

Interim report as of 30 June 2003





## Contents

Key data	2
Interim report	3
Group profit and loss statement	8
Group balance sheet	9
Change in group equity	10
Group cash flow statement	10
Group balance sheet – changes in non-current assets	11
Accounting principles and notes	11

## Key data, 1<sup>st</sup> half-year 2003

### Key financial data

(CHF million, all amounts in accordance with International Financial Reporting Standards [IFRS])

	1-6/03	1-6/02	Change in Percent
Turnover	258,1	248,0	4.1%
of which income from aviation operations	133,4	131,2	1.7%
of which income from non-aviation operations	124,7	116,8	6.8%
Operating costs	161,3	152,1	6.0%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	96,8	95,9	0.9%
EBITDA margin	37.5%	38.7%	
Interim result	0,7	[1,8]	n/a
Net investments	174,6	249,2	-29.9%
Cash-flow <sup>1)</sup>	80,4	66,2	21.5%
Capital employed	3'294	2'469	33.4%
Shareholders' equity as of 30 June	812,9	825,5	-1.5%
Equity ratio	22.6%	29.6%	
Equity ratio excluding extraordinary cash & cash equivalents [- CHF million 500] <sup>2)</sup>	26,2%		
Interest-bearing debt (net)	1'927	1'692	13.8%
Interest-bearing debt / EBITDA	9,95x	8,82x	

<sup>1)</sup> Result for first half-year plus write-offs and change in long-term provisions.

<sup>2)</sup> Balance-sheet-date related extension due to financial transactions carried out during the first six months of 2003 (see "Group financing" section and note 2, Events occurring after the balance sheet date, under "Further details").

### Key operational data

	1-6/03	1-6/02 <sup>1)</sup>	Change in percent
Number of passengers	8'150'431	8'437'181	-3.4%
Number of flight movements	135'313	137'673	-1.7%
Freight in tonnes	201'846	208'841	-3.3%
Number of full-time positions as of 30 June	1'295	1'212	6.8%
Number of employees as of 30 June	1'467	1'373	6.8%

<sup>1)</sup> Figures for prior year, excluding Chile

### Key data for shareholders

	1-6/03	1-6/02	Change in percent
Number of issued shares	4'912'300	4'912'300	
Earnings/(loss) per share (in Swiss francs)	0.14	[0.38]	n/a
Share price as of 30 June (in Swiss francs)	32.95	115.50	-71.5%
Market capitalisation as of 30 June	161,9	567,4	-71.5%

## Interim report for first half-year 2003

Dear Shareholders,

Extraordinary income items gave rise to a small group profit of 0.7 million Swiss francs. Without these items, the group would have had to report a loss of 30.1 million Swiss francs, primarily as a result of the war in Iraq, the outbreak of SARS, and our home carrier's reduction in capacity.

### Trend in traffic volume

	Zurich	Puerto Montt (El Tepual)	Calama (El Loa)	La Serena (La Florida)	Total 2003 Jan.–June	Total 2002 <sup>1)</sup> Jan.–June	Change in %
No. of passengers in millions	7.93	0.12	0.06	0.04	8.15	8.44	–3.4%
No. of flight movements (in thousand ATMs)	135.30	–	–	–	135.30	137.7	–1.7%
Freight in thousand tonnes	201.9	–	–	–	201.9	208.80	–3.3%

<sup>1)</sup> Figures for prior year, excluding Chile

During the first six months of 2003, a total of 7,935,055 passengers used Zurich Airport as the starting point or destination of their journey. The three Chilean airports, which are controlled via the holdings in the respective operating companies, handled an accumulated total of 215,376 passengers. This is equivalent to a 3.4 percent decline versus the prior year. The average number of passengers per flight fell by 4.4 percent from 61.3 in the prior year to 58.6 in 2003. Here, the trend among airlines towards use of smaller aircraft and our home carrier's reduction of its long-distance fleet had a negative impact.

### Turnover trend

Turnover rose from 248.0 million to 258.1 million Swiss francs (+4.1%) versus the same period last year.

Despite lower traffic volumes, **Aviation income** rose by 1.7 percent from 131.2 to 133.4 million Swiss francs. By contrast with the same period last year, higher passenger fees were charged for the full period under review – the new tariff came into effect on 1 April 2002.

**Non-Aviation income** rose by 6.8 percent from 116.8 to 124.7 million Swiss francs, primarily as the result of higher revenue from rented premises and utilities (electricity and heating charges, etc.), though the pleasing trend in turnover in the new Airport Shopping (which was opened on 27 March 2003) also had a positive impact on earnings in this segment.

The proportion of Non-Aviation income to the total earnings is now 48.3 percent, versus the prior-year level of 47.1 percent. Unique (Flughafen Zürich AG) intends to abide by its strategy of increasing the proportion of Non-Aviation versus Aviation income through rapid growth.

