Annual Report 2004

Unique (Flughafen Zürich AG), P.O. Box, CH-8058 Zurich Airport, phone +41 (0) 43 816 22 11, www.unique.ch
Corporate Communications, Jörn Wagenbach, phone +41 (0) 43 816 59 80, fax +41 (0) 43 816 46 15
E-mail: joern.wagenbach@unique.ch
Investor Relations, Daniel Schmucki, phone +41 (0) 43 816 24 31, fax +41 (0) 43 816 47 80
E-mail: daniel.schmucki@unique.ch

The Annual Report is available in German and English. The German version is binding.


A/B

Contents

Contents

Address to shareholders

Josef Felder
Chief Executive Officer

Andreas Schmid
Chairman of the Board of Directors

Dear Shareholders,

Unique (Flughafen Zürich AG) reported a group profit of 17.3 million Swiss francs in 2004. The passenger volume rose slightly after a three-year period of downward trends. The EBITDA margin for the period under review was 48.6 percent, which is a very good figure in an international comparison. Cash flow was 195 million Swiss francs. The cost-cutting measures that have been consistently implemented over the past few years helped us meet the challenges of the past financial year.

Traffic volume and course of business
Aviation operations
The passenger volume in Zurich rose versus the previous year by 0.3 million passengers, or 1.3 percent – mainly thanks to an increase in the number of local passengers (plus 12.1 percent) who use Zurich Airport as their starting point or destination. The proportion of transfer passengers fell again from 35 to 28 percent due to the fleet reduction by the hub carrier which was completed at the end of 2003. As a consequence of this move, growth at Zurich Airport was well below the average European level in the 2004 financial year. Furthermore, the hub carrier's fleet reduction also led to a decline in freight volume (from 389,843 to 363,537 tonnes, or minus 6.7 percent). It was pleasing to note that other airlines took over approximately 60 percent of the services no longer provided by Swiss – an indication of the attractiveness of Zurich Airport, the strength of the market and Switzerland's status as a business centre. In all, 119 airlines serve 91 European and 55 intercontinental destinations from Zurich Airport. As of the end of 2004, the number of jobs at Zurich Airport was approximately 21,700, which represents an increase by around 700 versus 2003.

Non-aviation operations
Following the completion of the landside shopping centre (Airport Shopping), Dock E (Midfield) and Airside Center, there are now around 117 shops and 31 food and beverage operations at Zurich Airport in an area totalling more than 20,000 square metres. Despite the inconvenience and obstacles associated with the ongoing construction and renovation work, these business operations were able to increase their income again in the course of the year. In the areas of retail and duty-free, revenue already reached the peak levels recorded in 2000, at which time the passenger volume at Zurich Airport was almost 6 million higher than today. And although food and beverage operations posted a new record high in 2004, the income did not quite reach the declared targets. Parking revenue rose again by 17.2 percent, and it is also pleasing to note that only around 5 percent of office and commercial space remained unoccupied, despite a difficult market environment.

Course of business
At approximately 637 million Swiss francs, revenue was 13.5 percent higher than in the previous year. Although the traffic volume was only slightly higher, aviation revenue rose by 18.9 percent to 362 million Swiss francs. Non-aviation revenue rose by 7 percent from 257 million Swiss francs to 275 million, mainly as the result of higher commercial revenue and income from services. During the year under review, operating costs rose to 328 million Swiss francs, versus the previous-year level of 320 million (plus 7.8 percent). While costs relating to police and security operations, maintenance and materials were higher, these were partially offset by lower personnel costs and less expenditure on energy and waste management. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to 310 million Swiss francs, versus 258 million in 2003 – this was equivalent to an increase by 20.2 percent. At 190 million Swiss francs, depreciation was significantly higher than the previous-year level (174 million Swiss francs). This higher figure was attributable to the hand-over for operation of the last components of expansion stage 5. Earnings before interest and taxes (EBIT) rose by 42.9 percent from 84 million (2003) to 120 million Swiss francs. The reported group profit amounted to 17.3 million Swiss francs.

Last year, Unique (Flughafen Zürich AG) generated cash flow amounting to 195 million Swiss francs (2003, 160 million), while the net outflow of resources totalled 200 million Swiss francs (previous year, 303 million), mainly due to the large investments in expansion stage 5. In view of the still unstable situation in the civil aviation sector, the Board of Directors has resolved to propose the waiver of a dividend payment.

Financing
On 14 September 2004, the 2001-2004 4.00-percent debenture with a nominal value of 125 million Swiss francs was repaid on schedule. Repayment was made from available group funds. During the year under review, net debt was reduced by 100 million Swiss francs to 1.9 billion. The financial planning prepared and communicated by Unique (Flughafen Zürich AG) for expansion stage 5 originally provided for maximum net debt of 2.3 billion Swiss francs. The figure of 2.0 billion Swiss francs as of 31 December 2003 was well below the budgeted maximum.

Completion of expansion stage 5
Expansion stage 5 was completed on schedule and within the approved budget. The project was brought to its conclusion with the official opening of the new Airside Center on 15 September 2004. With its numerous shops and food and beverage operations, this new intersection point for departing, arriving and transfer passengers has quickly established itself as the heart and soul of Zurich Airport. A variety of attractive shopping and food and beverage operations, as well as other services, are now also available to passengers, airport personnel and visitors in the landside Airport Shopping complex, which was completed during the final stage of the expansion project. To celebrate the completion of expansion stage 5, Zurich Airport organised a series of special events (open days) from 10 to 12 September 2004 (i.e. shortly before the handover of Airside Center for operation) that were attended by approximately 270,000 visitors.

General environment
Last year the Federal Council commenced work on defining its new civil aviation policy, and during the summer it invited Unique (Flughafen Zürich AG) to comment on the first draft. Then in December the Federal Council submitted a revised version to Parliament. Zurich Airport needs suitable political conditions in order to enable it to operate on a sound economic and sustainable basis.
The problem of aircraft noise was also a priority issue last year. The mediation process initiated by the federal government already broke down in its preparatory stage. As a consequence, the SIL (Civil Aviation Infrastructure Plan) process that is of considerable importance for Zurich Airport was restarted under the leadership of the federal government.
Even before the collapse of the mediation process, and against a backdrop of uncertainty concerning the future organisation of flight operations, a people's initiative ("Plafonierungsinitiative") was launched in the Canton of Zurich calling for a "realistic civil aviation policy" and containing demands for restrictions of landings and takeoffs as well as an extended night-time curfew. Unique (Flughafen Zürich AG) is opposed to this initiative since it would seriously lessen the attractiveness of Switzerland as a business centre and would create an exceptional situation in the international arena – no other international airport of a similar size is subjected to any such restrictions.

Flight operations
Unilateral ordinance issued by Germany
During the year under review an instrument landing system was installed on runway 34 for approaches from the south. This move means that aircraft that are forced to approach from the south due to the unilateral ordinance issued by Germany ("DVO") can now also land under more adverse weather conditions than before. The unilateral ordinance issued by Germany is the main reason for delays at Zurich Airport. The legal proceedings initiated by Unique (Flughafen Zürich AG) and the federal government against the unilateral ordinance issued by Germany are still pending.

Operating regulations
Unique (Flughafen Zürich AG) submitted its application for approval of its temporary operating regulations to the Federal Office for Civil Aviation on 31 December 2003. This application also reflects the required modifications that result from the transfer of two holding zones from Germany to Switzerland. The associated amendment to the structure of Swiss airspace lies within the competency of the federal government. Good progress has been made with the necessary preparatory work, and this means that the transfer can take place in the first half of 2005 as planned. In order to at least partially ease the burden on the most densely populated areas, Unique (Flughafen Zürich AG) submitted a petition for an alternative flight path along Switzerland's northern border with visual landings. The aim here is to reduce the number of approaches from the south during periods when flights through lower German airspace are banned.

Punctuality situation
The situation with respect to punctuality at Zurich Airport is unsatisfactory, and this is primarily attributable to political factors. However, a variety of measures have been taken in order to enhance the degree of passenger satisfaction in the area of flight operations. Following the inception of Airport Steering in 2003, with the formation of a group-wide commission and an associated steering committee at management level for the purpose of monitoring punctuality at Zurich Airport, another major step was taken in close collaboration with our business partners towards improving reliability and punctuality of flight operations over the next few years.

Outlook
With the completion of expansion stage 5, Zurich is now one of the leading airports in Europe in terms of quality and infrastructure. As operator, Unique (Flughafen Zürich AG) aims to put the new highly advanced infrastructure to optimum use in the future. During the year under review it drew up a new airside user concept that is to be implemented in spring 2005 to coincide with the start of the summer flight plan. The more efficient use of the infrastructure will strengthen Swiss as well as the intercontinental hub itself.

Thanks
We wish to express our sincerest thanks to all our shareholders for their long-term commitment and the confidence they have placed in Unique (Flughafen Zürich AG). We would also like to extend our thanks to our business clients, especially all airlines, licensees and commercial partners, tenants, passengers and consumers, as well as visitors for their patience and understanding during the lengthy construction period. Sincerest thanks, too, to all our employees for their valuable efforts throughout the year. They have once again clearly demonstrated that the company is able to perform well even in an unfavourable environment.

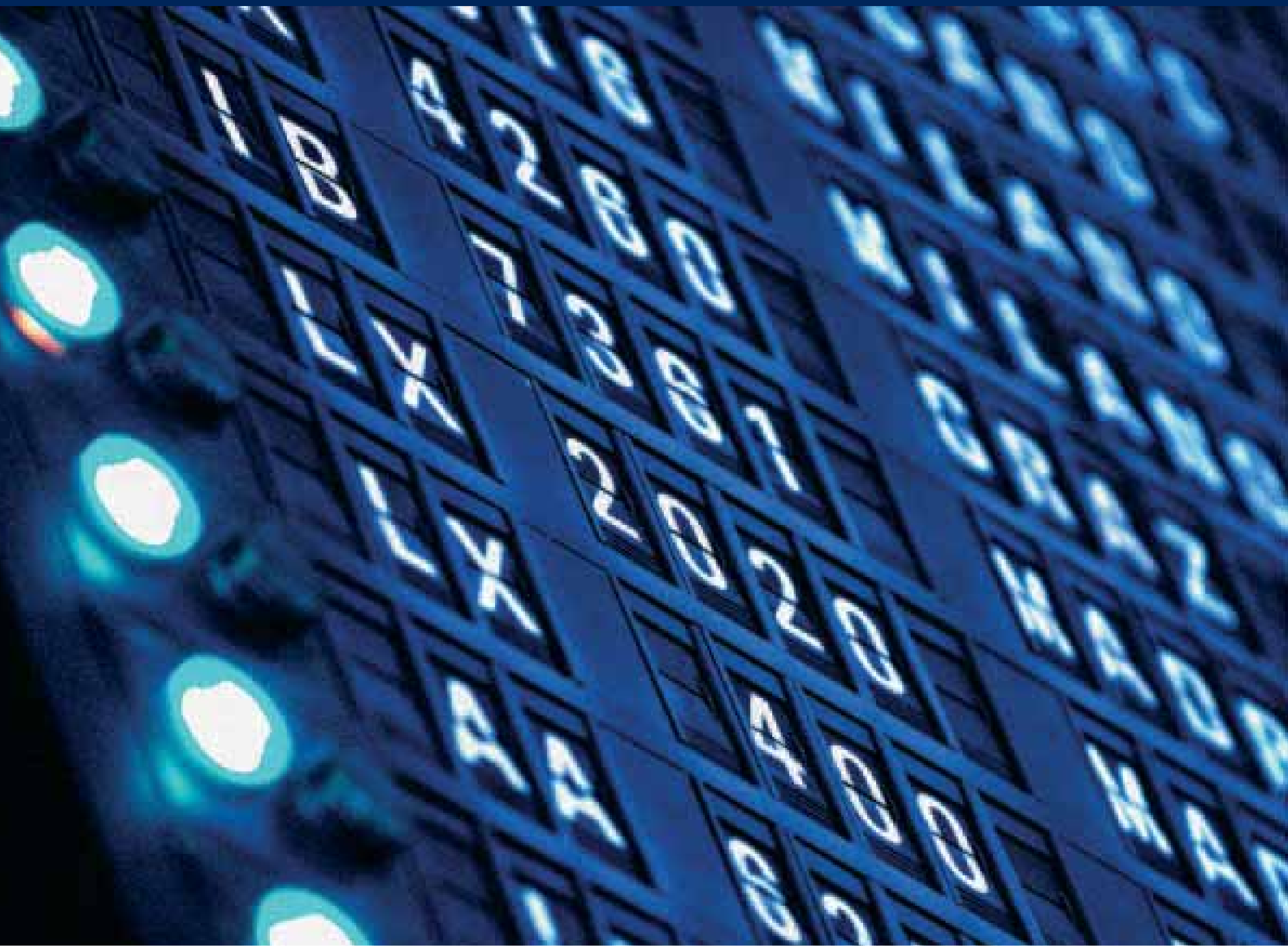
Zurich Airport, 3 March 2005

Andreas Schmid Chairman of the Board of Directors	Josef Felder Chief Executive Officer

Hatice Türkyilmaz, commercial apprentice

Hanspeter Spänhauer, Airport Charges manager & head Aviation Third Party Contracts

Key data



Key financial data
(CHF thousand, all amounts in accordance with International Financial Reporting Standards [IFRS])

	2004	2003	Change in %
Total revenue	637,313	561,599	+13.5%
of which revenue from aviation operations	362,138	304,471	+18.9%
of which revenue from non-aviation operations	275,175	257,128	+7.0%
Operating costs	327,602	303,876	+7.8%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	309,711	257,723	+20.2%
EBITDA margin	48.6%	45.9%	
Net profit	17,301	3,776	n/a
Investments	200,115	303,453	–34.0%
Cash flow [1]	194,751	159,592	+22.0%
Capital employed	2,781,244	2,774,484	+0.2%
Return on Ø capital employed (ROCE)	3.3%	2.3%	
Shareholders' equity as of 31 December	769,940	758,419	+1.5%
Return on equity	2.3%	0.5%	
Equity ratio	24.4%	23.5%	
Interest-bearing liabilities (net)	1,889,251	2,010,278	–6.0%
Interest-bearing liabilities/EBITDA	6.10x	7.80x	

Key operational data	2004	2003	Change in %
Number of passengers	17,721,550	17,463,807	+1.5%
Number of flight movements	266,660	269,392	–1.0%
Freight in tonnes	362,939	389,843	–6.9%
Number of full-time positions as of 31 December	1,289	1,260	+2.3%
Number of employees	1,478	1,425	+3.7%

Key data for shareholders	2004	2003	Change in %
Number of issued shares	4,912,300	4,912,300	
Proposed dividend per share (in Swiss francs)	0.00	0.00	
Dividend total (in thousand Swiss francs)	0.00	0.00	
Payout ratio	0.0%	0.0%	
Capital per share (in Swiss francs)	156.75	154.40	+1.5%
Earnings per share (in Swiss francs)	3.62	0.80	n/a
Share price (in Swiss francs) high	150.00	71.00	
low	66.75	18.00	

	Sec. number	SWIX symbol	Reuters
Flughafen Zürich AG registered share	1,056,796	UZAN	UZAZn.S

[1] Net profit plus depreciation and amortisation and change in non-current provisions.

Comments on the financial statements

Comments on the result

At 637 million Swiss francs, turnover in 2004 was up by 13.5 percent versus the previous year. The operating result before write-offs (EBITDA) rose by 20.2 percent to 310 million Swiss francs, which is equivalent to an EBITDA margin of 48.6 percent (previous year, 45.9 percent). The reported group profit of 17.3 million Swiss francs corresponds to the company's expectations.

The following changes were made to the composition of the group in 2004: The two joint venture holdings in Venezuela – Administradora Unique IDC C.A. and Aeropuertos Asociados de Venezuela C.A. (49.5 percent stake in each) – were included in the consolidated financial statements by applying the equity method.

In view of the still unstable situation in the civil aviation sector, the Board of Directors has resolved to propose the waiver of a dividend payment.

Trend in traffic volume

In the key operating data, only the passenger volumes have been taken into account for the figures for the three airports in Chile, since the operating companies hold a licence to operate the respective terminals (right to collect commercial revenue such as passenger fees, retail revenue, etc.):

	Zurich	Puerto Montt (El Tepual)	Calama (El Loa)	La Serena (La Florida)	Total 2004	Total 2003	Change in %
Number of passengers	17,252,906	263,805	125,647	79,192	17,721,550	17,463,807	+1.5%
Number of flight movements	266,660	–	–	–	266,660	269,392	–1.0%
Freight in tonnes	362,939	–	–	–	362,939	389,843	–6.9%

Result by segment

The two segments that form the basis for segment reporting are defined as follows:

Aviation

This segment secures the construction, operation and maintenance of the airport operations infrastructure. It incorporates all the core services provided to airlines and passengers by Unique in its capacity as operator of Zurich Airport.

These services include the runway system, all apron zones (including control activities), passenger zones in the terminals, freight operations, baggage sorting and handling system and aircraft energy supply system, passenger services, safety and security, and airport police activities.

The main sources of income in the Aviation segment are passenger and landing fees. Third-party earnings here are determined by passenger volumes, flight volumes and the trend of average aircraft take-off weights.

Non-Aviation

Non-Aviation encompasses all activities relating to the development, marketing and operation of the commercial infrastructure at Zurich Airport.

This segment includes all retail operations at the airport, revenue from rented premises and supplementary costs (energy supply, etc.), parking fees plus a broad range of commercial services provided by Unique (Flughafen Zürich AG).

For reporting purposes, we have adopted the method of allocation of each profit centre to a primary segment. Any internal supplies and services that have been provided for the other segment have been booked as inter-segment earnings or offset against costs.

For example, the Information and Communication Technology (ICT) profit centre is allocated to Non-Aviation as primary segment, and proportionate costs are charged to Aviation on a "user pays" basis. Similarly, our Support sections are allocated to Non-Aviation as primary segment, and are offset accordingly.

Earnings from third parties
Breakdown of earnings by segment:

CHF million	2004	2003	Change in %
Segment			
Aviation	362.1	304.5	+18.9%
Non-Aviation	275.2	257.1	+7.0%
Total	**637.3**	**561.6**	**+13.5%**

Although the traffic volume was only slightly higher, the revenue earned in the **Aviation segment** rose by 18.9 percent to 362 million Swiss francs. Higher passenger fees (plus 45.6 million Swiss francs) were billed for the full year versus the previous year (the increase in fees entered into effect on 1 September 2003). Due to the lower volume of flight movements and reduced average take-off weights of aircraft, landing fees fell by 1.7 million Swiss francs, or 2.5 percent. The baggage sorting and handling systems generated increased revenue of around 3.7 million Swiss francs, mainly as the result of a slightly higher passenger volume and higher fees (plus 2.3 million Swiss francs). Revenue from the aircraft energy supply system increased by 2.0 million Swiss francs thanks to a more efficient and more consistent billing procedure. The longer parking times of aircraft versus the previous year gave rise to an increase in revenue from parking fees of 1.3 million Swiss francs (plus 39.6 percent). Revenue from all other aviation operations was slightly lower.

Revenue in the **Non-Aviation** segment rose by 7.0 percent in the year under review. Commercial income increased by approximately 13.8 million Swiss francs. Here, the increase in local passengers by 12.1 percent resulted in higher parking revenue (plus 8.0 million Swiss francs, or 17.2 percent). The opening of Airside Center with its broad variety of shops, together with a slightly higher passenger volume, resulted in an increase in revenue from retail/duty-free and food and beverage operations by 3.3 million Swiss francs, or 6.2 percent, versus the previous year. All other licence revenue (car hire, taxis, banks, etc.), as well as advertising income, increased – in some cases, sharply.

The decline in revenue from cleaning services and real estate management was more than offset by increased income from energy and supplementary costs. Overall revenue from real estate management rose by 1.0 percent to 106.2 million Swiss francs.

Income from services rose by 9.7 percent in the year under review from 32.7 million Swiss francs to 35.9 million. The continued high demand for communications services at the airport (trunking system, wireless LAN, various network services, etc.), together with our active marketing activities in this area, are now bearing fruit: here, income increased again by 1.1 million Swiss francs, or 15.1 percent. In the area of other services, contributions by partners towards the open days and the commencement of operation of our lounge in Dock E generated additional revenue to the tune of 3.7 million Swiss francs. This figure also includes 0.7 million Swiss francs for external consulting services provided by the company (2003: 1.1 million Swiss francs).

Segment results

CHF million	2004	2003	Change in %
Segment			
Aviation	8.9	(3.8)	n/a
Non-Aviation	110.7	87.6	+26.4%
Profit from operations	**119.6**	**83.8**	**+42.7%**

In the year under review, **personnel expenses** fell by 3.7 percent from 136.5 million Swiss francs to 131.5 million. The dissolution of the employers' reserves in the Zurich Airport Staff Pension Fund (1.5 million Swiss francs) and the reduction in provisions for retirement benefits by 2.2 million Swiss francs (see note 16, "Retirement benefit plans"), are part of these savings.

Number of full-time positions by segment:

(as of 31 December)	2004	2003	Change in %
Segment			
Aviation	602	599	+0.5%
Non-Aviation	687	661	+3.9%
Total	**1,289**	**1,260**	**+2.3%**

Employees active in the area of support (Finance & Services, Human Resources, Corporate Communications) have been allocated to the Non-Aviation segment. These costs have been booked accordingly to each segment on a "user pays" basis.

In the year under review, costs relating to **police and security** rose by 2.1 percent to 73.2 million Swiss francs (2003: 71.7 million). Costs for external security personnel were practically unchanged from the previous year, while those for services provided by the Zurich cantonal police force rose by 1.5 million Swiss francs (plus 2.2 percent) to 67.1 million. This increase may be attributed to the slightly higher passenger volume and the fact that security regulations governing passengers and employees are growing ever more stringent.

Overall **operating costs** rose by 7.8 percent to 328 million Swiss francs, versus 304 million in 2003. While costs relating to police and security, maintenance and materials (due to the increase in the number of buildings and zones) were higher, these were partially offset by lower personnel costs and less expenditure on energy and waste management.

A total of 200.1 million Swiss francs was **invested** during the year under review, versus 303.5 million in the previous year. Overview of investments by category:

CHF million	**2004**	**2003**
Movables	10.0	6.2
Projects in progress in leasing	0.6	19.6
Projects in progress	169.1	275.8
Intangible assets	4.8	1.9
Financial assets	15.6	0.0
Total	**200.1**	**303.5**
Portion of which for expansion stage 5	130.3	215.7

Alongside investments associated with expansion stage 5, the costs shown under projects in progress include the expenditure required for implementing the regulations associated with the General Drainage Plan (3.6 million Swiss francs), the upgrading of runway 16 (2.3 million), the replacement of airfield fire engines (2.1 million), investments in IT projects such as OPSCON (Operational Control – development of a control centre for flight operations; 1.7 million), AODB (Airport Operational DataBase; 1.6 million), and SAMAX (Swiss Airport Movement Area Control System; 1.0 million), and costs associated with the new airport admission system (1.6 million) and approach path lighting for runway 34 (1.1 million).

During the year under review, we covered 97.3 percent (2003: 52.6 percent) of our investments via cash flow (net profit plus depreciation and amortisation and changes in non-current provisions).

With a total of 190.1 million Swiss francs, **depreciation and amortisation** was 9.3 percent higher than the previous-year figure of 173.9 million. Since its completion on 15 September 2004, Airside Center – the final component of expansion stage 5 to be handed over for operation – has been depreciated accordingly. Furthermore, all provisional structures that were required during expansion stage 5 were fully written off (2.9 million Swiss francs) during the year under review.

Financial expenses rose by 31.4 percent to 106.2 million Swiss francs (2003: 80.8 million). In the previous year, financial expenses were influenced by the following special factors: the booked profit of 43.4 million Swiss francs from the early redemption of outstanding debentures, and costs amounting to 18.1 million Swiss francs associated with the adjustment of the fair value of the interest rate swap that no longer fulfilled the criteria of hedge accounting. Financial expenses would also have totalled 106.2 million Swiss francs in 2003 without these extraordinary items.


