


Interim report as of 30 June 2007

byreco



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**The interim report is available in German and English. The German version is binding.**

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## Key data, 1<sup>st</sup> half-year 2007

### Key financial data<sup>1)</sup>

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

(CHF thousand)	1-6/07	1-6/06	Change in %
Total revenue	372,932	355,318	+5.0
<i>of which revenue from aviation operations</i>	<i>225,164</i>	<i>210,231</i>	<i>+7.1</i>
<i>of which revenue from non-aviation operations</i>	<i>147,768</i>	<i>145,087</i>	<i>+1.8</i>
Operating expenses	190,496	172,118	+10.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	182,436	183,200	(0.4)
EBITDA margin	48.9%	51.6%	
Profit	46,104	37,031	+24.5
<i>of which attributable to shareholders of Flughafen Zürich AG</i>	<i>46,104</i>	<i>37,031</i>	<i>+24.5</i>
<i>of which attributable to minority interests</i>	<i>0</i>	<i>0</i>	<i>n/a</i>
Investments	72,214	191,831	(62.4)
Cash flow <sup>2)</sup>	120,278	122,109	(1.5)
Capital employed	2,691,769	2,679,504	+0.5
Equity as of 30 June	1,289,186	1,150,353	+12.1
<i>of which attributable to shareholders of Flughafen Zürich AG</i>	<i>1,289,186</i>	<i>1,150,353</i>	<i>+12.1</i>
<i>of which attributable to minority interests</i>	<i>0</i>	<i>0</i>	<i>n/a</i>
Equity ratio	40.1%	35.8%	
Interest-bearing liabilities (net, in accordance with IFRS)	1,080,125	1,315,222	(17.9)
Interest-bearing liabilities (IFRS) / EBITDA	2.96x	3.59x	
Interest-bearing liabilities (nominal)	1,201,903	1,400,339	(14.2)
Interest-bearing liabilities (nominal) / EBITDA	3.29x	3.82x	
<b>Key operational data</b>	<b>1-6/07</b>	<b>1-6/06</b>	<b>Change in %</b>
Number of passengers	9,702,855	8,974,044	+8.1
Number of flight movements	130,912	128,266	+2.1
Freight in tonnes	183,050	183,301	(0.1)
Number of full-time positions as of 30 June	1,308	1,281	+2.1
Number of employees	1,546	1,504	+2.8
<b>Key data for shareholders</b>	<b>1-6/07</b>	<b>1-6/06</b>	<b>Change in %</b>
Number of issued shares	6,140,375	6,140,375	0.0
Basic earnings per share (in Swiss francs)	7.51	7.08	+6.1
Diluted earnings per share (in Swiss francs)	7.51	7.07	+6.2
Share price as of 30 June (in Swiss francs)	498.00	267.00	+86.5
Market capitalisation as of 30 June (in million Swiss francs)	3,057.9	1,639.5	+86.5

<sup>1)</sup> All cited key financial data are unaudited.

<sup>2)</sup> Profit plus depreciation and amortisation and change in non-current provisions.



The following key data are shown excluding the influence of aircraft noise.

**Selected key data excluding the influence of aircraft noise<sup>1)</sup>**

<b>(CHF thousand)</b>	<b>1-6/07</b>	<b>1-6/06</b>	<b>Change in %</b>
Total revenue	347,420	332,092	+4.6
<i>of which revenue from aviation operations</i>	<i>198,018</i>	<i>185,080</i>	<i>+7.0</i>
<i>of which revenue from non-aviation operations</i>	<i>149,402</i>	<i>147,012</i>	<i>+1.6</i>
Operating expenses	190,496	172,118	+10.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	156,924	159,974	(1.9)
EBITDA margin	45.2%	48.2%	
Profit	26,557	17,669	+50.3
<i>of which attributable to shareholders of Flughafen Zürich AG</i>	<i>26,557</i>	<i>17,669</i>	<i>+50.3</i>
<i>of which attributable to minority interests</i>	<i>0</i>	<i>0</i>	<i>n/a</i>
Investments	29,372	32,558	(9.8)
Cash flow <sup>2)</sup>	105,926	108,028	(1.9)
Earnings per share (in Swiss francs)	4.33	4.30	+0.7

<sup>1)</sup> All cited key financial data are unaudited.

<sup>2)</sup> Profit plus depreciation and amortisation and change in non-current provisions.

The calculation of selected key data excluding the influence of aircraft noise is shown in detail below (unaudited).

<b>(CHF thousand)</b>	<b>1-06/2007</b>		<b>1-06/2007</b>		<b>1-6/2006</b>		<b>1-6/2006</b>
	<b>With</b>	<b>Elimination of</b>	<b>Without</b>	<b>With</b>	<b>Elimination of</b>	<b>Without</b>	
	<b>aircraft noise</b>	<b>aircraft noise</b>	<b>aircraft noise</b>	<b>aircraft noise</b>	<b>aircraft noise</b>	<b>aircraft noise</b>	
Revenue from aviation operations	225,164	(27,146)	198,018	210,231	(25,151)	185,080	
Revenue from non-aviation operations	147,768	1,634	149,402	145,087	1,925	147,012	
<b>Total revenue</b>	<b>372,932</b>	<b>(25,512)</b>	<b>347,420</b>	<b>355,318</b>	<b>(23,226)</b>	<b>332,092</b>	
Operating expenses	(190,496)		(190,496)	(172,118)		(172,118)	
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>182,436</b>	<b>(25,512)</b>	<b>156,924</b>	<b>183,200</b>	<b>(23,226)</b>	<b>159,974</b>	
EBITDA margin	48.9%		45.2%	51.6%		48.2%	
Depreciation and amortisation	(90,410)		(90,410)	(93,579)		(93,579)	
<b>Profit from operations (EBIT)</b>	<b>92,026</b>		<b>66,514</b>	<b>89,621</b>		<b>66,395</b>	
EBIT margin	24.7%		19.1%	25.2%		20.0%	
<b>Profit</b>	<b>46,104</b>	<b>(19,547)</b>	<b>26,557</b>	<b>37,031</b>	<b>(19,362)</b>	<b>17,669</b>	
Profit in % of total revenue	12.4%		7.6%	10.4%		5.3%	

## Interim report as of 30 June 2007

Dear Shareholders,

Unique (Flughafen Zürich AG) reported a profit of 46.1 million Swiss francs for the first half of 2007 (prior year, 37 million – an increase of 24.5 percent). This pleasing result was achieved despite a 30 percent rise in security-related costs due to the ban on the carriage of liquids that was introduced on 6 November 2006 and measures that had to be taken to comply with further EU security requirements. Refinancing of these higher costs will only begin to take effect from 1 July 2007, when security charges increase by an average of 3 Swiss francs. The fact that the result nonetheless met the expectations is attributable to the strong growth in traffic volume in the first half of the year, together with pleasing progress in commercial business. Without taking noise-related data into account, profit would amount to 26.6 million Swiss francs (versus 17.7 million in the same period last year). Earnings per share rose from 7.08 to 7.51 Swiss francs (plus 6.1 percent).

### Trend in traffic volume

In the first half of 2007, a total of 9,702,855 passengers used Zurich Airport (plus 8.1 percent). This increase was especially attributable to the increased volume of transfer passengers, which reached 3.3 million (17.4 percent higher than the prior-year figure). The number of local passengers increased by 4.4 percent to 6.4 million. The proportion represented by transfer passengers in the overall passenger volume thus rose from 31 to 33.7 percent. Our main customer, Swiss, was able to further strengthen its position within the Star Alliance, which impacted positively on passenger growth at Zurich as hub airport. The trend in flight movements was also positive with a plus of 2.1 percent, while seating capacity increased by 6.7 percent (scheduled and charter flights). Seating capacity utilisation rose by 1.2 percent. The average number of passengers per flight was 89.7 (plus 8.3 percent).

Passenger volume rose in all regions. The greatest absolute contribution came from Europe, with a plus of 8.2 percent. Demand for direct flights to and from North America increased by 10.9 percent, while the corresponding figures for Asia, Latin America and Africa were plus 7.2 percent, plus 5.4 percent and plus 3.6 percent respectively. In the first half of 2007, Swiss carried a significantly higher number of passengers than in the same period last year (plus 11.5 percent), while the other airlines in the Star Alliance increased their passenger figures by 7.8 percent versus the same period last year.

The passenger volume in the low-cost segment rose by 29.2 percent versus the prior-year period. Here, the greatest absolute contribution came from Air Berlin (plus 18.1 percent). The proportion of low-cost operations was 8.2 percent.

