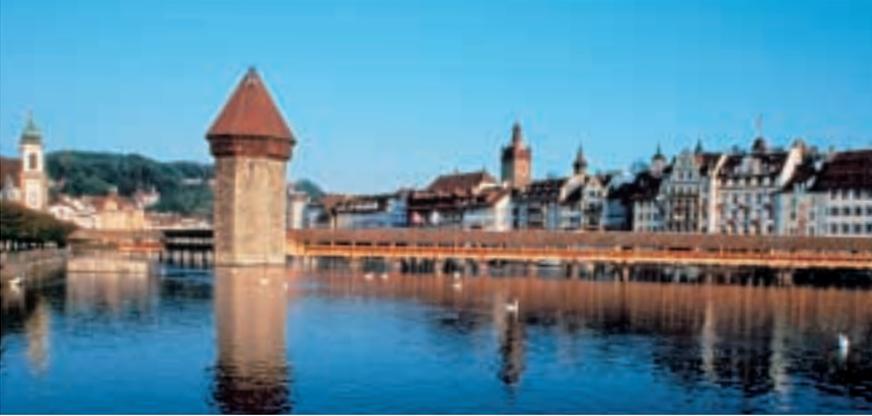


Interim Report
as at June 30, 2004



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With Schindler to the Olympics 2004 in Athens, Greece. On the way from the airport to the Olympic stadium, as well as in various Olympic installations, Schindler provides comfortable mobility for sportspersons and visitors with a total of 273 elevators and escalators

Title page The water tower and wooden bridge, both built around 1300, are the icon of Lucerne, Switzerland
Photo: Lucerne Tourism

Group key figures as at June 30, 2004

Group	2003	2004	Δ %	Δ %
In million CHF	1st half	1st half		local currencies
Orders received	3 817	4 220	+10.6	+10.7
Operating revenue	3 645	3 910	+7.3	+7.5
EBITDA*	274	314	+14.6	
in %	7.5	8.0		
EBIT**	200	257	+28.5	
in %	5.5	6.6		
Profit before taxes	167	226	+35.3	
Net profit	96	137	+42.7	
Cash flow***	160	176	+10.0	
Capital expenditure	39	44	+12.8	
	31.12.2003	30.06.2004		
Order backlog	3 712	4 166	+12.2	+13.1
Shareholders' equity	1 165	1 210	+3.9	
Personnel at end of period	39 617	39 138	-1.2	

- EBITDA: Operating profit plus depreciation and amortization
- EBIT: Operating profit
- Cash flow: Net profit before minority interests plus depreciation and amortization +/- change in provisions

R03 project costs

At the Annual Results Media Conference on February 26, 2004, it was announced that in the reporting year 2004, project costs for completion of the R03 projects of approximately CHF 75 million were expected. However, these will no longer be reported separately in the financial statements for 2004. The aim of the R03 program is to increase the EBITDA margin in the elevators and escalators business to 14%.

At the level of Group EBIT and Group net profit before income taxes, the R03 project costs incurred in the first half-year were CHF 42 million, as compared with CHF 56 million in the same period last year.

For the full year 2004, we still expect project costs of approximately CHF 75 million.

Growth and operational improvements

In the first half of 2004, the Schindler Group achieved strong growth and further operational progress. This was derived both from the elevators and escalators business and from ALSO. The good development of order bookings, operating revenue, and operating profit proves that the high investments in renewal of the product portfolio as well as in process innovations are gradually paying off. However, this improved performance is accompanied by continuing heavy pressure on prices in all business areas. There is additional pressure on margins from the massive rise in prices for steel and other materials as well as fuel for the service fleet. Furthermore, in some countries there have been automatic contractual adjustments in wages and salaries which are out of line with market conditions.

In contrast to the same period last year, the turnover-weighted effect of exchange rates at Group level is negligible at -0.2% .