First
Business
Economy
E 56

Board of Directors and Management

Board of Directors

Chairman
- Andreas Schmid
  Chairman of the Board of Directors
  of Barry Callebaut AG

Vice Chairman
- Dr. Christian Huber
  Member of the Cantonal Government,
  Economic Director of the Canton of
  Zurich

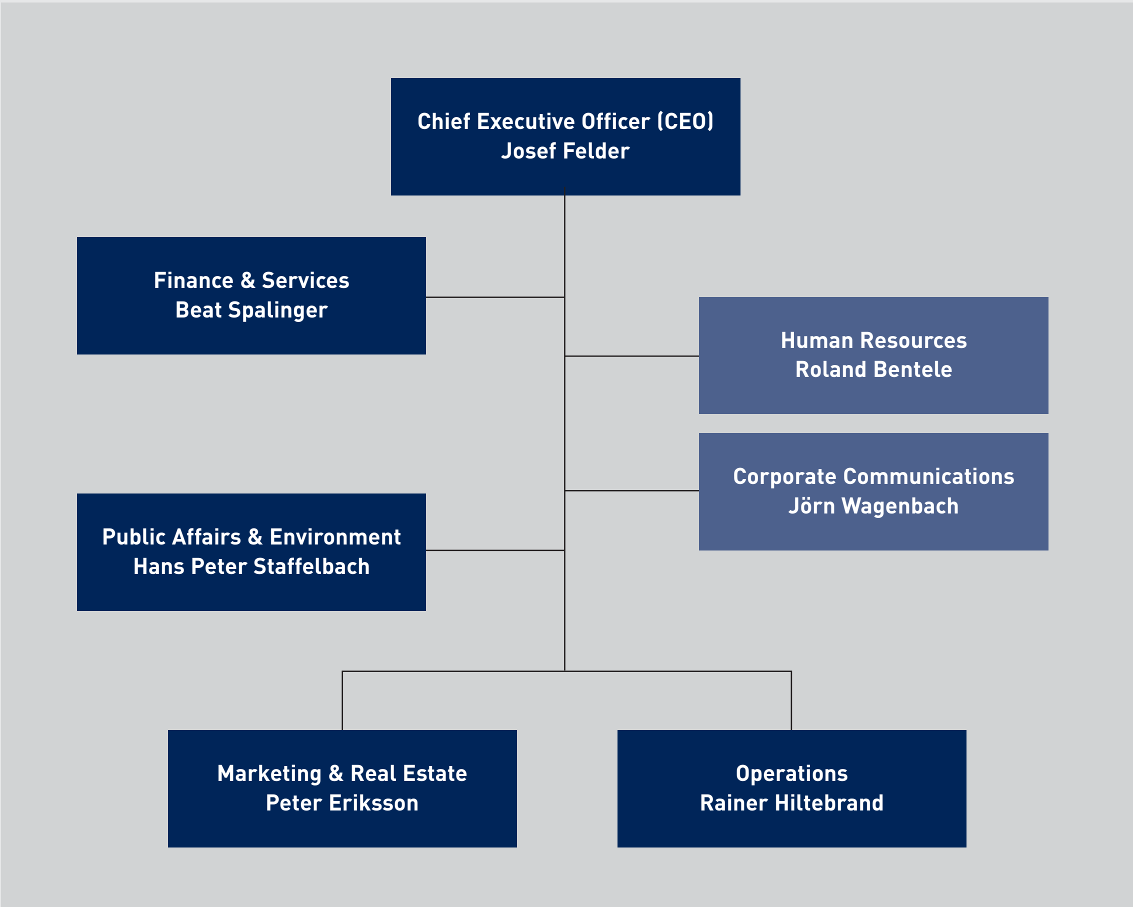
Members
- Martin Candrian (since 6 April 2004)
  Chairman of the Board of Directors of
  Candrian Catering AG
- Dorothée Fierz
  Member of the Cantonal Government,
  Head of Construction and Land
  Development, Canton of Zurich
- Rita Fuhrer
  Member of the Cantonal Government,
  Economic Director of the Canton of
  Zurich
- Dr. Elmar Ledergerber
  Mayor of the City of Zurich
- Dr. Kaspar Schiller (since 6 April 2004)
  Attorney-at-law, partner in the legal
  practice of Schiller Denzler Dubs,
  Winterthur
- Jacob Schmidheiny (until 6 April 2004)
  Chairman of the Board of Directors of
  Conzzeta Holding
- Dr. Martin Wetter (until 6 April 2004)
  Member of the Executive Board of
  Credit Suisse
- Eduard Witta
  Civil Engineer, co-owner of MWV
  Bauingenieure AG

General Secretary
- Thomas Egli

Aquila Camenzind, assistant to head of Airfield Maintenance

Organisation chart, 2004

Members of the Management Board
(As of 1 January 2005, the head of Human Resources has been a member of the Management Board; in future, the function of head of Public Affairs & Environment will be assumed by a member of the expanded Management Board.)



■ Members of the Management Board

Corporate governance

Information concerning corporate governance
in accordance with the Corporate Governance Guidelines of SWX Swiss Exchange dated 17 April 2002

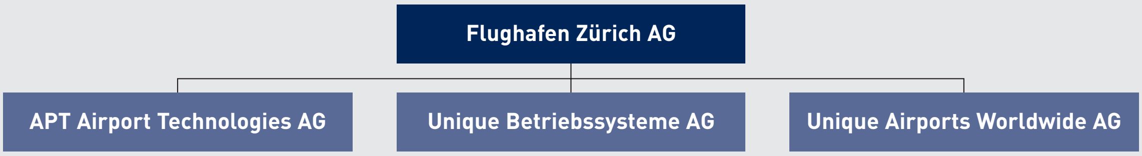
Group and capital structures

Group structure

For details concerning the group operational structure, please refer to the section on segment reporting (page 93).

Apart from Flughafen Zürich AG, Kloten (securities no. 1 056 796), which was listed on the SWX with a market capitalisation of 722,108,100 Swiss francs as of balance sheet date, the consolidated group does not comprise any other listed companies, but it does include the following unlisted companies:

Name	Domicile	Share capital	Holding
APT Airport Technologies AG	Kloten	CHF 1,800,000	100% Flughafen Zürich AG
Unique Betriebssysteme AG	Kloten	CHF 100,000	100% Flughafen Zürich AG
Unique Airports Worldwide AG	Kloten	CHF 100,000	100% Flughafen Zürich AG



Capital structure

The group's ordinary share capital amounts to 245,615,000 Swiss francs, which is divided into 4,912,300 fully paid-up registered shares with a nominal value of 50 Swiss francs each. All shares have the same dividend entitlements and voting rights (as long as they have been entered in the share register).
No approved or conditional capital, no participation or dividend right certificates and no outstanding convertible bonds or options existed as of balance sheet date.

The changes in share capital, reserves and net balance sheet profit (financial statements according to the provisions of commercial law) during the past three years are shown below:

(CHF thousand)	31.12.2004	31.12.2003	31.12.2002
Share capital	245,615	245,615	245,615
Legal reserves			
– Premium	269,254	269,254	269,254
– General reserves	19,060	19,060	19,060
– Reserves for own shares	2,328	24,999	25,034
Other reserves	78,540	55,859	55,824
Balance sheet profit/(loss)			
– Loss brought forward	(7,687)	(17,605)	(29,377)
– Net profit	21,079	9,918	11,772
Total equity	**628,189**	**607,100**	**597,182**

For information concerning distribution of shares (no debentures are distributed), please refer to page 82, note 2, "Personnel expenses" and page 86, note 12, "Equity".

Shareholder structure and voting rights

Major shareholders

As of balance sheet date (31 December 2004), the Canton of Zurich held 46.76 percent and the City of Zurich held 5.40 percent of the company's shares/voting rights. There were no other shareholders whose holdings exceeded 5 percent of the total number of shares with voting rights.
There are no cross-holdings and no shareholder agreements of which the company is aware.

Change in control

The company's Articles of Incorporation contain an opting-up clause which stipulates that, in the event that the threshold at which an offer is required in accordance with the provisions of the Swiss Stock Exchange Act should be exceeded, it shall be raised to 49 percent.
No clauses exist regulating a change of control in favour of members of the Board of Directors or Management Board.

Limitation of transferability of shares and nominee registrations

Registration with voting rights is limited to 5 percent of the share capital. This limit applies both to individual investors and groups of shareholders, with the exception of the Canton of Zurich (limit = 49 percent) and the City of Zurich (limit = 10 percent). Other exceptions may be granted by the Board of Directors, specifically in association with contributions in kind, participations, mergers and easing of tradability of shares on the stock market. No exceptions were granted during the year under review.
The above limitations with respect to transferability are stipulated in the company's Articles of Incorporation, which may be amended by resolution of the General Meeting of Shareholders by a ⅔ majority of represented votes.

Nominees are exclusively registered as shareholders without voting rights.

Voting rights at the General Meeting of Shareholders

Entries in the share register are normally made up to one week before the General Meeting of Shareholders.
With respect to the convening of the General Meeting of Shareholders and inclusion of items on the agenda, no statutory regulations exist that deviate from the relevant legal provisions. Deadlines and cut-off dates for including items on the agenda are also not specified in the Articles of Incorporation.
In accordance with the Articles of Incorporation, all shareholders are entitled to appoint another registered shareholder to act on their behalf at the General Meeting of Shareholders upon presentation of a written power of attorney.
A qualified majority in accordance with Article 704 of the Swiss Code of Obligations is also required for the following cases in addition to those defined in the above legal provisions:
– Amendments to the Articles of Incorporation
– Easing or elimination of limitations with respect to transferability of registered shares
– Conversion of registered shares into bearer shares

Board of Directors

Election and term of office

Members of the Board of Directors are elected by the General Meeting of Shareholders for a term of office of one year. They may stand for re-election, though members of the Board of Directors are required to step down for age reasons at the General Meeting of Shareholders that is held in the year in which they turn seventy.
In accordance with Article 762 of the Swiss Code of Obligations, the Canton of Zurich has a statutory entitlement to appoint three of seven or eight, or four of nine persons to the Board of Directors.

Members

Andreas Schmid
Swiss citizen; MA (Law), University of Zurich; member of the Mövenpick group executive board from 1993 to 1997, then CEO of Jacobs AG (until 2000) and Barry Callebaut AG (until mid-2002); also Chairman of the Board of Directors of Barry Callebaut AG since 1999. Member of the Board of Directors of Unique since the 2000 General Meeting of Shareholders. Other activities and commitments: Chairman of the Board of Directors of Kuoni Holding AG; member of the Advisory Board of CS Group.

Martin Candrian
Swiss citizen; since 1979, lessee of the "Bahnhofbuffet" Zurich, Chairman of the Board of Directors and Chief Executive Officer of Candrian Catering AG, Zurich. Elected to the Board of Directors in 2004. Other activities and commitments: Chairman of the Board of Directors of Candrian Seafood AG and AGF Suvretta House St. Moritz; member of the Board of Directors of Dolder Hotel AG; member of the Advisory Board of CS Group.

Dorothée Fierz
Swiss citizen; qualified teacher; full-time politician since 1991, member of the government of the Canton of Zurich since 1999. Appointed to the Board of Directors in 2000. Other activities and commitments: Member of the Board of Directors of AXPO, EKZ and NOK.

Rita Fuhrer
Swiss citizen; 1972 to 1994, agency head in health insurance industry and freelance contributor to the daily press; member of the government of the Canton of Zurich since 1995. Appointed to the Board of Directors in 2004. Other activities and commitments: Member of the Board of Directors of AXPO, EKZ and NOK; chairwoman of the "Greater Zurich Area" Foundation.

Christian Huber
Swiss citizen; PhD (Law); 1981 to 1999, positions as public prosecutor, presiding judge and foreman of the jury; member of the government of the Canton of Zurich since 1999. Appointed to the Board of Directors in 2000. Other activities and commitments: Member of the Board of Directors of Vereinigte Schweizerische Rheinsalinen AG.

Elmar Ledergerber
Swiss citizen; MA; member of the Zurich City Council since 1998, Mayor of Zurich since 2002. Member of the Board of Directors since 1998 (originally appointed to the Board of Directors of Flughafen Immobilien Gesellschaft as part of the statutory entitlement of the City of Zurich; elected by the General Meeting of Shareholders in 2000).

Kaspar Schiller
Swiss citizen; PhD (Law); attorney-at-law; since 1978, partner in the legal practice of Schiller Denzler Dubs, Winterthur. Elected to the Board of Directors in 2004.

Jacob Schmidheiny
Swiss citizen; MA (Economics); managing director of Conzzeta Holding (formerly Zürcher Ziegeleien) from 1978 to 2001, Chairman of the Board of Directors since 1984. Member of the Board of Directors since the 1982 General Meeting of Shareholders (former Flughafen Immobilien Gesellschaft).

Martin Wetter
Swiss citizen; PhD (Law), joined Credit Suisse Group in 1973 (focus on commercial and financial participations divisions). Member of the Board of Directors from 1993 (former Flughafen Immobilien Gesellschaft) to 2004. Other activities and commitments: Member of the Board of Directors of Zürcher Freilager AG.

Eduard Witta
Swiss citizen; MA (Civil Engineering), Federal Institute of Technology, Zurich; own engineering business since 1969. Member of the Board of Directors since the 1982 General Meeting of Shareholders (former Flughafen Immobilien Gesellschaft).

None of the members of the Board of Directors hold executive positions at Unique (Flughafen Zürich AG), and none were members of the management board of Unique (Flughafen Zürich AG) or any of its group companies during the three financial years prior to the period under review.

The following business relationships between members of the Board of Directors or the entities they represent and Unique (Flughafen Zürich AG) are deemed significant and thus worthy of mention:
- Within the scope of a framework credit agreement, the Canton of Zurich – in the government of which members of the Board of Directors Dorothée Fierz, Rita Fuhrer and Christian Huber hold seats – has granted Unique (Flughafen Zürich AG) a credit facility in the amount of 826 million Swiss francs with a duration of 10 years, of which 300 million Swiss francs were drawn as of 31 December 2004.
- Credit Suisse - on the executive board of which member of the Board of Directors Martin Wetter holds a seat - is one of the principal banks of Unique (Flughafen Zürich AG).

No cross-ties exist in the form of mutual membership of boards of directors of listed companies.

Internal organisation

Chairman of the Board of Directors:	Andreas Schmid
Vice Chairman:	Christian Huber

The Board of Directors has formed the following committees:

Audit & Finance Committee
Members: Martin Candrian (Chairman), Rita Fuhrer, Elmar Ledergerber, Andreas Schmid.
Duties: This committee is responsible for close supervision of the annual accounts and monitoring of compliance with the accounting principles, evaluation of financial reporting and auditing activities, assessment of findings obtained from audits and recommendations by the auditors, definition of the group's financing policy and examining business transactions of special importance.

Nomination & Compensation Committee
Members: Kaspar Schiller (Chairman), Dorothée Fierz, Eduard Witta, Andreas Schmid
Duties: This committee deals with all issues relating to nomination and/or removal of members of the executive management of the group, including their compensation and questions relating to succession planning. It defines the principles of the group's personnel and compensation policies and ensures that these are duly complied with. It is also responsible for assessing any potential conflicts of interest on the part of members of the Board of Directors or Management Board.

The executive bodies of Unique (Flughafen Zürich AG) convene meetings as required. For the Board of Directors this means approximately ten meetings a year with an average duration of approximately five hours, while the committees hold meetings two to three times a year with an average duration of approximately three hours. The committees pass on recommendations and submit proposals to the Board of Directors, and order clarifications to be carried out by internal or external offices.
The CEO, CFO and General Secretary are regularly invited to attend meetings of the Board of Directors and the Audit & Finance Committee, while the CEO, the head of HRM and the General Secretary are invited to attend meetings of the Nomination & Compensation Committee. Other members of the Management Board or representatives of the auditors are invited to attend meetings dealing with pertinent topics.

Competence regulations
Based on the Articles of Incorporation, the Board of Directors has issued a set of organisation regulations in accordance with the provisions of Article 216b of the Swiss Code of Obligations. Alongside the duties that are non-delegable by law, the Board of Directors has retained numerous fundamental strategic competencies, in particular those associated with the rights and obligations arising from federal civil aviation concessions, while entrusting the Management Board with the entire management of the company.

Information and controlling tools
The Management Board reports to the Board of Directors by means of monthly updates via the Management Information System. This tool encompasses traffic developments, non-aviation business, personnel controlling, balance sheet management, project information and participation management. Comprehensive financial and business reports are also prepared on a quarterly basis, and the Board of Directors is informed about anticipated developments in the form of rolling long-term planning.
In close collaboration with the Audit & Finance Committee, group auditors KPMG Fides Peat examined some key processes in the course of an interim review.
In the year under review, the function of internal auditing as an independent instrument of the Board of Directors and Audit & Finance Committee for performing its duty of overall supervision was developed and expanded. The internal auditor reports directly to the chairman of the Audit & Finance Committee.

Management Board Members

Josef Felder
Swiss citizen; CEO.
Qualified accountant/controller; joined Crossair AG in 1989, where he was CFO until 1993, head of Marketing until 1996 and head of Product Management until 1998; joined Unique (Flughafen Zürich AG) – at that time, Flughafen Immobilien Gesellschaft – in November 1998.

Roland Bentele
Swiss citizen, head of Human Resources (member of the Management Board from 1 January 2005).
PhD (Law), University of Fribourg; 1993 to 1998, legal functions in law courts, law firms and other companies; joined SAirGroup in 1997; transferred to Swissair HR division, then joined its management board; 2002 to 2004, head of HR at Hilti; joined Unique (Flughafen Zürich AG) in June 2004.

Peter Eriksson
Swedish citizen; head of Marketing & Real Estate.
Business and management studies, specialising in commerce and retail; 1976 to 2001, various management positions in the area of marketing and sales at IKEA, Tip Top AG, Jelmoli AG and The Nuance Group AG; joined Unique (Flughafen Zürich AG) in April 2002.

Rainer Hiltebrand
Swiss citizen; head of Operations.
Qualified airline pilot (SLS); joined Swissair as pilot in 1978 (DC9, MD80, MD11, A320, A330); 1999, chief pilot of entire Swissair fleet; joined Unique (Flughafen Zürich AG) in April 2002.

Beat Spalinger
Swiss citizen; head of Finance and Services.
MA (Business Economics), School of Economics and Business Administration; 1983 to 1986, CFO of a general contracting group; 1986 to 1999, partner at KPMG Fides (head of Corporate Finance); joined Unique (Flughafen Zürich AG) – at that time, Flughafen Immobilien Gesellschaft – in autumn 1999.

Hans Peter Staffelbach
Swiss citizen; head of Public Affairs & Environment.
MA (Engineering), Federal Institute of Technology, Zurich; 1968 to 1981, various positions at IBM; 1981 to 1985, managing director of Heliswiss; 1985 to 2000, managing director of Zurich Airport; head of Public Affairs & Environment since 2000.

In the year under review there were no management agreements associated with the assignment of management duties to third parties.

Remuneration, participation and loans

Specification and scope of remuneration

Remuneration of active members of the Board of Directors is based on an annual lump sum plus payments for attending meetings. The applicable amounts are specified by the Board of Directors as proposed by the Nomination & Compensation Committee. There are no participation programmes for members of the Board of Directors. The total remuneration paid to members of the Board of Directors during the year under review was 605,600 Swiss francs (2003: 623,700 Swiss francs). The highest amount paid to a member of the Board of Directors during the year under review was 134,400 Swiss francs (2003: 147,000 Swiss francs). Remuneration of members of the Management Board is based on individual employment contracts and comprises a fixed salary and a variable performance component that mostly takes the form of shares in the company. The amounts concerned are specified by the Board of Directors as proposed by the Nomination & Compensation Committee. The total remuneration paid to members of the Management Board during the year under review was 2,039,200 Swiss francs (2003: 2,160,200 Swiss francs).

During the year under review, no severance payments were made to persons who terminated their executive function, and no significant compensation was paid to resigning members of the Board of Directors or Management Board.

Share allocation and holdings

6,436 company shares were allocated to members of the Management Board during the year under review as part of their salary.
No company shares were allocated to members of the Board of Directors during the year under review.
As of 31 December 2004, the number of company shares held by members of the Management Board and associated parties was 26,623.
As of 31 December 2004, the number of company shares held by members of the Board of Directors and associated parties was 348 (this figure does not include the holdings of the Canton and the City of Zurich as cited under "Major shareholders").

There are no options on the company shares.

Other fees and remuneration

MWV Bauingenieure AG, whose co-owner Eduard Witta is a member of the Board of Directors, received payments totalling 86,500 Swiss francs for engineering work carried out in association with the airport multi-storey car parks (2003: 737,000 Swiss francs). Otherwise no member of the Board of Directors or Management Board received any remuneration during the year under review for services provided to Unique (Flughafen Zürich AG) or any of its group companies, the total of which would equal or exceed half the normal remuneration of the person concerned.

Loans to executive personnel

There are no outstanding loans granted by the company to members of the Board of Directors or Management Board.

Auditors

The audit mandate is awarded each year by the General Meeting of Shareholders. The current auditors first assumed their mandate of independent accounting expert prior to 1992 (at that time for Flughafen Immobilien Gesellschaft), i.e. while the former company law was still in effect. The current auditor in charge has been responsible for this mandate since 2000.
The fee charged by the auditors for the year under review amounted to 325,240 Swiss francs (2003: 337,530 Swiss francs). The auditors also charged a total of 89,900 Swiss francs (2003: 7,030 Swiss francs) for services beyond the scope of the audit mandate.
The Audit & Finance Committee is responsible for supervising external audits.

Information policy

Shareholders regularly receive information about the company and its activities in the Interim Report and Annual Report, and ongoing developments are reported in the form of news flashes.
Furthermore, permanent information of a general nature may be viewed on the Investor Relations page of our web site (www.unique.ch).

Contacts: Unique (Flughafen Zürich AG), P.O. Box, 8058 Zurich Airport
Investor Relations: Daniel Schmucki
e-mail: daniel.schmucki@unique.ch
Corporate Communications: Jörn Wagenbach
e-mail: joern.wagenbach@unique.ch

Roman Bächtold, Airside Center project manager

Risk management

Comprehensive risk management
Unique (Flughafen Zürich AG) has set itself the strategic goal to have in place a comprehensive risk management, and is committed to carrying out holistic and systematic risk management. For Unique (Flughafen Zürich AG), risk management means approaching and managing risk in a clearly defined and disciplined manner, thereby securing transparency with respect to all risks associated with our business activities, and constantly improving and monitoring the group's risk situation.

Unique risk management system
Unique (Flughafen Zürich AG) has its own risk management system which serves as one of its corporate governance tools. It came into effect on 1 December 2000 and functions as a valuable practical tool for managing corporate risk.
It comprises the following components:
- Risk policy objectives and principles
- Risk management organisation
- Risk management process (method for managing risk)
- Risk reporting and risk dialogue
- Auditing and review of the risk management system
- Risk culture

Risk management organisation forms the backbone of this system and it encompasses the following roles and competencies:
- Board of Directors / Management Board and Chief Risk Officer: The Board of Directors and Management Board bear the overall responsibility under company law for securing the group's existence and profitability. The Board of Directors is responsible for the overall supervision of risk management. The Chief Financial Officer is simultaneously the Management Board's risk management officer (Chief Risk Officer).
- Line management (divisions and corporate centres): Line units and individual line managers bear the responsibility for risks and they manage these risks within the scope of the risk management system.
- Risk Management Centre: The Risk Management Centre is headed by the Corporate Risk Manager. It supports line management in all matters relating to risk management and is responsible for the operation and further development of the risk management system.
- Specialised units: Specialised units perform specific risk-related cross-section functions within the group (e.g. cash management, operational safety, occupational safety and health, information security, fire prevention, contingency planning) co-ordinated through the Risk Management Centre.

Current risk situation
The current risk situation is primarily characterised by the following factors:

- **Hub carrier**
  The national airline, Swiss, is the main client of Unique (Flughafen Zürich AG). It accounts for approximately 48 percent (2003: 59 percent) of Zurich Airport's flight movements and 48 percent (2003: 56 percent) of its passenger volume. Approximately 12 percent (2003: 16 percent) of our total turnover (excluding passenger fees) is realised directly through this airline. Although our dependency on the hub carrier has further decreased, the development of our business activities still greatly depends on the operational and financial development of Swiss.

