

2013

INTERIM REPORT
OF FLUGHAFEN ZÜRICH AG

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Key data for first half of 2013 ¹⁾

(CHF 1,000)	First half 2013	First half 2012	Change in %
Total revenue	469,425	457,048	2.7
of which revenue from aviation operations	287,920	283,706	1.5
of which revenue from non-aviation operations	181,505	173,342	4.7
Operating expenses	-224,099	-214,826	4.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	245,326	242,222	1.3
EBITDA margin (in %)	52.3	53.0	
Earnings before interest and tax (EBIT)	134,296	134,195	0.1
EBIT margin (in %)	28.6	29.4	
Result	10,078	80,224	-87.4
Cash flow from operating activities	201,534	167,443	20.4
Cash flow from investing activities	-79,296	41,531	n/a
Invested capital as at end of reporting period ²⁾	3,274,578	3,133,034	4.5
Average invested capital ²⁾	3,203,806	3,147,846	1.8
Return on average invested capital (ROIC in %)	4.3	7.3	
Equity as at end of reporting period	1,907,484	1,810,651	5.3
Return on equity (in %) ³⁾	1.3	9.9	
Equity ratio (in %)	48.7	49.0	
Interest-bearing liabilities (net) ⁴⁾	819,778	1,005,977	-18.5
Interest-bearing liabilities (net)/EBITDA	2.08x	2.01x	
Key operational data ⁵⁾			
Number of passengers	11,829,390	11,813,710	0.1
Number of flight movements	128,509	133,873	-4.0
Freight in tonnes	204,606	210,211	-2.7
Number of full-time positions as at end of reporting period	1,366	1,351	1.1
Number of employees as at end of reporting period	1,612	1,598	0.9
Key data for shareholders of Flughafen Zurich AG			
Number of issued shares	6,140,375	6,140,375	0.0
Equity per share (CHF)	310.65	294.88	5.3
Undiluted earnings per share (CHF)	1.64	13.19	-87.6
Diluted earnings per share (CHF)	1.64	13.18	-87.6
Share price as at end of reporting period (CHF)	474.50	333.00	42.5
Market capitalisation as at end of reporting period (CHF million)	2,914	2,045	42.5
Flughafen Zürich AG (registered share)	Security No. 1056796	SIX symbol FHZN	Reuters FHZN.S

¹⁾ All cited key financial data are unaudited.

²⁾ Invested capital includes equity, interest-bearing debt and the fair values of the hedging instruments.

³⁾ Based on the result of the 12-month period preceding the reporting date.

⁴⁾ Interest-bearing liabilities (net) include interest-bearing debt and the fair value of hedging instruments less cash and cash equivalents, interest-bearing other current and non-current financial assets and fixed-term deposits.

⁵⁾ Excluding foreign associated companies.

Key data for first half of 2013 (excl. the influence of aircraft noise) ¹⁾

Flughafen Zürich AG refinances all costs related to aircraft noise according to the originator pays principle via noise charges. There is a specified purpose for these noise charges, and any surplus, after all noise-related expenses have been paid, is supposed to be repaid and does not belong to the owners of Flughafen Zürich AG.

As the financial statements of Flughafen Zürich AG include noise charges, noise-related expenses and noise-related items in the balance sheet, key figures are also stated excluding the influence of aircraft noise for the shareholders. In the long term, noise-related items will not impact either the income statement or the cash flow statement of Flughafen Zürich AG. These adjusted key figures reflect all significant noise-related items in the income statement and balance sheet.

(CHF 1,000)	First half 2013	First half 2012	Change in %
Total revenue	443,776	432,058	2.7
of which revenue from aviation operations	262,271	258,716	1.4
of which revenue from non-aviation operations	181,505	173,342	4.7
Operating expenses	-222,193	-212,841	4.4
Earnings before interest, tax, depreciation and amortisation (EBITDA)	221,583	219,217	1.1
EBITDA margin (in %)	49.9	50.7	
Earnings before interest and tax (EBIT)	114,428	115,065	-0.6
EBIT margin (in %)	25.8	26.6	
Result	-5,434	67,503	n/a
Cash flow from operating activities	188,586	149,946	25.8
Cash flow from investing activities	-66,538	34,925	n/a
Invested capital as at end of reporting period ²⁾	3,069,135	2,944,524	4.2
Average invested capital ²⁾	3,006,829	2,970,826	1.2
Return on average invested capital (ROIC in %)	3.5	6.7	
Equity as at end of reporting period	1,702,041	1,622,141	4.9
Return on equity (in %) ³⁾	0.5	9.6	
Equity ratio (in %)	51.1	51.9	
Interest-bearing liabilities (net) ⁴⁾	1,100,847	1,269,999	-13.3
Interest-bearing liabilities/EBITDA	3.19x	2.80x	
Key operational data ⁵⁾			
Number of passengers	11,829,390	11,813,710	0.1
Number of flight movements	128,509	133,873	-4.0
Freight in tonnes	204,606	210,211	-2.7
Number of full-time positions as at end of reporting period	1,355	1,340	1.1
Number of employees as at end of reporting period	1,601	1,587	0.9
Key data for shareholders of Flughafen Zurich AG			
Number of issued shares	6,140,375	6,140,375	0.0
Equity per share (CHF)	277.19	264.18	4.9
Undiluted earnings per share (CHF)	-0.89	11.10	n/a
Diluted earnings per share (CHF)	-0.89	11.09	n/a
Share price as at end of reporting period (CHF)	474.50	333.00	42.5
Market capitalisation as at end of reporting period (CHF million)	2,914	2,045	42.5

¹⁾ All cited key financial data are unaudited.

²⁾ Invested capital includes equity, interest-bearing debt and the fair values of the hedging instruments.

³⁾ Based on the result of the 12-month period preceding the reporting date.

⁴⁾ Interest-bearing liabilities (net) include interest-bearing debt and the fair value of hedging instruments less cash and cash equivalents, interest-bearing other current and non-current financial assets and fixed-term deposits.

⁵⁾ Excluding foreign associated companies.



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Dear Shareholders,
Ladies and Gentlemen,

Flughafen Zürich AG is reporting a solid operating performance for the first half of 2013. The result, however, was affected to a significant extent by the restructuring of non-current financial liabilities carried out in the first few months of the year. Reported profit as at 30 June 2013 therefore amounted to CHF 10.1 million, a reduction of CHF 70.1 million versus the prior-year figure. However, the negative one-off effect of the restructuring will be considerably outweighed by attractive refinancing terms in the years ahead.

Business review

Traffic volume trends

Zurich Airport was used by a total of 11,829,390 passengers in the first half of 2013, marginally more than in the same period of the prior year (+0.1%). While the number of local passengers increased by 1.6 % to CHF 7.8 million, the transfer passenger volume fell by 2.5 %. As a result, the number of passengers using Zurich as a transfer destination declined from 34.8 % to 33.8 %. A regional breakdown shows a slight decline of 0.7 % in passenger volumes in Europe, the most important market. The North American market exhibited the strongest growth at 8.5 %, followed by destinations to and from Asia and Latin America, both of which were 2 % higher.

The number of flight movements fell by 4.0 %, or 5,364, to 128,509. On slightly higher passenger numbers, the average number of passengers per flight rose by 2.7 % to 106.0. The seat load factor saw a year-on-year rise of 1.1 percentage points to 73.6 %.

