Panalpina Condensed Consolidated Interim Financial Statements

January to March 2012

PANALPINA
on 6 continents

Content

Key Developments in First Quarter 2012

Panalpina Group: Key Figures First Quarter 2012

in million CHF	Q1 2012	Q1 2011
Net forwarding revenue	1,539.8	1,651.9
Gross profit	364.1	373.4
EBITDA	(24.8)	55.6
EBIT	(34.9)	46.4
Consolidated profit	(40.4)	34.9
Non-recurring items:	(59.2)	0.0
underlying EBITDA	34.4	55.6
underlying EBIT	24.3	46.4

EU fine turns operating profit into loss

Provisions for the EU and Swiss antitrust fines of CHF 59 million resulted in a loss of CHF 40 million for the Panalpina Group in the first quarter of 2012. Panalpina has decided to appeal the European Commission's decision to the European General Court. The Group reported a gross profit decrease of 3% (+1% currency adjusted) compared to the first quarter of 2011. Gross profit margin increased to 23.6%. Volumes in Ocean Freight reached a record high and continued to outperform the market (+7% year-on-year). Volumes in Air Freight were affected by a negative market and the profitability restoration program (-8% year-on-year).

Provisions resulted in loss of CHF 40 million

On March 28, 2012, Panalpina, along with its major competitors, was reportedly fined by the EU Commission for antitrust violations related to isolated air freight surcharges for certain European trade lanes during limited periods of time prior to 2008. Provisions of CHF 59 million for the EU and the Swiss antitrust fines together resulted in a group loss of CHF 40 million in the first quarter. Net forwarding revenue in the first quarter was down by 7% to CHF 1,540 million (-3% currency adjusted). Gross profit amounted to CHF 364 million, a decrease of 3%. Currency adjusted, gross profit was up by 1% despite a negative air freight market. Gross profit margin increased to 23.6% (22.6% in Q1 2011).

Gross profit growth driven by emerging markets

Asia Pacific showed continued growth going into 2012. First quarter gross profit in this region reached a new record of CHF 78 million, a plus of 4%. Latin America also recorded further organic growth. Currency adjusted, gross profit in this region was up by 2.4% and came in at CHF 40 million. Weak consumer markets in the EMEA and North America led to stagnation in these regions (0% currency adjusted) with CHF 178 million and CHF 68 million respectively.

Record volumes in Ocean Freight

In Ocean Freight, volumes reached a new Q1 record level. Panalpina shipped 7% more TEUs (twenty-foot equivalent units) than the year before, growing more than twice as fast as the market (market: +3%). Gross profit per TEU of Ocean Freight was below prior year (-5%, currency adjusted -1%) due to the low (but recently rising) level of rates. The lower unit profitability was more than offset by the higher volumes, leading to an increase of gross profit. Gross profit increased by 2% (+5% currency adjusted) to CHF 115 million.

In Air Freight, volume growth was affected by the negative market (market: -3%). Q1 2012 was also the last quarter that showed a year-on-year impact on volumes from the profitability restoration program – the expiry of selected high-volume but low-margin customer contracts as per end of Q1 2011. The lower volumes in Air Freight (-8%) led to a contraction of gross profit. It decreased by 7% (-4% currency adjusted) to CHF 159 million in the first quarter of 2012. The contraction of gross profit was partly compensated by improved unit profitability, with gross profit per ton of air freight growing by 1% (+5% currency adjusted).

In Logistics, profitability improvement initiatives in warehousing and distribution showed first positive effects. Organically, gross profit grew solidly by 4% and reached CHF 90 million.

EBITDA impacted by low Air Freight volumes and investments in 2011

The seasonally low Air Freight volumes in the first quarter of 2012 as well as the higher cost base due to investments in Sales and Logistics that were made in the course of 2011, led to a decline of EBITDA. The underlying EBITDA dropped by 38% to CHF 34 million in Q1 (-35% currency adjusted). The underlying EBITDA-to-gross profit margin decreased to 9.5% from 14.9% in the previous year.

