CHF 4 million in Q3. For the first nine months of 2012, a loss of CHF 19 million resulted because of the provisions of CHF 59 million for the EU and Swiss antitrust fines made in the first quarter.

Consolidated Income Statement

for three and nine months ended September 30, 2012 and 2011

	July - September			January - September		
in thousand CHF	2012	2011	Variance vs PY in %	2012	2011	Variance vs PY in %
Forwarding services	2,103,651	1,926,251	9.2	6,025,600	5,927,833	1.6
Customs, duties and taxes	(382,454)	(355,307)	7.6	(1,096,923)	(1,076,044)	1.9
Net forwarding revenue	**1,721,197**	**1,570,944**	**9.6**	**4,928,677**	**4,851,789**	**1.6**
Forwarding services from third parties	(1,341,903)	(1,214,840)	10.5	(3,822,002)	(3,751,390)	1.9
Gross profit	**379,294**	**356,104**	**6.5**	**1,106,675**	**1,100,399**	**0.6**
Personnel expenses	(252,591)	(209,069)	20.8	(719,446)	(661,791)	8.7
Other operating expenses	(108,717)	(93,205)	16.6	(360,542)	(274,983)	31.1
Gains / (losses) on sales of non-current assets	161	350	(54.0)	263	(50)	n/a
EBITDA	**18,147**	**54,180**	**(66.5)**	**26,950**	**163,575**	**(83.5)**
Depreciation of property, plant and equipment	(7,856)	(6,625)	18.6	(22,444)	(21,133)	6.2
Amortization of intangible assets	(3,340)	(2,776)	20.3	(9,585)	(6,929)	38.3
Operating result (EBIT)	**6,951**	**44,779**	**(84.5)**	**(5,079)**	**135,513**	**(103.7)**
Finance income	1,530	418	266.0	14,257	4,499	216.9
Finance costs	(1,765)	(4,344)	(59.4)	(13,736)	(9,721)	41.3
Profit before income tax (EBT)	**6,716**	**40,853**	**(83.6)**	**(4,558)**	**130,291**	**(103.5)**
Income tax expenses	(2,602)	(9,126)	(71.5)	(14,454)	(31,635)	(54.3)
Consolidated profit	***4,114***	***31,727***	***(87.0)***	***(19,012)***	***98,656***	***(119.3)***
Consolidated profit attributable to:						
Owners of the parent	3,941	31,285	(87.4)	(19,139)	97,338	(119.7)
Non-controlling interests	173	442	(60.9)	127	1,318	(90.4)
Earnings per share (in CHF per share)						
Basic	0.17	1.33	(87.2)	(0.81)	4.12	(119.7)
Diluted	0.17	1.33	(87.2)	(0.81)	4.12	(119.7)

Consolidated Statement of Comprehensive Income

for three and nine months ended September 30, 2012 and 2011

	July - September		January - September	
in thousand CHF	2012	2011	2012	2011
Consolidated profit	**4,114**	**31,727**	**(19,012)**	**98,656**
Other comprehensive income				
Available-for-sale financial assets	(14)	2	(478)	556
Amounts recognized in equity for defined benefit post-employment plans				
– Actuarial (losses)/gains	9,800	(3,095)	13,515	(8,092)
Exchange difference on translations of foreign operations	1,532	10,839	6,854	(22,607)
Income tax on components of other comprehensive income	(2,467)	8,319	(3,176)	12,498
Other comprehensive income for the period, net of tax	**8,851**	**16,065**	**16,715**	**(17,645)**
Total comprehensive income for the period	***12,965***	***47,792***	***(2,297)***	***81,011***
Attributable to owners of the parent	12,794	47,409	(2,446)	80,026
Attributable to non-controlling interests	171	383	149	985

