Interim report for first half of 2000

Ladies and Gentlemen

The positive results achieved by Unique Zurich Airport during the first six months of 2000 fully meet the expectations of the Board of Directors and the Management. With traffic volume in excess of anticipations, revenues amounted to CHF 245 million. Despite substantial investments, EBIT margin exceeded the level for 1999. The fact that profit margin was slightly below the figures of the previous year is due to all business activities now being liable to taxation for the first time. It also proved possible for efficiency to be boosted even further.

Thanks to the business combination between the Zurich Airport Real Estate Company (FIG) and the Zurich Airport Authority (FDZ) to create Unique, we now have the prerequisites needed to take full advantage of the opportunities presented by deregulation in the realm of civil aviation. In doing so, we are continuing to play an important role as a driving force in the national economy. The integration, which aims at a consistently market-driven and customer-focused corporate culture, is running to plan.

Exploiting market opportunities

We intend to maintain and strengthen our position as a European civil aviation hub. At the same time, Unique plans a considerable increase in its commercial activities in the Zurich area. A further strategic opportunities is seen in the provision of consultancy and management services for the planning, construction and operation of airports on a global basis. With know-how available, in environmental management for instance, we have the means for this at our disposal, and the first successful steps in this direction have already been taken.

Fifth expansion

The fifth expansion is progressing at full speed. What is currently the largest building project in Switzerland means a significant increase in both quality and attractiveness for Unique. At the same time, the project with its total investment volume of CHF 2.3 billion is a demanding management task, since it is essential that the Airport's operations continue to function with the absolute minimum of impairment throughout the period of construction.

External situation

In compliance with Swiss aviation legislation, the operating concession for Zurich Airport will be transferred to Unique as from 1 June 2001. This is linked with a renewal of the operating regulations. During the preparatory phase of this, Germany served notice of termination of the operating agreement regulating the number of takeoffs and landings flown over German sovereign territory. This makes negotiations at the political level necessary, which on the Swiss side will be pursued by the Federal Government. The lack of specific results from these negotiations makes any discussion of possible alternative traffic operations purely speculative. Unique has submitted proposals to the Swiss Federal Bureau of Civil Aviation for possible takeoff and landing solutions that are technically feasible from a operational point of view.

Public offering running to plan

At the present time, the Canton of Zurich holds 78% of the stock in our company. In accordance with the terms of the Cantonal Airport Law, it will be reducing this holding and intends to divest itself of an initial tranche, currently foreseen as just on 28%, in the form of a public offering to third-parties in the course of this current year and by so doing to significantly increase the circle of shareholders. Preparatory work on this front is also proceeding as planned.

Thanks

The past few months have placed extraordinary demands on all members of our staff. We are in the midst of a process of combination that will continue to be a challenge for us beyond the end of this present year 2000. Everyone involved has demonstrated great commitment in facing up to this challenge, and the Board of Directors and the Management would like to take this opportunity of expressing their sincerest gratitude.

Andreas Schmid
Chairman of the
Board of Directors

Josef Felder
Chief Executive Officer

The first six months' figures in detail

As there are no consolidated figures for the first half of 1999 for FIG or FDZ, no direct comparison of the first six months of 2000 and the same period of the previous year is possible.

Turnover

Overall turnover during the first half of the year 2000 totalled CHF 245 million, 48.5 % of which was accounted for by aviation and 51.5 % by non-aviation activities. The proportion of non-aviation activities was higher than over the same period last year (50.8%).

Earnings

During the first six months of the year 2000, Unique Zurich Airport recorded earnings before interest, tax, depreciation and amortisation (EBITDA) of CHF 120 million. The margin of 48.9% was higher than for 1999 (47.3%).

Earnings before interest and tax (EBIT) of CHF 72 million represent a margin of 29.4%, which is also higher than for the same period in 1999 (28.4%).

Net profit amounted to CHF 46 million. The relevant margin here of 18.8% was somewhat lower than for the year-back period (20.2%), which is explained by the fact that all income was liable to tax for the first time.

Higher traffic volume

During the first six months of 2000, 10.7 million passengers used Zurich Airport, or 11.8% more than during the same period in 1999. This growth is primarily due to the substantial increase in the range of services offered by Swissair. During this period, there were a total of 160,300 air traffic movements, which are 9.9% more than in the same period of the previous year. The average number of passengers per flight movement thus improved to 66.9 passengers.