### Key operating data and results

**Operating costs** rose by 6.0 percent from 152.1 to 161.3 million Swiss francs. The increase in **personnel expenses** by 3.5 percent versus the prior year includes costs of support measures associated with the reduction in the workforce that was resolved as part of the two measures package and is currently being implemented. Approximately 50 percent of the workforce is involved in operating the airport infrastructure. With the completion of expansion stage 5, the volume of utilisable floor space will have increased by 51 percent since 1998, from 795,000 to 1,210,000 square metres, while at the same time the overall area of the apron zones will have increased by 42 percent. As of the end of June 2003, approximately 75 percent of the utilisable floor space and apron zones were in use. Alongside other factors, activities associated with the acquisition of new airline clients gave rise to higher **sales, marketing and administrative** costs. For the first six months of the year, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** amounted to 96.8 million Swiss francs (+0.9%). The EBITDA margin was 1.2 percentage points below the prior-year level (37.5% versus 38.7%).

In the first half of 2003, **earnings before interest and taxes (EBIT)** amounted to 20.8 million Swiss francs, versus 26.1 million in the same period last year. This represents a drop of 5.3 million Swiss francs, or 20.3 percent. If we divide the op-

erating results into segments, **Aviation** posted a loss of 21.5 million Swiss francs, while the figure for **Non-Aviation** was in positive territory with a profit of 42.3 million Swiss francs.

The **financial result** was well down versus the prior year (15.6 versus 28.6 million Swiss francs). If we exclude the gross book profit of 30.8 million Swiss francs that was realised from the premature redemption of outstanding bonds, the financial result would have been 46.4 million Swiss francs (+62.2%).

The developments cited above gave rise to a **profit for the first six months** of 0.7 million Swiss francs.

## Investments

Investments totalled 175 million Swiss francs in the first half of 2003 (versus 249 million in the prior year), a large proportion of which (126 million) was attributable to expansion stage 5. As before, the ongoing expansion is proceeding according to plan in terms of both costs and timetable. Please refer to the section entitled "Group financing" for detailed information about the financing of these investments. Interest-bearing borrowings (net) rose to 1.927 billion Swiss francs, versus 1.692 billion as of 30 June 2002 and 1.835 billion as of 31 December 2002.

## Unique's reactions to market developments

In the first half of 2003, the main factors affecting the market were the war in Iraq and the outbreak of SARS, both of which had a significant impact on the passenger volume. In February 2003, our home carrier – SWISS – announced that it would be cutting a number of routes from its network, and in July it announced further cuts in capacity with effect from the 2003/04 winter flight plan.

Unique (Flughafen Zürich AG) quickly reacted to the various developments on the market by taking appropriate measures aimed at cutting costs. In March we announced a first package of measures in response to the anticipated outbreak of war in Iraq. One of these involved the decision to close the gates of Terminal B after Dock E has been officially handed over for operation on 1 September 2003. We then drew up a second package at the beginning of June in response to the announcement by our home carrier that it would be reducing its capacities with effect from the 2003/04 winter flight plan. Both packages included job cuts, and the various measures are currently being implemented.

## Expansion stage 5

As before, the expansion of the airport is on schedule in terms of both costs (approximately 2.1 billion Swiss francs) and timetable. In view of the difficult market environment, in March 2003 we resolved to reduce the investment budget for expansion stage 5 by around 82.4 million Swiss francs. The reduction will be achieved in a variety of ways, including cutting costs associated with various civil engineering projects and the second phase of renovation of Airport Shopping, which is scheduled for completion in spring 2004.

In February 2003, the decision was taken to open Dock E (Midfield) on 1 September, and to simultaneously close the gates of Terminal B (which had been in service for almost 30 years) and provisional Bus Gate C. Work on Dock E (Midfield), Skymetro (the underground rail shuttle) and the new arrivals hall in the main airport building, is progressing according to schedule. A number of buildings and facilities were handed over for operation this year within the scope of expansion stage 5. The expanded Airport Shopping was opened on 27 March, together with the check-in zone 3. The opening of the new access road on 1 July, linking the three multi-storey car parks near the terminals, was another milestone in the expansion of the airport infrastructure.

The construction of the new Airside Center in the main airport building is also progressing on schedule. Work on the interior is in full swing, and the definition of the business mix has been finalised. The choice of commercial partners is close to completion, and the majority of agreements have either already been signed or are to be concluded in the very near future. Airside Center is due to be handed over for operation in autumn 2004, and this move will bring expansion stage 5 to completion.

## Group financing

On 14 February 2003, **Standard & Poor's** awarded Unique (Flughafen Zürich AG) a BBB rating with a "stable" outlook. This rating was subsequently confirmed in June despite the announced capacity cuts by SWISS, though the outlook was downgraded to "negative".



With the conclusion of a **US private placement** of 365 million Swiss francs in April 2003, followed by a **private placement** of 321 million in Japan in May and a **US leverage lease** of 400 million in June, Unique was able to take up long-term borrowings totalling almost 1.2 billion Swiss francs in the first half of the year.

