

**2012**

INTERIM REPORT  
OF FLUGHAFEN ZÜRICH AG



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## Key data, first half of 2012<sup>1)</sup>

Amounts in accordance with International Financial Reporting Standards (IFRS).

(CHF 1,000)	Jan to June 2012	Jan to June 2011	Change in %
Total revenue <sup>2)</sup>	457,048	431,927	5.8
of which revenue from aviation operations <sup>2)</sup>	283,706	273,640	3.7
of which revenue from non-aviation operations <sup>2)</sup>	173,342	158,287	9.5
Operating expenses <sup>2)</sup>	-214,826	-206,347	4.1
Earnings before interest, tax, depreciation and amortisation (EBITDA)	242,222	225,580	7.4
EBITDA margin (in %) <sup>2)</sup>	53.0	52.2	
Earnings before interest and tax (EBIT)	134,195	126,459	6.1
EBIT margin (in %) <sup>2)</sup>	29.4	29.3	
Profit	80,224	73,499	9.1
Cash flow from operating activities	167,443	211,502	-20.8
Cash flow from investing activities <sup>3)</sup>	41,531	-156,679	n/a
Invested capital at 30.06.	2,964,190	2,903,370	2.1
Average capital employed	2,933,780	2,820,926	4.0
Return on average capital employed (ROCE in %) <sup>4)</sup>	7.9	7.7	
Equity at 30.06.	1,810,728	1,745,949	3.7
Return on equity (in %) <sup>4)</sup>	10.0	9.7	
Equity ratio (in %)	49.0	46.7	
Interest-bearing liabilities (net) <sup>5)</sup>	837,056	724,087	15.6
Interest-bearing liabilities/EBITDA <sup>4)</sup>	1.67x	1.55x	
<b>Key operational data</b>			
Number of passengers	11,813,710	11,457,331	3.1
Number of flight movements	133,873	138,085	-3.1
Freight in tonnes	210,211	210,807	-0.3
Number of full-time positions at 30.06.	1,351	1,287	5.0
Number of employees at 30.06.	1,598	1,531	4.4
<b>Key data for shareholders</b>			
Number of issued shares	6,140,375	6,140,375	0.0
Equity per share (CHF)	294.89	284.34	3.7
Basic earnings per share (CHF)	13.19	11.97	10.2
Diluted earnings per share (CHF)	13.18	11.97	10.1
Share price at 30.06. (CHF)	333.00	383.75	-13.2
Market capitalisation at 30.06. (CHF million)	2,045	2,356	-13.2
	Security No.	SIX symbol	ISIN
Flughafen Zürich AG (registered share)	1,056,796	FHZN	CH0010567961

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

<sup>2)</sup> In the consolidated financial statements for the year ending 31 December 2011 capitalised expenditure and bad debt write-offs have been presented for the first time as part of "Capitalised expenditure and other income / expenses, net". The prior-period amounts have been adjusted accordingly.

<sup>3)</sup> In the consolidated financial statements for the year ending 31 December 2011 capitalised borrowing costs have been presented for the first time as part of interest paid in cash flow from financing activities (previously presented as part of investments in property, plant and equipment (projects in progress)). The prior-period amounts have been adjusted accordingly.

<sup>4)</sup> Based on the result of the 12-month period preceding the reporting date.

<sup>5)</sup> Interest-bearing liabilities (net) include interest-bearing debt less cash and cash equivalents, fixed-term-deposits and interest-bearing other current and non-current financial assets.

## Key data excluding the influence of aircraft noise<sup>1/2)</sup>

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

(CHF 1,000)	Jan to June 2012	Jan to June 2011	Change in %
Total revenue <sup>3)</sup>	432,058	408,877	5.7
of which revenue from aviation operations <sup>3)</sup>	258,716	250,590	3.2
of which revenue from non-aviation operations <sup>3)</sup>	173,342	158,287	9.5
Operating expenses <sup>3)</sup>	-212,841	-204,186	4.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	219,217	204,691	7.1
EBITDA margin (in %) <sup>3)</sup>	50.7	50.1	
Earnings before interest and tax (EBIT)	115,065	109,102	5.5
EBIT margin (in %) <sup>3)</sup>	26.6	26.7	
Profit	67,503	63,264	6.7
Cash flow from operating activities	149,946	191,812	-21.8
Cash flow from investing activities <sup>4)</sup>	34,925	-151,487	n/a
Invested capital at 30.06.	2,775,680	2,737,841	1.4
Average capital employed	2,756,761	2,665,048	3.4
Return on average capital employed (ROCE in %) <sup>5)</sup>	7.3	7.2	
Equity at 30.06.	1,622,218	1,580,420	2.6
Return on equity (in %) <sup>5)</sup>	9.7	9.5	
Equity ratio (in %)	51.9	49.0	
Interest-bearing liabilities (net) <sup>6)</sup>	1,101,078	948,214	16.1
Interest-bearing liabilities/EBITDA <sup>6)</sup>	2.42x	2.20x	
<b>Key operational data</b>			
Number of passengers	11,813,710	11,457,331	3.1
Number of flight movements	133,873	138,085	-3.1
Freight in tonnes	210,211	210,807	-0.3
Number of full-time positions at 30.06.	1,340	1,276	5.0
Number of employees at 30.06.	1,587	1,520	4.4
<b>Key data for shareholders</b>			
Number of issued shares	6,140,375	6,140,375	0.0
Equity per share (CHF)	264.19	257.38	2.6
Basic earnings per share (CHF)	11.10	10.30	7.8
Diluted earnings per share (CHF)	11.09	10.30	7.7
Share price at 30.06. (CHF)	333.00	383.75	-13.2
Market capitalisation at 30.06. (CHF million)	2,045	2,356	-13.2
	Security No.	SIX symbol	ISIN
Flughafen Zürich AG (registered share)	1,056,796	FHZN	CH0010567961

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

<sup>2)</sup> The reported key data excluding the influence of aircraft noise have been adjusted for all significant items relating to aircraft noise.

<sup>3)</sup> In the consolidated financial statements for the year ending 31 December 2011 capitalised expenditure and bad debt write-offs have been presented for the first time as part of "Capitalised expenditure and other income / expenses, net". The prior-period amounts have been adjusted accordingly.

<sup>4)</sup> In the consolidated financial statements for the year ending 31 December 2011 capitalised borrowing costs have been presented for the first time as part of interest paid in cash flow from financing activities (previously presented as part of investments in property, plant and equipment (projects in progress)). The prior-period amounts have been adjusted accordingly.

<sup>5)</sup> Based on the result of the 12-month period preceding the reporting date.

<sup>6)</sup> Interest-bearing liabilities (net) include interest-bearing debt less cash and cash equivalents, fixed-term-deposits and interest-bearing other current and non-current financial assets.





ESCALATOR, DOCK B

## Interim report 2012

Dear Shareholders,  
Ladies and Gentlemen,

Flughafen Zürich AG posted positive growth over the first six months of 2012 with a first-half profit of CHF 80.2 million, an increase of 9.1% over the prior-year period. At CHF 13.19, earnings per share are likewise up on the previous year's figure of CHF 11.97.

### Business review

#### Traffic volume trends

Zurich Airport was used by a total of 11,813,710 passengers in the first half of 2012, an increase of 3.1%. This growth puts Zurich Airport clearly above the European average of +1.4% as reported by Airports Council International (ACI). While the number of local passengers increased by 2.5% to 7.7 million, the transfer passenger volume rose by 4.4%. With a total of 4.1 million transfer passengers, the proportion of transfers gained 0.4 percentage points to reach 34.8%.

In contrast to passenger numbers, flight movements fell by 3.1%, reflecting an increase in the number of passengers per flight and a higher seat load factor. The average number of passengers per flight rose by 5.0% to 103.3. The seat load factor saw a year-on-year rise of 1.9 percentage points to 72.5%.

Passenger numbers increased both on flights to and from European countries and on intercontinental flights. While the number of passengers travelling to and from Europe rose by 1.8%, the number of intercontinental passengers climbed by 7.8%. With passenger growth figures of 12.2%, Asian destinations witnessed the highest rise. Numbers to North America increased by 4.7%, and to Africa by 4.6%. Only Latin America showed a decline of 4.2% over the prior-year period. In comparison with 2011, passenger volumes in the low-cost segment fell slightly by 0.3%, representing a share of 10.6% in the first half of 2012.

#### Trend in total revenue

Revenue increased year on year from CHF 431.9 million to CHF 457.0 million (+5.8%). Revenue from aviation operations rose to CHF 283.7 million (+3.7%). This increase is primarily due to passenger growth and higher income from noise charges. The latter is partly the result of the new split regarding noise fees which came into force on 1 January 2012 between Flughafen Zürich AG and the Canton of Zurich relating to the allocation of the noise charges collected.

