



2016

Second Quarter



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

for the six months ended June 30, 2016 and 2015

IN THOUSAND CHF	NOTES	APRIL - JUNE		JANUARY - JUNE	
		2016	2015	2016	2015
Net forwarding revenue	4	1,289,359	1,438,012	2,596,522	2,941,376
Forwarding services from third parties	4	(917,954)	(1,073,685)	(1,860,233)	(2,205,267)
Gross profit	4	371,405	364,327	736,289	736,109
Personnel expenses		(221,265)	(219,983)	(446,275)	(449,754)
Other operating expenses		(101,061)	(96,553)	(204,746)	(199,770)
Restructuring expenses	7	(26,100)	0	(26,100)	0
EBITDA		22,979	47,791	59,168	86,585
Depreciation of property, plant and equipment	5	(6,235)	(6,847)	(12,470)	(14,441)
Amortization of intangible assets	5	(6,035)	(5,838)	(12,022)	(11,782)
Operating result (EBIT)		10,710	35,106	34,677	60,362
Finance income		856	(54)	1,205	1,762
Finance costs		(146)	(846)	(1,409)	(1,759)
Profit before income tax (EBT)		11,420	34,206	34,473	60,365
Income tax expenses		(6,872)	(8,517)	(12,636)	(15,091)
Profit		4,548	25,689	21,837	45,274
Profit attributable to:					
Owners of the parent		4,868	25,606	22,679	45,353
Non-controlling interests		(321)	84	(842)	(78)
Earnings per share (in CHF)					
Basic		0.21	1.07	0.96	1.91
Diluted		0.21	1.07	0.96	1.91

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended June 30, 2016 and 2015

	APRIL - JUNE		JANUARY - JUNE	
IN THOUSAND CHF	2016	2015	2016	2015
Profit	4,548	25,689	21,837	45,274
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement of the net defined benefit asset / liability (note 2.3)	(12,350)	3,913	(19,936)	741
Income taxes on this component of other comprehensive income	3,596	(869)	5,223	(165)
	(8,754)	3,044	(14,713)	576
Items that are or may be reclassified subsequently to profit or loss:				
Exchange difference on translations of foreign operations	(517)	(11,335)	(3,242)	(95,994)
	(517)	(11,335)	(3,242)	(95,994)
Other comprehensive income, net of tax	(9,271)	(8,291)	(17,955)	(95,418)
Total comprehensive income	(4,723)	17,398	3,882	(50,144)
Total comprehensive income attributable to:				
Owners of the parent	(4,356)	17,525	4,991	(49,840)
Non-controlling interests	(367)	(127)	(1,109)	(304)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of June 30, 2016 and December 31, 2015

IN THOUSAND CHF	NOTES	JUNE 30, 2016	DECEMBER 31, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	74,948	78,466
Intangible assets	5	110,130	98,820
Investments		26,613	26,820
Deferred income tax assets		81,387	70,581
Total non-current assets		293,078	274,687
Current assets			
Other receivables and other current assets		114,146	103,750
Unbilled forwarding services		75,017	66,410
Trade receivables		813,165	887,938
Derivative financial instruments	8	3,289	2,219
Cash and cash equivalents		337,307	392,260
Assets classified as held for sale		644	524
Total current assets		1,343,568	1,453,101
Total assets		1,636,646	1,727,788
EQUITY AND LIABILITIES			
Equity			
Share capital	6	2,375	2,375
Treasury shares	6	(1,452)	(2,252)
Retained earnings and reserves		559,918	641,150
Total equity attributable to owners of the parent		560,841	641,273
Non-controlling interests		9,395	12,037
Total equity		570,236	653,310
Non-current liabilities			
Borrowings		29	30
Non-current provisions	7	46,809	37,904
Non-current other liabilities	7	40,574	31,389
Post-employment benefit liabilities		82,174	60,688
Deferred income tax liabilities		6,821	10,418
Total non-current liabilities		176,407	140,429
Current liabilities			
Trade payables		382,919	446,025
Other payables and accruals		140,968	150,380
Accrued cost of services		242,037	223,313
Borrowings		101	140
Derivative financial instruments	8	5,612	2,537
Current provisions	7	31,927	17,233
Current other liabilities	7	64,757	74,100
Current income tax liabilities		21,682	20,322
Total current liabilities		890,003	934,050
Total liabilities		1,066,410	1,074,479
Total equity and liabilities		1,636,646	1,727,788

