Panalpina Condensed Consolidated Interim Financial Statements

January to June 2013

PANALPINA
on 6 continents

Content

Key Developments in Second Quarter 2013

Panalpina Group: Key Figures Second Quarter 2013

in million CHF	Q2 2013	Q2 2012[1]	YTD 2013	YTD 2012[1]
Net forwarding revenue	**1,726.5**	1,667.6	3,328.0	3,207.5
Gross profit	**399.0**	363.3	764.8	727.4
EBITDA	**52.1**	32.9	82.2	7.4
EBIT	**40.3**	22.2	58.8	(13.4)
Consolidated profit/(loss)	**24.1**	16.8	38.4	(24.1)
Non-recurring items:	**0.0**	0.0	0.0	(59.2)
underlying EBITDA	**52.1**	32.9	82.2	66.6
underlying EBIT	**40.3**	22.2	58.8	45.8

1 Prior year's figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively.
Please refer to the notes in chapter changes in accounting policies.

Panalpina improves profitability in the second quarter

The Panalpina Group improved profitability in the second quarter of 2013. The Group's consolidated profit increased by 44% year-on-year to CHF 24 million. Gross profit went up by 10% to CHF 399 million. Panalpina's Air Freight showed the first volume increase after nine quarters of declines and moreover grew ahead of market. Ocean Freight continued to gain market share, and Logistics Value-Added Services continued their positive development.

Significant gross profit increase in all regions

The EMEA region saw an increase of gross profit by 9% to CHF 196 million. The Group's Asian export volumes to Europe saw moderate growth and the gross profit in Asia Pacific went up by 8% to CHF 81 million. Strong Latin American trade positively impacted gross profit in the Americas, which reached CHF 122 million in the second quarter of 2013 (+12%).

Volume increase in Ocean Freight and Air Freight

Ocean Freight volumes are growing continuously and again reached a new record for the second quarter 2013. Panalpina shipped 5% more TEUs (twenty-foot equivalent units) than in the corresponding period last year, expanding well ahead of the market which grew by approximately 2%. Gross profit per TEU was above prior year (+8%) and remained stable quarter-on-quarter. As a result, gross profit increased by 13% to CHF 125 million.

In Air Freight, Panalpina moderately outperformed the market. The volumes increased by 3% while the market did not grow in the second quarter (0%). The transported volumes of Panalpina's customers in the high-tech and chemicals sector remained at relatively low levels. Consumer and retail, as well as healthcare and oil and gas customers however grew substantially. Gross profit per ton of air freight year-on-year was stable but further improved compared to the first quarter 2013. Growing volumes led to a 3% year-on-year gross profit increase to CHF 166 million.

Panalpina's Logistics grew by a solid 19% and reached a gross profit of CHF 109 million. The investments in people and IT solutions to broaden the Value-Added Services portfolio continued to drive and support growth.

EBITDA of CHF 52 million

The Group achieved an EBITDA of CHF 52 million in the second quarter of 2013, an increase of 58% compared to the prior year figure and therefore reversing a trend of two years of profit declines. The EBITDA-to-gross profit margin increased to 13% from an underlying 9% in the previous year. Year-on-year the operating expenses increased by 5% primarily as a result of on-going investments in business development – personnel expenses remained flat. All in all, Panalpina reported a consolidated profit of CHF 24 million for the second quarter of 2013.

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Consolidated Income Statement