Most of this capital was used for the purpose of refinancing existing commitments. In April we bought back **outstanding debentures** totalling approximately 265 million Swiss francs, and in May we repaid short-term loans to banks and the Canton of Zurich amounting to 254 million Swiss francs. On 27 June we made another offer to investors concerning a buy-back of debentures up to a maximum of 200 million Swiss francs (see note 2, Events occurring after the balance sheet date, under "Further details"). On top of this we offered to prematurely repay the existing long-term loan of 300 million Swiss francs to the **Canton of Zurich**.

These financial transactions meant that we were able to significantly extend the due dates of our financial commitments and thus secure the long-term financing of the infrastructure of Zurich Airport.

As of the end of June, the group had a total of **548 million Swiss francs** at its disposal in the form of cash and cash equivalents, and we intend to use some of this amount for financing the second debenture buy-back programme (up to a maximum of 200 million Swiss francs) and for the proposed loan repayment to the Canton of Zurich. As of the end of June 2003, the remaining freely disposable credit limits with banks and the Canton of Zurich amounted to 826 million Swiss francs.

### Civil Aviation Infrastructure Plan

The co-ordination of the Civil Aviation Infrastructure Plan, which is the responsibility of the federal government, was postponed as a consequence of the non-ratification of the civil aviation treaty between Switzerland and Germany.

### Operating licence and preparation of new operating regulations

Shortly after 30 June 2003, the legal proceedings initiated by third parties against the award of the airport operating licence were concluded in Unique's favour through rulings by the Federal Tribunal. The provisions of the operating licence require Unique (Flughafen Zürich AG) to submit an application for approval of the new operating regulations. We are currently in the process of preparing this application and expect to formally submit it to the Federal Office for Civil Aviation in September.

### Operating restrictions due to unilateral ordinances imposed by Germany

In March 2003 the Council of States rejected the civil aviation treaty with Germany, thereby making Switzerland's refusal to ratify it definitive. But since Germany enacted the restriction on the use of German air space by unilateral ordinances; the proposed restrictions remained in effect. In April 2003, Germany announced even tighter restrictions on the use of its air space in retaliation of Switzerland's rejection of the treaty. Unique (Flughafen Zürich AG) initiated various legal proceedings in Germany against these unilateral ordinances; an appeal against a non-admission ruling is currently pending with the German Administrative Court in Leipzig.

### Other significant developments during the first half of the year

In January the Federal Office for Civil Aviation approved our application to **adjust our passenger fees**, subject to the condition that the increases were only to come into effect after the new Dock E (Midfield) had been opened for operation (i.e. as of 1 September 2003).

The **group structure** was reorganised with effect from 12 June 2003. The number of members of the management board was reduced from seven to five, with CEO Josef Felder remaining at the helm. The group now has the following divisions: Operations, Marketing & Real Estate, Finance & Services and Public Affairs & Environment Issues. As a result of this restructuring process, Pascal Erni (head of the former Corporate Development division) and Jürg Kessler (head of the former Buildings division) are no longer members of the management board.

A broad range of **retail agreements** were concluded in association with the new infrastructure. All agreements relating to the eight retail and five catering units in **Dock E** (Midfield) have now been concluded. Approximately fifteen months prior to the opening of the new **Airside Center**, agreements have already been concluded for thirty of the forty-five retail units, and for all five catering units.

Zurich is the second airport in Europe to successfully install a digital **trunking system**.

The airport's **wireless LAN** communications network has undergone further expansion. This means that wireless Internet access, which is primarily intended for our business partners, is now available in docks A and B, and from September onwards will also be available in Dock E (Midfield).

Since the outbreak of the **war in Iraq** in March, we have had to provide passengers, aircraft and facilities of airlines from countries involved in the conflict with additional security services. We are pleased to report that no security-related incidents have occurred at Zurich Airport.

The start-up of the new **Departure and Arrival Traffic Management System** (DARTS) in the area of apron control represented a major milestone in our ongoing efforts to optimise traffic and apron management and thus enhance the efficiency of the airport system as a whole. In the process of defining the new apron control procedures that will be required when Dock E (Midfield) has been handed over for operation, security considerations played a decisive role, and the competencies of Apron Control were significantly extended in the northern zone. The new procedures were officially introduced on 20 May 2003.

In association with the project involving a new international airport in **Bangalore**, India's Parliament approved a bill in May 2003 that permits private investors to become stakeholders in the country's airports. The next goal is to effect the financial close of the project before the end of the year so that it will be possible to go ahead with the construction of the new airport.

## Outlook


In view of the very low traffic volume in the first half of this year as a consequence of the war in Iraq and the outbreak of SARS, we estimate that, during this period, we were able to generate approximately 46 percent of the effective anticipated annual turnover.

With respect to the trend in traffic volume, given the announced fleet reduction by SWISS that is to come into effect as of the 2003/04 winter flight plan, we anticipate that approximately 16.5 to 16.8 million passengers will use Zurich Airport in the course of the full year, which would be equivalent to a decrease of approximately 8 percent versus 2002. The development of Unique (Flughafen Zürich AG) depends to a very great extent on the evolution of our home carrier, SWISS.

