PANALPINA
on 6 continents

2017
Second Quarter

Condensed Consolidated interim financial statements

CONTENTS

Consolidated income statement

for the six months ended June 30, 2017 and 2016

In thousand CHF	Notes	April-June 2017	April-June 2016	January-June 2017	January-June 2016
Net forwarding revenue	**4**	**1,354,890**	**1,289,359**	**2,632,089**	**2,596,522**
Forwarding services from third parties	4	(1,014,500)	(917,954)	(1,958,971)	(1,860,233)
Gross profit	**4**	**340,390**	**371,405**	**673,118**	**736,289**
Personnel expenses		(216,158)	(221,265)	(432,528)	(446,275)
Other operating expenses		(88,032)	(101,061)	(177,319)	(204,746)
Restructuring expenses	7	0	(26,100)	0	(26,100)
EBITDA		**36,200**	**22,979**	**63,271**	**59,168**
Depreciation of property, plant and equipment	5	(5,400)	(6,235)	(10,667)	(12,470)
Amortization of intangible assets	5	(5,195)	(6,035)	(10,643)	(12,022)
Operating result (EBIT)		**25,604**	**10,710**	**41,961**	**34,677**
Finance income		1,157	856	2,224	1,205
Finance costs		(1,060)	(146)	(1,972)	(1,409)
Profit before income tax (EBT)		**25,700**	**11,420**	**42,214**	**34,473**
Income tax expenses		(8,123)	(6,872)	(12,284)	(12,636)
Profit		**17,578**	**4,548**	**29,929**	**21,837**
Profit attributable to:					
Owners of the parent		17,728	4,868	30,615	22,679
Non-controlling interests		(151)	(321)	(685)	(842)
Earnings per share (in CHF)					
Basic		0.75	0.21	1.29	0.96
Diluted		0.75	0.21	1.29	0.96

Consolidated statement of comprehensive income

for the six months ended June 30, 2017 and 2016

	April-June		January-June	
In thousand CHF	2017	2016	2017	2016
Profit	**17,578**	**4,548**	**29,929**	**21,837**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement of the net defined benefit asset / liability (note 2.6)	5,402	(12,350)	13,015	(19,936)
Income taxes on this component of other comprehensive income	(1,240)	3,596	(3,015)	5,223
	4,162	**(8,754)**	**10,000**	**(14,713)**
Items that are or may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets - net change in fair value	0	0	(12)	0
Exchange difference on translations of foreign operations	(2,322)	(517)	100	(3,242)
	(2,322)	**(517)**	**88**	**(3,242)**
Other comprehensive income, net of tax	**1,840**	**(9,271)**	**10,088**	**(17,955)**
Total comprehensive income	**19,418**	**(4,723)**	**40,017**	**3,882**
Total comprehensive income attributable to:				
Owners of the parent	19,727	(4,356)	41,182	4,991
Non-controlling interests	(308)	(367)	(1,165)	(1,109)

Consolidated statement of financial position

as of June 30, 2017 and December 31, 2016

In thousand CHF	Notes	June 30, 2017	December 31, 2016
Assets			
Non-current assets			
Property, plant and equipment	5	73,540	63,524
Intangible assets	5	95,966	97,947
Investments	8	24,223	24,403
Post-employment benefit assets		12,963	2,231
Deferred income tax assets		71,911	72,410
Total non-current assets		**278,601**	**260,515**
Current assets			
Other receivables and other current assets		110,667	101,370
Unbilled forwarding services		76,278	60,342
Trade receivables		816,346	848,398
Derivative financial instruments	8	4,157	1,164
Cash and cash equivalents		248,667	388,777
Total current assets		**1,256,114**	**1,400,051**
Total assets		**1,534,715**	**1,660,565**
Equity and liabilities			
Equity			
Share capital	6	2,375	2,375
Treasury shares	6	(798)	(3,987)
Retained earnings and reserves		559,171	609,638
Total equity attributable to owners of the parent		**560,748**	**608,026**
Non-controlling interests		6,772	8,940
Total equity		**567,520**	**616,966**
Non-current liabilities			
Borrowings		1,067	0
Non-current provisions	7	37,798	42,566
Non-current other liabilities	7	44,358	40,812
Post-employment benefit liabilities		55,822	56,313
Deferred income tax liabilities		9,460	5,242
Total non-current liabilities		**148,504**	**144,934**
Current liabilities			
Trade payables		385,964	408,452
Other payables and accruals		121,898	129,057
Accrued cost of services		229,057	243,983
Borrowings		1,247	2,339
Derivative financial instruments	8	1,166	4,227
Current provisions	7	15,914	23,395
Current other liabilities	7	52,514	68,860
Current income tax liabilities		10,932	18,354
Total current liabilities		**818,691**	**898,666**
Total liabilities		**967,195**	**1,043,600**
Total equity and liabilities		**1,534,715**	**1,660,565**