Orders received

Relative to the first half of the previous year, consolidated orders received rose sharply by 10.6% to CHF 4 220 million.



In all market areas, order bookings in the elevators and escalators business experienced pleasing organic growth and increased by 10.3% to CHF 3 366 million.

Since the launch of the Schindler *Smart* product line, more than 60 000 units have been sold worldwide; double-digit annual growth rates have also characterized orders for the Schindler *EuroLift*. The Schindler 700 high-rise elevator program is well received by customers around the globe and fulfills the most demanding requirements. The Schindler 700 elevators at Cambridge House in Hong Kong are highly praised for their smooth ride, while the less than 50 dBA of those in Canary Wharf BP1, London, is quieter than many modern domestic appliances. Thanks to the innovative Miconic 10 hall call destination control system, Schindler won the order for the toughly contested modernization of the Tour Ariane in

Paris. There are also impressive major orders to report in the escalators business. These include 60 escalators and 44 moving walks for Charles de Gaulle Airport at Roissy, France, as well as 30 escalators for the new Wembley Stadium in England.

¹ Installed in the Cambridge House office building in Hong Kong, China, are 4 Schindler 700 and 4 Schindler 500 elevators, all fitted with the Miconic 10 hall call destination control system and Schindler/D



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Order backlog

At mid-year, the order backlog for elevators and escalators had grown by 12.2% to CHF 4136 million.

Operating revenue

Consolidated operating revenue rose by 7.3% to CHF 3910 million.

The increase in operating revenue of 6.2% to CHF 3069 million in the elevators and escalators business was derived from all regions except North America – which was entirely due to negative effects of exchange.

ALSO benefited from the market upswing in the IT industry and increased its consolidated net sales in distribution and logistics services by 11.8% to CHF 843 million.

Operating result for the elevators and escalators business

In the elevators and escalators business, EBITDA for the reporting period climbed by 15.1% to CHF 305 million as compared with CHF 265 million in the same period last year. The EBITDA margin improved from 9.2% to 9.9% (11.1% to 11.3% before charging R03 project costs). In the same time period, the EBIT margin improved from 6.7% to 8.1% (8.7% to 9.5% before charging R03 project costs).

The better margins were earned through productivity improvements and cost-reduction measures despite continuing pressure on prices. Higher costs of materials caused price increases for new installations in various markets.

Further improvements in profitability are expected to start in 2005 when the standardized IT platform (one single client), as well as business processes standardized in accordance with best demonstrated practices, are implemented throughout Europe. A key goal is for all business units to achieve at least 80% of the performance of the best three units. Some have already worked their way into this target range, others are approaching it.

1 The first Schindler 700 elevators in Europe were installed in the BP1 skyscraper at Canary Wharf; London, UK

2 For the Riu Torrox Hotel in Malaga, Spain, Schindler supplied 15 SchindlerSmart MRL 002 elevators



1

The chart below for a Group company shows clearly that first improvements have already been attained, and that beyond this there is still substantial potential for further increases in performance.

Operating result of ALSO

In an increasingly competitive environment, ALSO completed the first half-year very pleasingly, boosting the operating result by CHF 87.5% to CHF 15 million compared with CHF 8 million in the same period last year.

Group net income from financing and investing

Relative to the same period in the previous year, net income from financing and investing activities improved slightly from CHF –33 million to CHF –31 million. A reduction in long-term liabilities in the reporting period, along with higher interest rates, resulted in lower net interest expense overall. This lower expense was partly offset by higher realized losses on exchange associated with operational hedging transactions.

Net profit and cash flow

Net profit after taxes rose by 42.7% to CHF 137 million (same period last year CHF 96 million). Before charging R03 project costs, the increase was 21.7%.