Revenue from non-aviation business was CHF 173.3 million, up 9.5% on the prior-year period. At CHF 49.1 million, commercial revenue saw a year-on-year increase of 17.2%. Revenue per outbound passenger also rose 3.5%, from CHF 40.3 to CHF 41.7. This is mainly attributable to the new airside retail offerings and the arrival duty-free shop. All renovation work for the major "Zürich 2010" project was completed in the first half of 2012. Parking revenue experienced a rise of 1.6%. Revenue from facility management increased by 7.3% as a result of various new lease agreements.

### Key operating data and results

Whereas revenue increased by just under 6%, operating costs rose by 4.1% to CHF 214.8 million. The increase in staff costs is attributable to a higher headcount resulting from the infrastructure (Dock B and security check building) commissioned on 1 December 2011 and to a pay rise granted on 1 May 2012. As security costs were reduced by 2.1%, primarily owing to the new centralised security checks, administrative costs were higher than in the previous year, as a result of greater external support.

At CHF 242.2 million, earnings before interest, tax, depreciation and amortisation (EBITDA) were CHF 16.6 million higher than the prior-year figure of CHF 225.6 million. The EBITDA margin grew from 52.2% to 53.0%.

Earnings before interest and tax (EBIT) rose by 6.1%, from CHF 126.5 million to CHF 134.2 million. Excluding noise-related income and expense, EBIT improved by 5.5%.

The result in the "Non-aviation" segment improved from CHF 89.3 million to CHF 100.1 million. Despite passenger growth, the "Aviation flight operations" result declined from CHF 21.5 million to CHF 10.7 million. The lower profit is related to higher depreciation and operating costs in connection with the commissioning of the new "Zürich 2010" infrastructure. The "Aviation security" segment posted a positive result of CHF 4.8 million. The "Aviation aircraft noise" segment improved its result from CHF 17.3 million to CHF 18.6 million. This is due, on the one hand, to passenger growth and, on the other, to the redistribution of noise charges between Flughafen Zürich AG and the Canton of Zurich.

The net finance result declined slightly by CHF 0.2 million to CHF 34.9 million (-0.7%). The share of profit or loss of associates amounted to CHF 1.2 million in the first half of the year (2011: CHF 1.1 million). The holdings in India (Bangalore) and Latin America made a positive contribution to results.

At CHF 80.2 million, the reported interim profit is 9.1% higher than the prior-year figure (CHF 73.5 million). The result excluding aircraft noise comes to CHF 67.5 million (H1 2011: CHF 63.3 million), corresponding to a rise of 6.7%.

## Interim report 2012

### Assets and financial position

In the first half of 2012, additions to property, plant and equipment amounted to CHF 57.9 million, around CHF 93.6 million less than the prior-year figure (CHF 151.5 million). Significant amounts were invested in the Terminal 2 upgrade project (CHF 14.2 million), various maintenance operations to preserve the value of buildings (CHF 8.4 million), and the expansion of car parking (CHF 5.0 million).

As at 30 June 2012, financial liabilities were CHF 1.15 billion, down CHF 63.6 million compared with the balance sheet date of 31 December 2011. The change is primarily due to a repayment of the US private placement in April 2012 as well as valuation effects. Net debt rose from CHF 818.3 million to CHF 837.1 million in the same period.

On 3 July 2012, Flughafen Zürich AG successfully issued a bond for CHF 300 million on the Swiss capital market. The bond will mature in eight years and carries an interest rate of 1.25%.

### Rating

In April 2012, ratings agency Standard & Poor's raised the company's rating by one notch from A- to A, underlining the solid positioning of the airport operator in the capital markets.

	Jan to June 2012 including aircraft noise	Elimination of aircraft noise	Jan to June 2012 excluding aircraft noise	Jan to June 2011 including aircraft noise	Elimination of aircraft noise	Jan to June 2011 excluding aircraft noise
(CHF 1,000)						
Revenue from aviation operations <sup>1)</sup>	283,706	-24,990	258,716	273,640	-23,050	250,590
Revenue from non-aviation operations <sup>1)</sup>	173,342		173,342	158,287		158,287
<b>Total revenue <sup>1)</sup></b>	<b>457,048</b>	<b>-24,990</b>	<b>432,058</b>	<b>431,927</b>	<b>-23,050</b>	<b>408,877</b>
Operating expenses <sup>1)</sup>	-214,826	1,985	-212,841	-206,347	2,161	-204,186
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>242,222</b>	<b>-23,005</b>	<b>219,217</b>	<b>225,580</b>	<b>-20,889</b>	<b>204,691</b>
EBITDA margin (in %) <sup>1)</sup>	53.0		50.7	52.2		50.1
Depreciation and amortisation	-108,027	3,875	-104,152	-99,121	3,532	-95,589
<b>Earnings before interest and tax (EBIT)</b>	<b>134,195</b>	<b>-19,130</b>	<b>115,065</b>	<b>126,459</b>	<b>-17,357</b>	<b>109,102</b>
EBIT margin (in %) <sup>1)</sup>	29.4		26.6	29.3		26.7
<b>Profit</b>	<b>80,224</b>	<b>-12,721</b>	<b>67,503</b>	<b>73,499</b>	<b>-10,235</b>	<b>63,264</b>
Profit in % of total revenue <sup>1)</sup>	17.6		15.6	17.0		15.5

<sup>1)</sup> In the consolidated financial statements for the year ending 31 December 2011 capitalised expenditure and bad debt write-offs have been presented for the first time as part of "Capitalised expenditure and other income / expenses, net". The prior-period amounts have been adjusted accordingly.



## **Company**

Following the completion of major projects in December of last year, the focus for the first half of 2012 has been on anchoring the new infrastructures in day-to-day operations. Along with improved, even more efficient passenger processes, the additional gastronomic and shopping opportunities created enhance the whole experience of travelling through Zurich Airport. The positive trend in traffic volumes in spite of the difficult economic climate shows that Zurich Airport can hold its own as a premier quality destination.

## **Flight operations – a pioneer and role model**

Efficiency is important not only on the ground, but also in the skies above the airport. A number of bodies involved in civil aviation have come together in the SESAR project (Single European Sky ATM (Air Traffic Management) Research) to promote improved efficiency and modernisation in European air traffic management. As linchpins of Europe's air transport network, airports play a key role here as they have the greatest density of traffic and also supply the majority of the data. Zurich Airport is therefore participating in SESAR as part of a consortium comprising the airports of Amsterdam, Frankfurt, London, Munich and Paris.

One SESAR project concerns the development of a GPS approach procedure, and Zurich Airport was the first airport in Europe to introduce this in March 2011. It is being developed as part of the CHIPS Swiss innovation platform – the “CH-wide Implementation Program for SESAR Related Activities”. In addition to Flughafen Zürich AG and Skyguide, other participants include the Federal Office of Civil Aviation (FOCA) and the airline Swiss. Zurich Airport's commitment to this project underscores its role as a leading airport at the forefront of the development and deployment of satellite-based flight procedures. GPS-assisted landing has been possible at the airport's runway 14 under certain conditions since March 2011. A ground station located at Zurich Airport will additionally improve the precision of the GPS signal. This use of GPS technology will enable suitably equipped aircraft to land also in low-cloud or poor visibility conditions in future. In June this year, Flughafen Zürich AG and Skyguide therefore submitted a planning application for a ground station to FOCA.

Flughafen Zürich AG's high standards of safety have been affirmed by FOCA. Among other things, the International Civil Aviation Organisation (ICAO) lays down the operational safety requirements for airports. As the operator of Zurich Airport, Flughafen Zürich AG has been certified since June 2006 and is required to be audited by FOCA every three years. Along with the airport's operating and safety processes, in the spring FOCA inspected the Safety Management System of Flughafen Zürich AG and deemed it compliant. The inspection included the airport operator's organisation of contingency planning, aircraft refuelling, regular runway inspections and snow clearing.

The smooth functioning of processes on the apron has also received recognition from freight industry experts: Zurich Airport garnered the Air Cargo Excellence Award from international freight magazine “Air Cargo” for the excellent service provided by its freight division and the agencies involved. Zurich Airport took first place in the “European airports between 100,000 to 399,000 tonnes” category and ranked third overall in an international field of airports.

## **Infrastructure – investment in the future**

Construction and investment are daily activities at Zurich Airport. Two major construction projects, Dock B and the security check building, were opened to the public on 1 December 2011 and have since proved their worth many times over. A further major building project – the upgrading of Terminal 2 – enters a crucial phase this year. Besides extensive renovation of the building, the project aims to deliver tangible improvements. The materials employed are similar to those used in the present airport buildings, but the terminal will nevertheless have a character all of its own. An extension will create even more space for passengers and will feature a friendly atmosphere with lots of natural daylight.