The aim behind the two packages of measures introduced earlier this year was to achieve a balanced result for the full year. But given the current business trend it now looks as though we will not be able to attain this objective. The second half of this year is going to remain difficult for us. In view of the uncertainties surrounding our home carrier, the tough global economic environment and the ongoing consolidation process in the civil aviation sector, we will need to exercise vigilance and utilise all our resources as carefully as possible.

Zurich Airport, 21 August 2003

Sincerely,



**Andreas Schmid**  
Chairman of the Board of Directors



**Josef Felder**  
Chief Executive Officer





**Group profit and loss statement**  
**(according to IFRS)**  
(CHF million)

	Notes	2003 Jan. to June	2002 Jan. to June	2002 Jan. to Dec.
Income from sales of products and services				
Income from aviation operations		133,4	132,1	287,0
Income from non-aviation operations		124,6	117,9	241,8
Bad debt write-offs		0,1	[2,0]	[1,3]
<b>Total income</b>		<b>258,1</b>	<b>248,0</b>	<b>527,6</b>
Personnel expenses		(69,5)	(67,1)	(137,2)
Depreciation and amortisation		(76,0)	(69,8)	(138,3)
Police and security		(35,0)	(35,3)	(74,2)
Maintenance and materials		(18,6)	(17,5)	(39,9)
Sales, marketing, administration		(15,3)	(14,4)	(30,8)
Energy and waste		(10,6)	(9,0)	(18,8)
Other operating expenses		(10,5)	(7,8)	(16,3)
Other expenses / income		(1,8)	(1,0)	(3,0)
<b>Profit from operations</b>		<b>20,8</b>	<b>26,1</b>	<b>69,1</b>
Financial result	(1)	(15,6)	(28,6)	(62,8)
<b>Profit/(loss) before taxes</b>		<b>5,2</b>	<b>[2,5]</b>	<b>6,3</b>
Income taxes		(4,4)	0,7	2,0
<b>Profit/(loss) after taxes</b>		<b>0,8</b>	<b>(1,8)</b>	<b>8,3</b>
Minority interests		(0,1)	0,0	(0,2)
<b>Net profit/(loss)</b>		<b>0,7</b>	<b>(1,8)</b>	<b>8,1</b>
Earnings/(loss) per share	CHF	0,14	(0,38)	1,70

**Note concerning rounded figures**

When totalling rounded-up or rounded-down figures or percentages, it is possible that minor discrepancies may occur.

**Group balance sheet**  
**(according to IFRS)**  
(CHF million)

	Notes	30. 06. 2003	30. 06. 2002	31. 12. 2002
<b>Assets</b>				
Movables		69,9	48,3	63,3
Buildings, engineering structures		2'238,5	1'224,5	2'138,7
Land		112,3	111,2	111,2
Projects in progress		492,2	1'211,7	502,4
<b>Total fixed assets (net)</b>		<b>2'912,8</b>	<b>2'595,7</b>	<b>2'815,6</b>
Intangible assets		24,5	10,5	20,6
Goodwill		12,8	12,4	15,7
Financial assets		0,9	30,5	1,1
<b>Non-current assets</b>		<b>2'951,0</b>	<b>2'649,2</b>	<b>2'852,9</b>
Inventories		1,9	2,9	3,2
Receivables arising from sales of goods and services		67,9	74,4	67,3
Other receivables and prepaid expenses		34,8	31,4	30,9
Cash & cash equivalents		548,0	35,6	19,5
<b>Current assets</b>		<b>652,7</b>	<b>144,3</b>	<b>120,9</b>
<b>Total assets</b>		<b>3'603,7</b>	<b>2'793,4</b>	<b>2'973,8</b>
<b>Shareholders' equity, minority interests and debts</b>				
Share capital		245,6	245,6	245,6
Own shares		(25,6)	(24,9)	(25,0)
Capital reserves		338,8	343,0	343,0
Retained earnings		278,1	267,5	277,5
Hedging reserves		(22,8)	(5,8)	(20,9)
Translation reserve		(1,1)	0,0	(1,0)
<b>Shareholders' equity</b>		<b>812,9</b>	<b>825,5</b>	<b>819,1</b>
<b>Minority interests</b>		<b>6,3</b>	<b>0,0</b>	<b>6,2</b>
Debentures and long-term loans	(2)	2'322,0	1'117,4	1'423,8
Long-term leasing liabilities	(2)	70,1	39,7	55,5
Deferred tax liabilities	(4)	72,7	74,5	68,9
Airport of Zurich Noise Fund	(2) (3)	60,0	40,8	52,3
Retirement benefit plans		5,4	6,0	5,4
Other long-term borrowings		0,5	0,0	0,8
<b>Long-term debt</b>		<b>2'530,7</b>	<b>1'278,4</b>	<b>1'606,8</b>
Liabilities arising from purchases of goods and services		42,5	51,1	42,4
Short-term financial liabilities		22,4	529,9	322,3
Other short-term debt, accruals and deferrals		188,7	109,4	176,9
Current tax liabilities		0,1	(0,8)	0,2
<b>Short-term debt</b>		<b>253,8</b>	<b>689,6</b>	<b>541,6</b>
<b>Total debt</b>		<b>2'784,5</b>	<b>1'967,9</b>	<b>2'148,4</b>
<b>Total shareholders' equity, minority interests and debts</b>		<b>3'603,7</b>	<b>2'793,4</b>	<b>2'973,8</b>

