2014

Second Quarter

PANALPINA
on 6 continents

CONDENSED INTERIM CONSOLI-DATED FINANCIAL STATEMENTS

CONTENTS

KEY DEVELOPMENTS IN SECOND QUARTER 2014

1 PANALPINA GROUP: KEY FIGURES SECOND QUARTER 2014

IN MILLION CHF	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net forwarding revenue	1,634.0	1,726.5	3,230.5	3,328.0
Gross profit	393.6	399.0	777.9	764.8
EBITDA	49.6	52.1	88.7	82.2
Operating result (EBIT)	35.6	40.3	60.1	58.8
Consolidated profit / (loss)	26.2	24.1	44.0	38.4

2 PANALPINA WITH SOLID HALF-YEAR AND PLENTY OF WORK AHEAD

International freight forwarding and logistics company Panalpina improved overall profitability in the first half of 2014. Group gross profit and EBIT, which were significantly impacted by currencies, both increased 2%, reaching CHF 777.9 million and CHF 60.1 million respectively. Logistics contributed to the solid results by cutting losses and expanding its value-added services. Air Freight and Ocean Freight volumes grew 4% and 8% respectively, but unit profitability was affected by a challenging market environment in the same period. “The results for the first half of 2014 show two things,” says Panalpina CEO Peter Ulber. “One, our uncompromising execution of the strategy that we outlined in November is starting to bear fruit. Logistics has cut losses considerably. Two, there is still a lot of work to be done in terms of profitability, especially in Ocean Freight, where – expectedly – it will take some time to make it to calmer waters.”

2.1 GROSS PROFIT AND EBIT IMPACTED BY CURRENCIES

Group gross profit increased 2% (adjusted: +8%) to CHF 777.9 million in the first half of 2014 (HY 2013: CHF 764.8 million). Total operating expenses amounted to CHF 689.2 million, 1% (adjusted: +7%) more than in the previous half-year (HY 2013: CHF 682.6 million). Panalpina achieved an EBIT of CHF 60.1 million, an increase of 2% (adjusted: +7%) compared to the same period of last year (HY 2013: CHF 58.8 million). The EBIT-to-gross-profit margin remained unchanged at 7.7% year-on-year.

2.2 AIR FREIGHT

Panalpina’s Air Freight volumes grew 4% in the first six months of 2014, in line with market growth. While rates remained under strong pressure, Panalpina put the focus on trade lane optimization. Gross profit per ton decreased 4% to CHF 745 (HY 2013: CHF 778). As a result, gross profit remained practically stable at CHF 310.8 million (HY 2013: CHF 312.2 million). Air Freight achieved an EBIT of CHF 57.3 million, slightly less than in the same period of last year (HY 2013: CHF 59.6 million). The EBIT-to-gross-profit margin for the first half of 2014 decreased to 18.4% (HY 2013: 19.1%).

2.3 OCEAN FREIGHT

Panalpina’s Ocean Freight volumes grew 8% in the first six months of 2014. The ocean freight market grew approximately 3% as high rate volatility remained an issue. Gross profit per TEU decreased 5% to CHF 320 (HY 2013: CHF 338), which resulted in a gross profit of CHF 246.6 million (HY 2013: CHF 242.0 million). Ocean Freight posted an EBIT of CHF 7.1 million (HY 2013: CHF 16.7 million). The EBIT-to-gross profit margin decreased to 2.9% in the first half of 2014 (HY 2013: 6.9%).

2.4 LOGISTICS

The Group’s Logistics gross profit increased 5% to CHF 220.5 million in the first half-year (HY 2013: CHF 210.7 million). Logistics cut its EBIT loss of CHF 17.5 million in the first half-year of 2013 to a loss of CHF 4.3 million in the same period this year. This was a result of successfully exiting overland contracts in Europe, turning around loss-making facilities and implementing value-added services (VAS).

2.5 OUTLOOK

“The fact that low margins have absorbed much of the growth in the first half of 2014, particularly in Ocean Freight, goes to show just how important it is that we stay absolutely on course with our strategic execution. Turning around loss-making operations continues to be our firm focus. In the mid- and long-term better IT systems and processes will help us improve productivity and profitability as we keep restructuring and rolling out our new operational system SAP TM,” says Ulber. Panalpina expects the air and ocean freight markets to grow by 3-4% and 4-5% respectively in 2014.