Extended scope of consolidation

The scope of fully consolidated companies has been extended as Flughafen Zürich AG assumed a controlling stake in the Chilean management company A-Port Operações, which is headquartered in Santiago de Chile, at the beginning of 2013. Flughafen Zürich AG already held a minority stake in the company, which manages airport projects in Latin America, for a number of years. The first-time consolidation of A-Port Operações had a minor financial impact. Consolidated revenue in the "Non-aviation" segment amounted to around CHF 3.7 million in the first half of 2013, while operating costs amounted to CHF 3.4 million.

Trend in total revenue

Overall revenue grew by CHF 12.4 million, or 2.7 %, to CHF 469.4 million, based roughly equally on revenue from the aviation business and the non-aviation business in Zurich.

Despite the stagnation in traffic volume, income from the aviation business increased from CHF 283.7 million to CHF 287.9 million (+1.5 %). Reasons included higher revenue from much greater aircraft de-icing in the winter months of 2013. The higher revenue levied on the basis of the amended noise charge model imposed by the Federal Office of Civil Aviation (FOCA) from 1 May is also impacting on revenue.

Revenue from non-aviation business was CHF 181.5 million, up 4.7 % on the prior-year period. Commercial revenue in this segment increased again by a significant 5.1 % to CHF 66.7 million. This development is also reflected in revenue per outbound passenger, which rose 4.9 % to CHF 43.7. This is a welcome confirmation that the systematic focus on catering and retail offerings is meeting the needs of our customers. Revenue from parking and facility management was up slightly on the prior-year figures at 0.9 % and 0.8 % respectively. The significant increase in revenue from services from CHF 13.3 million to CHF 17.4 million was predominantly due to the aforementioned first-time consolidation of A-Port Operações.

Operating costs and results

During the reporting period operating costs increased by a total of CHF 9.3 million, or 4.3 %, to CHF 224.1 million. This increase is partly due to a 7.0 %, or CHF 5.8 million, rise in personnel expenses. Part of this was triggered by higher employer restructuring contributions to the BVK Pension Fund. At the same time, efficiency improvements and savings made by the Airport Police were more than offset by higher cost rates, which are attributable, among other things, to restructuring contributions to the BVK Pension Fund. The direct expenses paid by Flughafen Zürich AG for the restructuring of the BVK during the reporting period amounted to a total of CHF 2.0 million (personnel expenses) and indirect expenses to around CHF 1.0 million (police expense). One of the airport's harshest ever winter periods resulted in a rise in energy, material and other operating costs. This took the form of markedly higher fuel costs, for example, and greater consumption of de-icing agents. Sales, marketing and administration expenses showed a clear move in the opposite direction to the above cost pools, falling by a total CHF 3.1 million, or 15.2 % – particularly in the case of marketing and administration. As already mentioned, the consolidation effect of A-Port Operações was reflected in a total CHF 3.4 million addition to operating costs.

At CHF 245.3 million, earnings before interest, tax, depreciation and amortisation (EBITDA) were slightly higher than the prior-year figure of CHF 242.2 million; on the other hand, the margin declined to 52.3 % from 53.0 % in the prior year.

Brisk investment activity in recent years resulted in increased depreciation totalling CHF 111.0 million (+CHF 3.0 million), affecting earnings before interest and tax (EBIT) to the tune of CHF 134.3 million (+0.1 % year-on-year).

The improvement in the result (EBIT) for the "Aviation flight operations" segment to CHF 14.9 million (year-back period: CHF 10.7 million) is partly due to the growth in local passengers. The result for the "Aviation security" segment rose by CHF 2.3 million to CHF 7.1 million. The 2013 first-half result for the "Aviation aircraft noise" segment came to CHF 19.6 million, corresponding to an increase of CHF 1.0 million. The reason for this is – in addition to higher passenger numbers – the revised noise charge model introduced on 1 May 2013. Despite higher overall revenue the result

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for the "Non-aviation" segment declined by CHF 7.4 million to CHF 92.7 million, owing to an increase both in operating costs and depreciation.

The net finance result was affected by one-off costs in connection with the restructuring of non-current financial liabilities. The Japanese private placement was repaid early in May 2013. In addition, the instrument for hedging the currency risks associated with future interest payments and repayments from this loan was terminated. For refinancing purposes, the company placed a new debenture for CHF 400.0 million in April 2013; the debenture matures in 10 years and carries an interest rate of 1.5 %. In overall terms, the restructuring of non-current financial liabilities resulted in a one-off financial expense of CHF 91.9 million. Excluding this extraordinary effect, the net finance result of CHF -31.4 million would be significantly below the prior-year figure of CHF -34.9 million. The restructuring will lead to significantly lower interest costs in subsequent years.

After deduction of income taxes, there was an interim profit of CHF 10.1 million; this represents a decrease of 87.4 % compared with the previous year. Excluding the restructuring effect of non-current financial liabilities after taxes (CHF 73.3 million), the company would have posted a 4.0 % higher profit of CHF 83.4 million for the reporting period.

Assets and financial position

Non-current assets amounted to CHF 3.4 billion and were therefore in line with the end of 2012. The largest projects under way in the first half of the year were the upgrading of Terminal 2, the expansion of parking capacity, the renovation of runway 14/32 and the construction of the noise protection hangar.

Financial liabilities amounted to CHF 1.32 billion as at 30 June 2013; this represents a slight decrease of CHF 30.9 million compared with the balance sheet date of 31 December 2012. Net debt also exhibited a slight decline of CHF 6.5 million to CHF 819.8 million.

	First half 2013 including aircraft noise	Elimination of aircraft noise	First half 2013 excluding aircraft noise	First half 2012 including aircraft noise	Elimination of aircraft noise	First half 2012 excluding aircraft noise
(CHF 1,000)						
Revenue from aviation operations	287,920	-25,649	262,271	283,706	-24,990	258,716
Revenue from non-aviation operations	181,505		181,505	173,342		173,342
Total revenue	469,425	-25,649	443,776	457,048	-24,990	432,058
Operating expenses	-224,099	1,906	-222,193	-214,826	1,985	-212,841
Earnings before interest, tax, depreciation and amortisation (EBITDA)	245,326	-23,743	221,583	242,222	-23,005	219,217
EBITDA margin (in %)	52.3		49.9	53.0		50.7
Depreciation and amortisation	-111,030	3,875	-107,155	-108,027	3,875	-104,152
Earnings before interest and tax (EBIT)	134,296	-19,868	114,428	134,195	-19,130	115,065
EBIT margin (in %)	28.6		25.8	29.4		26.6
Result	10,078	-15,512	-5,434	80,224	-12,721	67,503
Result in % of total revenue	2.1		n/a	17.6		15.6

Company

As in 2012 the first half of 2013 was characterised by challenges in flight operations and political decisions. A great deal has been and is continuing to be invested in the future development of Zurich Airport. Construction work, political dialogue and operational measures are as much a part of these developments as innovations in our restaurants and commercial businesses.