### Trend in total revenue

Revenue rose by 5 percent versus the prior year, from 355.3 million Swiss francs to 372.9 million. Thanks to the cited increase in the traffic volume, **revenue from aviation operations** increased to 225.2 million Swiss francs (plus 7.1 percent). At 147.8 million Swiss francs, **non-aviation revenue** was 1.8 percent higher versus the same period last year. Here, the trend in commercial revenue (retail, duty free, food and beverage operations) was once again very pleasing (plus 7.3 percent). The average expenditure per departing passenger rose from 41.56 to 42.35 Swiss francs (plus 1.9 percent). By contrast, revenue from facility management fell by 6.9 percent. This downward trend was primarily attributable to the mild winter and the resulting lower revenue from energy and incidental cost allocation.

### Key operating data and results

**Operating expenses** rose versus the same period last year to 190.5 million Swiss francs. Costs associated with police and security activities rose strongly due to the introduction on 6 November 2006 of the ban on the carriage of liquids and implementation of EU security requirements. These costs increased by 31.7 percent to 51.3 million Swiss francs. As in the past, the largest cost item was personnel expenses (77.6 million Swiss francs – plus 7.8 percent). Additional internal personnel had to be hired to enable the airport to comply with EU security requirements.

As a result of the mild winter, expenditure on energy and waste disposal fell by 18.9 percent to 10 million Swiss francs. **Productivity** fell disproportionately by 3.7 percent.

	January to June 2007	January to June 2006	Change in %
Work load units <sup>1)</sup>	11,533,355	10,807,054	+6.7
Total operating expenses (CHF thousand)	190,496	172,118	+10.7
Operating expenses per work load unit in CHF	16.52	15.93	+3.7

<sup>1)</sup> 1 work load unit = 1 passenger or 100 kilograms of freight

**Earnings before interest, taxes, depreciation and amortisation (EBITDA)** reached 182.4 million Swiss francs, which was almost the same level as in the prior-year period (minus 0.4 percent). Despite the higher revenue, the EBITDA margin fell from 51.6 percent to 48.9 percent as a result of the disproportional increase in operating costs. **Earnings before interest and taxes (EBIT)** rose from 89.6 million Swiss francs to 92 million (plus 2.7 percent).

The **result in the non-aviation segment** rose by 4.6 percent versus the prior year, from 75.8 million Swiss francs to 79.3 million. In the **aviation segment**, operating losses of 12.7 million Swiss francs were reported (up from 9.3 million in the prior-year period), as a result of increased costs associated with security measures. The **aircraft noise segment** contributed 25.5 million Swiss francs to the operating result (versus 23.2 million in the same period last year).

At 34 million Swiss francs, the **net financial expenses** were 19.2 percent lower than in the prior year. This was partly attributable to the reduction in interest-bearing borrowings (nominal) versus the first half of 2006, and partly to the change in fair value of the interest rate swap.

(CHF thousand)	January to June 2007	January to June 2006	Change in %
Financial expenses	39,960	50,698	[21.2]
Change in fair value of interest rate swap	[5,934]	[8,581]	[30.8]
<b>Net financial expenses</b>	<b>34,026</b>	<b>42,117</b>	<b>(19.2)</b>

At 46.1 million Swiss francs, the **profit for the first six months** was 24.5 percent above last year's figure of 37 million.

#### Investments and net debt

In the first half of 2007, **investments** (excluding Airport of Zurich Noise Fund available-for-sale securities) amounted to 29.4 million Swiss francs and were thus 9.8 percent below the level in the same period last year (32.6 million Swiss francs). All investments were financed via the generated **cash flow** (profit plus depreciation and changes in non-current provisions) amounting to 105.9 million Swiss francs (minus 1.9 percent).

**Nominal net debt** fell in the first half of 2007 to 1.2 billion Swiss francs (minus 88 million Swiss francs versus the end of 2006). For the calculation of nominal net debt, borrowings are shown at their nominal values in Swiss francs taking into account the cash flow hedges.

(CHF thousand)	30.6.2007	31.12.2006	30.6.2006	31.12.2005
Financial liabilities, nominal	1,524,361	1,526,351	1,614,268	1,819,695
Less cash and cash equivalents <sup>1)</sup>	[322,458]	[235,991]	[213,929]	[33,497]
<b>Nominal net debt</b>	<b>1,201,903</b>	<b>1,290,360</b>	<b>1,400,339</b>	<b>1,786,198</b>
Decrease	[88,457]	[109,979]	[385,859]	[53,920]

<sup>1)</sup> Including financial assets of Airport of Zurich Noise Fund (AZNF).

#### Background conditions, infrastructure and planning

##### Civil Aviation Infrastructure Plan (SIL)

The Civil Aviation Infrastructure Plan (SIL) is the federal government's area planning tool that is to be used for securing the spatial planning for those areas that may be required for the future development of Zurich Airport. A total of 19 operating options were presented to the general public in December 2006, and the cantons subsequently presented their statements of position at the second round of co-ordination talks held on 6 July 2007. On the basis of these statements of position, the federal government went on to define the principles for the future activities within the scope of the SIL process. These concern the operating options to be examined in greater detail for the existing runway system and for a system with extended runways. In addition, the impacts of an operating option involving a parallel runway system that would be secured within the SIL process are also to be closely examined.

Following an optimisation phase, the Swiss Federal Office of Civil Aviation (FOCA) will draw up the detailed plan for Zurich Airport and implement the formal process so that it can be approved by the Federal Council by the end of 2009. In view of the trend in residential property development in the region around the airport, as well as the anticipated growth in traffic volume and the length of the associated procedures that are required before a changed runway system can be handed over for operation, it is essential that a decision is made as soon as possible.

### **Initiative in the Canton of Zurich calling for restrictions on flight operations ("Plafonierungsinitiative")**

On 26 March 2007, the Parliament of the Canton of Zurich recommended that this initiative, which calls for flight movements at Zurich Airport to be restricted to 250,000 per annum and a night-time curfew of at least nine hours, should be rejected. At the same time, it put forward a counter-proposal that calls for a seven-hour night-time curfew. Furthermore, in the event that the number of flights per annum should exceed 320,000, upon petition by the Cantonal Council, the Cantonal Parliament would decide whether the state should consider the option of restricting the number of flights. The resolution by the Cantonal Parliament would be subject to optional referendum. The authorities of the Canton of Zurich would be responsible for ensuring that the level specified by the Cantonal Council is not exceeded. To this end they would apply the measures they have at their disposal and exercise influence on the airport operator and the federal government. Voting on the initiative and counter-proposal is to take place on 25 November 2007.

Flughafen Zürich AG has been licensed by the federal government to operate the airport, and its obligations include providing the necessary services for meeting the demand for air travel on the part of the economy and the population. The imposition of restrictions in any form, including on the number of flights per annum and/or operating times, effectively interferes with the mandate entrusted to Flughafen Zürich AG by the federal government. The "Zurich aircraft noise index" that would be introduced if the counter-proposal were to be accepted would also restrict fulfilment of the operator's mandate. This proposal does not directly restrict the number of flights, but instead it limits the number of people exposed to aircraft noise. This may be more purposeful than a rigid ceiling on flight movements, but it is also associated with certain risks. The fact that the necessary spatial planning is still lacking means that, even in the event of a reduction in the number of flights, the level specified for the aircraft noise index could still be reached or even exceeded if the rapid population growth in the region surrounding Zurich Airport should continue unabated. Flughafen Zürich AG is therefore unable to support the counter-proposal, even though it fully understands the political considerations on which it is based.

### **"Zurich 2010" project**

In order to secure the compatibility of Zurich Airport with the requirements of the EU, the objectives of the "Zurich 2010" project are to centralise passenger security checks and make the necessary modifications for compliance with the Schengen Agreement so that the airport can subsequently function as one of the country's few external "Schengen" borders. The required separation of Schengen and non-Schengen passengers calls for an increase in the number of available departure gates. In the initial phase, this expansion will take the form of the addition of a bus gate, and this will be followed by the reopening of Dock B. In January 2007, the Board of Directors approved the detailed planning for both these projects. The definitive decision depends on the outcome of the vote on the "Plafonierungsinitiative" (see above), which is to take place on 25 November 2007.

The centralisation of security checks will simultaneously simplify orientation and planning for passengers. Waiting times at security checks will be shortened and operating costs will be reduced. Passengers will have more time to make use of the wide range of shops, cafés and restaurants at the airport.

The planning stage of the "Zurich 2010" project is close to completion, and all the necessary applications for building permits have been submitted to the Swiss Federal Office of Civil Aviation (FOCA). Construction is scheduled to commence in spring 2008, so that the relevant structures for compliance with Schengen can be ready for use when the agreement enters into effect in autumn 2008. The central security check system should be ready for operation by the end of 2009.