CONSOLIDATED INCOME STATEMENT

for the three and six months ended June 30, 2014 and 2013

		APRIL - JUNE		JANUARY - JUNE	
IN THOUSAND CHF	NOTES	**2014**	**2013**	**2014**	**2013**
Net forwarding revenue [1]	4	**1,634,027**	**1,726,479**	**3,230,483**	**3,328,032**
Forwarding services from third parties	4	(1,240,375)	(1,327,430)	(2,452,566)	(2,563,161)
Gross profit	4	**393,652**	**399,049**	**777,917**	**764,871**
Personnel expenses [2]		(239,325)	(234,748)	(479,763)	(463,967)
Other operating expenses		(104,554)	(112,165)	(209,522)	(218,733)
Ganis / losses on sales of non-current assets		(157)	(11)	101	73
EBITDA		**49,616**	**52,125**	**88,733**	**82,244**
Depreciation of property, plant and equipment	5	(7,723)	(8,667)	(16,071)	(17,183)
Amortization of intangible assets	5	(6,275)	(3,103)	(12,568)	(6,247)
Operating result (EBIT)		**35,618**	**40,355**	**60,094**	**58,814**
Finance income		497	(541)	1,155	1,344
Finance costs		(1,159)	(7,487)	(2,554)	(8,951)
Profit / (loss) before income tax (EBT)		**34,956**	**32,327**	**58,695**	**51,207**
Income tax expenses		(8,739)	(8,179)	(14,674)	(12,759)
Consolidated profit / (loss)		**26,217**	**24,148**	**44,021**	**38,448**
Consolidated profit / (loss) attributable to:					
Owners of the parent		26,713	24,088	44,685	38,783
Non-controlling interests		(496)	60	(664)	(335)
Earnings per share (in CHF per share)					
Basic		1.13	1.02	1.88	1.64
Diluted		1.13	1.02	1.88	1.64

[1] Refer to Note 2.6 for details to the change of presentation of net forwarding revenue.
[2] Figures as of June 30, 2013 have been restated due to the early adoption of the amendments to IAS 19 (November 2013) in 2013. Please refer to note 2.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the three and six months ended June 30, 2014 and 2013

	APRIL - JUNE		JANUARY - JUNE	
IN THOUSAND CHF	**2014**	**2013**	**2014**	**2013**
Consolidated profit / (loss)	**26,217**	**24,148**	**44,021**	**38,448**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement of the net defined benefit asset / liability	5,476	125	6,436	(3,300)
Income taxes on these components of other comprehensive income	(1,342)	(68)	(1,577)	766
Subtotal, net of tax	**4,134**	**57**	**4,859**	**(2,534)**
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets	0	(17)	0	253
Exchange difference on translations of foreign operations	(1,816)	(10,840)	(6,621)	4,617
Income tax on these components of other comprehensive income	0	(62)	0	(62)
Subtotal, net of tax	**(1,816)**	**(10,919)**	**(6,621)**	**4,808**
Other comprehensive income for the period, net of tax	**2,318**	**(10,862)**	**(1,762)**	**2,274**
Total comprehensive income for the period	**28,535**	**13,286**	**42,259**	**40,722**
Attributable to owners of the parent	29,043	13,262	42,917	40,970
Attributable to non-controlling interests	(508)	24	(658)	(248)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30, 2014, December 31, 2013 and June 30, 2013, respectively

IN THOUSAND CHF	NOTES	JUNE, 30, 2014	DECEMBER 31, 2013	JUNE, 30, 2013
ASSETS				
Non-current assets				
Property, plant and equipment	5	110,956	118,908	128,049
Intangible assets	5	124,160	118,093	139,305
Investments		30,509	28,349	33,241
Post-employment benefit assets		26,216	19,905	0
Deferred income tax assets		63,250	65,457	69,570
Total non-current assets		**355,091**	**350,712**	**370,165**
Current assets				
Other receivables and other current assets		139,738	102,671	127,640
Unbilled forwarding services		96,886	91,192	91,971
Trade receivables		1,049,770	1,059,582	1,105,691
Derivative financial instruments		2,147	2,905	2,605
Other current financial assets		0	5,472	0
Cash and cash equivalents		224,155	336,923	332,706
Total current assets		**1,512,696**	**1,598,745**	**1,660,613**
Total assets		**1,867,787**	**1,949,457**	**2,030,778**
EQUITY AND LIABILITITES				
Equity				
Share capital	6	2,375	2,375	2,375
Treasury shares	6	(1,680)	(3,339)	(6,351)
Retained earnings and reserves		687,867	698,472	732,985
Total equity attributable to owners of the parent		**688,562**	**697,508**	**729,009**
Non-controlling interests		12,331	11,673	8,916
Total equity		**700,893**	**709,181**	**737,925**
Non-current liabilities				
Borrowings		348	208	309
Provisions	7	76,645	77,617	76,364
Post-employment benefit liabilities [1]		50,429	49,674	63,265
Deferred income tax liabilities [1]		14,604	16,533	18,692
Total non-current liabilities		**142,026**	**144,032**	**158,630**
Current liabilities				
Trade payables		511,438	577,205	634,248
Other payables and accruals		181,698	152,017	164,770
Accrued cost of services		207,304	184,479	208,889
Borrowings		492	3,053	2,469
Derivative financial instruments		1,295	1,710	5,977
Provisions and other liabilities	7	98,693	155,366	102,685
Current income tax liabilities		23,948	22,414	15,185
Total current liabilities		**1,024,868**	**1,096,244**	**1,134,223**
Total liabilities		**1,166,894**	**1,240,276**	**1,292,853**
Total equity and liabilities		**1,867,787**	**1,949,457**	**2,030,778**