**Change in group equity**  
(according to IFRS)  
(CHF million)

	Share capital	Own Shares	Capital reserves	Retained earnings	Hedging reserves	Translation reserve	Shareholder's equity
<b>Balance sheet as of 31.12.2001</b>	<b>245,6</b>	<b>(25,4)</b>	<b>343,6</b>	<b>269,3</b>			<b>833,1</b>
Distribution of own shares		0,6	[0,6]				0,0
Adjustment of interest rate swap to fair value					(5,8)		(5,8)
Group loss, 1 <sup>st</sup> half-year 2002				(1,8)			(1,8)
<b>Balance sheet as of 30.6.2002</b>	<b>245,6</b>	<b>(24,9)</b>	<b>343,0</b>	<b>267,5</b>	<b>(5,8)</b>		<b>825,5</b>
<b>Balance sheet as of 31.12.2002</b>	<b>245,6</b>	<b>(25,0)</b>	<b>343,0</b>	<b>277,5</b>	<b>(20,9)</b>	<b>(1,0)</b>	<b>819,1</b>
Purchase of own shares		[4,8]					[4,8]
Distribution of own shares		4,2	[4,2]				0,0
Adjustment of interest rate swap to fair value					0,8		0,8
Adjustment of cross currency swap to fair value					(3,6)		(3,6)
Foreign currency fluctuations on hedged financial liabilities					0,9		0,9
Translation reserve						[0,1]	[0,1]
Group profit, 1 <sup>st</sup> half-year 2003				0,7			0,7
<b>Balance sheet as of 30.6.2003</b>	<b>245,6</b>	<b>(25,6)</b>	<b>338,8</b>	<b>278,1</b>	<b>(22,8)</b>	<b>(1,1)</b>	<b>812,9</b>

A total of 23,668 shares were handed out within the scope of the bonus programme. On top of this, a further 98 shares were used in association with publicity and PR activities.

**Group cash flow statement**  
(according to IFRS)  
(CHF million)

	2003 Jan. to June	2002 Jan. to June	2002 Jan. – Dec.
<b>Cash flow from operations</b>	<b>129,4</b>	<b>144,0</b>	<b>306,6</b>
<b>Cash flow from investments</b>	<b>(151,6)</b>	<b>(213,7)</b>	<b>(455,1)</b>
<b>Cash flow from financing activities</b>	<b>550,8</b>	<b>94,4</b>	<b>157,0</b>
<b>Increase in cash &amp; cash equivalents</b>	<b>528,5</b>	<b>24,6</b>	<b>8,5</b>
Balance at beginning of period	19,5	11,0	11,0
<b>Balance at end of period</b>	<b>548,0</b>	<b>35,6</b>	<b>19,5</b>

**Group balance sheet**  
**Changes in non-current assets (according to IFRS)**  
(CHF million)

	Land	Engineering structures	Buildings	Projects in progress in leasing	Projects in progress	Movables	Total fixed assets	Intangible assets	Goodwill	Financial assets	Total
<b>At cost</b>											
Closing balance sheet as of 31.12.2002	111,2	1'067,7	2'941,1	66,7	435,7	170,5	4'792,9	37,8	31,1	1,1	4'862,9
Additions		28,0	42,2	17,7	78,8	6,0	172,7	1,9			174,6
Disposals		(4,5)				(16,5)	(21,0)	(0,9)		(0,2)	(22,1)
Transfers	1,1	22,2	70,5		(106,8)	6,3	(6,6)	6,6			0,0
<b>Closing balance sheet as of 30.6.2003</b>	<b>112,3</b>	<b>1'113,4</b>	<b>3'053,8</b>	<b>84,4</b>	<b>407,8</b>	<b>166,3</b>	<b>4'938,0</b>	<b>45,4</b>	<b>31,1</b>	<b>0,9</b>	<b>5'015,4</b>
<b>Valuation adjustments</b>											
Closing balance sheet as of 31.12.2002	0,0	416,2	1'432,0	0,0	0,0	107,3	1'955,5	17,2	15,4	0,0	1'988,1
Additions		14,4	51,0			5,4	70,8	4,6	2,8		78,2
Disposals		(4,5)				(16,2)	(20,7)	(0,9)			(21,6)
<b>Closing balance sheet as of 30.6.2003</b>	<b>0,0</b>	<b>426,1</b>	<b>1'483,0</b>	<b>0,0</b>	<b>0,0</b>	<b>96,5</b>	<b>2'005,6</b>	<b>20,9</b>	<b>18,2</b>	<b>0,0</b>	<b>2'044,7</b>
<b>Government subsidies and grants</b>											
Closing balance sheet as of 31.12.2002	0,0	1,0	20,9	0,0	0,0	0,0	21,9	0,0	0,0	0,0	21,9
Disposals		(0,1)	(2,1)				(2,2)				(2,2)
<b>Closing balance sheet as of 30.6.2003</b>	<b>0,0</b>	<b>0,9</b>	<b>18,8</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>19,7</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>19,7</b>
<b>Net book value as of 30.6.2003</b>	<b>112,3</b>	<b>686,5</b>	<b>1'552,0</b>	<b>84,4</b>	<b>407,8</b>	<b>69,8</b>	<b>2'912,8</b>	<b>24,5</b>	<b>12,8</b>	<b>0,9</b>	<b>2'951,0</b>