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended June 30, 2016 and 2015

2016 IN THOUSAND CHF	ATTRIBUTABLE TO THE OWNERS OF THE PARENT					NON- CON- TROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	TRANS- LATION RESERVE	RETAINED EARNINGS	TOTAL		
	Balance on January 1, 2016	2,375	(2,252)	(278,288)	919,438		
Profit				22,679	22,679	(842)	21,837
Other comprehensive income							
Exchange difference on translations of foreign operations			(2,975)		(2,975)	(267)	(3,242)
Remeasurement of the net defined benefit asset / liability, net of tax				(14,713)	(14,713)	0	(14,713)
Total other comprehensive income, net of tax	0	0	(2,975)	(14,713)	(17,688)	(267)	(17,955)
Total comprehensive income for the period	0	0	(2,975)	7,966	4,991	(1,109)	3,882
Dividends paid				(83,097)	(83,097)		(83,097)
Expenses for share-based compensation plans				2,203	2,203		2,203
Changes in treasury shares, net (note 6)		800		(1,396)	(596)		(596)
Acquisition of subsidiaries with non-controlling interests					0	3,986	3,986
Transaction with non-controlling interests ¹				(9,453)	(9,453)		(9,453)
Reclassification of non-controlling interests to parent shareholders ²				5,519	5,519	(5,519)	0
Balance on June 30, 2016	2,375	(1,452)	(281,263)	841,180	560,841	9,395	570,236

¹ This movement is related to a put option for an acquisition of a non-controlling interests in one of the group's subsidiaries

² This movement is related to the transfer of non-controlling interests to the parents' equity

2015 IN THOUSAND CHF	ATTRIBUTABLE TO THE OWNERS OF THE PARENT					NON- CON- TROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	TREASURY SHARES	TRANS- LATION RESERVE	RETAINED EARNINGS	TOTAL		
	Balance on January 1, 2015	2,375	(2,089)	(186,647)	907,265		
Profit				45,353	45,353	(78)	45,274
Other comprehensive income							
Exchange difference on translations of foreign operations			(95,768)		(95,768)	(226)	(95,994)
Remeasurement of the net defined benefit asset / liability, net of tax				576	576		576
Total other comprehensive income, net of tax	0	0	(95,768)	576	(95,192)	(226)	(95,418)
Total comprehensive income for the period	0	0	(95,768)	45,929	(49,840)	(304)	(50,144)
Dividends paid				(65,240)	(65,240)		(65,240)
Expenses for share-based compensation plans				1,575	1,575		1,575
Changes in treasury shares, net (note 6)		248		(1,941)	(1,693)		(1,693)
Balance on June 30, 2015	2,375	(1,842)	(282,415)	887,588	605,706	11,941	617,647

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended June 30, 2016 and 2015