Consolidated statement of changes in equity

for the six months ended June 30, 2017 and 2016

2017 in thousand CHF	Attributable to the owners of the parent Share capital	Treasury shares	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance on January 1, 2017	**2,375**	**(3,987)**	**(286,735)**	**896,372**	**608,026**	**8,940**	**616,966**
Profit	0	0	0	30,615	30,615	(685)	29,929
Other comprehensive income							
Exchange difference on translations of foreign operations	0	0	579	0	579	(479)	100
Remeasurement of the net defined benefit asset / liability, net of tax	0	0	0	10,000	10,000	0	10,000
Available-for-sale financial assets – net change in fair value	0	0	0	(12)	(12)	0	(12)
Total other comprehensive income, net of tax	**0**	**0**	**579**	**9,988**	**10,567**	**(479)**	**10,088**
Total comprehensive income for the period	**0**	**0**	**579**	**40,603**	**41,182**	**(1,165)**	**40,017**
Dividends paid (note 6)	0	0	0	(89,057)	(89,057)	0	(89,057)
Credit to equity for share-based compensation plans	0	0	0	3,312	3,312	0	3,312
Changes in treasury shares, net (note 6)	0	3,189	0	(4,474)	(1,285)	0	(1,285)
Acquisition of subsidiaries with non-controlling interests	0	0	0	0	0	1,200	1,200
Transaction with non-controlling interests [1]	0	0	0	(3,633)	(3,633)		(3,633)
Reclassification of non-controlling interests to parent shareholders [2]	0	0	0	2,204	2,204	(2,204)	0
Balance on June 30, 2017	**2,375**	**(798)**	**(286,155)**	**845,326**	**560,748**	**6,772**	**567,520**

[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

2016 in thousand CHF	Attributable to the owners of the parent Share capital	Treasury shares	Trans-lation reserve	Retained earnings	Total	Non-con-trolling interests	Total equity
Balance on January 1, 2016	**2,375**	**(2,252)**	**(278,288)**	**919,438**	**641,273**	**12,037**	**653,310**
Profit	0	0	0	22,679	22,679	(842)	21,837
Other comprehensive income							
Exchange difference on translations of foreign operations	0	0	(2,975)	0	(2,975)	(267)	(3,242)
Remeasurement of the net defined benefit asset / liability, net of tax	0	0	0	(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	0	0	0	(83,097)	(83,097)	0	(83,097)
Credit to equity for share-based compensation plans	0	0	0	2,203	2,203	0	2,203
Changes in treasury shares, net (note 6)	0	800	0	(1,396)	(596)	0	(596)
Acquisition of subsidiaries with non-controlling interests	0	0	0	0	0	3,986	3,986
Transaction with non-controlling interests [1]	0	0	0	(9,453)	(9,453)	0	(9,453)
Reclassification of non-controlling interests to parent shareholders [2]	0	0	0	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