- **Legal issues**
  Various internal and external political restrictions could mean that Unique (Flughafen Zürich AG) will not be able to fully utilise the opportunities it has created for its business development, primarily through expansion stage 5, and instead may give rise to additional investments and costs. These include:

  Initiative in the Canton of Zurich calling for restrictions on flight operations ("Plafonierungsinitiative")
  This initiative was formally submitted in the Canton of Zurich and has been declared valid. It petitions the government of the Canton of Zurich to take all steps within the scope of its powers to limit the number of noise-relevant flight movements at Zurich Airport to 250,000 p.a., and to extend the night-time curfew to at least nine hours. Voting on this initiative has to take place by not later than January 2008.

Rulings by the supervisory authorities relating to landing and take-off procedures
Rulings of this nature, which for example would be made on the basis of safety considerations, could give rise to further capacity restrictions and thus have an impact on business development.

Possible additional intensification of the unilateral ordinance issued by Germany
If the unilateral ordinance issued by Germany is intensified still further, this could give rise to additional capacity restrictions and thus have an impact on business development.

Restarted SIL process (Civil Aviation Infrastructure Plan) as the basis for definitive operating regulations
In principle, we view this process as an opportunity to establish the basis for the future definitive operating regulations, and thus providing the airport and the population of the region with legal and planning security. However, in the course of this process it is also possible that decisions may be taken that could prevent Unique (Flughafen Zurich AG) from utilising the available infrastructure to the full, or result in additional costs for the group.

– **Noise compensation and sound insulation measures**
In accordance with Articles 679 and 684 of the Swiss Civil Code, in conjunction with Article 36a of the Civil Aviation Act and the provisions of the Federal Expropriation Act, Unique (Flughafen Zürich AG) has to bear the costs associated with **formal expropriations,** and in accordance with Articles 20 ff of the Environmental Protection Act, it has to bear the costs relating to **sound insulation measures.** According to existing legal doctrine, one of the prerequisites for any noise-related claims is that the noise thresholds for commercial airports effective since 1 June 2001 are exceeded. The operating licence and environmental protection laws form the basis for refinancing the costs arising in association with such claims via civil aviation fees (noise-related landing fee and special surcharge on passenger fees).

Sound insulation measures
There is neither an approved sound insulation concept nor a valid report on noise levels for Zurich Airport that would form the legal basis concerning the nature and extent of sound insulation measures in its vicinity. However, the Federal Tribunal has ruled that this should not prevent the holder of the operating licence from initiating the implementation of such measures in those areas in which they are not the subject of dispute. This means that sound insulation measures are not a present legal obligation. The extent and realisation of such measures may be defined by Unique (Flughafen Zürich AG) itself, or will depend on the future definitive operating regulations. To date, Unique (Flughafen Zürich AG) has spent a total of around 46 million Swiss francs on sound insulation measures. On the basis of the temporary operating regulations submitted on 31 December 2003, the remaining costs associated with sound insulation measures will presumably lie between 200 million and 250 million Swiss francs.

Formal expropriations
As of balance sheet date, no final rulings on compensation claims arising from formal expropriation have been pronounced on the basis of the immission thresholds defined in 2001, though a number of cases are pending. It is very difficult to reliably estimate the costs arising from these proceedings, since a variety of uncertainties still need to be clarified in this connection. Furthermore it is still unclear how a possible loss of value of a property due to aircraft noise can be evaluated. The costs will also greatly depend on the future operating regulations of Zurich Airport. In view of the fact that estimates have to be based on a variety of assumptions, Unique (Flughafen Zürich AG) has approximated the potential costs for formal expropriations to date at between 800 million and 1.2 billion Swiss francs. In the view of Unique (Flughafen Zürich AG), the partial ruling pronounced by the Federal Tribunal in July 2004 in association with the claim by the municipality

of Opfikon indicates that the cited estimate of costs for formal expropriations is to be regarded as cautious based on present-day assumptions. In view of the cited uncertainties and the need to adopt a cautious approach, Unique (Flughafen Zürich AG) is abiding by its previously estimated potential costs associated with formal expropriations. Unique (Flughafen Zürich AG) assumes that these costs would have to be paid over a period of several years, in the event that they should reach the estimated level at all.

Refinancing and competitiveness
The refinancing of costs arising in association with aircraft noise is to be carried out via special noise-related revenue. The most important source of revenue for refinancing is the noise-related passenger fee of 5 Swiss francs. Based on current estimates (see above), this would have to be raised to 10 Swiss francs in the medium term in order to cover the anticipated costs, and in the company's view this would still be acceptable with respect to the competitiveness of Zurich Airport.

Reporting noise-related topics in the balance sheet and income statement
In the balance sheet and income statement of Unique (Flughafen Zürich AG), costs and revenue relating to noise are reported under Airport of Zurich Noise Fund (see notes to the consolidated financial statements, note 14, "Airport of Zurich Noise Fund", page 90). As of balance sheet date, this fund showed a positive balance, which reflects the accumulated noise-related revenue exceeding costs.

Risks for Unique (Flughafen Zürich AG) in association with aircraft noise
As already noted, Unique (Flughafen Zürich AG) has the right to refinance any costs that may arise in association with aircraft noise through special fees. This means that our ability to refinance such costs is secured over the long term, but in the medium term, two risks have to be taken into account:

The risk of a financing gap:
If the noise-related costs should arise sooner than anticipated by Unique (Flughafen Zürich AG), or prove to be higher than expected, this could result in a financing gap that Unique (Flughafen Zürich AG) might not be able to cover with available credit limits. Unique (Flughafen Zürich AG) therefore intends to enter into additional noise-related financing arrangements in order to eliminate this risk.

The risk of impacts of noise-related costs on the consolidated balance sheet (consolidated financial statements according to IFRS):

Formal expropriations
In view of the still incomplete legislation in this area and the complexity of the evaluation and its positive or negative impact on concerned properties, as well as the lack of definitive operating regulations, it is not possible to reliably estimate both the cost as well as the timing when these costs arise and therefore the estimates have considerable uncertainties in both positive and negative terms. Potential provisions related to noise are recognised based on the following criteria in accordance with IAS 37.14:

1. Existence of a present (legal or constructive) obligation as a result of a past event;
2. Probable outflow of resources in order to settle the obligation;
3. Reliable estimate of the amount of the obligation.

With respect to formal expropriations, Unique (Flughafen Zürich AG) is constantly monitoring whether these criteria are being met. For this purpose, it bases its assessments on current legal practice and on the merits of each specific case.

As far as formal expropriations are concerned, the fulfilment of these three criteria is assessed as follows:

Criterion 1 (present obligation) is met if:
a) a complaint has been filed with the Federal Assessments Commission ("Eidgenössische Schätzungskommission"), and
b) the criteria defined in existing legal practice relating to special nature ("Spezialität"), non-predictability, severity of damage and non-expiry due to statute of limitations are met, or the criterion of over-flying aircraft is fulfilled.

Criterion 2 (probable outflow of resources) is met if:
a) the case concerned has been ruled on by the Federal Assessments Commission, or the outflow of funds is probable in view of previous rulings.

Criterion 3 (reliable estimate) is met if:
a) the case concerned has been ruled on by the Federal Assessments Commission and has not been referred by Unique (Flughafen Zürich AG) to a higher court with justifiable chances of success, or
b) the Federal Tribunal has established loss of value (related to Zurich Airport), or
c) similar cases exist in which a recognised and standardised valuation procedure has been applied.

Furthermore, the recognition of a provision is only necessary if the amount of the required provision exceeds the available resources in the Airport of Zurich Noise Fund (AZNF).

In the company's opinion, these criteria were not cumulatively met in any of the potential cases. From today's perspective, these potential claims are contingent liabilities that will only have to be recognised as a provision should these three criteria be met. The company also assumes that these three criteria will not be met cumulatively in 2005 either, and even if this were to be the case, the available resources in the Airport of Zurich Noise Fund would be sufficient for any such claims.

From the company's point of view, any impacts of noise-related claims on the balance sheet of Unique (Flughafen Zürich AG) would be undesirable, and the company is therefore currently examining ways of eliminating any such influence.

Sound insulation measures
Since the implementation of sound insulation measures can be determined by Unique (Flughafen Zürich AG) itself due to the lack of a legal basis, and it is not possible to estimate the extent of future sound insulation measures due to the lack of definitive operating regulations, in our view the criteria for recognising a provision for future sound insulation measures in accordance with IAS 37.14 are not fulfilled.

However, at the beginning of each year Unique (Flughafen Zürich AG) offers a clearly defined group of house owners the option of having their properties sound-insulated in the course of the following year. In 2005 this applies to approximately 500 house owners in the municipalities of Opfikon, Oberglatt, Bülach and Hochfelden. The estimated investment volume is 12 million Swiss francs. These anticipated costs will thus reduce the non-earmarked balance of Airport of Zurich Noise Fund (AZNF), and are recognised separately as a fixed balance of the fund (see notes to the consolidated financial statements, note 14, "Airport of Zurich Noise Fund", page 90). The remaining assumed future costs for sound insulation measures take the form of contingent liabilities until such time as definitive operating regulations and a sound insulation concept exist.

Risk of impacts of aircraft noise on the financial statements pursuant to the provisions of commercial law (Swiss Code of Obligations)
To refinance future potential costs for sound insulation measures and future potential costs for compensating loss of value due to formal expropriations, in accordance with the operating licence and provisions of environmental legislation, the company is entitled to collect special civil aviation fees. In view of the current situation, the company does not presently recognise under company law and, in particular, under the principle of prudence, any need to recognise provisions in the financial statements pursuant to the principles of commercial law.

- **Falling demand**
  Experience over the past few years has shown that civil aviation is a highly volatile business that reacts sensitively to external occurrences (acts of terrorism, outbreaks of disease or epidemics). This means that such events could lead to a fall in demand at Zurich Airport.

Events

- 1 January
  Rita Fuhrer, a member of the cantonal government, takes over from Ruedi Jeker as Economic Director of the Canton of Zurich.

- 16 February
  Official opening of the new landside Service Center.

- 1 March
  Handover of the new coach terminal for operation.

- 16 March
  Federal Office for Civil Aviation (FOCA) initiates the public submissions procedure for the temporary operating regulations.

- 24 March
  Meeting between Federal Councillor Leuenberger, officials of the Canton of Zurich, Unique (Flughafen Zürich AG), Skyguide and the Federal Office for Civil Aviation to determine the next steps to be taken and the responsibilities for planning tasks relating to the proposal for an alternative flight path along Switzerland's northern border.

- 25 March
  Opening of stage 2 of Airport Shopping.

- 31 March
  Opening of travel market in Check-in 3.

- 31 March
  Federal Tribunal denies appeals against the ruling of the Appeals Commission ("INUM", Infrastructure and Environment) concerning the lifting of the suspensive effect of complaints against approaches from the south and planning approval for the installation of an instrument landing system on runway 34.

- 31 March
  Bülach association of district hospitals and Unique (Flughafen Zürich AG) agree on co-operation between their respective rescue services.

- 6 April
  Martin Candrian and Kaspar Schiller voted onto the Board of Directors by the General Meeting of Shareholders. They are to replace Jacob Schmidheiny and Martin Wetter, both of whom chose not to stand for re-election.

- 22 April
  Department of Environment, Transport, Energy and Communications grants planning permission for the installation of an instrument landing system on runway 28 and the extension of the approach path lighting. Federal Office for Civil Aviation formally approves the amendment to the operating regulations for the introduction of the ILS approach procedure on runway 28.

- 30 April
  More stringent restrictions governing weather conditions enter into effect for flights over Germany. At the same time, localiser for runway 34 commences operation.

- 3 May
  Raymond Cron takes over as Director of the Federal Office for Civil Aviation.

- 7 May
  Official opening of LPG (gas) filling station at Zurich Airport.

- 28 May
  Opening of the SBB (Swiss Federal Railways) rail travel centre.

- 24 June
  Unique (Flughafen Zürich AG) is able to announce its accomplishment of the modal split (balance between public and private transport) that was specified as a requirement in the permit for expansion stage 5.

- 25 June
  Closed conference in Bülach to launch stage 2 of the preparations for the proposed mediation procedure. Attended by approximately 200 representatives from 110 organisations.

- 7 July
  Appeals Commission (INUM) grants the petitions to reinstate the suspensive effect of appeals against planning approval for the instrument landing system on runway 28 and extension of approach path lighting.

- 7 July
  Submission of a people's initiative ("Plafonierungsinitiative") calling for a "realistic airport policy", including restricting the number of flight movements to 250,000 p.a. and extending the night-time curfew to at least nine hours.

- 15 July
At the first meeting in Opfikon-Glattbrugg to continue preparations for the mediation procedure, participants fail to reach agreement concerning the composition of the co-ordination committee.

- 16 July
Mediation process fails before it even gets off the ground.

- 29 July
Department of Environment, Transport, Energy and Communications initiates the consultation procedure regarding the first draft of the federal government's civil aviation policy for Switzerland.

- 29 July
Opening of stage 3 of Airport Shopping.

- 19 August
Unique (Flughafen Zürich AG) states its position concerning the draft of the federal government's civil aviation policy clearly and in detail.

- 10–12 September
Open days at Zurich Airport – three days of special events to celebrate the completion of expansion stage 5. Attended by approximately 270,000 people.

- 15 September
Handover of the new bus terminal for operation.

- 15 September
Official opening of new Airside Center with 60 commercial operations. Expansion stage 5 now completed.

- 21 September
Federal Tribunal rules in favour of appeal by Unique (Flughafen Zürich AG) against the ruling of the Appeals Commission (INUM) concerning the reinstatement of the suspensive effect of petitions opposing planning approval for the installation of an instrument landing system on runway 28.

- 1 October
Federal Office for Civil Aviation stipulates longer intervals between landings on runway 14 and takeoffs on runway 16.

- 4 October
Consortium comprising Unique (Flughafen Zürich AG) and Gestión e Ingeneria IDC S.A. of Chile awarded mandate for the management and operation of the international airport on Isla de Margarita, Venezuela.

- 28 October
Handover of the instrument landing system on runway 34 for operation.

- 31 October
More stringent restrictions governing weather conditions enter into effect for flights over Germany.

- 13 November
First national demonstration against aircraft noise, Bundesplatz in Berne, attended by around 2,500 protestors.

- 10 December
Renewal of certification of environmental management system in accordance with ISO 14001.

- 13 December
Federal Council approves the revised version of its 2004 report on civil aviation policy in Switzerland for submission to Parliament.

- 31 December
Unique (Flughafen Zürich AG) submits its application to the Federal Office for Civil Aviation for an amendment to the operating regulations to make way for the introduction of an alternative flight path along the northern border of Switzerland, with visual approach.

Cornel Weibel, head of HR Projects & Processes

Expansion stage 5
Open days

Construction projects

Following the opening of the spacious and elegant Airside Center on 15 September 2004, Zurich Airport has once again become a worthy gateway to the world. Feedback from passengers, employees and visitors regarding the significant improvements in quality resulting from expansion stage 5 has been consistently positive. Passengers now have an attractive range of more than 60 commercial vendors (shops, restaurants, bars, etc.) at their disposal in the departure and transfer zones. The smooth handover of Airside Center for operation was both the highlight of expansion stage 5 as well as its final component. The opening of Airside Center meant that the extensive construction work, which resulted in a variety of provisional arrangements and inconveniences for both passengers and airport personnel, had reached completion after a period of almost five years. Furthermore, the project was completed on schedule and within budget – a noteworthy accomplishment in view of its immense size! A variety of major landside improvements were realised in the course of the year under review. At the end of March the new travel market was opened in the vicinity of Check-in 3, and towards the middle of the year, Check-in 3 also became operational for charter and other flights. During 2005 there will be an expansion and simultaneous concentration of travel agency desks in this area.
A variety of new shops were opened in Airport Shopping at the end of March and the end of July. Swiss Federal Railways completely refurbished its travel centre and expanded its range of services at the airport railway station, which is now among the ten largest in Switzerland. Two cafés and a pub have been added to the range of food and beverage facilities. As of the end of 2004, the landside shopping complex encompassed 31 shops and four restaurants/cafés in an area measuring 8,000 square metres, which is almost double its original size. In the middle of September the new bus station with its spacious roofing was opened for operation, marking the importance of Zurich Airport as a public transport hub. The fact that the name of the airport is clearly displayed on its roof emphasises its function as a new gateway to the airport. As before, feedback regarding the buildings that have been in use since autumn 2003 remains positive. A few modifications were carried out in Dock E (formerly Midfield Dock) in order to increase the efficiency of certain operations. For example, as of November 2004 the availability of the underground shuttle, Skymetro, was increased to 99.84 percent. Since September 2003, more than 11 million passengers have used this shuttle service, and a third train will be in use as of the beginning of February 2005. The fact that it will then be possible for passengers to board and alight from trains on separate platforms will greatly enhance the quality of the shuttle service. In the area of flight operations, work within the scope of expansion stage 5 reached completion following the upgrading of the taxiway Echo in mid August 2004.

Costs

Thanks to rigid project management, the overall costs of expansion stage 5 were reduced to almost 2 billion Swiss francs. Another 25 million Swiss francs were saved in the course of 2004 alone. This meant that the budget of around 2.1 billion Swiss francs that was approved in the 1995 referendum was clearly undercut. Investments to date amount to slightly more than 1.9 billion Swiss francs, of which approximately 130 million were spent in the course of the year under review.

Outlook

A variety of clearance and removal operations are to be carried out during the first half of 2005.
The important new link for passengers between the baggage collection halls in the arrivals zone (customs halls 1 and 2) was opened on 31 January 2005.

Open days

To celebrate the completion of expansion stage 5, Unique (Flughafen Zürich AG) organised a series of events on 10, 11 and 12 September 2004 aimed at presenting "Switzerland's new gateway to the world" to the general public and special guests. The focus was on the new buildings and facilities such as Dock E (formerly Midfield Dock), with the main attraction being the new Airside Center which was officially opened for operation on 15 September 2004. An extensive programme was prepared for this festive occasion, and there were plenty of attractions for everyone despite the limited budget. In addition to the above aspects, one of the main purposes behind these open days was to send a positive message again after many years of critical headlines, and present the new airport as a major transport hub and attractive commercial centre. In the judgement of Unique (Flughafen Zürich AG), the airport and civil aviation in general enjoy a great deal of support and interest in the Canton of Zurich, in the region, throughout the country and across its borders, and the success of these open days clearly confirmed this impression. More than 80 partners contributed in various ways to the programme. 1,200 guests attended the official ceremony on 10 September 2004, and the number of visitors (around 270,000) was almost three times higher than anticipated. 100 performing artists entertained visitors, and a team totalling 2,500 people – many of whom were volunteers from neighbouring municipalities – helped with the organisation of the many events. An area of around 150,000 square metres was placed at the disposal of the general public, and everyone thoroughly enjoyed the rich and varied programme of events, to which admission was free of charge. Meanwhile, all the normal everyday activities at the airport proceeded as usual, with no notable problems or delays.
Unique (Flughafen Zürich AG) would like to sincerely thank everyone who helped make the open days such a resounding success.

Astrid Keller, energy supply assistant


SITA

Operations

Punctuality commission and steering committee
Following the inception of Airport Steering in 2003, with the formation of a group-wide commission and an associated steering committee at management level for the purpose of monitoring punctuality at Zurich Airport, another major step was taken in close collaboration with our business partners towards improving reliability and punctuality of flight operations over the next few years. Thanks to joint efforts on the part of Swiss, Skyguide and Unique (Flughafen Zürich AG), the degree of punctuality was increased from 72.9 to 74.3 percent in 2004 despite unfavourable operating conditions.

Instrument landing system on runway 34
On 28 October 2004 the instrument landing system for runway 34, for which planning had been initiated in summer 2001, was handed over for operation. This system comprises a glide path transmitter positioned alongside the runway in the touch-down zone, and a localiser positioned beyond the end of the runway to the north. And for the first time in Switzerland a new type of end-fire antenna was also installed that is practically insensitive to interference. The localiser was handed over for operation on 30 April 2004. The new instrument landing system enables pilots to make a precision approach to runway 34 even in adverse conditions (visibility 750 metres, cloud ceiling 300 feet, or approx. 90 metres).

Liberalisation of ground handling operations
With the ratification of the first series of bilateral agreements between Switzerland and the EU, the relevant EU directives also entered into effect. The aim here is to open up the market in the area of ground handling operations to service providers and airlines. The implementation process was initiated during 2004.

Maintenance of runways and infrastructure
The surface of runway 16 (which is for instrument landings) was overhauled in 2004. Replacing the entire surface over a total area of 6,000 square metres took approximately 60 nights of work. Other priority operations in the year under review included the upgrading of taxiway Echo, commencement of the construction of the Riedmatt retention filter basin and the final stage of clearance of debris at the former location of Busgate South. In association with the installation of the instrument landing system on runway 34, all markings in the touch-down zone on both runway 34 and runway 16/34 had to be modified. The markings that were no longer required, and those that were no longer correct, were removed overnight and new ones were added at the appropriate locations. The markings on the entire runway were also renewed.

Implementation of new EU security ordinance
In accordance with EU security ordinance 2320/2002, which is now also applicable for Switzerland, screening of employees entering sensitive security zones (phase 1) has now been duly implemented. Work has commenced on the creation of a security awareness platform.

Sub-projects aimed at improving and optimising access controls are being bundled together under the project name, "Hermetic". Airport passes now have to be renewed every five years (including background check). Preparations for this were completed in the course of the year under review. The various security systems were subjected to audits and tests by the Federal Office for Civil Aviation as well as the media.

Reorganisation of airport rescue service
The agreement with all 28 municipalities governing the transport of patients was renewed for a period of five years. Co-operation with Bülach hospital was intensified, and the operational management of rescue services was merged. In future, the resources of Zurich Airport's rescue services will also be placed at the disposal of the Canton of Schaffhausen in the event of major incidents or disasters.

IT
New airport operations database
In March 2004, AIMS+ was installed as the main system for a new airport operations database. This tool supplies more than 20 airport-relevant IT systems at Unique (Flughafen Zürich AG) and all partners at Zurich Airport (Swissport, Jet Aviation, SR Technics, Gate Gourmet, Swiss, Skyguide, etc.) with real-time data to secure the smooth and efficient processing of flight and passenger handling operations. The system is fully redundant and is distributed over two computer centres.

New digital video system
The new digital video system based on Visiowave was introduced in September 2004. It replaces the more than 20-year-old analogue video system installed by the former Flughafendirektion Zürich (FDZ). Images are transmitted via the IP Aviation network so that each camera can be monitored from each workstation. A direct link to the Zurich cantonal police was also established so that images can be viewed in the police headquarters in Zurich.

APT Airport Technologies AG
Here the focus was on the consistent use of the range of IT services. Market shares were significantly increased in all the main areas relating to IT services, and two major new clients were acquired. Alongside Jet Aviation and Cargologic, Swissport is now also using all APT network services at Zurich Airport. Avireal has also decided to use all APT's network services in 2005 as well as its Rent a Client services (PCs/server). Furthermore, the overall range of IT services was greatly expanded. New products such as Rent a Client and Rent a Video met with lively response.

Ja-Eun Suh Schefer, project assistant to Business Development

Angela Hoffmann, Emergency Medical Center training and quality management

Marketing & Real Estate

Retail and gastronomy
The focus during the first half of the year was on bringing expansion stage 5 to a conclusion and maintaining existing commercial activities in the midst of construction work in the main airside zones.

With the completion of expansion stage 5, the new Airside Center was handed over for operation on 15 September 2004, slightly ahead of schedule. The opening of this airside complex and the conclusion of long-term contracts in the retail and food and beverage segments form the basis for consistent implementation of client-related activities.

The organisation of Airside Center according to commercial target groups creates clarity for consumers, and the new focus on high-quality shopping facilities forms the basis for the planned development of passenger-related revenue.

The final stage of the upgrading and expansion of the landside retail complex (Airport Shopping) was completed on schedule. The combination of excellent connections to the airport, optimised parking facilities and a carefully chosen sector mix has already proven successful and has given rise to a sharp increase in the number of visitors.

The opening of the travel market in the vicinity of the railway station, and the addition of shops and restaurants/cafés, have extended the range of services for the various consumer groups and have created a comprehensive service centre.