Consolidated Income Statement

for three months ended March 31, 2012 and 2011

	January - March		
in thousand CHF	2012	2011	Variance vs PY in %
Forwarding services	1,897,795	2,022,313	(6.2)
Customs, duties and taxes	(357,950)	(370,384)	(3.4)
Net forwarding revenue	**1,539,845**	**1,651,929**	**(6.8)**
Forwarding services from third parties	(1,175,787)	(1,278,504)	(8.0)
Gross profit	**364,058**	**373,425**	**(2.5)**
Personnel expenses	(232,604)	(226,495)	2.7
Other operating expenses	(156,360)	(91,334)	71.2
Gains on sales of non-current assets	107	50	114.0
EBITDA	**(24,799)**	**55,646**	**(144.6)**
Depreciation of property, plant and equipment	(7,058)	(7,536)	(6.3)
Amortization of intangible assets	(3,030)	(1,720)	76.2
Operating result (EBIT)	**(34,887)**	**46,390**	**(175.2)**
Finance income	2,517	2,802	(10.2)
Finance costs	(2,133)	(2,557)	(16.6)
Profit before income tax (EBT)	**(34,503)**	**46,635**	**(174.0)**
Income tax expenses	(5,903)	(11,699)	(49.5)
Consolidated profit	***(40,406)***	***34,936***	***(215.7)***
Consolidated profit attributable to:			
Owners of the parent	(40,439)	34,653	(216.7)
Non-controlling interests	33	283	(88.3)
Earnings per share (in CHF per share)			
Basic	(1.70)	1.47	(215.6)
Diluted	(1.70)	1.46	(216.4)

Consolidated Statement of Comprehensive Income

for three months ended March 31, 2012 and 2011

	January - March	
in thousand CHF	2012	2011
Consolidated profit	**(40,406)**	**34,936**
Other comprehensive income		
Available-for-sale financial assets	0	577
Amounts recognized in equity for defined benefit post-employment plans		
– Actuarial (losses)/gains	(1,595)	5,599
Exchange difference on translations of foreign operations	(7,778)	(3,449)
Income tax on components of other comprehensive income	391	(1,372)
Other comprehensive income for the period, net of tax	**(8,982)**	**1,355**
Total comprehensive income for the period	***(49,388)***	***36,291***
Attributable to owners of the parent	(49,315)	36,087
Attributable to non-controlling interests	(73)	204

Consolidated Statement of Financial Position

as at March 31, 2012 respectively as at December 31, 2011

Assets

in thousand CHF	March 31 2012	December 31 2011
Non-current assets		
Property, plant and equipment	111,207	113,180
Intangible assets	142,545	141,743
Investments	40,002	72,256
Derivative financial instruments	0	459
Deferred income tax assets	65,822	62,313
Total non-current assets	**359,576**	**389,951**
Current assets		
Other receivables and other current assets	108,474	84,997
Unbilled forwarding services	69,346	77,346
Trade receivables	934,824	984,404
Derivative financial instruments	859	5,045
Other current financial assets	0	20,000
Cash and cash equivalents	635,963	573,579
Total current assets	**1,749,466**	**1,745,371**
Total assets	***2,109,042***	***2,135,322***

Equity and liabilities

in thousand CHF	March 31 2012	December 31 2011
Equity		
Share capital	50,000	50,000
Treasury shares	(198,689)	(197,278)
Reserves	1,004,168	1,053,086
Total equity attributable to owners of the parent	**855,479**	**905,808**
Non-controlling interests	9,009	9,082
Total equity	**864,488**	**914,890**
Non-current liabilities		
Borrowings	284	231
Provisions	84,600	85,032
Post-employment benefit liabilities	48,685	47,151
Deferred income tax liabilities	15,928	14,492
Total non-current liabilities	**149,497**	**146,906**
Current liabilities		
Trade payables	537,902	588,104
Other payables and accruals	150,731	144,354
Accrued cost of services	179,941	184,519
Borrowings	4,084	7,296
Derivative financial instruments	787	4,648
Provisions and other liabilities	198,589	125,420
Current income tax liabilities	23,023	19,185
Total current liabilities	**1,095,057**	**1,073,526**
Total liabilities	**1,244,554**	**1,220,432**
Total equity and liabilities	***2,109,042***	***2,135,322***