for three and six months ended June 30, 2013 and 2012

in thousand CHF	April - June 2013	April - June 2012[1]	April - June Variance vs PY in %	January - June 2013	January - June 2012[1]	January - June Variance vs PY in %
Forwarding services	2,075,653	2,024,154	2.5	4,018,749	3,921,949	2.5
Customs, duties and taxes	(349,174)	(356,519)	(2.1)	(690,717)	(714,469)	(3.3)
Net forwarding revenue	**1,726,479**	**1,667,635**	**3.5**	**3,328,032**	**3,207,480**	**3.8**
Forwarding services from third parties	(1,327,430)	(1,304,312)	1.8	(2,563,161)	(2,480,099)	3.3
Gross profit	**399,049**	**363,323**	**9.8**	**764,871**	**727,381**	**5.2**
Personnel expenses[1]	(234,748)	(234,949)	(0.1)	(463,967)	(468,251)	(0.9)
Other operating expenses[2]	(112,165)	(95,465)	17.5	(218,733)	(251,825)	(13.1)
Gains / losses on sales of non-current assets	(11)	(5)	120.0	73	102	(28.4)
EBITDA	**52,125**	**32,904**	**58.4**	**82,244**	**7,407**	**1,010.4**
Depreciation of property, plant and equipment	(8,667)	(7,530)	15.1	(17,183)	(14,588)	17.8
Amortization of intangible assets	(3,103)	(3,215)	(3.5)	(6,247)	(6,245)	0.0
Operating result (EBIT)	**40,355**	**22,159**	**82.1**	**58,814**	**(13,426)**	**n / a**
Finance income	(541)	10,210	n / a	1,344	12,727	(89.4)
Finance costs	(7,487)	(9,838)	(23.9)	(8,951)	(11,971)	(25.2)
Profit/(loss) before income tax (EBT)	**32,327**	**22,531**	**43.5**	**51,207**	**(12,670)**	**n / a**
Income tax expenses[1]	(8,179)	(5,778)	41.6	(12,759)	(11,510)	10.9
Consolidated profit/(loss)	***24,148***	***16,753***	***44.1***	***38,448***	***(24,180)***	***n / a***
Consolidated profit/(loss) attributable to:						
Owners of the parent	24,088	16,832	43.1	38,783	(24,134)	n / a
Non-controlling interests	60	(79)	n / a	(335)	(46)	628.3
Earnings per share (in CHF per share)						
Basic	1.02	0.71	43.7	1.64	(1.02)	n / a
Diluted	1.02	0.71	43.7	1.64	(1.02)	n / a

1 Prior year’s figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively. Please refer to the notes in chapter changes in accounting policies.
2 Other operating expenses of the prior year include antitrust fines of CHF 59.2 million. The fines were recongized in the first quarter 2012.

Consolidated Statement of Comprehensive Income

for three and six months ended June 30, 2013 and 2012

	April - June		January - June	
in thousand CHF	2013	2012[1]	2013	2012[1]
Consolidated profit/(loss)	**24,148**	**16,753**	**38,448**	**(24,180)**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Amounts recognized in equity for defined benefit post-employment plans				
– Return on plan assets, excluding amounts included in interest expense/income	200	3,296	(3,129)	6,592
– Losses from demographic assumptions	0	(4,539)	0	(9,078)
– Losses from financial assumptions	0	(5,659)	0	(11,318)
– Experience gains	0	641	0	1,282
– Exchange difference	(75)	(110)	(171)	(63)
Income tax on these components of other comprehensive income	(68)	1,719	766	3,437
Subtotal, net of tax	**57**	**(4,652)**	**(2,534)**	**(9,148)**
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	(17)	(464)	253	(464)
Exchange difference on translations of foreign operations	(10,840)	13,099	4,617	5,321
Income tax on these components of other comprehensive income	(62)	201	(62)	201
Subtotal, net of tax	**(10,919)**	**12,836**	**4,808**	**5,058**
Other comprehensive income for the period, net of tax	**(10,862)**	**8,184**	**2,274**	**(4,090)**
Total comprehensive income for the period	***13,286***	***24,937***	***40,722***	***(28,270)***
Attributable to owners of the parent	13,262	24,886	40,970	(28,248)
Attributable to non-controlling interests	24	51	(248)	(22)

1 Prior year’s figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively. Please refer to the notes in chapter changes in accounting policies.

Consolidated Statement of Financial Position

as of June 30, 2013, December 31, 2012 respectively as of June 30, 2012

Assets

in thousand CHF	June 30 2013	December 31 2012[1]	June 30 2012[1]
Non-current assets			
Property, plant and equipment	128,049	130,209	116,691
Intangible assets	139,305	134,135	147,987
Investments	33,241	31,636	24,229
Deferred income tax assets	69,570	65,792	68,831
Total non-current assets	**370,165**	**361,772**	**357,738**
Current assets			
Other receivables and other current assets	127,640	81,052	106,447
Unbilled forwarding services	91,971	85,227	86,097
Trade receivables	1,105,691	1,032,995	1,050,664
Derivative financial instruments	2,605	2,948	1,792
Cash and cash equivalents	332,706	393,061	557,888
Total current assets	**1,660,613**	**1,595,283**	**1,802,888**
Total assets	***2,030,778***	***1,957,055***	***2,160,626***