Marketing
"Switzerland Tourism" and Unique (Flughafen Zürich AG) entered into a strategic partnership at the beginning of 2004, and the various forms of co-operation, along with marketing activities – world-wide, have meanwhile been jointly defined in a comprehensive agreement that is valid for three years. This co-operation between Switzerland's most important transport hub and the national tourism organisation with its international network gives rise to numerous synergies, and thus to greater market penetration and the potential to gain customers for flights to Switzerland.

Facility management
Since 1998 the net floor space managed by Unique (Flughafen Zürich AG) rose from 800,000 to approximately 1.2 million square metres, while the number of operated technical facilities increased from 2,800 to more than 4,000. With the completion of expansion stage 5 in 2004, the last of the newly installed surface areas and facilities were handed over to the relevant facility management section heads (commercial, technical, structural). Thanks to the increase in efficiency and the ongoing development of the various available software applications it was possible to manage the larger volume of facilities without having to employ additional personnel, and this resulted in a significant increase in productivity.

In addition to the new leases for commercial space in Airside Center and Airport Shopping, numerous contracts needed to be renewed in 2004. Generally speaking, leasing conditions were slightly more favourable, and external income per square metre of managed floor space rose sharply thanks to the additional commercial revenue. As of the end of 2004, the proportion of unoccupied space was around 5 percent.

At the beginning of the year, the question of cleaning of buildings was reviewed in depth, and a detailed concept was approved. In accordance with the new concept, the cleaning of Dock E (Midfield) was smoothly integrated into the existing internal organisation as of 1 September 2004.

Public transport
In autumn 2003 a comprehensive census/survey was carried out concerning the means by which people travel to the airport. The evaluation was completed in summer 2004 and presented to the relevant authorities. The results were very pleasing.
Between 1994 and 2003, the proportion of people using public transport to reach the airport rose from 34 to 43 percent, and this means that the requirement of a "modal split" of 42 percent as stipulated in the building permit has been surpassed. In the largest passenger segment, around 60 percent now use public transport to reach the airport (1999: 51 percent), while the figure for employees is 29 percent (1999: 25 percent).

Finance & Services
Corporate Centers
International activities

Legal services
The focus of activities in the area of legal services was primarily on procedures relating to adjustments to the operating regulations (including planning approval for the associated additions to the infrastructure), legal proceedings relating to the unilateral ordinance issued by Germany, the initiation of proceedings before the assessment commission concerning noise compensation claims, the implementation of the operational requirements arising from the bilateral civil aviation agreement between Switzerland and the EU, and the handling of various disputes under private and competition law.

Controlling, treasury & investor relations
Both the business and scenario planning were additionally refined and optimised during the year under review. The short-term planning horizon of Unique (Flughafen Zürich AG) encompasses the budget year, while longer-term planning (business and scenario) covers the next ten years. In terms of market development, Unique (Flughafen Zürich AG) has prepared itself for a variety of scenarios, and has defined detailed packages of measures that are ready for implementation as required.
In spring 2004 an instrument was institutionalised for medium-term and long-term building management. The objective here is to be able to carry out a comprehensive and long-term viability assessment of measures to preserve and increase the value of existing buildings.

Finance and accounting
The required adjustments of processes relating to accounts payable resulting from the introduction of material management and procurement processes with SAP MM were refined and optimised during the year under review. In the area of accounts receivable, the introduction of the new invoicing application (SAP SD) was completed smoothly and efficiently. The reminders and debt collection processes were also intensified in collaboration with the relevant line managers. In the area of project and facility accounting, the main focus was on the financial closure of expansion stage 5 and the capitalisation of the various facilities.

Corporate supply management
Following the introduction of material management and procurement processes with SAP MM in mid 2003, the main focus in 2004 was on the optimisation of other divisions and sections and their integration into the new procurement processes on a step by step basis. Material procurement and management are now fully processed via the defined procurement procedures, and the procurement of services and projects is being continually integrated into SAP MM. A procurement report is to be prepared for the first time as of the end of 2004.

Risk management and insurance
One of the priorities in 2004 was the ongoing assessment of the current risk situation. Measures and risk analyses were updated in close collaboration with the respective risk owners. Furthermore, internal audits were carried out to review the risk management system, which also underwent a variety of improvements and expansions.
The focus of activities in the area of insurance/in-house broking was influenced by a slightly more favourable insurance market. The insurance portfolio underwent further optimisation in terms of premiums and benefits. Cover was secured and claims were handled for the projects associated with expansion stage 5 and components that were handed over for operation.

Noise management and protection of residents
Activities in the area of noise management were once again mainly influenced by the step by step implementation of the unilateral ordinance issued by Germany (take-offs and landings at Zurich Airport during
the imposed curfews). With the introduction of an instrument landing system on runway 34 for approaches from the south, certain areas in the vicinity of the airport are now exposed to (additional) aircraft noise. In view of this, aircraft noise measurements were carried out on a temporary basis along the approach path from the south as well as to the west of the airport. The number of complaints and protests lodged by the affected population relating to aircraft noise rose again last year to reach a new peak of around 6,000.
The installation of noise-insulating windows within the scope of the ongoing «2010 noise insulation programme» was continued throughout the year. The associated costs in the year under review

amounted to around 11 million Swiss francs. Over the past few years, most of the insulation work was carried out to the north (Höri) and south (Opfikon/Glattbrugg) of the airport, but last year buildings to the west and east (Rümlang and Kloten) were also renovated.

Environmental protection
The focus of activities in the area of environmental protection was on the preparation of studies and reports concerning various projects of Unique (Flughafen Zürich AG) as the basis for the environmentally oriented operation of the airport following the completion of expansion stage 5. These primarily concern residual pollution, waste management and prevention of water pollution. The official designation of the sites concerned has now been finalised. For research purposes, an extensive campaign to measure air quality at Zurich Airport was carried out by a team of specialists from a German university. The opening of an LPG (gas) filling station in May 2004 represents a significant contribution towards the reduction of emissions from airside traffic. There are now more than twenty vehicles in operation that run on LPG.
The environment management system of Unique (Flughafen Zürich AG) was revised and recertified by an external auditor in accordance with the three-year cycle. The 2004 Environmental Report was once again published as a separate document. Meanwhile, the report published in 2003 won Unique (Flughafen Zürich AG) its second "öbu" award for best environmental report in Switzerland. We were also able to provide consulting services in the area of air quality management to third parties and international organisations in the areas of civil aviation and research.

Corporate Communications
In the year under review, the repositioning of the group and of the entire Zurich Airport complex was consistently implemented in accordance with the communication concept drawn up by Corporate Communications. One of the most labour-intensive and significant projects in 2004 concerned the promotion of the "Unique" brand as a separate entity from that of Zurich Airport, which is of considerably greater relevance for visitors and consumers, but has remained unstructured to date. This move is particularly apparent in the area of printed matter, as well as in the clear separation of web sites (www.flughafen-zuerich.ch/ www.unique.ch), both of which have been completely renewed in terms of content and design. The open days organised by Corporate Communications (see page 39) were the biggest event ever initiated by the group. These three days, during which some 270,000 visitors came to the airport, marked the turning point for the successful repositioning of the group as well as the overall image of Zurich Airport and the approximately 180 companies operating there.

International activities
Bangalore
The project concerning a new international airport in Bangalore (India) was delayed due to the changes of both the national government and that of the province of Karnataka. But in July 2004, Bangalore International Airport (BIAL), in which Unique (Flughafen Zürich AG) holds a 17 percent stake, was awarded a 60-year operating licence by the Indian government. Then in December 2004 the Karnataka State Parliament approved two further contracts for the project, namely the State Support Agreement and the Land Lease Agreement, and this means that construction could commence in the first half of 2005.

Chile
Following the easing of the economic crisis in Argentina, traffic volumes at the three regional airports of La Serena, Puerto Montt and Calama recovered during the year under review. The duration of the existing operating licence for La Serena was extended by two years. In December 2004 an agreement was signed by the involved partners according to which the dominant position held by Unique (Flughafen Zürich AG) is to be reduced to a minority holding over a period of three years.

Venezuela
Following the completion of a six-month due diligence audit, a consortium in which Unique (Flughafen Zürich AG) holds a 49.5 percent stake, took over the operation of the airport on the Caribbean island of Isla de Margarita on the basis of a management agreement with the local government. This agreement has a duration of 20 years. The airport on Isla de Margarita is the second-largest in Venezuela, with an annual passenger volume of approximately 1.3 million.

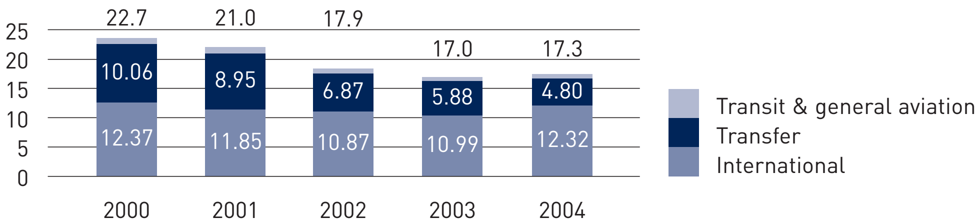
Fritz Volkart, bus driver

Traffic statistics

Passenger volumes (Zurich only, excluding Chile)

	2004	2003	2002	2001	2000
Total passengers	17,252,906	17,024,937	17,948,058	21,012,871	22,675,366
Change	1.3%	–5.1%	–14.6%	–7.3%	8.4%
By type of passenger					
Airline passengers	17,206,742	16,976,860	17,902,073	20,970,741	22,627,393
Change	1.4%	–5.2%	–14.6%	–7.3%	8.4%
Local passengers	12,323,227	10,994,109	10,871,258	11,853,979	12,377,558
Change	12.1%	1.1%	–8.3%	–4.2%	5.2%
Transfer passengers	4,809,390	5,884,786	6,872,308	8,959,558	10,068,036
Change	–18.3%	–14.4%	–23.3%	–11.0%	13.4%
Transit passengers	74,125	97,965	158,507	157,204	181,799
Change	–24.3%	–38.2%	0.8%	–13.5%	–21.8%
General aviation & other passengers	46,164	48,077	45,985	42,130	47,973
Change	–4.0%	4.5%	9.2%	–12.2%	–4.7%
By type of flight					
Scheduled flights	15,313,073	15,200,005	15,904,090	18,916,434	20,551,503
Change	0.7%	–4.4%	–15.9%	–8.0%	8.9%
Traditional carriers	13,800,433	14,217,828	15,475,389	18,656,469	20,294,159
Change	–2.9%	–8.1%	–17.1%	–8.1%	8.7%
Low-cost carriers	1,512,640	982,177	428,701	259,965	257,344
Change	54.0%	129.1%	64.9%	1.0%	26.7%
Non-scheduled flights (charter)	1,893,669	1,776,855	1,997,983	2,054,307	2,075,890
Change	6.6%	–11.1%	–2.7%	–1.0%	3.9%
General aviation and other flights	46,164	48,077	45,985	42,130	47,973
Change	–4.0%	4.5%	9.2%	–12.2%	–4.7%
By origin/destination (airline passengers only)					
Europe	12,835,196	12,495,246	12,716,552	15,087,675	16,497,677
Change	2.7%	–1.7%	–15.7%	–9.0%	7.8%
Intercontinental	4,371,546	4,481,614	5,185,521	5,883,066	6,129,716
Change	–2.5%	–13.6%	–11.9%	–4.0%	10.1%
North America	1,416,307	1,437,141	1,590,843	1,991,820	2,249,281
Change	–1.4%	–9.7%	–20.1%	–11.4%	8.6%
Asia	1,882,254	1,896,692	2,101,857	2,200,915	2,428,806
Change	–0.8%	–9.8%	–4.5%	–9.4%	11.7%
Africa	828,267	876,606	1,214,342	1,377,608	1,136,402
Change	–5.5%	–27.8%	–11.9%	21.2%	15.2%
Latin America	244,718	271,175	278,479	312,723	315,227
Change	–9.8%	-2.6%	–11.0%	–0.8%	-6.4%
Seat load factor (airlines only)	65.1%	64.8%	64.1%	63.7%	63.9%
Change	0.5%	1.1%	0.5%	–0.4%	2.0%
Passengers per movement (passenger aircraft movements only)	74.7	72.5	72.4	76.7	78.0
Change	3.0%	0.1%	–5.6%	–1.6%	0.8%

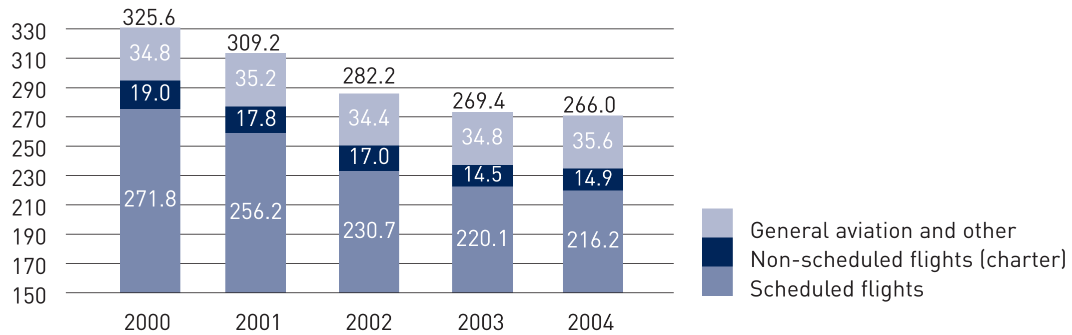
Passengers development (millions)



Flight movements

	2004	2003	2002	2001	2000
Total movements	266,660	269,392	282,154	309,230	325,622
Change	–1.0%	–4.5%	–8.8%	–5.0%	6.3%
By type of operation					
Airlines	231,086	234,627	247,720	274,054	290,867
Change	–1.5%	–5.3%	–9.6%	–5.8%	7.7%
Passenger aircraft	230,370	234,084	247,107	273,261	290,264
Change	–1.6%	–5.3%	–9.6%	–5.9%	7.5%
Freight aircraft	716	543	613	793	603
Change	31.9%	–11.4%	–22.7%	31.5%	382.4%
General aviation and other	35,574	34,765	34,434	35,176	34,755
Change	2.3%	1.0%	–2.1%	1.2%	–3.7%
By type of flight					
Scheduled flights	216,224	220,130	230,699	256,244	271,838
Change	–1.8%	–4.6%	–10.0%	–5.7%	7.9%
Traditional carriers	194,263	208,873	226,145	253,938	269,560
Change	–7.0%	–7.6%	–10.9%	–5.8%	7.9%
Low-cost carriers	21,961	11,257	4,554	2,306	2,278
Change	95.1%	147.2%	97.5%	1.2%	6.2%
Non-scheduled flights (charter)	14,862	14,497	17,021	17,810	19,029
Change	2.5%	–14.8%	–4.4%	–6.4%	5.2%
General aviation and other flights	35,574	34,765	34,434	35,176	34,755
Change	2.3%	1.0%	-2.1%	1.2%	-3.7%
By origin / destination (airlines only)					
Europe	204,890	207,255	217,032	238,737	247,497
Change	–1.1%	–4.5%	–9.1%	–3.5%	7.5%
Intercontinental	26,196	27,372	30,688	35,317	43,370
Change	–4.3%	–10.8%	–13.1%	–18.6%	8.7%
North America	8,089	8,647	9,120	11,883	12,350
Change	–6.5%	–5.2%	–23.3%	–3.8%	19.4%
Asia	10,853	11,002	11,418	12,610	19,891
Change	–1.4%	–3.6%	–9.5%	–36.6%	6.3%
Africa	6,108	6,526	8,728	9,212	9,667
Change	–6.4%	–25.2%	–5.3%	–4.7%	6.0%
Latin America	1,145	1,197	1,427	1,611	1,462
Change	–4.3%	–16.1%	–11.4%	10.2%	–15.8%
Average MTOW (maximum take-off weight)	68.2	69.1	71.8	76.5	77.1
Change	–1.3%	–3.8%	–6.1%	-0.8%	–1.5%

Development of flight movements (thousands)

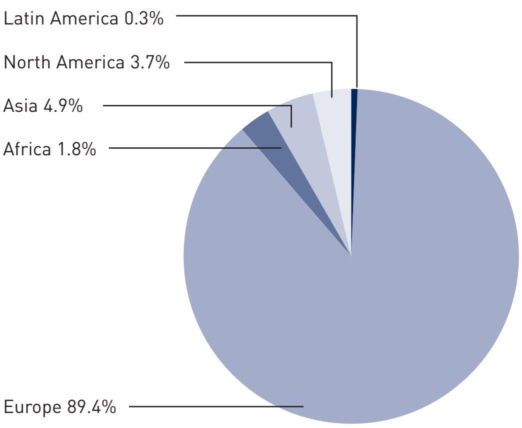


Freight and mail

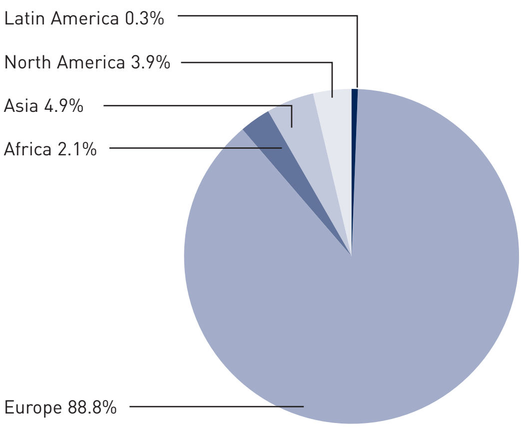
	2004	2003	2002	2001	2000
Freight in tonnes	363,537	389,843	421,811	492,872	545,423
Change	–6.7%	–7.6%	–14.4%	–9.6%	10.2%
By type of transport					
Air freight	257,601	283,831	309,724	352,607	395,142
Change	–9.2%	–8.4%	–12.2%	–10.8%	10.8%
Road transport	105,936	106,012	112,087	140,265	150,281
Change	–0.1%	–5.4%	–20.1%	–6.7%	8.5%
Mail in tonnes	22,963	21,650	22,990	21,680	22,843
Change	6.1%	–5.8%	6.0%	–5.1%	4.8%

	2004	2003	2002	2001	2000
Number of airlines					
Scheduled flights	77	67	61	70	69
Non-scheduled flights (charter)	42	41	51	61	61
Destinations, scheduled flights (cities)					
Europe	91	88	86	92	105
Africa	21	21	22	25	25
Asia	18	20	29	33	30
North America	12	11	17	17	13
Latin America	4	3	10	9	6
Total	146	143	164	176	179
Destinations, scheduled flights (countries)					
Europe	35	34	34	34	34
Africa	14	14	13	15	17
Asia	16	17	22	24	22
North America	2	2	2	2	2
Latin America	3	2	5	6	4
Total	70	69	76	81	79

Origin and destination by movements (2004)



Origin and destination by movements (2003)



Airlines in Zurich 2004 (more than 5 landings during the period under review)

Scheduled

Adria Airways
Aeroflot Russian Int. Airlines
Aerolineas Argentinas *
Aer Lingus *
Air Alps
Air Berlin
Air Canada
Air Enterprise Pulkova
Air Europa, Lineas Aéreas S.A.
Air France
Air Malta
Air Mauritius
Air Nostrum
Air Portugal, TAP
Air Seychelles
Albanian Airlines
Alitalia
American Airlines
Austrian Airlines
British Airways
Bulgaria Air
Cirrus Luftverk. Gesellsch *
City Air **
Continental Airlines
Croatia Airlines
CSA, Czech Airlines
Cyprus Airways
Delta Airlines
Denim Airways *
Duo Airways **
easyJet **
Egyptair **
EL AL, Israel Airlines
Emirates
European Air Express *
Finnair
Fly Niki *
Germania **
Germanwings
Hahn Air **
Hamburg Int. Luftfahrtsgesellsch. *
Helvetic Airways *
Iberia
Icelandair
Japan Air Lines
JAT, Yugoslav Airlines
KLM, Royal Dutch Airlines
Korean Airlines
LOT, Polskie Linie Lotnicze
Lufthansa
Luxair **
Macedonian Airlines
Maersk Air *
Malaysian Airlines
Malev, Hungarian Airlines
Montenegro Airlines
Ostfries. Lufttransport*
Portugalia
Qatar Airways *
Royal Air Maroc
Royal Jordanian Airlines
SAA, South African Airways
SAS, Scandinavian Airlines System
SATA Intern. Azores*
Singapore Airlines
Skyeurope Hungary **
Skyeurope Airlines
Smartwings *
Srilankan Airlines
Styrian Spirit
Swiss International Airlines
Thai Airways International
Tunis Air
Turkish Airlines
Ukraine International Airline
United Airlines *
Volare Airlines (Italy) **

Total 77 airlines

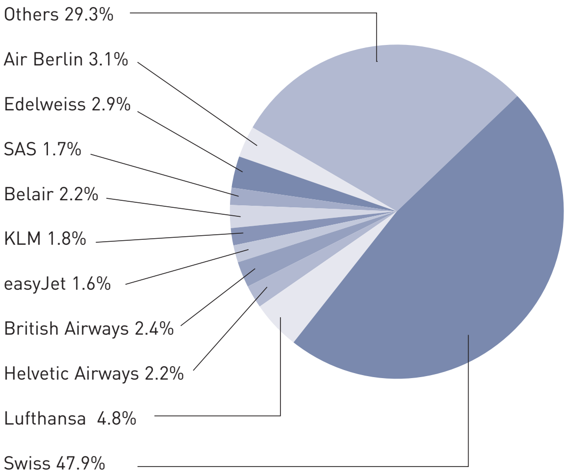
*) = commenced operation during 2004
**) = ceased operation during 2004

Charter

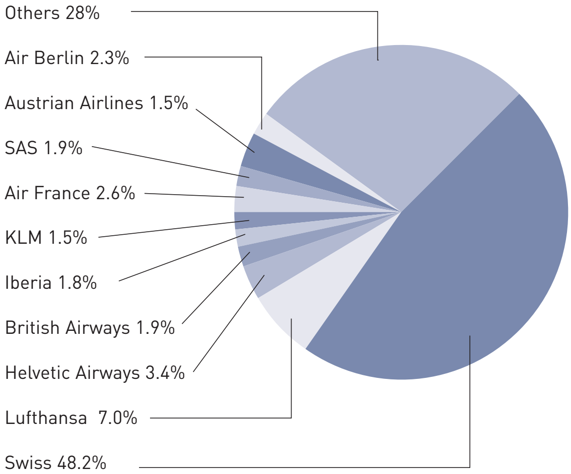
Aegean Aviation (Greece)
Air Excel (Netherlands)
Air Cairo (Egypt)
Air One (Italy)
Atlas International (Turkey)
Avanti Air (Austria)
Belair Airlines AG (Switzerland)
BH Air (Bulgaria)
Blue Line (France)
Edelweiss Air (Switzerland)
Eurocypria Airlines (Cyprus)
European Air Charter (UK)
Farner Air Transport AG (Switzerland)
Fischer Air Ltd. (Czech Republic)
Flightline (UK)
Fly Havayolu (Turkey)
Free Bird Airlines (Turkey)
Germania Fluggesellschaft
Gestio Aerea Ajecutiva (Spain) (Germany)
Hello AG (Switzerland)
Helvetic Airways (Switzerland)
Intersky Luftfahrt Gesellschaft (Austria)
Jetclub Ltd. (Switzerland)
LTE International Air (Germany)
LTU Luft-Transport (Germany)
Luxor Air (Egypt)
Maersk Air (UK)
Midwest Airlines (Egypt)
MNG Airlines (Turkey)
Montenegro Airlines (Yugoslavia)
Nouvel Air (Tunisia)
Onur Air (Turkey)
Pegasus (Turkey)
Polar Air Cargo (USA)
Spanair (Spain)
Sun Express (Turkey)
Transavia (Netherlands)
Tyrolean Jet Service (Austria)
Varig (Brazil)
Volga Dnepr. J.S. Cargo (Russia)
WDL Flugdienst (Germany)
Welcome Air Luftfahrt (Austria)

Total 42 airlines

Passengers by airline (2004)



Movements by airline (2004)



Silvan D'Ambros, logistics assistant


A B
E

Origin and destination of movements by country (scheduled and charter)