JANUARY - JUNE

IN THOUSAND CHF	NOTES	2016	2015
Profit		21,837	45,274
Income tax expenses		12,636	15,091
Depreciation of property, plant and equipment	5	12,470	14,441
Amortization of intangible assets	5	12,022	11,783
Interest income and dividend on available-for-sale financial assets		(897)	(676)
Exchange differences		(699)	(1,051)
Loss / (gain) on sales of property, plant and equipment		(996)	(1,286)
Expenses for share-based compensation plans		2,203	1,575
Other non-cash (income) and expenses		1,047	(1,305)
Subtotal cash flow from operations		59,623	83,846
Working capital adjustments:			
(Increase) / decrease receivables, other current assets and unbilled forwarding services		59,195	43,528
Increase / (decrease) payables and accruals incl. accrued cost of service		(56,634)	(41,741)
(Decrease) / increase non-current provisions and other liabilities		6,586	(7,283)
(Decrease) / increase current provisions and other liabilities		5,376	(44,284)
Cash generated from operations		74,146	34,066
Interest paid		(748)	(994)
Income taxes paid		(15,521)	(17,604)
Net cash from operating activities		57,877	15,468
Interests received		857	711
Dividends received		33	1
Proceeds from sale of property, plant and equipment and Intangible		5,638	1,613
Proceeds from sale of investments		161	182
Proceeds from sale of other financial assets		383	425
Repayments of loans and long-term receivables		1,417	3,813
Purchase of property, plant and equipment	5	(13,486)	(5,690)
Purchase of intangible assets	5	(1,237)	(501)
Acquisition of subsidiaries, net of cash	3	(21,278)	0
Purchase of investments and other financial assets		(386)	(2,617)
Increase of long-term loans and long-term receivables		(982)	(2,890)
Net cash used in investing activities		(28,880)	(4,953)
Free cash flow		28,997	10,516
Proceeds from short- and long-term borrowings		0	184
Repayment of short- and long-term borrowings		(37)	(112)
Dividends paid		(83,097)	(65,240)
Purchase of treasury shares	6	(4,113)	(4,942)
Sale of treasury shares	6	1,587	1,778
Net cash used in financing activities		(85,660)	(68,332)
Net increase / (decrease) in cash and cash equivalents		(56,663)	(57,816)
Cash and cash equivalents at the beginning of the period		392,260	372,043
Effect of exchange rate changes on cash and cash equivalents		1,712	(58,455)
Cash and cash equivalents at the end of the period		337,309	255,772

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 consolidated interim financial statements (hereafter "the Interim Financial Statements") of the Company for the six-months period ended June 30, 2016 (hereafter "the Interim Period"). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2015 (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 19, 2016.

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.

The remeasurement loss on the net defined benefit obligation of CHF 19.9 million was recognised in other comprehensive income for the first six months of 2016. It is mainly attributable to changes in discount rates (loss of CHF 24.5 million) and to remeasurement gains on plan assets (gains of CHF 4.6 million).

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 in volumes. This seasonality is based on many factors, including holiday seasons, consumer demand, climate and economic conditions.

2.5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these Interim Financial Statements are the same as those applied in the Annual Financial Statements.

2.6 CHANGES IN PRESENTATION

In 2016 there was no change in presentation compared to the Annual Financial Statements except for the restructuring expenses which have been disclosed separately in the current period. Since in prior year there were no material restructuring expenses charged to the income statement, comparative information has not been reclassified for the prior period.

2.7 CHANGES IN STANDARDS, INTERPRETATION AND AMENDMENTS

In 2016, the Group has adopted (if applicable) the following new standards, new interpretations and amendments to existing standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2016:

- Annual Improvements to IFRS 2012-2014 Cycle (effective date January 1, 2016)
- Amendments to IAS 1 – Disclosure Initiative (effective date January 1, 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception (effective date January 1, 2016)
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (effective date January 1, 2016)
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization (effective date January 1, 2016)
- Amendments to IAS 16 and IAS 41 – Bearer Plants (effective date January 1, 2016)
- Amendments to IAS 27 – Equity Method in Separate Financial Statements (effective date January 1, 2016)

2.8 FUTURE NEW AND REVISED STANDARDS

The following new or revised standards, amendments to existing standards and interpretations have been issued, but are not yet effective. They have not been applied early in these condensed consolidated interim financial statements.

