

**Swiss International Air Lines (Group), Basel**  
**Consolidated income statement for the first half-year (unaudited)**

in CHF million	1 <sup>st</sup> half 2004	1 <sup>st</sup> half 2003
Revenue from scheduled services	1 440	1 715
Revenue from cargo services	217	260
Revenue from charter services	39	57
Revenue from other operations	22	22
<b>Total revenue</b>	<b>1 718</b>	<b>2 054</b>
Other operating income	50	44
<b>Total income from operating activities</b>	<b>1 768</b>	<b>2 098</b>
Cost of materials	-496	-668
Cost of services	-606	-767
Personnel expenses	-398	-545
Depreciation and amortisation	-148	-116
Profit/loss on disposal of fixed and intangible assets	0	-12
Other operating expenses (net)	-139	-336
<b>Loss from operating activities (EBIT)</b>	<b>-19</b>	<b>-346</b>
Income from associates	1	1
Financial expenses	-27	-25
Financial income	13	39
<b>Loss before tax (EBT)</b>	<b>-32</b>	<b>-331</b>
Income taxes	-1	-2
<b>Loss after tax</b>	<b>-33</b>	<b>-333</b>
Minority interest	0	0
<b>Net loss for the period</b>	<b>-33</b>	<b>-333</b>
in CHF		
Earnings per share (basic)	-0.62	-6.33
Earnings per share (fully diluted)	-0.62	-6.33

The earnings results for the first half of 2004 are only comparable to their prior-year equivalents to a limited degree, because SWISS conducted a radical corporate restructuring in the second half of 2003 which included a substantial downsizing of its route network. Similarly, in view of the reduced business volumes and the sizeable cost reductions achieved in flight operations and administrative activities, the individual cost items for the first half of 2004 cannot be meaningfully compared to those of the prior-year period.

Provisions amounting to CHF 68 million which were no longer required following the settlement of a protracted legal dispute were released in the second quarter 2004 and resulted in a corresponding reduction in "Other operating expenses".

**Swiss International Air Lines (Group), Basel**  
**Consolidated income statement for the second quarter (unaudited)**

in CHF million	2 <sup>nd</sup> quarter 2004	2 <sup>nd</sup> quarter 2003
Revenue from scheduled services	752	835
Revenue from cargo services	108	130
Revenue from charter services	27	35
Revenue from other operations	12	10
<b>Total revenue</b>	<b>899</b>	<b>1 010</b>
Other operating income	23	22
<b>Total income from operating activities</b>	<b>922</b>	<b>1 032</b>
Cost of materials	-262	-320
Cost of services	-301	-352
Personnel expenses	-196	-275
Depreciation and amortisation	-76	-58
Profit/loss on disposal of fixed and intangible assets	0	-12
Other operating expenses (net)	-37	-162
<b>Profit/(loss) from operating activities (EBIT)</b>	<b>50</b>	<b>-147</b>
Income from associates	1	1
Financial expenses	-14	-14
Financial income	8	28
<b>Profit/(loss) before tax (EBT)</b>	<b>45</b>	<b>-132</b>
Income taxes	0	-1
<b>Profit/(loss) after tax</b>	<b>45</b>	<b>-133</b>
Minority interest	0	0
<b>Net profit/(loss) for the period</b>	<b>45</b>	<b>-133</b>
in CHF		
Earnings per share (basic)	0.86	-2.52
Earnings per share (fully diluted)	0.84	-2.52

The earnings results for the second quarter of 2004 are only comparable to their prior-year equivalents to a limited degree, because SWISS conducted a radical corporate restructuring in the second half of 2003 which included a substantial downsizing of its route network. Similarly, in view of the reduced business volumes and the sizeable cost reductions achieved in flight operations and administrative activities, the individual cost items for the second quarter of 2004 cannot be meaningfully compared to those of the prior-year period.

Provisions amounting to CHF 68 million which were no longer required following the settlement of a protracted legal dispute were released in the second quarter 2004 and resulted in a corresponding reduction in "Other operating expenses".

**Swiss International Air Lines (Group), Basel**  
**Consolidated balance sheet (unaudited)**

in CHF million	At June 30, 2004	At December 31, 2003
Cash and cash equivalents	353	503
Fixed-term deposits (3-12 months)	5	0
Derivative assets	9	52
Trade receivables	348	362
Other receivables	119	163
Inventories	29	33
Prepaid expenses and accrued income	23	34
<b>Current assets</b>	<b>886</b>	<b>1 147</b>
Aircraft fleet	2 243	2 247
Property, plant and equipment	230	246
Intangible assets	20	19
Investments in associates	5	6
Loans and other investments	186	208
Deferred tax assets	1	1
<b>Non-current assets</b>	<b>2 685</b>	<b>2 727</b>
<b>Total assets</b>	<b>3 571</b>	<b>3 874</b>
Trade payables	280	277
Interest-bearing liabilities	283	286
Derivative liabilities	0	20
Other payables	52	54
Unearned transportation revenue	471	519
Accrued expenses and prepaid income	320	345
<b>Current liabilities</b>	<b>1 406</b>	<b>1 501</b>
Interest-bearing liabilities	912	920
Employee benefit obligations	20	19
Provisions	247	406
<b>Non-current liabilities</b>	<b>1 179</b>	<b>1 345</b>
<b>Total liabilities</b>	<b>2 585</b>	<b>2 846</b>
<b>Minority interest</b>	<b>4</b>	<b>6</b>
Share capital	948	1 685
Treasury shares	0	0
Reserves	34	-663
<b>Total shareholders' equity</b>	<b>982</b>	<b>1 022</b>
<b>Total shareholders' equity and liabilities</b>	<b>3 571</b>	<b>3 874</b>

**Swiss International Air Lines (Group), Basel**  
**Consolidated cash flow statement (unaudited, condensed)**

in CHF million	1 <sup>st</sup> half 2004	1 <sup>st</sup> half 2003
<b>Net loss for the period</b>	-33	-333
Adjustments for income and expenses not involving the movement of funds	160	129
Changes in net working capital (other than cash and cash equivalents)	-134	-33
<b>Net cash provided by/(used in) operating activities</b>	<b>-7</b>	<b>-237</b>
<b>Net cash provided by/(used in) investing activities</b>	<b>-37</b>	<b>-111</b>
<b>Net cash provided by/(used in) financing activities</b>	<b>-108</b>	<b>-21</b>
Increase/(decrease) in cash and cash equivalents	-152	-369
Effect of exchange-rate differences	2	-2
Cash and cash equivalents as of January 1	503	1 128
Cash and cash equivalents as of June 30	353	757

Cash and cash equivalents comprise cash on hand, postal and bank accounts and short-term deposits with an original maturity of not more than 90 days.