	Scheduled	Charter	Total	in %
Europe				
Albania	123	1	124	0.1%
Austria	13,806	112	13,918	6.0%
Belgium	4,660	9	4,669	2.0%
Bulgaria	280	296	576	0.2%
Croatia	1,130	32	1,162	0.5%
Cyprus	432	300	732	0.3%
Czech Republic	3,556	11	3,567	1.5%
Denmark	5,032	16	5,048	2.2%
Finland	1,878	7	1,885	0.8%
France	13,938	100	14,038	6.1%
Germany	53,083	577	53,660	23.2%
Greece	2,257	1,698	3,955	1.7%
Hungary	3,366	23	3,389	1.5%
Iceland	20	30	50	0.0%
Ireland	987	104	1,091	0.5%
Italy	12,764	891	13,655	5.9%
Luxembourg	1,971	6	1,977	0.9%
Macedonia	1,311	4	1,315	0.6%
Malta	479	2	481	0.2%
Netherlands	7,475	31	7,506	3.2%
Norway	604	6	610	0.3%
Poland	4,073	1	4,074	1.8%
Portugal	3,129	264	3,393	1.5%
Romania	730	2	732	0.3%
Russian Federation	2,274	6	2,280	1.0%
Slovakia	991	0	991	0.4%
Slovenia	964	0	964	0.4%
Spain	13,206	2,218	15,424	6.7%
Sweden	2,874	36	2,910	1.3%
Turkey	2,036	2,694	4,730	2.0%
Ukraine	597	6	603	0.3%
United Kingdom	19,511	189	19,700	8.5%
Yugoslavia	3,496	1,840	5,336	2.3%
Domestic flights	10,165	180	10,345	4.5%
Total Europe	**193,198**	**11,692**	**204,890**	**88.7%**
of which EU	170,432	6,580	177,012	78.7%
Africa	3,866	2,242	6,108	2.6%
Near / Middle East	4,514	12	4,526	2.0%
Far East / Australia	6,017	311	6,328	2.7%
Latin America	591	554	1,145	0.5%
North America	8'038	51	8,089	3.5%
Total intercontinental	**23,026**	**3,170**	**26,196**	**11.3%**
Overall total	**216,224**	**14,862**	**231,086**	**100.0%**

Number of commercial passengers

	in millions	Change in %
Heathrow	67.3	6.1%
Frankfurt	51.1	5.7%
Paris-CDG	50.9	5.5%
Amsterdam	42.5	6.5%
Madrid	38.5	7.5%
Gatwick	31.5	4.8%
Rome-FCO	28.1	7.0%
Munich	26.8	10.8%
Barcelona	24.5	7.9%
Paris-Orly	24.0	7.0%
Manchester	21.5	8.3%
Stansted	20.9	11.7%
Palma de Mallorca	20.4	6.4%
Copenhagen	19.0	7.5%
Milan	18.6	5.3%
Zurich	**17.2**	**1.3%**

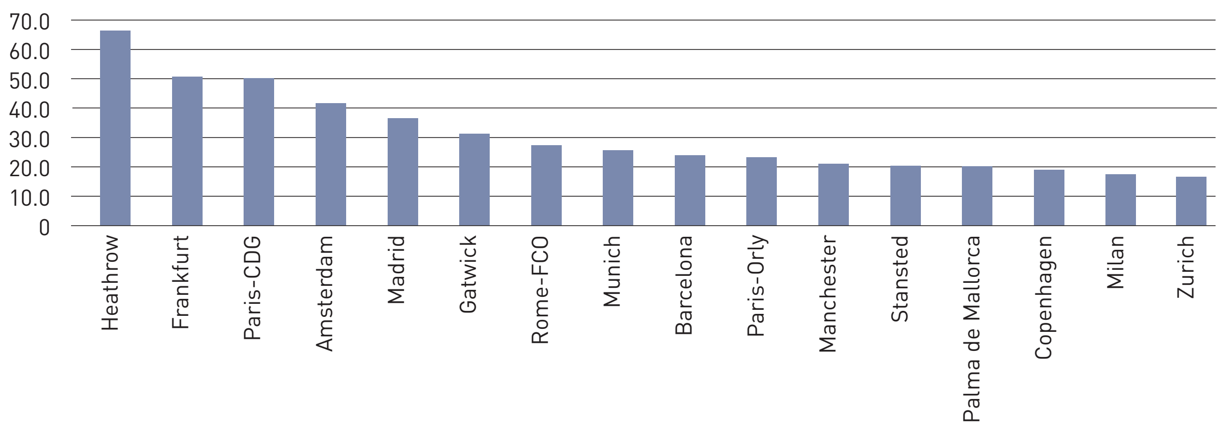
Air freight

	in tonnes	Change in %
Frankfurt	1,723,791	12.9%
Paris-CDG	1,469,055	5.5%
Amsterdam	1,421,024	8.8%
Heathrow	1,325,184	8.3%
Brussels	657,459	9.1%
Zurich	**363,537**	**–6.7%**
Milan	346,905	13.1%
Madrid	336,890	9.8%
Stansted	227,452	13.7%
Gatwick	218,267	–2.1%
Munich	170,828	21.5%
Manchester	149,873	21.6%
Vienna	145,602	25.9%
Rome-FCO	131,963	3.4%
Athens	119,134	9.6%
Lisbon	88,213	5.7%

Number of commercial movements

	in thousands	Change in %
Paris-CDG	516.4	2.1%
Heathrow	469.8	2.8%
Frankfurt	456.9	4.0%
Amsterdam	402.7	2.5%
Madrid	400.3	4.6%
Munich	359.6	8.0%
Rome-FCO	309.6	2.9%
Barcelona	287.9	3.3%
Copenhagen	269.1	5.2%
Zurich	**241.7**	**–1.0%**
Gatwick	241.5	2.8%
Stockholm	234.1	6.1%
Brussels	231.1	0.0%
Vienna	222.3	14.0%
Paris-Orly	218.8	7.8%
Milan	214.4	0.4%

Passengers in millions



Traffic frequencies and payload figures at Zurich Airport, 1970–2004

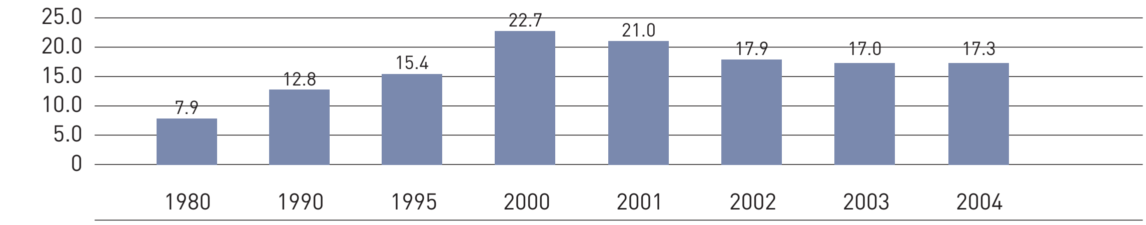
Passengers

Year	Scheduled flights	Non-scheduled flights (charter)	General aviation	Total
1970				4,530,024
1980	6,859,629	1,072,471	59,944	7,992,044
1990	11,215,214	1,479,293	75,250	12,769,757
1991	10,541,653	1,608,800	75,089	12,225,542
1992	11,229,546	1,819,392	70,335	13,119,273
1993	11,652,100	1,859,253	62,732	13,574,085
1994	12,449,367	2,057,498	66,469	14,573,334
1995	12,999,887	2,340,562	54,957	15,395,406
1996	13,998,296	2,227,745	50,658	16,276,699
1997	15,827,572	2,440,950	49,838	18,318,360
1998	17,142,169	2,134,613	49,807	19,326,589
1999	18,876,843	1,998,468	50,356	20,925,667
2000	20,551,503	2,075,890	47,973	22,675,366
2001	18,916,434	2,054,307	42,130	21,012,871
2002	15,904,090	1,997,983	45,985	17,948,058
2003	15,200,005	1,776,855	48,077	17,024,937
2004	15,313,073	1,893,669	46,164	17,252,906

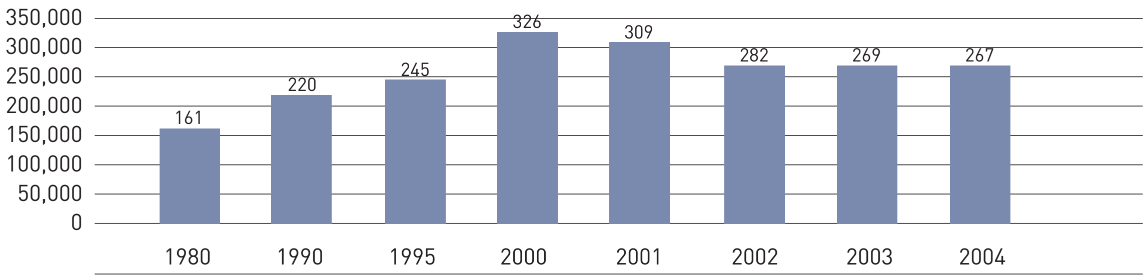
Aircraft movements

Year	Scheduled flights	Non-scheduled flights (charter)	General aviation +others	Total
1970				130,472
1980	107,884	10,639	42,606	161,129
1990	158,360	13,816	47,685	219,861
1991	159,875	15,574	45,946	221,395
1992	173,325	18,188	41,518	233,031
1993	178,812	18,252	36,820	233,884
1994	184,105	19,895	38,498	242,498
1995	186,735	22,299	35,470	244,504
1996	203,214	21,218	33,599	258,031
1997	218,726	22,739	34,666	276,131
1998	231,738	19,686	36,461	287,885
1999	252,018	18,088	36,076	306,182
2000	271,838	19,029	34,755	325,622
2001	256,244	17,810	35,176	309,230
2002	230,699	17,021	34,434	282,154
2003	220,130	14,497	34,765	269,392
2004	216,224	14,862	35,574	266,660

Passengers in millions



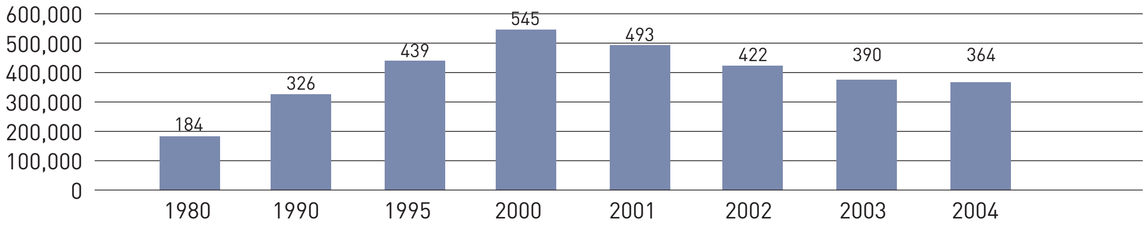
Movements in thousands



Freight in tonnes

Year	Air freight	Road freight	Total
1970			96,203
1980	156,751	26,876	183,627
1990	255,513	70,285	325,798
1991	248,452	70,969	319,421
1992	271,475	73,643	345,118
1993	291,623	84,908	376,531
1994	319,968	100,300	420,268
1995	326,928	112,366	439,294
1996	322,541	123,099	445,640
1997	335,028	137,245	472,273
1998	329,842	143,862	473,704
1999	356,643	138,447	495,090
2000	395,142	150,281	545,423
2001	352,607	140,265	492,872
2002	309,724	112,087	421,811
2003	283,831	106,012	389,843
2004	257,601	105,936	363,537

Freight in tonnes



Andreas Schmid, member of the airport fire brigade

Destinations

Direct services from Zurich, 2004

Scheduled flights

Europe
Alicante
Amsterdam
Antalya
Athens
Augsburg
Barcelona
Basel
Belgrade
Berlin (Tegel)
Birmingham
Bratislava
Bremen
Brussels
Bucharest
Budapest
Cologne
Copenhagen
Cracow
Dortmund
Dresden
Dublin
Duesseldorf
Edinburgh
Florence
Frankfurt
Geneva
Glasgow
Graz
Hamburg
Hanover
Helsinki
Ibiza
Istanbul
Keflavik
Kiev
Kittila
Kos
Larnaca
Leipzig
Linz
Lisbon
Ljubliana
London (Heathrow)
London (Gatwick)
London (City)
London (Luton)
Lugano
Luxembourg
Lyons
Madrid
Malaga
Malta
Manchester
Marseilles
Milan
Moenchengladbach
Moscow Domodedovo
Moscow Sheremtyev
Muenster/Osnabrueck
Munich
Naples
Nice
Nis
Nuremberg
Ohrid
Oslo
Palermo
Palma de Mallorca
Paris (CDG)
Paris (ORY)
Podgorica
Ponta Delgada
Porto
Prague
Pristina
Rhodes
Rimini
Rome Ciampino
Rome Fiumicino
Salzburg
Santiago de Compostela
Sion
Skopje
Sofia
Split
Stockholm
St. Petersburg
Stuttgart
Thessaloniki
Tirana
Tivat
Valencia
Venice
Vienna
Warsaw
Zadar
Zagreb

Africa
Accra
Benghazi
Cairo
Casablanca
Dar es Salaam
Djerba
Douala
Hurghada
Johannesburg
Lagos
Libreville
Luxor
Mahe
Malabo
Marrakesh
Mauritius
Nairobi
Sharm el Sheikh
Tripoli
Tunis
Yaounde

Near/Middle East
Amman
Doha
Dubai
Jeddah
Muscat
Riyadh
Tel Aviv

Far East/Australia
Bangkok
Bombay
Colombo
Hong Kong
Karachi
Kuala Lumpur
Manila
Phuket
Seoul
Singapore
Tokyo

Latin America
Buenos Aires
Montego Bay
Rio de Janeiro
São Paulo

North America
Atlanta
Boston
Chicago
Dallas
Los Angeles
Miami
Montreal
New York
Newark
San Francisco
Toronto
Washington

Direct services from Zurich Airport

	Cities	Countries
Europe	91	35
Africa	21	14
Near / Middle East	7	6
Far East / Australia	11	10
North America	12	2
Latin America	4	3
Total	**146**	**70**

Financial report

Consolidated financial statements according to IFRS

Consolidated income statement for 2004 and 2003 (according to IFRS)

(CHF thousand)	Notes	2004	2003
Revenue from goods and services			
– Revenue from aviation operations		362,138	304,471
– Revenue from non-aviation operations		275,175	257,128
Total revenue	**(1)**	**637,313**	**561,599**
Depreciation and amortisation	(7)	(190,118)	(173,903)
Personnel expenses	(2)	(131,451)	(136,535)
Police and security		(73,189)	(71,680)
Maintenance and material		(45,538)	(38,209)
Sales, marketing, administration		(31,763)	(31,611)
Other operating expenses	(3)	(21,285)	(20,557)
Energy and waste		(19,894)	(20,114)
Other expenses/income, net	(4)	(4,482)	14,830
Profit from operations		**119,593**	**83,820**
Financial result, net	(5)	(106,190)	(80,807)
Profit before tax		**13,403**	**3,013**
Income taxes	(6)	3,760	711
Profit after tax		**17,163**	**3,724**
Minority interests		138	52
Net profit		**17,301**	**3,776**
Earnings per share in CHF [1]	(12)	3.62	0.80

[1] There are no shares that could potentially give rise to a dilution.

Consolidated balance sheet as of 31 December 2004 and 31 December 2003 (according to IFRS)

(CHF thousand)	Notes	31.12.2004	31.12.2003
Assets			
Land	(7)	112,267	112,267
Buildings, engineering structures	(7)	2,594,401	2,339,202
Facilities in leasing	(7)	80,154	83,004
Projects in progress	(7)	65,527	323,555
Projects in progress in leasing	(7)	206	1,857
Movables	(7)	89,999	86,531
Total property, plant and equipment	**(7)**	**2,942,554**	**2,946,416**
Intangible assets	(7)	27,677	30,773
Financial assets and associates [1]	(8)	16,376	1,028
Non-current assets		**2,986,607**	**2,978,217**
Inventories		3,665	3,019
Trade receivables	(9)	87,243	69,268
Other receivables and prepaid expenses	(10)	28,791	41,948
Cash and cash equivalents	(11)	45,790	140,804
Current assets		**165,489**	**255,039**
Total assets		**3,152,096**	**3,233,256**
Equity, minority interests and liabilities			
Share capital	(12)	245,615	245,615
Own shares	(12)	(2,328)	(24,999)
Capital reserves		336,978	335,276
Retained earnings		298,184	281,235
Hedging reserves, net		(107,632)	(78,372)
Translation reserve		(877)	(336)
Equity		**769,940**	**758,419**
Minority interests		**6,320**	**6,053**
Debentures and non-current loans	(13)	1,596,271	1,807,198
Lease liabilities	(13)	77,027	80,524
Airport of Zurich Noise Fund	(13/14)	118,341	79,706
Deferred tax liabilities	(15)	38,156	50,824
Retirement benefit plans	(16)	1,440	3,999
Other non-current financial liabilities	(13)	632	535
Non-current liabilities		**1,831,867**	**2,022,786**
Trade payables		28,333	36,952
Current financial liabilities	(13)	124,673	136,849
Other current debt, accruals and deferrals	(17)	386,811	271,885
Current tax liabilities		4,152	312
Current liabilities		**543,969**	**445,998**
Total liabilities		**2,375,836**	**2,468,784**
Total equity, minority interests and liabilities		**3,152,096**	**3,233,256**

[1] Of which CHF 0.386 million relates to investments in associates.

Consolidated statement of changes in equity (according to IFRS)

(CHF thousand)	Share capital	Own shares	Capital reserves	Retained earnings	Hedging reserves, net	Translation reserve	Total equity
Balance at 31.12.2002	**245,615**	**(25,034)**	**342,987**	**277,459**	**(20,946)**	**(1,019)**	**819,062**
Purchase of own shares [1]		(11,949)					(11,949)
Sale of own shares [1]		9,245	(4,972)				4,273
Distribution of own shares [1]		2,739	(2,739)				0
Changes in fair value of interest rate swap transferred to income statement due to discontinued hedge accounting [2]					20,946		20,946
Adjustment of cross currency swaps to fair value [2]					(103,150)		(103,150)
Cross currency swaps – transfer to income statement [2]					24,778		24,778
Foreign exchange differences						683	683
Net profit 2003				3,776			3,776
Balance at 31.12.2003	**245,615**	**(24,999)**	**335,276**	**281,235**	**(78,372)**	**(336)**	**758,419**
Purchase of own shares [1]		(27,295)					(27,295)
Sale of own shares [1]		49,198	2,469				51,667
Distribution of own shares [1]		768	(768)				0
Change in tax rate [3]				(352)	(2,036)		(2,388)
Adjustment of cross currency swaps to fair value [2]					(100,564)		(100,564)
Cross currency swaps – transfer to income statement [2]					73,340		73,340
Foreign exchange differences						(541)	(541)
Net profit 2004				17,301			17,301
Balance at 31.12.2004	**245,615**	**(2,328)**	**336,978**	**298,184**	**(107,632)**	**(877)**	**769,940**

[1] See note 12, "Equity".
[2] See note 5, "Financial result, net" and note 13, "Financial liabilities".
[3] See note 6, "Income taxes" and note 15, "Deferred tax liabilities".

Consolidated cash flow statement for 2004 and 2003 (according to IFRS)

(CHF thousand)	Notes	2004	2003
Profit from operations		119,593	83,820
Income from associates		(384)	0
Depreciation and amortisation of			
– Buildings and engineering structures	(7)	158,325	146,325
– Movables	(7)	15,234	12,237
– Intangible assets	(7)	9,724	9,881
– Goodwill	(7)	6,051	7,810
– Facilities in leasing	(7)	5,126	2,082
Dissolution of government subsidies			
– Buildings and engineering structures	(7)	(4,340)	(4,429)
– Movables	(7)	(2)	(3)
Losses from disposals of property, plant and equipment (net)	(7)	400	2,200
Increase (–)/decrease (+) in current assets, excluding cash and cash equivalents		(5,691)	(13,255)
Increase (+)/decrease (–) in current debt excluding current financial liabilities		(26,988)	(61,672)
Increase (+)/decrease (–) in Airport of Zurich Noise Fund		33,251	23,878
Increase (+)/decrease (–) in provisions for retirement benefit plans		(2,559)	(1,358)
Increase (+)/decrease (–) in other non-current borrowings		97	(285)
Income taxes paid		(379)	(223)
Cash flow from operations		**307,458**	**207,008**
Investments in property, plant and equipment			
– Projects in progress	(7)	(182,218)	(278,409)
Disposals of property, plant and equipment			
– Buildings and engineering structures	(7)	1,019	2,270
– Movables	(7)	294	373
Disposals of intangible assets	(7)	3	347
Acquisition of subsidiary, net of cash acquired		(2)	0
Investments in financial assets	(8)	(15,241)	(67)
Disposals of financial assets	(8)	281	0
Interest received		247	48
Cash flow from investing activities		**(195,617)**	**(275,438)**
Decrease in current financial liabilities (excluding debentures)		(7,502)	(306,042)
Redemption of outstanding debentures	(5)/(13)	(125,000)	(581,551)
Japanese private placement (net of transaction costs)		0	414,103
Liabilities towards banks arising from US car park lease (net of transaction costs)		0	388,785
US private placement (net of transaction costs)		0	358,449
Change in non-current financial liabilities		(42)	1
Purchase of own shares		(27,295)	(11,949)
Sale of own shares		51,667	4,273
Interest paid		(105,906)	(86,927)
Capitalised borrowing costs		7,223	10,606
Cash flow from financing activities		**(206,855)**	**189,748**
Increase (decrease) in cash and cash equivalents		**(95,014)**	**121,318**
Balance at beginning of financial year		140,804	19,486
Increase (+)/decrease (–) in cash and cash equivalents		(95,014)	121,318
Balance at end of financial year	**(11)**	**45,790**	**140,804**
Composition of cash and cash equivalents			
Cash on hand, at banks and in postal cheque accounts		27,693	94,534
Cash collateral		18,097	46,270
Balance at end of financial year	**(11)**	**45,790**	**140,804**

Notes

Segment reporting for 2004 and 2003 (according to IFRS)

(CHF million)		Aviation	Non-Aviation	Elimination	Total
Revenue from third parties	2003	304.5	257.1		561.6
	2004	362.1	275.2		637.3
Inter-segment revenue	2003	11.6	95.6	(107.2)	0
	2004	10.0	124.1	(134.1)	0
Total revenue	**2003**	**316.1**	**352.7**	**(107.2)**	**561.6**
	2004	**372.1**	**399.3**	**(134.1)**	**637.3**
Segment result	**2003**	**(3.8)**	**87.6**		**83.8**
	2004	**8.9**	**110.7**		**119.6**
Total non-current assets (gross)	2003	1,239.9	3,571.2		4,811.1
excluding projects in progress	2004	1,574.8	3,686.1		5,260.9
Projects in progress	2003	33.9	289.7		323.6
	2004	33.5	32.3		65.8
Total non-current assets (gross)	**2003**	**1,273.8**	**3,860.9**		**5,134.7**
	2004	**1,608.3**	**3,718.4**		**5,326.7**
Depreciation and	2003	558.7	1'580.4		2,139.1
amortisation	2004	620.1	1'707.0		2,327.1
Government subsidies and grants	2003	0	17.4		17.4
(prior to 1989) [1]	2004	0	13.0		13.0
Depreciation/amortisation					
including offsetting of dissolution	**2003**	**558.7**	**1'597.8**		**2,156.5**
of government subsidies and grants	**2004**	**620.1**	**1'720.0**		**2,340.1**
Total non-current assets (net) [2]	**2003**	**715.1**	**2,263.1**		**2,978.2**
	2004	**988.2**	**1,998.4**		**2,986.6**
Total investments	**2003**	**77.9**	**225.6**		**303.5**
	2004	**28.5**	**171.6**		**200.1**
Number of employees					
(full-time positions)	**2003**	**599**	**661**		**1,260**
as of 31 December	**2004**	**602**	**687**		**1,289**

[1] See group accounting principles, "Government subsidies and grants".
[2] In the year under review, both the road tunnel and the passenger transport tunnel were allocated to the Aviation segment.