In the main construction phase launched in the spring of 2012, the southern part of the current Check-in 2 area is undergoing renovation. Desks in rows 7 to 10 have already been relocated to the mezzanine level G1 and have recommenced operation there. Since the work is scheduled to be carried out in a number of phases up until 2015, the refurbished southern part of the hall will already be available for use following completion of the first phase at the end of 2013. The northern part will then be renovated. The facades, the roof, the building services and links to the baggage sorting system and other functional areas will also be renewed step-by-step. All the renovation work will be carried out during ongoing operations. The biggest physical bottlenecks will arise temporarily in the Arrival 2 area. The airport operator will endeavour to manage the high concentration of people in the area as optimally as possible by running an information campaign as well as providing on-the-spot airport guides and additional signposting. Nevertheless, alongside these provisions, a large measure of patience and understanding will be required from everyone affected. Finally, to complete this major project, the curbsides on both levels will be renewed in 2015.

The temporary noise barrier on the hangar apron has already been completed and came into operation in February 2012. Compared with the obsolete noise baffles it replaced, the new noise barrier has already significantly reduced noise levels during engine ground testing. The size of this open pen allows engines on short-haul aircraft to be tested within the facility. For operational reasons, this is usually done at night. The noise barrier is a provisional solution until the erection of a new, fully enclosed noise protection hangar which is scheduled to replace it in April 2014. The enclosed hangar will then also enable on-wing engine testing of long-haul aircraft. At present this is usually carried out during the day on the hangar apron or on one of the runways. The temporary facility will be removed as soon as the noise protection hangar has commenced operation. A planning application for the enclosed hangar has already been submitted to FOCA and is available for public inspection.

## Interim report 2012

### Passengers – improved efficiency and enhanced experience

Since 6 November 2006, all European airports have been obliged to impose restrictions on liquids in hand luggage. The European Union is planning to revise the relevant regulations in the near future. To this end, various European airports are testing new screening equipment. Up until the end of February 2012, trials of two new scanners designed to detect dangerous liquids in hand luggage were conducted at Zurich Airport. Flughafen Zürich AG also used the trials to evaluate its security checkpoint processes, i.e. the trials not only tested the equipment itself, but also looked at the impact of its use on passenger flows. For the airport operator, security is paramount. The rollout of new equipment at Zurich Airport is only feasible if the scanners are technically advanced enough to ensure that the high security standards are maintained, while at the same time making the processes simpler and more convenient for passengers. For the time being there will be no changes for passengers and the existing restrictions on liquids in hand luggage will continue to apply.

A new iPhone app (application) launched by Flughafen Zürich AG at the beginning of the year is making life easier for travellers. The Zurich Airport app provides passengers with the latest arrivals and departures information. The automatic notifications (push messages) are especially practical: users can specify a flight and are then notified each time its status changes – such as when to go to the gate, or if the incoming flight is delayed. Anyone travelling by car to the airport can check parking availability in the car parks. Public transport users can obtain the latest departure times for trains, buses and trams. The app also includes information on shopping and restaurants in the passenger and public zones, checking in, baggage and customs regulations, airlines, special assistance, hotels and contact addresses. The app was downloaded over 150,000 times within the first six months.

### Politics – the year of decisions

The revision of the Swiss Federal Aviation Act has created a formal basis for airport charges in Switzerland. An important decision has now been taken. The Federal Council has approved the definitive ordinance on airport charges. It came into force on 1 June 2012, with the deadline for implementation set for 1 January 2014. The economic framework is therefore now in place which will create greater planning security for both Flughafen Zürich AG and airport users with respect to air traffic charges as well as usage and access charges. This will enable Flughafen Zürich AG to adequately refinance its high investment in the development and maintenance of the airport's infrastructure.

The ordinance provides for a two-stage process to regulate airport charges. Airports and their users should first attempt to negotiate an agreement on the system of charges and the level of charges. If no agreement can be reached through negotiation, in a second stage the airport operator will submit its proposed charges to FOCA. These will be based either on a benchmark study with airports operating according to a similar business model, or on the detailed calculation criteria defined in the ordinance. Both the content and processes of regulation are transparent for Flughafen Zürich AG.

During the first half of 2012 negotiations between the delegations on either side of the Rhine on the treaty between Switzerland and Germany became increasingly intensive. Discussions were protracted, with both sides having to make significant concessions, but a conclusion was finally reached on 2 July 2012. Compared with the previous 2001 treaty, the new agreement creates a number of operational benefits for Flughafen Zürich AG. Its investment is protected at least until the year 2030, and further development of Zurich Airport will be possible. Crucially, there are no limits on the number of flight movements over southern Germany. Implementation of the treaty is set for 2020. The necessary steps to comply with the conditions now need to be taken.

### Destination airport – from Airport City to excursion destination

Plans for "The Circle", a services centre which will offer around 200,000 m<sup>2</sup> of floor space directly adjacent to Zurich Airport, are well underway. From hotels and restaurants to offices, prestige sites for companies, medical services and training facilities, "The Circle" will offer an ideal mix of services at a prime location within walking distance of the terminals. In spring the airport operator was pleased to report the achievement of two significant milestones: Firstly, it succeeded in winning the ideal operator for the hotel facilities in the shape of the Hyatt hotel chain. The long-term agreement stipulates that a Hyatt Regency hotel and a Hyatt Place hotel will together provide some 550 rooms over an area of around 45,000 m<sup>2</sup>. The Hyatt Regency will also include a conference centre with seating for 1,500 plus additional rooms for meetings and exhibitions. This agreement reached with the hotel operator means that approximately 25 percent of the total floor space of "The Circle" is already occupied. The successful conclusion of this contract thus represents an important step towards the realisation of the project.

Another key stage was planning consent. Flughafen Zürich AG received this from the municipality of Kloten on 6 March 2012 and it is now legally in force. To ensure the project's success, additional anchor tenants still need to be found for the office spaces and service areas, investment cost adherence must be achieved as the main basis for the project's viability, and investment and financing structures need to be set up. Once all these conditions have been met and finance has been secured, building work is set to commence at the end of 2013. The next step is to develop the initial project to form the basis for discussions with potential investors.

Further developments have additionally enhanced the attractiveness of Zurich Airport as a destination. Particular mention should be made of the new high-quality retail offering in the Airside Center, including the expansion of the space devoted to perfumes and cosmetics on Level 1, new La Prairie and Tommy Hilfiger boutiques, a new Grieder menswear shop, and a new Nuance handbag store. Since opening at the beginning of May, the "upperdeck" restaurant on the Airport Center's mezzanine level combines gastronomic delights with the fascination of flying, attracting passengers, visitors and airport staff alike.

The new observation deck at Dock B has also proved to be a highly popular attraction. Since it opened at the end of 2011, it has greatly exceeded visitor forecasts. Just halfway through the year, the visitor numbers of the old observation deck have almost been reached already, and the resonance among the local population and visitors is great. It has even attracted the interest of international media such as CNN and NBC who cited the observation deck as a successful example of how the airport operator effectively communicated the fascination of flying to the general public.

**Relations with residents –  
sound insulation concept for south-side residents**

The airport operator has submitted a sound insulation concept for residents on the south side of the airport to the FOCA. The concept provides for the installation of closing mechanisms on the bedroom windows of certain properties situated within a defined corridor directly affected by landings on runway 34. Noise calculations show that, given the current level of aircraft noise, closed windows provide adequate protection against being awoken. The area covered by this south-side sound insulation concept includes around 1,300 residential properties in the communities of Opfikon-Glattbrugg, Wallisellen, Zurich and Dübendorf. The work will be carried out in stages and should be completed within two years.

**International airport business – increased presence in Chile**

Via its joint venture with A-port Chile S.A., Flughafen Zürich AG has been awarded the concession for the operation and expansion of Iquique airport in Chile. Following the takeover in January 2013, the responsibility for both the expansion and management of the airport will be handed over to A-Port Chile for an interim period of four years. "Aeropuerto Internacional Diego Aracena" lies around 20 kilometres south of the port of Iquique. Approximately 1.1 million passengers travelled through Chile's third largest airport last year. Outside Switzerland, Flughafen Zürich AG is currently involved in the operation of ten airports in India and South America. These operations are always in cooperation with strong local partners.

**Outlook**

Following the strong growth in passenger volumes in the first six months, Flughafen Zürich AG also expects solid growth in the second half of 2012. Passenger volumes are expected to rise by around 2.5% over the whole year. Overall growth of between 5% and 10% is anticipated for 2012 as a whole.

