

Annual Report 2005

Flughafen Wien AG



Open for new horizons.



Growth at Vienna International Airport again tops the European average in 2005!

Vienna International Airport handled 15.9 million passengers in 2005, for an increase of 7.3% over the previous year. The three most important drivers for this excellent growth were the positive development of traffic to Eastern Europe, long-haul flights and the low-cost carriers. With a market-oriented tariff and incentive policy, Vienna International Airport has optimised its competitive capabilities and strengthened its position for the future.

In order to best utilise the available opportunities for growth, Vienna International Airport is implementing an ambitious investment programme to increase capacity during the period from 2004 to 2008. Investments to expand the airport totaled € 504.4 million for 2004 and 2005 alone, and focused on the completion of major projects. The highlight will be the opening of the VIE-Skylink Terminal in 2008. These many projects have a common goal: to continue the growth course of the Flughafen Wien Group.

In 2005 the number of passengers at Vienna International Airport rose 7.3% to nearly 16 million – which demonstrates the effectiveness of our three-point strategy:

Eastern Europe

Growth in passengers during 2005:


+9.9%

With a total of 43 destinations, Vienna International Airport has been able to maintain a position as THE east-west hub in Europe. The dynamic momentum in this region will safeguard growth opportunities for many years to come.

Far East

Growth in passengers during 2005:

+12.9%



Our 28 long-haul destinations profit not only from the strong development of this economic region, but also from its many attractive vacation spots – and the optimised incentive programme of Vienna International Airport supports this growth.

Low-cost carriers

Growth in passengers during 2005:

+19.7%

One in eight passengers now fly “low-cost”, and new target groups are joining this trend all the time.

Key Data on the Flughafen Wien Group

Financial Indicators in € mill. (excluding employees)

	2005	Change in %	2004	Change in %	2003
Total turnover	410.3	3.0	398.3	14.3	348.4
Thereof Airport	188.6	-1.0	190.5	14.4	166.5
Thereof Handling	132.2	6.9	123.6	16.7	106.0
Thereof Non-Aviation	89.2	6.3	83.9	11.0	75.6
EBIT	92.3	-10.0	102.5	5.3	97.3
EBIT margin in % ¹⁾	21.3	-13.0	24.5	-8.2	26.7
EBITDA margin in % ²⁾	34.5	-4.5	36.2	-7.9	39.3
ROCE in % ³⁾	10.2	-22.0	13.1	-5.3	13.8
Net profit after minority interests	74.3	3.6	71.7	1.2	70.8
Cash flow from operating activities	158.0	-18.7	194.4	29.3	150.4
Equity	665.8	5.5	631.0	6.9	590.4
Balance sheet total	1,189.4	24.9	952.3	14.0	835.3
Capital expenditure ⁴⁾	319.1	72.2	185.3	60.9	115.2
Taxes on income	25.3	-25.0	33.8	-5.1	35.6
Employees ⁵⁾	3,581	9.7	3,264	11.9	2,918

Industry Indicators

MTOW in mill. tonnes ⁶⁾	6.5	4.6	6.2	18.6	5.3
Passengers in mill.	15.9	7.3	14.8	15.7	12.8
Thereof transfer passengers in mill.	5.4	6.9	5.1	18.0	4.3
Flight movements	230,900	2.7	224,809	14.1	197,089
Cargo (air cargo and trucking) in tonnes	234,677	12.0	209,625	21.0	173,296
Seat occupancy in % ⁷⁾	66.4	1.8	65.2	-2.1	66.6

Stock Market Indicators

Shares outstanding in mill.	21.0	0.0	21.0	0.0	21.0
P/E Ratio as of 31.12.	17.1	4.8	16.3	48.0	11.0
Earnings per share in €	3.54	3.8	3.41	1.2	3.37
Dividend per share in € ⁸⁾	2.00	0.0	2.00	0.0	2.00
Dividend yield as of 31.12.; in %	3.3	-7.8	3.6	-33.3	5.4
Pay-out ratio					
as % of net profit after minority interests	56.5	-3.5	58.6	-1.2	59.3
Market capitalisation as of 31.12.; in € mill.	1,270.3	8.6	1,169.7	49.7	781.2
Stock price: high in €	61.20	6.8	57.29	54.0	37.20
Stock price: low in €	49.10	29.4	37.95	25.1	30.33
Stock price as of 31.12. in €	60.49	8.6	55.70	49.7	37.20
Market weighting as of 31.12.; in %	1.7	-33.6	2.6	-30.5	3.7

1) EBIT margin (earnings before interest and taxes) = EBIT / Operating income. 2) EBITDA margin (earnings before interest, taxes, depreciation and amortisation) = EBIT + depreciation / Operating income. 3) ROCE (return on capital employed after tax) = EBIT less allocated taxes / Average capital employed. 4) Tangible and intangible assets. 5) Weighted average number of employees as of 31.12. including apprentices and employees on official non-paying leave (maternity, military service etc.) and excluding the Management Board and managing directors. 6) MTOW: maximum take-off weight for aircraft. 7) Seat occupancy: Number of passengers / Available number of seats. 8) Reporting year: recommendation to the Annual General Meeting.

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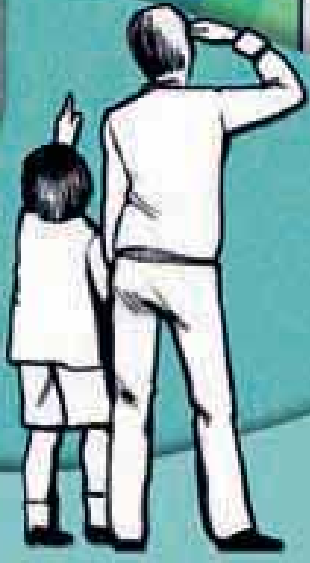
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Completed projects

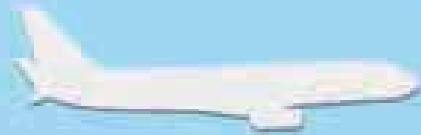


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East-West Hub

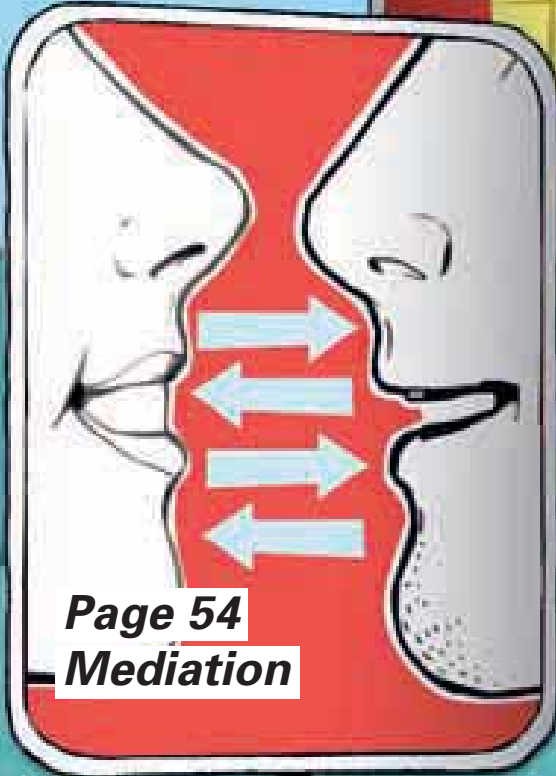


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Construction projects





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Diversification



Page 54
Mediation



Page 56
Employees

Statement by the Management Board

Dear Ladies and Gentlemen,

We are pleased to inform you that Flughafen Wien AG was able to continue its growth course during 2005. The development of traffic was positive in all segments and outpaced the European average. However, the reporting year saw the introduction of numerous measures that reduced the net profit of Flughafen Wien AG but are important to safeguard long-term earnings.

In particular, the tariff reform that was introduced in October 2004 had an impact on results for the entire reporting year. This changeover involved the overall reduction and restructuring of tariffs, including a decrease in the landing tariff and slight increase in the passenger tariff. In order to optimise our tariff structure for the airlines over the long-term, we introduced additional changes on 1 January 2006. The landing tariff was reduced by a further 2.8% and the passenger tariff was increased by € 1.12 per departing passenger, also to reflect the introduction of new environmental measures. In order to support and expand the role of our airport as a transfer hub, the transfer incentive that has been in effect for many years was increased by € 2.00 to € 10.21 from April to December 2005.

The traffic growth at Vienna International Airport requires extensive investments in the expansion of facilities to meet demand. Our company therefore spent a total of € 504.4 million during 2004 and 2005 as part of a multi-year master plan. Major projects completed in 2005 include phase 1 of the Office Park, the air traffic control tower, Handling Center West, VIP & Business Center, General Aviation Center, expansion of the northeast apron, premium check-in and Terminal 1A. All projects were concluded on schedule and within budget. Our most important assignment for the coming years will be formed by the expansion of the VIE-Skylink Terminal.

At this point we would like to highlight the most important financial indicators for the year: Turnover recorded by the Flughafen Wien Group rose 3% to € 410.3 million, but remained below the 7.3% growth in traffic because of the tariff reduction. The increase in expenses totalled 6.2% and, with the exception of depreciation, also remained below the development of traffic because of productivity improvements. Earnings before interest and taxes (EBIT) fell 10.0% to € 92.3 million due to the high level of capital expenditure and related depreciation as well as an increase in personnel expenses. Financial results improved by 165.0% to € +7.7 million. Earnings before taxes (EBT) declined 5.1% to € 100.0 million. Net profit for the year rose 4.2% to € 74.7 million.

What factors had the greatest influence on the development of our business in 2005?

The steady pursuit of our growth strategy, which is based on three elements – connections to Eastern Europe, long-haul traffic and low-cost carriers – allowed us to increase the number of passengers by 7.3%. This development again placed us above the average of 5.8% reported by European airports. Vienna International Airport handled 15.9 million passengers in 2005, or roughly one million more than in the previous year. In 2004 the increase in the number of passengers totalled 15.7%. In 2005 we were able to further expand our outstanding position as a leading provider of connections to Eastern Europe and record an increase of 9.9% in the number of passengers travelling to destinations in this region. However, long-haul flights to the Near East and Far East also showed dynamic growth of 18.9%.

Another important driver for the growth in traffic was formed by the low-cost carriers. These airlines generated 30.2% of the increase in passenger volume and handled 12.4% of all passengers using Vienna International Airport in 2005. The increase in transfers reached 6.9% for 2005, after a substantial rise of 18% in the previous year. Transfers represented 34.4% of the total passenger volume at our airport in 2005.

The many expansion projects and related interference with airport activities during the past year represented a special challenge in keeping these high quality standards, a challenge that we were only able to meet because of the exceptional commitment and flexibility of our employees. Safeguarding the high quality of services for transfer passengers and maintaining our outstanding minimum transfer time of 25 to 30 minutes – a top value among comparable airports in Europe – is critical for the performance of Vienna International Airport. Good ratings in our regular passenger surveys are the satisfying reward for these efforts.

For 2006 we expect growth of roughly 6% in the number of passengers, 2% in flight movements and 3% in maximum take-off weight. We intend to strengthen our position as the most important airport in the dynamic region of eastern Austria and western Slovakia through specially designed marketing programmes.

Steady growth in the number of passengers combined with our objective to guarantee a high level of quality has made it necessary to increase the available terminal space at Vienna International Airport. The core of our expansion plans is formed by the VIE-Skylink Terminal. The most important planning parameters include the retention of the one-roof concept and maintenance of our short minimum connecting time of 25 minutes. The first phase of expansion will increase the capacity of our airport to 24 million passengers. The progress of these construction projects to date indicates that they will be completed on time and within budget at the end of 2008.

The construction of turnkey properties is one of the focal points for our non-aviation business. In keeping with this strategy, work has already started on phase 2 of the Office Park, which will be completed by 2007.

The expansion of the railway station, which will be financed together with the Austrian Federal Railway Corporation, continued smoothly during 2005. This railway station will represent a significant improvement in our infrastructure connections.

The City Airport Train (CAT), which is operated as a joint venture by the Austrian Federal Railway Corporation and Flughafen Wien AG, has established a good position on the local transportation market and is now used by 10% of all passengers. The CAT travels non-stop to and from the airport in only 16 minutes. The option of checking baggage directly at the "Wien-Mitte" station has been well accepted by passengers.

Our activities in the security area concentrated on preparations for the implementation of EU directive 2320, which took effect on 1 January 2006. This regulation calls for the control of all employees who have access to sensitive areas of the airport, such as the aprons. The same standards for passengers are now also applied to these employees, and include x-ray controls and metal detector gates. A total of 13 checkpoints were created and equipped during the past year.

An important strategic focus of Flughafen Wien AG is the development of new fields of business outside the airport. The basic principle behind any such projects is that they must increase the value of our Company and support our dividend policy. Our investment in Malta Airport is an example of a project that meets this objective. We own a 40% stake in Malta International Airport through a consortium, and the Flughafen Wien Group directly acquired more than 8% of the shares in Malta International Airport plc during the reporting year.

The key project in our corporate strategy is formed by the cooperation with Bratislava Airport. Forecasts indicate that the region comprising eastern Austria and western Slovakia will become one of the strongest growth areas in Europe. In order to create an optimal basis for sharing in this development, Flughafen Wien AG decided to participate in the tender for privatisation of the M.R. Štefánika – Airport Bratislava a.s. and Letisko Košice – Airport Košice a.s. in July 2005. The creation of this airport alliance in the heart of Europe will strengthen the position of Vienna and Bratislava Airports over competitors such as Budapest, Prague and Munich. On 10 February 2006 the contracts were signed by the Slovakian government and the best bidding TwoOne Consortium, in which Flughafen Wien AG holds 50.1% of the voting rights. The consortium will only be able to exercise its ownership rights after official approval is received from the Slovakian and Austrian cartel authorities. This approval is expected by summer 2006.

In conclusion, we would also like to express our thanks to our employees, business partners and shareholders for their confidence during the 2005 Business Year.

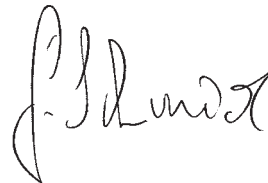
Yours sincerely,



Christian Domany
Member of the Board



Herbert Kaufmann
Member of the Board
and Speaker



Gerhard Schmid
Member of the Board



*Christian Domany
Member of the Board*

*Herbert Kaufmann
Member of the Board
and Speaker*

*Gerhard Schmid
Member of the Board*

THE YEAR 2005 in review

- ✓ **Traffic growth outpaces European average (Page 23f.)**
- ✓ **Long-haul traffic increases (Page 28)**
- ✓ **East European hub activities further expanded (Page 25f.)**
- ✓ **Low-cost carriers take on more important role (Page 30)**
- ✓ **New airlines and frequencies increase cargo volume (Page 80)**
- ✓ **Investment programme: costs and timing on schedule (Page 73)**
- ✓ **Ground handling: high market share maintained (Page 79)**

Management

The Management Board of Flughafen Wien AG was appointed by the Supervisory Board for a term of office extending from 1 October 2004 to 30 September 2009. The management structure of the Group was modified during the reporting year to reflect conclusions drawn from the PEP programme to improve efficiency and productivity, which was initiated in 2004 and defined and partially implemented during 2005. Changes include the combination of several of the previous 18 corporate departments and the reassignment of responsibilities (see organisational chart on page 128).

The implementation of the Group's qualitative and financial goals is monitored on a regular basis as part of the strategic management system. The focus of management actions on the goals of the Company is strengthened by a performance-based incentive system for the Management Board – which defines its financial and quality targets together with the Supervisory Board – as well as first and second-level managers.

Member and Speaker of the Board: Herbert Kaufmann, born 1949, worked as an engineer with various Austrian and foreign companies while studying macroeconomics. In 1975 he joined the chamber of labour of the Province of Lower Austria, where after two years he was appointed head of the economics department and was made director in 1985. He also served as a member of the provincial and federal parliaments. He was appointed member and speaker of the Management Board of Flughafen Wien AG in 1999 where he is responsible for airline and terminal services, the secretariat, communications and strategy and controlling.

Member of the Board: Gerhard Schmid, born 1957, started his career as an engineer with Böhler AG (Seibersdorf Research Centre). In 1979 he joined Municipal Department 46 of the City of Vienna, which is responsible for the technical aspects of traffic planning. He was appointed manager of the office of Mayor Helmut Zilk in 1987. In 1993 he joined the auditing department of Vienna International Airport, where he became manager in 1995. The former Management Board appointed him as Head of Technical Services in 1997, and two years later he advanced to become a member of the Management Board of Flughafen Wien AG. His responsibilities include handling and airport services, information systems, technical services, quality management, environmental controlling and internal audit.

Member of the Board: Christian Domany, born 1952, began his career at Creditanstalt Bankverein after completing his studies in business administration. In 1984 he joined the Austrian industrialist association, where he served as head of the personnel, finance and organisation section as well as vice-general secretary. After his appointment as general secretary of the Austrian savings bank association in 1997, he became general secretary of the Austrian federal economic chamber three years later. On 1 October 2004 he was appointed to the Management Board of Flughafen Wien AG where he is responsible for property and centre management as well as personnel, finance and accounting, and the planning and construction service units.

The Vienna International Airport Company

Flughafen Wien AG is one of the few listed airport operators in Europe. Public authorities hold a total interest of 40%, which is divided equally between the provinces of Lower Austria and Vienna. In accordance with a resolution passed by the Annual General Meeting in 2000, 10% of shares were transferred to an employee fund that allows the men and women who work for Flughafen Wien AG to participate directly in the success of the Company. The remaining 50% of shares represent free float.

Flughafen Wien AG

VAI Vienna Airport Infrastruktur Maintenance GmbH	100%	50.1%	CAT City Air Terminal Betriebsgesellschaft m.b.H.
VIAS Vienna International Airport Security Services Ges.m.b.H.	100%	100%	Shops VIE Shops Entwicklungs und Betriebsgesellschaft
VAH Vienna Aircraft Handling Gesellschaft m.b.H.	100%	100%	VIEL VIE Liegenschaftsbeteiligungsgesellschaft m.b.H.
VINT Vienna International Beteiligungsmanagement Gesellschaft m.b.H.	100%		100% VOPE VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H.
VIE-BBI Flughafen Wien/Berlin-Brandenburg International Entwicklungsbeteiligungsgesellschaft m.b.H.	100%	100%	IVW Flughafen Wien Immobilienverwertungsgesellschaft
VIE Malta VIE Malta Ltd.	99.8%	0.2%	1% VIE BPIB Vienna Airport Business Park Immobilien Besitz Gesellschaft m.b.H.
MMLC Malta Mediterranean Link Consortium Ltd.			57.1% 57.1%
MIA Malta International Airport plc.	8%		40% 40%
			99% BTSH BTS Holding a.s.
			47.7% KSCH KSC Holding a.s.

A complete list of all Flughafen Wien AG holdings, classified by type of investment and consolidation method, is shown on pages 125-127.

Changes in investments during 2005:

- Founding of VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H. to develop and realise property, in particular the Office Park Phase 2.
- Sale of the 51% stake in Vienna Airport Baumanagement Gesellschaft m.b.H. to the remaining shareholder, SPIRK & Partner Ziviltechnikergesellschaft m.b.H.
- Purchase of 8% of Malta International Airport plc. in a privatisation process over the stock exchange.
- Founding of BTS Holding a.s. and KSC Holding a.s. under Slovakian law in connection with participation in the tender to privatise Bratislava and Košice Airports; together with the consortium partners RZB and Penta.

Flughafen Wien AG is the developer, builder, and general operator of Vienna International Airport as well as provider of a wide range of related services. As one of the leading hubs to the flourishing destinations in Central and Eastern Europe, we are preparing for above-average growth. Our growth strategy is also supported by the increasing demand for flights to destinations in the Far East and Middle East as well as the strong development of the low-cost carriers.