Consolidated statement of cash flows

for the six months ended June 30, 2017 and 2016

In thousand CHF	Notes	January-June 2017	January-June 2016
Profit		**29,929**	**21,837**
Income tax expenses		12,284	12,636
Depreciation of property, plant and equipment	5	10,667	12,470
Amortization of intangible assets	5	10,643	12,022
Interest income and dividend on available-for-sale financial assets		(886)	(897)
Exchange differences		(1,085)	(699)
Loss / (gain) on sales of property, plant and equipment		(436)	(996)
Expenses for share-based compensation plans		3,312	2,203
Other non-cash (income) and expenses		1,576	1,047
Subtotal cash flow from operations		**66,003**	**59,623**
Working capital adjustments:			
(Increase) / decrease receivables, other current assets and unbilled forwarding services		(3,665)	59,195
Increase / (decrease) payables and accruals incl. accrued cost of service		(32,224)	(56,634)
(Decrease) / increase non-current provisions and other liabilities		(2,799)	6,586
(Decrease) / increase current provisions and other liabilities		(22,867)	5,376
Cash generated from operations		**4,449**	**74,146**
Interest paid		(590)	(748)
Income taxes paid		(22,087)	(15,521)
Net cash from operating activities		**(18,228)**	**57,877**
Interests received		869	857
Dividends received		0	33
Proceeds from sale of property, plant and equipment and intangible assets	5	793	5,638
Proceeds from sale of investments		574	161
Proceeds from sale of other financial assets		0	383
Repayments of loans and long-term receivables		4,064	1,417
Acquisition of subsidiaries, net of cash	3	(7,829)	(21,278)
Purchase of property, plant and equipment	5	(22,342)	(13,486)
Purchase of intangible assets	5	(97)	(1,237)
Purchase of investments and other financial assets		(4,463)	(386)
Investments in long-term loans and long-term receivables		(1,382)	(982)
Net cash used in investing activities		**(29,813)**	**(28,880)**
Free cash flow		**(48,041)**	**28,997**
Proceeds from short- and long-term borrowings		1,197	0
Repayment of short- and long-term borrowings		0	(37)
Dividends paid		(89,057)	(83,097)
Purchase of treasury shares	6	(2,760)	(4,113)
Sale of treasury shares	6	1,433	1,587
Net cash used in financing activities		**(89,187)**	**(85,660)**
Net increase / (decrease) in cash and cash equivalents		**(137,228)**	**(56,663)**
Cash and cash equivalents at the beginning of the period		388,777	392,260
Effect of exchange rate changes on cash and cash equivalents		(2,881)	1,712
Cash and cash equivalents at the end of the period		**248,667**	**337,309**

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, 2017 (hereafter "the Interim Period"). These Interim Financial Statements should be read in conjunction with the IFRS Consolidated Financial Statements for the year ended December 31, 2016 (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, 2017.

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, applied to pre-tax income for the six months period.

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 Pension obligations

The remeasurement gain in the first six months of 2017 on the net defined benefit obligation (CHF 13.0 million) was recognised in other comprehensive income. It is mainly attributable to remeasurement gains on plan assets (CHF 10.1 million) and changes in discount rates (CHF 2.9 million).

2.7 Changes in presentation

In 2017 there was no change in presentation compared to the Annual Financial Statements except for the restructuring expenses, which have been disclosed as an additional line item in the consolidated income statement as from Q2 2016. Since no such expenses meeting the definition explained in the Annual Financial Statement Note 2.3 occurred in the current period under review, this line item is not shown separately in the consolidated income statement.

2.8 Changes in standards, interpretation and amendments

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, 2017:

- Amendments to IAS 7 – Disclosure Initiative (effective date January 1, 2017)
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses (effective date January 1, 2017)
- Annual improvements to IFRSs 2014-2016 Cycle (amendments to IFRS 12 Disclosure of Interests in Other Entities) (effective date January 1, 2017).

2.9 Future new and revised standards

The following new or revised standards, amendments to existing standards and interpretations which may be relevant to the group 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)
- Clarifications to IFRS 15 Revenue from Contracts with Customers (effective date January 1, 2018)
- IFRS 9 – Financial Instruments (effective date January 1, 2018)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective date January 1, 2018)
- IFRS 16 – Leases (effective date January 1, 2019)
- IFRIC 23 – Uncertainty over Income Tax Treatments (effective date January 1, 2019)

Revision and amendments of Standards and Interpretations:

- Annual improvements to IFRSs 2014-2016 Cycle – amendments to IFRS 1 and IAS 28 (both effective date January 1, 2018)
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (effective date January 1, 2018)
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date January 1, 2018)
- Amendments to IAS 40 – Transfers of investment property (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, only IFRS 16 will have a material impact on assets, liabilities, lease expenses, depreciation and interest expenses. IFRS 15 will mainly impact the group's disclosures in relation to contract balances and the timing of the revenue recognition in Ocean Freight import, which will however not be material for the Group. In respect to IFRS 9, the Group is still evaluating the impact on its financial statements in particular in regards to the calculation of the bad debt provisions (when implementing the expected credit loss methodology), however the Group does not foresee any material impact resulting from this change.