**Accounting principles and notes**

The accounting principles applied for the first half-year correspond to those described in detail in the 2002 Annual Report. The 2003 half-year results have been reported in accordance with IAS 34.

**Seasonal factors**

Given the nature of the civil aviation sector and in view of statistics recorded in previous years, both the traffic volume (flights and passengers) and turnover are always greater in the second half of the year than in the first half.



## Segment reporting

### Primary segment reporting

The method of segment reporting used in this interim report corresponds to the internal segment reporting as defined by IAS 14. The presentation of the results is in line with the principles that were applied in the 2002 Annual Report.

CHF million			Aviation	Non-Aviation	Elimination	Total
Earnings from third parties	2002	Jan. to Dec.	287,3	240,2	0,0	527,5
	2002	Jan. to June	131,2	116,8	0,0	248,0
	2003	Jan. to June	133,4	124,7	0,0	258,1
Inter-segment earnings	2002	Jan. to Dec.	5,8	90,0	(95,8)	0,0
	2002	Jan. to June	2,7	41,1	(43,8)	0,0
	2003	Jan. to June	5,7	42,7	(48,3)	0,0
<b>Total income</b>	2002	Jan. to Dec.	293,1	330,2	(95,8)	527,5
	2002	Jan. to June	133,9	157,9	(43,8)	248,0
	2003	Jan. to June	139,1	167,4	(48,3)	258,1
<b>Segment results</b>	2002	Jan. to Dec.	(7,0)	76,1		69,1
	2002	Jan. to June	(9,5)	35,5		26,1
	2003	Jan. to June	(21,5)	42,3		20,8
Non-current assets (gross) excluding projects in progress	2002	31.12.	1'212,2	3'148,2		4'360,4
	2002	30.06.	848,6	2'612,4		3'461,0
	2003	30.06.	1'326,0	3'281,6		4'607,6
Projects in progress	2002	31.12.	113,7	388,7		502,4
	2002	30.06.	399,8	773,8		1'173,6
	2003	30.06.	39,4	368,3		407,8
<b>Total non-current assets (gross)</b>	2002	31.12.	1'325,9	3'536,9		4'862,8
	2002	30.06.	1'248,4	3'386,2		4'634,6
	2003	30.06.	1'365,4	3'649,9		5'015,4
<b>Accumulated valuation adjustments</b>	2002	31.12.	516,1	1'472,0		1'988,1
	2002	30.06.	485,9	1'475,3		1'961,2
	2003	30.06.	540,9	1'503,8		2'044,7
<b>Government subsidies and grants (prior to 1989)</b>	2002	31.12.	0,0	21,9		21,9
	2002	30.06.	0,0	24,3		24,3
	2003	30.06.	0,0	19,6		19,6
<b>Total non-current assets (net)</b>	2002	31.12.	809,8	2'043,0		2'852,9
	2002	30.06.	762,5	1'886,7		2'649,2
	2003	30.06.	824,6	2'126,5		2'951,0
<b>Total investments</b>	2002	31.12.	193,5	353,6		547,1
	2002	30.06.	101,2	148,0		249,2
	2003	30.06.	51,7	122,9		174,6
<b>Number of full-time positions</b>	2002	31.12.	599,9	686,4		1'286,3
	2002	30.06.	563,2	648,8		1'212,0
	2003	30.06.	600,5	694,6		1'295,1

### Secondary segment reporting

Unique (Flughafen Zürich AG) provides practically all its services within Switzerland. During the first half of 2003, it provided external consulting services worth 0.8 million Swiss francs (prior year, 2.1 million). The Aviation segment reported above also includes turnover of 2.2 million Swiss francs (no prior-year figure for comparison) resulting from Unique's business activities in Chile.