New Standards or Interpretations:

- IFRS 15 – Revenue from Contracts with Customers (effective date January 1, 2018)
- IFRS 9 – Financial Instruments (effective date January 1, 2018)
- IFRS 16 – Leases (effective date January 1, 2019)

Revision and amendments of Standards and Interpretations:

- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses (effective date January 1, 2017)
- Amendments to IAS 7 – Disclosure Initiative (effective date January 1, 2017)
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (effective date January 1, 2018)

The Group is currently analyzing in detail the changes to the accounting policies and the impact on the Group's overall results and financial position. Based on a preliminary assessment, IFRS 16 will have a material impact on assets, liabilities, lease expenses, depreciation and interest expenses. Regarding the other standards, management is currently evaluating the detailed impact on the groups' financial statements.

2.9 FOREIGN CURRENCY

The following foreign currency exchange rates mostly impacted the current financial statements:

	Statement of Financial Position ¹		Income statement and cash flow statement ²		Variance %			
	JUNE 2016	DECEMBER 2015	JUNE 2016	JUNE 2015	STATEMENT OF FINANCIAL POSITION ¹	INCOME STATEMENT AND CASH FLOW STATEMENT ²		
BRL	0.301	0.255	BRL	0.265	0.320	BRL	18%	(17%)
CAD	0.754	0.715	CAD	0.738	0.767	CAD	5%	(4%)
EUR	1.087	1.082	EUR	1.095	1.056	EUR	0%	4%
USD	0.980	0.990	USD	0.982	0.947	USD	(1%)	4%

¹ Period end rate

² Period end average rate (i.e. year to date rate)

3 CHANGE IN SCOPE OF CONSOLIDATION

During the Interim Period under review, Panalpina completed the acquisition of the Airflo sub-group (75 percent of the issued share capital of both Airflo B.V., registered in the Netherlands and Airflo Limited, registered in Kenya), which is Kenya's second largest forwarder specialized in fresh-cut flowers export. The company employs a total of 167 staff in Nairobi and Aalsmeer and organizes up to 1,500 temperature-controlled shipments per week from Kenya, totalling more than 40,000 tons of flowers. In accordance with IFRS 3, the acquisition date was defined as January 12, 2016.

There was no other business combination and no subsidiaries that 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 extraordinary items from the operating segments. In 2016, management information was adjusted as outlined in notes 2.6 and 7.1 to exclude extraordinary items.

Condensed operating segment information for the six months ended June 30, 2016 and 2015

2016 IN THOUSAND CHF	MIDDLE EAST, AFRICA, CIS AMERICAS						TOTAL SEGMENTS	ELIMINATIONS	TOTAL GROUP
	ASIA PACIFIC	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	TOTAL SEGMENTS	ELIMINATIONS			
External forwarding services	599,766	1,456,356	194,530	886,760	3,137,412			3,137,412	
Customs, duties and taxes	(33,296)	(364,245)	(31,976)	(111,374)	(540,890)			(540,890)	
Intra-group forwarding services	638,902	497,615	74,233	308,266	1,519,015	(1,519,015)		0	
Net forwarding revenue	1,205,372	1,589,726	236,787	1,083,652	4,115,537	(1,519,015)		2,596,522	
Forwarding services	(1,025,754)	(1,308,800)	(175,280)	(869,415)	(3,379,248)	1,519,015		(1,860,233)	
Gross profit	179,618	280,926	61,507	214,237	736,289			736,289	
Personnel expenses	(86,393)	(185,114)	(33,850)	(140,919)	(446,275)			(446,275)	
Other operating expenses	(45,090)	(70,250)	(22,318)	(67,088)	(204,746)			(204,746)	
EBITDA adjusted	48,136	25,562	5,339	6,230	85,268			85,268	
Depreciation and amortization	(6,432)	(9,007)	(2,890)	(6,162)	(24,491)			(24,491)	
Operating result (Segment EBIT) adjusted	41,704	16,555	2,449	68	60,777			60,777	
Restructuring expenses	0	0	(4,200)	(21,900)	(26,100)			(26,100)	
Operating result (EBIT) reported	41,704	16,555	(1,751)	(21,832)	34,677			34,677	
Financial result								(204)	
Finance income								1,205	
Finance costs								(1,409)	
Profit before income tax (EBT)								34,473	
Income tax expenses								(12,636)	
Profit								21,837	