Consolidated Statement of Financial Position

as of September 30, 2012 and as of December 31, 2011

Assets

in thousand CHF	September 30, 2012	December 31, 2011
Non-current assets		
Property, plant and equipment	121,656	113,180
Intangible assets	151,406	141,743
Investments	32,408	72,256
Derivative financial instruments	0	459
Post-employment benefit assets	6,345	0
Deferred income tax assets	77,938	62,313
Total non-current assets	**389,753**	**389,951**
Current assets		
Other receivables and other current assets	104,328	84,997
Unbilled forwarding services	90,210	77,346
Trade receivables	1,064,586	984,404
Derivative financial instruments	6,088	5,045
Other current financial assets	0	20,000
Cash and cash equivalents	456,932	573,579
Total current assets	**1,722,144**	**1,745,371**
Total assets	***2,111,897***	***2,135,322***

Equity and liabilities

in thousand CHF	September 30, 2012	December 31, 2011
Equity		
Share capital	2,375	50,000
Treasury shares	(10,262)	(197,278)
Reserves	819,733	1,053,086
Total equity attributable to owners of the parent	**811,846**	**905,808**
Non-controlling interests	9,185	9,082
Total equity	**821,031**	**914,890**
Non-current liabilities		
Borrowings	458	231
Provisions	93,269	85,032
Post-employment benefit liabilities	41,234	47,151
Deferred income tax liabilities	21,957	14,492
Total non-current liabilities	**156,918**	**146,906**
Current liabilities		
Trade payables	605,338	588,104
Other payables and accruals	174,151	144,354
Accrued cost of services	208,568	184,519
Borrowings	2,801	7,296
Derivative financial instruments	3,373	4,648
Provisions and other liabilities	120,539	125,420
Current income tax liabilities	19,178	19,185
Total current liabilities	**1,133,948**	**1,073,526**
Total liabilities	**1,290,866**	**1,220,432**
Total equity and liabilities	***2,111,897***	***2,135,322***

Condensed Consolidated Statement of Changes in Equity

for nine months ended September 30, 2012 and 2011

in thousand CHF	Share capital	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent							
Balance on January 1, 2012	**50,000**	**(197,277)**	**(121,706)**	**(162,104)**	**1,336,895**	**905,808**	**9,082**	**914,890**
Consolidated profit					(19,139)	(19,139)	127	(19,012)
Other comprehensive income for the period, net of tax			9,861	6,832		16,693	22	16,715
Total comprehensive income for the period	**0**	**0**	**9,861**	**6,832**	**(19,139)**	**(2,446)**	**149**	**(2,297)**
Dividends paid					(47,239)	(47,239)	(46)	(47,285)
Capital repayment	(45,125)					(45,125)		(45,125)
Share-based payments - employee share plan					1,628	1,628		1,628
Share-based payments - option plan					206	206		206
Changes in treasury shares, net		2,054			(185,501)	(183,447)		(183,447)
Annihilation of shares repurchased	(2,500)	184,961				182,461		182,461
Balance on September 30, 2012	***2,375***	***(10,262)***	***(111,845)***	***(155,272)***	***1,086,850***	***811,846***	***9,185***	***821,031***

in thousand CHF	Share capital	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the parent							
Balance on January 1, 2011	**50,000**	**(196,003)**	**(108,862)**	**(151,070)**	**1,210,214**	**804,279**	**7,890**	**812,169**
Consolidated profit					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	0	279	279
Balance on September 30, 2011	***50,000***	***(197,758)***	***(106,972)***	***(170,272)***	***1,307,903***	***882,901***	***9,107***	***892,008***