Equity and liabilities

in thousand CHF	June 30 2013	December 31 2012[1]	June 30 2012[1]
Equity			
Share capital	2,375	2,375	50,000
Treasury shares	(6,351)	(10,018)	(195,820)
Reserves[1]	734,065	742,235	990,183
Total equity attributable to owners of the parent	**730,089**	**734,592**	**844,363**
Non-controlling interests	8,916	9,241	9,060
Total equity	**739,005**	**743,833**	**853,423**
Non-current liabilities			
Borrowings	309	257	274
Provisions	76,364	73,081	89,716
Post-employment benefit liabilities[1]	61,834	57,557	43,429
Deferred income tax liabilities[1]	19,043	14,269	17,028
Total non-current liabilities	**157,550**	**145,164**	**150,447**
Current liabilities			
Trade payables	634,248	572,825	631,163
Other payables and accruals	164,770	149,459	151,408
Accrued cost of services	208,889	200,226	190,783
Borrowings	2,469	1,611	0
Derivative financial instruments	5,977	1,256	7,246
Provisions and other liabilities	102,685	124,479	161,843
Current income tax liabilities	15,185	18,202	14,313
Total current liabilities	**1,134,223**	**1,068,058**	**1,156,756**
Total liabilities	**1,291,773**	**1,213,222**	**1,307,203**
Total equity and liabilities	***2,030,778***	***1,957,055***	***2,160,626***

1 Prior year's figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively. Please refer to the notes in chapter changes in accounting policies.

Condensed Consolidated Statement of Changes in Equity

for six months ended June 30, 2013 and 2012

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							
Restated balance on January 1, 2013	**2,375**	**(10,018)**	**0**	**(164,810)**	**907,045**	**734,592**	**9,241**	**743,833**
Consolidated profit/(loss)					38,783	38,783	(335)	38,448
Other comprehensive income for the period, net of tax				4,530	(2,343)	2,187	87	2,274
Total comprehensive income for the period	**0**	**0**	**0**	**4,530**	**36,440**	**40,970**	**(248)**	**40,722**
Dividends paid					(47,343)	(47,343)	(77)	(47,420)
Share-based payments - employee share plan					360	360		360
Share-based payments - option plan					(72)	(72)		(72)
Sold treasury shares		3,667			(2,085)	1,582		1,582
Balance on June 30, 2013	***2,375***	***(6,351)***	***0***	***(160,280)***	***894,345***	***730,089***	***8,916***	***739,005***

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	(197,278)	(121,706)	(162,103)	1,336,895	905,808	9,082	914,890
Reclassification of other reserves to retained earnings			121,706		(121,706)	0		0
Adjustment of DBO opening balance due to IAS 19R					18,388	18,388		18,388
Tax impact on effect of IAS 19R on DBO opening balance					(4,505)	(4,505)		(4,505)
Restated balance on January 1, 2012	**50,000**	**(197,278)**	**0**	**(162,103)**	**1,229,072**	**919,691**	**9,082**	**928,773**
Restated consolidated loss					(24,134)	(24,134)	(46)	(24,180)
Restated other comprehensive income for the period, net of tax				5,297	(9,411)	(4,114)	24	(4,090)
Total restated comprehensive income for the period	**0**	**0**	**0**	**5,297**	**(33,545)**	**(28,248)**	**(22)**	**(28,270)**
Dividends paid					(47,239)	(47,239)		(47,239)
Share-based payments - employee share plan					1,309	1,309		1,309
Share-based payments - option plan					193	193		193
Changes in treasury shares, net		1,458			(2,801)	(1,343)		(1,343)
Balance on June 30, 2012	***50,000***	***(195,820)***	***0***	***(156,806)***	***1,146,989***	***844,363***	***9,060***	***853,423***

Prior year's figure have been restated due to the application of IAS 19 (as revised in 2011) retrospectively. Please refer to the notes in chapter changes in accounting policies.

During the period under review accumulated actuarial gains and losses from defined benefit post-employment plans net of taxes and accumulated differences in available-for-sales assts have been reclassified from other resereves to retained earnings.

