KUEHNE+NAGEL

Half Year Consolidated Financial Statements
2005
(unaudited)

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Schindellegi, July 25, 2005

KUEHNE+NAGEL

1. Income Statement January - June

CHF million	2005	2004	Variance
Invoiced turnover	**6,408.5**	**5,430.2**	**18.0%**
Customs duties and taxes	(1,342.5)	(1,183.3)	
Net invoiced turnover	**5,066.0**	**4,246.9**	**19.3%**
Net expense for services from third parties	(3,764.5)	(3,121.6)	
Gross profit	**1,301.5**	**1,125.3**	**15.7%**
Personnel expenses	(712.7)	(618.2)	*
Selling, general and administrative expenses	(332.4)	(285.7)	
Other operating income	3.1	3.1	
Depreciation of property, plant and equipment and amortisation of software and other intangibles	(48.3)	(45.2)	
EBITA	**211.2**	**179.3**	**17.8%**
Amortisation of goodwill	0.0	(33.0)	
Impairment of goodwill	(24.7)	0.0	
EBIT	**186.5**	**146.3**	**27.5%**
Financial income	12.0	12.2	
Financial expenses	(12.3)	(11.3)	
Result from associates and joint ventures	5.3	1.7	
Earnings before tax (EBT)	**191.5**	**148.9**	**28.6%**
Income tax	(61.5)	(52.2)	
Earnings for the period	**130.0**	**96.7**	**34.4%**
Attributable to:			
Equity holders of the parent	128.3	95.3	
Minority interest	1.7	1.4	
Earnings for the period	**130.0**	**96.7**	**34.4%**

Basic earnings per share in CHF	**5.935**	**4.136**
Diluted earnings per share in CHF	**5.896**	**4.118**

* Restated for comparative reasons, due to IFRS 2 Share-based Payment (impact 2004: CHF 0.6 million)

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2. Balance Sheet

CHF million	30/06/2005	31/12/2004
Property, plant and equipment	702.5	629.7
Software and other intangibles	48.9	12.7
Goodwill	130.3	105.7
Investments in associates and joint ventures	19.5	17.9
Other financial investments	4.4	4.4
Deferred tax assets	69.0	55.1
Non Current Assets	**974.6**	**825.5**
Prepayments and deposits	75.3	39.5
Work in progress	219.8	211.0
Trade receivables	1,455.1	1,226.5
Other receivables	54.5	62.7
Marketable securities	10.1	15.7
Cash and cash equivalents	429.9	462.2
Current Assets	**2,244.7**	**2,017.6**
Total Assets	**3,219.3**	**2,843.1**
Share capital	120.0	120.0
Reserves and retained earnings	618.5	436.6
Earnings for the period	128.3	238.9
Total equity attributable to the equity holders of the parent	**866.8**	**795.5**
Minority interest	8.7	6.8
Total Equity	**875.5**	**802.3**
Provision for pension plans and severance payments	211.3	182.1
Deferred tax liabilities	12.4	12.4
Bank liabilities	48.0	6.1
Finance lease obligation	13.6	13.6
Non Current Liabilities	**285.3**	**214.2**
Bank and other interest bearing liabilities	258.3	255.6
Trade payables/ Accrued trade expenses/Deferred trade income	1,317.9	1,193.7
Current tax liabilities	105.8	70.4
Provisions	320.8	260.2
Other liabilities	55.7	46.7
Current Liabilities	**2,058.5**	**1,826.6**
Total Liabilities and Equity	**3,219.3**	**2,843.1**

Certain comparatives were restated to confirm with current period's presentation.

Schindellegi, July 25, 2005

KUEHNE + NAGEL INTERNATIONAL AG

Klaus Herms	Gerard van Kesteren
CEO	CFO

3. Statement of Changes in Equity January - June

CHF million	2005		2004	
Total equity per 1.1.	**802.3**	**	**1,018.1**	
Unrealised gain on available for sale investments	0.0		5.0	
Foreign exchange differences	33.8		(1.0)	
Net income recognized directly in equity	**33.8**		**4.0**	
Earnings for the period	130.0		96.7	
Total recognised income and expense for the period	**163.8**		**100.7**	
Movements in treasury shares	5.2		0.0	
Dividend paid	(97.4)		(81.4)	
Effect of employee share options	1.4		0.6	*
Changes in minority interest	0.2		(1.4)	
Total equity per 30.6.	**875.5**		**1,036.6**	

* This comparative figure was restated to confirm with current period's presentation.