[1] Figures as of June 30, 2013 have been restated due to the early adoption of the amendments to IAS 19 (November 2013) in 2013. Please refer to note 2.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended June 30, 2014 and 2013

2014 IN THOUSAND CHF	ATTRIBUTABLE TO THE OWNERS OF THE PARENT					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL		
Balance on January 1, 2014	**2,375**	**(3,339)**	**(187,798)**	**886,270**	**697,508**	**11,673**	**709,181**
Consolidated profit				44,685	44,685	(664)	44,021
Other comprehensive income			(7,943)	4,859	(3,084)	1,322	(1,762)
Total comprehensive income for the period	**0**	**0**	**(7,943)**	**49,544**	**41,601**	**658**	**42,259**
Dividends paid				(52,185)	(52,185)	0	(52,185)
Share-based payments employee share plan				566	566		566
Share-based payments option plan				0	0		0
Changes in treasury shares, net		1,659		(587)	1,072		1,072
Balance on June 30, 2014	**2,375**	**(1,680)**	**(195,741)**	**883,608**	**688,562**	**12,331**	**700,893**

2013 IN THOUSAND CHF	ATTRIBUTABLE TO THE OWNERS OF THE PARENT					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL		
Balance on January 1, 2013	**2,375**	**(10,018)**	**(164,810)**	**905,965**	**733,512**	**9,241**	**742,753**
Consolidated profit				38,783	38,783	(335)	38,448
Other comprehensive income			4,530	(2,343)	2,187	87	2,274
Total comprehensive income for the period	**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)
Changes in treasury shares, net		3,667		(2,085)	1,582		1,582
Balance on June 30, 2013	**2,375**	**(6,351)**	**(160,280)**	**893,265**	**729,009**	**8,916**	**737,925**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the three and six months ended June 30, 2014 and 2013

		APRIL - JUNE		JANUARY - JUNE	
IN THOUSAND CHF	NOTES	**2014**	**2013**	**2014**	**2013**
Consolidated profit / (loss)		**26,217**	**24,148**	**44,021**	**38,448**
Income tax expenses		8,739	8,179	14,674	12,759
Depreciation and amortization	5	13,998	11,771	28,639	23,430
Net interest expenses / (income)		(174)	(484)	(355)	(745)
Loss / (gain) on sales of property, plant and equipment	5	170	11	(101)	(73)
Other non-cash (income) and expenses		(46)	(4,769)	(18)	(4,724)
		48,904	**38,856**	**86,860**	**69,095**
(Increase) / decrease in working capital		(33,863)	1,766	(48,034)	(32,351)
(Decrease) / increase in short-term and long-term provisions and other liabilities		(78,007)	(36,547)	(58,253)	(8,341)
Cash generated from operations		**(62,966)**	**4,075**	**(19,427)**	**28,403**
Interest paid		(586)	(319)	(853)	(599)
Income taxes paid		(1,748)	(4,374)	(12,392)	(16,121)
Net cash from operating activities		**(65,300)**	**(618)**	**(32,672)**	**11,683**
Interest and dividends received		1,350	803	1,798	1,344
Proceeds from sales of property, plant and equipment		0	81	1,327	250
Proceeds from investments and other current financial assets		0	0	4,814	0
Repayments of long-term loans and receivables and other financial assets		454	1,574	716	2,030
Purchase of property, plant and equipment		(4,574)	(8,154)	(8,848)	(14,888)
Purchase of intangible assets and other assets		(4,473)	(5,726)	(18,102)	(11,606)
Purchase of investments and other financial assets		(197)	(2,808)	(2,204)	(4,294)
Net cash used in investing activities		**(7,440)**	**(14,230)**	**(20,499)**	**(27,164)**
Free cash flow		**(72,740)**	**(14,848)**	**(53,171)**	**(15,481)**
Proceeds from short- and long-term borrowings		0	0	2,053	0
Repayment of short- and long-term borrowings		(4,433)	(68)	(4,433)	(172)
Dividends paid		(52,185)	(47,343)	(52,185)	(47,343)
Dividends paid to non-controlling interests		0	0	0	(77)
Sale of treasury shares		(4,474)	1,243	(4,211)	1,582
Net cash used in financing activities		**(61,092)**	**(46,168)**	**(58,776)**	**(46,010)**
Effect of exchange rate changes on cash and cash equivalents		2,639	1,571	(821)	1,136
Net increase / (decrease) in cash and cash equivalents		**(131,193)**	**(59,445)**	**(112,768)**	**(60,355)**
Cash and cash equivalents at the beginning of the period		355,348	392,151	336,923	393,061
Cash and cash equivalents at the end of the period		**224,155**	**332,706**	**224,155**	**332,706**

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Panalpina World Transport (Holding) Ltd. (referred to hereafter as the Company) and its subsidiaries (collectively the "Group" and individually "Group Companies") 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 knowledge 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.