	2000 June 30th	1999 June 30th	Change in per cent
Passengers (PAX)	**10'726'645**	**9'592'315**	**11.8%**
International	5'114'540	4'755'615	7.5%
Transfer / Transit	4'957'387	4'196'757	18.1%
Domestic	630'135	616'719	2.2%
Gen. Aviation	24'583	23'224	5.9%
Movements	**160'295**	**145'813**	**9.9%**
Scheduled flights	134'300	121'167	10.8%
Charter flights	7'872	7'067	11.4%
Gen. Aviation	18'056	17'579	2.7%
PAX / Movement	**66.9**	**65.8**	**1.7%**

Legend:

International	International arrivals and departures
Transfer / Transit	Transit passengers
Local	Domestic arrivals and departures

Investments

With a total of CHF 174 million, investments over the first six months of 2000 amounted to more than for the same period of 1999. This reflects the commencement of the fifth expansion phase at the beginning of the year. In the first half of the year, about a half of investment volume has been financed from the company's own resources.

Outlook for 2000

For the entire twelve months of the year 2000, Unique foresees turnover totalling in excess of CHF 500 million. EBITDA margin will probably be less than for the previous year. The reasons for this are the expense involved in integration and the likelihood of a slowdown in traffic growth. Primarily due to the above-mentioned tax liability on all business activities and the cost of integration, lower net earnings are anticipated than for 1999 (pro-forma consolidated figures).

Selected information (CHF million)	**H1 / 2000**	**1999**	
Revenue	**245**	**476**	
- Aviation	119	234	
- Non Aviation	126	242	
EBITDA	**120**	**225**	
in %	48.9%	47.3%	
EBIT	**72**	**135**	
in %	29.4%	28.4%	
Net profit	**46**	**96**	
in %	18.8%	20.2%	
Earnings per share (CHF)	**9.40**	**19.60**	
Capital expenditures	**174**	**173**	
Interest bearing liabilities	**745**	**693**	**)
Shareholder's equity	**902**	**709**	*)
in %	47.2%	46.8%	
Personnel			
- full-time positions	**1'067**	**1'031**	
- number of employees	**1'211**	**n.a.**	

**) = Capital 31.12.99 before business combination*
***) = net*

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Income statement

(CHF million)	Notes	H1 / 2000		1999	
Aviation revenue	(1)	119		234	
Non-Aviation revenue		126		242	
Total revenue		**245**		**476**	
Personnel expenses		-53		-101	
Police and security		-33		-65	
Energy and waste		-8		-18	
Maintenance and materials		-13		-29	
Other operating costs		-8		-21	
Sales, general and administration		-7		-17	
Other expenditures and income	(2)	-2		-1	
Total operating costs		**-125**		**-251**	
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**120**	48.9%	**225**	47.3%
Depreciation and amortisation		-48		-90	
Earnings before interest and tax (EBIT)		**72**	29.4%	**135**	28.4%
Financial result	(3)	-12		-32	
Earnings before tax		**60**	24.4%	**103**	21.7%
Taxes on income		-14		-7	
Net profit		**46**	18.8%	**96**	20.2%
Earnings per Share (CHF)		**9.40**		**19.60**	

Note on rounding

Certain differences as a result of rounding up and down may occur in respect of the totals of the amounts and percentages shown.

Balance sheet

(CHF in million)	notes	2000 June 30th	1999 31.12.	
Mobile fixed assets		68	69	
Land		100	100	
Underground structures, civil engineering		139	142	
Building constructions		813	657	
Fixed assets under construction		601	443	
Intangible assets		23	1	
Financial assets		4	2	
Total fixed assets		**1'749**	**1'414**	
Inventories		2	2	
Receivables arising from sales of goods and services	(4)	43	64	
Other receivables, prepaid expenses	(4)	81	29	
Cash on hand and at bank		35	8	
Current assets		**162**	**102**	
Total assets		**1'911**	**1'516**	
Share capital		246	246	
Capital reserves		346	192	
Earnings reserve		311	272	
Shareholder's equity		**902**	**709**	*)
Debenture bonds	(5)	475	475	
Noise fund	(6)	-1		
Other non-current liabilities		10	10	
Provision		5	5	
Provision for deferred taxes	(7)	82	36	
Non-current liabilities		**570**	**526**	
Liabilities arising from purchase of goods and services		49	61	
Short-term bank debts		296	179	
Other current liabilities, accrued expenses and deferred income		78	31	
Current provisions		16	10	
Current liabilities		**439**	**281**	
Total liabilities		**1'009**	**807**	
Total liabilities and shareholders equity		**1'911**	**1'516**	