Zurich Airport, 17 August 2012



Andreas Schmid  
Chairman of the Board  
of Directors

Thomas E. Kern  
Chief Executive Officer



ARTWORK "CLOUD" PROTOTYPE NO. 6, DOCK B



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## Interim consolidated income statement<sup>1)</sup>

(CHF 1,000)	Notes	2012 Jan to June	2011 Jan to June	2011 Jan to Dec
Revenue from aviation operations <sup>2)</sup>		283,706	273,640	579,613
Revenue from non-aviation operations <sup>2)</sup>		173,342	158,287	325,791
<b>Total revenue<sup>2)</sup></b>		<b>457,048</b>	<b>431,927</b>	<b>905,404</b>
Personnel expenses		-83,080	-80,278	-162,478
Police and security		-57,567	-58,826	-118,040
Energy and waste		-13,094	-12,836	-23,888
Maintenance and material		-19,056	-17,993	-39,400
Other operating expenses		-25,137	-25,180	-49,499
Sales, marketing, administration		-20,427	-17,217	-39,127
Capitalised expenditure and other income / expenses, net <sup>2)</sup>		3,535	5,983	12,035
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>242,222</b>	<b>225,580</b>	<b>485,007</b>
Depreciation and amortisation		-108,027	-99,121	-201,211
<b>Earnings before interest and tax (EBIT)</b>		<b>134,195</b>	<b>126,459</b>	<b>283,796</b>
Finance costs	(1)	-37,682	-36,719	-77,772
Finance income	(1)	2,762	1,564	4,321
Share of profit or loss of associates		1,239	1,069	1,390
<b>Profit before tax</b>		<b>100,514</b>	<b>92,373</b>	<b>211,735</b>
Income tax expense		-20,290	-18,874	-40,825
<b>Profit</b>		<b>80,224</b>	<b>73,499</b>	<b>170,910</b>
Basic earnings per share (CHF)		13.19	11.97	27.84
Diluted earnings per share (CHF)		13.18	11.97	27.82

<sup>1)</sup> All financial data presented here are unaudited, with the exception of figures for the period from January to December 2011.

<sup>2)</sup> In the consolidated financial statements for the year ending 31 December 2011 capitalised expenditure and bad debt write-offs have been presented for the first time as part of "Capitalised expenditure and other income / expenses, net". The prior-period amounts (Jan to June 2011) have been adjusted accordingly, resulting in a CHF 6.3 million decline in revenue.

## Interim consolidated statement of comprehensive income<sup>1)</sup>

(CHF 1,000)	2012 Jan to June	2011 Jan to June	2011 Jan to Dec
<b>Profit</b>	<b>80,224</b>	<b>73,499</b>	<b>170,910</b>
<b>Other comprehensive income</b>			
Cross-currency interest rate swaps, net of income tax			
Adjustments to fair value	6,038	25,261	-20,826
Transfer to income statement	4,294	5,248	10,833
Available-for-sale securities			
Adjustments to fair value	766	486	1,126
Transfer to income statement	0	275	275
Foreign exchange differences	433	-585	-2,445
<b>Other comprehensive income, net of income tax</b>	<b>11,531</b>	<b>30,685</b>	<b>-11,037</b>
<b>Total comprehensive income</b>	<b>91,755</b>	<b>104,184</b>	<b>159,873</b>

<sup>1)</sup> All financial data presented here are unaudited, with the exception of figures for the period from January to December 2011.

## Financial report | Interim consolidated balance sheet

### Interim consolidated balance sheet<sup>1)</sup>

(CHF 1,000)	Notes	30.06.2012	30.06.2011	31.12.2011
<b>Assets</b>				
Land	(2)	113,813	109,508	109,508
Buildings, engineering structures	(2)	2,492,285	2,212,999	2,498,162
Leased assets	(2)	44,697	53,061	48,617
Projects in progress	(2)	164,534	399,830	207,814
Movables	(2)	82,303	86,331	83,317
<b>Total property, plant and equipment</b>		<b>2,897,632</b>	<b>2,861,729</b>	<b>2,947,418</b>
Intangible asset from right of formal expropriation	(2)	301,572	281,937	305,447
Other intangible assets	(2)	14,331	9,795	12,303
Investments in associates		15,448	15,279	13,732
Non-current financial assets of Airport of Zurich Noise Fund	(6)	172,485	132,671	167,632
Other financial assets		11	11	11
<b>Non-current assets</b>		<b>3,401,479</b>	<b>3,301,422</b>	<b>3,446,543</b>
Inventories		8,318	8,117	9,118
Current financial assets of Airport of Zurich Noise Fund	(6)	64,203	80,051	76,469
Trade receivables		111,949	91,998	98,591
Other receivables and prepaid expenses		29,508	35,567	28,997
Fixed-term deposits		0	0	85,111
Cash and cash equivalents	(3)	79,718	220,612	69,512
<b>Current assets</b>		<b>293,696</b>	<b>436,345</b>	<b>367,798</b>
<b>Total assets</b>		<b>3,695,175</b>	<b>3,737,767</b>	<b>3,814,341</b>
<b>Equity and liabilities</b>				
Share capital		307,019	307,019	307,019
Own shares		-25,458	-213	-477
Capital reserves		587,544	587,575	588,055
Hedging reserve, net		-86,756	-56,586	-97,088
Fair value reserve		2,262	856	1,496
Translation reserve		-2,268	-841	-2,701
Other retained earnings		1,028,385	908,139	1,005,550
<b>Equity</b>		<b>1,810,728</b>	<b>1,745,949</b>	<b>1,801,854</b>
Bonds and non-current loans	(4)	1,009,318	1,017,804	1,070,649
Non-current lease liabilities	(4)	43,453	52,339	47,728
Non-current provisions for sound insulation and resident protection plus formal expropriations	(5)	301,548	305,932	312,795
Deferred tax liabilities	(7)	97,369	105,977	94,273
Employee benefit obligations		4,096	3,914	3,825
<b>Non-current liabilities</b>		<b>1,455,784</b>	<b>1,485,966</b>	<b>1,529,270</b>
Trade payables		50,774	63,137	36,829
Current financial liabilities	(4)	100,691	87,278	98,656
Other current liabilities, accruals and deferrals		230,614	323,532	309,262
Current provisions for sound insulation and resident protection plus formal expropriations	(5)	31,981	0	20,949
Current tax liabilities		14,603	31,905	17,521
<b>Current liabilities</b>		<b>428,663</b>	<b>505,852</b>	<b>483,217</b>
<b>Total liabilities</b>		<b>1,884,447</b>	<b>1,991,818</b>	<b>2,012,487</b>
<b>Total equity and liabilities</b>		<b>3,695,175</b>	<b>3,737,767</b>	<b>3,814,341</b>

<sup>1)</sup> All financial data presented here are unaudited, with the exception of figures as at 31 December 2011.

## Financial report | Interim consolidated statement of changes in equity

### Interim consolidated statement of changes in equity<sup>1)</sup>

	Share capital	Own shares	Capital reserves	Hedging reserve, net	Fair value reserve	Translation reserve	Other retained earnings	Total equity
(CHF 1,000)								
<b>Balance at 31.12.2010</b>	<b>307,019</b>	<b>-751</b>	<b>587,786</b>	<b>-87,095</b>	<b>95</b>	<b>-256</b>	<b>877,604</b>	<b>1,684,402</b>
Profit, first half of 2011							73,499	73,499
Cross-currency interest rate swaps, net of income tax								
Adjustments to fair value				25,261				25,261
Transfer to income statement				5,248				5,248
Available-for-sale-securities								
Adjustments to fair value					486			486
Transfer to income statement					275			275
Foreign exchange differences						-585		-585
Other comprehensive income, net of income tax	0	0	0	30,509	761	-585	0	30,685
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,509</b>	<b>761</b>	<b>-585</b>	<b>73,499</b>	<b>104,184</b>
Dividends for the 2010 financial year							-42,964	-42,964
Purchase of own shares		-228						-228
Sale of own shares		0	0					0
Share-based payments		766	-211					555
<b>Balance at 30.06.2011</b>	<b>307,019</b>	<b>-213</b>	<b>587,575</b>	<b>-56,586</b>	<b>856</b>	<b>-841</b>	<b>908,139</b>	<b>1,745,949</b>
<b>Balance at 31.12.2011</b>	<b>307,019</b>	<b>-477</b>	<b>588,055</b>	<b>-97,088</b>	<b>1,496</b>	<b>-2,701</b>	<b>1,005,550</b>	<b>1,801,854</b>
Profit, first half of 2012							80,224	80,224
Cross-currency interest rate swaps, net of income tax								
Adjustments to fair value				6,038				6,038
Transfer to income statement				4,294				4,294
Available-for-sale-securities								
Adjustments to fair value					766			766
Transfer to income statement					0			0
Foreign exchange differences						433		433
Other comprehensive income, net of income tax	0	0	0	10,332	766	433	0	11,531
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,332</b>	<b>766</b>	<b>433</b>	<b>80,224</b>	<b>91,755</b>
Dividends for the 2011 financial year							-57,389	-57,389
Purchase of own shares		-33,270						-33,270
Sale of own shares		7,288	35					7,323
Share-based payments		1,001	-546					455
<b>Balance at 30.06.2012</b>	<b>307,019</b>	<b>-25,458</b>	<b>587,544</b>	<b>-86,756</b>	<b>2,262</b>	<b>-2,268</b>	<b>1,028,385</b>	<b>1,810,728</b>

<sup>1)</sup> All financial data presented here are unaudited, with the exception of figures as at 31 December 2010 and 2011.