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements are the unaudited condensed interim consolidated financial statements (hereafter "the Interim Financial Statements") of the Company for the six-months period ended June 30, 2014 (hereafter "the Interim Period"). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2013 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information. They were authorized for issuance in accordance with a resolution by the Group's Audit Committee on July 21, 2014.

2.2 STATEMENT OF COMPLIANCE

The Interim Financial Statements have been prepared in accordance with the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group since the Annual Financial Statements.

2.3 MANAGEMENT JUDGMENTS AND ESTIMATES

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 are recognized in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas in which assumptions and estimates are significant to the Interim Financial Statements, were the same as those applied in the Annual Financial Statements.

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.

2.4 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.

2.5 SIGNIFICANT ACCOUNTING POLICIES

Except as described in note 2.6, the accounting policies applied in these Interim Financial Statements are the same as those applied in the Annual Financial Statements.
As described in the Annual Financial Statements, in 2013 the Group early adopted the amendments to IAS 19 "*Defined Benefit Plans - Employee Contributions*" issued in November 2013 and decided to apply the practical expedient (IAS 19 para. 93 (b)). As a result, the defined benefit obligation increased by CHF 1.185 million as of January 1, 2012 and remeasurement losses recognized within other comprehensive income by CHF 0.856 million for the year ended December 31, 2012, respectively,

whereas current service costs decreased by CHF 0.611 million for the year ended December 31, 2012, resulting in an overall net increase of post-employment benefit liabilities of CHF 1.430 million as of January 1, 2013 (CHF 1.080 million net of deferred tax) with a relating decrease of equity.

2.6 RESTATEMENT

Inconsistent to IAS 1, in the past Panalpina presented in the consolidated income statement in addition to the net forwarding revenue the invoiced forwarding services and the customs, duties and taxes separately. The correction of the presentation has been changed in condensed consolidated interim financial statements 2014 in accordance with IAS 8. This change does not affect the consolidated profit or loss. The development of the invoiced forwarding services as well as the customs, duties and taxes are newly integrated in the segment reporting.

2.7 CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new standards, new interpretations and amendments to existings standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2014: Amendments to IFRS 10, IFRS 11 and IAS 27 "*Investment Entities*", Amendments to IAS 39 "*Novation of Derivatives and Continuation of Hedge Accounting*", IFRIC 21 "*Levies*" and certain amendments to various standards from "*Annual Improvements to IFRS 2010-2012 Cycle*" issued by the IASB. These do not have a material impact on the Group's overall results and financial position as well as related disclosures.

2.8 FUTURE NEW AND REVISED STANDARDS

The following new or revised standards, amendments to existings standards and interpretations have been issued, but are not yet effective:

- Annual Improvements to IFRS 2010-2012 Cycle
- Annual Improvements to IFRS 2011-2013 Cycle
- Annual Improvements to IFRS 2012-2014 Cycle
- IFRS 14 - Regulatory Deferral Accounts (effective date January 1, 2016)
- IFRS 9 - Financial Instruments" (effective date 1 January, 2018; tentative)
- IFRS 15 – Revenue from Contracts with Customer (effective date 1 January 2017)
- Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations (effective date 1 January 2016)
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (effective date 1 January 2016)

The Group has not yet analyzed in detail the changes to the accounting policies and the impact on the Group's overall results and financial position.

3 CHANGE IN SCOPE OF CONSOLIDATION

During the Interim Period under review, no significant new subsidiary has been established and there was no business combination and no significant subsidiaries were disposed of.

4 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 operating result (Segment EBIT). This measurement basis excludes the effects on non-recurring expenditure from the operating segments.

Condensed operating segment information for the six months ended June 30, 2014 is as follows:

2014 IN THOUSAND CHF	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	ASIA PACIFIC	ELIMI-NATIONS	TOTAL GROUP
External forwarding services	1,700,449	344,237	1,218,847	660,585		3,924,118
Customs, duties and taxes	(431,016)	(70,011)	(149,735)	(42,873)		(693,635)
Intra-group forwarding services	609,423	96,329	411,939	779,320	(1,897,011)	0
Net forwarding revenue	**1,878,856**	**370,555**	**1,481,051**	**1,397,032**	**(1,897,011)**	**3,230,483**
Forwarding services from third parties	(1,572,025)	(299,267)	(1,246,271)	(1,232,014)	1,897,011	(2,452,566)
Gross profit	**306,831**	**71,288**	**234,780**	**165,018**	**0**	**777,917**
Personnel expenses	(206,923)	(39,366)	(150,481)	(82,993)		(479,763)
Other operating expenses	(82,996)	(24,132)	(61,513)	(40,780)		(209,421)
EBITDA	**16,912**	**7,790**	**22,786**	**41,245**	**0**	**88,733**
Depreciation and amortization	(10,010)	(3,300)	(8,519)	(6,810)		(28,639)
Operating result (EBIT)	**6,902**	**4,490**	**14,267**	**34,435**	**0**	**60,094**
Financial result						(1,399)
Finance income						1,155
Finance costs						(2,554)
Profit before income tax (EBT)						**58,695**
Income tax expenses						(14,674)
Consolidated profit						**44,021**