See note 18, "Segment reporting".

Note:
An allocation of total assets and total liabilities to the "Aviation" and "Non-Aviation" segments would be largely arbitrary, as the majority of clients and suppliers maintain a business relationship with both segments.

Accounting principles

General remarks
The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law. They have been prepared under the historical cost convention, with the exception of derivative financial instruments, which are carried at fair value. The individual financial statements of the group's subsidiaries, which have been prepared in accordance with uniform accounting policies, have been used as the basis for consolidation. The reporting date for all subsidiaries is 31 December. The group has not early adopted the revised IAS standards 1, 2, 8, 10, 16, 17, 21, 24, 27, 28, 31, 32, 33, 36, 38 and 39, and IFRS 2, 3 and 5 effective for financial periods beginning on or after 1 January 2005.

Scope and methods of consolidation
The consolidated financial statements encompass Unique (Flughafen Zürich AG) and all companies in Switzerland and abroad that are directly or indirectly under its control. Here, the term "control" means the ability to govern financial and operating activities in order to derive corresponding benefits. This is the case if the group holds more than 50 percent of the voting rights of a company or if it controls that company on a contractual or de facto basis. These companies have been fully consolidated.
All assets and liabilities have been included in the consolidated financial statements together with all income and expenses in accordance with the principles of full consolidation. All unrealised gains and losses on intra group transactions and all intra group balances have been eliminated on consolidation. All business combinations have been accounted for using the purchase method. This means that the assets and liabilities of each acquired subsidiary have been recognised at fair value at the date of acquisition in accordance with uniform group accounting principles, and the difference between purchase price and the group's share of the fair values of the acquired net assets is recognised as goodwill. Goodwill is amortised over its estimated useful life using the straight-line method. No acquisitions took place after 31 March 2004 for which the new IFRS 3 would have had to be applied.
Subsidiaries that are acquired or disposed of in the course of the year are consolidated, or excluded from consolidation, with effect from the date of acquisition or disposal respectively.

Reporting of revenue
Revenue is reported in the period the service is provided.

Impairment
The group's non-current assets are tested at least once a year for impairment. If there is any indicator that any asset may be impaired, a calculation of the recoverable amount of the asset is carried out (impairment test). If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement.

Borrowing costs
Borrowing costs arising during the construction stage for movables, buildings and engineering structures are capitalised until completion of the asset in question. All other borrowing costs are recognised in the income statement using the effective interest method.

Land
Land is stated at cost and is not depreciated.
The entire airport site of 8,150,100 square metres is divided into individual plots of land on the basis of an internal grid. Each plot is valued separately. In addition to various criteria specific to the airport, e.g. potential utilisation density, the development of land prices in the region was also taken into account for valuation purposes in connection with the formation of Unique (Flughafen Zürich AG) as of 1 January 2000. Land that has already been developed or is classified as developable and is comparable to industrial real estate constitutes the highest category, followed by areas required for actual flight operations (runways, taxiways, aprons, etc.). A third category includes undeveloped agricultural land and the extended nature conservation area. On the basis of the internal grid, land values range from 675 Swiss francs per square metre for intensive use, down to 2 Swiss francs per square metre for plots reserved for nature conservation.
The overall value of these plots is shown in the balance sheet at 100 million Swiss francs.

Property, plant and equipment
Property, plant and equipment are stated at acquisition or construction cost, less accumulated depreciation and accumulated impairment losses. The production costs of buildings include direct costs for labour (third-party services and Unique personnel), materials and overheads, plus the borrowing costs arising during the construction stage, which are capitalised until completion of the asset in question. The property, plant and equipment contributed by the Canton of Zurich on 31 December 1999 contain no overheads and borrowing costs, since restatement would entail undue cost and effort. Since 1 January 2000, borrowing costs and overheads relating to all assets under construction have been capitalised.
Components of property, plant and equipment with different periods of useful life are reported individually and depreciated separately.
Maintenance and renovation expenditure are charged to the income statement when incurred. Expenditure that enhances the related asset is capitalised and depreciated over the estimated remaining useful life of the asset. Expenditure incurred to replace components of property, plant and equipment with different periods of useful life is capitalised separately.
Assets that are acquired under finance leases are carried at the present value of the future lease payments or, if lower, the market value. A corresponding lease liability is recognised as a liability.
The leased assets are depreciated over the estimated period of useful life or over the term of the lease, whichever is shorter.
The useful life for each category of property, plant and equipment is as follows:

Buildings	maximum 40 years
Engineering structures	maximum 30 years
Tunnels and bridges	maximum 50 years
Equipment and vehicles	3 to 20 years

Government subsidies and grants
The reported government subsidies and grants concern those that were paid out prior to 1989. Grants and subsidies related to investments are recognised as income over the useful life of each asset, and they are reported in the income statement as an adjustment to the depreciation of the related asset. All government subsidies take the form of “à fonds perdu” grants and do not have to be repaid.

Projects in progress
Projects in progress are stated at acquisition or production cost and include investments in projects that have not yet been completed. These mainly comprise assets under construction. Once a project has been completed, the related asset is transferred to the relevant category of property, plant and equipment. Assets that are already in use and are classified as “Projects in progress” are depreciated from the time they are brought into use. From the date of completion of an asset, no further expenditure on the asset or related borrowing costs is capitalised.

Intangible assets and goodwill
Intangible assets are stated at cost less accumulated amortisation calculated using the straight-line method.
Goodwill arising from acquisitions is capitalised and amortised over its estimated useful life (maximum 20 years) using the straight-line method.
Costs directly associated with the development of computer software are capitalised, provided it is probable that the software will be successfully completed and is expected to result in future economic benefits. The useful life of software is three to five years.

Financial assets
Financial assets mainly include loans that are stated at nominal value less any necessary allowances for expected losses.

Holdings in associates and joint ventures
Associates are companies where the group is able to exercise significant influence, but not control, over the financial and operating policies (normally where the group is entitled to 20 to 50 percent of the voting rights). The consolidated financial statements include the group’s share of the recognised gains and losses of associates on an equity accounted basis.

Interests in joint ventures are included in the consolidated financial statements by applying the equity method. Joint ventures are companies over whose activities the group has joint control established by contractual agreements.

Inventories
These mainly encompass fuel inventories and parts used for the maintenance and repair of property, plant and equipment which are stated at cost or, if lower, at net realisable value. The first-in, first-out method is applied when calculating the cost.

Receivables
Receivables are stated at their nominal value less the necessary adjustments for non-collectable receivables. Individual allowances are made for specifically identifiable losses; general allowances are also made for expected losses based on historical patterns of collection.

Cash and cash equivalents
Cash and cash equivalents encompass cash on hand, in postal cheque accounts and at banks (including collateral) with an original maturity of 90 days or less.

Financial liabilities
Financial liabilities are initially recognised at cost less transaction costs. The difference between the amount initially recognised and the redemption amount is amortised over the duration of the debenture using the effective interest method.

Airport of Zurich Noise Fund (AZNF)
The costs associated with sound insulation measures and with formal expropriations, as well as corresponding fees, have been processed via the Airport of Zurich Noise Fund (AZNF). This is not an independent legal entity, but rather takes the form of a special fund within Unique (Flughafen Zürich AG), in which gross income and expenditure related to noise are reported. The cumulative balance resulting as of balance sheet date is reported in the consolidated financial statements under assets or liabilities, as appropriate.
The average balance is interest-bearing in accordance with the regulations. Interest is credited or debited to the income statement. In accordance with the regulations, any surplus resulting from the dissolution of the AZNF must be refunded to airlines and passengers in the form of reduced fees. The status of the AZNF as of 31 December 2004 is described in note 14.

Provisions
Provisions are recognised when the entity has a present obligation as a result of a past event that occurred prior to the balance sheet date, if an outflow of resources is probable and the amount of the outflow can be estimated reliably.
Potential provisions related to noise are recognised based on the following criteria:
Criterion 1 (present obligation) is met if:
a) a complaint has been filed with the Federal Assessments Commission (Eidgenössische Schätzungskommission), and
b) the criteria defined in existing legal practice relating to special nature ("Spezialität"), non-predictability, severity of damage and non-expiry due to statute of limitations are met, or the criterion of over-flying aircraft is fulfilled.

Criterion 2 (probable outflow of resources) is met if:
a) the case concerned has been ruled on by the Federal Assessments Commission, or the outflow of funds is probable in view of previous rulings.

Criterion 3 (reliable estimate) is met if:
a) the case concerned has been ruled on by the Federal Assessments Commission and has not been referred by Unique (Flughafen Zürich AG) to a higher court with justifiable chances of success, or
b) the Federal Tribunal has established loss of value (related to Zurich Airport), or
c) similar cases exist in which a recognised and standardised valuation procedure has been applied.

Furthermore, the recognition of a provision is only necessary if the amount of the required provision exceeds the available resources in the Airport of Zurich Noise Fund (AZNF).

Taxes
Taxes include current and deferred taxes. Current taxes are based on the taxable profit for the period under review. Deferred taxes are calculated using the balance sheet liability method by applying the expected tax rate to all temporary differences. Temporary differences are differences between the tax values and book values of assets and liabilities. Deferred tax assets are only recognised if their future realisation is probable.

Retirement benefit plans
a) Main benefit plan of "Beamtenversicherungskasse of the Canton of Zurich" (BVK)
Since 1 January 2000, the entire workforce of Unique (Flughafen Zürich AG) has been affiliated to the "Beamtenversicherungskasse des Kantons Zürich" (BVK) pension fund. Staff actively employed and pensioners of the former Flughafen Direktion Zürich were already members of this pension fund, whilst those employees taken over by Unique (Flughafen Zürich AG) from Flughafen Immobilien Gesellschaft transferred to the BVK on 1 January 2000. The BVK is a pension fund comprising approximately 60,000 employees of the local and cantonal governments of Zurich, other public and semi-public corporations and institutions and non-profit organisations domiciled in the Canton of Zurich, and companies in which the government holds a major interest. The liabilities of the BVK were funded at a level of 91.4 percent as of 31 December 2004 as calculated according to the applicable regulations (Article 44 BVV2).

Up to the end of 2002, the BVK retirement benefit plan was regarded as a defined benefit plan. Owing to a lack of data from the BVK, Unique (Flughafen Zürich AG) treated it as a defined contribution plan in accordance with IAS 19, paragraph 30 and it was not reported by the projected unit credit method in the balance sheet. In 2003, the contract between Unique (Flughafen Zürich AG) and the BVK was modified so that Unique (Flughafen Zürich AG) will not be required to pay any additional contributions to cover any shortfall in funding. A breach of this provision would give Unique (Flughafen Zürich AG) the right to terminate the contract without having to provide financial compensation for any actuarial funding deficit. The Board of Directors of Unique (Flughafen Zürich AG) has declared that under no circumstances will it pay extra contributions to cover funding deficits in the benefit plan, although it is prepared to do whatever possible to uphold the contract with BVK. The contractual modifications noted above and the declarations by the Board of Directors mean that no actuarial or investment risk associated with the benefit plan at present can be transferred to Unique (Flughafen Zürich AG) as employer. Given this situation and the fact that the BVK is a dependent entity under public cantonal law whose continuation is secured, the retirement benefit plan is treated as a defined contribution plan in accordance with IAS 19.25. This means that pension obligation is limited to the contributions paid by Unique (Flughafen Zürich AG) to the BVK, which are recognised as an expense in the income statement as incurred.

Should the Canton of Zurich cease to be the main shareholder in Unique (Flughafen Zürich AG) and the Zurich Cantonal Airport Law (Gesetz über der Flughafen Zürich) accordingly be changed, Unique (Flughafen Zürich AG) would be forced under the BVK statutes to seek an alternative pension fund solution. If an actuarial funding deficit should occur under these circumstances, Unique (Flughafen Zürich AG) could be required to provide additional funds, which would be charged to the income statement at the time any such change in pension fund provider were to become effective.

b) Other benefit plans
The following benefit schemes are also maintained by Unique (Flughafen Zürich AG):
- Agreement with Zurich Insurance Company offering benefits to the pensioners from the former Flughafen Immobilien Gesellschaft (FIG; this group of beneficiaries did not transfer to the BVK). This is a defined contribution plan which is fully funded. Zurich Insurance Company is responsible for providing future benefits.

- Special plan agreed with the BVK for providing compensation for early retirement. This is a defined benefit plan. In this plan, the present value of the expected claims (defined benefit obligation) is calculated by the projected unit credit method and set aside as a reserve.

Pension costs related to work performed during the reporting period (current service cost) are charged to the income statement. Pension costs associated with work performed in the past, which are due to new or improved benefits (past service cost), are reported on a straight line basis as part of pension costs until the benefits become vested. Actuarial and investment losses and gains resulting from periodic recalculations are shown in the financial statements on a straight-line basis over the average remaining service period, insofar as they do not exceed 10 percent of the provisions for retirement benefits.

Leases

Finance leases: Lease agreements that transfer all the risks and benefits of ownership of the leased asset to the company concerned are classified as finance leases. Lease payments are allocated between an interest expense and a repayment amount. Leased assets are depreciated over the estimated useful life or over the term of the lease, whichever is shorter. Interest on finance leases and depreciation of the leased assets are charged to the income statement.

Operating leases: Income and expenses associated with operating leases are recognised in the income statement over the period of the lease.

Derivative financial instruments

Derivative financial instruments are used exclusively for the purpose of hedging interest rate and currency risks, and are reported under other receivables or other current debt. Valuation is made at fair value in accordance with IAS 39. Changes in the fair value of derivative instruments which fulfil the requirements for cash flow hedges are booked directly to the hedging reserves. As soon as the hedged transaction has occurred, the accumulated, non-realised gains and losses are charged to the income statement. For all other derivative financial instruments, changes in fair value are recognised in the income statement.

Foreign currency

For consolidation purposes, all assets and liabilities reported in the balance sheets of companies within the group are translated into Swiss francs at the year-end exchange rate. Income statements and cash flow statements are translated at the average exchange rate for the period. Exchange differences that arise on translation are recognised directly in equity. Transactions in foreign currency are translated into Swiss francs at the exchange rate in effect on the day of the transaction. Foreign currency monetary items are translated at the exchange rate at the balance sheet date. Exchange differences that arise from the settlement or translation of foreign currency monetary items are reported in the income statement.

Notes to consolidated financial statements

Current risk situation

The following factors are regarded as the primary sources of risk for the company:

- **Hub carrier**
  The national airline, Swiss, is the main client of Unique (Flughafen Zürich AG). Dependence on the hub carrier, Swiss, has declined further. Nonetheless, the development of Unique (Flughafen Zürich AG) still greatly depends on the operational and financial development of Swiss.

- **Legal issues**
  Various internal and external political restrictions could mean that Unique (Flughafen Zürich AG) will not be able to fully utilise the opportunities it has created for its business development, primarily through expansion stage 5, and instead may give rise to additional investments and costs. These include:
  - Initiative in the Canton of Zurich calling for restrictions on flight operations ("Plafonierungsinitiative")
  - Rulings by the supervisory authorities relating to landing and take-off procedures
  - Unilateral ordinance issued by Germany
  - SIL process (Civil Aviation Infrastructure Plan)

- **Formal expropriations**
  In view of the still incomplete legislation in this area and the complexity of the evaluation and its positive or negative impact on concerned properties, it is not possible to reliably estimate both the cost as well as the timing when these costs arise and therefore the estimates have considerable uncertainties in both positive and negative terms.

- **Falling demand**
  Experience over the past few years has shown that civil aviation is a highly volatile business that reacts sensitively to external occurrences (acts of terrorism, outbreaks of disease or epidemics). This means that such events could lead to a fall in demand at Zurich Airport.

Unique (Flughafen Zürich AG) has carried out an impairment test. Details are provided in note 7.

The company monitors the above-mentioned risks and their potential consequences for Unique (Flughafen Zürich AG) on an ongoing basis and, in view of the cost-cutting measures already carried out and a number of other measures which are ready to be implemented as needed, the company's continued operation is not considered to be in any immediate jeopardy due to these risks.

Changes in the consolidation structure

The consolidation structure changed as follows in the year under review:

Additions

On 1 March, 49.5 percent of the share capital of the Venezuelan companies, Administradora Unique IDS C.A. and Aeropuertos Asociados de Venezuela C.A., which are responsible for the operation of the airport on the Caribbean island of Isla de Margarita, was acquired for 0.002 million Swiss francs. These companies were included in the consolidated financial statements for the period ended 31 December 2004 in accordance with the equity method.

Disposals

No disposals were effected during the year under review.

Consolidated income statement

1) Revenue from goods and services

(CHF thousand)		2004		2003
Passenger fees	229,500		175,187	
Landing fees	69,046		70,781	
Baggage sorting and handling system	20,499		16,821	
Aircraft energy supply system	10,002		8,031	
Other earnings	7,261		8,577	
Freight revenue	7,100		7,412	
Fuel charges	5,751		6,099	
Parking fees	4,713		3,375	
CUTE charges (check-in system for handling agents)	4,574		3,654	
Emission fees	3,003		3,261	
Security fees	901		1,092	
Bad debt write-offs (Aviation segment)	(212)		181	
Total revenue from aviation operations		**362,138**		**304,471**
Revenue from multi-storey car parks	54,091		46,140	
Retail outlets and duty-free shops	47,426		45,276	
Other licence revenue (car rentals, taxis, banks, etc.)	14,422		12,694	
Advertising media and promotion	8,681		7,788	
Food and beverage operations	8,438		7,334	
Total commercial revenue		**133,058**		**119,232**
Revenue from rental and leasing agreements	78,156		78,862	
Energy and incidental cost allocation	22,479		19,300	
Other services revenue	3,393		3,341	
Cleaning	2,195		3,664	
Total revenue from facility management		**106,223**		**105,167**
Capitalised expenditure [1]	8,788		11,162	
Communication services	8,478		7,366	
Other services and miscellaneous	6,714		3,062	
Passenger services	6,031		5,556	
Airport of Zurich Noise Fund	3,243		2,519	
Conference Center	2,826		2,775	
Bad debt write-offs (Non-Aviation segment)	(186)		289	
Total revenue from services		**35,894**		**32,729**
Total revenue from Non-Aviation segment		**275,175**		**257,128**
Total revenue		**637,313**		**561,599**

[1] Capitalised expenditures primarily relate to the fees of in-house architects and engineers, as well as project managers who act as builder/owner representatives. Their services are allocated to each project/property.

2) Personnel expenses

(CHF thousand)	2004	2003
Wages and salaries	107,303	109,606
Pension costs		
– for defined benefit plans [1]	53	878
– for defined contribution plans	8,823	7,108
Social security contributions	7,954	11,816
Other personnel expenses	7,318	7,127
Total personnel expenses	**131,451**	**136,535**
Average number of employees (full-time positions)	**1,264**	**1,288**
No. of employees as of 31 December (full-time positions)	**1,289**	**1,260**
Average personnel expenses per position	**102**	**108**

[1] See note 16, “Retirement benefit plans”.

In 2004, those employees who completed their first year of service received one share for free. Members of the Management Board and middle management also received 8,497 shares in 2004 within the scope of the bonus programme, which were paid as a variable component of their remuneration based on the results of the 2003 financial year (2003: 23,581 shares; see note 12, "Equity"). These shares are blocked for a period of 4 years. Personnel expenses include the costs associated with the implementation of cost-cutting measures amounting to 0.8 million Swiss francs, but these costs were offset by the dissolution of the employers' reserves in the Zurich Airport Staff Pension Fund amounting to 1.5 million Swiss francs and the reduction of 2.2 million Swiss francs in retirement benefit plans (see note 16, "Retirement benefit plans").

3) Other operating expenses

(CHF thousand)	2004	2003
Insurance	5,250	5,324
CUTE charges (check-in system for handling agents)	4,083	3,708
Cleaning by external contractors, incl. snow clearing	3,911	2,903
Rental and land leases	3,045	2,855
Communication costs	2,372	2,672
Additional operating costs	1,726	1,781
Passenger services	898	1,314
Total other operating expenses	**21,285**	**20,557**

4) Other expenses/income, net

(CHF thousand)	2004	2003
Other income	419	18,609
Other expenses	(4,901)	(3,779)
Total other expenses/income, net	**(4,482)**	**14,830**

Other income includes:
– Non-recurring social insurance contributions amounting to 0.2 million Swiss francs

Other expenses include:
– 3.8 million Swiss francs from aperiodic additional VAT charges incl. interest on arrears
– 0.5 million Swiss francs in aperiodic security-related expenses
– 0.4 million Swiss francs from losses on disposals of non-current assets

5) Financial result, net

(CHF thousand)		2004		2003
Interest expenses on debentures and long-term loans	91,413		86,522	
less capitalised interest on borrowings for buildings under construction	(7,223)		(10,606)	
Net interest expenses on debentures and long-term loans		84,190		75,916
Interest difference related to interest rate swap		12,885		12,572
Other interest expenses		5,029		5,853
Effective interest expenses		2,501		5,299
Other financial expenses		2,327		2,537
Interest expense on finance lease payments		1,696		659
Interest expenses on bank loans		858		4,085
Valuation adjustments of financial assets		89		12
Effect of discontinued hedge accounting		0		27,203
Financial expenses		**109,575**		**134,136**
Changes in fair value of interest rate swap		(2,500)		(9,145)
Interest income on postal cheque accounts and bank deposits/loans		(782)		(295)
Net foreign exchange gains, interest on arrears		(103)		(440)
Gain on early redemption of debentures		(0)		(43,449)
Financial income		**(3,385)**		**(53,329)**
Total financial result, net		**106,190**		**80,807**

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 5.48 percent in 2004 and 5.34 percent in 2003.
The group holds an interest rate swap to the value of 300 million Swiss francs. Since 2003 this swap does not meet the requirements for cash flow hedge accounting, and for this reason the changes in fair value of the interest rate swap (minus 2.5 million Swiss francs; 2003: minus 9.145 million Swiss francs) are recognised in the income statement. In 2003, the changes in fair value of the interest rate swap previously recognised in equity was transferred to the income statement (27.203 million Swiss francs). Net of deferred tax, the amount transferred is 20.9 million Swiss francs (see note 15, "Deferred tax liabilities").

6) Income taxes

(CHF thousand)	**2004**	**2003**
Current tax	3,875	129
Deferred tax	(7,635)	(840)
Total income taxes	**(3,760)**	**(711)**

Taxes can be analysed as follows:

(CHF thousand)	**2004**	**2003**
Profit before tax	13,403	3,013
Tax expense at anticipated tax rate	3,083	693
Tax effect on write-offs of own shares	1,797	1,335
Miscellaneous transitory items	876	(309)
Waiver of capitalisation of deferred taxes on losses	129	589
Change in tax rate (2004, 21%; 2003, 23%)	(6,818)	0
Offsetting of annual profit against non-capitalised losses brought forward	(2,749)	(3,019)
Use of other tax rate	(78)	0
Total income taxes	**(3,760)**	**(711)**

Consolidated balance sheet

7) Changes in non-current assets

(CHF million)	**Land**	**Engineering structures**	**Buildings**	**Facilities in leasing**	**Projects in progress in leasing**	**Projects in progress**	**Movables**	**Total property, plant and equipment**	**Intangible assets**	**Goodwill**	**Financial assets**	**Total**
Cost												
Closing balance sheet as of 31.12.2003	**112.3**	**1,178.8**	**3,165.4**	**85.0**	**1.9**	**323.6**	**187.0**	**5,054.1**	**48.6**	**31.0**	**1.0**	**5,134.7**
Additions					0.6	183.9		**184.5**			15.6	**200.1**
Disposals		(0.7)	(4.8)				(2.3)	**(7.8)**			(0.3)	**(8.1)**
Transfers		46.5	363.7	2.3	(2.3)	(441.8)	19.0	**(12.6)**	12.6			**0.0**
Closing balance sheet as of 31.12.2004	**112.3**	**1,224.6**	**3,524.3**	**87.4**	**0.2**	**65.8**	**203.7**	**5,218.1**	**61.2**	**31.0**	**16.4**	**5,326.7**
Depreciation/amortisation and impairment losses												
Closing balance sheet as of 31.12.2003	**0.0**	**444.6**	**1,543.1**	**2.1**	**0.0**	**0.0**	**100.5**	**2,090.3**	**26.1**	**22.8**	**0.0**	**2,139.1**
Additions		35.9	122.4	5.1			15.2	**178.6**	9.7	6.1		**194.4**
Disposals		(0.6)	(3.8)				(2.0)	**(6.4)**				**(6.4)**
Closing balance sheet as of 31.12.2004	**0.0**	**479.9**	**1,661.6**	**7.2**	**0.0**	**0.0**	**113.7**	**2,262.5**	**35.8**	**28.8**	**0.0**	**2,327.1**
Government subsidies and grants												
Closing balance sheet as of 31.12.2003	**0.0**	**0.8**	**16.7**	**0.0**	**0.0**	**0.0**	**0.0**	**17.4**	**0.0**	**0.0**	**0.0**	**17.4**
Disposals		(0.2)	(4.2)					**(4.4)**				**(4.4)**
Closing balance sheet as of 31.12.2004	**0.0**	**0.6**	**12.4**	**0.0**	**0.0**	**0.0**	**0.0**	**13.0**	**0.0**	**0.0**	**0.0**	**13.0**
Net book value as of 31.12.2004	**112.3**	**744.2**	**1,850.3**	**80.2**	**0.2**	**65.5**	**90.0**	**2,942.6**	**25.5**	**2.2**	**16.4**	**2,986.6**
Net book value as of 31.12.2003	**112.3**	**733.5**	**1,605.7**	**83.0**	**1.9**	**323.6**	**86.5**	**2,946.4**	**22.6**	**8.2**	**1.0**	**2,978.2**

Note: when adding up rounded-up or rounded-down sums, it is possible that minor discrepancies may occur.