Condensed Consolidated Statement of Cash Flows

for three and nine months ended September 30, 2012 and 2011

	July - September		January - September	
in thousand CHF	2012	2011	2012	2011
Profit for the period	**4,114**	**31,727**	**(19,012)**	**98,656**
Income tax expenses	2,602	9,126	14,454	31,635
Depreciation and amortization	11,196	9,401	32,029	28,062
Impairment of financial assets	56	0	4,702	0
Net interest (income)/expense	(1,058)	205	(2,571)	994
(Gain)/loss on sales of property, plant and equipment	(161)	(350)	(263)	50
(Gain)/loss on sales of financial assets	0	0	(9,890)	0
Non-cash expenses and (income)	9,367	3,427	7,450	819
	26,116	**53,536**	**26,899**	**160,216**
(Increase)/decrease in working capital	(8,461)	14,414	(48,198)	20,149
Increase/(decrease) in short- and long-term provisions	(36,565)	11,266	89	(8,770)
Cash generated from operations	**(18,910)**	**79,216**	**(21,210)**	**171,595**
Interest paid	(391)	(1,261)	(1,584)	(3,474)
Income taxes paid	(12,907)	(5,497)	(27,750)	(27,855)
Net cash from operating activities	**(32,208)**	**72,458**	**(50,544)**	**140,266**
Interest and dividends received	1,448	1,330	4,154	3,916
Proceeds from sales of PPE	528	638	893	1,138
Repayments of loans, receivables and other financial assets (incl. sales of investments)	1,139	400	83,821	1,286
Purchase of property, plant and equipment	(12,815)	(8,253)	(30,749)	(19,435)
Investments (incl. goodwill) in consolidated subsidiaries	0	0	0	(59,469)
Purchase of intangible assets and other assets	(6,557)	(5,360)	(17,369)	(8,820)
Purchase of investments and other financial assets	(9,146)	(20,447)	(13,879)	(145,264)
Net cash flows from investing activities	**(25,403)**	**(31,692)**	**26,871**	**(226,648)**
Free cash flow	**(57,611)**	**40,766**	**(23,673)**	**(86,382)**
Change in current and non-current borrowings	(683)	(44)	(1,823)	55
Dividends paid	0	0	(47,239)	0
Dividends paid to non-controlling interests	(46)	1	(46)	(47)
Share capital paid back	(45,125)	0	(45,125)	0
Purchase of treasury shares	0	(1,918)	(3,980)	(8,617)
Sale of treasury shares	158	69	1,739	4,406
Net cash used in financing activities	**(45,696)**	**(1,892)**	**(96,474)**	**(4,203)**
Effect of exchange rate changes on cash and cash equivalents	2,351	7,882	3,500	(6,923)
Net (decrease)/increase in cash and cash equivalents	**(100,956)**	**46,756**	**(116,647)**	**(97,508)**
Cash and cash equivalents at the beginning of the period	557,888	384,672	573,579	528,936
Cash and cash equivalents at the end of the period	***456,932***	***431,428***	***456,932***	***431,428***

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

for the nine months ended September 30, 2012

General information

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

Panalpina World Transport (Holding) Ltd. is a limited company incorporated and domiciled in Basel. The registered address is Viaduktstrasse 42, 4002 Basel, Switzerland. The Company shares are publicly traded and is listed on the SIX Swiss Exchange in Zurich.

The condensed consolidated interim financial statements for the nine months ended September 30, 2012 were approved for issue by the Audit Committee on November 1, 2012.

Basis of preparation of the condensed consolidated interim financial statements

These interim financial statements comprise the unaudited condensed consolidated interim financial statements of the Company and its affiliates (together referred to as the "Group" and individually as "Group entities") for the nine-month period ended September 30, 2012.

They are prepared in accordance with the International Accounting Standard 34 (IAS 34) *"Interim Financial Reporting".* These condensed consolidated interim financial statements do not include the notes contained in the annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2011.

The condensed consolidated interim financial statements are presented in Swiss francs (CHF) which is the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

Accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies applied in the Consolidated Financial Statements 2011, except where noted below. Where necessary, comparative information has been reclassified from the previously reported condensed consolidated interim financial statements taking into account any presentational changes made in the consolidated financial statements 2011 or in these condensed consolidated interim financial statements.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect application 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, if any, are recognized in the period when they occur. In preparing this condensed consolidated interim financial report, significant judgments made by management in applying the key sources of estimation were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2011.