2.10 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 2017	December 2016		June 2017	June 2016		Statement of financial position [1]	Income statement and cash flow statement [2]
BRL	0.293	0.314	BRL	0.313	0.265	BRL	-7%	18%
CAD	0.735	0.758	CAD	0.745	0.738	CAD	-3%	1%
CNY	0.141	0.147	CNY	0.145	0.150	CNY	-4%	-4%
EUR	1.093	1.071	EUR	1.076	1.095	EUR	2%	-2%
GBP	1.241	1.255	GBP	1.252	1.409	GBP	-1%	-11%
HKD	0.123	0.132	HKD	0.128	0.126	HKD	-7%	1%
USD	0.958	1.024	USD	0.995	0.982	USD	-6%	1%

[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 acquired a majority stake (75 percent) in Carelog sub-group, a Danish freight forwarding and logistics company with a strong foothold in ocean freight and roots in the western part of Denmark. Carelog and Panalpina complement each other ideally in terms of geography, product strengths and customer mix. The merged company employs a total of 70 people (incl. the preexisting PA Denmark subsidiary) and organizes approximately 18,000 TEUs per year. In accordance with IFRS 3, the acquisition date was defined as May 2, 2017.

During the Interim Period under review, there was no other material business combination or 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 to exclude extraordinary items as outlined in note 2.3 of our Consolidated financial statements for the year ended in December 31, 2016.

Condensed operating segment information for the six months ended June 30, 2017 and 2016:

2017 in thousand CHF	Asia Pacific	Europe	Middle East, Africa, CIS	Americas	Total segments	Elimi-nations	Total group
External forwarding services	620,461	1,406,681	166,579	945,657	3,139,378		3,139,378
Customs, duties and taxes	(34,356)	(341,854)	(27,644)	(103,435)	(507,289)		(507,289)
Intra-group forwarding services	732,054	532,250	45,078	231,947	1,541,329	(1,541,329)	0
Net forwarding revenue	**1,318,159**	**1,597,077**	**184,013**	**1,074,169**	**4,173,419**	**(1,541,329)**	**2,632,089**
Forwarding services	(1,151,820)	(1,344,167)	(138,225)	(866,088)	(3,500,300)	1,541,329	(1,958,971)
Gross profit	**166,339**	**252,910**	**45,788**	**208,081**	**673,118**		**673,118**
Personnel expenses	(92,151)	(178,936)	(30,033)	(131,407)	(432,528)		(432,528)
Other operating expenses	(37,706)	(67,713)	(13,988)	(57,912)	(177,319)		(177,319)
EBITDA	**36,481**	**6,261**	**1,767**	**18,762**	**63,271**		**63,271**
Depreciation and amortization	(6,165)	(7,976)	(1,890)	(5,279)	(21,310)		(21,310)
Operating result (Segment EBIT)	**30,316**	**(1,715)**	**(122)**	**13,483**	**41,961**		**41,961**
Financial result							252
Finance income							2,224
Finance costs							(1,972)
Profit before income tax (EBT)							**42,214**
Income tax expenses							(12,284)
Profit							**29,929**

2016 in thousand CHF	Asia Pacific	Europe	Middle East, Africa, CIS	Americas	Total segments	Elimi-nations	Total group
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**

Condensed operating segment information for the periods April-June 2017 and 2016:

2017	Asia Pacific	Europe	Middle East, Africa, CIS	Americas	Total segments	Elimi-nations	Total group
External forwarding services	315,903	704,205	79,008	495,789	1,594,907		1,594,907
Customs, duties and taxes	(15,432)	(161,022)	(13,006)	(50,557)	(240,017)		(240,017)
Intra-group forwarding services	377,804	273,810	22,386	107,381	781,382	(781,382)	0
Net forwarding revenue	**678,275**	**816,994**	**88,389**	**552,614**	**2,136,273**	**(781,382)**	**1,354,890**
Forwarding services	(594,263)	(687,718)	(65,400)	(448,501)	(1,795,882)	781,382	(1,014,500)
Gross profit	**84,012**	**129,276**	**22,989**	**104,113**	**340,390**		**340,390**
Personnel expenses	(47,379)	(91,108)	(14,361)	(63,311)	(216,159)		(216,158)
Other operating expenses	(19,699)	(33,273)	(6,834)	(28,225)	(88,032)		(88,032)
EBITDA	**16,933**	**4,895**	**1,794**	**12,577**	**36,200**		**36,200**
Depreciation and amortization	(3,080)	(4,016)	(913)	(2,586)	(10,596)		(10,596)
Operating result (Segment EBIT)	**13,853**	**880**	**882**	**9,991**	**25,606**		**25,604**
Financial result							97
Finance income							1,157
Finance costs							(1,060)
Profit before income tax (EBT)							**25,700**
Income tax expenses							(8,123)
Profit							**17,578**

2016	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**

The Group's business can be divided into three divisions: Air Freight, Ocean Freight, Logistics.
Information by product for the first six months ended June 30, 2017 and 2016:

2017 in thousand CHF	Air Freight	Ocean Freight	Logistics	Total group
External forwarding services	1,574,580	1,268,320	296,478	3,139,378
Customs, duties and taxes	(217,454)	(259,638)	(30,198)	(507,289)
Net forwarding revenue	**1,357,127**	**1,008,682**	**266,281**	**2,632,089**
Forwarding services from third parties	(1,062,495)	(794,084)	(102,392)	(1,958,971)
Gross profit	**294,632**	**214,597**	**163,889**	**673,118**
Personnel expenses	(182,154)	(156,383)	(93,991)	(432,528)
Other operating expenses	(64,091)	(53,606)	(59,622)	(177,319)
EBITDA	**48,387**	**4,608**	**10,275**	**63,271**
Depreciation and amortization	(9,288)	(7,180)	(4,841)	(21,310)
Operating result (EBIT)	**39,099**	**(2,572)**	**5,434**	**41,961**
Financial result				252
Finance income				2,224
Finance costs				(1,972)
Profit before income tax (EBT)				**42,214**
Income tax expenses				(12,284)
Profit				**29,929**

2016	Air Freight	Ocean Freight	Logistics	Total group
External forwarding services	1,495,800	1,331,941	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)	**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**

Information by product for the periods April-June 2017 and 2016:

2017 in thousand CHF	Air Freight	Ocean Freight	Logistics	Total group
External forwarding services	798,762	643,283	152,862	1,594,907
Customs, duties and taxes	(98,770)	(126,106)	(15,141)	(240,017)
Net forwarding revenue	**699,991**	**517,177**	**137,722**	**1,354,890**
Forwarding services from third parties	(550,020)	(408,100)	(56,380)	(1,014,500)
Gross profit	**149,972**	**109,077**	**81,341**	**340,390**
Personnel expenses	(91,633)	(78,446)	(46,080)	(216,158)
Other operating expenses	(31,720)	(26,484)	(29,828)	(88,032)
EBITDA	**26,619**	**4,147**	**5,433**	**36,200**
Depreciation and amortization	(4,656)	(3,566)	(2,373)	(10,596)
Operating result (EBIT)	**21,963**	**581**	**3,061**	**25,604**
Financial result				97
Finance income				1,157
Finance costs				(1,060)
Profit before income tax (EBT)				**25,700**
Income tax expenses				(8,123)
Profit				**17,578**

2016	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)	**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**

5. Property, plant and equipment and intangible assets

During the Interim Period, the Group recognized additions in the amount of CHF 6.3 million (2016: CHF 6.1 million) as machinery and equipment. Furthermore additions in the amount of CHF 16.0 million (2016: CHF 6.4 million) have been recognized as buildings and buildings under construction. The Group also acquired vehicles in the amount of CHF 0.3 million (2016: CHF 0.8 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, 2017 and 2016, respectively:

In thousand CHF	Property, plant and equipment 2017	Intangible assets 2017	Property, plant and equipment 2016	Intangible assets 2016
Net book value on January 1	**63,524**	**97,947**	**78,466**	**98,820**
Translation differences	(1,701)	(158)	(380)	(932)
Acquisitions of subsidiaries	34	8,773	892	23,027
Additions	22,655	97	13,373	1,237
Disposals (net)	(305)	(52)	(4,933)	0
Depreciation and amortization	(10,667)	(10,643)	(12,470)	(12,022)
Net book value on June 30	**73,540**	**95,966**	**74,948**	**110,130**