Buildings:
In 2003, Unique (Flughafen Zürich AG) concluded a **lease transaction** with a **US trust**. In the first stage of this deal, the utilisation rights to multi-storey car parks 1, 2, 3 and 6 were sold to a US trust and simultaneously leased back. Unique (Flughafen Zürich AG) is to retain ownership of the multi-storey car parks with a net carrying amount as of 31 December 2004 of 188.2 million Swiss francs (31 December 2003: 200.6 million Swiss francs) during the entire period of the lease agreement. Repayment will be made in almost identical tranches in the period from 2005 to 2012. After the full amount has been repaid, the utilisation rights will be returned to Unique (Flughafen Zürich AG). The option of increasing the sale price by extending the period of utilisation rights was not used. The US trust has been consolidated in accordance with SIC-12. Since its completion on 15 September 2004, Airside Center – the final component of expansion stage 5 to be handed over for operation – has been depreciated accordingly. In addition, all temporary construction facilities which were required in connection with expansion stage 5 were written off in full (2.9 million Swiss francs) during the year.

Lease of baggage sorting and handling system and aircraft energy supply system:
In December 2001, Unique (Flughafen Zürich AG) concluded a framework lease agreement for financing the new baggage sorting and handling system and the aircraft energy supply system over a term of 17 years. On 1 August 2003, since the systems were near completion, a first tranche of the definitive lease agreements totalling 84.5 million Swiss francs was put into effect. These lease agreements have a maturity of 17 years. The second and third tranches took effect on 31 January 2004 (1.8 million Swiss francs) and 31 July 2004 (0.5 million Swiss francs). Additional tranches will be taken on if necessary after six months. In terms of form and content, both the framework and the definitive lease agreements are regarded as financial leases and they have therefore been capitalised. The leased facilities have been depreciated with effect from their date of completion.

Goodwill comprises the following:
The goodwill arising from the privatisation of Zurich Airport as of 1 January 2000 had been fully amortised as of 31 December 2004 (acquisition price 24.8 million Swiss francs; accumulated amortisation 24.8 million Swiss francs).
The goodwill arising from the acquisition of the three airports in Chile has a net carrying amount as of 31 December 2004 of 2.2 million Swiss francs (acquisition price, 6.3 million Swiss francs; accumulated amortisation, 4.1 million Swiss francs).

Impairment calculation:
Unique (Flughafen Zürich AG) carried out an assessment of the value of the group's assets (impairment test) as of balance sheet date. This was based on the anticipated future cash flows of Unique (Flughafen Zürich AG), which form the smallest cash-generating unit. The calculation of value in use as of 31 December 2004, which was made at a discount rate of 7 percent, revealed that no impairment write-offs are required.

Depreciation and amortisation:
Dissolutions of government subsidies and grants amounting to 4.4 million Swiss francs were offset against depreciation and amortisation totalling 194.4 million Swiss francs.

8) Financial assets and associates

(CHF thousand)	31.12.2004	31.12.2003
Loan to Swiss International Air Lines AG	15,000	0
Credit balance for future investments (Chile)	959	1,004
Administradora Unique IDC C.A. (Venezuela) Equity share 49.5%, nom. share capital VEB 25 million [1]	385	0
Bangalore International Airport Ltd. (India) Equity share 17%, nom. share capital INR 3.85 million	22	22
Miscellaneous cash deposits at banks (Chile)	9	2
Aeropuertos Asociados de Venezuela C.A. (Venezuela) Equity share 49.5%, nom. share capital VEB 10 million	1	0
Total financial assets and associates	**16,376**	**1,028**

[1] Of which CHF 0.384 million is income from associates.

The investments reported in "Administradora Unique IDC C.A." and "Aeropuertos Asociados de Venezuela C.A." were accounted for according to the equity method (see page 97, "Events occurring after the balance sheet date").
(See notes to the group financial statements, "Changes in the consolidation structure" and "Further details", note 6, "Composition of the group").

9) Trade receivables

(CHF thousand)	31.12.2004	31.12.2003
Trade receivables	88,557	71,155
Valuation adjustment	(1,314)	(1,887)
Total trade receivables, net	**87,243**	**69,268**

10) Other receivables and prepaid expenses

(CHF thousand)	31.12.2004	31.12.2003
Prepaid expenses and accruals	21,000	30,494
Tax receivables (VAT/withholding tax)	2,969	6,065
Advance payments to suppliers	2,690	2,693
Current account with Zurich Airport Staff Pension Fund	1,192	2,125
Other receivables	940	571
Total other receivables and prepaid expenses	**28,791**	**41,948**

11) Cash and cash equivalents

(CHF thousand)	31.12.2004	31.12.2003
Cash on hand, at banks and in postal cheque accounts	19,693	24,534
Call deposits due within 30 days	8,000	70,000
Collateral due within 90 days [1]	18,097	46,270
Total cash and cash equivalents	**45,790**	**140,804**

[1] For information on collateral, see note 13, "Financial liabilities".

12) Equity

Equity (nominal value, CHF 50)

Number of shares	Issued registered shares	Own shares	Total shares in circulation
Balance as of 1 January 2004	**4,912,300**	**290,611**	**4,621,689**
Purchase of own shares		265,000	(265,000)
Sale of own shares		(526,379)	526,379
Shares distributed to employees and third parties		(8,825)	8,825
Balance as of 31 December 2004	**4,912,300**	**20,407**	**4,891,893**

The holders of registered shares are entitled to participate at the General Meeting of Shareholders and cast one vote per share.

Own shares
Own shares are distributed to employees and third parties within the scope of the bonus scheme. The equivalent value is charged to the capital reserves and therefore does not affect the income statement (see note 2, "Personnel expenses" and "Further details", note 5, "Related parties"). Own shares are used for the bonus scheme and are held as treasury stock.

Reserves
In accordance with the provisions of commercial law, the reserves are subject to a distribution limit of 125.1 million Swiss francs.

Earnings per share

Earnings per share are calculated from the net profit of the group and the weighted average of the number of outstanding shares (issued shares less own shares).

	2004	2003
Net profit to be allocated to shareholders in CHF	17,301,085	3,775,646
Weighted average number of outstanding shares	4,776,164	4,691,245
Earnings per share in CHF [1]	3.62	0.80

[1] There are no shares that could potentially give rise to a dilution.

Major shareholders and shareholder structure

The shareholder structure as of 31 December was as follows:

	2004	2003
Public sector	51.00%	53.04%
Private individuals	4.28%	5.10%
Companies	4.09%	6.47%
Pension funds	2.68%	5.22%
Financial institutions	19.46%	9.13%
Balance available and non-registered shareholders	18.49%	21.04%
Number of shareholders	3,832	3,731

The following shareholders or groups of shareholders hold more than five percent of the voting rights:

	2004	2003
Canton of Zurich (including BVK pension fund)	46.76%	48.80%
City of Zurich (including pension fund of the City of Zurich)	5.40%	5.41%

13) Financial liabilities

(CHF thousand)	**31.12.2004**	**31.12.2003**
Japanese private placement	400,714	423,024
Non-current loan from Canton of Zurich	300,000	300,000
Non-current liabilities towards banks arising from US car park lease	296,875	370,335
Debentures	291,593	372,881
US private placement	303,842	336,722
Airport of Zurich Noise Fund [1]	118,341	79,706
Lease liabilities	77,027	80,524
Non-current liabilities towards banks	3,247	4,236
Other non-current financial liabilities	632	535
Non-current financial liabilities	**1,792,271**	**1,967,963**
Debenture (repayment 5.7.2005/14.9.2004)	81,909	124,823
Current liabilities towards banks arising from US car park lease	37,045	0
Current lease liabilities	4,410	4,634
Current liabilities towards banks	1,309	1,892
Current account with Zurich Airport Staff Pension Fund	0	5,500
Current financial liabilities	**124,673**	**136,849**
Total financial liabilities	**1,916,944**	**2,104,812**

[1] See note 14, “Airport of Zurich Noise Fund”.

On 14 September 2004, the debenture with a duration from 2001 to 2004 was repaid in full as agreed from available liquidity.
The following non-current financial liabilities existed in the form of fixed interest borrowings as of balance sheet date:

Financial liability	Nominal amount in thousand as of 31 Dec. 04	Carrying amount in CHF thousand as of 31 Dec. 04	Duration	Interest rate	Early termination/ amortisation	Interest payment dates
Debentures	CHF 82,000	81,909	2000–2005 [1]	4.625%	no	5 July
	CHF 90,000	89,814	1996–2006	4.625%	no	12 April
	CHF 75,000	74,726	1995–2007	5.000%	no	28 Sept.
	CHF 128,000	127,053	2001–2009	4.250%	no	26 March
Subtotal debentures	**CHF 375,000**	**373,502**				
Japanese private placement	JPY 37,000,000	400,714	2003–2024	5.730% [2]	no	23 May/ 23 Nov.
Liabilities towards banks arising from US car park lease	USD 305,000	296,875 37,045 [3]	2003–2012	3.606%	from 2005	20 Dec.
US private placement	USD 275,000	303,842	2003–2015	4.7525%	from 2011	11 April/ 11 Oct.
Non-current loan from Canton of Zurich	CHF 300,000	300,000	2002–2012	5.000%	no	19 July

[1] Reported under current financial liabilities, since repayment due on 5 July 2005.
[2] The interest rate was higher during the course of the year due to restructuring of the currency hedge.
[3] Reported under current financial liabilities, since repayment due on 20 December 2005.

The following derivative instruments are held by Unique (Flughafen Zürich AG) to hedge the currency risks associated with non-current financial liabilities held in foreign currencies:

Derivative financial instruments	Duration	Contract value	Negative fair value on 31 Dec. 2004 in CHF thousand	Negative fair value on 31 Dec. 2003 in CHF thousand
Cross currency swap for Japanese private placement	2003–2024	JPY 37,000 million	106,362	68,380
Cross currency swap for US private placement	2003–2015	USD 275 million	79,150	29,832
Cross currency swap for US car park lease	2003–2012	USD 305 million	75,745	35,749
Total			**261,257**	**133,961**

The negative fair value of the derivative instruments is recognised under current debt, accruals and deferrals (see also note 17, "Other current debt, accruals and deferrals").

The hedge transactions are classified as cash flow hedges. Changes in the fair value of the derivative instruments are accordingly recognised in equity (see also page 73, "Consolidated statement of changes in equity").

(CHF thousand)	**2004**	**2003**
Gross amount as of 1 January	(133,961)	(20,946)
Changes in fair value of interest rate swap, net of deferred tax, transferred to income statement due to discontinues hedge accounting	0	20,946
Gain/(loss) relating to changes in fair value of cross currency swaps	(127,296)	(133,961)
Gross amount as of 31 December	**(261,257)**	**(133,961)**
Less deferred taxes	54,864	30,811
Net amount as of 31 December	**(206,393)**	**(103,150)**

In the event that the cross-currency swaps (cross currency interest rate swaps) relating to the US private placement and the Japanese private placement should reach a negative fair value that exceeds a given minimum level, Unique (Flughafen Zürich AG) is required to provide collateral in the form of cash, securities or letters of credit. As of balance sheet date the following collateral existed:

(CHF thousand)	31.12.2004	31.12.2003
Cash and cash equivalents	18,097	46,270
Letter of credit	155,000	50,000

Unique (Flughafen Zürich AG) also has an interest rate swap (see note 5, "Financial result, net" and note 17, "Other current debt, accruals and deferrals").

Standard guarantees and covenants are provided for external loans, and these were complied with as of balance sheet date.

For information concerning the loan from the Canton of Zurich, please refer to "Further details", note 5, "Related parties".

The maturities of financial liabilities are shown in the table below:

(CHF thousand)	31.12.2004	31.12.2003
Within 1 year	124,673	136,849
Between 2 and 5 years	536,312	527,896
Longer than 5 years	1,255,959	1,440,067
Total financial liabilities	**1,916,944**	**2,104,812**

Lease liabilities include the lease concerning the baggage sorting and handling system and also the aircraft energy supply systems (see note 7, "Changes in non-current assets").

Lease liabilities

(CHF thousand)	31.12.2004	31.12.2003
Future minimum lease payments		
– due within 1 year	6,251	6,115
– due within 2 to 5 years	24,904	24,359
– due after 5 years	65,798	69,025
Total future minimum lease payments	**96,952**	**99,499**
Future interest payments	15,515	14,339
Present value of lease liabilities	**81,437**	**85,160**
– of which due within 1 year	4,410	4,634
– of which due within 2 to 5 years	18,597	18,894
– of which due after 5 years	58,430	61,632

The applicable interest rate for lease liabilities is 2.3 percent (2003, 1.9 percent).
The interest rate is variable, but may be converted to a fixed rate at any time.

14) Airport of Zurich Noise Fund (AZNF)

The costs for sound insulation measures and formal expropriations processed via the AZNF are financed from noise-related passenger and landing fees and only the incurred expenditure has been booked in the fund.

The balance of the AZNF consists of a portion which is earmarked and a portion that is not earmarked. The non-earmarked portion of the balance represents the amount which would have to be repaid to the airlines and passengers should Unique (Flughafen Zürich AG) incur no further costs in connection with flight noise. The earmarked portion is the amount which Unique (Flughafen Zürich AG) will apply towards sound insulation measures in the next year.

The situation of this fund as of 31 December 2004 was as follows:

(CHF thousand)	**2004**	**2003**
Airport of Zurich Noise Fund as of 1 January (liability)	79,706	52,333
Total revenue from noise charges	49,616	42,638
Total costs for sound insulation and other measures	(13,122)	(16,241)
Net result before operating costs [1]	**116,200**	**78,730**
Operating costs [1]	(3,243)	(2,519)
Interest payments, Airport of Zurich Noise Fund	5,384	3,495
Airport of Zurich Noise Fund (liability)	**118,341**	**79,706**
– of which non-earmarked portion	**106,341**	
– of which earmarked portion for sound insulation measures in subsequent year	**12,000**	

[1] Changes relating to the AZNF are shown in the cash flow statement, net without interest, under cash flow from operating activities.

Based on the temporary operating regulations submitted on 31 December 2003, the estimated remaining cost for sound insulation measures will presumably lie between 200 million and 250 million Swiss francs. The potential costs for sound insulation measures that cannot be estimated with sufficient reliability and which exceed the non-earmarked portion of the AZNF are therefore disclosed here as a contingent liability.

The cost associated with formal expropriations will presumably lie between 800 million and 1.2 billion Swiss francs. In view of the still incomplete legislation in this area and the complexity of the evaluation and its positive or negative impact on concerned properties, it is not possible to reliably estimate both the cost as well as the timing when these costs arise and therefore the estimates have considerable uncertainties in both positive and negative terms. Therefore, this possible obligation is disclosed here as a contingent liability.

15) Deferred tax liabilities

In accordance with IAS 12.47, deferred tax assets and liabilities are calculated at the rate that is expected to apply at the time they are realised. On the basis of changes made to tax legislation in the Canton of Zurich, Unique (Flughafen Zürich AG) anticipates an applicable tax rate of 21% (previously 23%). The adjustment for the change in tax rate will be recognised in the income statement or equity in accordance with IAS 12.60.

The balance of deferred tax liabilities evolved as follows:

(CHF thousand)	2004	2003
Opening balance	50,824	68,911
Change in tax rate, booked in retained earnings	352	0
Change in tax rate, booked in hedging reserves	2,036	0
Change in tax rate, booked in income statement	(6,818)	0
Other effects	(185)	(94)
Deferred tax relating to discontinuance of hedge accounting for interest rate swap - transferred to income statement	0	6,257
Deferred tax on changes in fair value of cross currency swaps booked in equity (hedging reserves)	(26,732)	(30,811)
Deferred tax on cross currency swaps – transferred to income statement	19,496	7,401
Change according to income statement	(817)	(840)
At end of year	**38,156**	**50,824**

Deferred tax is allocated to the following balance sheet items:

		31.12.2004		**31.12.2003**
(CHF thousand)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Buildings and movables		48,386		55,266
Renovation fund		20,286		20,953
Financial liabilities issuing costs		314		528
Financial liabilities transaction costs		4,921		5,672
Interest rate swap	7,154		8,411	
Changes in fair value of cross currency swaps	54,864		30,811	
Foreign currency fluctuations on cross currency swaps		26,253		7,401
Miscellaneous items		14		226
Deferred taxes (gross)	**62,018**	**100,174**	**39,222**	**90,046**
Offsetting of assets and liabilities	(62,018)	62,018	(39,222)	39,222
Deferred taxes (net)	**0**	**38,156**	**0**	**50,824**

As of 31 December 2004, Unique (Flughafen Zürich AG) and its subsidiaries had total losses brought forward of 5.174 million Swiss francs to be offset against taxes. Deferred tax assets on these losses have not been recognised since it is not probable that future taxable profit will be available against which the group can utilise the benefits. Of the total amount cited above, 0.709 million Swiss francs expires in 2007, 8.375 million in 2008, 2.476 million in 2009 and 2.563 million in 2010.

16) Retirement benefit plans

The retirement benefit commitments reported for the year under review refer to the special plan with the BVK for compensation for early retirement. This plan was altered as follows as of 1 January 2004: until the end of 2003, a special rule made it possible to draw early retirement benefits as of age 57. From 1 January 2004, early retirement was only possible as of age 60. The liabilities for all employees as of age 60 were re-calculated accordingly, resulting in a reduction by 2.2 million Swiss francs.

Balance sheet

(CHF thousand)	31.12.2004	31.12.2003
Provision for retirement benefits, present value	2,367	3,812
Unrecognised actuarial gains/(losses)	(197)	187
Unrecognised past service cost	(730)	0
Liability on balance sheet	**1,440**	**3,999**

Income statement

(CHF thousand)	2004	2003
Interest expenses	53	878
Net periodic pension cost	**53**	**878**

All pension fund costs are reported as personnel expenses (see note 2, “Personnel expenses”).

Change in provisions for retirement benefits in the balance sheet

(CHF thousand)	31.12.2004	31.12.2003
Opening balance	3,999	5,357
Net periodic pension cost	53	878
Benefits paid in directly by employer	(445)	(436)
Changes in actuarial gains (change of plans)	(2,167)	(1,800)
Closing balance	**1,440**	**3,999**

The calculation of provisions for retirement benefits was based on the following assumptions:

	2004	2003
Discount rate	3.25%	3.75%
Expected future pension increases	1.0%	1.0%

17) Other current debt, accruals and deferrals

(CHF thousand)	31.12.2004	31.12.2003
Fair value of cross currency swaps [1]	261,257	133,961
Deferred income and accruals	62,509	72,375
Fair value of interest rate swap	44,670	47,357
Amounts due to personnel (holidays and overtime)	9,107	9,048
Deposits and payments in advance by customers	6,166	44
Current provisions	2,400	8,000
Other liabilities	608	594
Social security contributions	94	506
Total other current debt, accruals and deferrals	**386,811**	**271,885**

[1] See also note 13, "Financial liabilities".

18) Segment reporting

Primary segment reporting
Segment information is presented based on the group's management and internal reporting structure. Unique (Flughafen Zürich AG) distinguishes between "Aviation" and "Non-Aviation" segments (please also refer to the comments on the financial statements, "Results by segment", page 12). Most of the inter-segment revenue comprises offset rental costs from the Non-Aviation segment for premises required for activities in the Aviation segment. The non-current assets (including terminals) have primarily been allocated to the Non-Aviation segment. The offsetting of costs for the use of premises is based on actual cost (including interest paid on invested capital). Inter-segment revenue simultaneously represents inter-segment expenses in the segment result of the segment using the facilities. Full-time employees have been allocated to the segments.

Secondary segment reporting
Unique (Flughafen Zürich AG) provides practically all its services within Switzerland. During 2004, it provided external consulting services worth 0.7 million Swiss francs (2003, 1.1 million Swiss francs). The Aviation segment includes revenue of 3.2 million Swiss francs (2003, 2.8 million Swiss francs) and the Non-Aviation segment revenue of 2.0 million Swiss francs (2003, 1.5 million Swiss francs) resulting from the business activities in Chile (see "Further details", note 6, "Composition of the group").
As engagements abroad were negligible, a breakdown by geographical region was not undertaken.

Further details

1. Financial risk management

Derivative financial instruments: With the exception of the currency and interest rate swaps described on pages 83 and 84 (see note 5, "Financial result, net") and on pages 87 to 89 (see note 13, "Financial liabilities"), the group does not use any derivative financial instruments.

Currency risks: Unique (Flughafen Zürich AG) is exposed to currency risk in connection with financial transactions in US dollars and Japanese yen, and uses financial instruments (see note 13, "Financial liabilities") to hedge this risk. Hedge accounting is used for qualifying hedging transactions where deemed necessary.
In the area of operations, virtually all of the group's transactions are in Swiss francs, with the exception of those associated with its interest in Chile (share of turnover, 5.2 million Swiss francs) and its interest in Venezuela (share of turnover, 0.384 million Swiss francs), which means no further currency risks need to be hedged.

Interest rate risks: All non-current financing transactions have been concluded at a fixed interest rate, with the exception of the lease of the baggage sorting and handling system and the aircraft energy supply system. The risk on the short-term variable advances is hedged in the form of an interest rate swap.

Credit risks: With the exception of Swiss as the main client, credit risk is distributed over a broad clientele. Where necessary, terms of payment are applied or collateral is requested in order to minimise risk.

Fair values: The figures shown in the balance sheet concerning cash and cash equivalents, receivables from the sale of goods and services, other receivables and current debt approximately correspond to "fair values" as defined by IFRS.

2. Operating lease

Unique (Flughafen Zürich AG) has the following non-cancellable lease liabilities:

Leasing of the check-in system for handling agents (CUTE):

(CHF thousand)	31.12.2004	31.12.2003
Due within 1 year	4,277	3,590
Due within 2 to 5 years	7,128	9,573
Due after 5 years	0	0
Total future lease payments	**11,405**	**13,163**

The tenancy agreements concluded by the group in its capacity as landlord are terminable within one year.

a) Fixed tenancy agreements

These are divided into limited term and indefinite agreements. The latter may be terminated within the normal legal period of notice of six months.

b) Turnover-based agreements

New tenancy agreements were concluded with all business partners during the year under review for all additional commercial areas available for rent on a turnover basis (this did not include transfer to new premises). Generally speaking, these new agreements concern a fixed basic rent plus a turnover-based portion, with a fixed duration of five years and the option of extension for another two years. The already existing turnover-based tenancy agreements may be terminated within the period of one year.

3. Capital commitments

As of the end of 2004, the group approved investments in non-current assets amounting to approximately 2.14 billion Swiss francs (2003: 2.05 billion Swiss francs). These were mainly associated with expansion stage 5, i.e. construction of the new Airside Center, railway check-in center, multi-storey car park and Dock E. Of this amount, 1.99 billion Swiss francs had been allocated as of 31 December 2004 (2003: 1.95 billion Swiss francs), of which 1.93 billion Swiss francs (2003: 1.8 billion Swiss francs) had already been spent.