Flight operations – Focus on optimisation

Several construction projects are presently taking place in parallel on the airport's aprons. The largest visible construction zone is north of Dock E, where March of this year saw the start of extensive investments through civil engineering measures for the Echo North aircraft stands. When these stands are commissioned in 2014, they will ensure the additional stand capacity the airport will soon need. Our home carrier is acquiring new Bombardier CSeries aircraft – a modern, noise-optimised aircraft type with a significantly larger wingspan than the Avro jets which currently make up the fleet of Swiss. As a result, it will not be possible to handle as many aircraft on the stands north of Dock A, and the new Echo North stands will make up the necessary capacity.

Another capital-intensive civil engineering project is presently taking place near Dock E at the northern end of the airport: the renovation of runway 14/32. As the airport's main runway for landings, 14/32 is subject to a great deal of wear and tear, and the centreline of this 35-year old runway is in need of extensive renovation. The bulk of construction on the runway will not take place until next summer, but the preliminary tasks are already underway, including the renewal of the electrical installations and the associated new cable conduits along the runway. For reasons of flight operation, it will be necessary to work during the night from time to time. Modern construction equipment and vehicles will be used to ensure that noise levels in neighbouring residential areas are kept to a minimum.

Construction for the GBAS (ground-based augmentation system) ground station began at the end of May. GBAS is used in conjunction with the new approach procedure which Flughafen Zürich AG has been significantly involved in developing. For about two years now, appropriately equipped aircraft have been able to approach runway 14 from the north using satellite-supported GPS technology. The GBAS ground station at the airport will increase the accuracy of the GPS signal so that in future aircraft will be able to use GPS technology to land even when clouds are low or visibility is poor. With this investment, Flughafen Zürich AG underscores its leading role in the development and introduction of state-of-the-art satellite-based flight procedures. The ground station will be installed and operated by Skyguide, which is responsible for all navigation facilities in Switzerland. Initial aircraft approaches using the GBAS ground station will begin in autumn 2014 as part of a one-year monitoring phase. When completed, the system will be approved for normal operation.

Aside from these large civil engineering projects, optimisation measures were undertaken in the airport's buildings. Particularly noticeable were changes to Dock A: once the centralised security checkpoint was commissioned, the decentral security check stations were no longer needed and were dismantled. The resulting space has been used for a variety of purposes, including retail businesses as well as children's play areas and Internet stations. Moreover, all the gates in Dock A now feature self-boarding stations, making the boarding process even simpler and more pleasant for passengers. All the airbridges were also renovated.

The Federal Office of Civil Aviation (FOCA) published a safety report in the spring of this year, prompted by an incident in March 2011 in which two aircraft nearly converged during take-off. As a consequence, the Swiss Accident Investigation Board (SAIB) had recommended, among other things, a comprehensive analysis of operating procedures at Zurich Airport with the aim of simplifying complex operational processes and reducing systemic risks. This analysis was conducted on behalf of FOCA by Flughafen Zürich AG in conjunction with Skyguide, the airline Swiss and the Swiss Air Force. The resulting report names eight risks and thirty measures aimed at reducing them. To make one thing clear: Zurich Airport is safe. However, its flight operations are complex owing to its crossing runways and the different operating concepts. The objective must therefore be to reduce complexity at Zurich Airport through sensible measures and thus increase the margin of safety. The airport's operator has already implemented various measures named in the report, and a number of others are in development. At Flughafen Zürich AG, reducing the complexity of the airport system through politically feasible measures has top priority, but here the airport is dependent on the support of its partners and politicians.

Records and awards – Setting an example in efficiency

Adverse weather conditions brought Zurich Airport the harshest, longest winter season in its history. Winter services personnel reported record values in every area: for example, the number of de-icing procedures reached 9,280 – a sharp increase over the second-highest number of 6,995 from the winter of 2009–2010. Around 1,200 tonnes of salt were used, compared with just 480 tonnes the year before. At 17,366, the number of work hours alone was twice as high as the previous year. Nonetheless, Zurich Airport was always open, even during excessive snowfall and sleet. Exceptional situations such as these impressively demonstrate that Zurich Airport is extremely efficient.

Zurich Airport celebrated a different kind of milestone on 18 March when the ten millionth passenger used the Security Check Building. Other sources of satisfaction included the various awards presented to the airport's operator. For example, Zurich Airport was honoured for its freight services with the "Air Cargo Excellence Award 2013": the airport took first place – as it had the year before – in the category "Europe – Up to 399,999 tonnes (of freight flown)".

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In the worldwide ranking of all airports, Zurich took third place on the basis of total points. And for the fourth time in a row, Zurich Airport won a Skytrax "World Airport Award" for the best baggage claim service in the world. The airport also received a prize for the best airport staff in Europe. These awards confirm the high standard of passenger services at Zurich Airport.

Airport charges regulation

In accordance with the Ordinance on Airport Charges in force since June 2012, negotiations with users were initiated at the end of February 2013. In addition to the two largest airlines in terms of passenger numbers, members of the Board of Airline Representatives/IATA and commercial aviation stakeholder groups, as well as representatives of light aircraft and the forwarding industry, took part in the negotiations. The discussions are conducted under the permanent observation of the Federal Office for Civil Aviation (FOCA). If the parties cannot achieve a unanimous agreement by the end of August 2013, Flughafen Zürich AG will submit a charge proposal to FOCA, which will examine it for compliance with the ordinance and, on this basis, set the charges for the corresponding regulatory period. Pursuant to the Ordinance on Airport Charges, the new operational airport charges must be implemented by January 2014.

Non-aviation – Promoting a high-quality experience and Swissness

The renovation and expansion of the airport's infrastructure also made progress during the first half of 2013. The extensive renovation and upgrade of Terminal 2 represents the largest project currently underway. The southern part of the building was completely gutted across all levels, expanded to the south, and adapted to the building's future use while still a construction shell. The new facade is under construction, and a new corridor to the Airport Center has been installed. The southern end of the check-in building and the associated alterations to the baggage sorting system are nearing completion. Commissioning of the southern part of the hall is presently planned for the first quarter of 2014. Construction to expand car park 6 on the south side of the airport was largely completed in early August with the opening of around 1,300 new parking spaces. Work has also begun on a complete renewal of the curbside lane. Passengers will notice the changes beginning in August.

The airport's duty-free business has continued to be successful in both the departure and arrival areas. The centralisation of the security check stations enables passengers to spend more time at the Airside Center, which has had a positive impact on retail revenues there. The Arrival Duty Free shops introduced two years ago are charting clear double-digit growth, a trend attributable to the growing awareness among travellers that they can do their shopping conveniently at their destination airports, too. During the first half of 2013, Victorinox and Porsche Design opened new shops, and with Chalet Suisse a modern restaurant offering Swiss specialties has moved into the Airside Center. The expenditure per departing passenger reached a new high during the first half of the year.

The airport spares no effort to continually improve the quality of the airport experience for passengers and visitors. Since the beginning of the year, for example, travellers have been able to surf the Internet free of charge for an hour – a service long requested and welcomed by passengers. The airport's "Swissness" is also being highlighted through broadly positioned promotions in the series "Best of Switzerland". One particularly exciting cooperation took place with the Museum of Fine Arts Berne, which used Zurich Airport in April as a branch of the museum – to the acclaim of passengers and visitors alike. This first large-scale representative exhibition at the airport was dedicated to the Swiss artist Hannes Schmid. However, the closing of AlpenRock House at the end of April 2013 also forced visitors to say goodbye to a long-standing tradition at Zurich Airport.