2015 IN THOUSAND CHF	MIDDLE EAST, AFRICA, CIS AMERICAS						TOTAL SEGMENTS	ELIMINATIONS	TOTAL GROUP
	ASIA PACIFIC	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	TOTAL SEGMENTS	ELIMINATIONS			
External forwarding services	651,722	1,533,585	251,075	1,149,055	3,585,437			3,585,437	
Customs, duties and taxes	(51,613)	(389,578)	(54,683)	(148,186)	(644,060)			(644,060)	
Intra-group forwarding services	699,266	528,067	105,788	386,942	1,720,062	(1,720,062)		0	
Net forwarding revenue	1,299,375	1,672,074	302,180	1,387,810	4,661,439	(1,720,062)		2,941,376	
Forwarding services	(1,126,225)	(1,400,315)	(232,503)	(1,166,287)	(3,925,330)	1,720,062		(2,205,267)	
Gross profit	173,150	271,759	69,677	221,523	736,109	0		736,109	
Personnel expenses	(87,068)	(176,025)	(39,474)	(147,188)	(449,754)			(449,754)	
Other operating expenses	(46,148)	(72,078)	(19,261)	(62,283)	(199,770)			(199,770)	
EBITDA	39,935	23,656	10,942	12,052	86,585	0		86,585	
Depreciation and amortization	(6,722)	(8,929)	(3,183)	(7,389)	(26,223)			(26,223)	
Operating result (EBIT)	33,212	14,727	7,759	4,664	60,362	0		60,362	
Financial result								3	
Finance income								1,762	
Finance costs								(1,759)	
Profit before income tax (EBT)								60,365	
Income tax expenses								(15,091)	
Profit								45,274	

Condensed operating segment information for April to June 2016 and 2015

2016 IN THOUSAND CHF	ASIA PACIFIC	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	TOTAL SEGMENTS	ELIMI- NATIONS	TOTAL GROUP
External forwarding services	296,794	734,185	94,196	426,710	1,551,886		1,551,886
Customs, duties and taxes	(14,955)	(179,367)	(13,490)	(54,715)	(262,527)		(262,527)
Intra-group forwarding services	320,155	244,997	36,316	148,018	749,486	(749,486)	0
Net forwarding revenue	601,995	799,816	117,022	520,013	2,038,846	(749,486)	1,289,359
Forwarding services	(510,271)	(658,215)	(86,159)	(412,796)	(1,667,441)	749,486	(917,954)
Gross profit	91,724	141,601	30,862	107,218	371,405		371,405
Personnel expenses	(43,599)	(92,218)	(15,055)	(70,393)	(221,265)		(221,265)
Other operating expenses	(20,915)	(33,803)	(12,097)	(34,248)	(101,061)		(101,061)
EBITDA adjusted	27,211	15,580	3,710	2,577	49,079		49,079
Depreciation and amortization	(3,182)	(4,594)	(1,386)	(3,107)	(12,270)		(12,270)
Operating result (Segment EBIT) adjusted	24,029	10,986	2,324	(530)	36,810		36,810
Restructuring expenses	0	0	(4,200)	(21,900)	(26,100)		(26,100)
Operating result (EBIT) reported	24,029	10,986	(1,876)	(22,430)	10,710		10,710
Financial result							710
Finance income							856
Finance costs							(146)
Profit before income tax (EBT)							11,420
Income tax expenses							(6,872)
Profit							4,548

