



**Interim Condensed Consolidated Financial Statements
Half Year 2006 (unaudited)**

- 1.) Income Statement
- 2.) Balance Sheet
- 3.) Condensed Statement of Changes in Equity
- 4.) Condensed Cash Flow Statement
- 5.) Notes to the Interim Condensed Consolidated
Financial Statements

Schindellegi, July 24, 2006



1. Income Statement January - June

CHF million	2006	2005	Variance
Invoiced turnover	8,690.3	6,408.5	35.6%
Customs duties and taxes	(1,622.9)	(1,342.5)	
Net invoiced turnover	7,067.4	5,066.0	39.5%
Net expenses for services from third parties	(4,561.6)	(3,764.5)	
Gross profit	2,505.8	1,301.5	92.5%
Personnel expenses	(1,385.2)	(712.7)	
Selling, general and administrative expenses	(716.7)	(332.4)	
Other operating income	11.8	3.1	
EBITDA	415.7	259.5	60.2%
Depreciation of property, plant and equipment, and amortisation of intangibles	(121.9)	(48.3)	
EBITA	293.8	211.2	39.1%
Impairment of goodwill	-	(24.7)	
EBIT	293.8	186.5	57.5%
Financial income	12.7	12.0	
Financial expenses	(18.6)	(12.3)	
Result from associates and joint ventures	2.0	5.3	
Earnings before tax (EBT)	289.9	191.5	51.4%
Income tax	(81.5)	(61.5)	
Earnings for the period	208.4	130.0	60.3%
Attributable to:			
Equity holders of the parent	208.1	128.3	62.2%
Minority interest	0.3	1.7	
Earnings for the period	208.4	130.0	60.3%
Basic earnings per share in CHF	1.776	1.187	*
Diluted earnings per share in CHF	1.761	1.179	*

* Basic and diluted earnings per share were recalculated, see further note 5.8.



2. Balance Sheet

CHF million	30/06/2006	31/12/2005
Property, plant and equipment	1,120.2	698.6
Goodwill	595.0	133.6
Other intangibles	353.6	70.0
Investments in associates and joint ventures	2.5	18.6
Deferred tax assets	90.0	72.3
Non Current Assets	2,161.3	993.1
Prepayments and deposits	173.6	54.6
Work in progress	244.3	270.7
Trade receivables	1,986.1	1,641.9
Other receivables	147.1	63.2
Cash and cash equivalents	475.0	1,197.9
Current Assets	3,026.1	3,228.3
Total Assets	5,187.4	4,221.4
Share capital	120.0	120.0
Reserves and retained earnings	1,317.1	1,160.1
Earnings for the period	208.1	315.0
Total equity attributable to the equity holders of the parent	1,645.2	1,595.1
Minority interest	6.0	5.9
Total Equity	1,651.2	1,601.0
Provision for pension plans and severance payments	250.1	219.7
Deferred tax liabilities	140.4	20.7
Bank liabilities	66.5	14.9
Finance lease obligation	69.3	13.9
Non Current Liabilities	526.3	269.2
Bank and other interest bearing liabilities	340.9	327.6
Trade payables/Accrued trade expenses/Deferred income	1,779.3	1,537.0
Current tax liabilities	158.6	100.0
Provisions	70.0	60.0
Other liabilities	661.1	326.6
Current Liabilities	3,009.9	2,351.2
Total Liabilities and Equity	5,187.4	4,221.4

Schindellegi, July 24, 2006

KUEHNE + NAGEL INTERNATIONAL AG

Klaus Herms
CEO

Gerard van Kesteren
CFO



3. Condensed Statement of Changes in Equity January - June

CHF million		2006	2005
Balance 1/1/	*	1,601.0	802.3
Foreign exchange differences		(34.1)	33.8
Net income and expense recognised directly in equity		(34.1)	33.8
Earnings for the period		208.4	130.0
Total recognised income and expense for the period		174.3	163.8
Movements in treasury shares		2.0	5.2
Dividend paid		(128.9)	(97.4)
Effect of Employee Share Purchase and Option Plan		2.5	1.4
Changes in minority interest		0.3	0.2
Balance 30/6/		1,651.2	875.5

* In the 2nd half of 2005, the Group sold treasury shares in the amount of CHF 484 million, which has been credited to equity.