** In the 2nd semester 2004 the purchase of Treasury shares (CHF 340 million) was debited in the equity.

4. Cash Flow Statement January - June

CHF million	2005	2004 *
Operational cash flow	**269.3**	**231.1**
Changes in working capital **	(33.5)	(118.0)
Taxes paid	(82.6)	(49.1)
Cash flow from operating activities	**153.2**	**64.0**
Cash flow from investing activities	**(125.1)**	**(82.1)**
Cash flow from financing activities	**(64.7)**	**(94.4)**
Exchange difference on cash and cash equivalents	1.6	(3.5)
Change in cash and cash equivalents	**(35.0)**	**(116.0)**
Cash and cash equivalents at beginning of period	**206.6**	**432.8**
Cash and cash equivalents at end of period	**171.6**	**316.8**

* Comparatives were restated to confirm with current period's presentation.

** Working Capital comprises of Current assets (without Marketable securities and Cash and cash equivalents) less Current liabilities (without Current bank liabilities)

KUEHNE+NAGEL

5. Notes to the Interim Consolidated Financial Statements for the first six months ended June 30, 2005

Principles of Consolidation and Valuation

5.1 Organization

Kuehne + Nagel International AG (the Company) is incorporated in Feusisberg, Switzerland. The Company is one of the world's leading logistics companies. Its strong market position lies in the seafreight, airfeight and contract logistics businesses.

The interim consolidated financial statements of the Company for the six months ended June 30, 2005 comprise the Company and its subsidiaries and interests in associates and joint ventures ("the Group")

5.2 Statement of compliance

The unaudited interim 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 International Financial Reporting Standards (IFRSs).

5.3 Basis of preparation

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

The consolidated financial statements under IFRS are based on certain assumptions and estimates, which affect the figures shown in the present report. Actual result may differ from these estimates.

The accounting policies are the same as those applied in the consolidated financial statements for the year ended December 31, 2004 except for the fact that the Group as of January 1, 2005 adopted all the applicable standards that were revised in IASB's improvements project, revised IAS 32 Financial Instruments: Presentation and Disclosure, revised IAS 39 Financial Instruments: Recognition and Measurement, revised IAS 36 Impairment of Assets, revised IAS 38 Intangible Assets, IFRS 2 Share-based Payment, IFRS 3 Business Combinations and IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. The most significant effects of adopting the new and revised standards are described below.

IFRS 2 *Share-based Payment*

Kuehne + Nagel has a share purchase and option programme that allows Group employees to acquire shares of the Company. The employees can buy shares with a small reduction of the actual share price. There are no vesting conditions. The shares are restricted for a period of three years before being released to the employees. In addition, for each share purchased under this plan, the Company grants two options to the participants. Each option entitles the participant to purchase one share of Kuehne + Nagel International AG at a specified price. The options vest three years after the grant date and can be exercised during the three-year period starting on the vesting date. The options cannot be settled in cash.

The Group applied IFRS 2 to its share purchase and option programme as of January 1, 2005, except for shares and options that were granted before November 7, 2002 and for shares and options that had vested before January 1, 2005. The recognition and measurement principles in IFRS 2 were not applied to these shares and options in accordance with the transitional rules in IFRS 2.

For share purchase plans with a small reduction, IFRS 2 requires the difference between the fair value of the shares at purchase date and the purchase price of the shares to be recognised as a personnel expense with a corresponding increase in equity. In respect of options, IFRS 2 requires the fair value of options granted to be recognised as a personnel expense with a corresponding increase in equity. Up to December 31, 2004 no charge for the share purchase and option programme was recognised in the Group's consolidated financial statements.

From January 1, 2005, Kuehne + Nagel calculate fair value of the granted options using the lattice binominal model, taking into account the terms and conditions upon which the options were granted. The fair value of the options is measured at grant date and spread over the relevant vesting periods. The amount recognised as a personnel expense is adjusted to reflect actual and expected levels of vesting.