Condensed Consolidated Statement of Cash Flows

for three and six months ended June 30, 2013 and 2012

	April - June		January - June	
in thousand CHF	2013	2012[1]	2013	2012[1]
Profit/(loss) for the period	**24,148**	**16,753**	**38,448**	**(24,180)**
Income tax expenses	8,179	5,778	12,759	11,510
Depreciation and amortization	11,771	10,745	23,430	20,833
Impairment of financial assets	0	4,646	0	4,646
Net interest (income) expense	(484)	(771)	(745)	(1,513)
(Gain)/loss on sales of property, plant and equipment	11	5	(73)	(102)
(Gain)/loss on sales of financial assets	0	(9,890)	0	(9,890)
Non-cash expenses and (income)	(4,769)	(1,556)	(4,724)	(521)
	38,856	**25,710**	**69,095**	**783**
(Increase)/decrease in working capital	1,766	(26,578)	(32,351)	(39,737)
Increase/(decrease) in short- and long-term provisions	(36,547)	(42,606)	(8,341)	36,654
Cash generated from operations	**4,075**	**(43,474)**	**28,403**	**(2,300)**
Interest paid	(319)	(543)	(599)	(1,193)
Income taxes paid	(4,374)	(2,397)	(16,121)	(14,843)
Net cash from operating activities	**(618)**	**(46,414)**	**11,683**	**(18,336)**
Interest and dividends received	803	1,128	1,344	2,706
Proceeds from sales of PPE	81	(57)	250	365
Repayments of loans, receivables and other financial assets (incl. sales of investments)	1,574	29,943	2,030	82,682
Purchase of property, plant and equipment	(8,154)	(11,024)	(14,888)	(17,934)
Purchase of intangible assets and other assets	(5,726)	(7,794)	(11,606)	(10,812)
Purchase of investments and other financial assets	(2,808)	(3,664)	(4,294)	(4,733)
Net cash flows from investing activities	**(14,230)**	**8,532**	**(27,164)**	**52,274**
Free cash flow	**(14,848)**	**(37,882)**	**(15,481)**	**33,938**
Change in current and non-current borrowings	(68)	(1,097)	(172)	(1,140)
Dividends paid	(47,343)	(47,239)	(47,343)	(47,239)
Dividends paid to non-controlling interests	0	0	(77)	0
Purchase of treasury shares	0	(2,003)	0	(3,980)
Sale of treasury shares	1,243	1,226	1,582	1,581
Net cash used in financing activities	**(46,168)**	**(49,113)**	**(46,010)**	**(50,778)**
Effect of exchange rate changes on cash and cash equivalents	1,571	8,920	1,136	1,149
Net (decrease) increase in cash and cash equivalents	**(59,445)**	**(78,075)**	**(60,355)**	**(15,691)**
Cash and cash equivalents at the beginning of the period	392,151	635,963	393,061	573,579
Cash and cash equivalents at the end of the period	***332,706***	***557,888***	***332,706***	***557,888***

1 Prior year's figures have been restated due to the application of IAS 19 (as revised in 2011) retrospectively.Please refer to the notes in chapter changes in accounting policies.

Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

for the six months ended June 30, 2013

General information

The Panalpina Group is one of the world's leading providers of supply chain solutions. The company combines its core products of Air Freight, Ocean Freight and Logistics to deliver globally integrated, tailor-made end-to-end solutions. Drawing on in-depth industry know-how and customized IT systems, Panalpina manages the needs of its customers' supply chains, no matter how demanding they might be.

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

The condensed consolidated interim financial statements for the six months ended June 30, 2013 were approved for issue by the Audit Committee on July 25, 2013.

Basis of preparation of the condensed consolidated interim financial statements

These condensed 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 six-month period ended June 30, 2013.

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, 2012.

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 2012, 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 2012 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 of accounting policies and the reported amounts of assets, liabilities, 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 judgements 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 in 2012, the current tax rate is not comparable with the current year's tax rate.

Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistantly by the Group entities, unless otherwise stated. If necessary, comparative amounts have been reclassified to conform to the current year's presentation.

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

The following new or revised standards, amendments to standards and interpretations have been adopted in 2013:

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",* IFRS 7 *"Financial Instruments - Offsetting of Financial Assets and Financial Liabilities*" and the amendments to IAS 19 *"Employee benefits"*. Apart from IAS 19 the adoption of the other revised standards, amendments to the standards and interpretations did not have any or any material impact on the consolidated financial statements of the Group. In addition the IASB issued annual improvements to its standards (IFRS 2009-2011 Cycle) primarily with a view to remove inconsistancies and clarifying the wording. The Group has adopted these amendments and updated its accounting policies.

IAS 19 "Employee benefits"

In the current year, the Group has applied IAS 19 (as revised in June 2011) *"Employee Benefits"* and the related consequential amendments. The Group has applied IAS 19 revised retrospectively and in accordance with the transitional provisions as set out in IAS 19.173 revised. These transitional provisions do not have an impact on future periods. The opening statement of financial position of January 1, 2012 has been restated.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in the defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a "net-interest" amount under IAS 19 revised, which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 revised introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures that will be presented in the annual report 2013.

As the Group already eliminated the "corridor approach" prior to the application of IAS 19 revised and recognized all actuarial gains and losses in other comprehensive income (OCI) as they occurred and already recognized all past service cost, the main impact on Group level was the replacement of interest cost and the expected return on plan assets with the net-interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

Impact of application of IAS 19 (as revised in 2011)

The condensed consolidated financial statements for the three months ended March 31, 2013 are the first financial statements in which the Group has adopted IAS 19 revised. IAS 19 revised has been adopted in accordance with IAS 8. Consequently, the Group has adjusted opening balances as of January 1, 2012 and the figures for 2012 have been restated as if IAS 9 revised had always been applied.