## Financial report | Interim consolidated cash flow statement

### Interim consolidated cash flow statement<sup>1)</sup>

(CHF 1,000)		2012	2011	2011
	Notes	Jan to June	Jan to June	Jan to Dec
<b>Profit</b>		<b>80,224</b>	<b>73,499</b>	<b>170,910</b>
Finance result, net		34,920	35,155	73,451
Share of profit or loss of associates		-1,239	-1,069	-1,390
Income tax expense		20,290	18,874	40,825
Depreciation of property, plant and equipment	(2)	101,704	93,778	190,010
Amortisation of intangible assets	(2)	6,646	5,680	11,868
Recognition of government subsidies and grants on buildings and engineering structures in the income statement	(2)	-323	-337	-667
Gains(-) / losses(+) on disposal of property, plant and equipment (net)		1,451	813	1,170
Share-based payments		455	555	1,060
Increase(-) / decrease(+) in inventories, trade receivables and other receivables and prepaid expenses		-13,824	-16,219	-16,839
Increase(+) / decrease(-) in current liabilities, excluding current financial liabilities		-33,563	15,508	26,412
Increase(+) / decrease(-) in provisions for employee benefit obligations		271	-19	-108
Expenses for sound insulation and resident protection plus formal expropriations		-6,345	-2,296	-9,587
Income tax paid		-23,224	-12,420	-48,216
<b>Cash flow from operating activities</b>		<b>167,443</b>	<b>211,502</b>	<b>438,899</b>
<b>of which related to aircraft noise</b>		<b>17,497</b>	<b>19,690</b>	<b>38,657</b>
Income from noise charges	(6)	23,842	21,986	48,244
Expenses for sound insulation and resident protection plus formal expropriations	(5)	-6,345	-2,296	-9,587
Investments in property, plant and equipment (projects in progress) <sup>2)</sup>		-53,535	-154,035	-332,800
Proceeds from disposal of property, plant and equipment		48	3	134
Investments in financial assets of Airport of Zurich Noise Fund		-41,744	-36,094	-99,313
Investments (-) / repayments (+) in / of fixed-term deposits due > 90 days		85,111	0	-85,111
Repayment of current financial assets of Airport of Zurich Noise Fund		48,350	30,902	61,752
Interest received		3,301	2,545	5,650
<b>Cash flow from investing activities<sup>2)</sup></b>		<b>41,531</b>	<b>-156,679</b>	<b>-449,688</b>
<b>of which related to aircraft noise</b>		<b>6,606</b>	<b>-5,192</b>	<b>-37,561</b>
Investments in financial assets of Airport of Zurich Noise Fund		-41,744	-36,094	-99,313
Repayment of current financial assets of Airport of Zurich Noise Fund		48,350	30,902	61,752
Issue of new bond	(4)	0	246,750	246,750
Repayment of liabilities to banks arising from US car park lease		0	0	-54,198
Repayment of liabilities to banks arising from US private placement		-73,150	-73,150	-73,150
Repayment of lease liabilities		-4,513	-4,217	-8,577
Increase / decrease to Zurich Airport Staff Pension Fund		0	0	1
Payment of dividend for the 2011 / 2010 financial years		-57,389	-42,964	-42,964
Purchase of own shares		-33,270	-228	-517
Sale of own shares		7,323	0	0
Interest paid		-37,761	-34,079	-60,673
<b>Cash flow from financing activities<sup>2)</sup></b>		<b>-198,760</b>	<b>92,112</b>	<b>6,672</b>
<b>Increase / decrease in cash and cash equivalents</b>	<b>(3)</b>	<b>10,214</b>	<b>146,935</b>	<b>-4,117</b>
Balance at beginning of reporting period	(3)	69,512	73,642	73,642
Effect of foreign exchange differences on cash and cash equivalents held		-8	35	-13
<b>Balance at end of reporting period</b>	<b>(3)</b>	<b>79,718</b>	<b>220,612</b>	<b>69,512</b>
<b>of which included in Airport of Zurich Noise Fund</b>	<b>(3)</b>	<b>27,334</b>	<b>11,405</b>	<b>1,101</b>

<sup>1)</sup> All financial data presented here are unaudited, with the exception of figures for the period from January to December 2011.

<sup>2)</sup> In the consolidated financial statements for the year ending 31 December 2011 capitalised borrowing costs have been presented for the first time as part of interest paid in cash flow from financing activities (previously presented as part of investments in property, plant and equipment (projects in progress)). The prior-period amounts (Jan to June 2011) have been adjusted accordingly.

## Financial report | Notes

### Segment reporting<sup>1)</sup>

	Aviation flight operations		Aviation security		Aviation aircraft noise		Non-aviation		Eliminations		Consolidated	
	Jan to June 2012	Jan to June 2011	Jan to June 2012	Jan to June 2011	Jan to June 2012	Jan to June 2011	Jan to June 2012	Jan to June 2011	Jan to June 2012	Jan to June 2011	Jan to June 2012	Jan to June 2011
(CHF million)												
Revenue from third parties <sup>2)</sup>	182.9	176.3	76.5	74.2	25.0	23.1	172.6	158.3			457.0	431.9
Inter-segment revenue	4.3	5.8					69.8	59.5	-74.1	-65.3	0.0	0.0
<b>Total revenue<sup>2)</sup></b>	<b>187.2</b>	<b>182.1</b>	<b>76.5</b>	<b>74.2</b>	<b>25.0</b>	<b>23.1</b>	<b>242.4</b>	<b>217.8</b>	<b>-74.1</b>	<b>-65.3</b>	<b>457.0</b>	<b>431.9</b>
<b>Segment result (EBIT)</b>	<b>10.7</b>	<b>21.5</b>	<b>4.8</b>	<b>-1.6</b>	<b>18.6</b>	<b>17.3</b>	<b>100.1</b>	<b>89.3</b>			<b>134.2</b>	<b>126.5</b>
<b>Earnings before interest and tax (EBIT)</b>											<b>134.2</b>	<b>126.5</b>
Finance costs	-1.5	-1.8			-6.0	-6.2	-1.7	-2.7			-9.2	-10.7
Unallocated finance costs											-28.5	-26.0
Finance income					2.4	1.3					2.4	1.3
Unallocated finance income											0.4	0.2
Share of profit or loss of associates							1.2	1.1			1.2	1.1
Unallocated income tax expense											-20.3	-18.9
<b>Profit</b>											<b>80.2</b>	<b>73.5</b>
Property, plant and equipment and intangible assets	1,015.3	966.0	39.3	45.8	302.5	283.2	1,856.5	1,858.5			3,213.6	3,153.5
Financial assets					172.5	132.7					172.5	132.7
Investments in associates							15.4	15.3			15.4	15.3
Current financial assets and cash and cash equivalents					91.5	91.5					91.5	91.5
<b>Total segment assets</b>	<b>1,015.3</b>	<b>966.0</b>	<b>39.3</b>	<b>45.8</b>	<b>566.5</b>	<b>507.4</b>	<b>1,871.9</b>	<b>1,873.8</b>			<b>3,493.0</b>	<b>3,393.0</b>
Unallocated current financial assets and cash and cash equivalents											52.4	209.1
Unallocated assets											149.8	135.7
<b>Total assets</b>											<b>3,695.2</b>	<b>3,737.8</b>
<b>Total segment liabilities</b>	<b>52.9</b>	<b>61.2</b>			<b>333.5</b>	<b>305.9</b>	<b>39.8</b>	<b>68.2</b>			<b>426.2</b>	<b>435.3</b>
Unallocated liabilities											1,458.2	1,556.5
<b>Total liabilities</b>											<b>1,884.4</b>	<b>1,991.8</b>
<b>Total investments</b>	<b>19.7</b>	<b>18.6</b>	<b>0.5</b>	<b>0.7</b>	<b>41.7</b>	<b>36.1</b>	<b>37.6</b>	<b>132.2</b>			<b>99.5</b>	<b>187.6</b>
Depreciation and amortisation	33.5	29.7	2.8	3.6	4.0	3.8	67.7	62.0			108.0	99.1
<b>Number of employees (full-time positions)</b>	<b>592.0</b>	<b>576.0</b>	<b>17.0</b>	<b>16.0</b>	<b>11.0</b>	<b>11.0</b>	<b>731.0</b>	<b>684.0</b>			<b>1,351.0</b>	<b>1,287.0</b>

<sup>1)</sup> All financial data presented here are unaudited.