2015 IN THOUSAND CHF	ASIA PACIFIC	EUROPE	MIDDLE EAST, AFRICA, CIS	AMERICAS	TOTAL SEGMENTS	ELIMI- NATIONS	TOTAL GROUP
External forwarding services	315,353	752,452	119,408	548,713	1,735,927		1,735,927
Customs, duties and taxes	(24,148)	(182,633)	(24,445)	(66,689)	(297,915)		(297,915)
Intra-group forwarding services	339,605	260,274	54,582	188,517	842,979	(842,979)	0
Net forwarding revenue	630,811	830,093	149,546	670,541	2,280,991	(842,979)	1,438,012
Forwarding services	(544,259)	(695,591)	(115,067)	(561,747)	(1,916,664)	842,979	(1,073,685)
Gross profit	86,552	134,501	34,479	108,794	364,327	0	364,327
Personnel expenses	(43,127)	(84,492)	(19,203)	(73,162)	(219,983)		(219,983)
Other operating expenses	(23,344)	(34,432)	(8,778)	(29,998)	(96,552)		(96,552)
EBITDA	20,081	15,577	6,499	5,633	47,791	0	47,791
Depreciation and amortization	(3,343)	(4,184)	(1,552)	(3,605)	(12,685)		(12,685)
Operating result (EBIT)	16,738	11,393	4,947	2,028	35,106	0	35,106
Financial result							(900)
Finance income							(54)
Finance costs							(846)
Profit before income tax (EBT)							34,206
Income tax expenses							(8,517)
Profit							25,689

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, 2016 and 2015:

2016 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	1,495,800	1,311,941	329,671	3,137,412
Customs, duties and taxes	(226,726)	(286,015)	(28,150)	(540,890)
Net forwarding revenue	1,269,074	1,025,926	301,521	2,596,522
Forwarding services from third parties	(964,569)	(792,999)	(102,666)	(1,860,233)
Gross profit	304,506	232,928	198,855	736,289
Personnel expenses	(175,381)	(154,332)	(116,561)	(446,275)
Other operating expenses	(73,042)	(59,373)	(72,332)	(204,746)
EBITDA adjusted	56,082	19,223	9,963	85,268
Depreciation and amortization	(10,345)	(8,300)	(5,846)	(24,491)
Operating result (Segment EBIT) adjusted	45,738	10,923	4,116	60,777
Restructuring expenses	(12,650)	(9,650)	(3,800)	(26,100)
Operating result (EBIT) reported	33,088	1,273	316	34,677
Financial result				(204)
Finance income				1,205
Finance costs				(1,409)
Profit before income tax (EBT)				34,473
Income tax expenses				(12,636)
Profit				21,837

2015 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	1,533,932	1,710,449	341,055	3,585,437
Customs, duties and taxes	(236,499)	(379,926)	(27,635)	(644,060)
Net forwarding revenue	1,297,433	1,330,523	313,421	2,941,376
Forwarding services from third parties	(1,003,850)	(1,093,238)	(108,179)	(2,205,267)
Gross profit	293,583	237,284	205,242	736,109
Personnel expenses	(171,469)	(158,167)	(120,118)	(449,754)
Other operating expenses	(66,506)	(57,195)	(76,069)	(199,770)
EBITDA	55,608	21,922	9,055	86,585
Depreciation and amortization	(9,575)	(9,112)	(7,537)	(26,223)
Operating result (EBIT)	46,033	12,811	1,518	60,362
Financial result				3
Finance income				1,762
Finance costs				(1,759)
Profit before income tax (EBT)				60,365
Income tax expenses				(15,091)
Profit				45,274