### **Renovation of runway 16/34**

Due to intensive use by large passenger aircraft over many years, runway 16/34 ("Blindlandepiste") is now in need of renovation. The application for the necessary permits for renovating the centre strip was submitted to the Swiss Federal Office of Civil Aviation (FOCA) in autumn 2006 and was approved by the Swiss Federal Department of Energy, Transport, Environment and Communications (DETEC) on 19 June 2007. This means that the airport's longest runway can be renovated during the summer months of 2007 and 2008. In order to avoid any interference with daily flight operations and to circumvent the need to make alterations in landing and take-off procedures that would negatively affect people living near the airport, the necessary work will be carried out at night.

### **Alternative flight path along Switzerland's northern border**

The documentation relating to the approval of an alternative flight path along Switzerland's northern border was presented for public inspection in the period from 9 May to 7 June 2007, and almost 500 objections were submitted. As the next step, hearings will be held with the involved cantons (Aargau and Zurich) and the relevant federal authorities. As licensing authority, the Swiss Federal Office of Civil Aviation (FOCA) has declared that it will be announcing its decision on the application for approval towards the end of 2007 after it has received all statements of position and objections.



### Staff screening phase III

As a result of the bilateral agreements between Switzerland and the EU, Zurich Airport is obliged to implement EU Directive 2320 (which governs staff screening) by not later than 1 July 2009. The regulations concerned stipulate that all points of access to the airport site must be fully controlled (staff, goods and vehicles). For this purpose, all gates have to be modified and equipped with security check devices, and all corridors and routes leading from buildings to the security zones of the airport must either be locked or equipped with suitable security devices. Following the EU audit of staff screening phase II, which resulted in immediate measures having to be taken, Flughafen Zürich AG decided to bring forward the implementation date for phase III to 1 July 2008. As a consequence, planning for this phase is already well advanced, and various planning approval procedures (in particular for modifying the gates) have been initiated or the necessary applications have been submitted to the Swiss Federal Office of Civil Aviation (FOCA). Work is scheduled to commence in the next few months, so that it will be possible to fully implement staff screening phase III on 1 July 2008.

### Operations

#### Punctuality

In the first half of 2007, the punctuality rate was 75.1 percent, which was 1.8 percent short of the declared target of 76.9 percent for the year. This outcome reflects the reduced approach rates for landings on runway 28 (caused by the prolonged introductory stage for the electronic approach system) coupled with a higher-than-usual number of landings that had to be made on this runway due to the frequent occurrence of westerly winds in the first half of 2007. This resulted in back-ups in traffic and consequently longer delays.

#### Passenger flows

Since the new regulations banning the carriage of liquids were introduced at European airports on 6 November 2006, around 950 kilograms of goods have to be confiscated every day. Despite the more stringent security checks, it was nonetheless possible to reduce waiting times for passengers in comparison with the same period last year thanks to additional optimisation measures (installation of extra queues, increase in the number of security personnel from the Canton of Zurich police force, active control of passenger flows).

Another step aimed at improving the quality of services has also been taken: since the beginning of the year, waiting times for passengers at check-in desks (including self-service check-in) have been measured in collaboration with the involved partners at the airport, and since 1 June 2007, systematic measurements of waiting times have also been carried out for arriving passengers at passport control. These measurements will determine any further actions that may be necessary in order to improve passenger flows.

#### Availability of technical facilities and systems

The reliability of technical facilities and systems at Zurich Airport is decisive when it comes to securing quality and comfort for consumers. Most of the key facilities such as multi-storey car parks and the car park control system, passenger ramps, the baggage sorting system, the Skymetro shuttle service to and from Dock E, escalators and lifts, and air-conditioning, ventilation, heating and energy systems have an availability rate of close to 100 percent, which is very high in comparison with other airports.

#### Outsourcing of professional fire brigade and rescue services

With effect from 1 January 2008, the City of Zurich will be taking over responsibility for the organisation of firefighting and rescue services at Zurich Airport from Flughafen Zürich AG, including the professional fire brigade, emergency services and related coordination centre. All 164 employees will be retained and subsequently integrated into the Protection and Rescue Services section (SRZ) of the City of Zurich. For Flughafen Zürich AG, this move will save costs amounting to 3 to 4 million Swiss francs per annum, while the City of Zurich will no longer need to construct an emergency services operation centre to the north. As the airport's licence holder, Flughafen Zürich AG will continue to be responsible for providing emergency services at the airport and answer to the relevant supervisory body, the Swiss Federal Office of Civil Aviation (FOCA).

#### Refinancing of additional security costs

In order to refinance the sharply increased security costs, Flughafen Zürich AG was forced to adjust the security charges for passengers by an average of 3 Swiss francs per departing passenger with effect from 1 July 2007. When the consultation procedure was concluded, the extent of the increase was reduced from that originally intended.

#### Development of commercial activities

##### Expanded range of products and services

The range of products and services (shops, cafés and restaurants, special services, conference facilities) was once again expanded and optimised in the first half of 2007. A variety of new retail outlets were opened, and the number of restaurants with table service in the airside zone was increased. The pleasing sales figures of our commercial partners in the first half of 2007 confirm that Zurich Airport offers an attractive range of products and services: accumulated sales were up by more than 10 percent versus the same period last year.

### **Smoking lounges**

Zurich Airport played a pioneering role in Switzerland at the beginning of the year when it declared all public areas at the airport as non-smoking zones. This measure has greatly improved the air quality at Zurich Airport, and thus the overall degree of comfort for passengers and visitors. For those who still wish to smoke, a total of 21 smoking lounges are now available free of charge. In this way Zurich Airport is able to meet the needs of smokers and non-smokers alike.

### **Expansion of floorspace and shops at “Airport Shopping”**

Zurich Airport is now the fourth largest shopping centre in Switzerland, and it is open every day of the year. Sales figures have increased rapidly since the “Airport Shopping” facilities were opened in 2003, and in 2006 the accumulated total reached 390 million Swiss francs. To make shopping at the airport even more attractive, the landside area on the same level as the railway station is currently being redesigned, and when it is finished it will not only have a new look, but will also offer almost 5,000 square metres of extra commercial space. It is expected to be handed over for operation before the start of the UEFA EURO 08™. The additional floorspace is already fully rented.

### **Airport hotel**

The construction of the new airport hotel commenced in May 2006 and is progressing according to schedule. The shell, facades and installation of windows will be completed in the course of 2007, and work on the interior will be carried out during the first few months of 2008 so that Radisson/SAS will be able to open the hotel (which will also have a conference centre) in the middle of the year. The top three floors of the new complex will comprise prime office space (Prime Office Center 3) that will be available for rent from Flughafen Zürich AG. The approximately 7,500 square metres of office space is expected to be almost fully occupied under long-term tenancy agreements by the completion date.

### **Vacancy rate**

The relatively low vacancy rate for office space was reduced still further as the result of long-term tenancy agreements concluded with a number of renowned companies. To offer its clients even greater comfort and quality of service, Swiss International Air Lines AG will be renting additional floorspace from Flughafen Zürich AG for check-in facilities and lounges.

### **Improvements to approach roads**

The final section of the new road network – a flyover system linking the motorway, approach roads (to the arrivals and departures areas) and multi-storey car parks 1, 2, 3 and 6 – will be completed on schedule and handed over to traffic in October 2007. The new network eliminates intersections altogether and will therefore be safer as well as make it easier for people travelling to and from the airport to find their way around.

### **Liberalisation of passenger transport in tourism regions**

On 21 June 2007, the National Council adopted two motions petitioning the Federal Council to amend the existing regulations governing passenger transport (Passenger Transport Ordinance). Following the implementation of this amendment, commercial passenger transport will be permitted between Switzerland's airports and tourism areas. At present this is only permitted for destinations outside Switzerland. This will result in equal opportunities for operators in tourism areas within Switzerland and in its neighbouring countries, and give rise to attractive services for tourists, especially in the winter season.

### **Strategic partnerships**

Some of the most successful strategic partnerships to date were renewed in the course of this year, namely those with Switzerland Tourism, Zurich Tourism, Swiss International Air Lines AG and Clear Channel Airport Advertising. Strategic partnerships form the basis for effectively and successfully positioning and marketing Zurich Airport within Switzerland (as a gateway to the world) and abroad (as a gateway to the Alps).

### **International activities**

#### **Bangalore (India)**

The civil aviation sector in India is continuing to grow at a very high rate (more than 30 percent). For example, in 2006 the passenger volume at the existing airport in Bangalore rose by more than 40 percent versus the prior year. The construction of the new international airport in Bangalore is progressing well and on schedule. The first installations and facilities will be handed over in autumn 2007, and the integral tests of all airport processes will commence in January 2008. The new airport is scheduled to be handed over for operation in April 2008.