Condensed Consolidated Statement of Changes in Equity

for three months ended March 31, 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					(40,439)	(40,439)	33	(40,406)
Other comprehensive income for the period, net of tax			(1,204)	(7,672)		(8,876)	(106)	(8,982)
Total comprehensive income for the period	**0**	**0**	**(1,204)**	**(7,672)**	**(40,439)**	**(49,315)**	**(73)**	**(49,388)**
Share-based payments - employee share plan					496	496		496
Share-based payments - option plan					112	112		112
Changes in treasury shares, net		(1,412)			(210)	(1,622)		(1,622)
Balance on March 31, 2012	***50,000***	***(198,689)***	***(122,910)***	***(169,776)***	***1,296,854***	***855,479***	***9,009***	***864,488***

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					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 March 31, 2011	***50,000***	***(195,694)***	***(104,058)***	***(154,440)***	***1,245,375***	***841,183***	***8,094***	***849,277***

Condensed Consolidated Statement of Cash Flows

for three months ended March 31, 2012 and 2011

	January - March	
in thousand CHF	2012	2011
Profit for the period	**(40,406)**	**34,936**
Income tax expenses	5,903	11,699
Depreciation and amortization	10,088	9,256
Net interest (income)/expense	(742)	118
Gain on sales of property, plant and equipment	(107)	(50)
Non-cash expenses and (income)	337	(639)
	(24,927)	**55,320**
(Increase)/decrease in working capital	(13,159)	37,679
Increase/(decrease) in short- and long-term provisions	79,260	15,325
Cash generated from operations	**41,174**	**108,324**
Interest paid	(650)	(816)
Income taxes paid	(12,446)	(12,399)
Net cash from operating activities	**28,078**	**95,109**
Interest and dividends received	1,578	1,113
Proceeds from sales of PPE and assets held for sale	422	509
Repayments of loans, receivables and other financial assets	52,739	509
Purchase of property, plant and equipment	(6,910)	(4,577)
Investments (incl. goodwill) in consolidated subsidiaries	0	(2,313)
Purchase of intangible assets and other assets	(3,018)	(2,157)
Purchase of investments held for trading and other financial assets	(1,069)	(51,812)
Net cash flows from investing activities	**43,742**	**(58,728)**
Free cash flow	**71,820**	**36,381**
Repayment of current and non-current borrowings	(43)	(1,708)
Purchase of treasury shares	(1,977)	0
Sale of treasury shares	355	279
Net cash used in financing activities	**(1,665)**	**(1,429)**
Effect of exchange rate changes on cash and cash equivalents	(7,771)	(1,110)
Net (decrease)/increase in cash and cash equivalents	**62,384**	**33,842**
Cash and cash equivalents at the beginning of the period	573,579	528,936
Cash and cash equivalents at the end of the period	***635,963***	***562,778***

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

for the three months ended March 31, 2012

General information

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

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

The condensed consolidated interim financial statements for the three months ended March 31, 2012 were approved for issue by the Audit Committee on May 3, 2012.

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 March 31, 2012.

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 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 consolidated interim financial statements taking into account any presentational changes made in the consolidated financial statements 2011 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 on management's best estimation of the weighted average annual income tax rate expected for the full financial year. Due to non-deductible tax expenses, the current tax rate is not comparable with the 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"***, the amendments to IAS 12 ***"Deferred tax - Recovery of Underlying Assets"*** as well as the amendments to IAS 19 ***"Employee benefits".***

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

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

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

The following new or revised standards, amendments to standards and interpretations that have been published are mandatory for future Group's accounting periods, but the Group has not early adopted them: IFRS 9 *"Financial Instruments: Measurement and Classification",* IFRS 10 *"Consolidated Financial Statements",* IFRS 11 *"Joint Arrangements",* IFRS 12 *"Disclosure of interests in other entities",* IFRS 13 *Fair value measurement"* as well as IAS 1 (amended) *"Presentation of Financial Statements"*, IAS 28 (amended) *"Investments in Associates"* and IAS 32 (amended) *"Financial Instruments - Presentation"* and IFRS7 *"Financial Instruments - Offsetting of Financial Assets and Financial Liabilities"*. 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 no new subsidiary 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 March 31, 2012 and 2011