Condensed operating segment information for the six months ended June 30, 2013 is as follows:

2013 IN THOUSAND CHF	**EUROPE**	**MIDDLE EAST, AFRICA, CIS**	**AMERICAS**	**ASIA PACIFIC**	**ELIMI-NATIONS**	**TOTAL GROUP**
External forwarding services	1,693,301	329,539	1,337,762	658,146		4,018,749
Customs, duties and taxes	(419,724)	(59,334)	(164,299)	(47,360)		(690,717)
Intra-group forwarding services	667,791	90,784	325,891	731,507	(1,815,972)	0
Net forwarding revenue	**1,941,368**	**360,989**	**1,499,354**	**1,342,292**	**(1,815,972)**	**3,328,032**
Forwarding services from third parties	(1,625,407)	(300,575)	(1,263,752)	(1,189,398)	1,815,972	(2,563,161)
Gross profit	**315,961**	**60,414**	**235,602**	**152,894**	**0**	**764,871**
Personnel expenses	(210,164)	(37,988)	(139,360)	(76,456)		(463,967)
Other operating expenses	(90,073)	(20,327)	(73,851)	(34,408)		(218,659)
EBITDA	**15,724**	**2,099**	**22,390**	**42,031**	**0**	**82,244**
Depreciation and amortization	(8,002)	(3,432)	(6,898)	(5,098)		(23,430)
Operating result (EBIT)	**7,722**	**(1,333)**	**15,492**	**36,933**	**0**	**58,814**
Financial result						(7,607)
Finance income						1,344
Finance costs						(8,951)
Profit before income tax (EBT)						**51,207**
Income tax expenses						(12,759)
Consolidated profit						**38,448**

Condensed operating segment information for April to June 2014 is as follows:

2014 IN THOUSAND CHF	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	ASIA PACIFIC	ELIMI-NATIONS	TOTAL GROUP
External forwarding services	836,934	171,883	621,414	341,972		1,972,203
Customs, duties and taxes	(208,710)	(41,025)	(64,059)	(24,382)		(338,176)
Intra-group forwarding services	297,601	48,278	206,233	401,124	(953,236)	0
Net forwarding revenue	**925,825**	**179,136**	**763,588**	**718,714**	**(953,236)**	**1,634,027**
Forwarding services from third parties	(773,181)	(141,287)	(643,671)	(635,472)	953,236	(1,240,375)
Gross profit	**152,644**	**37,849**	**119,917**	**83,242**	**0**	**393,652**
Personnel expenses	(103,092)	(19,313)	(75,450)	(41,470)		(239,325)
Other operating expenses	(40,344)	(11,917)	(28,861)	(23,589)		(104,711)
EBITDA	**9,208**	**6,619**	**15,606**	**18,183**	**0**	**49,616**
Depreciation and amortization	(4,671)	(1,636)	(4,311)	(3,380)		(13,998)
Operating result (EBIT)	**4,537**	**4,983**	**11,295**	**14,803**	**0**	**35,618**
Financial result						(662)
Finance income						497
Finance costs						(1,159)
Profit before income tax (EBT)						**34,956**
Income tax expenses						(8,739)
Consolidated profit						**26,217**

Condensed operating segment information for April to June 2013 is as follows:

2013 IN THOUSAND CHF	**EUROPE**	**MIDDLE EAST, AFRICA, CIS**	**AMERICAS**	**ASIA PACIFIC**	**ELIMI-NATIONS**	**TOTAL GROUP**
External forwarding services	860,027	175,233	694,188	346,204		2,075,653
Customs, duties and taxes	(206,490)	(30,308)	(86,794)	(25,583)		(349,174)
Intra-group forwarding services	341,647	46,041	171,401	395,022	(954,110)	0
Net forwarding revenue	**995,184**	**190,966**	**778,796**	**715,642**	**(954,110)**	**1,726,479**
Forwarding services from third parties	(830,996)	(160,010)	(655,373)	(635,160)	954,110	(1,327,430)
Gross profit	**164,188**	**30,956**	**123,423**	**80,482**	**0**	**399,049**
Personnel expenses	(104,907)	(19,261)	(71,423)	(39,158)		(234,748)
Other operating expenses	(47,272)	(9,413)	(36,749)	(18,742)		(112,176)
EBITDA	**12,010**	**2,282**	**15,250**	**22,583**	**0**	**52,125**
Depreciation and amortization	(4,063)	(1,677)	(3,479)	(2,551)		(11,770)
Operating result (EBIT)	**7,947**	**605**	**11,771**	**20,032**	**0**	**40,355**
Financial result						(8,028)
Finance income						(541)
Finance costs						(7,487)
Profit before income tax (EBT)						**32,327**
Income tax expenses						(8,179)
Consolidated profit						**24,148**