The expansion of the European Union in May 2004 redefined the catchment area for Vienna International Airport: whereas Vienna was the preferred starting point for 5.6 million travellers in the past, the integration of Austria's eastern neighbours raised this potential to over 14 million. The dynamic economic growth in these countries is expected to trigger a strong increase in travel over the coming years.

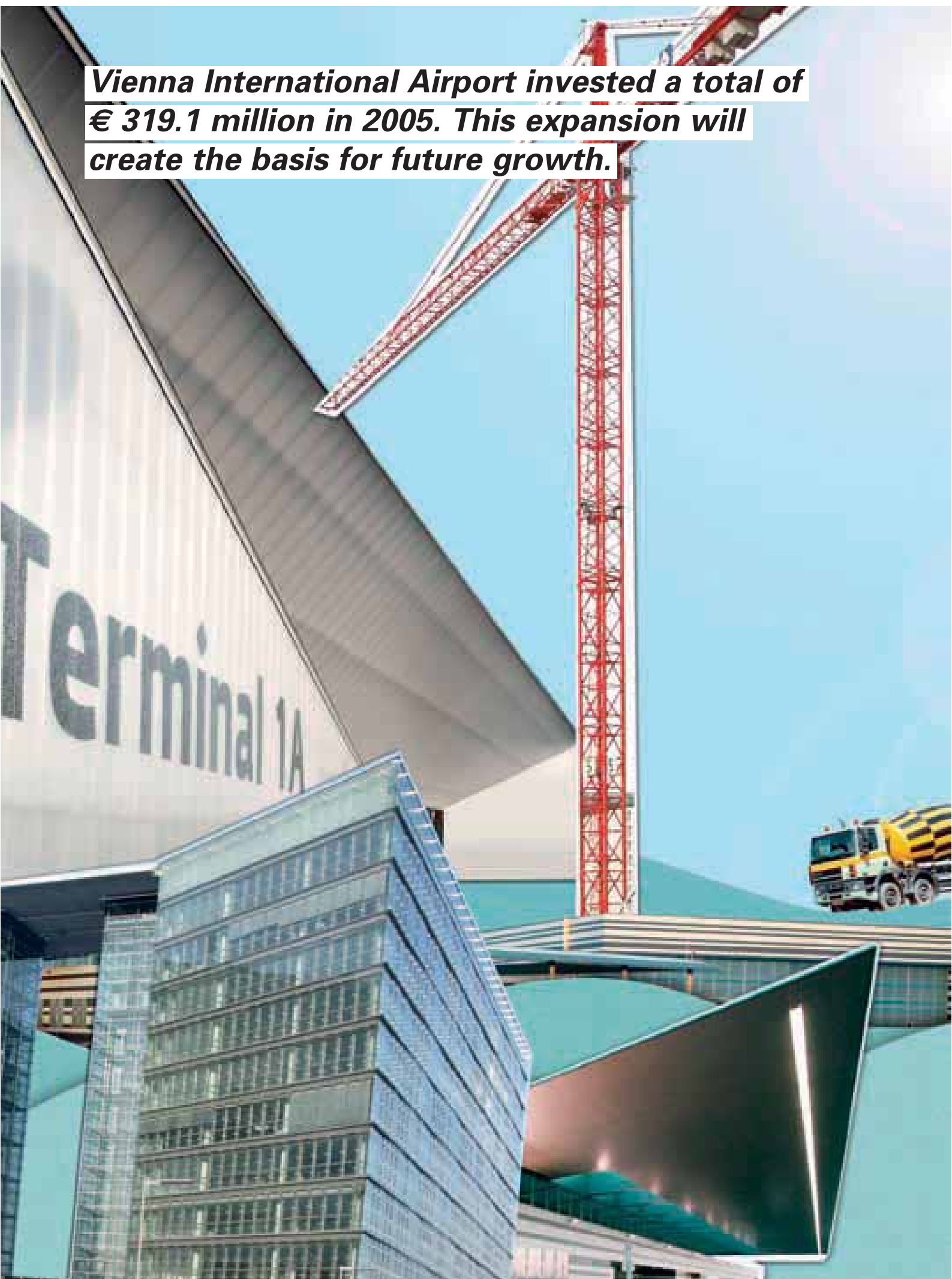
An extensive offering of destinations throughout Eastern Europe and a favourable geographical position have allowed Vienna International Airport to profit from this development. The Group's strategic goal is to maintain the strong position of Vienna as an east-west hub for transfer passengers and strengthen hub activities through the acquisition of new long-haul destinations. Another strategic focal point is to utilise the growth opportunities provided by increasing travel in this new and larger catchment area through intensive marketing.

Key Data of Vienna International Airport

Population in market area — approx. 14 mill.	Check-in counters — 124
Total area (in km²) — approx. 10	Parking positions maximum — 80
Companies on site — approx. 200	Thereof docking positions — 20
Airlines¹⁾ — 69 scheduled airlines	Rentable cargo space (in m²) — 30,206
Destinations¹⁾ — 176 scheduled destinations	Rentable office space (in m²) — 70,688
Employees Flughafen Wien Group¹⁾ — 3,581	Selling space in shops (in m²) — 5,977
Total employees on site — approx. 14,000	Selling space for gastronomy (in m²) — 3,451
Passengers — 15,859,050	Parking spaces indoor²⁾ — 4,800
Flight movements — 230,900	Parking spaces outdoor²⁾ — 4,200
Pieces of baggage-handling — 14,168,786	Parking spaces long-term tenants — 6,000
Cargo (incl. trucking, in tonnes) — 234,677	

1) as of 31.12.2005. 2) excl. long-term tenants

Vienna International Airport invested a total of € 319.1 million in 2005. This expansion will create the basis for future growth.





Basics of the Airport Business

- **Development of core business: passengers +7.3%, flight movements +2.7%, MTOW +4.6%, cargo +12.0%**
- **External sales in shops and gastronomy: +9.1%**
- **In addition to Malta, consulting services now also provided to Abu Dhabi**

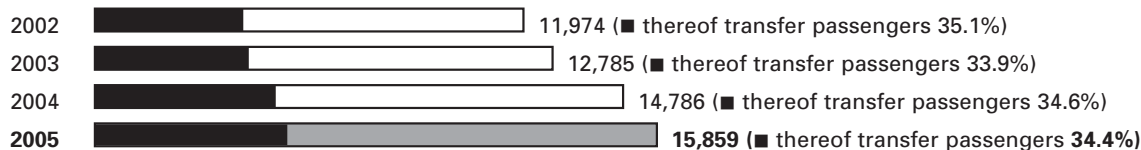
The key criteria for evaluating Vienna International Airport include its major revenue drivers: the number of passengers using the airport, maximum take-off weight (MTOW) and the number of flight movements. This last indicator provides information on take-offs and landings as well as the utilisation of runways and parking capacity on the aprons. Aircraft manufacturers determine a maximum allowable take-off weight for each type of aircraft and landing fees are based on this figure. The number of passengers also has a direct impact on airport revenues through the so-called “tariff” that airlines charge each departing passenger. The ideal traffic development for Vienna International Airport is therefore high MTOW and passenger volume, coupled with a smaller increase in flight movements and resulting optimal use of runway capacity.

The current runway system has a maximum capacity of 72 flight movements per hour. If forecasts for traffic development are met and technical requirements remain unchanged, Vienna International Airport will need a further runway beginning in 2012 in order to continue its growth course. We believe the synergies that would result from a cooperation between Vienna and Bratislava Airports will allow us to postpone the construction of a third runway by two to four years, e.g. until 2014 to 2016. During the reporting year work started to expand the terminal areas: the VIE-Skylink was developed as a multi-phase model to maximise flexibility and match the various realisation steps with the development of traffic.

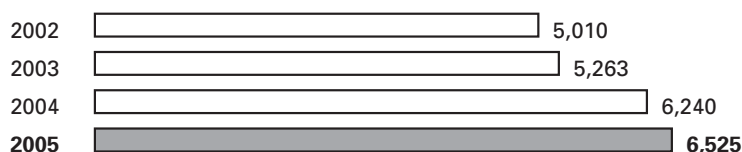
Short boarding and transfer times (25 minutes between flights in the Star Alliance Group) represent a decisive factor in maintaining the competitive ability of our airport. In order to guarantee these times, Flughafen Wien AG assumes direct responsibility for all aircraft handling services.

The scope of activities at Vienna International Airport extends far beyond the traditional airport business. An increase in the number of passengers also increases the attractiveness of the airport as a provider of shopping, gastronomy and advertising space. Support-

Passengers in thousands



Maximum take-off weight in thousand tonnes



ed by a favourable geographical location and extensive connections to destinations throughout Eastern Europe, Vienna International Airport has positioned itself as an attractive location for international companies.

Real estate

Flughafen Wien AG carries out real estate development projects in keeping with market demand, and rents office, cargo and logistics objects to tenants. Our location at the heart of Europe supports our function as an east-west hub and makes Vienna International Airport an attractive site for international companies, above all forwarding agents and freight carriers. Providing these companies with modern facilities that meet their special needs is a focal point of our business unit activities and strategic goals. (For additional information on current construction projects, see the chapter "Future Perspectives" which begins on page 33.)

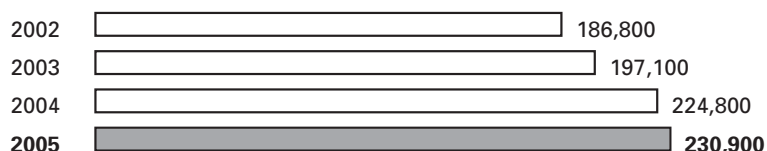
Shopping and gastronomy

Vienna International Airport offers passengers, visitors, neighbouring residents and employees a wide selection of services and shopping alternatives in 19 gastronomy facilities and 70 stores.

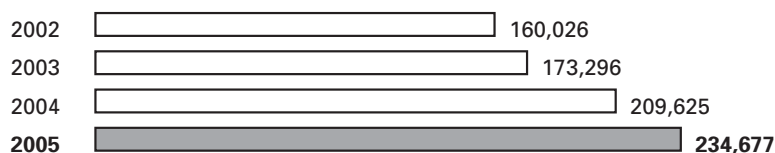
Parking

The expansion of parking facilities is planned to match the growth in passenger volume. In accordance with the favourable development of traffic, we made substantial investments to increase parking capacity in 2005: three stories were added to car park 3, car parks 7 and 8 were built and additional parking areas were created at the new General Aviation Center. As of year-end 2005 Vienna International Airport was able to offer passengers and visitors roughly 4,800 spaces in multi-storey car parks, 200 short-term parking spaces and nearly 4,000 spaces in economical long-term parking lots. In addition, 6,000 parking spaces are available for long-term rental. These facilities will be expanded in the future to match the growth in the number of passengers.

Flight movements



Cargo (air cargo and trucking) in tonnes



Advertising space

Vienna International Airport offers a wide variety of advertising surfaces such as neon signs, City Light showcases, promotional areas, banners and other objects in the terminal as well as on access roads and buildings. These advertising instruments reach approximately 16 million passengers and 3 million visitors each year.

VIP & Business Center and lounges (VBC)

As part of the construction projects at Vienna International Airport – and just in time for Austria's role as the seat of the rotating EU presidency during the first half of 2006 – a new state-of-the-art VIP & Business Center was built during the reporting year and will provide customers with facilities that are well-suited for many different types of events. During the reporting year, 17,492 persons used the previous center for a total of 2,524 events. In addition, passengers can enjoy a pleasant stay at Vienna International Airport in the five lounges operated by the VBC.

Know-how transfer

Flughafen Wien AG offers its experience and know-how to other airports through branch-specific consulting services. Through technical service agreements we are currently providing Malta Airport – in which we hold an investment through the Malta Mediterranean Link consortium as well as a direct stake – with support in the areas of strategic planning, retail business operations, personnel development and capacity management as well as airport and aviation marketing. We have also been able to demonstrate our know-how in consulting work related to the expansion of the airport in Abu Dhabi, the capital of the United Arab Emirates, through a project that began in summer 2005.

A new dynamic region is born:

Vienna – Bratislava – Košice

The new member states in the eastern sector of the European Union are among the most dynamic markets in this region, demonstrating economic growth that clearly exceeds comparable values in Western Europe. Forecasts indicate that eastern Austria and western Slovakia are developing into one of the strongest growth areas in Europe.

Acquisition of Bratislava and Košice Airports

The development of the Slovakian airports in recent years has reflected this trend. Slovakia ranked last in the EU based on flight trips per inhabitant in 2004, but first for growth in air traffic. This clearly documents the strong pent-up demand in this country for air travel. In 2005 the number of passengers at Bratislava Airport rose by 48% to 1.3 million, which represents a four-fold increase over the last five years (2000: 284,000). The smaller Košice Airport – a former military air base – recorded a 17% increase in passenger volume to 270,000 for 2005.

In order to create an optimal basis for sharing in this development, Flughafen Wien AG decided to participate in the tender for privatisation of the M.R. Štefánika – Airport Bratislava a.s. and Letisko Košice – Airport Košice a.s. in July 2005. The TwoOne Consortium was founded by Flughafen Wien AG, Raiffeisen Zentralbank Österreich AG (RZB) and Penta Investment Limited for this purpose. Flughafen Wien AG holds 50.1% of the voting rights in the consortium. The first bid was submitted in December 2005. After a further round of bidding in January 2006 in which the offer was improved, the contracts were signed by the Slovakian government and the best bidding TwoOne Consortium on 10 February 2006. The consortium will only be able to exercise its ownership rights after official approval is received from the Slovakian and Austrian cartel authorities. This approval is expected by summer 2006.

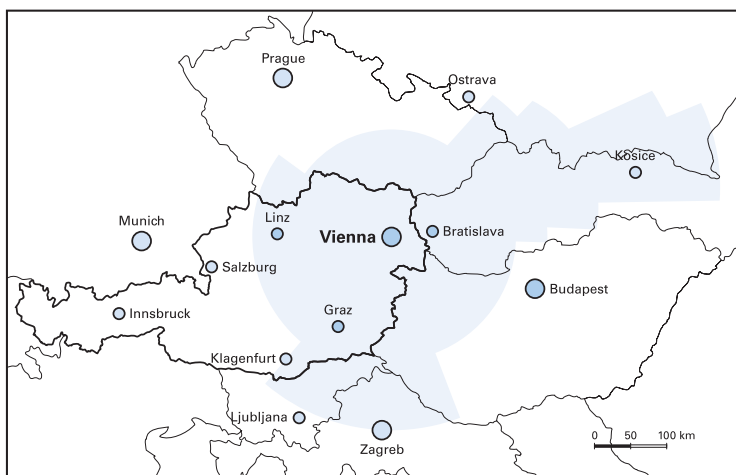
The offer in detail

The TwoOne Consortium will pay a purchase price of 11.4 billion Slovakian Crowns (SKK) (approx. € 305 mill.) for 66% of the shares in the companies that operate Bratislava and Košice Airports. In order to strengthen the equity of these two companies, the consortium has committed to providing an additional SKK 7.9 billion (approx. € 211 mill.). The two airport companies will invest SKK 9.8 billion (approx. € 261 mill.) over the next five years. Of this total, SKK 9.4 billion (approx. € 250 mill.) will be directed to Bratislava and SKK 0.4 billion (approx. € 11 mill.) to Košice.

Increased connections between Vienna and Bratislava

An important element of this concept calls for improved access to public transportation. The CAT (City Airport Train) will connect Vienna with Bratislava Airport, and check-in facilities will then be available in both cities. As an immediate measure, bus connections will be increased between Vienna and Bratislava, and check-in facilities will be established in Vienna.

Catchment Area of Vienna International Airport

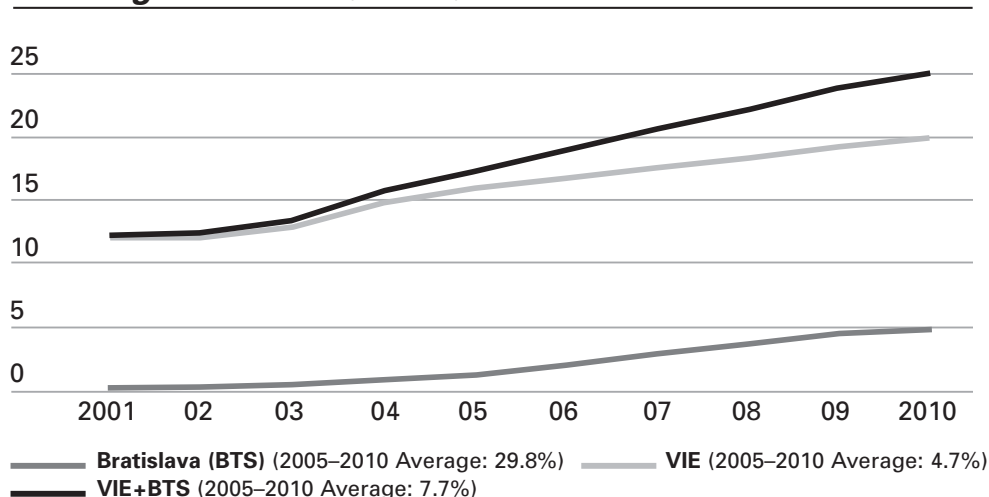


A great opportunity for Vienna and Bratislava Airports

The takeover of Bratislava and Košice Airports by Vienna International Airport will create a major growth opportunity for the entire region. Forecasts indicate that the number of passengers in the region will increase from the current level of roughly 17 million to approximately 30 million in 2015. Of this total, 6 – 7 million passengers could be handled in Bratislava and 23 – 24 million passengers in Vienna. This development would also lead to a significant increase in the range of destinations and number of frequencies in Bratislava. Moreover, the resulting airport alliance in the heart of Europe will strengthen the position of both Vienna and Bratislava Airports over the competition (e.g. Budapest, Prague and Munich).

The focus of this common strategy for Vienna International Airport lies in the further development of east-west traffic and the long-haul hub function. Bratislava will concentrate more on charters and low-cost traffic. Point to point traffic will also increase. Košice Airport offers substantial opportunities for development because of the current low level of traffic. This airport will concentrate on flights to European hubs, and will also generate traffic as a tourism destination.

Passenger Growth (in million)



The Success Factors of Vienna International Airport

Success Factor – Growth Potential

Vienna International Airport was also able to continue its sound growth course during 2005. The number of passengers reached 15.9 million for the full year, and the 15-million mark was passed for the first time in December. An increase of 7.3% in passenger volume again placed Vienna International Airport above the European average, which equalled 5.8% (Source: ACI) for 2005.

The low-cost carriers served as an important driver for growth at Vienna International Airport during the reporting year, generating 30.2% of new passengers. Destinations in the Middle East and Asia were responsible for 26.1% of the increase and traffic to Eastern Europe contributed 20.1%. If economic conditions remain stable, Vienna International Airport expects an increase of roughly 6% in traffic for 2006.