in thousand CHF	Post-employment benefit liabilities	Deferred income tax liabilities	Equity
Balance as reported at January 1, 2012	**47,151**	**14,492**	**914,890**
Effect of application of IAS 19 (as revised in 2011)	(18,388)	4,505	13,883
Restated balance at January 1, 2012	**28,763**	**18,997**	**928,773**

in thousand CHF	Post-employment benefit liabilities	Deferred income tax liabilities	Equity
Balance as reported at December 31, 2012	**49,629**	**16,211**	**749,819**
Effect of application of IAS 19 (as revised in 2011) on opening balance	(18,388)	4,505	13,883
Effect on OCI for the year	23,525	(5,763)	(17,762)
Effect on income statement for the year	2,791	(684)	(2,107)
Restated balance at December 31, 2012	**57,557**	**14,269**	**743,833**

in thousand CHF	Post-employment benefit liabilities	Deferred income tax liabilities	Equity
Balance as reported at June 30, 2012	**44,121**	**17,212**	**852,547**
Effect of application of IAS 19 (as revised in 2011) on opening balance	(18,388)	4,505	13,883
Effect on income statement for the half year	1,396	(342)	(1,054)
Effect on OCI for the half year	16,300	(4,347)	(11,953)
Restated balance at June 30, 2012	**43,429**	**17,028**	**853,423**

Presented below are the reconciliations for the year 2012 and the first half year 2012 income statement of the reported IFRS figures under existing standard and the restated amounts.

	Half year ended June 30, 2012			Year ended December 31, 2012		
in thousand CHF	As originally published	Application of IAS 19 (revised)	Restated	As originally published	Application of IAS 19 (revised)	Restated
Gross Profit	**727,381**	**0**	**727,381**	**1,465,044**	**0**	**1,465,044**
Personnel expenses	(466,855)	(1,396)	(468,251)	(955,011)	(2,791)	(957,802)
EBITDA	**8,803**	**(1,396)**	**7,407**	**36,482**	**(2,791)**	**33,691**
Operating result (EBIT)	**(12,030)**	**(1,396)**	**(13,426)**	**(37,397)**	**(2,791)**	**(40,188)**
Loss before income tax (EBT)	**(11,274)**	**(1,396)**	**(12,670)**	**(41,910)**	**(2,791)**	**(44,701)**
Income tax expense	(11,852)	342	(11,510)	(28,275)	684	(27,591)
Consolidated loss	***(23,126)***	***(1,054)***	***(24,180)***	***(70,185)***	***(2,107)***	***(72,292)***
Consolidated loss attributable to:						
Owners of the parent	(23,080)	(1,054)	(24,134)	(70,456)	(2,107)	(72,563)
Non-controlling interests	(46)	0	(46)	271	0	271
Earnings per share (in CHF per share)						
Basic	(0.98)	(0.04)	(1.02)	(2.98)	(0.09)	(3.07)
Diluted	(0.98)	(0.04)	(1.02)	(2.98)	(0.09)	(3.07)

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

- *"Offsetting Financial Assets and Financial Liabilities"* (Amendments to IAS 32); effective date January 1, 2014
- *"Investment Entities"* (Amendments to IFRS 10, IFRS 12 and IAS 27); effective date January 1, 2014
- IFRS 9 *"Financial Instruments"*; effective date January 1, 2015

Their impact on the consolidated financial statements of the Group has not yet been analysed in detail but 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. According to IFRS 10 control is given when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. During the period under review, a new subsidiary named Panalpina Business Services (Prague), s.r.o. has been established.

Financial Risk management and Financial instruments

Finanical risk factors
The Group's activities expose it to a variety of financial risk: market risk such as currency risk, credit risk and liquidity risk.
The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statemetns as at December 31, 2012. There have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk
Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities. To insure liquidity, the Group holds a net cash position of CHF 329.9 million (December 31, 2012: CHF 391.2 million) and credit lines with various financial insitiutions.

Fair value estimation
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or libilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market date (Level 3)

The following table presents the Group's assets and liabilities that are measured at fair value at June 30, 2013 and December 31, 2012:

2013 (in thousand CHF)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	0	2,170	0	2,170
Financial assets at fair value through profit or loss held for trading	8,009	0	0	8,009
Derivative financial assets	0	2,605	0	2,605
Available-for-sale financial assets at cost				129
Total				***12,913***
Derivative financial liabilities	0	(5,977)	0	(5,977)
Total				***(5,977)***

2012 (in thousand CHF)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	0	1,885	0	1,885
Financial assets at fair value through profit or loss held for trading	8,574	0	0	8,574
Derivative financial assets	0	2,948	0	2,948
Available-for-sale financial assets at cost				315
Total				***13,722***
Derivative financial liabilities	0	1,256	0	1,256
Total				***1,256***

There were no transfers between Levels 1 and 2 during the period.