The effect of accounting for the share option programme under IFRS 2 did not have an effect on opening retained earnings. Personnel expenses increased by CHF 0.6 million for the period ended June 30, 2004 and by CHF 1.35 million for the period ended June 30, 2005, while the earnings for the same periods decreased with the same amounts. Comparative figures were reclassified. IFRS 2 has not yet had an impact on the share purchase plan as the Group did not grant any shares in this interim period.

IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets*

As of January 1, 2005, all goodwill is stated at cost less accumulated impairment losses. As of this date, the carrying amount of accumulated amortization on goodwill was eliminated against the related goodwill. Goodwill was allocated to cash-generating units and is no longer amortized over its estimated useful live. According to IAS 36 goodwill has to be tested for impairment at least annually, irrespective of whether there is any indication that it may be impaired. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year. Kuehne + Nagel will test its goodwill for impairment at year-end. However, if there is an indication that goodwill would be impaired as of the end of the interim period an impairment test will be performed. Reversal of any impairment losses on goodwill is no longer allowed.

The new accounting policy on goodwill was applied already in 2004 for acquisitions that took place on or after March 31, 2004. The revised guidance in IFRS 3 on acquisition accounting has also been applied since that date. Intangible assets in acquired companies have been accounted for in accordance with the guidance in revised IAS 38 Intangible Assets (see below).

IAS 38 *Intangible Assets*

Revised IAS 38 has been applied to account for intangible assets acquired in business combinations for which the agreement date is on or after March 31, 2004. Under revised IAS 38, Kuehne + Nagel was required to change its accounting for intangible assets. As a result, intangible assets are recognised separately from goodwill. Intangible assets acquired in a business combination must be recognised separately from goodwill and amortised over its useful life if they are subject to contractual or legal rights or are separately transferable and their fair value can be reliably estimated. As of January 1, 2005, all intangible assets are accounted for in accordance with revised IAS 38. The same new criteria that apply for intangible assets acquired in a business combination apply for intangible assets acquired separately.

Intangible assets continue to be stated at cost less accumulated amortization and, if any, less impairment losses.

IAS 1 *Presentation of Financial Instruments* and IAS 27 *Consolidated and Separate Financial Statements*

The adoption of revised IAS 1 and 27 led to a different presentation of the following items:
- in the balance sheet and the statement of changes in equity: Minority interest, Software and other intangibles
- in the income statement: Result from associates and joint ventures.

Comparative figures were reclassified to conform with the new presentation.

Other

The adoption of revised IAS 32 and 39 on financial instruments did not have a material impact on the interim consolidated financial statements. IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations did not have an impact on this interim period.

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)

Currency	*2005*	*Variance*	*2004*
	CHF	*per cent*	*CHF*
EURO 1.--	1.5446	(0.5)	1.5517
USD 1.--	1.1996	(5.0)	1.2632

Balance sheet (period end rates)

Currency	*2005*	*Variance*	*2004*
	CHF	*per cent*	*CHF*
EURO 1.--	1.5480	1.2	1.5300
USD 1.--	1.2829	1.3	1.2662

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 2005 relate to the following companies:

	Capital share acquired in per cent equals voting rights		*Share 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	March 31, 2005
Mönkemöller Group, Germany [2]	100	EUR	1,470	June 1, 2005

Divestments

No divestments took place in the half year under review.

[1] The Kuehne + Nagel Group previously owned 50 % of the share capital in PT KN Sigma Trans, and applied equity accounting method. The main activity is Sea & Air Logistics.

[2] The main activity of these companies is overland transport and logistics services.

5.7 Acquisitions

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

	2005			2004
	Carrying amounts	*Fair value adjust-ments*	*Recog-nised values **	*Recog-nised values*
Property, plant and equipment	13.4		13.4	27.4
Software and Intangible assets	0.0	31.5	31.5	
Financial investments	14.9	(14.9)		
Trade receivables and current assets	61.1		61.1	54.6
Acquired cash and cash equivalents	(3.6)		(3.6)	(7.5)
Subtotal assets	**85.8**	**16.6**	**102.4**	**74.5**
Trade payables and other short term liabilities	(77.1)	0.0	(77.1)	(44.4)
Non-current liabilities	(15.4)	(3.2)	(18.6)	(2.1)
Subtotal net identifiable assets and liabilities	**(6.7)**	**13.4**	**6.7**	**28.0**
Goodwill			36.0	40.4
Purchase price, paid in cash			**42.7**	**68.4**
Acquired cash and cash equivalents			3.6	7.5
Net cash out flow			**46.3**	**75.9**

* The initial accounting for the acquisitions made during the period was determined provisionally.