4.1 INFORMATION BY PRODUCT

The Group's business can be divided into three divisions: Air Freight, Ocean Freight, Logistics. Information by product for the six months ended June 30, 2014 and 2013 is as follows:

2014 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	1,748,322	1,767,363	408,433	3,924,118
Customs, duties and taxes	(241,072)	(400,975)	(51,588)	(693,635)
Net forwarding revenue	**1,507,250**	**1,366,388**	**356,845**	**3,230,483**
Forwarding services from third parties	(1,196,487)	(1,119,790)	(136,289)	(2,452,566)
Gross profit	**310,763**	**246,598**	**220,556**	**777,917**
Personnel expenses	(179,689)	(166,123)	(133,951)	(479,763)
Other operating expenses	(63,315)	(63,238)	(82,869)	(209,421)
EBITDA	**67,760**	**17,237**	**3,736**	**88,733**
Depreciation and amortization	(10,504)	(10,077)	(8,058)	(28,639)
Operating result (EBIT)	**57,256**	**7,160**	**(4,322)**	**60,094**
Financial result				(1,399)
Finance income				1,155
Finance costs				(2,554)
Profit before income tax (EBT)				**58,695**
Income tax expenses				(14,674)
Consolidated profit				**44,021**

2013 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	1,705,623	1,753,351	559,776	4,018,749
Customs, duties and taxes	(204,929)	(378,489)	(107,299)	(690,717)
Net forwarding revenue	**1,500,694**	**1,374,862**	**452,477**	**3,328,032**
Forwarding services from third parties	(1,188,469)	(1,132,894)	(241,799)	(2,563,161)
Gross profit	**312,225**	**241,968**	**210,678**	**764,871**
Personnel expenses	(171,617)	(156,530)	(135,819)	(463,966)
Other operating expenses	(73,180)	(61,466)	(84,015)	(218,660)
EBITDA	**67,429**	**23,972**	**(9,156)**	**82,244**
Depreciation and amortization	(7,817)	(7,219)	(8,394)	(23,430)
Operating result (EBIT)	**59,611**	**16,752**	**(17,550)**	**58,814**
Financial result				(7,607)
Finance income				1,344
Finance costs				(8,951)
Profit before income tax (EBT)				**51,207**
Income tax expenses				(12,759)
Consolidated profit				**38,448**

Information by product for April to June 2014 and 2013 is as follows:

2014 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	883,659	896,423	192,121	1,972,203
Customs, duties and taxes	(123,405)	(197,089)	(17,682)	(338,176)
Net forwarding revenue	**760,254**	**699,334**	**174,439**	**1,634,027**
Forwarding services from third parties	(603,235)	(575,410)	(61,730)	(1,240,375)
Gross profit	**157,019**	**123,924**	**112,709**	**393,652**
Personnel expenses	(89,879)	(83,400)	(66,046)	(239,325)
Other operating expenses	(30,732)	(32,330)	(41,650)	(104,711)
EBITDA	**36,409**	**8,194**	**5,013**	**49,616**
Depreciation and amortization	(5,157)	(4,971)	(3,870)	(13,998)
Operating result (EBIT)	**31,252**	**3,223**	**1,143**	**35,618**
Financial result				(662)
Finance income				497
Finance costs				(1,159)
Profit before income tax (EBT)				**34,956**
Income tax expenses				(8,739)
Consolidated profit				**26,217**

2013 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	889,656	896,928	289,070	2,075,653
Customs, duties and taxes	(107,906)	(185,421)	(55,847)	(349,174)
Net forwarding revenue	**781,750**	**711,507**	**233,223**	**1,726,479**
Forwarding services from third parties	(616,037)	(586,758)	(124,636)	(1,327,430)
Gross profit	**165,713**	**124,749**	**108,587**	**399,049**
Personnel expenses	(86,377)	(77,590)	(70,780)	(234,748)
Other operating expenses	(38,010)	(31,717)	(42,449)	(112,176)
EBITDA	**41,326**	**15,442**	**(4,642)**	**52,125**
Depreciation and amortization	(3,880)	(3,600)	(4,290)	(11,770)
Operating result (EBIT)	**37,445**	**11,841**	**(8,932)**	**40,355**
Financial result				(8,028)
Finance income				(541)
Finance costs				(7,487)
Profit before income tax (EBT)				**32,327**
Income tax expenses				(8,179)
Consolidated profit				**24,148**

5 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the Interim Period, the Group recognized an amount of CHF 4.4 million, a net total of additions of CHF 5.4 million and disposals of CHF 1.0 million, (2013: CHF 7.9 million) as machinery and equipment, CHF 2.3 million (2013: CHF 4.3 million) as buildings and buildings under construction, CHF 1.2 million (2013: 2.5 million) as vehicles and CHF 18.1 million (2013: 11.6 million) as intangible assets. Additions to intangible assets mainly comprise costs incurred relating to software licenses and software development costs (both external and internally generated costs capitalized).