As a result of the modified project that was introduced in June 2006, the capacity of the new airport has been increased to 11 million passengers, but given the current growth rate, this maximum capacity will probably be reached within two to three years after the airport commences operation. Bangalore International Airport Ltd. (BIAL) – in which Flughafen Zürich AG holds a 17 percent stake – is therefore considering a variety of options for enlarging the airport again so that it will be able to meet future demand.

### **Bogotá (Colombia)**

El Dorado Airport in Bogotá was handed over to OPAIN S.A. for operation in mid-January 2007. The Flughafen Zürich AG/Administración de Concesiones IDC S.A. consortium has concluded a technical assistance service agreement with the operator, OPAIN S.A.

A variety of immediate measures are currently being implemented in order to optimise the operation of the airport. In the second half of 2007, the government of Colombia is to decide how the airport should be expanded during the next five years. In 2006, the passenger volume was around 9 million, but the goal is to increase this to at least 16 million.

### **Chile**

The Flughafen Zürich AG/Administración de Concesiones IDC S.A. consortium has applied for an extension of the operating licence for the airport in Puerto Montt, and is also participating in the call for tenders for the airport in Iquique.

### **Honduras**

In spring 2006, the Flughafen Zürich AG/Administración de Concesiones IDC S.A. consortium in Honduras concluded a management agreement with InterAirports S.A. (Aeropuertos de Honduras) for the airports in Tegucigalpa, San Pedro Sula and La Ceiba, and on Roatán. These four international airports, which have a combined passenger volume of 1.5 million, are currently undergoing modernisation.

### **Venezuela**

In contradiction to its original announcement, the administrative high court has not yet pronounced a ruling in the ongoing proceedings concerning the legality of the operating licence. The Flughafen Zürich AG/Administración de Concesiones IDC S.A. consortium is seeking the premature termination of the agreement together with appropriate compensation. The goal here is to find a satisfactory solution to this difficult situation by the end of 2007.

### **Projects in progress**

In addition to the commitments described above, Flughafen Zürich AG is currently considering projects in Latin America and India.

### **Outlook**

If there are no unexpected occurrences, Flughafen Zürich AG expects the volume of passengers at Zurich Airport for the full year to reach approximately 20.4 million (an increase of about 6 percent versus the prior year).

The security charges were increased by an average of 3 Swiss francs per departing passenger on 1 July 2007. This adjustment will have a positive effect on earnings in the second half of the year. On the other hand, expenditure on security measures needed in order to further comply with EU security requirements will increase again in the second half of the year versus the first six months.

In the non-aviation segment, Flughafen Zürich AG expects the positive growth reported in the first half of the year to continue in the second half.

Despite a slight downward adjustment of the forecast for the traffic volume, the company expects to close the 2007 financial year with a profit about 20 percent higher than last year.

Zurich Airport, 22 August 2007



Andreas Schmid  
Chairman of the Board of Directors



Josef Felder  
Chief Executive Officer



**Interim consolidated income statement<sup>1)</sup>**  
**(according to IFRS)**

(CHF thousand)	Notes	2007	2006	2006
		Jan. to June	Jan. to June	Jan. to Dec.
Revenue from goods and services				
– Revenue from aviation operations		225,164	210,231	444,238
– Revenue from non-aviation operations		147,768	145,087	292,871
<b>Total revenue</b>		<b>372,932</b>	<b>355,318</b>	<b>737,109</b>
Depreciation and amortisation		(90,410)	(93,579)	(188,856)
Personnel expenses		(77,571)	(71,958)	(146,674)
Police and security		(51,325)	(38,961)	(82,907)
Maintenance and material		(21,484)	(20,552)	(45,966)
Sales, marketing, administration		(17,543)	(16,870)	(36,363)
Other operating expenses		(10,651)	(10,818)	(21,441)
Energy and waste		(9,976)	(12,294)	(22,506)
Other expenses/income, net		(1,946)	(665)	(2,980)
<b>Profit from operations</b>		<b>92,026</b>	<b>89,621</b>	<b>189,416</b>
Financial expenses	(1)	(43,716)	(51,147)	(95,826)
Financial income	(1)	9,690	9,030	16,150
Share of profit or loss of associates		368	(4)	(477)
<b>Profit before tax</b>		<b>58,368</b>	<b>47,500</b>	<b>109,263</b>
Income taxes		(12,264)	(10,469)	(21,815)
<b>Profit</b>		<b>46,104</b>	<b>37,031</b>	<b>87,448</b>
Profit attributable to:				
Shareholders of Flughafen Zürich AG		46,104	37,031	87,448
Minority interests		0	0	0
Basic earnings per share (in Swiss francs)		7.51	7.08	15.35
Diluted earnings per share (in Swiss francs)		7.51	7.07	15.34

<sup>1)</sup> All financial data presented here are unaudited, with the exception of figures for the period from January to December 2006.



**Interim consolidated balance sheet<sup>1)</sup>**  
**(according to IFRS)**

<b>(CHF thousand)</b>	<b>Notes</b>	<b>30.6.2007</b>	<b>30.6.2006</b>	<b>31.12.2006</b>
<b>Assets</b>				
Land	(2)	112,195	112,333	112,084
Buildings, engineering structures	(2)	2,389,978	2,475,580	2,452,402
Facilities in leasing	(2)	70,977	73,645	71,503
Projects in progress	(2)	30,875	36,884	33,112
Projects in progress in leasing	(2)	0	578	2,112
Movables	(2)	102,774	98,987	101,087
<b>Total property, plant and equipment</b>	<b>(2)</b>	<b>2,706,799</b>	<b>2,798,007</b>	<b>2,772,300</b>
Non-current financial assets of Airport of Zurich Noise Fund	(3)	66,033	159,318	112,927
Intangible assets	(2)	16,232	20,720	17,326
Investments in associates	(2)	12,855	7,199	9,663
Other financial assets	(4)	1,052	1,783	1,025
<b>Non-current assets</b>		<b>2,802,971</b>	<b>2,987,027</b>	<b>2,913,241</b>
Inventories		5,532	3,220	4,665
Current financial assets of Airport of Zurich Noise Fund	(3)	130,866	0	62,321
Trade receivables		132,341	122,736	109,729
Other receivables and prepaid expenses		19,011	23,097	15,402
Current tax assets		0	7,615	3,121
Cash and cash equivalents	(5)	127,360	65,111	62,462
<b>Current assets</b>		<b>415,110</b>	<b>221,779</b>	<b>257,700</b>
<b>Total assets</b>		<b>3,218,081</b>	<b>3,208,806</b>	<b>3,170,941</b>
<b>Equity and liabilities</b>				
Share capital		307,019	307,019	307,019
Own shares		(537)	(823)	(693)
Capital reserves		590,370	587,851	588,473
Hedging reserve, net		(52,448)	(111,569)	(81,683)
Fair value reserve, net		(2,577)	(363)	(1,386)
Translation reserve		489	(516)	(437)
Other retained earnings		446,870	368,754	419,171
<b>Equity of shareholders of Flughafen Zürich AG</b>		<b>1,289,186</b>	<b>1,150,353</b>	<b>1,230,464</b>
Minority interests		0	0	0
<b>Total equity</b>		<b>1,289,186</b>	<b>1,150,353</b>	<b>1,230,464</b>
Debentures and non-current loans	(6)	1,205,522	1,364,581	1,219,436
Non-current provisions for sound insulation and formal expropriations	(7)	133,796	137,119	131,929
Lease liabilities	(6)	70,213	72,191	72,063
Deferred tax liabilities	(9)	84,652	53,073	68,416
Non-current provisions	(10)	10,011	0	10,016
Retirement benefit plans		2,578	2,102	2,253
<b>Non-current liabilities</b>		<b>1,506,772</b>	<b>1,629,066</b>	<b>1,504,113</b>
Trade payables		26,968	32,845	30,902
Current financial liabilities	(6)	126,848	92,379	122,477
Other current debt, accruals and deferrals		266,442	304,163	282,985
Current tax liabilities		1,865	0	0
<b>Current liabilities</b>		<b>422,123</b>	<b>429,387</b>	<b>436,364</b>
<b>Total liabilities</b>		<b>1,928,895</b>	<b>2,058,453</b>	<b>1,940,477</b>
<b>Total equity and liabilities</b>		<b>3,218,081</b>	<b>3,208,806</b>	<b>3,170,941</b>

<sup>1)</sup> All financial data presented here are unaudited, with the exception of figures for the period from January to December 2006.