Valuation techniques used to derive Level 2 fair values
Level 2 tarding and hedging derivaties coprise forward foreign exchange contracts. These forward foreign exchange contract have been fair valued using forward exchange rates that are quoted in an active market.

Fair value of financial assets and liabilities mearused at amortised cost
The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalets (including bank overdrafts)

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 adjusted EBIT. This measurement basis excludes the effects of specific expenditure from the operating segments such as restructuring expenses, reorganization costs as well as fines recognized and related legal expenses. The measurement also excludes the unrealized gains/losses on financial instruments as well as interest income and expenses, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Income and deferred taxes are not assessed by segment.

During 2012, 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 seperately. To be in line with the internal reporting structure, the consolidated segment reporting shows only combined figures for Americas. For comparative analysis the previous year operating segment has been aligned to conform the current period's presentation.

Condensed operating segment information

For the six months ended June 30, 2013:

in thousand CHF	Europe, Middle East, Africa, CIS	Americas	Asia Pacific	**Total segments**	Corpo-rate	Total Group
Third-party net forwarding revenue	1,543,783	1,173,463	610,786	**3,328,032**	0	3,328,032
Gross profit (GP)	376,375	235,602	152,894	**764,871**	0	764,871
GP (decrease) increase in %	*5.2*	*8.5*	*0.1*	*5.2*	*n/a*	*5.2*
Segment EBITDA	***5,492***	***15,066***	***37,922***	**58,480**	***23,764***	***82,244***
EBITDA in % of GP	*1.5*	*6.4*	*24.8*	*7.6*	*n/a*	*10.8*
Segment operating result (EBIT)	***(2,562)***	***10,686***	***34,841***	**42,965**	***15,849***	***58,814***
EBIT in % of GP	*(0.7)*	*4.5*	*22.8*	*5.6*	*n/a*	*7.7*
Fine and related costs						0
Operating result (EBIT)						**58,814**

For the six months ended June 30, 2012:

in thousand CHF	Europe, Middle East, Africa, CIS	Americas	Asia Pacific	**Total segments**	Corpo-rate	Total Group
Third-party net forwarding revenue	1,514,849	1,076,393	616,238	**3,207,480**	0	3,207,480
Gross profit (GP)	357,648	217,060	152,673	**727,381**	0	727,381
Segment EBITDA	***(431)***	***(1,665)***	***31,847***	**29,751**	***36,888***	***66,639***
EBITDA in % of GP	*(0.1)*	*(0.8)*	*20.9*	*4.1*	*n/a*	*9.2*
Segment operating result (EBIT)	***(9,420)***	***(6,277)***	***28,923***	**13,226**	***32,580***	***45,806***
EBIT in % of GP	*(2.6)*	*(2.9)*	*18.9*	*1.8*	*n/a*	*6.3*
Fine and related costs						(59,232)
Operating result (EBIT)						**(13,426)**

For April to June 2013:

in thousand CHF	Europe, Middle East, Africa, CIS	Americas	Asia Pacific	**Total segment**	Corpo-rate	Total Group
Third-party net forwarding revenue	798,466	607,390	320,623	**1,726,479**	0	1,726,479
Gross profit (GP)	195,968	122,194	80,887	**399,049**	0	399,049
GP increase (decrease) in %	*9.3*	*11.7*	*8.3*	*9.8*	*n/a*	*9.8*
Segment EBITDA	***11,563***	***11,971***	***23,459***	**46,993**	***5,132***	***52,125***
EBITDA in % of GP	*5.9*	*9.8*	*29.0*	*11.8*	*n/a*	*13.1*
Segment Operating result (EBIT)	***7,729***	***10,112***	***22,167***	**40,008**	***347***	***40,355***
EBIT in % of GP	*3.9*	*8.3*	*27.4*	*10.0*	*n/a*	*10.1*
Fine and related costs						0
Operating result (EBIT)						**40,355**

For April to June 2012:

in thousand CHF	Europe, Middle East, Africa, CIS	Americas	Asia Pacific	**Total segment**	Corpo-rate	Total Group
Third-party net forwarding revenue	787,688	564,571	315,376	**1,667,635**	0	1,667,635
Gross profit (GP)	179,256	109,401	74,666	**363,323**	0	363,323
Segment EBITDA	***(233)***	***842***	***13,443***	**14,052**	***18,852***	***32,904***
EBITDA in % of GP	*(0.1)*	*0.8*	*18.0*	*3.9*	*n/a*	*9.1*
Segment Operating result (EBIT)	***(4,877)***	***(1,518)***	***11,974***	**5,579**	***16,580***	***22,159***
EBIT in % of GP	*(2.7)*	*(1.4)*	*16.0*	*1.5*	*n/a*	*6.1*
Fine and related costs						0
Operating result (EBIT)						**22,159**