4. Condensed Cash Flow Statement January - June

CHF million		2006	2005 *
Operational cash flow		410.3	269.3
Changes in working capital		(164.2)	(33.5)
Income taxes paid		(88.2)	(82.6)
Cash flow from operating activities		157.9	153.2
Cash flow from investing activities		(718.0)	(125.1)
Cash flow from financing activities*		(207.4)	(113.8)
Exchange difference on cash and cash equivalents*		(0.4)	23.7
Increase/(decrease) in cash and cash equivalents*		(767.9)	(62.0)
Cash and cash equivalents at beginning of period*		1,124.6	397.5
Cash and cash equivalents at end of period*		356.7	335.5

* Certain comparatives were restated to conform to the current period's presentation.



5. Notes to the Interim Condensed Consolidated Financial Statements for the First Six Months Ended June 30, 2006

Principles of Consolidation and Valuation

5.1 Organisation

Kuehne + Nagel International AG (the Company) is incorporated in Schindellegi (Feusisberg), Switzerland. The Company is one of the world's leading logistics providers. Its strong market position lies in the Sea & Air Logistics, Rail & Road Logistics and Contract Logistics businesses.

The interim condensed consolidated financial statements of the Company for the six months ended June 30, 2006 comprise the Company and its subsidiaries and interests in associates and joint ventures (the Group).

5.2 Statement of compliance

The unaudited interim condensed consolidated financial statements are prepared in accordance with the requirements stated in IAS 34 Interim Financial Reporting. They are prepared under the recognition criteria and measurement methods of the International Financial Reporting Standards (IFRS).

5.3 Basis of preparation

The interim condensed consolidated financial statements are presented in Swiss francs (CHF) million. They are prepared on a historical cost basis except for certain financial instruments which are stated at fair value. Non-current assets and disposal groups held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The actual results may differ from these estimates. Significant judgements made by management in the application of IFRS and estimates with a significant risk of material adjustment in the next year were the same as those applied to the consolidated financial statements for the year ended December 31, 2005.

The accounting policies are the same as those applied in the consolidated financial statements for the year ended December 31, 2005, except for the fact that the Group as of January 1, 2006 adopted amendments to IAS 19 'Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures' and IFRIC 4 'Determining whether an Arrangement contains a Lease'.

The adoption of amended IAS 19 did not have an effect on these interim condensed consolidated financial statements. Amended IAS 19 will only have an impact on the disclosures given, but not on the amounts recognised in the 2006 year end consolidated financial statements. The Group did not adopt the new alternative to recognise actuarial gains and losses directly in a statement of recognised income and expense.

In applying IFRIC 4, the Group analysed its arrangements to identify any arrangements that do not take the legal form of a lease, but in substance contain a lease. The preliminary analysis has not revealed any such arrangements that have to be accounted for under IAS 17.



Following the expansion of contract logistics (ACR acquisition), real estate has become so significant that as of the first half of 2006 it has been identified as a separate segment. It was part of the segments Contract Logistics and Insurance Broker/Other. Real Estate acts as landlord towards the Contract Logistics Segment. The new segment reporting reflects the Group's revised management structure. Segment information for the comparative period has been reclassified.

5.4 Foreign exchange rates

The major foreign currency conversion rates applied are as follows:

Income statement and cash flow statement (average rates for the first half year)

<i>Currency</i>	<i>2006</i>	<i>Variance</i>	<i>2005</i>
	<u><i>CHF</i></u>	<u><i>per cent</i></u>	<u><i>CHF</i></u>
EUR 1.--	1.5656	1.4	1.5446
USD 1.--	1.2794	6.7	1.1996

Balance sheet (period end rates)

<i>Currency</i>	<i>2006</i>	<i>Variance</i>	<i>2005</i>
	<u><i>CHF</i></u>	<u><i>per cent</i></u>	<u><i>CHF</i></u>
EUR 1.--	1.5645	1.1	1.5480
USD 1.--	1.2467	(2.8)	1.2829

5.5 Seasonality

The Group is not exposed to significant seasonal or cyclical variations in its operations.

5.6 Changes in the scope of consolidation

The significant changes in the scope of consolidation in the first half year 2006 relate to the following companies:

1st half 2006	<i>Capital share acquired in per cent equals voting rights</i>	<i>Currency</i>	<i>Share capital in 1,000</i>	<i>Acquisition date</i>
Acquisitions				
ACR Group, France ¹	100	EUR	9,723	January 1, 2006
Transport Invest AG, Liechtenstein ²	100	CHF	930	January 1, 2006
Arion Real Estate & Commercial S.A. ³	50	EUR	411	January 1, 2006

Divestments

There were no divestments in the half year under review.

¹ The main activity of the ACR Group is contract logistics. ACR Logisitcs Holdings B.V. (ACR) is headquartered in Paris, France. ACR ranks among the leading contract logistics providers in Europe with a leading market position in Great Britain, France, Italy and the Benelux. ACR operates at 140 locations in 11 countries, where it manages 2.2 million sqm of warehouse space. ACR has a strong presence in the retail, telecommunication, industrial and fast moving consumer goods markets. ACR employed about 15,000 staff in 2005.