The following table shows the movements in the net book values of property, plant and equipment and intangible assets for the six months periods ended June 30, 2014 and 2013, respectively.

IN THOUSAND CHF	PROPERTY, PLANT AND EQUIPMENT 2014	INTANGIBLE ASSETS 2014	PROPERTY, PLANT AND EQUIPMENT 2013	INTANGIBLE ASSETS 2013
Net book value on January 1	**118,908**	**118,093**	**130,209**	**134,135**
Translation differences	409	534	509	(136)
Additions	8,936	18,143	14,691	11,553
Disposals (net)	(1,226)	(42)	(177)	0
Depreciation and amortization	(16,071)	(12,568)	(17,183)	(6,247)
Net book value on June 30	**110,956**	**124,160**	**128,049**	**139,305**

Intangible assets as of June 30, 2014 include goodwill of CHF 44.8 million (June 30, 2013: CHF 63.7 million), brands and customer relations of CHF 0.0 million (June 30, 2013: CHF 1.2 million) and software of CHF 79.4 million (June 30, 2013: CHF 74.4 million).

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the country of operation. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash-flow projections based on financial budgets of a CGU approved by management covering a five-year period. Cash-flows beyond the five year period are extrapolated using estimated growth rates. There were no impairment charges recorded on goodwill during the six months periods ended June 30, 2014 and 2013, respectively. 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, 2014, no impairment indicator was identified.

Intangible assets with a finite useful life 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 that were fully amortized at December 31, 2013. There were no impairment charges recorded on intangible assets during the six months periods ended June 30, 2014 and 2013, respectively.

6 SHARE CAPITAL AND TREASURY SHARES

The share capital, the number of issued shares and the authorized capital have not changed during the Interim Period. The weighted average number of shares issued was 23,722,461 (June 30, 2013: 23,659,422).

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 2013 of CHF 2.20 per share. This proposal has been approved at the Annual Meeting of Shareholders on May 9, 2014.

IN THOUSAND CHF	OUT-STANDING NUMBER OF SHARES (NUMBERS)	ORDINARY SHARES	TREASURY SHARES	TOTAL
Shares issued	23,750,000	2,375		2,375
Treasury shares held	(33,467)		(3,339)	(3,339)
Balance on January 1, 2014	**23,716,533**	**2,375**	**(3,339)**	**(964)**
Treasury shares				
Purchased	(15,000)	0	(2,172)	(2,172)
Free shares from share plan	3,739	0	373	373
Sold under employee share plan	9,995	0	1,240	1,240
Sold under employee option plan	11,857	0	1,198	1,198
Bonus settled with own shares	10,224	0	1,020	1,020
Subtotal movement of treasury shares during the period	20,815	0	1,659	1,659
Shares issued	23,750,000	2,375		2,375
Treasury shares held	(12,652)		(1,680)	(1,680)
Balance on June 30, 2014	**23,737,348**	**2,375**	**(1,680)**	**695**

As of June 30, 2014, the number of outstanding shares amounted to 23,737,348 shares (June 30, 2013: 23,686,349 shares) and the number of treasury shares to 12,652 (June 30, 2013: 63,651). Treasury shares have been deducted from shareholder’s equity.

7 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.

7.1 LONG-TERM PROVISIONS

2014 IN THOUSAND CHF	EMPLOYEE BENEFITS	CLAIMS AND OTHER PROVI-SIONS	TOTAL PROVI-SIONS
Balance on January 1	**32,055**	**45,562**	**77,617**
Translation differences	15	403	418
Addition	3,294	362	3,656
Reversal of unused amount	(1,064)	(1,974)	(3,038)
Charged in income statement	**2,230**	**(1,612)**	**618**
Utilization	(1,618)	(390)	(2,008)
Balance on June 30	**32,682**	**43,963**	**76,645**

2013 IN THOUSAND CHF	EMPLOYEE BENEFITS	CLAIMS AND OTHER PROVI-SIONS	TOTAL PROVI-SIONS
Balance on January 1	**34,097**	**38,984**	**73,081**
Translation differences	395	(50)	345
Addition	1,591	3,807	5,398
Reversal of unused amount	(506)	(770)	(1,276)
Charged in income statement	**1,085**	**3,037**	**4,122**
Utilization	(1,077)	(107)	(1,184)
Balance on June 30	**34,500**	**41,864**	**76,364**

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 the USA. The timings of these cash outflows can be reasonably estimated based on past performance. In addition employee provisions include the liability of CHF 127 thousand (December 31, 2013: CHF 363 thousand) for the cash settled compensation plan. Significant provisions are discounted by using the corresponding discount rate applicable in respective countries where 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. Management determined the provision based on past performance and its expectation of the funds needed for the future settlement of claims not yet reported.