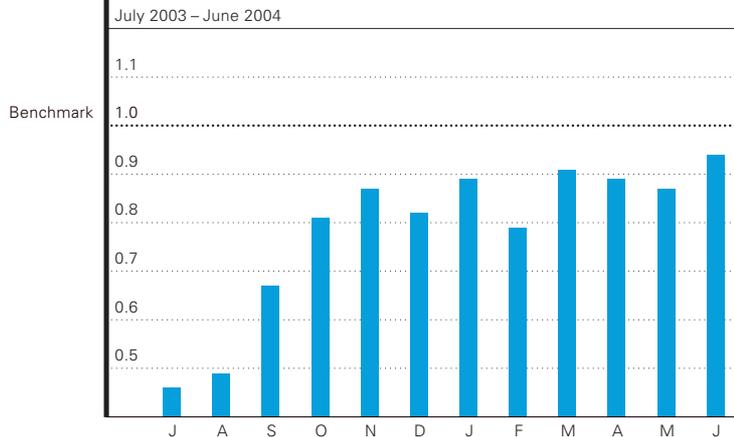
The sharp improvement in net profit caused cash flow to increase from CHF 160 million in the first half of last year to CHF 176 million.

Personnel numbers

Relative to the end of 2003, the number of employees went down by 479, or 1.2%, to 39 138. In the elevators and escalators business, the net reduction – despite a slight build-up of the workforce in Asia – was 79 employees or 0.2%. At ALSO there was a reduction of 400 employees, or 41.1%, mainly resulting from the sale of the systems business.

1 **Preparing an order for shipping at the logistics center of ALSO in Emmen, Switzerland**

Efficiency of the SchindlerEuroLift installations taking a Group company as example





1

Reduction in capital

As decided at the General Meeting on March 18, 2004, the bearer participation capital was reduced by the 365 350 bearer participation certificates repurchased since March 1, 2002. The participation certificate capital is now CHF 5141 640, comprising 5141 640 bearer participation certificates with a nominal value of CHF 1.– each. The 23 550 registered shares which were repurchased in the same time period will be used for existing employee share programs. The share capital therefore remains unchanged at CHF 7 356 820, which is divided into 7 356 820 registered shares with a nominal value of CHF 1.– each.



2

Outlook 2004

Overall, a slight recovery in demand in the elevators and escalators business can be expected. Because of industrial overcapacity and vacancies in the commercial buildings sector, further heavy pressure on prices and margins is foreseen, which will negate some of the progress that has been made on performance.

Thanks to the completely renewed product portfolio and further increases in efficiency resulting from the R03 projects which are still running, Schindler is confident that it can face these challenges successfully. On the other hand, the increased costs of materials will burden the result more heavily in the second half of the year. This will

make it unavoidable for us to raise prices for new installations in some markets.

In view of continuing pressure on prices and margins – and leaving aside unforeseeable events – ALSO expects net income for the current year to be in the range of CHF 18 million to CHF 20 million.

Based on this assessment, and leaving aside unforeseeable events, it is anticipated that Group net profit for 2004, as forecast in the spring, will amount to approximately CHF 280 million.

1 6 high-rise elevators transport guests in the 172 meters high Intercontinental Hotel in Warsaw, Poland

2 Capricorn Tower commercial building with 8 Schindler elevators; Dubai, United Arab Emirates

Alfred N. Schindler
Chairman of the Board of Directors

Luc Bonnard
Vice Chairman of the Board of Directors

Group half-year financial statements 2004

Profit and loss statement

In million CHF	2003		2004	
	1st half	%	1st half	%
Operating revenue	3 645	100.0	3 910	100.0
Operating expenses	3 445	94.5	3 653	93.4
Operating profit	200	5.5	257	6.6
Net income from financing and investing activities	-33	-0.9	-31	-0.8
Profit before taxes	167	4.6	226	5.8
Taxes on profits	60	1.7	78	2.0
Minority interests	11	0.3	11	0.3
Net profit	96	2.6	137	3.5

Earnings per share

Basic earnings per share and BPC in CHF	7.68	11.10
Diluted earnings per share and BPC in CHF	7.68	11.08