² The company is holding an investment in a logistics company in Greece.

³ The Kuehne + Nagel Group previously owned 50 % of the share capital of Arion and applied the equity accounting method. The main activity is contract logistics.



Significant changes in the scope of consolidation in the first half year 2005 related to the following companies:

1 st half 2005	Capital share acquired in per cent equals voting rights	Currency	Share capital in 1,000	Acquisition date
Acquisitions				
Häring Group, Germany ²	100	EUR	4,300	January 1, 2005
PT KN Sigma Trans, Indonesia ¹	45	IDR	389,000	January 1, 2005
Mönkemöller Group, Germany ²	100	EUR	1,470	June 1, 2005

Divestments

There were no divestments in the first half year of 2005.

¹ The Kuehne + Nagel Group previously owned 50% of the share capital of PT KN Sigma Trans and applied the equity accounting method for this investment. The main activity is sea- and airfreight.

² The main activities of these companies are overland transport and contract logistics.

5.7 Acquisitions

2006 acquisitions

The acquisitions in the first half year of 2006 had the following effect on the Group's assets and liabilities:

CHF million	ACR			Other acquisitions			Total
	Carrying amounts	Fair value adjustments	Recognised values *	Carrying amounts	Fair value adjustments	Recognised values *	
Property, plant and equipment	435.8	(56.7)	379.1	24.8	7.6	32.4	411.5
Intangibles	4.9	294.5	299.4	-	27.5	27.5	326.9
Other non current assets	3.4	21.4	24.8	1.2	-	1.2	26.0
Trade receivables	332.4	(19.7)	312.7	44.4	-	44.4	357.1
Other current assets	89.8	5.4	95.2	2.5	-	2.5	97.7
Acquired cash and cash equivalents	86.1	-	86.1	(8.5)	-	(8.5)	77.6
Subtotal assets	952.4	244.9	1,197.3	64.4	35.1	99.5	1,296.8
Trade payables	(289.9)	6.4	(283.5)	(22.3)	-	(22.3)	(305.8)
Other current liabilities	(327.5)	(32.4)	(359.9)	(5.3)	(25.0)	(30.3)	(390.2)
Non current liabilities	(206.6)	(113.9)	(320.5)	(4.4)	(9.9)	(14.3)	(334.8)
Subtotal net identifiable assets and liabilities	128.4	105.0	233.4	32.4	0.2	32.6	266.0
Goodwill			455.4			14.0	469.4
Decrease in minority interest			-			(15.3)	(15.3)
Purchase price, paid in cash			688.8			31.3	720.1
Contingent consideration			-			25.0	25.0
Acquired cash and cash equivalents			(86.1)			8.5	(77.6)
Net cash out flow			602.7			64.8	667.5

* In the 2006 interim condensed consolidated financial statements, the initial accounting for the acquisitions made in the first half year of 2006 is only determined provisionally.

Effective January 1, 2006, Kuehne + Nagel International AG, Switzerland, acquired 100% of the shares of ACR Logistics Holdings B.V. (ACR). ACR is consolidated as per January 1, 2006. The purchase price of CHF 688.8 million (EUR 440 million) for the shares of ACR was paid in cash. ACR contributed CHF 14.4 million of profit to the consolidated earnings for the first six months in 2006.

Effective January 1, 2006, the Group also acquired the remaining 50 % of the shares of Arion Real Estate & Commercial S.A. and 100 % of the shares of Transport Invest AG for



the total amount of CHF 52.2 million, partly paid in cash and partly as contingent consideration (based on best estimate). Furthermore, the book of business was acquired of an overland operation in Estonia for the amount of CHF 4.1 million. All other acquisitions contributed CHF 0.6 million of profit to the consolidated earnings for the first six months in 2006.

In 2006, goodwill arose on the acquisition of the ACR Group (CHF 455.4 million) and the other companies (CHF 14.0 million) because certain intangible assets did not meet the IFRS 3 criteria for recognition as intangible assets at the date of acquisition. For ACR, these assets are mainly management expertise, workforce and geographic presence. For the other companies, these assets are mainly management expertise, distribution channels and geographic presence.