Real estate is an important and stable pillar of Flughafen Zürich AG. A long-term rental contract with SR Technics has enabled the airport to pursue the renovation of the hangar. A new oneworld lounge was opened in the Airside Center. And the new Meteo Swiss (weather forecast service) headquarters at Zurich Airport is being finished and occupied in stages by the company's employees. The vacancy rate for office space at Zurich Airport continued to be very low during the first half of 2013.

"The Circle" – In the decisive phase

Planning permission has been received for the large-scale project known as "The Circle", as have the agreement of the hotel operator, Hyatt Group, and approvals for parking spaces, and various potential tenants have expressed interest. The preliminary project was concluded at the end of June 2013. The Board of Directors will decide in the third quarter of 2013 on the commencement of the next planning stage, set to begin in October 2013. Construction is due to commence at the end of 2014, provided that the preconditions for project realisation have been fulfilled by then. The first phase should be completed by 2018, with the first building sections usable as of 2017. In addition, the beginning of 2013 saw an intensification of the search for potential anchor tenants. Preliminary leasing presently stands at around 30 % and is intended to increase further by the start of construction. It is important to achieve a mix of uses that fit together and complement each other. The search for investors has also entered a decisive phase: a wide circle of possible contributors of both borrowed and equity capital from Switzerland and abroad was contacted in June using a formal process, and over the months to come, the circle of potential investors will be concretised, step by step. The airport's operator remains convinced that a concentrated use of Butzenbühl hill would be advantageous in many respects and is actively pursuing planning. Some CHF 30 million have been invested in project planning thus far.

Politics – Controversial decisions and important developments

During the first half of 2013 as well, the focus was on resolving the long-standing aircraft noise conflict between Germany and Switzerland. Both the Council of States and the Swiss National Council have approved the ratification of the State Treaty and thus sent a clear signal on the matter to Germany. However, Germany has temporarily discontinued the ratification process. In the interests of the country, the economy and the adjoining municipalities, Flughafen Zürich AG will continue to work on behalf of the State Treaty and thus also for legal certainty and planning security, which are of the greatest significance when making investments in the necessary infrastructures.

Stagnation on the issue of the State Treaty is also affecting the Sectoral Aviation Infrastructure Plan (SAIP), which is the foundation for the Swiss federal authorities' approval of both changes to the airport's operating regulations and its construction planning applications. The Swiss Federal Council approved a partial implementation of the SAIP on 26 June. The approved phase lays the planning foundations for constructional and operational adjustments at the airport which are not related to the State Treaty. It confirms the airport's present operations and enables the realisation of pending items such as the construction of Zone West, aircraft taxiing around runway 28 and the planned high-speed taxiways. The plan also contains the option of straight southern take-offs for the purpose of reducing delays in the event of cold north winds or fog, but Flughafen Zürich AG does not presently intend to make use of this option. The question in particular of the nature of Zurich Airport's future operations will not be dealt with until a second phase, which will be the subject of a further public hearing. Only after this will the Swiss Federal Council be able to definitively approve the second phase.

Independently of the development of the State Treaty and the further course of the SAIP, Flughafen Zürich AG has commissioned the planning for the runway extensions, which will serve as a technical foundation for preparing the political and business decisions. According to Zurich's Airport Act, the relevant planning application cannot be submitted to the Swiss Federal Department of Environment, Transport, Energy and Communications (DETEC) until the Government Council, Zurich's Cantonal Council and, in the event of a referendum, the cantonal electorate have approved the plan. Yet since the timetable (to 2020) for a project of these dimensions is very tight, the planning application must be submitted directly after any approvals from the Canton are received. For this reason, the airport's operator is already proceeding with the work of planning in order to spur the important political decisions and thereafter be able to act without delay.

As required by FOCA, on 1 May 2013 Flughafen Zürich AG temporarily implemented the revised noise charge framework. The Federal Administrative Court lifted the suspensive effect of the complaint filed by the Schutzverband der Bevölkerung um den Flughafen Zürich (an association for the protection of the population around the airport) and the municipality of Rümlang. The new noise charge framework, which was last revised in 2000, is intended once again to

have a controlling effect. In other words, whenever possible, airlines should deploy quieter aircraft for their flights to and from Zurich. Owing to technical developments, only around 10 % of all aircraft using Zurich Airport were subject to noise charges under the old framework, but the revision means that since 1 May 2013, about 70 % of all aircraft must once again pay noise charges.

Outlook

Excluding the extraordinary effects from the previous and current years, Flughafen Zürich AG anticipates a somewhat higher result than during the previous financial year, moderate passenger growth of up to 1 % and a decline in flight movements. Investments for 2013 will be in the range of CHF 200 to 250 million.

Zurich Airport, 19 August 2013



Andreas Schmid
Chairman of the Board of Directors



Thomas E. Kern
Chief Executive Officer



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Interim consolidated income statement ¹⁾

(CHF 1,000)	Notes	First half 2013	First half 2012	Financial year 2012
Revenue from aviation operations		287,920	283,706	596,411
Revenue from non-aviation operations		181,505	173,342	352,409
Total revenue		469,425	457,048	948,820
Personnel expenses		-88,882	-83,080	-290,116
Police and security		-58,440	-57,567	-115,347
Energy and waste		-13,837	-13,094	-26,109
Maintenance and material		-20,122	-19,056	-42,758
Other operating expenses		-27,727	-25,137	-51,953
Sales, marketing, administration		-17,320	-20,427	-41,618
Capitalised expenditure and other income/expenses, net		2,229	3,535	9,758
Earnings before interest, tax, depreciation and amortisation (EBITDA)		245,326	242,222	390,677
Depreciation and amortisation		-111,030	-108,027	-218,741
Earnings before interest and tax (EBIT)		134,296	134,195	171,936
Finance costs	(1)	-143,673	-37,682	-93,280
Finance income	(1)	20,363	2,762	36,311
Share of profit or loss of associates		1,365	1,239	2,401
Profit before tax		12,351	100,514	117,368
Income tax expense		-2,273	-20,290	-22,636
Profit		10,078	80,224	94,732
Profit attributable to shareholders of Flughafen Zürich AG		10,041	80,224	94,732
Profit attributable to non-controlling interests		37	0	0
Undiluted earnings per share (CHF)		1.64	13.19	15.52
Diluted earnings per share (CHF)		1.64	13.18	15.51

Interim consolidated statement of comprehensive income ¹⁾

(CHF 1,000)	Notes	First half 2013	First half 2012	Financial year 2012
Profit		10,078	80,224	94,732
Other comprehensive income				
Cross-currency interest rate swaps, net of income tax				
Adjustments to fair value		-11,442	6,038	8,029
Transfer to income statement	(1)	90,974	4,294	8,643
Tax rate adjustment		0	0	-366
Available-for-sale securities				
Adjustments to fair value		-2,171	766	954
Foreign exchange differences		-423	433	1,632
Items that are or may be reclassified subsequently to profit or loss		76,938	11,531	18,892
Defined benefit plan actuarial gains/(losses)		17,224	0	-132
Items that will never be reclassified to profit or loss		17,224	0	-132
Other comprehensive income, net of income tax		94,162	11,531	18,760
Total comprehensive income		104,240	91,755	113,492
Comprehensive income attributable to shareholders of Flughafen Zürich AG		104,199	91,755	113,492
Comprehensive income attributable to non-controlling interests		41	0	0

¹⁾ All financial data presented here are unaudited, with the exception of figures for the 2012 financial year.