	Europe, Middle East, Africa, CIS		North America		Central and South America		Asia Pacific		**Total segment**		Corporate		Total Group	
in million CHF	2012	2011	2012	2011	2012	2011	2012	2011	**2012**	**2011**	2012	2011	2012	2011
Third-party net forwarding revenue	727	826	318	318	194	217	301	291	**1,540**	**1,652**	0	0	1,540	1,652
Gross profit (GP)	178	187	68	70	40	41	78	75	**364**	**373**	0	0	364	373
GP (decrease)/increase in %	*(4.8)*		*(2.9)*		*(2.4)*		*4.0*		*(2.5)*				*(2.5)*	
EBITDA	0	16	(3)	0	(1)	6	18	21	**14**	**43**	20	13	34	56
EBITDA in % of GP	*0.0*	*8.6*	*(4.4)*	*0.0*	*(2.5)*	*14.6*	*23.1*	*28.0*	*3.8*	*11.5*			*9.3*	*15.0*
Segment Operating result (Segment EBIT)	(4)	11	(4)	(1)	(2)	5	16	20	**6**	**35**	18	12	24	47
EBIT in % of GP	*(2.2)*	*5.9*	*(5.9)*	*(1.4)*	*(5.0)*	*12.2*	*20.5*	*26.7*	*1.6*	*9.4*			*6.6*	*12.6*
Fines													(59)	0
Operating result (EBIT)													(35)	47

Information by division

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

for three months ended March 31, 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	748	820	581	603	211	229	**1,540**	**1,652**
Increase/(decrease) in %	*(8.8)*		*(3.6)*		*(7.8)*		*(6.8)*	
Gross profit (GP)	159	170	115	113	90	90	**364**	**373**
GP margin in %	*21.3*	*20.7*	*19.8*	*18.7*	*42.7*	*39.3*	*23.6*	*22.6*
GP increase/(decrease) in %	*(6.5)*		*1.8*		*0.0*		*(2.5)*	

Property, plant and equipment and intangible assets

During the period under review, the Group acquired CHF 5.3 million (2011: CHF 3.4 million) machinery and equipment, CHF 1.0 million (2011: CHF 0.9 million) in building and building under construction, CHF 0.5 million in vehicles (2011: 0.3 million) and CHF 3.0 million (2011: 2.2 million) intangible assets. Intangible assets comprise mainly software licences.

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 March 31, 2012 and 2011.

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended March 31, 2012		
Net book value on January 1, 2012	**113,180**	**141,743**
Translation differences	(1,595)	829
Additions	6,814	3,003
Disposals (net)	(134)	0
Depreciation and amortization	(7,058)	(3,030)
Net book value on March 31, 2012	**111,207**	**142,545**

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

Intangible assets as of March 31, 2012 include goodwill of CHF 82.0 million (March 31, 2011: CHF 44.7 million), brands and customer relations of CHF 15.7 million (March 31, 2011: CHF 4.2 million) and software of CHF 44.6 million (March 31, 2011: CHF 32.1 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 March 31, 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 March 31, 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 March 31, 2012 and December 31, 2011 for brand name and customer relations was CHF 21.8 million and CHF 21.3 million, respectively. Amortization expenses of these intangible assets totaled CHF 794 thousand for the three months ended March 31, 2012 (2011: CHF 330 thousand). There were no impairment charges recorded on these other intangible assets during the three months ended March 31, 2012 and 2011.