2005 acquisitions

The acquisitions in the first half year of 2005 had the following effect on the Group's assets and liabilities:

CHF million	<i>Carrying amounts</i>	<i>Fair value adjustments</i>	<i>Recognised values *</i>
Property, plant and equipment	13.4	-	13.4
Intangibles	-	31.5	31.5
Financial investments	14.9	(14.9)	-
Trade receivables and other current assets	61.1	-	61.1
Acquired cash and cash equivalents	(3.6)	-	(3.6)
Subtotal assets	85.8	16.6	102.4
Trade payables and other current liabilities	(77.1)	-	(77.1)
Non current liabilities	(15.4)	(3.2)	(18.6)
Subtotal net identifiable assets and liabilities	(6.7)	13.4	6.7
Goodwill			36.0
Purchase price, paid in cash			42.7
Acquired cash and cash equivalents			3.6
Net cash out flow			46.3

* In the 2005 interim condensed consolidated financial statements, the initial accounting for the acquisitions made in the first half year of 2005 was only determined provisionally. No adjustments to these values were deemed necessary after having finalised the purchase accounting in the second half of 2005.

The acquired subsidiaries contributed CHF 6.6 million of loss to the consolidated earnings for the first six months in 2005. If all the acquisitions had occurred on January 1, 2005, Group invoiced turnover would have been CHF 6,446.5 million and earnings for the period would have been CHF 132.5 million.

In 2005, goodwill arose on the acquisition of the Häring Group and the Mönkemöller Group because certain intangible assets did not meet the IFRS 3 criteria for recognition as intangible assets at the date of acquisition. These assets are mainly represented by management expertise, work force, distribution channels and geographic presence.



An impairment charge of CHF 24.7 million was recorded in the first half of 2005 relating to an impairment of goodwill that arose upon the acquisition of the Häring Group. Based on the impairment test performed, the total carrying amount of goodwill of CHF 24.7 was fully written off.

5.8 Equity

In the first six months of 2006, the Company sold 93,000 treasury shares (2005: 155,000 treasury shares) for CHF 2.0 million (2005: CHF 5.2 million) under the Employee Share Option and Purchase Plan.

A dividend of CHF 5.50 per share (2005: CHF 4.50) was paid during the interim period.

During the Annual General Meeting on May 2, 2006, the shareholders approved a 1:5 split of the registered shares and a corresponding increase in the number of Kuehne + Nagel shares. At the same time, the nominal value per share relating to approved share capital and conditional share capital was also lowered from CHF 5 to CHF 1.

As a consequence of the split, basic and diluted earnings per share for the comparative period were recalculated as if the split had taken place as of January 1, 2005 as required under IFRS.

Furthermore, the Annual General Meeting extended its authorisation of approved share capital up to a maximum of CHF 20 million by a further two years until May 2008.



5.9 Segment reporting January – June

a) Primary reporting (CHF million)

Description	TOTAL		Seafreight		Airfreight		Sea & Air Logistics		Rail & Road Logistics		Contract Logistics*		Real Estate*		Insurance Brokers*	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Invoiced turnover (external customers)	8,690.3	6,408.5	3,986.2	3,408.9	1,607.6	1,379.8	5,593.8	4,788.7	1,177.6	926.9	1,861.4	637.3	2.3	2.6	55.2	53.0
Inter-segment turnover real estate	-	-	-	-	-	-	-	-	-	-	(40.8)	(30.2)	40.8	30.2	-	-
Customs duties and taxes	(1,622.9)	(1,342.5)	(1,093.7)	(871.4)	(314.8)	(250.5)	(1,408.5)	(1,121.9)	(126.9)	(146.3)	(87.5)	(74.3)	-	-	-	-
Net invoiced turnover	7,067.4	5,066.0	2,892.5	2,537.5	1,292.8	1,129.3	4,185.3	3,666.8	1,050.7	780.6	1,733.1	532.8	43.1	32.8	55.2	53.0
Net expenses for services from third parties	(4,561.6)	(3,764.5)	(2,348.9)	(2,095.9)	(1,002.8)	(874.6)	(3,351.7)	(2,970.5)	(822.2)	(602.6)	(349.6)	(153.1)	1.2	0.0	(39.3)	(38.3)
Gross profit	2,505.8	1,301.5	543.6	441.6	290.0	254.7	833.6	696.3	228.5	178.0	1,383.5	379.7	44.3	32.8	15.9	14.7
Total expenses	(2,090.1)	(1,042.0)	(381.4)	(324.0)	(212.4)	(188.1)	(593.8)	(512.1)	(199.2)	(158.9)	(1,283.2)	(355.4)	(6.1)	(6.9)	(7.8)	(8.7)
EBITDA	415.7	259.5	162.2	117.6	77.6	66.6	239.8	184.2	29.3	19.1	100.3	24.3	38.2	25.9	8.1	6.0
Depreciation of property, plant and equipment, and amortisation of intangibles ¹	(121.9)	(48.3)	(11.5)	(9.5)	(7.0)	(6.9)	(18.5)	(16.4)	(29.6)	(9.7)	(59.4)	(14.9)	(14.3)	(7.2)	(0.1)	(0.1)
EBITA	293.8	211.2	150.7	108.1	70.6	59.7	221.3	167.8	(0.3)	9.4	40.9	9.4	23.9	18.7	8.0	5.9
Impairment of goodwill	-	(24.7)	-	-	-	-	-	-	-	(18.6)	-	(6.1)	-	-	-	-
EBIT	293.8	186.5	150.7	108.1	70.6	59.7	221.3	167.8	(0.3)	(9.2)	40.9	3.3	23.9	18.7	8.0	5.9
Financial income	12.7	12.0														
Financial expense	(18.6)	(12.3)														
Result from associates and joint ventures	2.0	5.3	1.7	0.9	0.4	0.2	2.1	1.1	0.2	3.5	(0.3)	0.7	-	-	-	-
Earnings before tax (EBT)	289.9	191.5														
Income tax	(81.5)	(61.5)														
Earnings for the period	208.4	130.0														
Attributable to:																
Equity holders of the parent	208.1	128.3														
Minority interest	0.3	1.7														
Earnings for the period	208.4	130.0														
¹ Amortisation of intangible assets	(49.9)	(11.2)	(4.3)	(1.8)	(2.8)	(3.5)	(7.1)	(5.3)	(23.1)	(3.7)	(19.7)	(2.2)	-	-	-	-