Intangible assets as of June 30, 2017 include goodwill of CHF 58.5 million (2016: CHF 53.5 million), brands and customer lists of CHF 12.4 million (2016: 12.2 million) and software of CHF 25.1 million (2016: CHF 44.4 million). The acquired assets in 2017 and in 2016 relate to the acquisition of Carelog and Airflo sub-group, respectively.

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, 2017 and 2016, 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, 2017. 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, 2017 and 2016 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. As of June 30, 2017, the weighted average number of shares issued amounted to 23,737,982 (June 30, 2016: 23,734,534).

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 2016 of CHF 3.75 gross per share. This proposal has been approved at the Annual Meeting of Shareholders on May 3, 2017 and subsequently paid on May 9, 2017.

	Outstanding number of shares	Value
	Numbers	**in TCHF**
Total number of shares issued as of January 1, 2017	**23,750,000**	**2,375**
Treasury shares outstanding as of January 1, 2016	(33,367)	(3,987)
Total number of shares outstanding as of January 1, 2017[1]	**23,716,633**	
Movements in Treasury shares		
Purchased	(21,000)	(2,760)
Sold under employee share plan	12,541	1,652
Free shares from share plan	6,263	780
Bonus settled with own shares	29,487	3,518
Subtotal movement of treasury shares during the period	**27,291**	**3,190**
Total number of shares outstanding as of June 30, 2017[1]	**23,743,924**	
Total number of treasury shares outstanding as of June 30, 2017	(6,076)	(798)

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

7. Provisions and other liabilities

7.1 Non-current and current provisions

2017 in thousand CHF	Claims	Restruc-turing	Other provisions	Total
Balance on January 1	**(28,153)**	**(17,284)**	**(20,523)**	**(65,961)**
Translation differences	586	986	1,232	2,804
Addition	(9,351)	(1,599)	(1,714)	(12,664)
Reversal of unused amounts	4,307	1,086	313	5,707
Charged in income statement	**(5,043)**	**(513)**	**(1,400)**	**(6,957)**
Charges to Property, Plant and Equipment	0	0	(313)	(313)
Utilization	5,148	7,857	3,711	16,716
Balance on June 30	**(27,463)**	**(8,955)**	**(17,293)**	**(53,712)**
thereof				
non-current	(18,026)	(6,090)	(13,682)	(37,798)
current	(9,438)	(2,865)	(3,611)	(15,914)

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 prior year 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 remaining balance as of June 30, 2017 relates mainly to this restructuring plan.

The claim provisions as of June 30, 2017 include a portion of certain claims brought forward against the Group by customers and forwarding agents (CHF 21.3 million). The non-current part of the provisions as of June 30, 2017, is expected to be utilized within the next two to five years.

7.2 Non-current and current other liabilities

The current part (CHF 52.5 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 44.4 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 are redemption liabilities relating to put options for acquisitions of non-controlling interests in several of the Group's subsidiaries (CHF 13.3 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, 2017 (in thousand CHF)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets [1]	0	0	523	523
Financial assets at fair value through profit or loss held for trading [1]	257	0	0	257
Derivative financial assets	0	4,157	0	4,157
Total	**257**	**4,157**	**523**	**4,937**
Derivative financial liabilities	0	(1,166)	0	(1,166)
Total	**0**	**(1,166)**	**0**	**(1,166)**

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

December 31, 2016 (in thousand CHF)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets [1]	0	0	535	535
Financial assets at fair value through profit or loss held for trading [1]	340	0	0	340
Derivative financial assets	0	1,164	0	1,164
Total	**0**	**0**	**0**	**2,040**
Derivative financial liabilities	0	(4,227)	0	(4,227)
Total	**0**	**0**	**0**	**(4,227)**

[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 an investment (acquisition value of CHF 523 thousand) since June 2015 with a fair value of CHF 535 thousand as of December 31, 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.

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 with the exception of the listed potential claim against Pantainer Ltd which became time-barred.

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, 2017