<sup>2)</sup> In the consolidated financial statements for the year ending 31 December 2011 capitalised expenditure and bad debt write-offs have been presented for the first time as part of "Capitalised expenditure and other income / expenses, net". The prior-period amounts have been adjusted accordingly.



## Accounting policies

### A) Statement of compliance

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2012 were prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". They do not contain all the information included in the consolidated financial statements for the year ended 31 December 2011 and should therefore be read in conjunction with the latter. This applies in particular to the notes on the reporting of noise-related costs in the consolidated financial statements.

### B) Changes in accounting policies

The company adopted the following amended International Financial Reporting Standards which are mandatory for the first time for the financial year beginning 1 January 2012: Amendments to IFRS 7 "Financial Instruments: Disclosures" in "Disclosures – Transfers of Financial Assets" and amendments to IAS 12 in "Deferred Tax: Recovery of Underlying Assets". The application of the amended Standards does not have any impact on these condensed interim consolidated financial statements. Moreover, this interim annual report was prepared in accordance with the accounting policies described in the 2011 consolidated financial statements.

### C) Seasonal factors

Due to the nature of the civil aviation sector and based on statistics, traffic volumes (passenger volumes and number of flights) are usually higher in the second half of the year than in the first half.

## Selected notes to the interim consolidated financial statements

### Current developments relating to the reporting of noise-related costs in the financial statements

Based on the Swiss Federal Supreme Court rulings of 8 June 2010 on the foreseeability of an eastern approach and 9 December 2011 on the method used to calculate a decline in the market value of investment property as well as other fundamental issues, Flughafen Zürich AG, in cooperation with the Canton of Zurich, undertook a reappraisal of noise-related operating costs as of 31 December 2010 and 31 December 2011 respectively. According to this updated calculation, total noise-related operating costs amounted to CHF 740.6 million at the end of December 2011 (CHF 739.5 million at the end of December 2010; originally CHF 759.8 million).

Since no new rulings were handed down by the Swiss Federal Supreme Court during the first half of 2012, the company decided on 30 June 2012 to adhere to the updated calculation of noise-related operating costs from the end of December 2011. This cost estimate is based on a number of assumptions, such as pending legal issues where there has been no decision by a court of last instance.

Since, based on the updated calculations related to formal expropriations dated 31 December 2011, the share of "old" noise-related liabilities pre-financed by the Canton of Zurich has been reduced, Flughafen Zürich AG is entitled to 76% (previously 72%; originally 53%) of the collected noise charges as of 1 January 2012.

## 1) Finance result

	2012	2011	2011
(CHF 1,000)	Jan to June	Jan to June	Jan to Dec
Interest expenses on bonds and non-current loans	27,159	27,932	56,786
Less capitalised interest on borrowings for buildings under construction	-207	-2,303	-4,724
<b>Net interest expenses on bonds and non-current loans</b>	<b>26,952</b>	<b>25,629</b>	<b>52,062</b>
Interest expenses on finance lease liabilities	1,476	1,763	3,356
Accretion of interest on financial liabilities at amortised cost	1,711	1,465	3,145
Other interest expenses	40	57	70
<b>Total interest expenses</b>	<b>30,179</b>	<b>28,914</b>	<b>58,633</b>
Loss on financial assets of Airport of Zurich Noise Fund	1,404	409	1,295
Other finance costs	1,790	2,035	3,928
Foreign exchange losses	137	60	553
Unwinding of discount on provisions for sound insulation and resident protection plus formal expropriations	4,172	5,301	13,363
<b>Total finance costs</b>	<b>37,682</b>	<b>36,719</b>	<b>77,772</b>
Interest income on financial assets of Airport of Zurich Noise Fund	-2,389	-1,303	-3,332
Interest income on postal accounts and bank deposits / loans	-287	-164	-555
Interest on arrears	-2	-1	-8
<b>Total interest income</b>	<b>-2,678</b>	<b>-1,468</b>	<b>-3,895</b>
Foreign exchange gains	-91	-77	-396
Other finance income	7	-19	-30
<b>Total finance income</b>	<b>-2,762</b>	<b>-1,564</b>	<b>-4,321</b>
<b>Finance result, net</b>	<b>34,920</b>	<b>35,155</b>	<b>73,451</b>

Interest expenses on bonds and non-current loans were CHF 0.8 million or 2.8% lower than in the prior-year period at CHF 27.2 million.

Capitalised interest on borrowings for buildings under construction were CHF 2.1 million lower due to a reduction in construction activity. In the first half of 2012, they were calculated using an average interest rate of 4.80% (H1 2011: 5.17%).

Total finance costs for the reporting period were CHF 1.0 million or 2.6% higher than in the prior-year period at CHF 37.7 million.

Finance income rose by CHF 1.2 million year on year. Overall, therefore, the net finance result improved by CHF 0.2 million compared with the first half of the previous year to CHF 34.9 million.

## 2) Changes in property, plant and equipment and intangible assets

(CHF million)	Land	Engineering structures	Buildings	Leased assets	Projects in progress	Movables	Total property, plant and equipment	Intangible asset from right of formal expropriation	Other intangible assets	Total intangible assets
<b>Cost</b>										
Balance as at 01.01.2012	109.5	1,522.2	3,838.1	98.5	207.8	253.5	6,029.6	326.6	71.9	398.5
Additions				0.6	57.3		57.9			0.0
Disposals		-1.3	-6.3			-11.8	-19.4		-2.1	-2.1
Transfers	4.3	14.3	69.1		-100.6	7.9	-5.0		5.0	5.0
Balance as at 30.06.2012	113.8	1,535.2	3,900.9	99.1	164.5	249.6	6,063.1	326.6	74.8	401.4
<b>Depreciation, amortisation and impairment losses</b>										
Balance as at 01.01.2012	0.0	691.7	2,167.5	49.9	0.0	170.2	3,079.4	21.2	59.6	80.8
Additions		23.7	65.1	4.5		8.4	101.7	3.8	2.8	6.6
Disposals		-0.8	-5.9			-11.3	-18.0		-1.9	-1.9
Balance as at 30.06.2012	0.0	714.6	2,226.7	54.4	0.0	167.3	3,163.0	25.0	60.5	85.5
<b>Government subsidies and grants</b>										
Balance as at 01.01.2012	0.0	0.1	2.7	0.0	0.0	0.0	2.8	0.0	0.0	0.0
Recognition in income statement		-0.1	-0.2				-0.3			0.0
Balance as at 30.06.2012	0.0	0.0	2.5	0.0	0.0	0.0	2.5	0.0	0.0	0.0
Net carrying amount as at 01.01.2012	109.5	830.4	1,667.8	48.6	207.8	83.3	2,947.4	305.4	12.3	317.7
Net carrying amount as at 30.6.2012	113.8	820.6	1,671.7	44.7	164.5	82.3	2,897.6	301.6	14.3	315.9

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

### Intangible asset from right of formal expropriation

With the award of the operating licence, Flughafen Zürich AG was also granted a right of formal expropriation in respect of property owners exposed to aircraft noise. This right was granted on condition that the airport operator bears the costs associated with compensation payments, and it is recognised as an intangible asset at the date when the probable total cost can be estimated based on final-instance court rulings, so that the cost can be reliably estimated in accordance with IAS 38.21.

At the same time as an intangible asset from the right of formal expropriation was first recognised in the amount of CHF 125.5 million (present value of the expected future payments) at 30 June 2008 and adjustments in the amount of CHF 57.8 million and CHF 27.0 million were recognised at 31 December 2010 and 31 December 2011, an equal amount was in each case recognised as a provision (see note 5, "Provisions for sound insulation and resident protection plus formal expropriations"). In addition to compensation for pilot cases amounting to CHF 0.9 million, in mid-2008, a portion of the Airport of Zurich Noise Fund in the amount of CHF 115.4 million was also recognised as an intangible asset from the right of formal expropriation. This portion was transferred to the Canton of Zurich under the supplementary agreement (to the merger agreement) dated 8 March 2006.