*Development of peak hours**

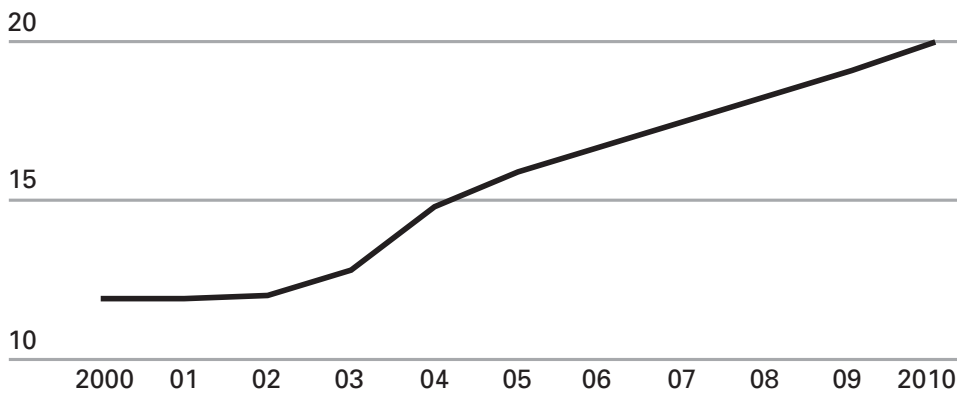
Flight movements, standard busy rate (30th hour)

Year	Flight movements	Passengers (arrival + departure)
2000	51	3,714
2001	52	3,922
2002	54	3,901
2003	54	3,864
2004	60	4,378
Actual 2005	61	4,763
Forecast 2006	62	4,900
Forecast 2007	64	5,100
Forecast 2008	66	5,250
Forecast 2009	68	5,450

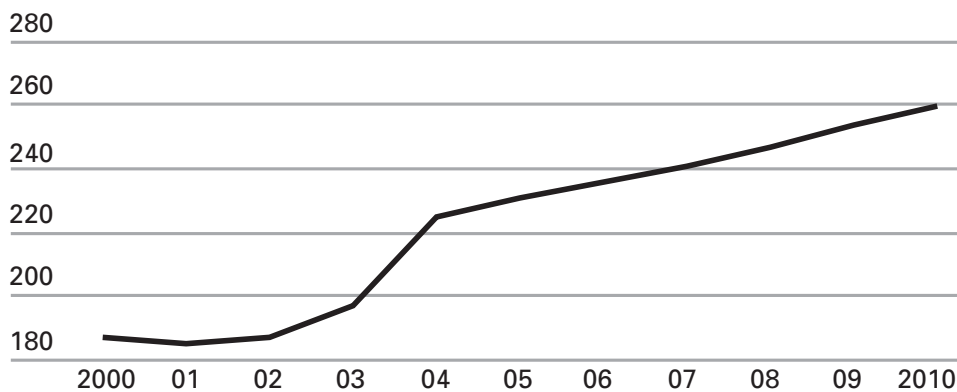
* Hour with the most flight movements

A programme that is designed to match expansion and capacity was prepared in 1998 as preparation for increasing passenger volumes and the development of peak hour activity. In May 2005 another phase of this capacity optimisation was completed with the opening of Terminal 1A, which added 22 new check-in counters and three new contact counters. The realisation of the largest construction project, the VIE-Skylink, started in mid-2005 and covers the Pier South, the addition of check-in counters and the enlargement of baggage claim facilities. Completion is scheduled for 2008. The various phases of this project will be completed in accordance with the growth in traffic (for additional information, see the chapter "Expansion to match demand" which begins on page 33).

Number of passengers in million, rounded (forecast 2006 to 2010)



Flight movements in thousands, rounded (forecast 2006 to 2010)



Successful conclusion of mediation process

It was announced in July 2000, started in March 2001 and ended with the signing of a contract on 22 June 2005 – the mediation process to deal with the expansion plans for Vienna International Airport.

More than 50 parties held extensive discussions in a climate of mutual respect over a period of five years. The first tangible result was formed by the partial contract in 2004, which led to an improvement in the flight noise situation. The conclusion of the mediation process in mid-2005 represents the definition of generally accepted conditions for the further expansion of Vienna International Airport.

Discussions focused on social, economic and ecological interests. Final results include the designation of a site for the third runway, limits for night flights and flight noise, and the establishment of an environmental fund as well as rules for living and working together. The Dialogue Forum for Vienna International Airport, an association that started its work after the conclusion of the process, will monitor compliance with the partial contract and mediation agreement, provide a round-table for the continuation of joint work and examine new issues.

Success Factor – Hub Function

In addition to passengers originating in our own catchment area, the development of transfers at Vienna International Airport plays a key role in the growth of our business. Our most important strategic goals include an increase the number of destinations and frequencies offered by our flight schedule and maintenance of our outstanding minimum connecting time and our function as an east-west hub.

Transfer time

The growing importance of Vienna International Airport as a major international hub between east and west is underscored by transfer statistics: while transfers comprised 28.4% of all passengers at Vienna in 2004, the reporting year brought an increase in this figure to 34.4%. This development was supported by a minimum connecting time of 25 minutes, which is unique in Europe. It represents a decisive success factor for ticket sales in all international reservation systems. After direct flights, connections with the fastest transfer time – and lowest total flight time – are shown with a priority rating.

Despite a steady increase in the number of passengers, Vienna International Airport can guarantee a short transfer time, above all because of its one-roof concept. Short routes in the terminal areas and an outstanding logistics system allow passengers to move quickly from one gate to the next. This proven system will also form the basis for the new VIE-Skylink terminal.

A total of 5.4 million transfer passengers selected Vienna International Airport as the ideal airport for connecting flights in 2005, which represents an increase of 6.9% over the previous year.

Minimum Connecting Time in Europa* in minutes

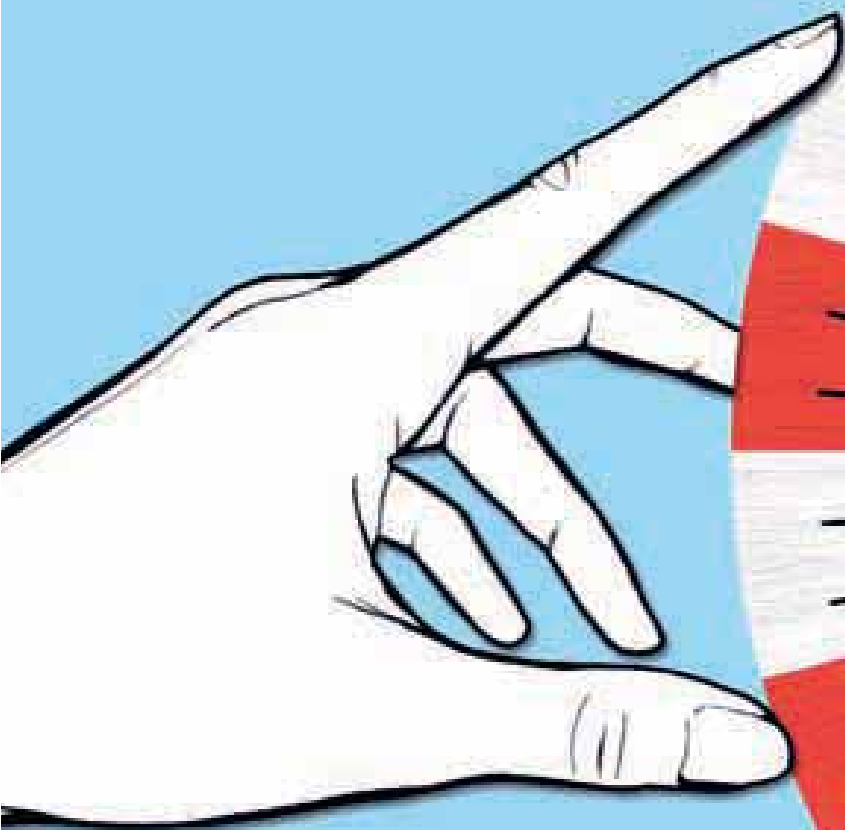
Vienna (VIE)	25–30
Munich (MUC)	35–45
Zurich (ZRH)	40
Copenhagen (CPH)	45
Frankfurt (FRA)	45
Amsterdam (AMS)	40–50
Brussels (BRU)	50
Paris (CDG)	45–90
London (LHR)	45–90

* Minimum connecting time (MCT) according to OAG Worldwide Flight Guide

East-west hub

Eastern Europe has a multi-faceted significance for Vienna International Airport because of its location in the heart of the new Europe. Vienna is able to offer the passengers in its catchment area a wide variety of destinations to Western Europe as well as the Middle East and Far East. Fast, comfortable and uncomplicated travel from Austria's eastern neighbours is guaranteed by optimal bus connections from many East European cities direct to the airport and by the railway network via the city of Vienna.

Vienna International Airport can make the most of opportunities created by the dynamic growth in this region because of its successful positioning as an east-west hub.





St. Petersburg

Sofia

Budapest

Sarajevo

Moscow

Vilnius

Ankara

Kiev

Prague

Lviv

Bucharest

Krakow

Vienna International Airport also provides an ideal link to the emerging markets of Eastern Europe with its close geographical proximity and range of 43 destinations throughout the region. This aspect is important, above all for business travellers, because of the strong economic momentum and integration of the area. It is also of interest to a growing number of vacationers who are joining the boom in city tourism. As new destinations in Eastern Europe, Vienna International Airport added flights to Varna (Austrian and Bulgaria Air), Sibiu (Austrian and Tarom), Ostrava (Job Air) and Tuzlar (Austrian) in 2005.

Scheduled traffic to Eastern Europe (number of passengers)

	Destination	Year		Change	
		2005	2004	absolute	in %
1.	Moscow	105,785	96,641	9,144	9.5
2.	Sofia	83,323	80,367	2,956	3.7
3.	Bucharest	82,824	77,357	5,467	7.1
4.	Prague	82,814	77,477	5,337	6.9
5.	Warsaw	80,938	87,531	-6,593	-7.5
6.	Kiev	67,642	59,657	7,985	13.4
7.	Zagreb	55,443	41,811	13,632	32.6
8.	Belgrade	54,227	46,609	7,618	16.3
9.	Pristina	50,185	44,273	5,912	13.4
10.	Tirana	46,807	40,460	6,347	15.7

Number of destinations in Eastern Europe

	2005	2004	2003	2002	2001
Vienna (VIE)	43	41	40	36	34
Frankfurt (FRA)	50	43	42	39	37
Zurich (ZRH)	21	18	20	24	22
Budapest (BUD)	24	19	18	13	14
Prague (PRG)	29	25	22	20	21
Munich (MUC)	47	29	20	19	17

Development of long-haul routes

Vienna International Airport further expanded its range of long-haul destinations in 2005. Austrian introduced five flights per week to Mumbai with the summer flight schedule, and China Airlines added non-stop connections to Taipei three-times per week. In total, traffic to the Far East rose by 12.9%. Activities to win new airline customers as well as the optimised incentive programme supported a 13.5% increase in long-haul traffic. The frequency incentive that was introduced in 2004 and extended into 2005 is designed to support an increase in flights to long-haul destinations: results for the reporting year show average growth of 12.9% in long-haul frequencies. Vienna International Airport scheduled a total of 28 long-haul destinations in 2005 with EVA Air, China Airlines, Malaysia Airlines and the Austrian Airlines Group. Our home carrier, the Austrian Airlines Group, offered an average of 62 flights per week to 25 attractive long-haul destinations.

Success Factor – Competitive Tariff Policy

Tariff policy 2005

Flughafen Wien AG pursues a tariff and incentive policy that is designed to provide substantial relief for airlines as well as increased support for strategically important intercontinental flights and connections to Eastern and Central Europe.

The tariffs collected at Vienna International Airport – in particular landing, passenger, parking and infrastructure tariffs – are linked by an index to the growth in traffic and the inflation rate. Maximum take-off weight forms the basis for calculating landing, parking and airside infrastructure tariffs, while the number of passengers is used to determine the passenger and landside infrastructure tariffs. The maximum adjustment equals the inflation rate less 0.35 times the growth in traffic. Traffic growth is defined as the average of the current and prior year figures and the increase forecasted for the following year. If the average growth in traffic is negative, the maximum tariff change equals the inflation rate.

In order to offer airlines a more favourable tariff structure over the long-term, Flughafen Wien AG changed its tariff regulations to take on a greater share of the occupancy risk from the airlines. The means used to reach this goal were a shift from aircraft-related to passenger-related tariffs. Plans called for Flughafen Wien AG to reduce airline costs by at least 15% below the level of Vienna's strongest competitors before 2007, but this target had already been met by the end of 2005.

The tariff changes were announced earlier than required on 1 October 2004 and remained in effect throughout the entire 2005 Business Year. They included the following measures:

- Average reduction in the landing tariff of 16%
- Increase in the passenger tariff from € 12.57 to € 13.50
- Elimination of regional tariffs
- Elimination of parking fees from 10 pm to 6 am

Tariff changes that would have been triggered for 2005 by the index formula were also incorporated into this reform.

In order to strengthen the role of Vienna International Airport as a transfer hub, the long-standing transfer incentive was increased by € 2.0 from April to December 2005. This brought the total refund to airlines that support Vienna's transfer function to € 10.21 per departing passenger in 2005. The other incentive programmes – the destination and frequency incentive as well as the incentive for frequency increases that was introduced in 2004 – also provided lasting support for the role of Vienna International Airport as an east-west hub in 2005.

Success Factor – Low-Cost Carriers

Low-cost carriers handled 12.4% of the total number of passengers who used Vienna International Airport in 2005. The flight schedules of these airlines focus primarily on cities in Western Europe. Air Berlin and Niki are together responsible for 81.4% of the low-cost carrier business at Vienna International Airport, followed by Germanwings on third place. In a ranking based on total passenger volume, Air Berlin took over second place from Deutsche Lufthansa and was surpassed only by the Austrian Airlines Group. In December 2005 Blu Express joined Vienna as a new low-cost airline with seven flights per week on the Vienna – Rome route. Low-cost carriers offered flights from Vienna to 28 destinations with an average of 171 frequencies.

With their differentiated business and price model, the low-cost carriers have added new impulses to air travel and developed new customer segments. They are responsible for 30.2% of the additional traffic at Vienna International Airport, and therefore represent an important driver for our growth. In order to avoid any competitive distortion, Flughafen Wien AG charges the same tariffs to both low-cost and scheduled carriers.

Development of passengers – Low-cost carriers

Airline	2005	Share in %*	2004	Share in %*	Change in %
Air Berlin	929,428	5.9	764,227	5.2	21.6
NIKI	675,241	4.3	447,205	3.0	51.0
Germanwings	334,485	2.1	299,377	2.0	11.7
Intersky	17,468	0.1	36,214	0.2	-51.8
Blu Express	2,225	0.0	–	–	–
Others	11,585	0.6	99,048	6.0	-88.3
Total	1,970,432	12.4	1,646,071	11.1	19.7

* Percentage of total passengers

Success Factor – Professional Service

The quality of services

High service standards are a key factor for the success of our company. Maintaining these quality standards represented a special challenge during the reporting year because of the wide range of expansion projects and related interference with airport activities. Our infrastructure is currently operating at full capacity, and we have been forced to introduce flexible temporary measures to safeguard the high quality of our services. Despite an increase in the number of passengers and construction-related capacity limitations, the results of our passenger survey of services and facilities at Vienna International Airport remained nearly constant in 2005, with results ranging from “good” to “very good”.

Terminal Performance Index

(Rating 1 = very good, 5 = very bad)	2005	2004	2003	2002	2001
Total index	1.29	1.33	1.40	1.38	1.35
Orientation in the terminal	1.30	1.33	1.38	1.35	1.35
Cleanliness	1.49	1.51	1.56	1.57	1.53
Security controls	1.20	1.31	1.40	1.34	1.37
Waiting times	1.35	1.34	1.42	1.40	1.38
Check-in agents	1.15	1.25	1.34	1.31	1.27
Information for passengers	1.18	1.32	1.41	1.33	1.29
Comfort	1.15	1.20	1.30	1.27	1.27

High-tech handling

Short boarding and transfer times are of critical importance for our passengers and represent a permanent challenge for us, especially with regard to baggage handling. Flughafen Wien AG handling services have set new standards for process monitoring with the introduction of scanners to electronically record measurement points in the transport of baggage. Our employees record more than 20 critical points in the handling process with scanners, and combine this information electronically. For example, data is logged when the last piece of luggage is loaded or unloaded and at the time boarding can be started. These statistics are not only made available online to our internal quality management for the continuous improvement of work processes but above all to our customers, the airlines. Monitoring expands our service level agreements with the airlines to include additional quality targets, which are generally verified on an annual basis. We maintain a continuous and open dialogue with our customers, and intend to guarantee the same high standard of quality and punctual handling in the future.

Baggage handling

Year	Number of items arrival + departure	Peak days	Number of items arrival + departure
2005 ¹⁾	14,168,786	3.7.2005	63,792
2004 ²⁾	13,471,000	3.7.2004	60,670
2003 ³⁾	11,729,000	29.6.2003	51,660
2002 ⁴⁾	11,322,000	7.7.2002	51,940
2001 ⁵⁾	11,180,000	1.7.2001	51,600

Market share of Vienna Airport Handling: 1) 90.6%, 2) 91.0%, 3) 89.4%, 4) 91.5%, 5) 94.7%

Success Factor – Security

Security-related activities focused on preparations for the implementation of EU security directive 2320, which took effect on 1 January 2006. This regulation establishes procedures for the control of all employees who have access to sensitive security areas (apron) and applies the same standards used for passengers (x-ray and metal detector controls etc.). In order to meet these requirements, the security area was redefined in agreement with the responsible authorities during the reporting year. One of the most important objectives of this reorganisation was to ensure that apron handling processes would not be obstructed. The final results showed even greater improvements, in particular through the introduction of process upgrades for aircraft handling (e.g. catering transports).

A total of 13 control points were defined and equipped accordingly. A number of existing positions were relocated and new points were created (e.g. east and west aprons). All stations are now equipped with both access and security controls (arch x-ray equipment). Access is monitored by the airport security headquarters, and security controls are managed by VIAS (Vienna International Airport Security Services Ges.m.b.H.), a wholly owned subsidiary of Flughafen Wien AG, on behalf of the Austrian Federal Ministry of the Interior.

Work also continued on the implementation of a safety management system for the airside area. This system is required to meet the new provisions of the International Civil Aviation Organization for airports in conjunction with their certification programme.

In preparation for Austria's function as the seat of the rotating EU presidency during the first six months of 2006, extensive safety and security preparations were made during 2005 to handle the many delegations that will visit the country.

The Future of Vienna International Airport

Expansion to match demand

The 1998 master plan defines the exact location of all projects that form the basis for the future development of Vienna International Airport. The timing and sequence of these projects is flexible, and will depend on the realisation of forecasts for traffic growth. One important part of this concept covers a group of projects that are scheduled to start before 2008, whereby the enlargement of the VIE-Skylink terminal represents the lead activity.

Current master plan projects

VIE-Skylink

Continued strong growth in the number of passengers as well as a need to maintain the international level of quality and meet the requirements of municipal authorities for the separation of Schengen and non-Schengen operations have created a need to increase the size of the present terminal. The expansion of the VIE-Skylink terminal will follow a flexible model that allows for reaction to the actual growth in traffic. This new facility will increase the capacity of Vienna International Airport to 24 million passengers per year. An annex to the existing terminal building will maintain the so-called "one-roof" concept. The building is designed to house a variety of operations while providing a broad overview of all areas, and also supports the complex transfer situation between Schengen and non-Schengen passengers. The multi-functionality of the pier and short routes for passengers will also allow Vienna International Airport to maintain a minimum connecting time of only 25 minutes, which is one of the fastest in Europe. The new Pier South in the VIE-Skylink terminal will have up to 17 flexible pier positions, depending on the size of aircraft.