Interim consolidated statement of changes in equity<sup>1)</sup>  
(according to IFRS)

(CHF thousand)	Share capital	Own shares	Capital reserves	Hedging reserve, net	Fair value reserve, net	Translation reserve	Other retained earnings	Equity of shareholders of Flughafen Zürich AG	Minority interests	Total equity
<b>Balance at 31.12.2005</b>	245,615	(1,735)	338,535	(112,874)	0	(168)	336,626	805,999	0	805,999
Adjustment of cross currency interest rate swaps to fair value <sup>2)</sup>				(37,950)				(37,950)		(37,950)
Cross currency interest rate swaps – transfer to income statement <sup>2)</sup>				39,255				39,255		39,255
Changes in fair value of available-for-sale securities <sup>3)</sup>					(363)			(363)		(363)
Foreign exchange differences						(348)		(348)		(348)
<b>Income and expense recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,305</b>	<b>(363)</b>	<b>(348)</b>	<b>0</b>	<b>594</b>	<b>0</b>	<b>594</b>
Profit, 1 <sup>st</sup> half-year 2006							37,031	37,031		37,031
<b>Total recognised income and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,305</b>	<b>(363)</b>	<b>(348)</b>	<b>37,031</b>	<b>37,625</b>	<b>0</b>	<b>37,625</b>
Dividends paid relating to the 2005 financial year							(4,903)	(4,903)		(4,903)
Share capital increase, nominal value	61,404							61,404		61,404
Share capital increase, premium			264,036					264,036		264,036
Share capital increase, transaction costs			(14,958)					(14,958)		(14,958)
Purchase of own shares	(47,792)							(47,792)		(47,792)
Sale of own shares	47,762							47,762		47,762
Distribution of own shares		942	(392)					550		550
Share-based payments			630					630		630
<b>Balance at 30.6.2006</b>	<b>307,019</b>	<b>(823)</b>	<b>587,851</b>	<b>(111,569)</b>	<b>(363)</b>	<b>(516)</b>	<b>368,754</b>	<b>1,150,353</b>	<b>0</b>	<b>1,150,353</b>
<b>Balance at 31.12.2006</b>	<b>307,019</b>	<b>(693)</b>	<b>588,473</b>	<b>(81,683)</b>	<b>(1,386)</b>	<b>(437)</b>	<b>419,171</b>	<b>1,230,464</b>	<b>0</b>	<b>1,230,464</b>
Adjustment of cross currency interest rate swaps to fair value <sup>2)</sup>				8,430				8,430		8,430
Cross currency interest rate swaps – transfer to income statement <sup>2)</sup>				20,805				20,805		20,805
Changes in fair value of available-for-sale securities <sup>3)</sup>					(1,191)			(1,191)		(1,191)
Foreign exchange differences						926		926		926
<b>Income and expense recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,235</b>	<b>(1,191)</b>	<b>926</b>	<b>0</b>	<b>28,970</b>	<b>0</b>	<b>28,970</b>
Profit, 1 <sup>st</sup> half-year 2007							46,104	46,104		46,104
<b>Total recognised income and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,235</b>	<b>(1,191)</b>	<b>926</b>	<b>46,104</b>	<b>75,074</b>	<b>0</b>	<b>75,074</b>
Dividends paid relating to the 2006 financial year							(18,405)	(18,405)		(18,405)
Purchase of own shares		(93)						(93)		(93)
Distribution of own shares		249	(218)					31		31
Share-based payments			2,115					2,115		2,115
<b>Balance at 30.6.2007</b>	<b>307,019</b>	<b>(537)</b>	<b>590,370</b>	<b>(52,448)</b>	<b>(2,577)</b>	<b>489</b>	<b>446,870</b>	<b>1,289,186</b>	<b>0</b>	<b>1,289,186</b>

<sup>1)</sup> All financial data presented here are unaudited, with the exception of figures for the period from January to December 2006.

<sup>2)</sup> See "Notes to consolidated financial statements (unaudited)", note 1, "Financial result" and note 5, "Financial liabilities".

<sup>3)</sup> See "Notes to consolidated financial statements (unaudited)", note 3, "Financial assets of Airport of Zurich Noise Fund".

**Interim condensed consolidated cash flow statement<sup>1)</sup>**  
**(according to IFRS)**

	2007	Of which related to aircraft noise	2006	Of which related to aircraft noise	2006	Of which related to aircraft noise
(CHF thousand)	Jan. to June		Jan. to June		Jan. to Dec.	
Cash flow from operations	178,553	25,036	163,264	13,626	367,213	36,922
Cash flow from investing activities	(47,935)	(22,842)	(176,686)	(159,778)	(258,772)	(176,634)
Cash flow from financing activities	(65,720)		41,796		(82,716)	
Increase in cash and cash equivalents	64,898		28,374		25,725	
Balance at beginning of period	62,462	20,578	36,737	0	36,737	0
Balance at end of period	127,360	20,153	65,111	20,173	62,462	20,578

<sup>1)</sup> All financial data presented here are unaudited, with the exception of figures for the period from January to December 2006.

## Notes (unaudited)

### Segment reporting

	Aviation (flight operations)			Aviation (aircraft noise)			Non- aviation			Eliminations			Consolidated		
	Jan. to June 2007	Jan. to June 2006	2006	Jan. to June 2007	Jan. to June 2006	2006	Jan. to June 2007	Jan. to June 2006	2006	Jan. to June 2007	Jan. to June 2006	2006	Jan. to June 2007	Jan. to June 2006	2006
(CHF million)															
Revenue from third parties	198.0	185.0	390.2	27.1	25.2	54.0	147.8	145.1	292.8				372.9	355.3	737.1
Inter-segment revenue	4.8	9.8	9.9				63.5	68.0	125.8	(68.3)	(77.8)	(135.7)	0.0	0.0	0.0
<b>Total revenue</b>	<b>202.8</b>	<b>194.8</b>	<b>400.0</b>	<b>27.1</b>	<b>25.2</b>	<b>54.0</b>	<b>211.3</b>	<b>213.1</b>	<b>418.6</b>	<b>(68.3)</b>	<b>(77.8)</b>	<b>(135.7)</b>	<b>372.9</b>	<b>355.3</b>	<b>737.1</b>
<b>Segment result</b>	<b>(12.7)</b>	<b>(9.3)</b>	<b>(7.6)</b>	<b>25.5</b>	<b>23.2</b>	<b>50.2</b>	<b>79.3</b>	<b>75.8</b>	<b>146.8</b>				<b>92.0</b>	<b>89.6</b>	<b>189.4</b>
Unallocated expenses													0.0	0.0	0.0
<b>Profit from operations</b>													<b>92.0</b>	<b>89.6</b>	<b>189.4</b>
Financial expenses	(1.4)	(1.0)	(2.2)	(2.5)	(2.7)	(4.0)	(5.7)	(6.5)	(13.0)				(9.5)	(10.3)	(19.2)
Unallocated financial expenses													(34.2)	(40.8)	(76.6)
Financial income				2.9	0.1	2.6							2.9	0.1	2.6
Unallocated financial income													6.8	8.9	13.5
Share of profit or loss of associates	0.4	0.0	(0.5)										0.4	0.0	(0.5)
Unallocated income taxes													(12.3)	(10.5)	(21.8)
<b>Profit</b>													<b>46.1</b>	<b>37.0</b>	<b>87.4</b>
Tangible and intangible assets	879.1	913.1	906.0	1.6	1.7	1.7	1,842.3	1,903.9	1,881.9				2,723.0	2,818.7	2,789.6
Financial assets	1.1	1.8	1.0	66.0	159.3	112.9							67.1	161.1	113.9
Investments in associates	12.9	7.2	9.7										12.9	7.2	9.7
Current financial assets and cash and cash equivalents				151.0	20.2	82.9							151.0	20.2	82.9
<b>Total segment assets</b>	<b>893.0</b>	<b>922.1</b>	<b>916.7</b>	<b>218.7</b>	<b>181.2</b>	<b>197.5</b>	<b>1,842.3</b>	<b>1,903.9</b>	<b>1,881.9</b>				<b>2,954.0</b>	<b>3,007.2</b>	<b>2,996.1</b>
Unallocated current financial assets and cash and cash equivalents													107.2	44.9	41.9
Unallocated other assets													156.9	156.7	132.9
<b>Consolidated assets</b>													<b>3,218.1</b>	<b>3,208.8</b>	<b>3,170.9</b>
<b>Total segment liabilities</b>	<b>74.7</b>	<b>76.7</b>	<b>76.7</b>	<b>133.8</b>	<b>137.1</b>	<b>131.9</b>	<b>282.6</b>	<b>330.3</b>	<b>280.6</b>				<b>491.0</b>	<b>544.1</b>	<b>489.1</b>
Unallocated liabilities													1,437.9	1,514.4	1,451.3
<b>Consolidated liabilities</b>													<b>1,928.9</b>	<b>2,058.5</b>	<b>1,940.5</b>
<b>Capital expenditure</b>	<b>10.5</b>	<b>13.4</b>	<b>34.5</b>	<b>42.8</b>	<b>159.3</b>	<b>114.7</b>	<b>18.8</b>	<b>19.1</b>	<b>69.4</b>				<b>72.2</b>	<b>191.8</b>	<b>218.7</b>
Depreciation and amortisation	27.8	27.0	55.1	0.1	0.1	0.1	62.5	66.6	133.6				90.4	93.6	188.9
Other non-cash expenses				2.5	2.7	4.0							2.5	2.7	4.0
<b>Number of employees (full-time positions) as of balance sheet date</b>	<b>589</b>	<b>584</b>	<b>586</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>708</b>	<b>687</b>	<b>694</b>				<b>1,308</b>	<b>1,281</b>	<b>1,290</b>

**Notes:** As engagements abroad are negligible, a breakdown by geographical region has not been undertaken.  
When adding up rounded-up or rounded-down sums, it is possible that minor discrepancies may occur.