Information by product

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

For six months ended June 30, 2013 and 2012:

	Air Freight		Ocean Freight		Logistics		**Total**	
in thousand CHF	2013	2012	2013	2012	2013	2012	**2013**	**2012**
Third-party net forwarding revenue	1,504,885	1,539,460	1,374,707	1,238,582	448,440	429,438	**3,328,032**	**3,207,480**
Increase (decrease) in %	*(2.2)*		*11.0*		*4.4*		*3.8*	
Gross profit (GP)	312,225	320,819	241,968	224,996	210,678	181,566	**764,871**	**727,381**
GP margin in %	*20.7*	*20.8*	*17.6*	*18.2*	*47.0*	*42.3*	*23.0*	*22.7*
GP increase (decrease) in %	*(2.7)*		*7.5*		*16.0*		*5.2*	

For April to June 2013 and 2012:

in thousand CHF	Air Freight Q2 2013	Air Freight Q2 2012	Ocean Freight Q2 2013	Ocean Freight Q2 2012	Logistics Q2 2013	Logistics Q2 2012	**Total Q2 2013**	**Total Q2 2012**
Third-party net forwarding revenue	785,567	791,817	710,684	657,860	230,228	217,958	**1,726,479**	**1,667,635**
Increase (decrease) in %	*(0.8)*		*8.0*		*5.6*		*3.5*	
Gross profit (GP)	165,713	161,455	124,749	110,403	108,587	91,465	**399,049**	**363,323**
GP margin in %	*21.1*	*20.4*	*17.6*	*16.8*	*47.2*	*42.0*	*23.1*	*21.8*
GP increase (decrease) in %	*2.6*		*13.0*		*18.7*		*9.8*	

Property, plant and equipment and intangible assets

During the period under review, the Group acquired CHF 7.9 million (2012: CHF 12.6 million) machinery and equipment, CHF 4.3 million in building and building under construction (2012: CHF 3.3 million), CHF 2.5 million (2012: CHF 2.1 million) vehicles and CHF 11.6 million (2012: CHF 10.8 million) intangible assets. Acquired 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 six-month period ended June 30, 2013 and 2012:

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended June 30, 2013		
Net book value on January 1, 2013	**130,209**	**134,135**
Translation differences	509	(136)
Additions	14,691	11,553
Disposals (net)	(177)	0
Depreciation and amortization	(17,183)	(6,247)
Net book value on June 30, 2013	**128,049**	**139,305**

in thousand CHF	Property, plant and equipment	Intangible assets
Period ended June 30, 2012		
Net book value on January 1, 2012	**113,180**	**141,743**
Translation differences	375	1,726
Additions	17,980	10,763
Disposals (net)	(256)	0
Depreciation and amortization	(14,588)	(6,245)
Net book value on June 30, 2012	**116,691**	**147,987**

Intangible assets as of June 30, 2013 include goodwill of CHF 63.7 million (June 30, 2012: CHF 82.7 million), brands and customer relations of CHF 1.2 million (June 30, 2012: CHF 15.1 million) and software of CHF 74.4 million (June 30, 2012: CHF 50.2 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 of 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 six months ended June 30, 2013 and 2012. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount. As per June 30, 2013 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 June 30, 2013 and December 31, 2012 for brand name and customer relations was CHF 36.4 million and CHF 37.1 million, respectively. Amortization expenses of these intangible assets totalled CHF 0.7 million for the six months ended June 30, 2013 (2012: CHF 1.6 million). There were no impairment charges recorded on these other intangible assets during the six months ended June 30, 2013 and 2012.

Equity

The ordinary share capital and issued numbers of shares as well as the authorized capital have not changed during the interim period 2013. The weighted average number of shares issued was 23,659,422 (December 31, 2012: 23,637,831). At the Annual Meeting of Shareholders on May 8, 2012, the shareholders approved the cancellation of 1,250,000 repurchased shares. This resulted in a total remaining share capital of CHF 47.5 million (23,750,000 shares). Furthermore, the Annual Meeting of Shareholders approved a reduction of the nominal value of the remaining 23,750,000 shares by CHF 1.90 per share. Therefore, the share capital further decreased by CHF 45.125 million to CHF 2.375 million.

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 15, 2013 the shareholders approved the distribution of a dividend for the fiscal year 2012 of CHF 2.00 per share (business year 2011: CHF 2.00).