7.2 SHORT-TERM PROVISIONS AND OTHER LIABILITIES

2014 (IN THOUSAND CHF)	EMPLOYEE BENEFITS AND OTHERS	OUT-STANDING VACATION ENTITLE-MENT	CLAIMS	RESTRUC-TURING	TOTAL
Balance on January 1	**74,457**	**23,035**	**49,178**	**8,696**	**155,366**
Translation differences	21	17	156	(2)	192
Addition	51,068	5,969	1,663	1,156	59,856
Reversal of unused amounts	(22,549)	(1,798)	(1,332)	(404)	(26,083)
Charged in income statement	**28,519**	**4,171**	**331**	**752**	**33,773**
Utilization	(43,902)	(1,845)	(39,344)	(5,547)	(90,638)
Balance on June 30	**59,095**	**25,378**	**10,321**	**3,899**	**98,693**

2013 (IN THOUSAND CHF)	EMPLOYEE BENEFITS AND OTHERS	OUT-STANDING VACATION ENTITLE-MENT	CLAIMS	RESTRUC-TURING	TOTAL
Balance on January 1	**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)
Charged in income statement	**17,755**	**3,520**	**2,314**	**260**	**23,849**
Utilization	(25,836)	(1,156)	(7,581)	(11,986)	(46,559)
Balance on June 30	**43,704**	**24,581**	**28,559**	**5,841**	**102,685**

Apart from outstanding vacation entitlement and the current portion of items disclosed under long-term provisions, short-term provisions and other liabilities include personnel profit participation and related social security costs and payroll taxes, as well as compliance consultancy fees. During the Interim Period, CHF 26.8 million of personnel profit participation (2013: CHF 25.9 million) was paid out. For the Interim Period, an additional provision of CHF 38.7 million (2013: CHF 22.4 million) for personnel profit participation and related social security costs and payroll taxes was recognized.

Claims provisions include the current portion of certain claims brought forward against the Group by customers and forwarding agents as well as an amount of USD 35 million related to a U.S. class action settlement agreement formally executed in Q1/2014 and paid in Q2/2014. Claim provision during the six months period ended June 30, 2013 included 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.

The restructuring provision held as at January 1, 2014 related to headcount reductions in certain functions mainly in Germany, Norway and Angola (January 1, 2013: concerned headcount reductions in all functions mainly in marketing and sales and in operations in various countries with the largest amounts for Europe and North America, as well as for Corporate functions). In 2014, additionally recognized restructuring provisions related to adjustments of the previous year estimations. During the period under review no additional restructuring plan was approved.

8 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives, policies and government structure are consistent with those disclosed in note 17 to the Annual Financial Statements.

Fair value hierarchy

The table below analyzes recurring fair value measurement for financial assets and financial liabilities. These fair value measurements are categorized into different levels in the fair value hierarchy based on the input and techniques used. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

JUNE 30, 2014 (IN THOUSAND CHF)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale financial assets	0	2,207	0	2,207
Financial assets at fair value through profit or loss held for trading	1,092	0	0	1,092
Derivative financial assets	0	2,147	0	2,147
Available-for-sale financial assets at cost				125
Total				**5,571**
Derivative financial liabilities	0	1,295	0	1,295
Total				**1,295**

DECEMBER 31, 2013 (IN THOUSAND CHF)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale financial assets	0	2,146	0	2,146
Financial assets at fair value through profit or loss held for trading	6,512	0	0	6,512
Derivative financial assets	0	2,905	0	2,905
Available-for-sale financial assets at cost				134
Total				**11,697**
Derivative financial liabilities	0	1,710	0	1,710
Total				**1,710**

There were no significant transfers between Level 1 and Level 2 and vice versa during the Interim Period.

The Group determines Level 2 fair values using the following valuation techniques:

- Availabe-for-sale investments using a valuation model based on the most recently published financial data.
- Derivative financial instruments are based on valuation models that use observable market data for interest rates and foreign exchange rates at the measurement date.

Other financial instruments (such as e.g. short-term trade and other receivables / payables / accruals) are not disclosed as their carrying amounts are a reasonable approximation of fair values.

9 MAJOR LEGAL CLAIMS

As reported in the Annual Financial Statements, Panalpina entered into a preliminary agreement to settle a class action lawsuit and agreed to pay an amount of USD 35 million, which includes previously received proceeds of USD 5.8 million, in an unrelated class action against various airlines. This agreement which is still subject to U.S. court approval has been formally executed in Q1/2014 and the payment, which has been fully provisioned in 2013, has been made in April 2014.

Other than this, the status of the proceedings disclosed under “pending legal claims” in the Annual Financial Statements (pages 131 and 132) has remained unchanged.

10 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

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

11 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, July 21, 2014