## 1) Financial result

CHF million	2003 Jan. to June	2002 Jan. to June	2002 Jan. - Dec.
- Interest expenses on debentures and long-term loans	37,2	24,8	56,8
less capitalised interest on borrowings for buildings under construction <sup>1)</sup>	(6,3)	(10,3)	(23,0)
<b>- Net interest expenses on debentures</b>	<b>30,9</b>	<b>14,5</b>	<b>33,8</b>
- Interest hedging <sup>2)</sup>	6,3	3,6	8,9
- Interest expenses on bank loans	3,2	10,0	13,6
- Premium depreciation & transaction costs	2,9	1,0	2,0
- Other interest expenses	2,5	0,4	2,9
- Other financial expenses	0,9	0,1	3,3
<b>Financial expenses</b>	<b>46,7</b>	<b>29,6</b>	<b>64,6</b>
- Book profit from debenture buy-back	(30,8)	(0,0)	(0,0)
- Interest income on postal cheque account and bank deposits	(0,0)	(0,0)	(1,2)
- Interest income from loans	(0,0)	(0,8)	(0,0)
- Price gains, interest on arrears	(0,3)	(0,2)	(0,6)
<b>Financial income</b>	<b>(31,1)</b>	<b>(1,1)</b>	<b>(1,8)</b>
<b>Total financial result</b>	<b>15,6</b>	<b>28,6</b>	<b>62,8</b>

<sup>1)</sup> The capitalised interest on borrowings was calculated using an average interest rate of 5.49 percent in 2003 and 4.88 percent in 2002.

<sup>2)</sup> The group holds an interest rate swap to the value of 300 million Swiss francs – this swap meets the requirements of a cash flow hedge. The change in fair value of this interest rate swap as of 30 June 2003 has therefore been booked under shareholders' equity (hedging reserves), and the figure of 6.3 million Swiss francs reflects the difference in the interest rate.

## 2) Financial liabilities

CHF million	30.06.2003	30.06.2002	31.12.2002
Debentures <sup>2)</sup>	856,1	1'117,4	1'118,4
Long-term private placement, Japan <sup>1)</sup>	409,9	0,0	0,0
Long-term car park lease <sup>1)</sup>	389,8	0,0	0,0
Long-term US private placement <sup>1)</sup>	361,6	0,0	0,0
Long-term loan from Canton of Zurich	300,0	0,0	300,0
Long-term leasing liabilities	70,1	39,7	55,6
Airport of Zurich Noise Fund	60,0	40,8	52,3
Long-term liabilities towards banks	4,6	0,0	5,4
Other long-term financial liabilities	0,5	0,0	0,4
<b>Long-term financial liabilities</b>	<b>2'452,6</b>	<b>1'197,9</b>	<b>1'532,1</b>
Short-term leasing liabilities	14,9	6,1	11,8
Short-term loan from unique zurich airport staff pension fund	5,5	5,5	5,5
Short-term liabilities towards banks <sup>2)</sup>	1,6	317,7	204,3
Current account with unique zurich airport staff pension fund	0,4	0,6	0,7
Short-term loan from Canton of Zurich <sup>2)</sup>	0,0	200,0	100,0
<b>Short-term financial liabilities</b>	<b>22,4</b>	<b>529,9</b>	<b>322,3</b>
<b>Total financial liabilities</b>	<b>2'475,0</b>	<b>1'727,8</b>	<b>1'854,4</b>

<sup>1)</sup> The financial transactions concluded in the first half of 2003 have been valued net after deduction of transaction costs and on the basis of the exchange rate as of 30 June 2003.

Both the interest rate and the currency risk have been hedged (in the form of a cross currency swap) for all transactions. These hedging transactions comply with the conditions of hedge accounting; both the change in fair value and currency fluctuations have been booked under shareholders' equity (hedging reserves) as of 30 June 2003.

The capital obtained by the group through the cited transactions was used for the premature repayment of outstanding debentures (262 million Swiss francs, net) and the repayment of short-term commitments towards banks and the Canton of Zurich (254 million Swiss francs).

<sup>2)</sup> On 9 July 2003 the group concluded a second buy-back of outstanding debentures (see note 2, Events occurring after the balance sheet date, under "Further details").

### 3) Airport of Zurich Noise Fund (AZNF)

CHF million	30.06.2003	30.06.2002	31.12.2002
Balance at beginning of period	52,3	24,8	24,8
Total revenue from noise-emission charges	18,2	19,4	41,5
Total costs for sound insulation and other measures	(10,8)	(2,9)	(13,1)
<b>Net result before operating costs</b>	<b>59,7</b>	<b>41,3</b>	<b>53,2</b>
Operating costs	(1,2)	(1,3)	(2,7)
Interest payments, Airport of Zurich Noise Fund	1,5	0,8	1,8
<b>Credit balance of Airport of Zurich Noise Fund at 30.6/31.12 (due from the group)</b>	<b>60,0</b>	<b>40,8</b>	<b>52,3</b>

### 4) Deferred tax liabilities

CHF million	30.06.2003	30.06.2002	31.12.2002
<b>Balance at beginning of period</b>	<b>68,9</b>	<b>77,3</b>	<b>77,3</b>
Effect of adjustment of fair value and foreign currencies on existing hedge transactions (hedging reserves)	(0,6)	(1,7)	(6,3)
Change according to profit and loss statement	4,4	(1,1)	(2,1)
<b>At end of period</b>	<b>72,7</b>	<b>74,5</b>	<b>68,9</b>

The expected future tax rate is 23 %.