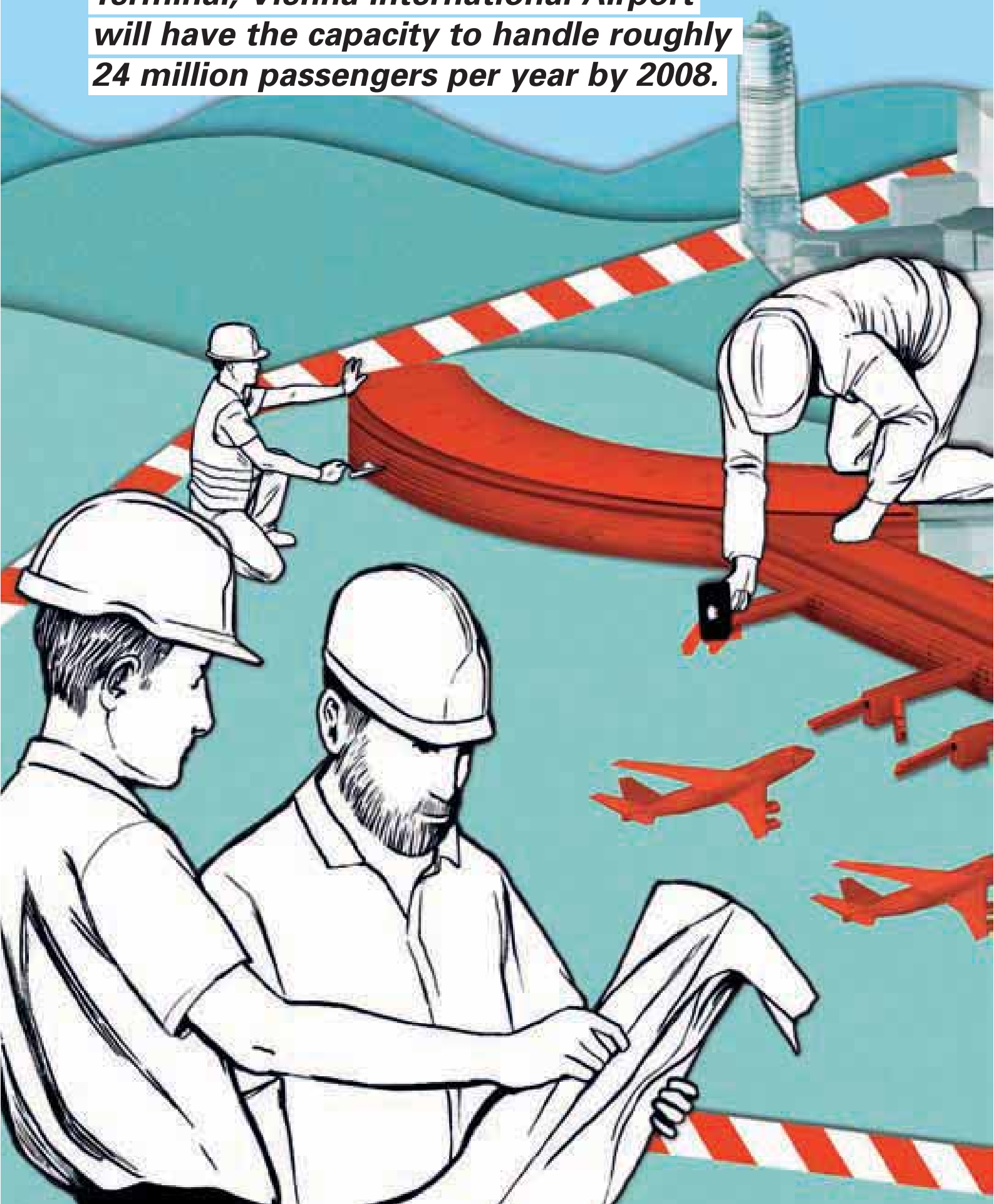
Expansion parameters

	2005	VIE-Skylink final expansion in 2008
Passengers (in mill.)	approx. 16	approx. 24
Check-in counters	114	168
Pier positions	20	37
Baggage carousels	7	12
Shopping space (in m ²)	5,977	11,700
Gastronomy space (in m ²)	3,451	7,300

Baggage sorting equipment

The VIE-Skylink project will also include the expansion of baggage logistics at Vienna International Airport. Construction work on the new baggage sorting equipment will start in mid-2006, with completion scheduled for early 2008. Baggage logistics will then be managed by two separate handling facilities – the current baggage logistics center west

After the completion of the VIE-Skylink Terminal, Vienna International Airport will have the capacity to handle roughly 24 million passengers per year by 2008.





and the new baggage logistics center east in the VIE-Skylink terminal. Connections between the two halls will guarantee the smooth movement of baggage between the sorting plants. The core of the new facility will be formed by the sorting equipment, which not only meets the latest security requirements but is also designed to strengthen the transfer function of Vienna International Airport. It will include 10 transfer baggage check-in stations near the parking positions and 16 carousels for departing baggage. In addition, transfers will receive optimal support through the implementation of the 100% hold baggage screening concept.

Air Cargo Center

In order to manage the forecasted growth in cargo volume over the coming years – the increase in activity totalled 12.0% for 2005 alone – Vienna International Airport constructed the Air Cargo Center (ACC), which started operations in early 2006. This project included the addition of a cargo hall to the west of the current building complex as well as the adaptation of existing facilities and their integration into the ACC. A special road-feeder service hall (RFS) with bonded lorry warehouse for the handling of surface traffic was also built next to the cargo hall. These new facilities added 7,900 m² of office space and 22,500 m² of warehouse space.

Enlargement of the Vienna International Airport railway station

The railway station at Vienna International Airport will be renovated and expanded to accommodate long-distance trains: the platforms will be extended to 450 metres and parallel tracks will be installed east of the station. Additional stairs, escalators and elevators will make it easier to reach the floors above the station. The new platforms will open for operation in early 2008. The existing tunnel will be adapted, and a second tunnel will be created. Planning is also underway to cover previously open sections of the railway. All projects involving the railway station are scheduled for completion by 2010. The renovation and expansion costs will be carried by the Austrian Federal Railway Corporation (65%) and Flughafen Wien AG (35%).

Parallel runway

The high level of investment makes the parallel runway the largest single project in the master plan. Since the present runway system does not allow independent operations on the available take-off and landing runways, flight movements are currently limited to 72 per hour. This corresponds to a capacity of 1.6 runways. Independent operations would require an additional take-off and landing runway parallel to one of the existing runways. If forecasts for traffic growth are met and technical requirements remain the same, Vienna International Airport will need an additional runway in 2012. Current forecasts by Flughafen Wien AG indicate that cooperation between Vienna and Bratislava Airports and the realisation of synergies would postpone the need to construct a third runway by two to four years.

The general mediation contract that was concluded in 2005 defines the location for a third runway at Vienna International Airport: the parallel distance to the present runway 11/29 equals 2,400 metres to the south and the eastern end of the new runway will be located 2,600 metres west of the runway 16/34 axis. A separate working group has been nominated to accompany the environmental impact audit, which is currently in progress.

Projects completed in 2005

Premium check-in and Terminal 1A

The favourable development of traffic in 2004 and 2005 created a principal need for additional check-in capacity. Flughafen Wien AG met this demand by constructing a temporary check-in hall with 22 counters on a 1,200 m² large section of the previous short-term parking area nr. 1. A separate check-in area with eight counters for top Star Alliance passengers was also opened in Terminal 2 during 2005. Vienna International Airport now has a total of 124 check-in counters for passenger handling.

Cooling plant east

The main activities connected with the construction of the cooling plant east were completed during 2005. This facility will supply cool air to the VIE-Skylink as well as other buildings at Vienna International Airport. It also demonstrates that an increase in the number of passengers is closely linked with a need to adapt the airport's technical infrastructure to meet these challenges.

Air traffic control tower

The new air traffic control tower was opened in a ceremony during the summer of 2005. Together with the integrated office building used by Austro Control GesmbH, it has 3,500 m² of usable space and forms the technical heart of air traffic control activities. The 109 metre-high tower also represents a new landmark for Vienna International Airport, which can be seen far into the neighbouring communities.

Handling Center West

The Handling Center West replaces the former east equipment garage, and is comprised of one fixed and one temporary storage hall for aircraft handling equipment. It also provides office space and rooms for employees. This facility covers 4,800 m² of offices as well as 8,836 m² of warehouse space and rooms for handling services.

North-east equipment storage hall

Aircraft handling is divided into various zones because of the sizeable distances involved. In addition to the Handling Center West in the western section of the airport, an equipment storage hall was also built in the north-east sector. This project covers the construction of a hall as well as supply and disposal infrastructure for aircraft and also includes offices and rooms for employees. In addition, parking space was created for 40 passenger busses.

New VIP and General Aviation Center

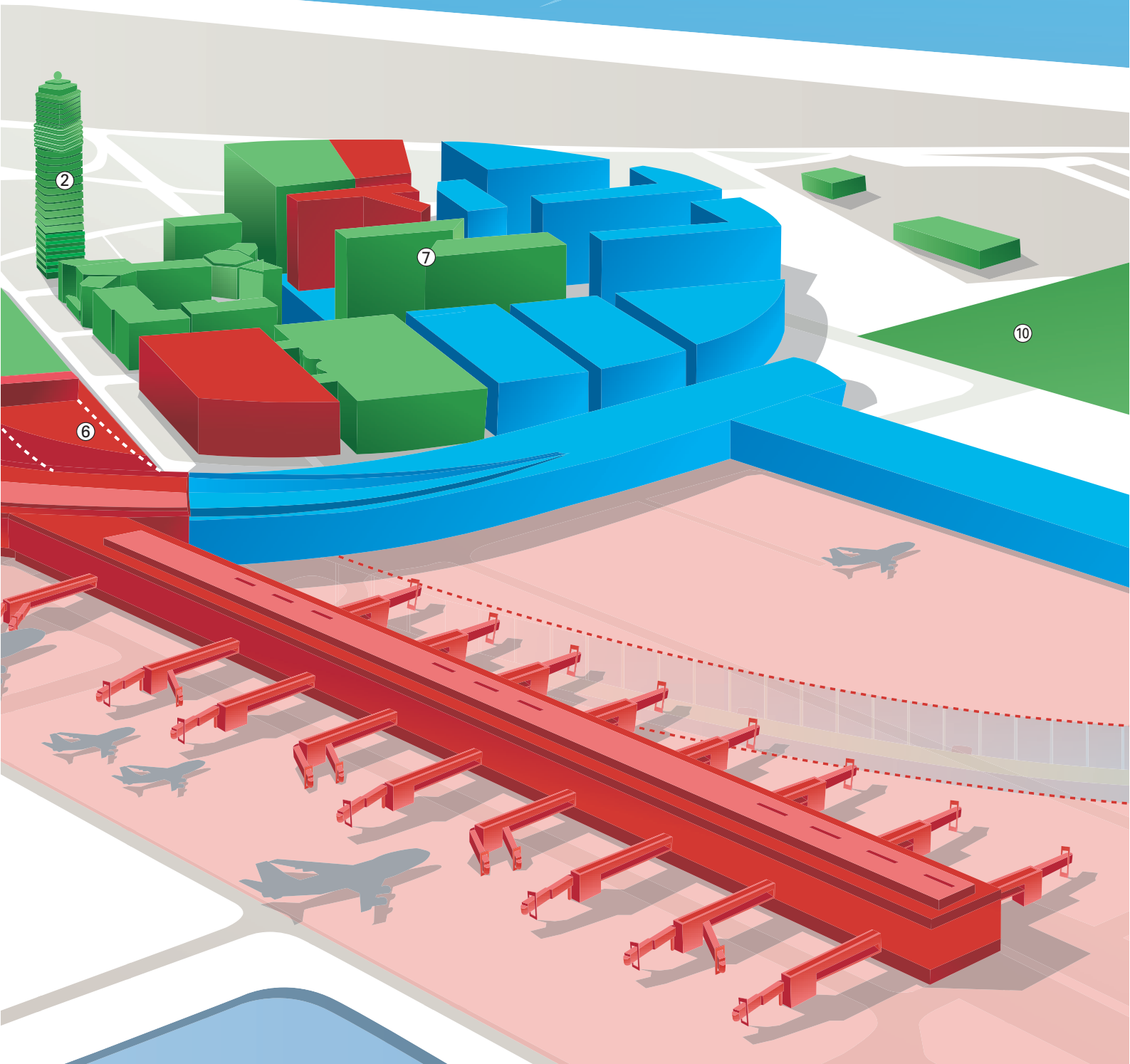
The state-of-the-art VIP und General Aviation Center was opened in December 2005, and planning is in process for the construction of Hangar 5 with total space of 4,500 m² and

Expansion of Vienna International Airport



Existing facilities Implementation by 2008 Vision for expansion over the coming decades

- | | |
|---------------------------------------|--|
| ① VIE-Skylink | ⑥ Enlargement of the VIE railway station |
| ② Air traffic control tower | ⑦ Office Park |
| ③ Air Cargo Center | ⑧ Cargo North |
| ④ Handling Center West | ⑨ Cargo West |
| ⑤ New VIP and General Aviation Center | ⑩ Expansion of the north-east apron |



new aprons in front of the General Aviation Center. The central area of the terminal will be highlighted by a two-storey hall whose focal point is formed by a representative stairway and large glass roof. In addition to offices, the facility will also have a restaurant, shop, lounges and VIP rooms.

Expansion of the north-east apron

The first phase of the project to expand the north-east apron covers the construction of an additional five to eight parking positions (depending on the size of the aircraft). These new positions will serve as a replacement for space lost through the construction of the VIE-Skylink and allow the airport to meet the volume-based growth in demand. The newly created 130,000 m² of apron space is equipped to allow the underground fuelling of aircraft. The project also includes the expansion of parking area C, which will increase capacity and compensate for parking space lost to the many construction projects.

Development of the non-aviation business

The scope of business operations at Vienna International Airport extends far beyond the aviation sector. It ranges from real estate development to facilities management, parking, supply and disposal infrastructure as well as the organisation of security services. Our corporate strategy gives these operations the same weighting as the aviation business and supports their further development. As part of the PEP programme to increase efficiency and productivity, key parts of these activities were combined under the newly formed "Property and Center Management" business unit.

Center management

The development of new shopping and gastronomy facilities in the existing terminal and transit areas is currently limited because of the strong increase in the number of passengers using the airport and the space required to meet this growth. During the reporting year outlets were opened in the Handling Center West, the new General Aviation Center and the Office Park. In addition to the management of outlets and advertising space, activities in 2006 will be directed to planning for the additional terminal areas that will become available at the end of 2008.

Parking

Vienna International Airport significantly expanded its parking capacity in 2005. Three stories were added to car park 3, construction was completed on car parks 7 and 8, and additional parking areas were created near the new General Aviation Center. In 2006 car park 7 will be enlarged and planning will start on the expansion of car park 4. Parallel to this increase in capacity, work is also proceeding to improve connections to the public transportation network. All airport facilities and the Austrian office will be linked with the railway station via an internal shuttle bus beginning in 2006.

Rental of office space

The successful rental of the Office Park, which has 26,000 m² of usable space following completion of the first phase of construction, demonstrates the strong demand for attractive offices. Occupancy will reach 80% by the end of 2006 at comparable market price levels. Planning has therefore started on the second phase of development, with ground-breaking scheduled for February 2006. After completion in 2007, the 24,300 m² of office space will be fully rented to Austrian.

Logistics and cargo development

Vienna International Airport has built a number of rental objects in the Cargo North area for integrator companies since September 2001. UPS, TNT, Menlo and Fedex have already started operations in the Cargo North facility, and negotiations are in progress with other firms. In 2005 work started on the development of property for the Cargo West facility, and discussions are underway with integrator companies and other firms. The existing forwarding agent building will be completely renovated during 2006 and 2007. Together with the Air Cargo Center, which will open in early 2006, it will support the expansion of cargo handling and also provide modern warehouse and office space.

Development of new areas of business outside the airport site

In addition to making optimal use of the present growth opportunities available at Vienna International Airport, our strategic goal is to develop new areas of business that are independent of the airport location. These growth projects will concentrate on three areas: airport projects, real estate development within our home region and activities in related markets. However, any expansion of our operating business will only take place in accordance with precisely formulated criteria. When we acquire stakes in other companies, we will strive for a strategic influence. The liability and financing risks associated with all new projects must be clearly definable – they may not impair the financial strength needed for expansion and growth at the airport and must also increase the value of our company as well as our ability to pay dividends.

In addition to construction activity at Vienna International Airport, we will also evaluate real estate projects in neighbouring communities such as Fischamend or Schwechat. With respect to airport projects, we will not only consider the development and operation of other airports but also the provision of branch-related consulting services. This know-how export is documented in an impressive manner by services provided to Malta Airport, in which Flughafen Wien AG acquired a 40% stake through a consortium in July 2002 and a further investment of slightly more than 8% in 2005, as well as consulting work performed for the Abu Dhabi and Riga Airports. Any investments we make in other airports must meet additional criteria and follow a clear priority for countries in Eastern Europe.

Its value as an attractive location opens new areas of business for Vienna International Airport. In addition to the further development of the aviation business, we are also working to expand our activities in other fields.





Corporate Governance

The primary goal of our corporate governance activities is to strengthen the confidence of our shareholders, customers, employees and the general public by providing transparent, timely and detailed information. As a listed company, Flughafen Wien AG designs and communicates its management policies in accordance with international standards and best-practise methods, above all the Austrian Corporate Governance Code that was introduced in 2002. These regulations represent a voluntary framework for the long-term management and control of companies, and were revised in February 2005 and January 2006.

Declaration of compliance

Flughafen Wien AG announced its intention to comply with the Austrian Corporate Governance Code in March 2003 and will continue to support these policies in the future. The amendments to the code that took effect in January 2006 will be implemented to the greatest extent possible. A number of the provisions were met far in advance of these requirements and recommendations, including Article 31 on the disclosure of compensation paid to the members of the Management Board.

Comply-or-explain regulations

Flughafen Wien AG meets all comply-or-explain regulations of the Austrian Corporate Governance Code with a single exception. The deviation from Article 16 of the Austrian Corporate Governance Code is explained as follows: a chairman of the Management Board was not appointed, but one member of this body has been designated as speaker. This ensures representation for the joint interests of the Management Board both inside and outside the Company. Since the Management Board of Flughafen Wien AG is comprised of three persons, a "deadlock" is not possible on resolutions placed before this body.

Management Board and Supervisory Board

The decisions of the Management Board are the result of close cooperation and regular discussions with the Supervisory Board in keeping with the basic principles of corporate governance to create a lasting increase in and to safeguard the value of the company. The Supervisory Board held nine meetings during 2005 to discuss and handle a wide variety of issues. Special topics are first discussed by the Executive and Personnel Committee, Strategy Committee or Accounting Committee before they are passed on to the full Supervisory Board for evaluation.

The members of the Supervisory Board of Flughafen Wien AG are listed on page 129. Information on the compensation paid to these persons is provided in the notes to the consolidated financial statements on page 120.

Management Board remuneration

The compensation paid to the members of the Management Board is comprised of a fixed and a performance-based component. The corresponding data for the reporting year is provided on page 120 of the notes to the consolidated financial statements. No stock options have been granted.

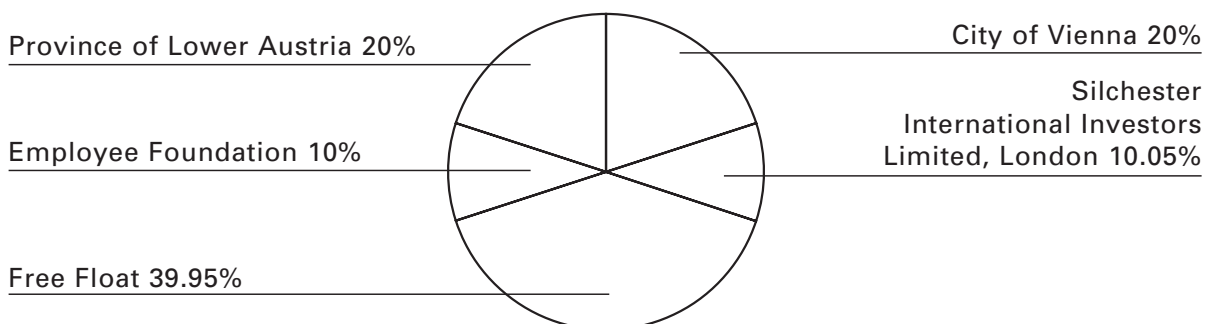
Representatives of free float shareholders

The 13th Annual General Meeting of Flughafen Wien AG on 24 April 2003 elected the following persons as representatives of free float shareholders: Christoph Herbst, Franz Lauer, Alfons Metzger and Hans-Jürgen Manstein, in particular as a representative for small shareholders.