## Accounting policies (unaudited)

### A) Valuation and balance-sheet principles

The unaudited interim condensed consolidated financial statements for the first half of 2007 were prepared in accordance with International Accounting Standard 34 (IAS 34) governing interim reporting. They do not contain all the data reported in the 2006 consolidated financial statements, and therefore should be read in conjunction with the latter.

The accounting policies applied here correspond to those applied in the 2006 Annual Report with the exception of the changes noted here.

### B) Change in accounting policies

As of 1 January 2007, Flughafen Zürich AG began applying a number of new and revised financial reporting standards and interpretations. The most important changes and their effects on the interim condensed consolidated financial statements are described below.

### IFRS 7, Financial Instruments: Disclosures

IFRS 7 is being applied for the first time as the new standard in the consolidated financial statements in the 2007 reporting year. It replaces IAS 32 (Financial Instruments: Presentation) and requires certain additional disclosures to be made concerning the financial instruments held by the company. No additional disclosures are required in the interim condensed consolidated financial statements.

### IAS 1 (revised), Presentation of Financial Statements

The revised standard requires additional disclosures to be made with respect to the goals, guidelines and procedures concerning capital in the 2007 consolidated financial statements. No additional disclosures apply to the interim condensed consolidated financial statements.

### C) Seasonal factors

Given the nature of the civil aviation sector and based on the 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.

## Notes to interim condensed consolidated financial statements

### Interim consolidated income statement

#### 1) Financial result

(CHF thousand)	2007 Jan. to June	2006 Jan. to June	2006 Jan. to Dec.
Interest expenses on debentures and non-current loans	33,292	39,010	73,382
Less capitalised interest on borrowings for buildings under construction	(113)	(125)	(98)
<b>Net interest expenses on debentures and non-current loans</b>	<b>33,179</b>	<b>38,885</b>	<b>73,284</b>
Interest difference related to interest rate swap	3,738	5,234	9,744
Unwinding of discount on non-current provisions for sound insulation and formal expropriations	2,470	2,742	4,022
Other financial expenses	1,649	2,009	3,734
Interest expenses on finance lease payments	1,406	1,024	2,213
Other financial expenses	1,266	1,101	2,362
Other interest expenses	8	7	36
Interest expenses on bank loans	0	145	431
<b>Financial expenses</b>	<b>43,716</b>	<b>51,147</b>	<b>95,826</b>
Changes in fair value of interest rate swap	(5,934)	(8,581)	(12,515)
Interest income on financial assets of Airport of Zurich Noise Fund	(2,892)	(104)	(2,572)
Interest income on postal cheque accounts and bank deposits/loans	(830)	(283)	(920)
Net foreign exchange gains, interest on arrears	(34)	(62)	(143)
<b>Financial income</b>	<b>(9,690)</b>	<b>(9,030)</b>	<b>(16,150)</b>
<b>Total financial result</b>	<b>34,026</b>	<b>42,117</b>	<b>79,676</b>

Capitalised interest on borrowings for buildings under construction was calculated using an average interest rate of 5.55 percent in 2007 and 5.25 percent in 2006. The group holds an interest rate swap to the value of 300 million Swiss francs. 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 (5.9 million Swiss francs; 2006: 8.6 million Swiss francs) are recognised in the income statement.



## Interim consolidated balance sheet

### 2) Changes in non-current assets

(CHF million)	Land	Engineering structures	Buildings	Facilities in leasing	Projects in progress	Projects in progress in leasing	Movables	Total property, plant and equipment	Non-current financial assets of Airport of Zurich Noise Fund	Intangible assets	Investments in associates	Other financial assets	Goodwill	Total
<b>Cost</b>														
<b>Closing balance sheet</b>														
as of 31.12.2006	112.1	1,283.5	3,593.1	89.3	33.2	2.1	235.9	5,349.2	114.3	74.4	9.7	1.0	0.2	5,548.8
Additions					26.0	0.2		26.2	42.8		3.2			72.2
Disposals		(0.1)	(5.6)				(7.0)	(12.7)	(88.5)	(0.8)				(101.9)
Transfers	0.1	2.7	11.3	2.3	(28.2)	(2.3)	11.0	(3.2)		3.2				0.0
<b>Closing balance sheet</b>														
as of 30.6.2007	112.2	1,286.1	3,598.8	91.6	30.9	0.0	239.9	5,359.5	68.6	76.8	12.8	1.0	0.2	5,519.0
<b>Depreciation/ amortisation and impairment losses</b>														
<b>Closing balance sheet</b>														
as of 31.12.2006	0.0	555.1	1,862.7	17.8	0.0	0.0	134.8	2,570.3	1.4	57.1	0.0	0.0	0.2	2,629.1
Additions		19.7	55.0	2.8			9.2	86.6		4.2				90.8
Changes in fair value									1.2					1.2
Disposals			(3.4)				(6.8)	(10.3)		(0.8)				(11.0)
<b>Closing balance sheet</b>														
as of 30.6.2007	0.0	574.8	1,914.2	20.6	0.0	0.0	137.1	2,646.6	2.6	60.5	0.0	0.0	0.2	2,709.9
<b>Government subsidies and grants</b>														
<b>Closing balance sheet</b>														
as of 31.12.2006	0.0	0.2	6.1	0.0	0.0	0.0	0.0	6.4	0.0	0.0	0.0	0.0	0.0	6.4
Dissolutions		(0.1)	(0.3)					(0.4)						(0.4)
<b>Closing balance sheet</b>														
as of 30.6.2007	0.0	0.2	5.8	0.0	0.0	0.0	0.0	6.0	0.0	0.0	0.0	0.0	0.0	6.0
<b>Net carrying amount</b>														
as of 31.12.2006	112.1	728.1	1,724.3	71.5	33.2	2.1	101.0	2,772.3	112.9	17.3	9.7	1.0	0.0	2,913.2
<b>Net carrying amount</b>														
as of 30.6.2007	112.2	711.1	1,678.8	71.0	30.9	0.0	102.8	2,706.8	66.0	16.2	12.8	1.0	0.0	2,802.9

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

### 3) Financial assets of Airport of Zurich Noise Fund

(CHF thousand)	30.6.2007	30.6.2006	31.12.2006
Available-for-sale securities (non-current)	66,033	159,318	112,927
Available-for-sale securities (current)	130,866	0	62,321
<b>Total financial assets of Airport of Zurich Noise Fund</b>	<b>196,899</b>	<b>159,318</b>	<b>175,248</b>

Since 14 June 2006, the liquid funds of Airport of Zurich Noise Fund have been invested separately in financial assets and cash equivalents (see also note 8, "Airport of Zurich Noise Fund"). These funds are managed by professional investment advisers on the basis of a conservative, money-market-oriented investment strategy (see note 1, "Financial result").

#### 4) Other financial assets

(CHF thousand)	30.6.2007	30.6.2006	31.12.2006
Loan to Swissport Zürich AG	602	902	593
Loan to third-party shareholders in Unique Chile S.A.	435	881	432
Other loans	15	0	0
<b>Total other financial assets</b>	<b>1,052</b>	<b>1,783</b>	<b>1,025</b>

#### 5) Cash and cash equivalents

(CHF thousand)	30.6.2007	Of which AZNF <sup>1)</sup>	30.6.2006	Of which AZNF <sup>1)</sup>	31.12.2006	Of which AZNF <sup>1)</sup>
Cash on hand, at banks and in postal cheque accounts	14,559	153	662	224	9,843	678
Call deposits due within 30 days	91,000		15,000		31,000	
Collateral due within 90 days	1,801		10,500		1,719	
Cash deposits due within 90 days	20,000	20,000	38,949	19,949	19,900	19,900
<b>Total cash and cash equivalents</b>	<b>127,360</b>	<b>20,153</b>	<b>65,111</b>	<b>20,173</b>	<b>62,462</b>	<b>20,578</b>

<sup>1)</sup> Since 14 June 2006, the liquid funds of Airport of Zurich Noise Fund have been invested separately in financial assets and cash equivalents (see also note 8, "Airport of Zurich Noise Fund").