The dividends distributed to holders of outstanding shares during the interim period totalled CHF 47,343,346 (2012: CHF 47,239,112) and have been recorded against retained earnings. Except for 78,327 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
Issued shares	23,750,000	2,375		2,375
Treasury Shares	(100,398)		(10,018)	(10,018)
On January 1, 2013	**23,649,602**	**2,375**	**(10,018)**	**(7,643)**
Treasury shares				
Purchased				0
Sold under employee share plan	21,720		2,168	2,168
Sold under employee option plan	11,788		1,176	1,176
Bonus settled with own shares	3,239		323	323
On June 30, 2013	***23,686,349***	***2,375***	***(6,351)***	***(3,976)***

As of June 30, 2013, the number of outstanding shares amounted to 23,686,349 shares (December 31, 2012: 23,649,602 shares) and the number of treasury shares to 63,651 (December 31, 2012: 100,398 shares). Treasury shares have been deducted from shareholder’s equity.

Share and Option Ownership Program

Management Incentive Plan (MIP) 2012/13

As in previous years an additional management incentive plan was setup in 2013. 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 Boards 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 1,625 shares (previous year: 11,930 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 (9,580 shares) reflecting the bonus paid 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 no shares (2012: 3,948 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 June 30, 2013			
Balance on January 1, 2013	**34,097**	**38,984**	**73,081**
Translation differences	395	(50)	345
Addition	1,591	3,807	5,398
Reversal of unused amounts	(506)	(770)	(1,276)
Utilization	(1,077)	(107)	(1,184)
Balance on June 30, 2013	**34,500**	**41,864**	**76,364**

in thousand CHF	Employee provision	Claims and other provisions	Total
Period ended June 30, 2012			
Balance on January 1, 2012	**37,869**	**47,163**	**85,032**
Translation differences	(139)	862	723
Addition	2,371	5,531	7,902
Reversal of unused amounts	(508)	(1,929)	(2,437)
Utilization	(813)	(691)	(1,504)
Balance on June 30, 2012	**38,780**	**50,936**	**89,716**

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 include the liability of thousand CHF 363 (June 30, 2012: CHF 3,118 million) 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 June 30 is expected to be utilized within the next two to five years.

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	Restruc-turing	Total
Period ended June 30, 2013					
Balance on January 1, 2013	**51,585**	**22,238**	**33,225**	**17,431**	**124,479**
Translation differences	200	(21)	601	136	916
Addition	22,446	3,696	5,467	644	32,253
Reversal of unused amounts	(4,691)	(176)	(3,153)	(384)	(8,404)
Utilization	(25,836)	(1,156)	(7,581)	(11,986)	(46,559)
Balance on June 30, 2013	**43,704**	**24,581**	**28,559**	**5,841**	**102,685**

in thousand CHF	Employee benefits and others	Outstanding vacation entitlement	Claims	Restruc-turing	Total
Period ended June 30, 2012					
Balance on January 1, 2012	**73,107**	**22,420**	**29,244**	**649**	**125,420**
Translation differences	(147)	(149)	(392)	(11)	(699)
Addition	40,383	4,444	65,135	0	109,962
Reversal of unused amounts	(8,951)	(664)	(3,891)	(19)	(13,525)
Utilization	(55,196)	(2,681)	(913)	(525)	(59,315)
Balance on June 30, 2012	**49,196**	**23,370**	**89,183**	**94**	**161,843**

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 25.9 million of personnel profit participation (for the six months ended June 30, 2012: CHF 49.7 million) has been paid out. For the current year, additional personnel profit participation and termination benefits of CHF 22.4 million (for the six months ended June 30, 2012: CHF 31.6 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 17.1 million to cover the fines relating to the settlement of the U.S. Foreign Corrupt Practices Act (FCPA) and the U.S. anti-trust investigations. During the prior period CHF 59.2 million have been recognized to settle the penalties from WEKO and EU anti-trust. Thereof approximately CHF 56.0 million was paid within the third quarter 2012 and CHF 3.2 million was paid within the period under review.

The restructuring provisions from 2012 concern headcount reductions in all functions mainly in marketing and sales and in operations in various countries with the largest amount incurred in Europe and North America as well as on corporate level. During the period under review no additional restructuring provisions have been recognized.

Major legal claims

In the second quarter of 2013 Panalpina has initiated negotiations to settle the US class action lawsuit – which was filed in 2008 against Panalpina and a number of its competitors - seeking damages for alleged anticompetitive practices in relation to certain surcharges for freight forwarding services. At this stage Panalpina is unable to predict, if a settlement agreement will be achieved and is unable to estimate a potential settlement amount. Consequently no provision has been made.

Other than this, the status of the proceedings disclosed under “pending legal claims” in the consolidated financial statements 2012 (pages 126 and 127) 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, July 25, 2013