Shareholder structure and voting rights

All shares in Flughafen Wien AG are bearer shares of common stock. We are only aware of a syndication contract between the City of Vienna and the Province of Lower Austria. All changes in the shareholder structure that exceed the limits set forth in the Austrian Stock Corporation Act are announced publicly in accordance with these regulations. The principle "one share – one vote" is anchored in §13 of our statutes, which regulates voting rights and practices. The statutes of Flughafen Wien AG are available for review on the Company's homepage – www.viennaairport.com – under the menu point Investor Relations/Articles of Association of Flughafen Wien Aktiengesellschaft.

Shareholder structure as of 31.12.2005



Internal audit and risk management

The internal audit function has been established as a separate staff department that reports to the Management Board. This department prepares an annual audit schedule as well as an activity report on the past business year. The Management Board discusses both documents with the Accounting Committee of the Supervisory Board each year.

Article 79 of the Austrian Corporate Governance Code requires the auditor to evaluate the effectiveness of the Company's risk management based on the available documentation and to report to the Management Board on the results of this analysis. The Chairman of the Supervisory Board then presents this report to the full Supervisory Board.

Annual financial statements according to the Austrian Commercial Code

The financial statements of Flughafen Wien AG as prepared in accordance with the Austrian Commercial Code are available at the headquarters of the Company. Interested parties may also order copies by e-mail under investor-relations@viennaairport.com or by telephone under ++43-1-7007-22826.

Compliance rules

Flughafen Wien AG implemented the compliance regulations and related appendices that took effect on 1 April 2002 by issuing a separate guideline. The Company has established permanent areas of non-disclosure to prevent the misuse or distribution of insider information, and also creates ad-hoc areas as needed. These areas of non-disclosure cover all employees and corporate bodies of Flughafen Wien AG in Austria and other countries as well as external service providers who have access to insider information. A variety of organisation measures and control mechanisms has also been defined to monitor these processes on a regular basis. The annual activity report of the compliance officer of Flughafen Wien AG is filed with the Austrian Financial Market Supervisory Board.

Ad-hoc publicity and directors' dealings

Insider information is published on our website in accordance with the Austrian Corporate Governance Code and legal regulations. During the reporting year there were no purchases or sales of shares in Flughafen Wien AG by managers of the Company (directors' dealings), which are subject to the reporting requirements of the Austrian Stock Exchange Act.

Flughafen Wien Shares

Moderate rise in stock prices

The international bond markets showed stable development throughout 2005, while stock markets moved through a series of peak growth periods. The Japanese Nikkei Index reached a five-year high and the German DAX also reported a strong increase. In contrast, the US Dow Jones Index remained almost unchanged near the prior year level.

Vienna's ATX followed the dynamic momentum on markets in Eastern Europe and again outperformed key international indexes with a plus of nearly 40% for the year. The total market capitalisation of all companies listed on the Vienna Stock Exchange exceeded the € 100 billion-mark for the first time in 2005.

The Flughafen Wien share followed a plus of nearly 50% in 2004 by recording a moderate increase in 2005, with year-on-year growth reaching 8.6%. However, Flughafen Wien AG shares continue to underscore the long-term positive growth of the Company with steady high earnings per share of € 3.54 and a dividend yield of 3.3% (based on the closing price at year-end).

Stock market listings

The Flughafen Wien share has traded on the Vienna Stock Exchange since 1992. The Company's share capital totals € 152,670,000 and has been divided into 21,000,000 registered common shares since November 2000. These shares are traded over-the-counter on the Vienna Stock Exchange, and represent base values in both the ATX Prime Market and Austrian Futures and Options Exchange. The shares are also traded over-the-counter on exchanges in Berlin, Munich, Stuttgart, Frankfurt and Hamburg. In addition, the stock has traded internationally in London's SEAQ over-the-counter market since October 1994. At the end of 1994 an ADR Programme was established in the USA, where one share of Flughafen Wien stock corresponds to four American Depository Receipts.

Ticker symbols

Reuters	VIEV.VI
Bloomberg	FLUG AV
Datastream	O:FLU
ISIN	AT0000911805
ÖKB-WKN	091180
ÖTOB	FLU
ADR	VIAAY

Stock market turnover

The stock market turnover of Flughafen Wien shares totalled € 568 million in 2005 (2004: € 554 mill.). On the Austrian Futures and Options Exchange (ÖTOB) 17,056 (2004: 21,795) contracts were traded with a total volume of € 93 million (2004: € 101 mill.). This ranked the Flughafen Wien share 12th (2004: 10th) according to the number of traded contracts. The weighting in the ATX Prime totalled 1.72%.

The Flughafen Wien Share Indexed (1.1.2005 = 100)



Information on Flughafen Wien shares

	2005	2004	2003
Share capital	€ 152.67 mill.	€ 152.67 mill.	€ 152.67 mill.
Number of shares	21 mill.	21 mill.	21 mill.
Share price on 31.12.	€ 60.49	€ 55.70	€ 37.20
Annual high	€ 61.20	€ 57.29	€ 37.20
Annual low	€ 49.10	€ 37.95	€ 30.33
Earnings per share	€ 3.54	€ 3.41	€ 3.37
P/E ratio*	17.1	16.3	11.0
P/CF*	8.0	6.0	5.2
Dividend yield*	3.3%	3.6%	5.4%
Pay-out-ratio	56.5%	58.6%	59.3%

* Price at year-end

Investor Relations

Our information policy is based on supplying extensive and above all transparent information to current and potential investors in order to present a detailed and accurate picture of the development of our Company and thereby support a correct valuation of the Flughafen Wien share. The equal treatment of all shareholders and the distribution of information on a regular basis are important elements of our communications strategy. Flughafen Wien AG also supplied the international financial community with comprehensive quarterly reports, presented its results to analysts and institutional investors on a regular basis, and participated in national and international investor conferences during 2005. In particular, presentations were held in Frankfurt, Munich, Zurich, London, Edinburgh and the USA to provide investors with information on the development of Vienna International Airport.

The interest of well-known investment banks and brokerage houses in Flughafen Wien AG remained high throughout 2005. During the reporting year a number of institutions published reports on Flughafen Wien AG, including Bank Austria-Creditanstalt, Vienna; Citigroup Smith Barney, London; Dresdner Kleinwort Wasserstein, London; Deutsche Bank, London; HSBC, London; ERSTE Bank, Vienna; Raiffeisen Centrobank, Vienna; and Sal. Oppenheim, Frankfurt.

Private shareholders of Flughafen Wien AG had an opportunity to visit Vienna International Airport on two days in June. We were also represented at the "Gewinnmesse", the most important trade fair for the investing public in Austria.

Financial Calendar 2006

Annual General Meeting	20 April 2006
Ex-Dividend Day	26 April 2006
Payment Date	3 May 2006
First Quarter Results 2006	18 May 2006
Interim Financial Statements 2006	22 August 2006
Third Quarter Results 2006	16 November 2006

Traffic results for 2006

March	13 April 2006
April	12 May 2006
May	15 June 2006
June	13 July 2006
July	11 August 2006
August	14 September 2006
September	13 October 2006
October	16 November 2006
November	14 December 2006

For additional information from Investor Relations, please contact:

Robert Dusek

Tel.: +43-1-7007-23126

e-mail: r.dusek@viennaairport.com or

investor-relations@viennaairport.com

For additional information on Flughafen Wien AG and Vienna International Airport, we invite you to visit our new homepage under www.viennaairport.com. Here you can also review the interactive online version of our annual report. By registering for our shareholder service (see the reply card at the end of this annual report), you can order a wide range of printed information on Flughafen Wien AG and request invitations to visit Vienna International Airport.

Recommendation for the Distribution of Profit

The 2005 Business Year closed with distributable profit of € 42,005,514.69. The Management Board of Flughafen Wien AG recommends payment of a dividend of € 2.00 per share, for a total distribution of € 42,000,000 and the carry-forward of the remaining € 5,514.69.

Schwechat, 22 March 2006

The Management Board

Christian Domany

Member of the Board

Herbert Kaufmann

Member of the Board
and Speaker

Gerhard Schmid

Member of the Board

Environmental Statement

Focus of environmental policies

Flughafen Wien AG is committed to careful and well-planned interaction with the environment. Measures for the improvement of day-to-day work processes are defined and implemented based on the monitoring of environmental data. For Vienna International Airport, the key environmental issues are noise and pollution levels as well as the supply of goods and disposal of waste, and the efficient use of energy. The airport's environmental indicators for 2005 are published in the Internet under www.vie-umwelt.at and in the "Umwelt Aktuell" brochure. General information is also provided in "The Environment and Aviation", a brochure prepared jointly by the Austrian airline companies.

Monitoring and mediation process

Activities in the environmental business unit concentrated on issues related to the mediation process. After the conclusion of these consultations, the focus of attention turned to the environmental impact study for a third runway. This business unit is also responsible for monitoring compliance with the partial mediation contract that was signed in 2003.

Runway utilisation

The percentage of flight movements during night hours (between 10 pm and 6 am) rose slightly to 6.8% in 2005. In absolute numbers, this represents an average of 43 flight movements per night. Details on the utilisation of the runways will be provided in a report to be published by Dialogue Forum Vienna International Airport in May 2006.

Runway and apron drainage system

Following the completion of this drainage system in 2005, the waste water from movement areas is now transferred to the Schwechat-Mannswörth plant for treatment and disposal.

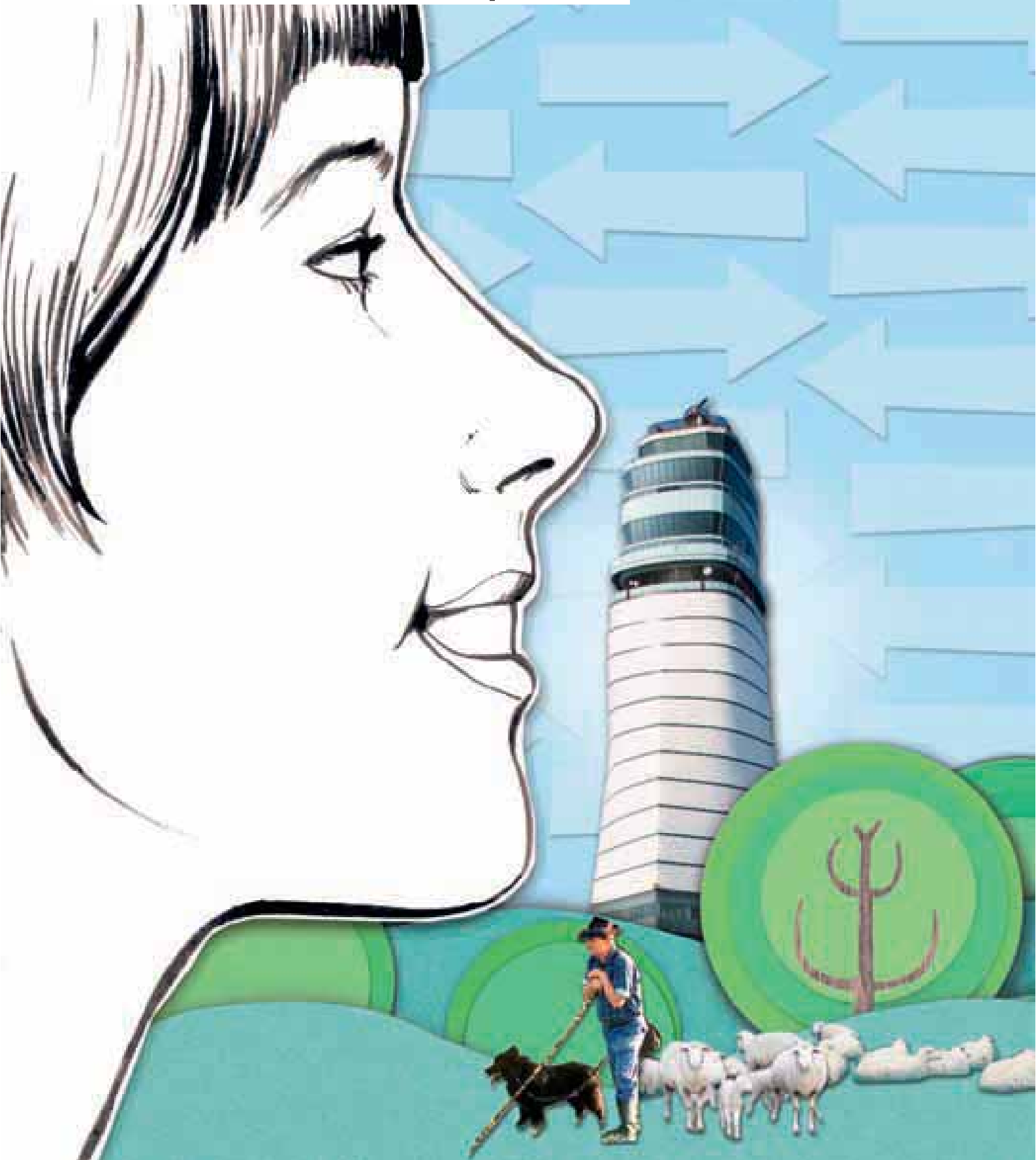
Noise reduction measures

Flughafen Wien AG provided € 250,000 of subsidies for the installation of soundproof windows in 2005, bringing our total contribution since the start of this project to € 2.1 million. In 2006 this subsidy will be replaced by noise reduction measures that are defined in the mediation contract. Other expenditures for environmental protection totalled € 690,000 for the reporting year (2004: € 694,000). Our Flight Track and Noise Monitoring System (FANOMOS) measures flight noise and combines with radar data to record statistics on the flight path, speed and altitude of aircraft. In addition to data recorded by stationary measurement stations – above all in connection with monitoring for the partial contract on current measures – 31 mobile measurement series were also carried out in 2005. The results of these measurements and the analysis of deviations form the basis for a report that also includes data provided by the environment and aviation call centre that handles complaints.

Air quality measurement

The air quality at the airport is the subject of continuous monitoring. The equipment provided by Flughafen Wien AG has been integrated into the air quality measurement network of the Province of Lower Austria and is operated by the local environmental protection authorities. Data can be reviewed under <http://www.noel.gv.at/service/bd/bd4/luft/messnetz.htm>.

In order to establish a sound foundation for conflict-free growth, Vienna International Airport maintains an open dialogue with its neighbours through a broad-based mediation process.





The Mediation Process in Review

Flughafen Wien AG started a new phase of dialogue with local residents through the mediation process that began in 2000. Representative of citizen initiatives, Flughafen Wien AG, the Austrian Airlines Group, Austro Control, political parties, municipal authorities and interest groups as well as the mayors of the surrounding communities have been working since 2001 to develop common solutions to transform noise and capacity issues at Vienna International Airport into agreements that are acceptable to all participants.

The current level of flight noise was the subject of a partial contract on current actions, which was signed in May 2003. Most of the agreed changes took effect in April 2004. New take-off routes, different take-off and landing procedures and the redistribution of traffic form the core of this agreement. In autumn 2003 the focal point of discussions shifted to issues connected with the expansion plans of Vienna International Airport. The mediation process was concluded with the signing of a summary document and legally binding contracts by 55 parties on 22 June 2005. These texts define the position of a third runway as well as the agreed framework for issues such as night flights, noise limits and technical noise protection. They also identify the services to be provided for the new environmental fund and dialogue forum and serve as a basis for future cooperation.

Environmental fund

One of the central requirements of our neighbouring communities and citizens initiatives was the establishment of an environmental fund to support the sustainable development of the region. Flughafen Wien AG will contribute € 0.20 to this fund for each arriving and departing passenger, including transfer passengers, in the future. This contribution will be tripled to € 0.60 for each passenger arriving during the night.

Technical noise protection

Agreements on technical noise protection form an integral part of the mediation contract, and also include a system designed to manage the noise zones that will be connected with the third runway. The implementation of related measures will start in 2006.

Noise limits and zoning

In order to meet the goal of separating residential areas and flight noise zones, Flughafen Wien AG concluded individual contracts with a number of communities to ensure that no areas within a fixed noise zone (54 dB, in exceptional cases 55 dB) will be rezoned for construction in the future. The defined noise zone will not be expanded after the start-up of the third runway to provide all parties with a secure basis for future development.

Dialogue Forum Vienna International Airport

The Dialogue Forum Vienna International Airport was founded as an association immediately after the conclusion of the mediation process. It will handle subjects that could not be completed during the mediation process as well as issues that arise from new developments. Further information on the mediation contract can be found in the Internet under www.viemediation.at and www.vie-umwelt.at.

Sustainability

The long-term positive development of the entire region is in the common interest of all the men and women who live and work here. However, this development is only possible if equal focus is placed on meeting social, ecological and economic demands. For this reason, Vienna International Airport turned its focus to the three major components of sustainability long before the mediation process that was started in 2000 and concluded in 2005.

14,000 jobs

More than 14,000 people work at Vienna International Airport. In addition to the Flughafen Wien Group with its workforce of 3,581, the wide range of employers includes over 200 companies such as airlines, retail and gastronomy businesses, forwarding agents, public sector operations, service firms, auto rental agencies, transportation and mineral oil companies. An increase in the number of passengers also triggers an increase in the number of employees. Each one million passengers translate into roughly 1,100 jobs, and every additional million passengers create an average of 1,000 the new jobs at the airport site.

Economic growth engine

Vienna International Airport is responsible for more than 29,000 jobs in the Austrian economy. The implementation of the master plan 2015 and continued successful development of the airport over the coming years will create a large number of new jobs. The value added by the airport amounts to € 2.8 billion. Every job at the airport creates one additional job in the Austrian economy, and every euro of value added at the airport generates € 0.9 in the Austrian economy.

Traffic infrastructure provider

As a provider of traffic infrastructure, Vienna International Airport also serves as a motor for the entire regional economy. Many companies depend on worldwide air connections to maintain their competitive ability. In Austria this is true for roughly 1,200 companies with a total of 600,000 employees and an extensive network of sub-contractors.

Our role as an infrastructure provider took on an entirely new dimension in December 2003 with the start of operations by the CAT (City Airport Train). Together with the Austrian Federal Railway Corporation we offer fast and comfortable connections between the airport and the inner city of Vienna. The CAT has established a firm position within the local ground transportation network and had reached a market share of 10% by the last quarter of 2005.

Additional information can be found in the sustainability report published by Flughafen Wien AG and in the Internet at www.viennaairport.com under the menu point "Investor Relations" or under www.vie-umwelt.at.

Employees

Personnel development

Our training programmes were the subject of an extensive analysis in 2005, which was based on a written survey of Flughafen Wien managers. The results indicated an increased need in areas involving social skills. This requirement was met by special management seminars as well as training courses in communications and customer-orientation for larger groups of employees from the ground handling and airline and terminal services business units.

A communications-oriented management training programme was introduced for foremen in the technical services and ground handling business units during the reporting year. Courses were also offered to improve teamwork and inter-cultural skills, with a special focus on Eastern Europe. Language courses – mainly in English and Slovakian – as well as IT user training based were also offered. Another staff member joined our MBA programme in 2005, bringing the total number of participants to five. Other employees have registered for individual course modules.

The measures described above represent an addition to our extensive work-related training programmes. Flughafen Wien AG invested a total of € 676,000 in the training of our employees during the reporting year. In addition to on-the-job instruction in the individual departments, 47 courses were attended by 422 employees on various subjects as part of the centrally defined training curriculum.

International exchange programme

The exchange programme with Malta Airport that was started in 2005 represents a new form of personnel development. It is designed to support the exchange of specialised knowledge as well as the improvement of foreign language and inter-cultural skills. Twenty employees from both companies have already taken part in these events.

The successful exchange programme with Munich Airport was also repeated in 2005. The Leonardo apprentice exchange programme is supported by the EU, and provided four young Austrians with an opportunity to gain practical experience in daily workflows at Munich Airport for three weeks. In exchange, five apprentices from Munich were able to gain experience at Vienna International Airport.