Financial report | Interim consolidated balance sheet

Interim consolidated balance sheet ¹⁾

(CHF 1,000)	Notes	30.06.2013	30.06.2012	31.12.2012
Assets				
Land	(2)	110,195	113,813	110,042
Buildings, engineering structures	(2)	2,456,241	2,492,285	2,508,344
Leased assets	(2)	41,491	44,697	40,221
Projects in progress	(2)	194,669	164,534	161,455
Movables	(2)	90,607	82,303	87,644
Total property, plant and equipment		2,893,203	2,897,632	2,907,706
Intangible asset from right of formal expropriation	(2)	293,823	301,572	297,698
Other intangible assets	(2)	13,370	14,331	11,697
Investments in associates		15,938	15,448	17,767
Non-current financial assets of Airport of Zurich Noise Fund	(6)	201,613	172,485	185,811
Other financial assets		24	11	11
Non-current assets		3,417,971	3,401,479	3,420,690
Inventories		9,913	8,318	9,642
Current financial assets of Airport of Zurich Noise Fund	(6)	61,664	64,203	68,086
Trade receivables		114,407	111,949	107,875
Other receivables and prepaid expenses		26,745	29,508	17,871
Fixed-term deposits		45,000	0	75,038
Cash and cash equivalents	(3)	239,039	79,718	368,713
Current assets		496,768	293,696	647,225
Total assets		3,914,739	3,695,175	4,067,915
Equity and liabilities				
Share capital		307,019	307,019	307,019
Own shares		-1,206	-25,458	-1,467
Capital reserves		590,777	587,544	590,968
Hedging reserve, net	(1)	-1,250	-86,756	-80,782
Fair value reserve		279	2,262	2,450
Translation reserve		-1,496	-2,268	-1,069
Other retained earnings ²⁾		1,011,641	1,028,308	1,042,684
Equity attributable to shareholders of Flughafen Zürich AG		1,905,764	1,810,651	1,859,803
Equity attributable to non-controlling interests		1,720	0	0
Total equity		1,907,484	1,810,651	1,859,803
Debentures and non-current loans	(4)	998,025	1,009,318	1,256,393
Non-current lease liabilities	(4)	37,692	43,453	38,546
Non-current provisions for sound insulation and resident protection plus formal expropriations	(5)	279,041	301,548	301,049
Deferred tax liabilities	(7)	93,823	97,369	80,281
Employee benefit obligations ²⁾		110,347	4,173	126,208
Non-current liabilities		1,518,928	1,455,861	1,802,477
Trade payables		46,709	50,774	39,434
Current financial liabilities	(4)	287,631	100,691	59,283
Other current liabilities, accruals and deferrals	(1)	106,225	230,614	260,895
Current provisions for sound insulation and resident protection plus formal expropriations	(5)	46,712	31,981	33,337
Current tax liabilities		1,050	14,603	12,686
Current liabilities		488,327	428,663	405,635
Total liabilities		2,007,255	1,884,524	2,208,112
Total equity and liabilities		3,914,739	3,695,175	4,067,915

¹⁾ All financial data presented here are unaudited, with the exception of figures as at 31 December 2012.

²⁾ Figures as at 30 June 2012 restated due to early application of IAS 19 (amended 2011).

Financial report | Interim consolidated statement of changes in equity

Interim consolidated statement of changes in equity ¹⁾

(CHF 1,000)	Share capital	Own shares	Capital reserves	Hedging reserve, net	Fair value reserve	Translation reserve	Other retained earnings	Equity attributable to shareholders of Flughafen Zürich AG	Non-controlling interests in equity	Total equity
Balance as at 31 December 2011 ²⁾	307,019	-477	588,055	-97,088	1,496	-2,701	1,005,473	1,801,777	0	1,801,777
Profit, first half 2012							80,224	80,224		80,224
Other comprehensive income, net of income tax				10,332	766	433		11,531		11,531
Total comprehensive income	0	0	0	10,332	766	433	80,224	91,755	0	91,755
Dividends for the 2011 financial year							-57,389	-57,389		-57,389
Purchase of own shares		-33,270						-33,270		-33,270
Sale of own shares		7,288	35					7,323		7,323
Share-based payments		1,001	-546					455		455
Balance as at 30 June 2012 ²⁾	307,019	-25,458	587,544	-86,756	2,262	-2,268	1,028,308	1,810,651	0	1,810,651
Balance as at 31 December 2012	307,019	-1,467	590,968	-80,782	2,450	-1,069	1,042,684	1,859,803	0	1,859,803
Profit, first half 2013							10,041	10,041	37	10,078
Other comprehensive income, net of income tax				79,532	-2,171	-427	17,224	94,158	4	94,162
Total comprehensive income	0	0	0	79,532	-2,171	-427	27,265	104,199	41	104,240
Dividends for the 2012 financial year							-58,308	-58,308	-74	-58,382
Purchase of own shares		-415						-415		-415
Sale of own shares								0		0
Share-based payments		676	-191					485		485
Change in scope of consolidation								0	1,753	1,753
Balance as at 30 June 2013	307,019	-1,206	590,777	-1,250	279	-1,496	1,011,641	1,905,764	1,720	1,907,484

¹⁾ All financial data presented here are unaudited, with the exception of figures as at 31 December 2011 and 2012.

²⁾ Restated due to early application of IAS 19 (amended 2011).