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

Changes in accounting policies

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

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

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

The following new or revised standards, amendments to standards and interpretations that have been published are mandatory for future accounting periods but the Group has not early adopted them:

IFRS 9 *"Financial Instruments: Measurement and Classification"*, IFRS 10 *"Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of interests in other entities", IFRS 13 "Fair value measurement" as well as IAS 1 (amended) "Presentation of Financial Statements", IAS 28 (amended) "Investments in Associates", IAS 32 (amended) "Financial Instruments - Presentation" and* IFRS 7 *"Financial Instruments - Offsetting of Financial Assets and Financial Liabilities" and IAS 19 "Employee benefits".*

IAS 19 was amended in June 2011. As the Group already eliminated the corridor approach and recognized all actuarial gains and losses in Other Comprehensive Income (OCI) as they occurred and already recognized all past service costs the impact on Group level will be the replacement of interest costs and the expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). In addition the amendments require additional disclosures at year end. The adoption of this amendment has a decreasing impact on the expected return on plan assets.

The impact on the consolidated financial statements of the Group of the other new or revised standards, amendments to standards and interpretations has not yet been analyzed in detail but it is not expected to be material, if any.

Change in scope and method of consolidation

The condensed consolidated interim financial statements comprise the financial statements of all companies which are directly or indirectly controlled by Panalpina. Control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. During the period under review "Panalpina Logistics (Chengdu) Ltd" (China) as well as "Alpha for General Transportation LLC, Baghdad" (Irak) have been established.

Seasonality

Historically, the Group's results have been subject to seasonal trends. The first half year is normally weaker than the second half year 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. In the period under review, the regional management as well as the new reporting structure became effective. Since July 2012 North as well as Central and South America are no longer reported separately. To be in line with the internal reporting structure, condensed consolidated segment reporting now shows only combined figures for Americas instead of separate figures for North, Central and South America.

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 and related 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.

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 September 30, 2012 and 2011

in million CHF	Europe, Middle East, Africa 2012	2011	Americas 2012	2011	Asia/ Pacific 2012	2011	**Total segments 2012**	**2011**	Corporate 2012	2011	Total Group 2012	2011
Third-party net forwarding revenue	2,304	2,385	1,694	1,564	931	903	**4,929**	**4,852**	0	0	4,929	4,852
Gross profit (GP)	540	544	336	323	231	233	**1,107**	**1,100**	0	0	1,107	1,100
GP (decrease)/increase in %	*(0.7)*		*4.0*		*(0.9)*		*0.6*				*0.6*	
Segment EBITDA	4	39	10	24	47	65	**61**	**128**	38	36	99	164
EBITDA in % of GP	*0.7*	*7.2*	*3.0*	*7.4*	*20.3*	*27.9*	*5.5*	*11.6*			*8.9*	*14.9*
Segment operating result (EBIT)	(9)	26	3	17	42	61	**36**	**104**	31	32	67	136
EBIT in % of GP	*(1.7)*	*4.8*	*0.9*	*5.3*	*18.2*	*26.2*	*3.3*	*9.5*			*6.1*	*12.4*
Fines [1]											(59)	0
Re-organization costs [1]											(13)	0
Operating result (EBIT)											(5)	136