Apprenticeship training

Flughafen Wien AG offers a wide range of apprentice training programmes to provide young men and women with a first-class specialised education. Since the Company's intention is to hire these well-qualified employees after the end of their apprenticeship, the programmes also cover the need for qualified workers and staff. Schooling for our six commercial and 25 technical apprentices concentrated on English language courses, computer training and special personality-related and interdisciplinary seminars. Flughafen Wien AG also supported measures by the Austrian government and federal employment

agency to reduce unemployment among young people by hiring three additional technical apprentices in autumn 2005.

Compensation systems

The compensation system for the members of the Management Board and first level of management distinguishes between fixed and performance-based components. There are no plans to introduce stock plans for management. Exceptional performance and the realisation of targeted goals are rewarded in the form of bonuses, which totalled € 749,000 in 2005 (excluding members of the Management Board).

Employee foundation

The employees of Flughafen Wien AG have been able to participate directly in dividends paid by the Company through a private foundation since 2000. This independent foundation holds 10% of the shares of Flughafen Wien AG. In 2005 a total of € 4.2 million was distributed to employees for the 2004 Business Year. This payout corresponded to 77.58% of the average monthly salary or wage per employee. Distributions to employees are based on annual gross salaries. The administration of the employee foundation is completely independent of Flughafen Wien AG and includes a managing board, supervisory board, and auditor.

Work safety and health

Our regular on-site evaluation of workplaces continued during the reporting year. Modifications were identified, where necessary, to improve health and safety and are being implemented according to a priority schedule. New employees are introduced to this important facet of their jobs in a mandatory training programme for workplace safety. The increased awareness of employees across all levels of the organisation to safety and health at the workplace combined with a variety of individual measures allowed the Company to reduce the number of accidents per 1,000 employees to a new low of 53.9. The number of accidents involving aircraft also remained at the good prior year level. However property damage rose by an above-average rate in both the airside and landside areas, and it will be necessary to intensify preventive measures in all areas of the Company.

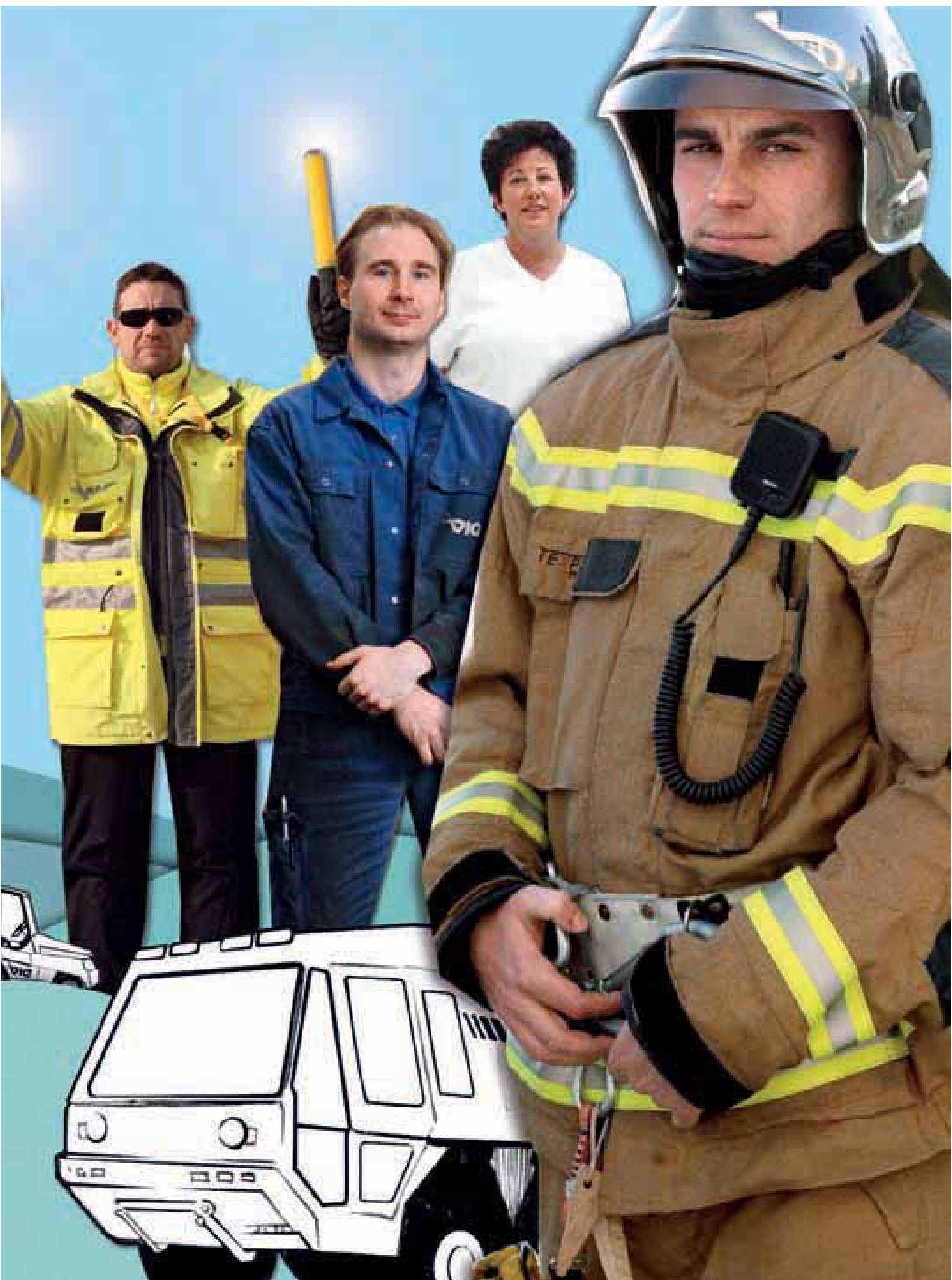
Services offered in the area of industrial medicine included health counselling, medical examinations and vaccinations (e.g. hepatitis A+B). Employee participation was also high in 2005 and the programmes will therefore be continued. The centre for the Company's "Sicher und X'sund" health programme opened in October 2005 with a course offering that ranges from In-Balance, Qi-Gong, Pilates, yoga, autogenic training, Tae-Bo, dance and aerobics, memory and concentration, nutrition and gyro kinesis to mental and physical health. Employee response has been very positive.

Social responsibility

Flughafen Wien AG carries a particular social responsibility for its employees in many areas. For example, we operate an award-winning day care centre with expanded opening times (5:30 am to 8 pm) that provides parents in shift jobs with excellent facilities for their children. The Company also subsidised transportation at a cost of € 700,000 in 2005, giving employees the option of using the City Airport Train (CAT) to travel between the "Wien Mitte" railway station and the airport or take bus transportation to neighbouring communities. A total of € 409,000 was spent on meal subsidies during the reporting year, and

Vienna International Airport invested € 676,000 in the training of its 3,581 employees during 2005.





employees also receive discounts at many airport shops (e.g. the duty-free shops). A pension fund allows our workforce to make early provisions for retirement, and the Company subsidised group accident and family health insurance with a contribution of € 138,000 in 2005. With the support of the Works Council, Flughafen Wien AG organises trips every second year – taking 503 to Berlin in 2005. Our Employees Sport and Cultural Association offers a wide variety of leisure-time activities to 1,313 members from all areas of the Company.

Jobs and personnel planning

More than 14,000 men and women work at Vienna International Airport. Of this total, 2,891 are employed by Flughafen Wien AG and 3,581 by the Flughafen Wien Group. The remaining jobs are distributed among the more than 200 companies that are located at the airport. In order to give our employees suitable opportunities for advancement, available positions are not only advertised externally but also within the Company.

Employees

	2005	Change	2004	2003
Number of employees	3,581	317	3,264	2,918
Workers	2,558	296	2,262	2,005
Staff	992	19	973	887
Apprentices	31	2	29	27
Traffic units per employee*	5,940	17	5,923	5,568
Average age*	38.4 years	0.2 years	38.2 years	38.6 years
Length of service*	9.9 years	0.2 years	9.7 years	10.3 years
Percentage of women*	12.8%	-0.1%	12.9%	13.6%
Training expenditures*	€ 676,000	€ 6,000	€ 670,000	€ 690,000
Accidents*	163	-10	173	153

* Based on Flughafen Wien AG

Employees by segment

Airport	<input type="text" value="386"/>	386
Handling	<input type="text" value="1,859"/>	1,859
Non-Aviation	<input type="text" value="1,174"/>	1,174
Others	<input type="text" value="163"/>	163

The internal reorganisation of Flughafen Wien AG as of 1 July 2005 reassigned the VIP Services and Lounges business unit from the Non-Aviation Segment to the Airport Segment retroactively as of 1 January 2005 for segment reporting. The typography and printing centre and consulting services were also reclassified, and are now included under the Non-Aviation Segment. Prior year data were adjusted accordingly.

The increase in the workforce during the reporting year resulted primarily from new hiring in the Handling Segment to match the growth in traffic (103 employees) as well as the addition of personnel by Vienna International Airport Security Service Ges.m.b.H. (VIAS) (188 employees) – which is allocated to the Non-Aviation Segment – to meet increased security requirements.

Group Status Report

The Business Environment

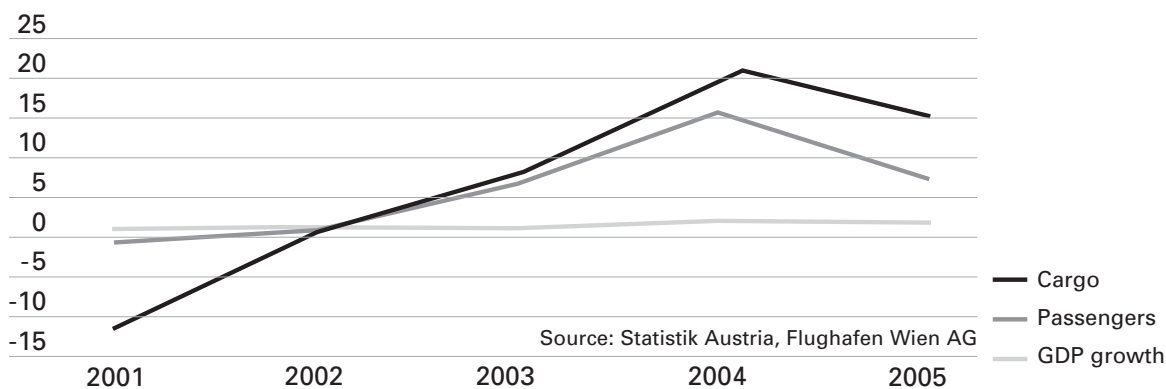
Slow economic growth in Europe – Vienna International Airport tops European average.

A key indicator for the economic success of an airport is the development of air traffic. This factor, in turn, is dependent on general economic conditions as well as purchasing power and travel behaviour.

The economy and industry

The development of the economy in the Euro region paralleled the prior year, with growth slowed by the strength of the Euro, high oil prices and reserved consumer spending throughout 2005. Economic growth in Austria reflected the EU average with a plus of roughly 2.0%. In contrast, the new EU countries reported above-average increases: Slovakia +4.9%, Czech Republic +4%, Hungary +3.9% and Slovenia +3.7%. Momentum in the global economy fell below the prior year level, but the USA recorded a GDP plus of 3.3% for 2005 and growth in the Asian economies averaged up to 4.5%.

GDP Growth, Passengers, Cargo in %



A comparison of GDP growth with passenger and cargo volumes at Vienna International Airport shows a clear shift in the correlations during recent years. The positive development of the domestic export sector, strong economic momentum in Austria's neighbouring countries and the increasing role of low-cost carriers as a growth driver have led to a steady reduction in the dependency on general economic factors. We expect the strong development in the new EU member countries that border on Austria will continue to provide substantial impulses for our future growth. Forecasts indicate that the region comprising eastern Austria and western Slovakia will become one of the fastest growing areas in Europe. We intend to safeguard and further expand our position as the most important airport in this dynamic region with specially targeted activities.

The Austrian tourism branch reported positive development for 2005. The number of overnight stays rose by 1.7% over the prior year to 119 million, and the number of guests increased 2.5% to 29.2 million. The average length of stay remained constant at the 2004 level of 4.1 days. The increase in city tourism resulted in part from the development of new target groups by the low-cost carriers.

The development of air traffic in Europe and Austria

European air traffic also remained on a steady upward trend throughout 2005. Strong impulses for growth were again provided by low-cost carriers as well as the enlargement of the European Union and resulting increase in travel. The following comparison with other European airports underscores the excellent development of Vienna International Airport.

Traffic development at European airports

Airport	Passengers in thousand	Change vs. 2004 in %	Flight- movements	Change vs. 2004 in %
London ¹⁾	122,717.9	2.5	902,627	1.6
Frankfurt	52,219.4	2.2	470,052	2.9
Paris ²⁾	53,756.2	4.9	513,674	-0.5
Amsterdam	44,163.1	3.8	404,594	0.5
Madrid	41,939.9	8.4	413,944	3.5
Rome	28,619.8	2.0	302,996	-0.5
Munich	28,619.4	6.7	374,626	4.2
Milan	19,618.6	5.7	227,704	6.2
Zurich	17,849.5	3.7	240,268	-0.1
Vienna	15,859.1	7.3	230,900	2.7
Prague	10,777.0	11.1	160,213	10.5
Budapest	8,063.6	24.9	126,359	13.1

1) London Heathrow, Gatwick, Stansted; 2) Paris Charles de Gaulle, Paris Orly;
Source: Vienna (AB/Statistics) + ACI rapid data exchange programme

The positive development of Vienna International Airport in 2005 was supported primarily by the dynamic growth of the low-cost carriers as well as an increase in long-haul traffic and travel to Eastern Europe. With a total of 15,859,050 passengers (+7.3%) in 2005, we broke the 15-million mark for the first time. Vienna International Airport also registered 230,900 take-offs und landings (+2.7%) and increases of 4.6% in maximum take-off weight (MTOW) and 15.0% in air-cargo during the reporting year. The low-cost carriers handled 1,970,432 passengers, or 19.7% more than in 2004, and their share of total passenger volume rose from 11.1% to 12.4%. With a scheduled flight plan that includes 43 destinations in Eastern Europe, Vienna was able to further expand its leading position as an east-west hub for European air travel. Long-haul traffic, especially to the Far East, increased by a strong 13.5%.

Development of airlines at Vienna International Airport

The focus of the Austrian Airlines Group on destinations in Central and Eastern Europe, Asia and the Pacific region as well as extensive red ticket actions in Europe also supported the excellent growth of traffic in 2005. A ranking by the number of passengers was headed by the Austrian Airlines Group with 56.6% (2004: 57.8%), followed by Air Berlin with 5.9%

(2004: 5.2%), Lufthansa with 5.5% (2004: 6.1%), NIKI with 4.3% (2004: 3.0%) and British Airways with 2.2% (2004: 2.3%). The average seat occupancy improved by 1.2 percentage points to reach 66.4% for the reporting year.

Long-haul flights to the Far East recorded strong growth of 12.9%. The number of passengers travelling to Taipei more than doubled with a plus of 138.7%. Shanghai reported growth of more than 110% and Kuala Lumpur 27.1%. Traffic to New York showed a plus of 20.1% in passenger volume. In contrast, declines were recorded in passenger traffic to Montreal (-23.5%), Osaka (-24.0%), Bangkok (-3.4%) and Washington (-2.2%). Destinations in the Near East showed above-average growth with a combined increase of 34.0%.

The low-cost carriers were responsible for 12.4% of the passengers handled at Vienna International Airport in 2005. The comparable figures for the preceding years show a share of 11.1% in 2004, 5.9% in 2003 and only 0.5% in 2002. These airlines generated 30.2% of all new traffic during the reporting year, and therefore represent an important growth factor for Vienna International Airport. The leader among the low-cost carriers in 2005 was Air Berlin with 929,428 passengers and a 5.9% share of total passenger volume. Second place was held by NIKI with 675,241 passengers and a share of 4.3%, followed by Germanwings with 334,485 passengers. Seven low-cost carriers used Vienna International Airport on a regular basis in 2005.

Environmental and social aspects in 2005

Vienna International Airport invested roughly € 690,000 in environmental protection measures during 2005. In addition to numerous projects to optimise the supply of resources and disposal of waste at the airport, activities also focused on a reduction in noise and pollutant emissions in order to minimise the impact on neighbouring communities. For example, Flughafen Wien AG supported the installation of soundproof windows with subsidies totalling € 250,000 and measured the air quality on a regular basis in order to identify any need for remedial measures at an early stage.

With a workforce of 3,581 at year-end 2005, the Flughafen Wien Group is one of the largest employers in the region. Management is well aware of the social responsibility that accompanies this position and not only makes regular investments in the training of employees but also focuses on workplace safety and the promotion of health. In 2005 the number of accidents per 1,000 employees reached a new low of 53.9. The voluntary benefits provided by Flughafen Wien AG range from a day care centre at the airport to free transportation for employees and financial support for supplementary accident and health insurance.

Turnover

Above-average traffic growth supports 3.0% increase in turnover.

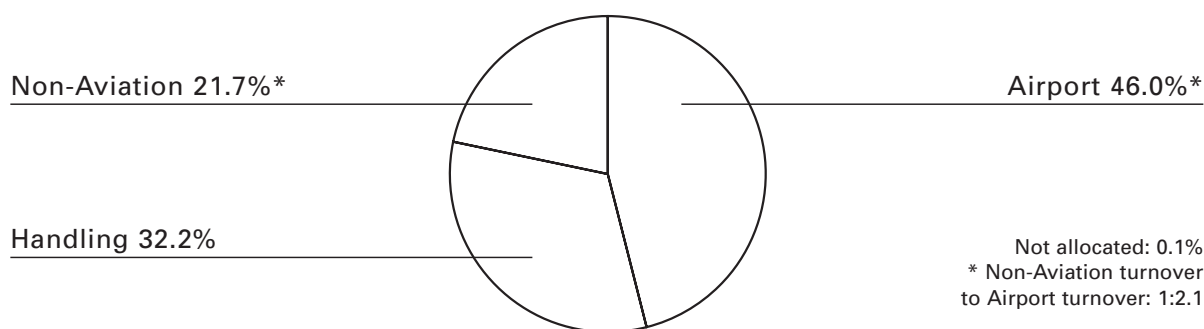
The Flughafen Wien Group recorded a 3.0% increase in turnover to € 410.3 million for 2005 as the result of excellent growth in traffic.

Although the Airport Segment reported a 1.0% decline in turnover to € 188.6 million, it remained the largest business unit with a 46.0% (2004: 47.8%) share of total turnover. This slight decrease in turnover, which is generated primarily from landing, passenger and infrastructure tariffs, is a direct result of price and incentive policies that are designed to safeguard the competitive position of Vienna International Airport. Specific measures included a reduction of roughly 16% in the landing tariff as of 1 October 2004 to strengthen the hub function of Vienna as well as the elimination of the regional tariff and cancellation of parking fees for aircraft from 10 pm to 6 am. The incentives for increased frequencies as well as the addition of new long-haul flights and destinations in Eastern Europe were carried over from the prior year. In order to support the east-west hub function of Vienna International Airport, a special frequency incentive was introduced on 1 April 2004 that offers airlines cost benefits of up to 40% on flights to Eastern Europe and intercontinental destinations. In addition, the transfer incentive was raised by € 2.0 per passenger from 1 April to 31 December 2005 and the fuel throughput charge was replaced by a less expensive infrastructure tariff for fuelling as of 1 June 2005. The passenger tariff was increased to € 13.50 as of 1 October 2004. This attractive tariff policy and the high quality of services at Vienna International Airport led to an increase of 26 destinations and eight new airlines during the reporting year.