## Further details

### 1. Investments

As of the balance sheet date (30 June 2003), the group approved investments in fixed assets amounting to approximately CHF 2.2 billion Swiss francs (prior year, 2.4 billion – reduction of investment volume resulting from the two packages of measures). These were mainly associated with expansion stage 5, i.e. the new Airside Center, the check-in zone 3, a multi-storey car park and Dock E (Midfield). Of this amount, 2.0 billion Swiss francs had been allocated, of which 1.8 billion had already been spent.

The assets that are specific to the airport and are to be taken over from the Canton of Zurich in accordance with the provisions of the reverse take-over agreement, include properties and land belonging to the "Cantonal Aircraft Noise Fund". In order to allow these assets to be transferred to the group, it was necessary for the Cantonal Council of Zurich to dissolve this fund. At its meeting on 12 March 2001, the Cantonal Council approved the dissolution of the Cantonal Aircraft Noise Fund and therefore cleared the way for the group to acquire the properties concerned. The take-over price is approximately 64.5 million Swiss francs. The process of taking over properties from the "Cantonal Aircraft Noise Fund" is still pending.

### 2. Events occurring after the balance sheet date

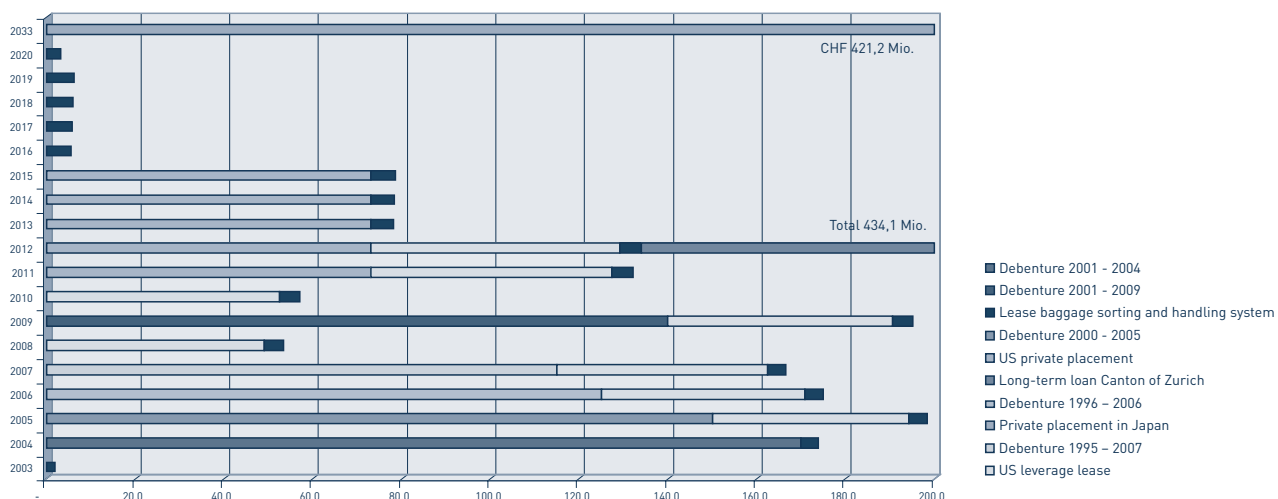
The Auditing and Finance Committee authorised this interim report for issue on 21 August 2003. No event occurred between 30 June and 21 August 2003 which would require the modification of any of the book values concerning the assets and liabilities of the group as of 30 June 2003. On 9 July 2003, Unique (Flughafen Zürich AG) concluded a second buy-back of outstanding debentures. This programme resulted in the buy-back of debentures with a nominal value of 160 million Swiss francs. It yielded an additional extraordinary book profit of approximately 10 million Swiss francs for the group, and this amount will be reported in the accounts for the full year. The buy-back was financed through liquid funds that were available as of 30 June 2003. Following the conclusion of this debenture buy-back, the expiry date profile of the group's interest-bearing borrowings is now as follows (nominal values):

#### CHF million

Financial commitments as of 30 June 2003	2'475,0
less 2 <sup>nd</sup> debenture buy-back programme	(160,0)
<b>Financial commitments as of 15 July 2003</b>	<b>2'315,0</b>
less Airport of Zurich Noise Fund (maturity difficult to define)	(60,0)
less banks and other financial commitments	(12,6)
<b>Maturity profile depicted in graph below *)</b>	<b>2'242,4</b>

\*) repayment values

Maturity of financial liabilities (nominal value, CHF million)



On 11 July 2003, SWISS announced the specific adjustments to its network that are due to come into effect in the 2003/04 winter flight plan. The changes concerned were in line with Unique's own expectations.