#### 6) Financial liabilities

(CHF thousand)	30.6.2007	30.6.2006	31.12.2006
Japanese private placement	361,279	391,374	374,958
US private placement	332,619	338,014	330,668
Debentures	276,495	350,801	276,208
Non-current liabilities towards banks arising from US car park lease	235,129	284,392	237,602
<b>Total debentures and non-current loans</b>	<b>1,205,522</b>	<b>1,364,581</b>	<b>1,219,436</b>
Lease liabilities	70,213	72,191	72,063
<b>Non-current financial liabilities</b>	<b>1,275,735</b>	<b>1,436,772</b>	<b>1,291,499</b>
Debenture (redemption 28.9.2007)	74,976	0	74,926
Current liabilities towards banks arising from US car park lease	47,422	45,865	42,961
Current lease liabilities	4,450	4,514	4,590
Current liabilities towards banks	0	42,000	0
<b>Current financial liabilities</b>	<b>126,848</b>	<b>92,379</b>	<b>122,477</b>
<b>Total financial liabilities</b>	<b>1,402,583</b>	<b>1,529,151</b>	<b>1,413,976</b>

The changes in the following financial liabilities are attributable to foreign currency fluctuations on the borrowed amounts:

- Japanese private placement
- US private placement
- Liabilities towards banks arising from US car park lease

Both the interest rate and the currency risk have been hedged (in the form of a cross currency interest rate swap) for all transactions. The currency risk on the Japanese private placement has been largely hedged (participation swap), and the currency risk on the US private placement and the US car park lease has been fully hedged. The hedge transactions are classified as cash flow hedges. Both the change in fair value (see "Interim consolidated balance sheet" as of 30.6.2007, page 12) and foreign currency fluctuations have been recognised in equity (hedging reserves – equity increase by 29.2 million Swiss francs, see "Interim consolidated statement of changes in equity", page 13).

## 7) Non-current provisions for sound insulation and formal expropriations

### Provisions for sound insulation costs

Flughafen Zürich AG has effectively committed itself to bearing approximately 240 million Swiss francs in costs for sound insulation measures, some of which have already been carried out and others which have been announced. As of the balance sheet date, a total of 86 million Swiss francs had been paid. The remaining amount is stated at the present value in the breakdown of provisions shown below. The discount rate is 4 percent.

(CHF thousand)	Sound insulation	Formal expropriations	Total
<b>Provisions as of 31 December 2005</b>	<b>137,091</b>	<b>0</b>	<b>137,091</b>
Provision used	(2,714)	0	(2,714)
Provision reversed	0	0	0
Provision made	0	0	0
Unwinding of discount	2,742	0	2,742
<b>Provisions as of 30 June 2006</b>	<b>137,119</b>	<b>0</b>	<b>137,119</b>
Provision used	(6,470)	0	(6,470)
Provision reversed	0	0	0
Provision made	0	0	0
Unwinding of discount	1,280	0	1,280
<b>Provisions as of 31 December 2006</b>	<b>131,929</b>	<b>0</b>	<b>131,929</b>
Provision used	(603)	0	(603)
Provision reversed	0	0	0
Provision made	0	0	0
Unwinding of discount	2,470	0	2,470
<b>Provisions as of 30 June 2007</b>	<b>133,796</b>	<b>0</b>	<b>133,796</b>

### Provisions for formal expropriations

As of the balance sheet date, no final rulings had been pronounced on compensation claims arising from formal expropriations on the basis of excessive aircraft noise or direct overflights, though a number of cases are pending. Initial conciliation proceedings were held in November 2005 concerning 18 "pilot" cases in the municipality of Opfikon, but no agreements were reached. In these cases, valuation hearings were held in March and April 2006. The Federal Assessments Commission ("Eidgenössische Schätzungskommission") published the written decisions reached in these pilot cases in December 2006 (first-instance rulings). It found that compensation should be paid in 3 out of the 18 cases. The parties involved in the 18 pilot cases appealed to the Swiss Federal Tribunal as ultimate authority, and a corresponding ruling by the latter is not expected before the end of 2007 or beginning of 2008.

It is difficult for the Management Board to reliably estimate the costs that will result from these proceedings at the present time, since:

- a) there are gaps in the relevant legislation
- b) there is a lack of legal practice relating to many fundamental issues, and existing rulings are sometimes conflicting
- c) the influence of political debate cannot be underestimated
- d) the costs will be influenced by the definitive operating regulations, which are still awaiting approval.

The Management Board believes that it will be able to reliably estimate the anticipated costs after the Federal Tribunal (as final instance) has ruled on the fundamental issues raised in the Opfikon pilot cases.

Flughafen Zürich AG has made numerous estimates for internal scenarios concerning the assessment of risks and the definition of measures aimed at reducing these risks. In view of the uncertain situation, a very large number of different scenarios is conceivable, but none of these have a significant mathematical probability.

From today's perspective, the previously disclosed potential costs (in the form of a risk assessment) associated with formal expropriations amounting to between 800 million and 1.2 billion Swiss francs can be regarded as a cautious and conservative estimate. In the event that the Federal Tribunal should fully accept the decisions of the Federal Assessments Commission, the costs would be less than 800 million Swiss francs.

However, the effective costs could deviate significantly in either direction from the costs cited above. Flughafen Zürich AG assumes that these costs would have to be paid over a period of several years. This is assuming that they should even reach the estimated level.

### **Risks for Flughafen Zürich AG in association with aircraft noise**

Flughafen Zürich AG has the right to refinance any costs that may arise in association with aircraft noise through charges. This means that our ability to refinance such costs is secured over the long term.

However, up to the middle of 2006 there were two risks that had to be taken into account:

#### **1. Risk of a financing gap**

If the noise-related costs should arise sooner than anticipated by Flughafen Zürich AG, or prove to be higher than expected, this could result in a financing gap that Flughafen Zürich AG might not be able to cover with available credit limits.

#### **2. Risk of impacts of noise-related costs on the consolidated financial statements**

The consolidated financial statements (IFRS) could be negatively influenced depending on the amount of effective costs and any future changes in applicable accounting standards. With respect to the consolidated financial statements, any negative influences could affect standard guarantees and covenants in regard of outstanding financial liabilities.

### **Reduction and limitation of risks associated with aircraft noise**

On 8 March 2006, Flughafen Zürich AG and the Canton of Zurich signed a supplement to the merger agreement dated 14 December 1999 regulating the sustainable reduction and limitation of risks to Flughafen Zürich AG associated with aircraft noise. The main content of this supplementary agreement is as follows:

1. Flughafen Zürich AG is obliged to implement measures by means of which the ability to tolerate balance sheet and financing risks associated with aircraft noise up to approximately 1.1 billion Swiss francs can be assured. On 11 April 2006 the Board of Directors asked the General Meeting of Shareholders to approve a capital increase with a market value of approximately 300 million Swiss francs in order to strengthen the company's equity. The capital increase of 10 May 2006 resulted in a net inflow of funds to the company amounting to 310.3 million Swiss francs. Since Flughafen Zürich AG did not need to use these funds in the immediate future – an effective outflow of funds due to formal expropriations is not expected before the end of 2007 or the beginning of 2008 – the outstanding debt owed to the Canton of Zurich amounting to 300 million Swiss francs was paid back prematurely and without any additional costs. Furthermore, Flughafen Zürich AG obtained a credit limit of 200 million Swiss francs to cover any financing gap that may arise.
2. In the event that, upon payment of the first formal expropriations, the risk should arise that the total expected costs associated with aircraft noise (formal expropriations, costs for sound insulation and all related operating costs) may exceed 1.1 billion Swiss francs (threshold), the Canton of Zurich would assume the prefinancing of all "old" noise-related liabilities. "Old" noise-related liabilities are liabilities that came into being prior to June 2001, up to which date the Canton of Zurich was holder of the operating licence. As before, the Canton of Zurich is jointly liable for such claims in an external capacity, while in an internal capacity, Flughafen Zürich AG assumed responsibility for these liabilities in the merger agreement dated 14 December 1999. With the newly agreed solution, this general obligation resulting from the merger agreement has been more precisely defined and regulated in greater detail. For the financing of the costs arising from its adoption of responsibility, the Canton of Zurich is to receive a portion of the revenue from noise-related charges in accordance with a specified key. As a result of the adoption of "old" noise-related liabilities by the Canton of Zurich, the requirement for Flughafen Zürich AG to recognise a provision for compensation no longer applies, and the costs will therefore no longer be capitalised.
3. In the event that, in the course of the legal proceedings, the risk cited in point 2 should fall below the level of 1.1 billion Swiss francs (threshold), Flughafen Zürich AG will assume the remaining "old" noise-related liabilities and associated charges.