Balance sheet

In million CHF	31.12.2003		30.06.2004	
		%		%
Cash and cash equivalents	1 466	28.1	986	18.3
Other current assets	2 268	43.4	2 597	48.2
Non-current assets	1 486	28.5	1 810	33.5
Total assets	5 220	100.0	5 393	100.0
Current liabilities	2 433	46.6	2 572	47.7
Non-current liabilities	1 496	28.7	1 489	27.6
Total liabilities	3 929	75.3	4 061	75.3
Minority interests	126	2.4	122	2.3
Shareholders' equity	1 165	22.3	1 210	22.4
Total liabilities and shareholders' equity	5 220	100.0	5 393	100.0

Consolidated cash flow statement

In million CHF	2003 1st half	2004 1st half
Net profit before minority interests	107	148
Depreciation and amortization	74	57
Change of provision	-21	-29
Other positions with no effect on liquidity	9	12
Change of securities	105	-207
Change in remaining net working capital	-11	-39
Cash flow from operating activities	263	-58
Investments in fixed assets, net	-30	-20
Investments in other non-current assets, net	-12	-378
Cash flow from investing activities	-42	-398
Dividends paid by Schindler Holding Ltd.	-	-74
Dividends paid to minority shareholders	-10	-10
Other financing activities	-184	-29
Cash flow from financing activities	-194	-113
Translation exchange differences	-	-8
Change in net cash	27	-577
Net cash at the beginning	1 122	1 438
Net cash at the end	1 149	861

Consolidated statement of shareholders' equity

In million CHF	30.06.2003	30.06.2004
Shareholders' equity as at January 1st	1 067	1 165
Dividends	-	-74
Additions/Disposals treasury stock	-77	4
Options for participation plan (fair value)	1	1
Net profit	96	137
Financial instruments available for sale	-	-6
Hedging transactions	-38	26
Translation exchange differences	60	-43
Total shareholders' equity	1 109	1 210

Segment information as at June 30, 2004

Elevators and escalators

In million CHF	2003	2004	Δ %	Δ %
	1st half	1st half	local currencies	
Orders received	3 051	3 366	+10.3	+10.5
Operating revenue	2 891	3 069	+6.2	+6.4
EBITDA*	265	305	+15.1	
in %	9.2	9.9		
EBIT**	195	250	+28.2	
in %	6.7	8.1		

	31.12.2003	30.06.2004	
Personnel at end of period	38 643	38 564	-0.2

Before charging the project costs incurred in the two periods, the EBITDA margin rose from 11.1% to 11.3% and the EBIT margin from 8.7% to 9.5%.

ALSO

In million CHF	2003	2004	Δ %
	1st half	1st half	
Operating revenue	754	843	+11.8
EBITDA*	12	17	+41.7
in %	1.6	2.0	
EBIT**	8	15	+87.5
in %	1.1	1.8	

	31.12.2003	30.06.2004	
Personnel at end of period	974	574	-41.1

- * EBITDA: Operating profit plus depreciation and amortization
- ** EBIT: Operating profit