Information by product for April to June 2016 and 2015

2016 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	751,745	624,375	175,766	1,551,886
Customs, duties and taxes	(115,824)	(132,226)	(14,477)	(262,527)
Net forwarding revenue	635,921	492,149	161,289	1,289,359
Forwarding services from third parties	(479,992)	(377,303)	(60,659)	(917,954)
Gross profit	155,929	114,846	100,630	371,405
Personnel expenses	(86,917)	(75,233)	(59,114)	(221,265)
Other operating expenses	(35,910)	(28,833)	(36,319)	(101,061)
EBITDA adjusted	33,103	10,780	5,197	49,079
Depreciation and amortization	(5,174)	(4,169)	(2,926)	(12,270)
Operating result (Segment EBIT) adjusted	27,928	6,611	2,271	36,810
Restructuring expenses	(12,650)	(9,650)	(3,800)	(26,100)
Operating result (EBIT) reported	15,278	(3,039)	(1,529)	10,710
Financial result				710
Finance income				856
Finance costs				(146)
Profit before income tax (EBT)				11,420
Income tax expenses				(6,872)
Profit				4,548
2015 IN THOUSAND CHF	AIR FREIGHT	OCEAN FREIGHT	LOGISTICS	TOTAL GROUP
External forwarding services	747,417	820,081	168,429	1,735,927
Customs, duties and taxes	(111,443)	(173,599)	(12,873)	(297,915)
Net forwarding revenue	635,974	646,482	155,556	1,438,012
Forwarding services from third parties	(490,374)	(528,288)	(55,023)	(1,073,685)
Gross profit	145,599	118,194	100,533	364,327
Personnel expenses	(85,316)	(79,316)	(55,352)	(219,983)
Other operating expenses	(29,209)	(26,093)	(41,251)	(96,553)
EBITDA	31,074	12,786	3,931	47,791
Depreciation and amortization	(4,616)	(4,447)	(3,621)	(12,685)
Operating result (EBIT)	26,458	8,339	309	35,106
Financial result				(900)
Finance income				(54)
Finance costs				(846)
Profit before income tax (EBT)				34,206
Income tax expenses				(8,517)
Profit				25,689

5 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the Interim Period, the Group recognized additions in the amount of CHF 6.1 million (2015: CHF 3.4 million) as machinery and equipment. Furthermore additions in the amount of CHF 6.4 million (2015: CHF 2.2 million) have been recognized as buildings and buildings under construction. The Group also acquired vehicles in the amount of CHF 0.8 million (2015: CHF 0.3 million).

The following table shows the movements in the net book values of property, plant and equipment and intangible assets for the periods ended June 30, 2016 and 2015, respectively:

IN THOUSAND CHF	PROPERTY, PLANT AND EQUIPMENT 2016	INTANGIBLE AS- SETS 2016	PROPERTY, PLANT AND EQUIPMENT 2015	INTANGIBLE AS- SETS 2015
Net book value on January 1	78,466	98,820	104,283	122,029
Translation differences	(380)	(932)	(10,554)	(1,272)
Acquisitions of subsidiaries	892	23,027	0	0
Additions	13,373	1,237	5,851	485
Disposals (net)	(4,933)	0	(633)	(134)
Depreciation and amortization	(12,470)	(12,022)	(14,441)	(11,782)
Net book value on June 30	74,948	110,130	84,506	109,326

Intangible assets as of June 30, 2016 include goodwill of CHF 53.5 million (2015: CHF 44.0 million), brands and customer lists of CHF 12.2 million (2015: 0.0 million) and software of CHF 44.4 million (2015: CHF 65.3 million). The acquired assets relate to the acquisition of Airflo sub-group as disclosed in note 3.

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, 2016 and 2015, respectively. Management believes that the current key assumptions applied would not cause the carrying value of goodwill to exceed the recoverable amount. Except for the restructuring of certain energy solution operations and sites, no further impairment indicators were identified as per June 30, 2016. The estimated recoverable amounts of the assets/CGUs affected exceeded its carrying amounts. Consequently no impairment charges had to be recognised.

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, mainly include customer relations. There were no impairment charges recorded on intangible assets during the six months periods ended June 30, 2016 and 2015 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 23,734,534 (June 30, 2015: 23,734,623).

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 2015 of CHF 3.50 gross per share. This proposal has been approved at the Annual Meeting of Shareholders on May 10, 2016.