Financial report | Interim consolidated cash flow statement

Interim consolidated cash flow statement ¹⁾

(CHF 1,000)	Notes	First half 2013	First half 2012	Financial year 2012
Profit		10,078	80,224	94,732
Finance result		123,310	34,920	56,969
Share of profit or loss of associates		-1,365	-1,239	-2,401
Income tax expense		2,273	20,290	22,636
Depreciation/amortisation of				
Buildings, engineering structures	(2)	91,498	88,835	179,870
Movables	(2)	8,473	8,393	17,217
Intangible asset from right of formal expropriation	(2)	3,875	3,875	7,749
Other intangible assets	(2)	2,609	2,771	5,597
Leased assets	(2)	4,887	4,476	8,953
Recognition of government subsidies and grants on buildings and engineering structures in the income statement				
Buildings, engineering structures	(2)	-312	-323	-645
Gains(-)/losses(+) on disposal of property, plant and equipment (net)		2,890	1,451	483
Share-based payments		485	455	902
Increase(-)/decrease(+) in inventories, trade receivables and other receivables and prepaid expenses		-13,978	-13,824	-2,783
Increase(+)/decrease(-) in current liabilities, excluding current financial liabilities		-2,464	-33,563	-737
Increase(+)/decrease(-) in employee benefit obligations		976	271	122,306
Increase(+)/decrease(-) in provision for sound insulation and resident protection plus formal expropriations	(5)	-10,639	-6,345	-25,114
Income tax paid		-21,062	-23,224	-45,814
Cash flow from operating activities		201,534	167,443	439,920
of which related to aircraft noise (Airport of Zurich Noise Fund)		12,948	17,497	25,658
Income from noise charges	(6)	23,939	23,842	52,044
Expenses for sound insulation and resident protection plus formal expropriations	(6)	-10,991	-6,345	-26,386
Investments in property, plant and equipment (projects in progress)		-100,854	-53,535	-195,594
Proceeds from disposal of property, plant and equipment		32	48	5,481
Change in share of voting rights (A-Port Operações)		1,798	0	0
Investments in financial assets of Airport of Zurich Noise Fund		-48,758	-41,744	-87,613
Repayment of current financial assets of Airport of Zurich Noise Fund		36,000	48,350	75,850
Investments in fixed-term deposits due > 90 days		-40,000	-37	-125,108
Repayment of fixed-term deposits due > 90 days		70,038	85,148	135,180
Interest received		2,448	3,301	6,758
Cash flow from investing activities		-79,296	41,531	-185,046
of which related to aircraft noise (Airport of Zurich Noise Fund)		-12,758	6,606	-11,763
Investments in financial assets Airport of Zurich Noise Fund		-48,758	-41,744	-87,613
Repayment of current financial assets Airport of Zurich Noise Fund		36,000	48,350	75,850
Issue of new debenture	(4)	399,534	0	299,059
Repayment of liabilities to banks arising from US car park lease		0	0	-56,033
Repayment of liabilities to banks arising from US private placement	(4)	-73,150	-73,150	-73,150
Repayment of lease liabilities		-5,172	-4,513	-9,154
Repayment of liabilities to banks arising from Japanese private placement	(4)	-373,018	0	0
Repayment MtM Swap Japanese private placement	(1)	-111,924	0	0
Payment of dividend for the 2012/2011 financial years		-58,382	-57,389	-57,389
Purchase of own shares		-415	-33,270	-33,319
Sale of own shares		0	7,323	34,340
Interest paid		-29,330	-37,761	-60,022
Cash flow from financing activities		-251,857	-198,760	44,332
Increase(+)/decrease(-) in cash and cash equivalents	(3)	-129,619	10,214	299,206
Balance at 1 January	(3)	368,713	69,512	69,512
Effect of foreign exchange differences on cash and cash equivalents held		-55	-8	-5
Balance as at end of reporting period	(3)	239,039	79,718	368,713
of which included in Airport of Zurich Noise Fund	(3)	17,792	27,334	27,759

¹⁾ All financial data presented here are unaudited, with the exception of figures for the 2012 financial year.

Financial report | Segment reporting

Segment reporting ¹⁾

	Aviation flight operations		Aviation security		Aviation aircraft noise		Non-aviation		Eliminations		Consolidated	
	First half 2013	First half 2012	First half 2013	First half 2012	First half 2013	First half 2012	First half 2013	First half 2012	First half 2013	First half 2012	First half 2013	First half 2012
(CHF million)												
Revenue from third parties	184.1	182.9	76.8	76.5	25.6	25.0	182.9	172.6			469.4	457.0
Inter-segment revenue	5.8	4.3					68.4	69.8	-74.2	-74.1	0.0	0.0
Total revenue	189.9	187.2	76.8	76.5	25.6	25.0	251.3	242.4	-74.2	-74.1	469.4	457.0
Segment result (EBIT)	14.9	10.7	7.1	4.8	19.6	18.6	92.7	100.1			134.3	134.2
Earnings before interest and tax (EBIT)											134.3	134.2
Finance costs	-1.2	-1.5			-3.9	-6.0		-1.7			-5.1	-9.2
Unallocated finance costs											-138.5	-28.5
Finance income					2.4	2.4					2.4	2.4
Unallocated finance income											17.9	0.4
Share of profit or loss of associates							1.4	1.2			1.4	1.2
Unallocated income tax expense											-2.3	-20.3
Profit											10.1	80.2
Property, plant and equipment and intangible assets	938.0	1,015.3	35.2	39.3	294.6	302.5	1,932.7	1,856.5			3,200.5	3,213.6
Financial assets					201.6	172.5					201.6	172.5
Investments in associates							15.9	15.4			15.9	15.4
Current financial assets and cash and cash equivalents					79.5	91.5					79.5	91.5
Total segment assets	938.0	1,015.3	35.2	39.3	575.7	566.5	1,948.6	1,871.9			3,497.5	3,493.0
Unallocated current financial assets and cash and cash equivalents											266.2	52.4
Unallocated assets											151.0	149.8
Total assets											3,914.7	3,695.2
Total segment liabilities	49.4	52.9			325.8	333.5		39.8			375.2	426.2
Unallocated liabilities											1,632.1	1,458.2
Total liabilities											2,007.3	1,884.4
Total investments	30.1	19.7	0.4	0.5	48.8	41.7	64.7	37.6			144.0	99.5
Depreciation and amortisation	31.1	33.5	2.5	2.8	3.9	4.0	73.5	67.7			111.0	108.0
Full-time positions as at the end of the reporting period	595	592	16	17	11	11	744	731			1,366	1,351

¹⁾ All financial data presented here are unaudited.

Accounting policies

Statement of compliance

The unaudited interim consolidated financial statements for the six months ended 30 June 2013 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 2012 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.

Changes in accounting policies

The company adopted the following new and amended International Financial Reporting Standards which are mandatory for the first time for the financial year beginning 1 January 2013: IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IFRS 13 "Fair Value Measurement", amendments to IAS 1 on "Presentation of Items of Other Income", amendments to IAS 27 "Separate Financial Statements", amendments to IAS 28 "Investments in Associates and Joint Ventures", amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" and the other IFRS amendments (May 2012). The application of the new and amended Standards does not have a significant impact on these interim consolidated financial statements. Moreover, these interim consolidated financial statements were prepared in accordance with the accounting policies described in the 2012 consolidated financial statements.

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.

Notes to the interim consolidated financial statements (unaudited)

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 and the Canton of Zurich last undertook a reappraisal of noise-related operating costs on 31 December 2011. As no new rulings had been handed down by the Swiss Federal Supreme Court, this was still valid on 31 December 2012. According to the updated calculations, total noise-related operating costs were therefore unchanged at CHF 740.6 million at the end of December 2012. Since no new rulings were handed down by the Swiss Federal Supreme Court in the first half of 2013, the company decided on 30 June 2013 to adhere to the most recently updated calculation of noise-related operating costs from the end of December 2011. This cost estimate continues to be based on a number of assumptions, such as pending legal issues where there has been no decision by a court of last instance.

Change in the scope of consolidation

At the beginning of the 2013 financial year, as part of the structural optimisation of the investment companies in Latin America, Flughafen Zürich AG assumed a 62 % controlling interest in the Chilean management company A-Port Operações S.A., based in Santiago de Chile. Until the end of 2012, Flughafen Zürich AG held 62 % of the capital shares in the company but only 49.5 % of the voting rights. Therefore, A-Port Operações S.A. was included in the consolidated financial statements under the equity method until this date. As of 1 January 2013 the company, which manages the airport projects in Latin America, is fully consolidated. In the first half of 2013, consolidated revenue attributable to the "Non-aviation" segment amounted to around CHF 3.7 million, while operating costs totalled CHF 3.4 million.