The intangible asset is amortised using the straight-line method over the remaining term of the operating licence (i.e. until May 2051).

### 3) Cash and cash equivalents

(CHF 1,000)	30.06.2012	of which AZNF	30.06.2011	of which AZNF	31.12.2011	of which AZNF
Cash on hand	216		212		240	
Cash at banks and in postal accounts	71,065	27,334	116,332	11,405	43,417	1,101
Call deposits <sup>1)</sup>	4,250		0		6,649	
Fixed-term deposits <sup>1)</sup>	0		100,000		15,019	
Collateral due within 90 days	4,187		4,068		4,187	
<b>Total cash and cash equivalents</b>	<b>79,718</b>	<b>27,334</b>	<b>220,612</b>	<b>11,405</b>	<b>69,512</b>	<b>1,101</b>

<sup>1)</sup> Due within 90 days of date of acquisition

### 4) Financial liabilities

(CHF 1,000)	30.06.2012	30.06.2011	31.12.2011
Japanese private placement	434,861	376,397	446,608
US private placement	102,970	135,889	153,061
Bonds	471,487	470,484	470,980
Non-current liabilities to banks arising from US car park lease	0	35,034	0
Non-current lease liabilities	43,453	52,339	47,728
<b>Non-current financial liabilities</b>	<b>1,052,771</b>	<b>1,070,143</b>	<b>1,118,377</b>
US private placement	51,448	45,306	50,892
Current liabilities to banks arising from US car park lease	39,830	33,128	38,669
Current lease liabilities	9,413	8,844	9,095
<b>Current financial liabilities</b>	<b>100,691</b>	<b>87,278</b>	<b>98,656</b>
<b>Total financial liabilities</b>	<b>1,153,462</b>	<b>1,157,421</b>	<b>1,217,033</b>

Changes to the Japanese private placement are attributable to foreign exchange movements. In the case of liabilities to banks arising from the US car park lease and the US private placement, the changes comprise the combined effects of foreign exchange movements and annual repayments. In April 2012, the second of five annual tranches of the US private placement was repaid. The liabilities to banks arising from the US car park lease will be repaid in full in December 2012.

Flughafen Zürich AG holds derivative financial instruments in the form of cross-currency interest rate swaps for the purpose of hedging the currency risks associated with future interest payments and repayments relating to financial liabilities in foreign currencies. The fair value of these derivative financial instruments is recognised in other current liabilities, accruals and deferrals and was CHF 168.9 million at 30 June 2012 (31 December 2011: CHF 193.7 million).

Non-current financial liabilities were CHF 65.6 million lower than on the previous reporting date, while current financial liabilities were CHF 2.0 million higher than on 31 December 2011. Overall, therefore, financial liabilities declined by CHF 63.6 million (5.2%).

## 5) Provisions for sound insulation and resident protection measures plus formal expropriations

(CHF 1,000)	Sound insulation and resident protection	Formal expropriations	Total
<b>Provisions as at 31.12.2010</b>	<b>110,611</b>	<b>192,316</b>	<b>302,927</b>
Provisions used <sup>1)</sup>	-2,235	-61	-2,296
Provisions reversed	0	0	0
Provisions made	0	0	0
Unwinding of discount	1,935	3,366	5,301
<b>Provisions as at 30.06.2011</b>	<b>110,311</b>	<b>195,621</b>	<b>305,932</b>
Provisions used <sup>1)</sup>	-7,291	0	-7,291
Provisions reversed	0	0	0
Provisions made	0	27,041	27,041
Unwinding of discount <sup>2)</sup>	-2,572	10,634	8,062
<b>Provisions as at 31.12.2011</b>	<b>100,448</b>	<b>233,296</b>	<b>333,744</b>
Provisions used <sup>1)</sup>	-2,683	-1,704	-4,387
Provisions reversed	0	0	0
Provisions made	0	0	0
Unwinding of discount	1,257	2,915	4,172
<b>Provisions as at 30.06.2012</b>	<b>99,022</b>	<b>234,507</b>	<b>333,529</b>
thereof current (planned payment within 1 year)	18,584	13,397	31,981
thereof non current (planned payment from 1 year on)	80,438	221,110	301,548

<sup>1)</sup> The amount paid for formal expropriations only includes effective payments of compensation, and excludes other associated external costs in accordance with the regulations of the Airport of Zurich Noise Fund.

<sup>2)</sup> In the previous year the expected cash outflows for sound insulation and resident protection measures up to the end of 2020 were reassessed, which resulted in a positive effect from the unwinding of the discount on the provisions for sound insulation and resident protection.

### Provisions for sound insulation and resident protection

The company has effectively committed itself to bearing approximately CHF 240.0 million in costs for sound insulation and resident protection measures, some of which have already been carried out while others have been announced. At the end of the reporting period, a total of around CHF 129.7 million had been paid out. The estimated outstanding costs are stated at present value (CHF 99.0 million) in the breakdown of provisions shown above. Due to the decline in general interest rates, the discount rate used to calculate the interest cost on the nominal payment flows is now 2.5% (H1 2011: 3.5%). It is currently expected that the payments can be completed by the end of 2020.

### Provisions for formal expropriations

Based on the fundamental issues on which the Swiss Federal Supreme Court has ruled to date (see also notes to the condensed interim consolidated financial statements, "Current developments relating to the reporting of noise-related costs in the financial statements") and taking account of the pre-financing provided by the Canton of Zurich, an amount of CHF 234.5 million was recognised as a provision for "new" noise-related liabilities at 30 June 2012 (nominal amount CHF 261.5 million). Again, the discount rate is 2.5% (H1 2011: 3.5%). This provision is based on the recognition of an intangible asset from the right of formal expropriation (see note 2, "Changes in property, plant and equipment and intangible assets"). It is currently expected that the payments can be completed by the end of 2018.

Because the Canton of Zurich has assumed the "old" noise-related liabilities as part of the pre-financing solution, Flughafen Zürich AG is no longer required to recognise a provision for these "old" liabilities.



## 6) Airport of Zurich Noise Fund

(CHF 1,000)	2012 Jan to June	2011 Jan to June	2011 Jan to Dec
<b>Airport of Zurich Noise Fund as at 01.01.</b>	<b>247,711</b>	<b>209,050</b>	<b>209,050</b>
Revenue from noise charges <sup>1)</sup>	23,984	21,986	48,244
Costs for sound insulation and resident protection	-2,683	-2,234	-9,526
Costs for formal expropriations <sup>2)</sup>	-2,696	-590	-929
<b>Net result before operating costs and finance result</b>	<b>266,316</b>	<b>228,212</b>	<b>246,839</b>
Noise-related operating costs	-1,985	-2,161	-4,265
Interest income from financial assets of Airport of Zurich Noise Fund	2,911	2,386	5,031
Adjustments to fair value of financial assets (available-for-sale securities)	766	761	1,401
Gains / losses on financial assets	-1,404	-409	-1,295
<b>Airport of Zurich Noise Fund as at end of reporting period</b>	<b>266,604</b>	<b>228,789</b>	<b>247,711</b>

<sup>1)</sup> Excluding the proportion of collected noise charges for the Canton of Zurich as of 1 July 2008.

<sup>2)</sup> In addition to compensation payments for formal expropriations, this amount includes other associated external costs (in accordance with the regulations of the Airport of Zurich Noise Fund).

Summary of assets invested for the Airport of Zurich Noise Fund:

(CHF 1,000)	30.06.2012	30.06.2011	31.12.2011
Cash equivalents (see note 3, "Cash and cash equivalents")	27,334	11,405	1,101
Current available-for-sale securities	64,203	80,051	76,469
Non-current available-for-sale securities	172,485	132,671	167,632
Accrual / deferral towards Flughafen Zürich AG <sup>1)</sup>	2,582	4,662	2,509
<b>Total assets invested for Airport of Zurich Noise Fund</b>	<b>266,604</b>	<b>228,789</b>	<b>247,711</b>

<sup>1)</sup> For accounting reasons, an accrual (deferral) towards Flughafen Zürich AG arises as at the end of the reporting period. This is compensated in the subsequent month, so the balance of liquid funds is restored.

Flughafen Zürich AG refinances all costs related to aircraft noise through special noise charges based on the "originator pays" principle. In the interest of transparency, costs and income relating to aircraft noise are recognised in a special liquidity-based fund statement for the Airport of Zurich Noise Fund.