	OUTSTANDING NUMBER OF SHARES	VALUE
	Numbers	In TCHF
Total number of shares issued as of January 1, 2016	23,750,000	2,375
Treasury shares outstanding as of January 1, 2016	(17,840)	(2,252)
Total number of shares outstanding as of January 1, 2016 ¹	23,732,160	
Movements in Treasury shares		
Purchased	(37,207)	(4,113)
Sold under employee share plan	13,436	1,506
Sold under employee option plan	720	81
Free shares from share plan	5,278	609
Bonus settled with own shares	24,230	2,717
Subtotal movement of treasury shares during the period	6,457	800
Total number of shares outstanding as of June 30, 2016 ¹	23,738,617	
Total number of treasury shares outstanding as of June 30, 2016	(11,383)	(1,452)

¹ i.e. shares entitled to voting rights and dividends

7 PROVISIONS AND OTHER LIABILITIES

7.1 NON-CURRENT AND CURRENT PROVISIONS

2016 (IN THOUSAND CHF)	CLAIMS	RESTRUC- TURING	OTHER PRO- VISIONS	TOTAL
Balance on January 1	30,130	4,634	20,370	55,134
Translation differences	93	251	(720)	(376)
Addition	6,506	26,274	5,160	37,940
Reversal of unused amounts	(3,385)	(174)	(763)	(4,322)
Charged in income statement	3,121	26,100	4,398	33,618
Utilization	(3,872)	(2,675)	(3,094)	(9,641)
Balance on June 30	29,472	28,310	20,953	78,736
thereof				
non-current	23,615	7,637	15,558	46,809
current	5,857	20,673	5,396	31,927

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. Management determined the provision based on past performance and its expectation of the funds needed for the future settlement of claims not yet reported. Restructuring provisions are recognized when the Group has a detailed formal plan that has either commenced implementation or been announced.

A restructuring plan initiated during Q2 2016 impacted the income statement in the amount of CHF 26.1 million. This plan is related to the right-sizing of certain energy solution operations and sites (mainly in the U.S. and in some African countries from the oil and gas sector) due to lower volumes. The rest of the restructuring provision balance (CHF 2.2 million) relates to the remaining portion of the 2015 provisioned headcount reductions in Europe, Singapore and certain countries in Africa.

The claim provisions as of June 30, 2016 include a portion of certain claims brought forward against the Group by customers and forwarding agents (CHF 24.5 million). The non-current part of the provisions as of June 30, 2016, is expected to be utilized within the next two to five years.

7.2 NON-CURRENT AND CURRENT OTHER LIABILITIES

The current part (CHF 64.8 million) contains vacation entitlement, personnel profit participation and respective social security costs and payroll taxes where applicable. The non-current part includes employee benefit obligations (CHF 30.9 million), such as for anniversary, termination and long-service benefits (mainly in USA, Switzerland, Austria and Germany). The timings of these cash outflows can be reasonably estimated based on past performance. Also included is a redemption liability relating to a put option for an acquisition of a non-controlling interest in one of the Group's subsidiaries (CHF 9.7 million).

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, 2016 (IN THOUSAND CHF)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale financial assets ¹	0	0	544	544
Financial assets at fair value through profit or loss held for trading ¹	355	0	0	355
Derivative financial assets	0	3,289	0	3,289
Total				4,187
Derivative financial liabilities	0	5,612	0	5,612
Total				5,612

¹ reported as part of investments in the statement of financial position

DECEMBER 31, 2015 (IN THOUSAND CHF)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Available-for-sale financial assets ¹	0	0	541	541
Financial assets at fair value through profit or loss held for trading ¹	400	0	0	400
Derivative financial assets	0	2,219	0	2,219
Total				3,161
Derivative financial liabilities	0	2,537	0	2,537
Total				2,537

¹ reported as part of investments in the statement of financial position

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

The Group holds a new investment (acquisition value of CHF 523 thousand) since June 2015 with a fair value of CHF 544 thousand at June 30, 2016. This investment was classified as available-for-sale level 3 as it is not traded on an active market and there are no comparative observable arm's length transactions. A gain of CHF 3 thousand was recognized in consolidated income statement during the interim period.

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

9 MAJOR LEGAL CLAIMS

The status of the proceedings disclosed under "pending legal claims" in the Annual Financial Statements (note 29.2) 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 19, 2016