for July to September 2012 and 2011

in million CHF	Europe, Middle East, Africa Q3 2012	Q3 2011	Americas Q3 2012	Q3 2011	Asia/ Pacific Q3 2012	Q3 2011	**Total segments Q3 2012**	**Q3 2011**	Corporate Q3 2012	Q3 2011	Total Group Q3 2012	Q3 2011
Third-party net forwarding revenue	788	748	618	511	315	312	**1,721**	**1,571**	0	0	1,721	1,571
Gross profit (GP)	183	174	119	102	78	80	**380**	**356**	0	0	380	356
GP increase/(decrease) in %	*5.2*		*16.7*		*(2.5)*		*6.7*				*6.7*	
Segment EBITDA	5	14	12	3	14	21	**31**	**38**	1	17	32	55
EBITDA in % of GP	*2.7*	*8.0*	*10.1*	*2.9*	*17.9*	*26.3*	*8.2*	*10.7*			*8.4*	*15.4*
Segment Operating result (EBIT)	0	9	10	0	12	20	**22**	**29**	(2)	16	20	45
EBIT in % of GP	*0.0*	*5.2*	*8.4*	*0.0*	*15.4*	*25.0*	*5.8*	*8.1*			*5.3*	*12.6*
Re-organization costs [1]											(13)	0
Operating result (EBIT)											7	45

[1] Fines of CHF 59.2 million are related to WEKO and EU anti-trust Claim provision, re-organization costs include CHF 12.7 million termination benefits (see also short-term provisions).

Information by business

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

for nine months ended September 30, 2012 and 2011

	Air Freight		Ocean Freight		Logistics		**Total**	
in million CHF	2012	2011	2012	2011	2012	2011	**2012**	**2011**
Third-party net forwarding revenue	2,312	2,446	1,962	1,739	655	667	**4,929**	**4,852**
Increase (decrease) in %	*(5.5)*		*12.8*		*(1.8)*		*1.6*	
Gross profit (GP)	479	508	347	331	281	261	**1,107**	**1,100**
GP margin in %	*20.7*	*20.8*	*17.7*	*19.0*	*42.9*	*39.1*	*22.5*	*22.7*
GP increase/(decrease) in %	*(5.7)*		*4.8*		*7.7*		*0.6*	

for July to September 2012 and 2011

	Air Freight		Ocean Freight		Logistics		**Total**	
in million CHF	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011	**Q3 2012**	**Q3 2011**
Third-party net forwarding revenue	772	789	723	572	226	210	**1,721**	**1,571**
Increase (decrease) in %	*(2.2)*		*26.6*		*7.6*		*9.6*	
Gross profit (GP)	158	165	122	110	100	81	**380**	**356**
GP margin in %	*20.5*	*20.9*	*16.9*	*19.2*	*44.2*	*38.6*	*22.1*	*22.7*
GP increase/(decrease) in %	*(4.2)*		*10.9*		*23.5*		*6.7*	

Property, plant and equipment and intangible assets

During the period under review, the Group acquired CHF 20.4 million machinery and equipment (September 30, 2011: CHF 11.9 million), CHF 7.4 million in building and building under construction (September 30, 2011: CHF 6.4 million), CHF 2.9 million in vehicles (September 30, 2011: CHF 1.1 million) and CHF 17.3 million in intangible assets (September 30, 2011: CHF 8.9 million). Intangible assets comprise mainly software development and licences.

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

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended September 30, 2012		
Net book value on January 1, 2012	**113,180**	**141,743**
Translation differences	811	1,943
Additions	30,739	17,305
Disposals (net)	(630)	0
Depreciation and amortization	(22,444)	(9,585)
Net book value on September 30, 2012	**121,656**	**151,406**

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended September 30, 2011		
Net book value on January 1, 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 September 30, 2011	**106,918**	**131,247**

Intangible assets as of September 30, 2012 include goodwill of CHF 82.5 million (September 30, 2011: CHF 79.8 million), brands and customer relations of CHF 14.6 million (September 30, 2011: CHF 16.1 million) and software and other intangible assets of CHF 54.3 million (September 30, 2011: 35.3 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 September 30, 2012 and 2011. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount. As per September 30, 2012 no impairment indicators were determined.