* Prior period figures have been reclassified to reflect the new segment structure, see further note 5.3.



b) Secondary reporting (CHF million)

Description	TOTAL		Europe		Americas		Asia Pacific		Middle East, Central Asia and Africa	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Invoiced turnover (external customers)	8,690.3	6,408.5	5,779.0	3,882.4	1,745.8	1,536.8	704.0	603.8	461.5	385.5
Customs duties and taxes	(1,622.9)	(1,342.5)	(1,012.5)	(829.2)	(350.7)	(309.4)	(78.8)	(56.6)	(180.9)	(147.3)
Net invoiced turnover	7,067.4	5,066.0	4,766.5	3,053.2	1,395.1	1,227.4	625.2	547.2	280.6	238.2
Net expenses for services from third parties	(4,561.6)	(3,764.5)	(2,903.6)	(2,297.4)	(996.1)	(880.1)	(439.4)	(395.5)	(222.5)	(191.5)
Gross profit	2,505.8	1,301.5	1,862.9	755.8	399.0	347.3	185.8	151.7	58.1	46.7
Total expenses	(2,090.1)	(1,042.0)	(1,599.4)	(617.7)	(326.9)	(290.3)	(114.6)	(94.9)	(49.2)	(39.1)
EBITDA	415.7	259.5	263.5	138.1	72.1	57.0	71.2	56.8	8.9	7.6
Depreciation of property, plant and equipment, and amortisation of intangibles ¹	(121.9)	(48.3)	(108.5)	(36.0)	(7.4)	(7.4)	(3.6)	(2.9)	(2.4)	(2.0)
EBITA	293.8	211.2	155.0	102.1	64.7	49.6	67.6	53.9	6.5	5.6
Impairment of goodwill	-	(24.7)	-	(24.7)	-	-	-	-	-	-
EBIT	293.8	186.5	155.0	77.4	64.7	49.6	67.6	53.9	6.5	5.6
Financial income	12.7	12.0								
Financial expense	(18.6)	(12.3)								
Result from associates and joint ventures	2.0	5.3	1.6	5.0	-	-	-	-	0.4	0.3
Earnings before tax (EBT)	289.9	191.5								
Income tax	(81.5)	(61.5)								
Earnings for the period	208.4	130.0								
Attributable to:										
Equity holders of the parent	208.1	128.3								
Minority interest	0.3	1.7								
Earnings for the period	208.4	130.0								
¹ Amortisation of intangible assets	(49.9)	(11.2)	(46.8)	(8.6)	(2.1)	(1.6)	(0.6)	(0.6)	(0.4)	(0.4)

**5.10 Number of staff**

Number of staff as of June 30, 2006 was 42,019 (2005: 23,595)

5.11 Capital expenditure

Total capital expenditure (excluding intangible assets and property, plant and equipment out of acquisitions) from January to June 2006 was CHF 136.6 million (2005: CHF 105.1 million)

5.12 Post balance sheet events

These unaudited interim condensed consolidated financial statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on July 19, 2006.

There have been no material events between June 30, 2006, and the date of authorisation that would require adjustments of the interim financial statements or disclosure.