Segment information

	Europe	Americas	Asia, Australia, Africa	Services/ Eliminations E & E	Elevators and Escalators	ALSO	Finance/ Eliminations	Group
1st half 2003								
Operating revenue								
third parties	1 604	930	356	1	2 891	754	–	3 645
Intercompany sales	494	17	33	–544	–	–	–	–
Total operating revenue	2 098	947	389	–543	2 891	754	–	3 645
Operating profit								
before charging R03 project costs					195	8	–3	200
					251	8	–3	256
Additions of fixed assets								
	20	10	6	2	38	1	–	39
Depreciation and amortization								
	40	21	6	3	70	4	–	74
of which impairment	–	–	–	–	–	–	–	–
Share in profits								
of associated companies	4	–	–	–	4	–	–	4
1st half 2004								
Operating revenue								
third parties	1 734	904	429	2	3 069	841	–	3 910
Intercompany sales	535	21	49	–605	–	2	–2	–
Total operating revenue	2 269	925	478	–603	3 069	843	–2	3 910
Operating profit								
before charging project costs					250	15	–8	257
					292	15	–8	299
Additions of fixed assets								
	21	14	6	1	42	2	–	44
Depreciation and amortization								
	25	19	7	4	55	2	–	57
of which impairment	–	–	–	–	–	–	–	–
Share in profits								
of associated companies	–	–	–	–	–	–	–	–
31. 12. 2003								
Assets								
	2 062	963	534	56	3 615	369	1 236	5 220
of which investments								
in associated companies	18	1	9	–	28	–	8	36
Liabilities								
	1 738	655	348	180	2 921	211	797	3 929
Personnel								
	19 292	12 459	6 613	279	38 643	974	–	39 617
30. 06. 2004								
Assets								
	2 056	943	577	73	3 649	322	1 422	5 393
of which investments								
in associated companies	17	1	7	–	25	–	7	32
Liabilities								
	1 925	593	396	152	3 066	222	773	4 061
Personnel								
	19 245	11 828	7 212	279	38 564	574	–	39 138

Reporting principles

The reporting principles applied to these statements as at 30.06.2004 comply with Swiss Corporation Law and with the International Financial Reporting Standards (IFRS).

The principles of valuation applied to the half-year financial statements 2004 are essentially unchanged relative to the annual financial statements 2003. The new standard IFRS 3 "Business Combinations" was introduced on April 1, 2004.

In the second quarter of 2004, the holding in Schindler Aufzüge & Fahrtreppen AG, Vienna, was increased from 96.90% to 99.05%

by means of a public offering. Proportional depreciation of the resulting intangible value according to its estimated life was charged to the profit and loss statement.

Also in the first half-year, a number of maintenance portfolios were acquired. The resulting intangible values are not substantial and were also proportionally charged to the profit and loss statement.

In 2004, goodwill recognized in the balance sheet which arose from business combinations before April 1, 2004, is amortized according to the same criteria as hitherto. As from January 1, 2005, in accordance with IFRS 3 no further amortization will be applied. The goodwill will, however, be subjected to an annual impairment test.

Relative to June 30, 2003, the scope of consolidation has been expanded to include Schindler Monaco, Monaco, Schindler Joong Ang Ele-

vator Co. Ltd., South Korea, Doppelmayr Aufzüge AG, Wolfurt, Austria, and a number of smaller companies of minor significance.

For information regarding the scope of consolidation of ALSO and associated effects, please refer to the half-year report of ALSO.

The effect of all first-time consolidations is approximately 1% on both Group operating revenue and Group operating profit.

There are no significant changes in the scope of consolidation relative to the annual financial statements of December 12, 2003.

Currency exchange rates

			2003	2004	2003	2004
			December 31 Closing date rates	June 30 Closing date rates	1st half Average rates	1st half Average rates
USA	USD	1	1.24	1.26	1.35	1.26
Euro countries	EUR	1	1.56	1.53	1.49	1.55
Great Britain	GBP	1	2.20	2.28	2.19	2.30
Brazil	BRL	100	42.66	40.60	41.95	42.33
China	CNY	100	14.93	15.24	16.36	15.22

11 high-rise elevators with travel heights of up to 226 meters are installed in the Tomorrow Square commercial building in Shanghai China



内文明城区

共筑城市美好生活

The Ordinary General Meeting of Shareholders of Schindler Holding Ltd. will take place at the Kultur- und Kongresszentrum Lucerne on Monday, March 21, 2005.

The Interim Report for 2004 and further information on the Schindler Group are available at:
www.schindler.com.

The original German language version is binding. English and French translations of the Interim Report are also available.

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Franconia II (1998)
Artist: Alvert Irvin
Gallery: Gimpel Fils Ltd., London