Intangible assets with estimable useful lives are amortized over the period of their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with IAS 36 *"Impairment of Assets"*. Intangible assets, stated at cost net of amortization and impairment charges, include brand name and customer relations, which are amortized on a straight-line basis over the estimated useful life of 5 to 10 years. Accumulated amortization as of September 30, 2012 and December 31, 2011 for brand name and customer relations was CHF 24.7 million and CHF 20.1 million, respectively. Amortization expenses of these intangible assets totalled CHF 2.4 million for the nine months ended September 30, 2012 (nine months 2011: CHF 2.4 million). There were no impairment charges recorded on these other intangible assets during the nine months ended September 30, 2012 and 2011.

Investments and other current financial assets

In the period under review investments decreased by CHF 48.0 million mainly due to the repayment of money market and time deposits of CHF 34.3 million and the sale of the investment of 12% of Luxair SA's shares to the state of Luxembourg.

The decrease of other current financial assets was due to the repayment of money market investments in the amount of CHF 20 million.

During the period under review the Group assesed the recoverable amount of another financial asset with the conclusion that the recoverability is no longer given. Therefore an impairment charge in the amount of CHF 4.6 million was recognized in the financial result.

Equity

The weighted average number of outstanding shares was 23,634,507 (September 30, 2011: 23,642,747). The Annual Meeting of Shareholders held on May 8, 2012 approved the proposal of the Board of Directors to cancel the 1,250,000 repurchased shares as well as the reduction of the nominal value of the remaining 23,750,000 shares by CHF 1.90 per share which were carried out during the period under review. Therefore the share capital decreased to CHF 2.375 million.

Due to the reduction of the share capital, the Annual Meeting of Shareholders approved the proposal of the Board of Directors to adjust the authorized capital as per May 8, 2012. The Board of Directors is therefore authorized to create authorized capital to the maximum amount of CHF 300,000 by issuing a maximum of 3,000,000 registered shares with a nominal value of CHF 0.10 each at any time until May 10, 2013.

Dividends

The amount available for dividend distribution is based on the available distributable retained earnings of Panalpina World Transport (Holding) Ltd. determined in accordance with the legal provisions of the Swiss Code of Obligations. As per May 8, 2012, in addition to the above mentioned decisions the shareholders approved the distribution of a dividend for the fiscal year 2011 of CHF 2.00 per share (business year 2010: no dividend).

The dividend distributed to holders of outstanding shares during the interim period totalled CHF 47,239,112 (nine month ended September 30, 2011: CHF 0) and have been recorded against retained earnings. Except for 1,380,444 treasury shares, all shares were dividend-bearing.

Share capital and treasury shares

in thousand CHF	Outstanding number of shares (numbers)	Ordinary shares	Treasury shares	Total
On January 1, 2012	**23,631,908**	**50,000**	**(197,278)**	**(147,278)**
Capital repayment		(45,125)	199	(44,926)
Treasury shares				
Purchased	(42,000)		(3,980)	(3,980)
Sold under employee share plan	17,297		1,760	1,760
Sold under employee option plan	24,059		2,461	2,461
Bonus settled with own shares	15,878		1,615	1,615
Cancelation of shares repurchased		(2,500)	184,961	182,461
On September 30, 2012	***23,647,142***	***2,375***	***(10,262)***	***(7,887)***

As of September 30, 2012, the number of outstanding shares amounted to 23,647,142 shares (September 30, 2011: 23,627,301 shares) and the number of treasury shares to 102,858 (September 30, 2011: 1,372,699). Treasury shares have been deducted from shareholder's equity.

Share and Option Ownership Program

Management Incentive Plan (MIP) 2011/12

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

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

The members of the Executive Board and the 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 11,930 shares (previous year: 13,528 shares) with a restriction period of one year. This number of shares will additionally be matched by the company after this restriction period. These additional shares are also subject to a further one-year restriction period.

During the period under review the management received the matched shares (13,528 shares) reflecting the bonus in the previous year.