The objective of this agreement is therefore to limit the overall noise-related risk of Flughafen Zürich AG to "new" noise-related liabilities. The capital increase and a new special credit limit created the accounting and financial prerequisites for bearing any noise-related liabilities up to 1.1 billion Swiss francs.

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

Unique (Flughafen Zürich AG) refinances all the costs relating to aircraft noise through special noise charges based on the "user-pays" principle. In the interest of transparency, costs and income generated in connection with aircraft noise are recognised in a special statement for the Airport of Zurich Noise Fund (AZNF). Airport of Zurich Noise Fund is a liquidity-based fund. The statement for the fund presents the accumulated surplus or shortfall as of balance sheet date arising from revenue from noise charges already collected, less expenses for formal expropriations, sound insulation measures and noise-related operating costs. Its presentation is independent of the accounting policies. The key figures from the fund statement are shown in the table below.

In the event that the fund statement should show an accumulated income surplus, the liquid funds of the Airport of Zurich Noise Fund (AZNF) will be invested separately in financial assets and cash equivalents. The liquid funds are invested by professional investment advisers on the basis of a conservative strategy with an orientation on the money market. Income resulting from the investments will be credited to the fund statement.

In the event that, over a certain timeframe, the accumulated costs should be higher than the accumulated income (i.e. a financing gap should arise), Flughafen Zürich AG has access to a committed credit line in the amount of 200 million Swiss francs. This credit facility is intended solely for the purpose of covering any such financing gap, and is available until 2015. The costs relating to the provision of this credit line are charged to the fund statement and shown under operating costs. Any future costs arising in association with the bridging of a financing gap will be charged to the fund statement.

The details of the fund statement are disclosed to a committee comprised of selected clients of the airport and representatives of the relevant authorities. The regulations of the Airport of Zurich Noise Fund may be downloaded from the following web site: [www.unique.ch/aznf](http://www.unique.ch/aznf).

The situation of this fund is as follows:

(CHF thousand)	30.6.2007	30.6.2006	31.12.2006
<b>Airport of Zurich Noise Fund as of 1 January</b>	<b>197,010</b>	<b>161,273</b>	<b>161,273</b>
Total revenue from noise charges <sup>1)</sup>	25,639	16,341	46,106
Total costs for sound insulation and other measures	(603)	(2,714)	(9,184)
<b>Net result before operating and imputed costs</b>	<b>222,046</b>	<b>174,900</b>	<b>198,195</b>
Noise-related operating costs	(1,634)	(1,925)	(3,847)
Imputed interest (to 14 June 2006)	0	3,921	3,921
Interest income from assets of Airport of Zurich Noise Fund	2,160	105	127
Change in fair value of available-for-sale securities	(1,191)	(460)	(1,386)
<b>Airport of Zurich Noise Fund as of balance sheet date</b>	<b>221,381</b>	<b>176,541</b>	<b>197,010</b>

<sup>1)</sup> Since 1 January 2006, only the revenue already collected is reported.

(CHF thousand)	30.6.2007	30.6.2006	31.12.2006
Cash equivalents (see note 5, "Cash and cash equivalents")	20,153	20,173	20,578
Available-for-sale securities (see note 3, "Financial assets of Airport of Zurich Noise Fund")	196,899	159,318	175,248
Obligation (credit) for Flughafen Zürich AG <sup>1)</sup>	4,329	(2,950)	1,184
<b>Total assets invested for Airport of Zurich Noise Fund</b>	<b>221,381</b>	<b>176,541</b>	<b>197,010</b>

<sup>1)</sup> For accounting reasons, a credit or an obligation results for Flughafen Zürich AG as of balance sheet date. This is compensated in the month following, so the balance of liquid funds is restored.



## 9) Deferred tax liabilities

(CHF thousand)	30.6.2007	30.6.2006	31.12.2006
<b>Deferred tax liabilities, net, as of 1 January</b>	<b>68,416</b>	<b>44,572</b>	<b>44,572</b>
Deferred taxes on changes in fair value of cross currency interest rate swaps booked in equity (hedging reserves)	2,241	10,435	16,424
Cross currency interest rate swaps – transfer to income statement	5,531	(10,088)	(8,132)
Change according to income statement	8,464	8,251	15,458
Other effects	0	(97)	94
<b>Deferred tax liabilities, net, as of balance sheet date</b>	<b>84,652</b>	<b>53,073</b>	<b>68,416</b>

Deferred taxes are calculated at the anticipated yearly income tax rate (currently 21 percent).

## 10) Non-current provisions

### Provision for utilisation fees

In the 2006 financial year, the utilisation fees introduced and invoiced on 1 January 2006 amounting to 10 million Swiss francs were not recognised as revenue. The billed amounts were recognised as a provision, since the introduction of utilisation fees was challenged by a number of airport partners. In its initial ruling, the Swiss Federal Office of Civil Aviation (FOCA) confirmed the legality of the introduction of utilisation fees for all companies that are entitled to their own or external provision of handling services. Its confirmation of legality did not apply to other companies operating at the airport, for example commercial partners. This ruling is not yet legally binding. The parties concerned have the option of lodging an appeal against it with the Swiss Federal Administrative Court. Should the ruling by the FOCA be upheld by the court, approximately 70 percent of the utilisation fees invoiced in 2006 (7 million Swiss francs) can be recognised in the income statement as other expenses/income, net, while the remaining 30 percent (3 million Swiss francs) will have to be paid back to the other companies.

(CHF thousand)	Utilisation fees
<b>Provisions as of 31 December 2005</b>	<b>0</b>
Provision used	0
Provision reversed	0
Provision made	0
<b>Provisions as of 30 June 2006</b>	<b>0</b>
Provision used	0
Provision reversed	0
Provision made	10,016
<b>Provisions as of 31 December 2006</b>	<b>10,016</b>
Provision used	0
Provision reversed	(5)
Provision made	0
<b>Provisions as of 30 June 2007</b>	<b>10,011</b>

## 11) Further details

### 11.1) Capital commitments

As of balance sheet date, capital commitments existed for a variety of buildings and engineering structures amounting to approximately 75 million Swiss francs. These mainly concern the renovation of runway 16/34 (approximately 55 million Swiss francs) and the addition of floorspace and shops in "Airport Shopping" (approximately 7 million Swiss francs).

Within the scope of the airport participation in Bangalore (India), Flughafen Zürich AG holds a 17 percent stake in Bangalore International Airport Ltd. (BIAL) (total, approximately 16 million Swiss francs, of which 11.7 million had been paid as of 30 June 2007). As of 30 June 2007, Flughafen Zürich AG provided a bank guarantee to BIAL in the amount of 5 million Swiss francs, or 165.5 million Indian rupees. It represents payments still to be made in future.

Within the scope of the airport participation in Venezuela, the syndicate, in which 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.

### 11.2) Contingent liabilities

A number of legal proceedings and claims against 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.

On 4 October 2001, Swissair Schweizerische Luftverkehr Aktiengesellschaft (Swissair) paid the amount of 21.8 million Swiss francs to Flughafen Zürich AG in settlement of airport charges for the month of July 2001. On 2 October 2001, Swissair ceased operation due to lack of liquidity. Swissair then applied for deferment of bankruptcy, which was granted on 5 October 2001. On 23 May 2005, the liquidator of Swissair Schweizerische Luftverkehr AG in Nachlassliquidation contested the cited payment and demanded that it be refunded, since in his view, Flughafen Zürich AG had been given preference over other creditors. Flughafen Zürich AG regards this payment as lawful. On 17 November 2005, a lawsuit was filed within the stated deadline with the commercial court by Swissair, represented by its liquidator. A ruling by the commercial court is expected by the end of 2007.

### 11.3) Events occurring after the balance sheet date

On 17 August 2007, the Audit & Finance Committee authorised this interim report for issue. No events occurred between 30 June 2007 and the date on which the interim condensed consolidated financial statements were authorised for issue by the Audit & Finance Committee which would require the modification of any of the carrying amounts of the assets and liabilities of the group or which would have to be disclosed here.