**) = Shareholders' equity per 31.12.1999 before business combination see Equity statement*

Equity statement

(CHF in million)	Share capital	Capital reserves	Earnings reserves	Shareholder's equity
Balance as of 31 Dec. 1999	**246**	**192**	**272**	**709**
Influence of business combination		164		164
Balance as of 1 Jan. 2000	**246**	**356**	**272**	**873**
Dividend			-8	-8
Stamp duty		-10		-10
Net profit H1 / 2000			46	46
Balance as of 30 June 2000	**246**	**346**	**310**	**902**

Cash-flow statement

(CHF in million)	2000 Jan. - June	1999 Jan. - Dec.
Net cash provided by operating activities	93	210
Net cash used in investing activities	-174	-171
Net cash used in financing activities	109	-37
Net change in cash	**28**	**2**
Cash and cash equivalents at beginning of the year	8	5
Cash and cash equivalents end of period	**35**	**8**

Change in fixed assets

(CHF in million)	Land	Under-ground Struc-tures	Building Construc-tions	Fixed assets under construc.	Intan-gible assets	Mobile fixed assets	Financial assets	Total
Balance as of 31 Dec. 99	**100**	**142**	**657**	**443**	**1**	**69**	**2**	**1'414**
Influence of business combination			186		22			208
Balance as of 1 Jan. 2000	**100**	**142**	**843**	**443**	**23**	**69**	**2**	**1'622**
Additions		0	3	163	2	3	2	174
Disposals								
Depreciation		-4	-35	-5	-0	-4		-48
Amortisation of goodwill					-2			-2
Release of government grants		0	2			0		2
Balance as of 30 June 2000	**100**	**139**	**813**	**601**	**23**	**68**	**4**	**1'749**
Assets at cost	**100**	**575**	**2'067**	**617**	**26**	**173**	**4**	**3'563**

Accounting principles / notes to financial statements

The principles of accounting used in drawing up this interim report are the same as those used in the listing memorandum of 13 April 2000. They comply with International Accounting Standards (IAS) with certain exceptions in respect of comparison with the previous year, segmentation of results and staff welfare liabilities. Comparisons with the first six months of 1999 are not possible due to the change in corporate form (cf. introduction to this six-month report). There has been no attempt to classify results in terms of our principal areas of business. Staff welfare liabilities were calculated per 31 December 1999 in accordance with the stipulations of IAS 19, however there has been no up-dating of these liabilities as to 30 June 2000. An investigation has been undertaken into the effective service life of runways and taxiways and the maximum period of depreciation for some surface and underground structures has been increased from 20 years to 30 years.

1) Aviation revenue

Contrary to the listing memorandum, the 1999 revenue for noise abatement measures (CHF 3.4 million) has been eliminated from Aviation revenue and is now shown under other expenditure and income (see also Note 6).

2) Other expenditure and income

This item is primarily concerned with extraordinary positions (in million CHF).

	30 June 2000
other expenditure	- 3.2
other income	0.8
Total	- 2.4

The expenditure here is principally in respect of costs arising from the business combination.

3) Financial result

Financial result is comprised as follows:

	30 June 2000
Financial expenditure	- 15.1
Financial income	0.1
Capitalised external interest costs on assets in construction	2.5
Total	- 12.5

4) Trade receivables / other receivables

Technical problems arising from external systems connected with the invoicing of aviation charges for the months of May and June have led to an extraordinary shift between trade receivables and other receivables.

5) Bonds

The new bond issue Unique 2000 - 2005 for CHF 300 million (4 5/8%) subscribed to in June became due for payment as of July 2000 and is not yet included in these current results.
The funds resulting from this bond issue have been used to repay all short-term bank loans.

6) Noise fund

As from 1 January 2000, receipts for noise abatement measures and expenditure in respect of noise have been handled via this fund account. During the first six months of 2000, the Airport spent CHF 1.3 million more in connection with noise than was received in relevant fees and charges. With the introduction of the fund account as of 1.1.2000, receipts and expenditure have no effect on earnings for Unique Zurich Airport.

7) Provisions for deferred taxes

Provisions have been amended as shown below (in million CHF)

Provisions per 31.12.1999	**36**
Increase as result of business combination	44
Provisions per 1.1.2000	**80**
Change first six months 2000	2
Provisions per 30.6.2000	**82**