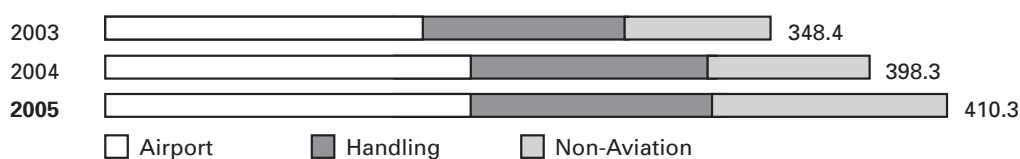
The development of traffic in 2005 shows a plus of 7.3% in the number of passengers, an increase of 2.7% in flight movements and growth of 4.6% in maximum take-off weight, which forms the basis for landing tariffs. The increase in the number of passengers was generated by the Austrian Airlines Group (+0.4 mill.) as well as the low-cost carriers and other airlines (+ 0.3 million each). The low-cost carriers increased their contribution to passenger volume by 19.7%, with their share of the total number of passengers rising from 11.1% in the prior year to 12.4% for 2005.

The Handling Segment was able to increase its share of Group turnover to 32.2% in 2005. Higher revenues were recorded in the apron handling (+5.7%), cargo handling (+12.5%) and general aviation business units (+24.5%). Segment turnover rose by 6.9% to € 132.2 million, with the strongest increases recorded by the low-cost carriers. Turnover with the Austrian Airline Group rose by 2.2%. The positive development of business in this segment was supported by individual services for private aircraft handling as well as an increase in aircraft de-icing services that was related to the severe weather. The volume of aircraft handling services rose by 2.2%, while cargo handling showed a plus of 12.0%. The average market share of the Handling Segment remained nearly constant, totalling 90.6% for 2005 versus 91.0% in the prior year.

Turnover by segment



Development of turnover in € million



Not allocated: 2005: € 0.3 million, 2004: € 0.2 million, 2003: € 0.3 million

The Non-Aviation Segment reported an increase of 6.3% in turnover to € 89.2 million for the reporting year, which represented 21.7% of revenues for the Flughafen Wien Group in 2005. The most important growth drivers were parking with a plus of 16.8%, gastronomy with 10.7%, shopping with 8.9% and infrastructure supply and disposal services with 15.1%. This last department provides airport tenants with a large range of services that also include electricity, heat and air conditioning. Primary turnover recorded by the shops and gastronomy facilities increased by 9.0% in 2005. In contrast, revenues from the provision of security services declined 11.9% following the new tender by the Republic of Austria that took effect on 1 January 2005.

Business in the Airport and Handling Segments is subject to seasonal fluctuations that are dependent on tourism. Since these segments together generate the major part of Group turnover, revenue is traditionally highest during the third quarter of the year. Results for 2005 show the third quarter with 26.5% of annual turnover, followed by the fourth quarter with 25.7%, the second quarter with 25.4% and the first quarter with 22.4%.

Earnings

Improvement in net profit, decline in EBIT.

An overview of earnings recorded by the Flughafen Wien Group for the 2005 Business Year shows: operating income +3.5% to € 433.5 million, operating expenses +7.9% to € 341.2 million, earnings before interest and taxes (EBIT) -10.0% to € 92.3 million, financial results +€ 4.8 million to € 7.7 million, earnings before taxes (EBT) -5.1% to € 100,0 million, net profit for the year +4.2% to € 74.7 million and the share of net profit due to Flughafen Wien AG +€ 2.6 million to € 74.3 million.

Earnings before interest and taxes (EBIT) fell 10.0% to total € 92.3 million for 2005. The Airport Segment generated the largest share of Group EBIT with € 66.7 million, followed by the Non-Aviation Segment with € 34.5 million and the Handling Segment with € 15.5 million. The decline in earnings reported by the Airport and Handling Segments was triggered by an increase in turnover that remained below the growth in traffic as well as higher costs, above all depreciation, that were linked to the increase in the volume of business. Cost reduction measures implemented by the Company were unable to completely offset this development. The Non-Aviation Segment recorded an improvement in earnings as the result of higher revenues from parking, shopping and gastronomy.

Operating expenses rose by a total of 7.9% to € 341.2 million. The cost of materials and services recorded under this position rose by 35.2% to € 35.9 million. Due to the construction and production of electrical equipment at Vienna International Airport by Vienna Airport Infrastruktur Maintenance GmbH, expenditures for materials increased by € 5.1 million. This wholly owned subsidiary of Flughafen Wien AG was founded at the end of 2003 and carries out previously outsourced electrical engineering projects at a lower cost. This changeover led to an increase of nearly 80% in own work capitalised. Increases were also recorded in expenditures for fuels, de-icing materials and energy as well as external services required for private aircraft handling.

Personnel expenses rose by 8.6% to € 184.6 million as a result of wage and salary increases mandated by collective bargaining agreements and growth in the workforce. The increase of 9.7% in the number of employees to 3,581 for the reporting year was also a function of the development of traffic and the expansion of security controls on 1 January 2006 to also include employees working in sensitive areas of Vienna International Airport. Based on the number of traffic units per employee, the high level of productivity improved slightly over the prior year.

The amortisation of intangible assets and depreciation of tangible assets increased 17.3% to € 57.4 million following the completion of the air traffic control tower and Handling Center West as well as the enlargement of the aprons and expansion of parking capacity. A total of € 319.1 million was invested in tangible and intangible assets during the reporting year, which underscores the high importance place by the Flughafen Wien Group on capital expenditure.

Other operating expenses decreased 10.5% to € 63.4 million, primarily due to a reduction of € 7.3 million in maintenance costs from the unusually high prior year level to € 14.2 million for 2005. This development was contrasted by higher expenditures for third-party services, chiefly due to the use of additional outside personnel by Vienna Airport Infrastruktur Maintenance GmbH, as well as the cost of insurance and claims or provisions for damages. Declines were recorded in expenses for the disposal of tangible assets, legal, audit and consulting fees and miscellaneous items.

The extremely high level of investment activity led to an above-average increase in capital employed compared to the development of EBIT. This triggered a 2.9 percentage point decline in return on capital employed to 10.2%.

Financial results for 2005 show an increase of € 4.8 million to € 7.7 million. This improvement resulted primarily from a third quarter write-up of € 5.7 million to a loan that was previously written off by the Company and a reversal of € 5.3 million to the revaluation reserve following the sale of fund investments in the prior year. Financing costs showed a contrary development: the high level of investment led to a reduction of € 49.8 million in cash and cash equivalents and short-term borrowings increased by € 170.7 million. These financing measures combined with the generally low level of interest rates on capital and money markets reduced the surplus of interest income over interest expense by € 4.8 million to € 1.4 million. Results from companies consolidated at equity amounted to € +0.9 million. Of this total, € -0.6 million is related to the stake held in the City Airport Train and € +1.5 million to the investment owned in Malta Airport. The earnings generated by these two investments for 2005 represent an improvement of € 1.2 million over the prior year.

Earnings before taxes (EBT) declined 5.1% to € 100.0 million. The reduction in the Austrian corporate tax rate from 34% to 25% as of 1 January 2005 and lower earnings before taxes resulted in a decrease of 25.0% in income taxes to € 25.3 million. The tax rate for 2005 totalled 25.3%, which represents a substantial decrease below the prior year level of 32.0%.

Net profit for the reporting year increased 4.2% to € 74.7 million. Of this amount, € 0.4 million is attributable to minority shareholders and € 74.3 million to Flughafen Wien AG as the parent company. Earnings per share rose from € 3.41 in the prior year to € 3.54 for 2005.

Value added in € million

	2005	Change in %	2004	2003
Source				
Operating income	433.5	3.5	418.8	365.0
Less cost of goods and services	-147.1	3.0	-142.8	-110.9
Value added	286.4	3.8	276.0	254.1
Use				
Employees	180.6	8.6	166.3	144.0
Shareholders	42.0	0.0	42.0	42.0
Company	32.3	8.8	29.7	28.8
Creditors (interest)	1.6	278.1	0.4	0.2
Public authorities (taxes)	29.6	-21.3	37.6	38.9
Minority shareholders	0.4	n.a.	0.0	0.2
Value added	286.4	3.8	276.0	254.1

Income statement, summary in € million

	2005	Change in %	2004	2003
Operating income	433.5	3.5	418.8	365.0
Operating costs	341.2	7.9	316.2	267.7
EBIT	92.3	-10.0	102.5	97.3
Financial results	7.7	164.9	2.9	9.2
EBT	100.0	-5.1	105.4	106.6
Taxes	25.3	-25.0	33.8	35.6
Net profit for the year	74.7	4.2	71.6	71.0

Segment results, summary in € million

	Airport	Handling	Non-Aviation
Operating income	216.4	152.1	157.5
Operating costs	149.7	136.6	123.0
EBIT	66.7	15.5	34.5

Key indicators in %

	2005	2004	2003
EBIT margin	21.3	24.5	26.7
EBITDA margin	34.5	36.2	39.3
ROE	11.5	11.7	12.3
ROCE	10.2	13.1	13.8
ROS	22.5	25.7	27.9

Definition of key indicators

EBIT margin

EBIT (earnings before interest and taxes)

Calculation: EBIT / operating income

The decline of 10.0% in EBIT combined with an increase of 3.5% in operating income led to a decrease of 3.2 percentage points in the EBIT margin to 21.3%.

EBITDA margin

EBITDA (earnings before interest, taxes, depreciation and amortisation) = EBIT plus amortisation and depreciation

Calculation: (EBIT + amortisation and depreciation) / operating income

The decrease of 1.6 percentage points in the EBITDA margin to 34.5% resulted from an increase of 3.5% in operating income combined with a 1.2% decline in EBITDA.

ROE

(return on equity after tax)

Calculation: Net profit for the period / average equity

Return on equity showed a minor decline in 2005 because the growth in average equity was slightly higher than the increase in net income for the period.

ROCE (after tax)

(return on capital employed)

Calculation: EBIT after taxes / average capital employed

EBIT after taxes: EBIT less income taxes

Capital employed: tangible and intangible assets + working capital

Working capital: (current assets less cash and cash equivalents) – (current liabilities, excluding financial liabilities (credits, loans, debentures))

Tax rate: 25%

Working capital employed by the Company during the reporting period generated an after-tax return of 10.2% (2004: 13.1%); this figure excludes financing components.

ROS (return on sales)

Calculation: EBIT / turnover*100

The 10.0% decrease in EBIT combined with the 3.0% growth in turnover resulted in a reduction of 3.2 percentage points in ROS to 22.5%.

Financial, Asset and Capital Structure

Fixed assets rise by € 286.4 million, cash and cash equivalents decline by € 49.8 million, € 170.7 million increase in financial liabilities, growth of € 237.1 million in balance sheet total to € 1,189.4 million.

Assets

Non-current assets increased by 35.8% to € 1,080.5 million for the reporting year (2004: € 795.6 million), and rose as a component of total assets by 7.3 percentage points to 90.8%. Investments in tangible and intangible assets totalled € 319.1 million, and the corresponding amortisation and depreciation expense amounted to € 57.4 million. Financial assets rose by 37.6% to € 92.2 million following the purchase of roughly 8% of the shares in Malta Airport plc. for € 20.6 million at the end of 2005. The decline of € 1.7 million in deferred tax assets to € 7.7 million resulted primarily from the realisation of tax benefits from the employee fund.

Current assets fell 30.5% to a level of € 109.0 million, and declined as a component of total assets by 7.3 percentage points to 9.2%. This decrease was caused by a € 49.8 million reduction in cash and cash equivalents to € 58.2 million following the dividend payment and partial financing for investments. The balance sheet total rose by 24.9% to € 1,189.4 million.

Equity and liabilities

Equity rose by € 34.8 million to € 665.8 million. The main component of this increase was formed by net profit of € 74.3 million for the 2005 Business Year, after the deduction of € 42.0 million in dividends distributed for 2004. The remaining € 2.5 million is related to the revaluation of securities, the recalculation of fund expenses, a change in minority interest and foreign exchange differences related to the holding in Malta Airport. The investment-based rise in current liabilities reduced the equity ratio from 66.3% to 56.0%.

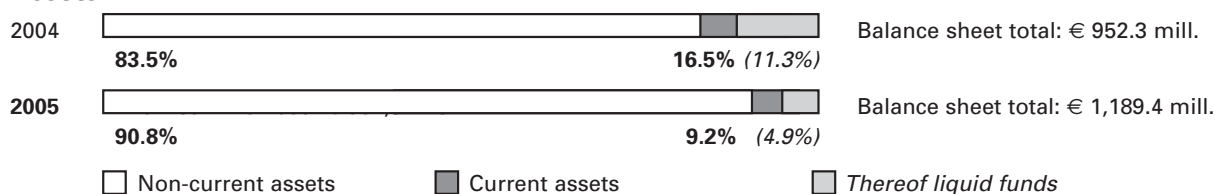
Non-current liabilities rose 27.9% to € 129.0 million, primarily due to the creation of a provision for obligations arising from the mediation contract. The non-current portion of these obligations totals € 26.7 million. These expenses were capitalised as ancillary costs for the planned third runway. Increases were also recorded in the provisions for severance compensation, service anniversary bonuses and part-time work for older employees. Declines were recorded in the provisions for expenses related to the employee fund, liabilities to the Clean Water Fund and investment subsidies from public funds. The Flughafen Wien Group had no long-term financial liabilities as of 31 December 2005.

The 79.0% rise in current liabilities to € 394.7 million was triggered above all by an increase of € 170.7 million in short-term borrowings. This external financing was required to meet capital expenditure and dividend payments that were not covered in full by cash flow from operating activities. Current provisions rose by € 27.2 million, but the provisions for current taxes fell by € 14.0 million. Trade payables decreased by € 12.1 million. Other current liabilities show only a slight change because the increase caused by advance rental payments from Austro Control GmbH for the new air traffic control tower was largely offset by a decline in financial clearing liabilities to associated companies.

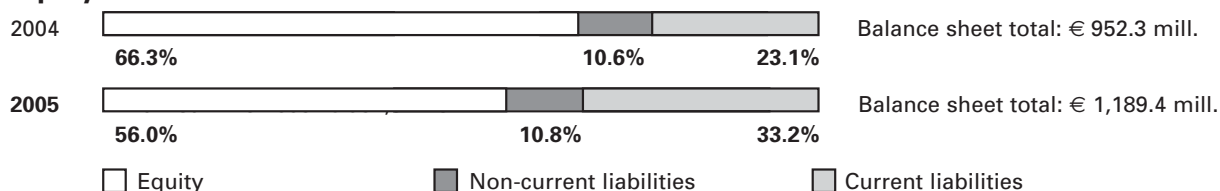
The Flughafen Wien Group had a gearing ratio of 16.9% at year-end 2005 (2004: -17.1%) following the increase in short-term borrowings. The weighted average cost of capital (WACC) for the reporting year declined by 1.3 percentage points to 5.9% due to the leverage effect of the debt financing.

Balance sheet structure as a % of the balance sheet total

Assets



Equity and liabilities



Balance sheet structure

Assets	2005	2005	2004	2004
	in € mill.	in %	in € mill.	in %
Non-current assets	1,080.5	90.8	795.6	83.5
Current assets	109.0	9.2	156.7	16.5
Thereof liquid funds	58.2	4.9	108.0	11.3

Equity and liabilities

Equity	665.8	56.0	631.0	66.3
Non-current liabilities	129.0	10.8	100.8	10.6
Current liabilities	394.7	33.2	220.5	23.1
Balance sheet total	1,189.4	100.0	952.3	100.0

Financial indicators in %

	2005	2004	2003
Net cash / net debt in € million	112.5	-108.0	-131.1
Fixed assets / balance sheet total	90.1	82.5	78.0
Asset coverage 2	74.1	93.1	106.7
Equity ratio	56.0	66.3	70.7
Gearing	16.9	-17.1	-22.2
Working capital in € million	-173.3	-171.8	-99.0
WACC	5.9	7.2	7.2

Cash Flow

The analysis of cash flow in the Flughafen Wien Group shows that investment projects totalling € 343.1 million in 2005 were financed by relatively equal components of cash flow from operating activities and debt. The total increase in liabilities and provisions combined with a slight decline in EBITDA and higher income tax payments led to an 18.7% decrease in net cash flow from operating activities to € +158.0 million (2004: € +194.4 million). Cash outflows of € 343.1 million for investments in fixed assets were contrasted with proceeds of € 6.1 million on the disposal of fixed assets. In total, net cash flow from investing activities rose by 87.2% to € -336.9 million. The increase of € 170.7 million in short-term borrowings and constant dividend payment of € 42.0 million led to an increase in net cash flow from financing activities, which rose by € 170.4 million to € +128.2 million. The Flughafen Wien Group used no outside financing in prior years.

Cash and cash equivalents declined by € 50.6 million (2004: € -27.7 million). As a result of this decrease and non-cash credits of € 0.9 million to the revaluation reserve for current securities, cash and cash equivalents declined to € 58.2 million at year-end 2005 (2004: € 108.0 million).

Cash flow, summary in € million

	2005	Change in %	2004	2003
CF from operating activities	158.0	-18.7	194.4	150.4
CF from investing activities	-336.9	87.2	-179.9	-113.5
CF from financing activities	128.2	-404.3	-42.1	-45.1
Change in cash and cash equivalents*	-49.8	115.3	-23.1	-8.0
Cash and cash equivalents at end of period	58.2	-46.1	108.0	131.1

* Including change in revaluation reserve for securities and foreign exchange differences

Corporate Spending

Completion and start-up of first major expansion projects.

Investments in tangible, intangible and financial assets totalled € 343.1 million for 2005, which represents an increase of 84.2% over the prior year. The major investment of the year from a visual standpoint was the air traffic control tower, which is rented largely to Austro Control GmbH and used to a lesser extent by the airport's movement control unit. Other investment highlights were the construction of the Air Cargo Center, the construction and opening of the Handling Center West, the expansion of the existing baggage handling facilities and completion of additional apron areas. The VIP and General Aviation Center in the western sector of Vienna International Airport was completed just in time before Austria assumed the rotating presidency of the European Union in January 2006. The addition of a storey to car park 3 and the construction of car parks 7 (east) and 8 (west) increased parking capacity. The newly constructed Terminal 1A opened to handle check-in procedures for the low-cost carriers. The environmental impact review for the planned third runway was started during the reporting year. Obligations defined by the mediation contract in connection with the construction of this runway are included under investments as additions for 2005. The most important financial investment was the acquisition of approximately 8% of the shares in Malta Airport plc.

Major projects in 2005 in € million

Air Cargo Center	41.8
Environmental impact study for third runway and obligations from the mediation contract	40.8
Expansion of aprons	35.5
VIE-Skylink terminal	27.8
Handling Center West	20.1
VIP and General Aviation Center	15.5
Air traffic control tower	11.6
Car park 8 (west)	10.1

Investments by segment for 2005 in % (tangible and intangible assets)

Airport	61.0
Handling	2.7
Non-Aviation	36.3

Investments and financing in € million

Investments	2005	Change in %	2004	2003
Intangible assets	1.9	-9.4	2.1	3.5
Tangible assets	317.2	73.1	183.3	111.8
Financial assets	24.0	2,500.7	0.9	1.6
Total	343.1	84.2	186.3	116.8
Financing				
CF from operating activities	158.0	-18.7	194.4	150.4
Investments	343.1	84.2	186.3	116.8
Amortisation and depreciation	58.4	17.2	49.9	47.3

Development Risks

Proactive investment planning, financial strength and operational flexibility form a secure basis for the successful development of our company.

Risk management

Risk management forms an integral part of all operational and strategic business processes in the Flughafen Wien Group. Responsibility lies with the individual segment managers or subsidiary directors, who are supported by the investment management and controlling departments of Flughafen Wien AG. We maintain insurance to cover specific damages and liability risks in order to minimise possible financial losses. In addition to our control systems and instruments, Flughafen Wien AG has established an internal audit department that regularly evaluates business practices and organisational processes for compliance with Group guidelines, security and efficiency.