1) Finance result

	First half 2013	First half 2012	Financial year 2012
(CHF 1,000)			
Interest expenses on debentures and non-current loans	-18,874	-27,159	-55,129
Less capitalised interest on borrowings for buildings under construction	341	207	581
Net interest expenses on debentures and non-current loans	-18,533	-26,952	-54,548
Interest expenses on finance lease liabilities	-1,239	-1,476	-2,824
Accretion of interest on financial liabilities at amortised cost	-5,786	-1,711	-3,471
Net interest expenses on defined benefit obligations	-984	0	-81
Other interest expenses	-44	-40	-91
Total interest expenses	-26,586	-30,179	-61,015
Loss on financial assets of Airport of Zurich Noise Fund	-1,492	-1,404	-2,583
Other finance costs	-113,426	-1,790	-3,717
Foreign exchange losses	-163	-137	-209
Unwinding of discount on provisions for sound insulation and resident protection plus formal expropriations	-2,006	-4,172	-25,756
Total finance costs	-143,673	-37,682	-93,280
Interest income on financial assets of Airport of Zurich Noise Fund	2,448	2,389	4,648
Interest income on postal accounts and bank deposits/loans	222	287	679
Interest on arrears	8	2	12
Total interest income	2,678	2,678	5,339
Foreign exchange gains	17,671	91	30,971
Other finance income	14	-7	1
Total finance income	20,363	2,762	36,311
Finance result	-123,310	-34,920	-56,969

Flughafen Zürich AG's finance result for the first half of 2013 includes extraordinary effects relating to the restructuring of its non-current financial liabilities. On 25 March 2013, the company gave notice of the termination of the Japanese private placement in the amount of JPY 37 billion and, on 23 May 2013, repaid it in full. The hedging instrument used to hedge currency risks associated with future interest payments and repayments from the Japanese private placement was terminated at the same time. On 17 April 2013, a new debenture was issued in the amount of CHF 400 million (nominal amount). It carries an interest coupon of 1.5 % and will be redeemed in 2023.

The impact of the restructuring on the finance result for the first half of 2013 totalled CHF 91.9 million and breaks down as follows:

- Foreign currency gain of CHF 17.4 million on the Japanese private placement due to the change in the exchange rate between the Swiss franc and the Japanese yen since the last reporting date, 31 December 2012, reported under foreign exchange gains
- Costs to terminate the hedging instrument in the amount of CHF 111.9 million, reported under other finance costs
- Amortisation of the remaining recognised transactions costs arising from the Japanese private placement in the amount of CHF 4.8 million, reported under accretion of interest on financial liabilities at amortised cost
- Pro-rated reduction in interest expense of CHF 7.4 million in the first half 2013, which made a major contribution to reducing interest expenses on debentures and non-current loans

In connection with the repayment of the Japanese private placement and the termination of the hedging instrument, the related hedging reserve of CHF 89.3 million was also dissolved. The termination of the derivative financial instrument also helped to significantly reduce other current liabilities, accruals and deferrals.

Owing primarily to the above-mentioned savings in connection with the restructuring of non-current financial liabilities, interest expenses on debentures and non-current loans were CHF 8.3 million, or 30.5 % less than in the prior-year period and now total CHF 18.9 million.

The finance result for the first half of 2013 is CHF -123.3 million (prior-year period: CHF -34.9 million). The substantial change is mainly attributable to the above-mentioned extraordinary effects.

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
Cost										
Balance as at 31 December 2012	110.0	1,544.0	3,981.9	99.1	161.5	259.5	6,156.0	326.6	75.0	401.6
Change in scope of consolidation			0.8			0.4	1.2		1.7	1.7
Additions				6.1	88.9		95.0			0.0
Disposals			-61.5			-8.6	-70.1		-2.9	-2.9
Transfers	0.2	16.2	24.6		-55.7	11.7	-3.0		3.0	3.0
Balance as at 30 June 2013	110.2	1,560.2	3,945.8	105.2	194.7	263.0	6,179.1	326.6	76.8	403.4
Depreciation, amortisation and impairment losses										
Balance as at 31 December 2012	0.0	738.3	2,277.1	58.8	0.0	171.8	3,246.1	28.9	63.3	92.2
Change in scope of consolidation						0.2	0.2		0.4	0.4
Additions		23.4	68.0	4.9		8.4	104.7	3.9	2.5	6.4
Disposals			-58.9			-8.0	-66.9		-2.8	-2.8
Balance as at 30 June 2013	0.0	761.7	2,286.2	63.7	0.0	172.4	3,284.1	32.8	63.4	96.2
Government subsidies and grants										
Balance as at 31 December 2012	0.0	0.0	2.1	0.0	0.0	0.0	2.1	0.0	0.0	0.0
Disposals			-0.3				-0.3			0.0
Balance as at 30 June 2013	0.0	0.0	1.8	0.0	0.0	0.0	1.8	0.0	0.0	0.0
Net carrying amount as at 31 December 2012	110.0	805.7	1,702.7	40.2	161.5	87.6	2,907.7	297.7	11.7	309.4
Net carrying amount as at 30 June 2013	110.2	798.5	1,657.8	41.5	194.7	90.6	2,893.2	293.8	13.4	307.2

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 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.

When 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, "Provision 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 from the right of expropriation 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)	30.06.2013	of which AZNF	30.06.2012	of which AZNF	31.12.2012	of which AZNF
Cash on hand	240		216		222	
Cash at banks and in postal accounts	236,534	17,792	71,065	27,334	232,636	27,759
Call deposits ¹⁾	0		4,250		0	
Fixed-term deposits ¹⁾	0		0		120,000	
Collateral due within 90 days	2,265		4,187		15,855	
Total cash and cash equivalents	239,039	17,792	79,718	27,334	368,713	27,759

¹⁾ Due within 90 days of date of acquisition

4) Financial liabilities

(CHF 1,000)	30.06.2013	30.06.2012	31.12.2012
Debentures	946,575	471,487	771,115
Japanese private placement	0	434,861	385,583
US private placement	51,450	102,970	99,695
Non-current lease liabilities	37,692	43,453	38,546
Non-current financial liabilities	1,035,717	1,052,771	1,294,939
Debentures	224,664	0	0
US private placement	51,305	51,448	49,604
Current liabilities to banks arising from US car park lease	0	39,830	0
Current lease liabilities	11,662	9,413	9,679
Current financial liabilities	287,631	100,691	59,283
Total financial liabilities	1,323,348	1,153,462	1,354,222

On 23 May 2013, the Japanese private placement was repaid in full ahead of schedule (see also note 1, "Finance result").

On 17 April 2013, a new debenture was issued in the amount of CHF 400.0 million (nominal amount). It carries an interest coupon of 1.5 % and will be redeemed in 2023. This debenture has been recognised under non-current financial liabilities.

The change in the liabilities to banks arising from the US private placement comprises the combined effects of foreign exchange movements and annual repayments. In April 2013, the third of five annual tranches of the US private placement was repaid. The company holds a derivative financial instrument in the form of a cross-currency interest rate swap for the purpose of hedging the currency risk associated with future interest payments and repayments. The fair value of the derivative financial instrument is recognised in other current liabilities, accruals and deferrals and was CHF 43.7 million at 30 June 2013 (31 December 2012: CHF 72.1 million).