Equity

The ordinary share capital and issued numbers of shares as well as the authorized capital have not changed during the interim period 2012. The weighted average number of shares issued was 23,633,855 (March 31, 2011: 23,644,919). The Board of Directors has proposed to cancel the 1,250,000 repurchased shares. This would result in a total remaining share capital of CHF 47.5 million (23,750,000 shares). Furthermore the Board of Directors requests a reduction of the nominal value of the remaining 23,750,000 shares by CHF 1.90 per share. If the shareholders would approve the proposal of the Board of Directors to reduce the nominal value per share from currently CHF 2.00 to CHF 0.10, the share capital would further decrease by CHF 45.125 million to CHF 2.375 million. The proposal of the dividend payment, the cancelation of the repurchased shares and the reduction of share nominal value are subject to approval at the Annual Meeting of Shareholders on May 8, 2012.

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 dividends for the fiscal year 2011 of CHF 2.00 per share. This proposal is subject to approval at the Annual Meeting on May 8, 2012.

Share capital and treasury shares

in thousand CHF	Outstanding number of shares (numbers)	Ordinary shares	Treasury shares	Total
On January 1, 2012	**23,631,908**	**50,000**	**(197,278)**	**(147,278)**
Treasury shares				
Purchased	(20,000)		(1,977)	(1,977)
Sold under employee option plan	5,040		525	525
Granted to employees	396		41	41
On March 31, 2012	***23,617,344***	***50,000***	***(198,689)***	***(148,689)***

As of March 31, 2012, the number of outstanding shares amounted to 23,617,344 shares (March 31, 2011: 23,645,573 shares) and the number of treasury shares to 1,382,656 (March 31, 2011: 1,354,427). 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 March 31, 2012			
Balance on January 1, 2012	**37,869**	**47,163**	**85,032**
Translation differences	(453)	(766)	(1,219)
Addition	1,406	1,686	3,092
Reversal of unused amounts	(71)	(1,294)	(1,365)
Utilization	(311)	(629)	(940)
Balance on March 31, 2012	**38,440**	**46,160**	**84,600**

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended March 31, 2011			
Balance on January 1, 2011	**34,450**	**78,129**	**112,579**
Translation differences	573	57	630
Addition	54	0	54
Reversal of unused amounts	1,491	3,597	5,088
Utilization	(202)	(2,796)	(2,998)
Reclassification	(247)	(346)	(593)
Balance on March 31, 2011	**36,119**	**78,641**	**114,760**

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 provisions include the liability of CHF 2,738 thousand (December 31, 2011: CHF 2,527 thousand) 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 March 31 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 March 31, 2012					
Balance on January 1, 2012	**73,107**	**22,420**	**29,244**	**649**	**125,420**
Translation differences	(945)	(333)	(1,624)	(9)	(2,911)
Addition	20,911	2,458	61,574	0	84,943
Reversal of unused amounts	(2,279)	(913)	(2,200)	(19)	(5,411)
Utilization	(2,390)	(720)	(192)	(150)	(3,452)
Balance on March 31, 2012	**88,404**	**22,912**	**86,802**	**471**	**198,589**

in thousand CHF	Employee benefits and others	Outstanding vacation entitlement	Claims	Restructuring provisions	Total
Period ended March 31, 2011					
Balance on January 1, 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 March 31, 2011	**81,497**	**21,087**	**52,158**	**466**	**155,208**

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 0.4 million of personnel profit participation (2011: CHF 0.9 million) has been paid out. For the current year, additional personnel profit participation of CHF 12.2 million and termination benefits (2011: CHF 11.4 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 of approximately CHF 16 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. During the period under review additionally CHF 59.2 million fines has been recognized to settle the penalties from WEKO and EU anti-trust.

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

Major legal claims

On March 28, 2012 the EU Commission has decided on the fines of various freight forwarding companies for antitrust violations prior to 2008 related to isolated air freight surcharges for certain European trade lanes. Panalpina was ordered to pay a penalty of EUR 46.5 million. Panalpina has decided to appeal the European Commission’s decision to the European General Court. Further on the same date Panalpina has signed a settlement agreement 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.

Previously no provision for the penalties has been made as Panalpina was not in a position to predict the outcome of these proceedings and to assess its financial exposure.

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 annual balance sheet date.

Events after the balance sheet date

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

Basel, May 3, 2012