Goodwil has arisen on acquisition of the Häring Group and the Mönkemöller Group because certain intangible assets did not meet the IFRS 3 criteria for recognition as an intangible asset at the date of acquisition.

The acquired subsidiaries contributed CHF 6,6 million net loss to the consolidated net profit for the first 6 months. If all the acquisitions had occurred on January 1, 2005 Group invoiced turnover would have been CHF 6.446,5 million and net profit would have been CHF 132,5 million.

The anticipated level of profitability at the date of acquisition at January 1, 2005 of the Häring Group has not been achieved. This caused the Group to assess the recoverable amount of the Häring operations. Based on this assessment, the carrying amount of the goodwill relating to Häring of CHF 24.7 million was fully written off.

5.8 Equity

In the first 6 month 2005 the Company sold 31,000 shares for CHF 5,2 million under the share option programm.

Dividend of CHF 4.50 per share (2004: CHF 3.50) has been paid during the interim period.

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5.9 Segment reporting January – June

a) Primary reporting

CHF million	Invoiced Turnover		Gross Profit		EBITA		EBIT	
	2005	2004	2005	2004	2005	2004 *	2005	2004 *
Seafreight	3,408.9	2,844.9	441.6	367.8	108.1	76.3	108.1	71.9
Airfreight	1,379.8	1,188.4	254.7	231.0	59.7	55.3	59.7	51.9
Sea & Air Logistics	4,788.7	4,033.3	696.3	598.8	167.8	131.6	167.8	123.8
Rail & Road Logistics	926.9	767.7	178.0	132.1	9.4	18.2	(9.2)	8.3
Contract Logistics	639.9	581.1	412.5	377.2	22.2	20.1	16.1	4.8
Insurance Broker / Others	53.0	48.1	14.7	17.2	11.8	9.4	11.8	9.4
TOTAL GROUP	**6,408.5**	**5,430.2**	**1,301.5**	**1,125.3**	**211.2**	**179.3**	**186.5**	**146.3**

b) Secondary reporting

CHF million	Invoiced Turnover		Gross Profit		EBITA		EBIT	
	2005	2004	2005	2004	2005	2004 *	2005	2004 *
Europe	3,882.4	3,265.5	755.8	623.8	102.1	91.0	77.4	72.6
Americas	1,536.8	1,322.1	347.3	338.6	49.6	36.5	49.6	24.2
Asia Pacific	603.8	540.1	151.7	124.2	53.9	47.7	53.9	47.7
Middle East, Central Asia and Africa	385.5	302.5	46.7	38.7	5.6	4.1	5.6	1.8
TOTAL GROUP	**6,408.5**	**5,430.2**	**1,301.5**	**1,125.3**	**211.2**	**179.3**	**186.5**	**146.3**

* Restated for comparative reasons, due to IFRS 2 Share-based Payments

Number of staff as of June 30. 2005: 23,595 (2004: 19,852)

Total capital expenditure January–June 2005: CHF 150.7 million (2004: CHF 148.9 million)

5.10 Post Balance Sheet Events

These unaudited interim consolidated financial statements of Kuehne + Nagel International AG were authorised for issue by the Audit Committee of the Group on July 18, 2005.

In 2004, Kuehne + Nagel (AG & Co.) KG, Germany acquired 40 % of the shares in WM Cargonet (GmbH & Co.) KG with headquarter in Bocholt/Germany. WM Cargonet is a member of the German IDS network. The company has about 470 employees and expects a turnover in 2005 of approximately CHF 155 million. The main activity is international and domestic overland transport services. The Kuehne + Nagel Group has acquired as of July 1, 2005 the remaining 60 % of WM Cargonet. As of the date of acquisition of the remaining shares, WM Cargonet will be fully consolidated. The acquisition price for the 60% share was CHF 25.5 million.

There have been no other material events than described above between June 30, 2005 and the date of authorization that would require adjustments of the interim consolidated financial statements or disclosure.