Within the scope of the airport participation in Venezuela, the syndicate, in which Unique (Flughafen Zürich AG) holds a 49.5 percent stake, has entered into an agreement with the local government to implement an investment programme worth a total of 34 million US dollars over the next 20 years. The investments in question will only be made if certain basic conditions are fulfilled and will be largely financed from the expected operating cash flows.

4. Contingent liabilities
A number of legal proceedings and claims against Unique (Flughafen Zürich AG) within the scope of normal business activities are still pending. In the opinion of the company, the amount required for settling these lawsuits and claims will not have a negative impact on the consolidated financial statements and cash flow.
For details concerning future commitments associated with sound insulation measures and formal expropriations, please refer to note 14, "Airport of Zurich Noise Fund".

5. Related parties
Related parties are:
– The Canton of Zurich
– Members of the Board of Directors
– Members of the Management Board

On 16 July 2002, the conditions governing use of the loan granted by the Canton of Zurich within the scope of the merger between the former Flughafendirektion (FDZ) and the former Flughafen Immobilien Gesellschaft (FIG) were regulated in a comprehensive framework agreement with the Canton of Zurich. The amount available under the terms of this loan is 826 million Swiss francs, and on 19 July 2002 the group drew 300 million Swiss francs for a fixed term of 10 years (up to 2012) at an interest rate of 5 percent. No amounts were recently drawn from this credit with interest to be paid on the basis of the CHF LIBOR rate, which means that a total of 300 million Swiss francs had been borrowed as of 31 December 2004 (300 million Swiss francs as of 31 December 2003).

During the 2004 financial year, the following amounts were paid to related parties in the form of remuneration:

(CHF thousand)	2004	2003
Board of Directors and Management Board	2,645	2,784
MWV Bauingenieure AG, remuneration for engineering work (co-owned by a member of our Board of Directors)	87	737
Canton of Zurich (cantonal police at market conditions as per service agreement)	67,452	65,553

Furthermore, 6,436 shares were issued to members of the Management Board within the scope of the bonus system (see note 12, "Equity"). These shares are blocked for a period of four years.

6. Composition of the group

The group currently comprises the following companies:

Name	Domicile		Share capital	Stake held in %	Consoli-dation
Flughafen Zürich AG	Kloten	CHF	245,615,000	Parent company	C
Unique Betriebssysteme AG	Kloten	CHF	100,000	100%	C
APT Airport Technologies AG	Kloten	CHF	100,000	100%	C
Unique Airports Worldwide AG [1]	Kloten	CHF	100,000	100%	C
Unique Chile S.A. [1]	Santiago de Chile	CLP	2,184 million	100%	C
Unique Airport Latin America (UALA) S.A. [1]	Santiago de Chile	CLP	2,595 million	84%	C
Aeropuertos Asociados de Chile S.A. [1]	Santiago de Chile	CLP	5,190 million	42%	C
Administracion de Concesiones IDC S.A. [1]	Santiago de Chile	CLP	185 million	42%	C
Concesion Aeropuerto El Loa S.A. [1]	Santiago de Chile	CLP	563 million	34%	C
Concesion Aeropuerto La Florida S.A. [1]	Santiago de Chile	CLP	843 million	42%	C
Concesion Aeropuerto El Tepual S.A. [1]	Santiago de Chile	CLP	895 million	34%	C
Administradora Unique IDC C.A.	Porlamar	VEB	25 million	49.5%	E
Aeropuertos Asociados de Venezuela C.A.	Porlamar	VEB	10 million	49.5%	E

[1] See page 97, "Events occurring after the balance sheet date".

Key: C = Fully consolidated company
E = Equity method

7. Notes to service concession agreements

The Federal Department of Environment, Transport, Energy and Communications (DETEC) awarded Unique (Flughafen Zürich AG) the operating licence for Zurich Airport for the period from 1 June 2001 to 31 May 2051.

Main conditions:
The licence encompasses the operation of an airport in accordance with the provisions of the ICAO (International Civil Aviation Organization) governing domestic, international and intercontinental civil aviation services.
Unique (Flughafen Zürich AG) is authorised and obliged to operate Zurich Airport for the entire period cited in the operating licence, and to maintain the necessary infrastructure for this purpose. To accomplish this, it is entitled to collect fees from all users of the airport.
Furthermore, Unique (Flughafen Zürich AG) is authorised to assign specific rights and obligations arising from the operating licence to third parties. Insofar as they concern activities relating to airport operations such as refuelling, aircraft handling, passenger handling, baggage sorting and handling, post and freight handling, and catering, these rights and obligations shall be subject to the provisions of public law. Unique (Flughafen Zürich AG) regulates rights and obligations it has assigned to third parties in the form of binding entitlements (concessions).

Obligations:
The licence holder is obliged to grant access to the airport to all aircraft that are licensed to provide domestic and international flights. The volume of flight traffic and handling of licensed aircraft are governed by the regulations laid down in the Civil Aviation Infrastructure Plan (SIL) and the provisions of the operating regulations.
The licence holder is obliged to implement all measures relating to regulations governing the use of German air space for landings at, and take-offs from, Zurich Airport without delay, and to submit the necessary applications for approval by the authorities in good time.
The licence holder shall meet all obligations to which it is bound through clauses of the civil aviation treaty between Germany and Switzerland without entitlement to compensation. This provision is the subject of pending legal proceedings instigated by Unique (Flughafen Zürich AG), in which it calls for the above clause to be declared null and void. No ruling has been made to date.
The licence holder is empowered and obliged to enforce sound insulation measures and to implement them where they are not the subject of dispute.
The building permits and planning approvals granted to the Canton of Zurich as former proprietor of the airport shall be transferred to Unique (Flughafen Zürich AG).

Assignment of parts of operating licence to third parties:
As part of the bilateral agreements that came into effect on 1 June 2002, the EU ground handling guidelines (Directive 96/67/EU dated 15 October 1996 concerning free access for ground handling service providers to airports within the EU) also became applicable to Switzerland. Unique (Flughafen Zürich AG) was subsequently entrusted with the task of incorporating this directive into its own operating regulations. For this purpose, a supplement to the operating regulations came into effect on 1 January 2003. As a consequence, requests for tenders relating to the award of licences for ground handling operations have been initiated in those areas in which the number of admissible service providers has to be limited.

8. Events occurring after the balance sheet date

The Board of Directors authorised the 2004 consolidated financial statements for issue on 3 March 2005. These also have to be approved by the General Meeting of Shareholders. No events occurred between 31 December 2004 and the date on which the consolidated financial statements were authorised for issue by the Board of Directors which would require the modification of any of the carrying amounts concerning the assets and liabilities of the group or which would have to be reported here.

On 31 December 2004, Unique (Flughafen Zürich AG) signed a term sheet to reduce its holding in Unique Chile S.A. from 100 to 48 percent, which consequently will also lead to a proportionate reduction of its holdings in the other group companies in Chile. The approval from the Chilean government, which is required for this transaction, had not been received as of 3 March 2005.

Report of the Group Auditors to the General Meeting of

Flughafen Zürich AG, Zurich

As group auditors, we have audited the consolidated financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes/pages 70 to 97) of Flughafen Zürich AG for the year ended 31 December 2004.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Without qualifying our opinion, we draw attention to the current risks described on page 81 in the notes to the consolidated financial statements. The risks and uncertainties referred to therein, which to a great extent are beyond the company's control, could have a significant negative impact on the company's operations and in turn on its financial situation and performance. The impact of such risks and uncertainties cannot presently be conclusively determined.

KPMG Fides Peat

Roger Neininger Swiss Certified Accountant Auditor in Charge	Marc Ziegler Swiss Certified Accountant

Zurich, 3 March 2005

Financial Statements of Flughafen Zürich AG pursuant to the provisions of the Swiss Code of Obligations (OR)

Income statement for 2004 and 2003
(Financial statement according to the provisions of commercial law, Flughafen Zürich AG)

(CHF thousand)	Notes	2004	2003
Revenue from sales of products and services		625,509	552,542
Total revenue		**625,509**	**552,542**
Depreciation and amortisation		(175,880)	(159,874)
Personnel expenses		(131,265)	(138,364)
Police and security		(73,135)	(71,629)
Maintenance		(33,330)	(27,947)
Sales, marketing, administration		(29,607)	(50,709)
Energy and waste		(19,635)	(19,893)
Other operating expenses		(17,195)	(16,979)
Cost of materials used		(12,023)	(10,090)
Deposits into renovation fund		(5,500)	(5,500)
Ordinary profit before interest and tax		**127,939**	**51,557**
Financial result, net	(1)	(96,704)	(52,399)
Extraordinary result, net	(2)	(3,815)	14,306
Non-operating result, net	(3)	(676)	(1,718)
Profit before tax		**26,744**	**11,746**
Tax		(5,665)	(1,828)
Net profit		**21,079**	**9,918**

Balance sheet as of 31 December 2004 and 31 December 2003
(Financial statement according to the provisions of commercial law, Flughafen Zürich AG)

(CHF thousand)	Notes	31.12.2004	31.12.2003
Assets			
Land		112,267	112,267
Buildings, engineering structures		2,355,447	2,094,695
Projects in progress		65,119	323,525
Movables		82,205	77,938
Total property, plant and equipment		**2,615,038**	**2,608,425**
Intangible assets		25,349	22,452
Financial assets and associates	(4)	27,847	11,492
Non-current assets	**(5)**	**2,668,234**	**2,642,369**
Inventories		3,665	3,019
Trade receivables		85,201	67,533
Other receivables and prepaid expenses	(6)	28,911	40,867
Cash and cash equivalents, securities	(7)	43,770	157,328
Current assets		**161,547**	**268,747**
Total assets		**2,829,781**	**2,911,116**
Equity and liabilities			
Share capital		245,615	245,615
Legal reserves			
– Premium		269,254	269,254
– General reserves		19,060	19,060
– Reserves for own shares	(7)	2,328	24,999
Other reserves		78,540	55,859
Balance sheet profit/(loss)			
– Loss brought forward		(7,687)	(17,605)
– Net profit		21,079	9,918
Equity		**628,189**	**607,100**
Debentures and non-current loans	(8)	1,735,563	1,861,923
Airport of Zurich Noise Fund		118,341	79,706
Renovation fund		96,602	91,102
Non-current provisions	(9)	2,940	5,499
Non-current liabilities		**1,953,446**	**2,038,230**
Trade payables		26,185	33,780
Current financial liabilities	(10)	126,359	130,500
Other current debt, accruals and deferrals		82,156	92,043
Current provisions	(11)	13,446	9,463
Current liabilities		**248,146**	**265,786**
Total liabilities		**2,201,592**	**2,304'016**
Total equity and liabilities		**2,829,781**	**2,911,116**

Notes to the financial statements of Flughafen Zürich AG

Accounting principles

1. General remarks
The presentations and explanations below refer to the financial statements pursuant to the provisions of Swiss commercial law (Swiss Code of Obligations). These financial statements also serve for tax purposes and form the basis for the statutory business of the General Meeting of Shareholders.

2. Valuation principles
Unless stated otherwise, the same principles apply as those used in the consolidated financial statements in accordance with IFRS.

Fixed assets
In contrast to the consolidated financial statements according to IFRS, the influence of the reverse take-over is irrelevant (revaluation of the FIG fixed assets as of 1 January 2000, including deferred taxes).

Goodwill
The goodwill amounting to 24.8 million Swiss francs arising as a result of the reverse take-over is not relevant in the financial statements according to commercial law.

Renovation fund
As in previous years, the renovation fund, which is used for future renovation in order to preserve the value of existing buildings, was increased by 5.5 million Swiss francs (only in financial statements according to commercial law).

Own shares
In contrast to the consolidated financial statements in accordance with IFRS, holdings of own shares as of 31 December 2004 are reported under securities. Under the heading "Equity", these are reported as prescribed by the provisions of the Swiss Code of Obligations. Furthermore, the distribution of free shares to employees and the unrealised gain on holdings as of 31 December 2004 were charged to the income statement.

Costs associated with the issue of debentures and the conclusion of foreign long-term loans
In the financial statements compiled according to commercial law, the transaction costs are charged directly to the income statement, instead of being capitalised and amortised over the duration of the debenture or respective long-term loan using the effective interest method, as is the case in the consolidated financial statements prepared in accordance with IFRS.

Financial lease
In the IFRS consolidated financial statements, financial leases are recognised in the balance sheet, while in the commercial law accounts they are treated as off-balance-sheet transactions and disclosed in the notes ("Further details").

Derivative financial instruments
These are not reported in the financial statements according to commercial law.

Provisions for aircraft noise claims
With respect to aircraft noise claims, in accordance with company law and the principle of prudence, there is no need to recognise provisions at this time.

Current risk situation
The following factors are regarded as the primary sources of risk for the company:

– Hub carrier
The national airline, Swiss, is the main client of Unique (Flughafen Zürich AG). Dependence on the hub carrier, Swiss, has declined further. Nonetheless, the development of Unique (Flughafen Zürich AG) still greatly depends on the operational and financial development of Swiss.

– Legal issues
Various internal and external political restrictions could mean that Unique (Flughafen Zürich AG) will not be able to fully utilise the opportunities it has created for its business development, primarily through expansion stage 5, and instead may give rise to additional investments and costs. These include:
- Initiative in the Canton of Zurich calling for restrictions on flight operations ("Plafonierungsinitiative")
- Rulings by the supervisory authorities relating to landing and take-off procedures
- Unilateral ordinance issued by Germany
- SIL process (Civil Aviation Infrastructure Plan)

– Formal expropriations
In view of the still incomplete legislation in this area, the complexity of the evaluation and its positive or negative impact on concerned properties, and the lack of definitive operating regulations, it is not possible to reliably estimate both the cost as well as the timing when these costs arise and therefore the estimates have considerable uncertainties in both positive and negative terms.

– Falling demand
Experience over the past few years has shown that civil aviation is a highly volatile business that reacts sensitively to external occurrences (acts of terrorism, outbreaks of disease or epidemics). This means that such events could lead to a fall in demand at Zurich Airport.

The company carried out an assessment of the value of the group's assets (impairment test), see note 7, "Notes to consolidated financial statements".

The company monitors the above-mentioned risks and their potential consequences for Unique (Flughafen Zürich AG) on an ongoing basis and, in view of the cost-cutting measures already carried out and a number of other measures which are ready to be implemented as needed, Unique's continued operation is not considered to be in any immediate jeopardy due to these risks.

Notes

Income statement

1) Financial result, net

(CHF thousand)		2004		2003
Interest expenses on debentures and long-term loans	91,413		86,522	
Less capitalised interest on borrowings for buildings under construction	(7,223)		(10,606)	
Net interest expenses on debentures and long-term loans		84,190		75,916
Interest difference related to interest rate swap		12,885		12,572
Other interest expenses		5,655		6,500
Other financial expenses		2,268		2,699
Interest expense on finance lease payments		1,696		659
Interest expenses on bank loans		24		3,148
Issuing costs		0		4,453
Financial expenses		**106,718**		**105,947**
Valuation adjustments of financial assets		(8,580)		(8,766)
Interest income on postal cheque accounts and bank deposits		(1,344)		(903)
Net foreign exchange gains, interest on arrears		(90)		(430)
Gain on early redemption of debentures		(0)		(43,449)
Financial income		**(10,014)**		**(53,548)**
Total financial result, net		**96,704**		**52,399**

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 5.48 percent in 2004 and 5.34 percent in 2003.

2) Extraordinary result, net

(CHF thousand)	2004	2003
Extraordinary income	580	17,977
Extraordinary expenses	(4,395)	(3,671)
Extraordinary result, net	**(3,815)**	**14,306**

Extraordinary income includes:
– Non-recurring social insurance contributions amounting to 0.2 million Swiss francs

Extraordinary expenses includes:
– 3.7 million Swiss francs from aperiodical additional VAT charges, including interest on arrears
– 0.5 million Swiss francs in aperiodic security-related expenses

3) Non-operating result, net

(CHF thousand)	2004	2003
Non-operating income	5	632
Non-operating expenses	(681)	(2,350)
Non-operating result, net	**(676)**	**(1,718)**

This includes all income and expenses not directly associated with the company's business activity.

Balance sheet

4) Financial assets

(CHF thousand)		31.12.2004	31.12.2003
APT Airport Technologies AG, Kloten	Equity share 100%, nom. share capital CHF 1.8 million	1,800	100
APT Airport Technologies AG, Kloten	Loan [1]	5,827	6,829
Unique Betriebssysteme AG, Kloten	Equity share 100%, nom. share capital CHF 0.1 million	100	100
Unique Betriebssysteme AG, Kloten	Loan	0	(46)
Unique Airports Worldwide AG, Kloten	Equity share 100%, nom. share capital CHF 0.1 million	100	100
Unique Airports Worldwide AG, Kloten	Loan [1]	5,018	4,409
Swiss International Air Lines AG	Loan	15,000	0
Administradora Unique IDC C.A., Venezuela	Equity share 49.5%, nom. share capital VEB 25 million	1	0
Aeropuertos Asociados de Venezuela C.A., Venezuela	Equity share 49.5%, nom. share capital VEB 10 million	1	0
Total financial assets		**27,847**	**11,492**

[1] Entirely subject to subordination.

The purpose of APT Airport Technologies AG is to provide technical, operational and commercial design, planning, project implementation and operation of communication and strategic management systems for airports.

The purpose of Unique Betriebssysteme AG is to operate the infrastructure of relevance to Zurich Airport. Unique Airports Worldwide AG is responsible for advising, operating or owning airports and/or airport-related companies throughout the world.

The reported participations – "Administradora Unique IDC C.A." and "Aeropuertos Asociados de Venezuela C.A." – are new participations.

Loans to subsidiaries bear interest at market rates.

5) Fire insurance values

(CHF thousand)	31.12.2004	31.12.2003
Buildings incl. loading bridges	2,701,222	2,654,418
Movables	855,742	820,342

The figures shown above do not include engineering structures since these cannot be insured via the Building Insurance of the Canton of Zurich (GVZ). Buildings under construction (which are included in projects in progress) are covered by a construction period insurance with GVZ. These figures are therefore not included in this statement. Upon completion, the buildings concerned will be insured on the basis of estimates by GVZ.

6) Other receivables and prepaid expenses

These include the following:

(CHF thousand)	31.12.2004	31.12.2003
Current account with Zurich Airport Staff Pension Fund	1,192	2,125

The current account bears interest at market rates.

7) Cash and cash equivalents, securities

(CHF thousand)	31.12.2004	31.12.2003
Cash and cash equivalents	41,442	138,438
Own shares	2,328	18,890
Total cash and cash equivalents, securities	**43,770**	**157,328**

Reserves for own shares are reported separately under equity.

Number of shares	2004	2003
Holdings at beginning of financial year	**290,611**	**125,765**
Acquisitions (at applicable market price)	265,000	281,989
Sales (at applicable market price)	(526,379)	(93,266)
Free distribution of shares	(8,825)	(23,877)
Holdings at end of financial year	**20,407**	**290,611**

The number of own shares held as treasury stock was 605 as of 31 December 2004 (31 December 2003: 231,456).

8) Debentures and non-current loans

(CHF thousand)	31.12.2004	31.12.2003
Japanese private placement	421,173	421,173
US private placement	365,750	365,750
Liabilities towards banks arising from US car park lease	355,641	400,000
Non-current loan from Canton of Zurich	300,000	300,000
Debentures	293,000	375,000
Total debentures and non-current loans	**1,735,564**	**1,861,923**

The following **non-current financial liabilities** are fixed interest-bearing borrowings:

Description	Nominal amount in CHF thousand as of 31.12.2004	Duration	Interest rate	Early termination/ amortisation	Interest payment dates
Debentures	82,000	2000–2005 [1]	4.625%	no	5 July
	90,000	1996–2006	4.625%	no	12 April
	75,000	1995–2007	5.000%	no	28 September
	128,000	2001-2009	4.250%	no	2 March
Sub-total, debentures	**375,000**				
Japanese private placement	421,173	2003–2024	5.730% [2]	no	23 May/ 23 November
Liabilities towards banks arising from US car park lease	355,641 44,359 [3]	2003–2012	3.606%	from 2005	20 December
US private placement	365,750	2003–2015	4.7525%	from 2011	11 April/ 11 October
Non-current loan from Canton of Zurich	300,000	2002–2012	5.000%	no	19July

[1] Reported under current financial liabilities, since repayment due on 5 July 2005.
[2] The interest rate was higher during the course of the year due to restructuring of the currency hedge.
[3] Reported under current financial liabilities, since repayment due on 20 December 2005.

9) Non-current provisions

(CHF thousand)	31.12.2004	31.12.2003
Pension liabilities	1,440	3,999
Provisional tenancy agreements	1,500	1,500
Total non-current provisions	**2,940**	**5,499**

10) Current financial liabilities

(CHF thousand)	31.12.2004	31.12.2003
Debenture (repayment 5.7.2005/14.9.2004)	82,000	125,000
Liabilities towards banks arising from US car park lease	44,359	0
Loan from Zurich Airport Staff Pension Fund [1]	0	5,500
Total current financial liabilities	**126,359**	**130,500**

[1] See Note 6, "Other receivables and prepaid expenses".

The loan from Zurich Airport Staff Pension Fund bears interest at market rates.

11) Current provisions

(CHF thousand)	31.12.2004	31.12.2003
Amounts due to personnel (holidays and overtime)	9,107	9,048
Tax liabilities	3,767	35
Other liabilities	572	380
Total current provisions	**13,446**	**9,463**

Further details

Major shareholders

The following shareholders or groups of shareholders hold more than five percent of the voting rights:

	2004	2003
Canton of Zurich (including BVK pension fund)	46.76%	48.80%
City of Zurich (including pension fund of the City of Zurich)	5.40%	5.41%

Miscellaneous

(CHF thousand)	2004	2003
In the year under review, the dissolution of the employers' reserves in the Zurich Airport Staff Pension Fund were reduced by	1,500	2,500
Remaining finance lease liabilities not reported in the balance sheet [1]	80,894	84,569

In connection with the US car park lease, the utilisation rights to multi-storey car parks 1, 2, 3 and 6 serve as collateral.

As of balance sheet date there were 18.1 million Swiss francs provided as collateral in the form of cash (31 December 2003, 46.3 million), and 155.0 million Swiss francs provided as collateral in the form of letters of credit (31 December 2003, 50.0 million).

There are no other facts present which would require disclosure in accordance with Article 663b of the Swiss Code of Obligations.

[1] See accounting principles in financial statements, section 2, "Valuation principles".

Proposal by the Board of Directors concerning the distribution of the balance sheet gain for 2004

The Board of Directors proposes to the General Meeting of Shareholders that the balance sheet gain of 13,391,709 Swiss francs should be carried forward to next year's financial statements.

Financial statements pursuant to the provisions of the Swiss Code of Obligations (OR)

Report of the Statutory Auditors to the General Meeting of **Flughafen Zürich AG, Zurich**

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes/pages 99 to 106) of Flughafen Zürich AG for the year ended 31 December 2004.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Without qualifying our opinion, we draw attention to the current risks described on page 102 in the notes to the financial statements. The risks and uncertainties referred to therein, which to a great extent are beyond the company's control, could have a significant negative impact on the company's operations and in turn on its financial situation and performance. The impact of such risks and uncertainties cannot presently be conclusively determined.

KPMG Fides Peat

Roger Neininger
Swiss Certified Accountant
Auditor in Charge

Marc Ziegler
Swiss Certified Accountant

Zurich, 3 March 2005


Ankunft 2
Arrival 2
welcome

Published by	Unique (Flughafen Zürich AG)
Photos:	Thomas Buchwalder
Design:	Valance & Bauer Kommunikation, Zürich
Typography/Printing:	bm druck ag, Winkel bei Zürich
Translation:	CLS Communication AG, Basel

Unique (Flughafen Zürich AG), P.O. Box, CH-8058 Zurich Airport
Phone +41 (0) 43 816 22 11, fax +41 (0) 43 816 46 15
info@unique.ch, www.unique.ch