The funds of the Airport of Zurich Noise Fund are managed by professional investment institutions on the basis of a conservative, money market-oriented investment strategy and invested mainly in fixed-rate debt instruments. The income from these investments is credited to the fund statement.

As part of the pre-financing solution, an amount of CHF 115.4 million was transferred to the Canton of Zurich on 1 July 2008 (separation of the "old" noise-related liabilities). Since that date, the Canton of Zurich also receives a portion of the collected noise charges. Thus, the balance of the Airport of Zurich Noise Fund relates to the "new" noise-related liabilities of Flughafen Zürich AG.

The detailed fund statement is disclosed to a committee comprising representatives of Zurich Airport customers and the relevant authorities. The regulations of the Airport of Zurich Noise Fund and other current information (including an overview of the investments and a consolidated overview of the Airport of Zurich Noise Fund) can be downloaded from the following website:  
[www.zurich-airport.com/aznf](http://www.zurich-airport.com/aznf)

## 7) Deferred tax liabilities

The balance of deferred tax assets and liabilities has changed as follows:

(CHF 1,000)	30.06.2012	30.06.2011	31.12.2011
<b>Deferred tax liability, net as at 01.01.</b>	<b>94,273</b>	<b>98,484</b>	<b>98,484</b>
Deferred taxes on adjustments to fair value of cross-currency interest rate swaps recognised in hedging reserve	1,557	6,514	-5,370
Cross-currency interest rate swaps – transfer to income statement	1,107	1,353	2,793
Change according to income statement	432	-374	-1,634
<b>Deferred tax liability, net as at end of reporting period</b>	<b>97,369</b>	<b>105,977</b>	<b>94,273</b>

## 8) Additional disclosures

### Contingent liabilities

A number of legal proceedings and claims against Flughafen Zürich AG in the context of its normal business activities are still pending. The company does not expect the amounts required to settle these lawsuits and claims to have a significantly negative impact on the consolidated financial statements or cash flow.

If, on the basis of future legal practice, total noise-related costs in the worst case ("negative case") should ultimately be below the applicable threshold, the Canton of Zurich would no longer be required under the supplementary agreement of 8 March 2006 to assume the pre-financing of the "old" noise-related liabilities. In this case, Flughafen Zürich AG would assume the still unpaid "old" noise-related liabilities and in return would receive back the Canton of Zurich's corresponding share of the assets from the Airport of Zurich Noise Fund ("reversal"). As of that date the splitting of noise charges would also no longer apply. At that point in time Flughafen Zürich AG would make a current estimate of the total outstanding noise-related liabilities and adjust the noise-related costs on both the asset and liability sides of the balance sheet.

Depending on future and final-instance legal judgments, especially with respect to the southern approaches, the "new" noise-related liabilities in future may also be subject to substantial adjustments, which would also require corrections in the noise-related costs recognised as assets and liabilities in the balance sheet. In this case, pre-financing by the Canton of Zurich and the split of noise charges would presumably continue to apply. At the present time, it is not possible to reliably estimate the total costs to capitalise as an intangible asset from the right of formal expropriation, the amortisation period or the corresponding provision.

As regards the imminent restructuring of the BVK (Employee Pension Fund of the Canton of Zurich), on 2 April 2012 the Cantonal Council approved the package of measures (a single payment of CHF 2.0 billion and the revision of the Articles of Association dated 9 November 2011). The Directorate of Finance of the Canton of Zurich then issued a new contract which has since been distributed to the affiliated employers. Flughafen Zürich AG now has until the end of November 2012 to assess the available options. This may involve classifying the employee benefit plan as a defined benefit plan according to IAS 19.27, which could have a significant financial impact on the financial statements. At present such effects cannot be conclusively determined.

In this context please refer to the notes in the 2011 consolidated financial statements, "Valuation uncertainties and significant estimates and assumptions in the application of accounting policies".

### Events after the reporting period

On 3 July 2012 the company issued a new bond worth CHF 300 million with an interest coupon of 1.25% and redemption in 2020.

The Audit & Finance Committee authorised these condensed interim consolidated financial statements for issue on 17 August 2012. No events occurred between 30 June 2012 and the date on which these consolidated interim consolidated financial statements were authorised for issue by the Audit & Finance Committee which would require an adjustment to the carrying amounts of the group's assets and liabilities.

Abflug | Departure

[illegible]

The image shows a blue electronic display board with white text. The text is oriented vertically, reading from right to left. The board lists names and their corresponding scores or times. The text is as follows:

Name	Score/Time
1. J. J. J.	1. 1. 1.
2. J. J. J.	2. 2. 2.
3. J. J. J.	3. 3. 3.
4. J. J. J.	4. 4. 4.
5. J. J. J.	5. 5. 5.
6. J. J. J.	6. 6. 6.
7. J. J. J.	7. 7. 7.
8. J. J. J.	8. 8. 8.
9. J. J. J.	9. 9. 9.
10. J. J. J.	10. 10. 10.
11. J. J. J.	11. 11. 11.
12. J. J. J.	12. 12. 12.
13. J. J. J.	13. 13. 13.
14. J. J. J.	14. 14. 14.
15. J. J. J.	15. 15. 15.
16. J. J. J.	16. 16. 16.
17. J. J. J.	17. 17. 17.
18. J. J. J.	18. 18. 18.
19. J. J. J.	19. 19. 19.
20. J. J. J.	20. 20. 20.

At the bottom of the board, there is a small section with the text "Sportplatz der Stadt..." and some additional information.

Year	LC	Home
1980	1,000	2,000
1981	1,200	2,500
1982	1,500	3,000
1983	1,800	3,500
1984	2,000	4,000
1985	2,200	4,500
1986	2,400	5,000
1987	2,600	5,500
1988	2,800	6,000
1989	3,000	6,500
1990	3,200	7,000
1991	3,400	7,500
1992	3,600	8,000
1993	3,800	8,500
1994	4,000	9,000
1995	4,200	9,500
1996	4,400	10,000
1997	4,600	10,500
1998	4,800	11,000
1999	5,000	11,500
2000	5,200	12,000
2001	5,400	12,500
2002	5,600	13,000
2003	5,800	13,500
2004	6,000	14,000
2005	6,200	14,500
2006	6,400	15,000
2007	6,600	15,500
2008	6,800	16,000
2009	7,000	16,500
2010	7,200	17,000
2011	7,400	17,500
2012	7,600	18,000
2013	7,800	18,500
2014	8,000	19,000
2015	8,200	19,500
2016	8,400	20,000
2017	8,600	20,500
2018	8,800	21,000
2019	9,000	21,500
2020	9,200	22,000
2021	9,400	22,500
2022	9,600	23,000
2023	9,800	23,500
2024	10,000	24,000
2025	10,200	24,500
2026	10,400	25,000
2027	10,600	25,500
2028	10,800	26,000
2029	11,000	26,500
2030	11,200	27,000
2031	11,400	27,500
2032	11,600	28,000
2033	11,800	28,500
2034	12,000	29,000
2035	12,200	29,500
2036	12,400	30,000
2037	12,600	30,500
2038	12,800	31,000
2039	13,000	31,500
2040	13,200	32,000
2041	13,400	32,500
2042	13,600	33,000
2043	13,800	33,500
2044	14,000	34,000
2045	14,200	34,500
2046	14,400	35,000
2047	14,600	35,500
2048	14,800	36,000
2049	15,000	36,500
2050	15,200	37,000
2051	15,400	37,500
2052	15,600	38,000
2053	15,800	38,500
2054	16,000	39,000
2055	16,200	39,500
2056	16,400	40,000
2057	16,600	40,500
2058	16,800	41,000
2059	17,000	41,500
2060	17,200	42,000
2061	17,400	42,500
2062	17,600	43,000
2063	17,800	43,500
2064	18,000	44,000
2065	18,200	44,500
2066	18,400	45,000
2067	18,600	45,500
2068	18,800	46,000
2069	19,000	46,500
2070	19,200	47,000
2071	19,400	47,500
2072	19,600	48,000
2073	19,800	48,500
2074	20,000	49,000
2075	20,200	49,500
2076	20,400	50,000
2077	20,600	50,500
2078	20,800	51,000
2079	21,000	51,500
2080	21,200	52,000
2081	21,400	52,500
2082	21,600	53,000
2083	21,800	53,500
2084	22,000	54,000
2085	22,200	54,500
2086	22,400	55,000
2087	22,600	55,500
2088	22,800	56,000
2089	23,000	56,500
2090	23,200	57,000
2091	23,400	57,500
2092	23,600	58,000
2093	23,800	58,500
2094	24,000	59,000
2095	24,200	59,500
2096	24,400	60,000
2097	24,600	60,500
2098	24,800	61,000
2099	25,000	61,500

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