Non-current financial liabilities as at 30 June 2013 were CHF 259.2 million lower than on the previous reporting date, while current financial liabilities were CHF 228.3 million higher than on 31 December 2012. Overall, therefore, financial liabilities declined by CHF 30.9 million or 2.3 %.

5) Provision for sound insulation and resident protection plus formal expropriations

(CHF 1,000)	Sound insulation and resident protection	Formal expropriations	Total
Balance as at 31 December 2011	100,448	233,296	333,744
Provisions used ¹⁾	-2,683	-1,704	-4,387
Provisions made	0	0	0
Unwinding of discount	1,257	2,915	4,172
Balance as at 30 June 2012	99,022	234,507	333,529
Provisions used ¹⁾	-20,547	-180	-20,727
Provisions made	0	0	0
Unwinding of discount ²⁾	7,859	13,725	21,584
Balance as at 31 December 2012	86,334	248,052	334,386
Provisions used ¹⁾	-8,426	-2,213	-10,639
Provisions made	0	0	0
Unwinding of discount	518	1,488	2,006
Balance as at 30 June 2013	78,426	247,327	325,753
thereof current (planned payment within 1 year)	29,074	17,638	46,712
thereof non current (planned payment from 1 year on)	49,352	229,689	279,041

¹⁾ 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.

²⁾ At the end of the previous year, a reassessment was made of the discount rate and the expected cash out flows.

Provision for sound insulation and resident protection

Flughafen Zürich AG has effectively committed itself to bearing approximately CHF 240 million in costs for sound insulation and resident protection measures, some of which have already been carried out and others which have been announced. As of the reporting date, a total of around CHF 158.5 million had been paid out. The estimated outstanding costs are stated at present value in the breakdown of provisions shown above. Due to the decline in general interest rates and currently lower refinancing costs, the discount rate used to calculate the interest cost on the nominal payment flows is now 1.2 % (H1 2012: 2.5 %). It is currently expected that the payments can be completed by the end of 2020.

Provision for formal expropriations

Based on the fundamental issues on which the Swiss Federal Supreme Court has ruled to date (see also notes to the 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 247.3 million was recognised as a provision for "new" noise-related liabilities (nominal amount CHF 259.1 million) as at 30 June 2013. This amount takes account of the last-instance court rulings made to date in the various regions around the airport. The discount rate is also 1.2 % (H1 2012: 2.5 %). 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.

6) Airport of Zurich Noise Fund

(CHF 1,000)	First half 2013	First half 2012	Financial year 2012
Airport of Zurich Noise Fund as at 1 January	273,786	247,711	247,711
Revenue from noise charges ¹⁾	23,939	23,984	52,044
Costs for sound insulation and resident protection	-8,426	-2,683	-23,230
Costs for formal expropriations ²⁾	-2,565	-2,696	-3,156
Net result before operating costs and finance result	286,734	266,316	273,369
Noise-related operating costs	-1,906	-1,985	-3,811
Interest income from financial assets of Airport of Zurich Noise Fund	2,141	2,911	5,857
Adjustments to fair value of financial assets (available-for-sale securities)	-2,171	766	954
Gains/losses on financial assets	-1,492	-1,404	-2,583
Airport of Zurich Noise Fund as at end of reporting period	283,306	266,604	273,786

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

²⁾ 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)	30.06.2013	30.06.2012	31.12.2012
Cash equivalents (see note 3, "Cash and cash equivalents")	17,792	27,334	27,759
Current available-for-sale securities	61,664	64,203	68,086
Non-current available-for-sale securities	201,613	172,485	185,811
Accrual/deferral towards Flughafen Zürich AG ¹⁾	2,237	2,582	-7,870
Total assets invested for Airport of Zurich Noise Fund	283,306	266,604	273,786

¹⁾ 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 relating to aircraft noise through special noise charges based on the "costs-by-cause" 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 assets 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 the investments is credited to the fund statement.

Due to the fact that an amount of CHF 115.4 million was transferred to the Canton of Zurich on 1 July 2008 as part of the pre-financing solution with the Canton of Zurich (separation of the "old" noise-related liabilities) and, as of that date, the Canton of Zurich has also received a portion of the collected noise charges, 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 the Fund's financial development) can be downloaded from the following website: www.zurich-airport.com/aznf.

7) Deferred tax liabilities

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

(CHF 1,000)	30.06.2013	30.06.2012	31.12.2012
Deferred tax liability, net as at 1 January	80,281	94,273	94,273
Change in tax rate, recognised in hedging reserve	0	0	366
Change in tax rate, recognised in income statement	0	0	-1,746
Deferred taxes on adjustments to fair value of cross-currency interest rate swaps recognised in hedging reserve	-2,896	1,557	2,032
Cross-currency interest rate swaps - transfer to income statement	23,028	1,107	2,188
Change according to income statement	-6,590	432	-16,832
Deferred tax liability, net as at end of reporting period	93,823	97,369	80,281

8) Fair value disclosures

The carrying amounts of cash and cash equivalents, fixed-term deposits, trade receivables, other current receivables and current liabilities roughly correspond to their fair values.

Financial assets in Airport of Zurich Noise Fund: The fair value corresponds to the market price of the securities at the reporting date.

Derivatives: The fair value of the cross-currency interest rate swap is determined using a fair value model.

Financial liabilities: The fair value of the other debentures corresponds to the market price. The fair value of the other fixed-interest financial liabilities corresponds to the present value of the future cash flows. The discount rate corresponds to the market interest rate at the reporting date.

(CHF 1,000)	Carrying amount 30.06.2013	Fair value 30.06.2013	Carrying amount 31.12.2012	Fair value 31.12.2012
Debentures	1,171,239	1,189,300	771,115	814,335
Japanese private placement	0	0	385,583	363,424
US private placement	102,755	107,575	149,299	153,198
Total	1,273,994	1,296,875	1,305,997	1,330,957

Financial assets and liabilities recognised at fair value are categorised according to the following hierarchy, reflecting the significance of the inputs used to measure fair value:

Level 1 - Quoted market prices:

The inputs used to measure the assets or liabilities are quoted, unadjusted market prices determined in active markets for identical assets or liabilities at the measurement date.

Level 2 - Measurement based on observable inputs:

The assets or liabilities are measured on the basis of inputs (other than the quoted prices included within level 1) that are directly or indirectly observable for the asset or liability.

Level 3 - Measurement based on unobservable inputs:

The inputs for these assets or liabilities are not observable. Flughafen Zürich AG does not have any assets or liabilities on this level.

(CHF 1,000)	Available-for-sale securities Financial assets of Airport of Zurich Noise Fund			Other financial liabilities Derivative financial instruments		
	30.06.2013	30.06.2012	31.12.2012	30.06.2013	30.06.2012	31.12.2012
Level 1	263,277	236,688	253,897	0	0	0
Level 2	0	0	0	-43,746	-168,921	-169,657
Level 3	0	0	0	0	0	0
Total at fair value	263,277	236,688	253,897	-43,746	-168,921	-169,657

9) 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 assets and liabilities 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.

In this context please refer to the notes in the 2012 consolidated financial statements, "Valuation uncertainties and significant estimates and assumptions in the application of accounting policies".

Events after the reporting period

The Audit & Finance Committee authorised these interim consolidated financial statements for issue on 19 August 2013. No events occurred between 30 June 2013 and the date on which these 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.

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