Board of Directors Restricted Stock Award Plan

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

Provisions and other liabilities

Provisions are recognized where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

Long-term provisions

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended September 30, 2012			
Balance on January 1, 2012	**37,869**	**47,163**	**85,032**
Translation differences	(77)	1,328	1,251
Addition	3,223	9,324	12,547
Reversal of unused amounts	(468)	(3,201)	(3,669)
Utilization	(480)	(843)	(1,323)
Reclassification from short-term provision	(569)	0	(569)
Balance on September 30, 2012	**39,498**	**53,771**	**93,269**

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended September 30, 2011			
Balance on January 1, 2011	**34,450**	**78,129**	**112,579**
Translation differences	(810)	(1,815)	(2,625)
Change in Scope of consolidation	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 September 30, 2011	**35,719**	**75,777**	**111,496**

Employee provision mostly relates to certain employee benefit obligations, such as “anniversary” benefits, termination payments and long-service benefits mainly in Switzerland, Germany, Austria, Italy, France and USA. The timings of these cash outflows can be reasonably estimated based on past performance. In addition employee provision includes the liability of CHF 3,341 million 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 September 30, is expected to be utilized within the next two to five years. Long-term claims include an additional provision for probable potential future payments in connection with transport damages as well as a provision to cover the fines, legal penalties and compliance consultancy fees relating to the settlement of the U.S. Foreign Corrupt Practices Act (FCPA).

The management determined the provision based on past performance and its expectation of the funds needed to settle claims incurred but 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 September 30, 2012					
Balance on January 1, 2012	**73,107**	**22,420**	**29,244**	**649**	**125,420**
Translation differences	118	(628)	(538)	(6)	(1,054)
Addition	63,517	3,636	68,017	0	135,170
Reversal of unused amounts	(8,882)	(950)	(8,502)	(19)	(18,353)
Utilization	(63,816)	(2,612)	(54,436)	(349)	(121,213)
Reclassification to long-term provision	0	569	0	0	569
Balance on September 30, 2012	**64,044**	**22,435**	**33,785**	**275**	**120,539**

in thousand CHF	Employee benefits and others	Outstanding vacation entitlement	Claims	Restructuring provisions	Total
Period ended September 30, 2011					
Balance on January 1, 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 September 30, 2011	**63,515**	**20,588**	**43,573**	**577**	**128,253**

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 53.4 million of personnel profit participation (2011 CHF 25.7 million) has been paid out. For the current year, additional personnel profit participation of CHF 42.2 million (2011: CHF 19.9 million) has been recorded. For the implemented re-organization additional termination benefits of CHF 12.7 million as well as related social security costs and payroll taxes have been recognized.

Claim provision includes the current portion of certain claims brought forward against the Group by customers and forwarding agents as well as a short-term provision of approximately CHF 16.9 million to cover the fines, legal penalties and compliance consultancy fees relating to the settlement of both the U.S. Foreign Corrupt Practices Act (FCPA) and the U.S. anti-trust investigations. The addition for claim provision includes CHF 59.2 million to settle the penalties from WEKO and EU anti-trust Claim provision. The EU anti-trust claim was paid within the third quarter 2012 whereas the CHF 3.0 million for WEKO are still included in the total claim provision. The expenses for the WEKO and EU anti-trust Claim provision are included in other operating expenses.

Restructuring provisions arise from planned programs that materially change the scope of business undertaken by the Group or the manner in which business is conducted. Such provisions include only the costs necessarily entailed by the restructuring which are not associated with the recurring activities of the Group. The restructuring provisions concern head count reductions in all functions mainly in operation and marketing and sales in various countries. The timings of the remaining cash outflows are expected to occur within one year.

Major legal claims

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

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

Other than that, the status of the proceedings disclosed under "pending legal claims" in the consolidated financial statements 2011 (pages 120 and 121) remained unchanged.

Contingent liabilities and other commitments

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

Events after the balance sheet date

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

Basel, November 1, 2012