Defence of strong position as east-west hub

The hub function of Vienna International Airport is utilised primarily by our major customer, the Austrian Airlines Group. This cluster of airlines was able to record a further increase in the number of passengers during 2005 as a result of its "Focus East Expansion" promotion for travel to Central and Eastern Europe, Asia and the Pacific region. We intend to use specifically designed programmes to further market the strengths of Vienna International Airport as the leading east-west hub throughout the developing regions of Central Europe. Protecting the core expertise of the Austrian Airlines Group is therefore also in our own interest.

Vienna – Bratislava airport alliance

A key project in our corporate strategy is formed by our cooperation with Bratislava Airport. Forecasts indicate that the region comprising eastern Austria and western Slovakia will become one of the strongest growth areas in Europe. In order to create an optimal basis for sharing in this development, Flughafen Wien AG decided to participate in the tender for privatisation of the M.R. Štefánika – Airport Bratislava a.s. and Letisko Košice – Airport Košice a.s. in July 2005. The creation of this airport alliance in the heart of Europe will strengthen the position of Vienna and Bratislava Airports over competitors such as Budapest, Prague and Munich.

Investments to match traffic development

Our expansion plans are carried out in close coordination with our airline customers. The step-by-step expansion of the new terminal infrastructure is based on the development of passenger volume and will therefore minimise the risk associated with this extensive investment project but still guarantee that capacity will reflect demand.

Financial risks

The above-average level of investment in recent years triggered a reduction in cash and cash equivalents held by the Flughafen Wien Group to € 58.2 million in 2005. At the same time, financial liabilities rose to € 170.7 million. A further increase in long-term debt will be required to finance this far-reaching expansion programme. An equity ratio of 56.0% as well as the high earning power and resulting good credit standing of the Flughafen Wien Group form a solid basis to finance both development projects as well as further airport acquisitions.

Outlook

Traffic growth drives expansion programme – realisation of new VIE-Skylink terminal to continue as scheduled in 2006.

The Austrian Institute of Economic Research (WIFO) predicts real growth of 2.4% for 2006 and 2.0% for 2007. We expect this development will have also a positive effect on traffic at Vienna International Airport. Further impulses should come from continued economic recovery in the new EU member states that are included in our catchment area. Assuming economic conditions remain stable, we expect an increase of roughly 6% in the number of passengers, 2% in flight movements and 3% in maximum take-off weight for 2006. A multi-stage, flexible expansion concept allows us to adapt our long-term expansion plans to match development with growth in passenger volume. Investments totalling € 533 million are planned for airport and non-aviation projects from 2006 to 2010, with € 208 million designated for the scheduled realisation of projects in 2006. The major projects for the coming year include the VIE-Skylink terminal (€ 121 mill.), baggage sorting equipment (€ 11 mill.), phase 2 of the Office Park (€ 21 mill.) and the expansion of the aprons (€ 26 mill.). In addition, we expect to make other investments with a combined value of € 25-30 million p.a.

Subsequent events

The parties to the contract – the Slovakian National Property Fund, the Slovakian Ministry of Transportation and the TwoOne Consortium – signed the share purchase and shareholder agreement for the privatisation of 66% of Bratislava and Košice Airports on Friday, 10 February 2006. Flughafen Wien AG holds a 47.7% stake in the TwoOne Consortium.

The sound development of traffic in 2005 continued into January 2006 in all segments. The number of passengers rose by 9.9% to 1,083,000. This represents the first time in the history of Vienna International Airport that more than one million passengers were handled during the traditionally weaker month of January. Growth of 14.8% was recorded in the number of transfer passengers. Flight movements increased 3.3% during the reporting period and maximum take-off weight grew by 3.9%. Cargo turnover again showed strong development with an increase of 21.1%. An analysis of passengers by region shows an increase of 30.9% in travel to destinations in the Far East and 25.8% to the Near East. North America also showed good growth with a plus of 16.5%.

Schwechat, 16 February 2006
The Management Board

Christian Domany
Member of the Board

Herbert Kaufmann
Member of the Board
and Speaker

Gerhard Schmid
Member of the Board

Segments of Business in Detail

The Airport Segment

Slight decline in turnover because of tariff cuts and incentives.

Key Data on the Airport Segment in € million, except employees

	2005	Change	2004*	2003*
Turnover	188.6	-1.0%	190.5	166.5
Segment earnings	66.7	-14.2%	77.8	74.6
EBIT margin	30.8%	-12.7%	35.3%	38.3%
Allocated assets	643.2	34.5%	478.2	423.7
Depreciation	33.6	22.1%	27.6	26.2
Capital expenditure	194.5	133.4%	83.3	62.0
Employees as of 31.12.	386	3.9%	371	368

* Following the internal reorganisation of Flughafen Wien AG as of 1 July 2005, special guest services were reclassified from the Non-Aviation Segment to the Airport Segment for reporting purposes retroactively as of 1 January 2005. The typography and printing centre and consulting services were also reclassified, and are now included under the Non-Aviation Segment. The prior year values were adjusted accordingly.

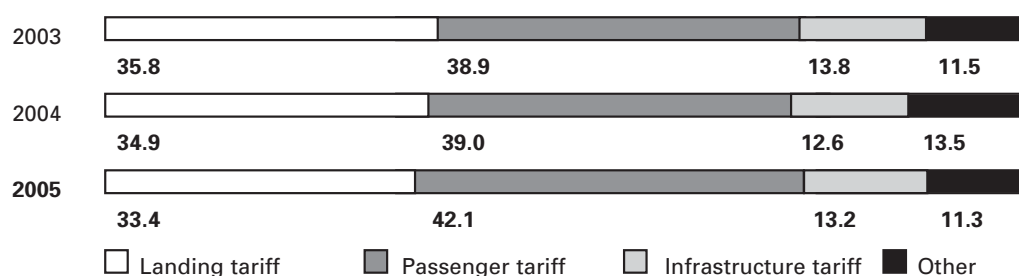
The Airport Segment covers the operation and maintenance of the terminal, aprons and all facilities involved with passenger and baggage handling. The VIE-Skylink project is also managed by this segment. The operation of the VIP & Business Centers and lounges as well as rentals, flight operations, fire department, medical facilities, access control and winter services are also the responsibility of this business unit, as are the support of existing airlines and acquisition of new customers. The strategic objective of this segment is to guarantee runway and terminal capacity over the medium and long-term. In summary, the Airport Segment comprises the classic range of services provided by an airport operator.

Developments in 2005

The Airport Segment remained the largest business unit in the Flughafen Wien Group, generating 46.0% of turnover in 2005. Revenues in this segment – primarily landing, passenger and infrastructure tariffs – declined 1% to € 188.6 million despite the excellent development of traffic in 2005. This development resulted above all from the financial impact of the tariff reductions and incentives that are designed to support transfers and thereby strengthen the position of the airport. The tariff structure was generally reduced and restructured to include, among others, a cut in the landing tariff and slight increase in the passenger tariff. However, the sound growth in traffic during the reporting year – with increases of 7.3% in the number of passengers, 2.7% in flight movements and 4.6% in maximum take-off weight (MTOW), which forms the basis for landing tariffs – was unable to counteract this effect.

The Airport Segment again made the largest contribution to earnings before interest and taxes (EBIT) with € 66.7 million. Despite the increase in traffic, operating income fell 14.2% to € 66.7 million because of the decline in turnover combined with higher capital expenditure and a related increase in depreciation (+22.1%). The EBIT margin decreased from 35.3% to 30.8%.

Structure of turnover in the Airport Segment in %



Traffic development in detail

With a 7.3% increase in the number of passengers for the year, traffic at Vienna International Airport also showed excellent development in European comparison for 2005. The year began with a plus of 8.6% in the number of passengers, which was followed by an increase of 3.3% in February and 9.5% in March. Growth slowed somewhat in April (+3.1%), but May closed with a renewed strong rise of 9.4%. The upward trend continued throughout the traditionally strong summer months of June (+9.1%), July (+9.5%) and August (+5.5%) into September with a plus of 7.1% and October with 6.1%. After an increase of 7.4% in November, we passed the 15 million-mark for the first time in December (+7.8%). In total, Vienna International Airport handled 15,859,050 passengers on 230,900 take-offs and landings in 2005.

With a share of 12.4% in the total number of passengers, the low-cost carriers (+19.7%) provided a major impulse for this growth. This group of airlines was led by Air Berlin with 929,428 passengers and a 5.9% share of total volume. A ranking by the number of passengers places Air Berlin in second place after the Austrian Airlines Group. Our leading role as an east-west hub for European air traffic is demonstrated by the number of East European destinations in our flight schedule (2005: 43). Growth of 9.9% in traffic to Eastern Europe in 2005 underscores the success of this strategy. Long-haul traffic also showed solid growth with a plus of 13.5% in the number of passengers. This development was supported by a 12.9% rise in travel to Far East destinations – in particular Taipei, which recorded an increase of 138.7% in passenger volume. Flight movements rose 2.7% during 2005, maximum take-off weight (MTOW) grew by 4.6% and cargo (local cargo turnover) increased 15.0%. The peak day for the reporting year was 1 July, when Vienna International Airport handled a total of 61,666 passengers. The excellent development of traffic has allowed Vienna to further improve its positioning among European airports. During the reporting year, 210 airlines (thereof 69 in scheduled traffic) offered scheduled flights from Vienna to a total of 274 destinations (thereof 176 in scheduled traffic).

Tariffs and incentives

In order to protect our competitive position and thereby safeguard a high rate of growth over the long-term, we introduced a comprehensive tariff reform in October 2004 that took effect in full during the reporting year. Our goal to reduce airline costs by at least 15% below the average of Vienna's strongest competitors by 2007 was reached during 2005. Incentives were again granted for an increase in frequencies and the addition of new long-haul flights and destinations in Eastern Europe. In order to improve the position of Vienna International Airport as a transfer hub, the long-standing transfer incentive was raised by € 2.0 as of April 2005. This increased the refund to airlines that support the transfer function of Vienna to € 10.21 per departing passenger. The development of transfer traffic confirms the effectiveness of this strategy. The other incentive programmes, the destination and frequency incentives as well as the additional frequency incentive that was introduced in 2004, also provided key support for the role of Vienna International Airport as an east-west hub during the reporting year.

Marketing activities

The positive development of traffic to the Near East (+34.0%) and Far East (+12.9%) as well as increased frequencies to Eastern Europe during 2005 document the success of the incentives implemented by Vienna International Airport to promote the hub concept and long-haul routes.

An advertising campaign was carried out in numerous international aviation publications during 2005 to improve the market recognition of Vienna International Airport. The continuation of our information campaign in Austria's new EU neighbour countries of Hungary and the Czech Republic will increase the awareness of consumers for the special advantages and extensive flight schedule offered by Vienna.

Investments

Major projects carried out by the Airport Segment in 2005 involved the expansion of the aprons (investment in 2005: € 35.5 mill.), preparation for the new VIE-Skylink terminal (€ 27.8 mill.) and the construction and start of operations in the Handling Center West (€ 20.1 mill.). A total of € 5.9 million was also invested to create temporary check-in-facilities, which now operate as Terminal 1A. Obligations arising from the mediation contract that defines environmental measures related to the construction of a third runway and costs associated with the environmental impact audit were capitalised as ancillary costs for the third runway. These items totalled € 40.8 million.

Outlook

Assuming continued growth in air travel, we forecast an increase of roughly 6% in the number of passengers, 2% in flight movements and 3% in maximum take-off weight for 2006. We expect continued support for the positive development of traffic from the Austrian Airlines Group with its East European expertise as well as from low-cost carriers.

Projects to expand capacity at the airport will continue as scheduled. The major investments in 2006 will revolve around the construction of the VIE-skylink terminal, which will open for operations in 2008. In addition, construction on the new baggage sorting facility will start in mid-2006.

The Handling Segment

Stable market share and above-average growth in cargo lead to plus of 6.9% in turnover.

The Handling Segment provides a wide range of services for scheduled, charter and general aviation flights. These services include the loading and unloading of aircraft, transportation of passengers and crews, catering transport, cabin cleaning, towing and de-icing of aircraft, preparation of flight documents including security and management services, cargo handling and trucking, management of the import warehouse as well as private aircraft handling, fuelling and parking of general aviation aircraft. General aviation services are provided by Vienna Aircraft Handling GmbH, a subsidiary allocated to this segment.

The Handling Segment regards itself as a professional and profit-oriented supplier of ground and cargo handling services at Vienna International Airport. Qualified personnel, optimised workflows, flexible products and tariffs, and innovative technical solutions guarantee high quality and transfer times that are among the shortest in Europe.

Key Data on the Handling Segment in € million, except employees

	2005	Change	2004	2003
Turnover	132.2	6.9%	123.6	106.0
Depreciation	7.0	16.4%	6.0	5.3
Segment earnings	15.5	-13.8%	18.0	15.9
EBIT margin	10.2%	-19.8%	12.7%	13.1%
Allocated assets	37.5	17.3%	32.0	28.3
Capital expenditure	8.5	-14.7%	9.9	5.7
Employees as of 31.12.	1,859	5.9%	1,756	1,511

Developments in 2005

The Handling Segment was able to maintain its excellent market position during 2005: at 90.6% for the reporting year, the average market share remained nearly unchanged from the 2004 level of 91.0%. The number of flights cleared rose by 2.2%, with the strongest growth recorded by the low-cost carriers. Emirates and "cargo only" flights, such as Korean Airlines, Asiana and China Airlines, also supported this development. Turnover with the Austrian Airlines Group increased 2.2% during the reporting year. Other contributing factors to the growth in turnover were an increase in individual services for private aircraft handling and higher aircraft de-icing during the unusually cold and snowy months of November and December 2005.

The Handling Segment was faced with major logistic challenges in 2005: the unit's control centres were relocated to the newly constructed Handling Center West and north-east equipment storage facility during full-service operations. At the same time, the new aircraft parking positions on the northeast apron were opened. This substantial increase in

the scope of apron coverage was met with the introduction of a zone dispatching system. The 18,000 m² annex to the Air Cargo Center, which was constructed to handle the rapidly increasing volume of cargo at Vienna International Airport, opened at the turn of the year. Temporary personnel were engaged up to February 2006 to allow for uninterrupted operations during construction.

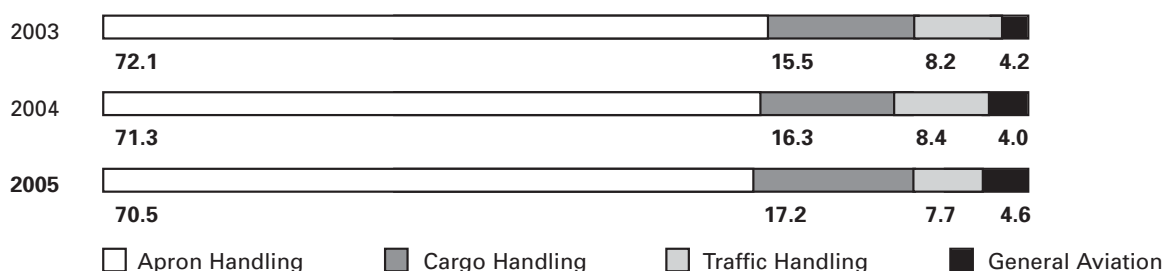
During the reporting year, the Handling Segment cleared 209,232 flight movements (+2.2%) for scheduled and charter traffic, plus an additional 22,088 movements in the General Aviation area. Furthermore, a total of 454,400 tonnes (baggage in & out incl. transfers, mail, cargo and trucking) and 14.2 million pieces of baggage (+5.2%) were handled.

Increased frequencies for “cargo only” flights by Asiana and Korean Airlines as well as a new connection by China Airlines supported a strong increase in cargo turnover during 2005. The cargo sector handled a total volume of 234,677 tonnes, which represents an increase of 12.0%. Air cargo comprised 167,494 tonnes for a plus of 15% and trucking rose by 4.9%. This growth was generated primarily by imports from Korea, two-thirds of which are transported to plants in Slovakia on a “just in time” basis. Korean Airlines took over second place in cargo volume during the reporting year, transforming Vienna International Airport into Europe’s largest Korean station in a single year.

The number of employees in the Handling Segment rose by 5.9% from 1,756 to 1,859 as an after-effect of the growth in 2004 and developments of 2005, triggering an increase of € 8.5 million in personnel expenses. The completion and start-up of several investment projects led to a plus of 16.4% in depreciation, which increased to € 7.0 million. EBIT recorded by this segment totalled € 15.5 million for 2005, and the EBIT margin reached 10.2% (2004: 12.7%).

Vienna Aircraft Handling GmbH (VAH), a 100% subsidiary of Flughafen Wien AG, offers a complete range of services for general aviation. This company can look back on a successful year in 2005: the number of flight movements in the General Aviation area increased 11.5% to 22,088. Extensive efforts in the private aircraft area for the handling of business aviation flights and the provision of brokerage services led to growth of 38.4% in related turnover compared to the prior year. Aircraft fuelling in the General Aviation area showed a strong increase in volume during the reporting year, with VAH reporting sales of more than 12.9 million litres (+14.4%). However, this business was influenced by the trend to carnet fuelling in 2005 and is also reflected in the general development of turnover. An infrastructure tariff was introduced at the start of June 2005 to replace the key fuel throughput charge, which is no longer relevant for VAH. VAH relocated its offices to the new General Aviation Terminal in December 2005.

Structure of turnover in the Handling Segment in %



Investments

The Handling Segment invested a total of € 8.5 million in 2005. Projects included € 1.2 million for a new rechargeable battery station and workshop, four passenger stairs and five aircraft tow trucks for additional push-back positions as well as equipment for the Handling Center West, Air Cargo Center and northeast equipment storage facility.

Outlook

We expect a consolidation of growth in the apron handling segment during 2005, especially in the low-cost carrier segment, as well as an increase of 1.5% in movements. "Cargo only" flights should continue to provide opportunities for growth, as is demonstrated the Korean Airlines plan to expand operations in Vienna. We also expect continued demands by the airlines for reduced service packages and lower prices. The competitive pressure will remain unbroken. We intend to meet this challenge with a variable product offering and flexible prices, the optimisation of processes in this segment and throughout the entire company, and strict cost control.

We expect "cargo only" flights will provide further impulses for growth in this sector, which will not only have a favourable impact on air cargo but also on the related forwarding business. Cargo volume is expected to increase 4.5% in 2006, and the market share should remain unchanged at 100%. The focal point of growth is shifting from trucking to air cargo, and we are also confronted with increasing pressure on prices and higher costs in this area, above all due to new regulations governing cargo security.

The Handling Segment will additionally direct its attention to preparations for further market liberalisation measures that are expected to take effect in 2008/09 and could lead to the gradual start of operations by two competitors.

Recognised international know-how, competitive prices and products that are designed to meet demand, above all in the transfer sector, will allow the Handling Segment to remain a key success factor for Vienna International Airport in the future.

The Non-Aviation Segment

Increase of 6.3% in external turnover – positive development in all areas.

The Non-Aviation Segment includes various services related to airport operations such as shopping, gastronomy, car parks, advertising space, security services, development and marketing of real estate, traffic connections, technical services, construction management, and consulting services. The nearly 200 companies located at the airport receive services such as telecommunications, data processing, energy supply and waste disposal from this business unit. The retail, gastronomy, marketing of advertising space, parking and rental areas were combined into the new “Property and Center Management” department in mid-2005 as part of a reorganisation. The Non-Aviation Segment generated 21.7% of Group turnover for the reporting year (2004: 21.1%).

Key Data on the Non-Aviation Segment in € million, except employees

	2005	Change	2004*	2003*
Turnover	89.2	6.3%	83.9	75.6
Depreciation	16.4	8.9%	15.0	14.2
Segment earnings	34.5	13.6%	30.3	25.9
EBIT margin	21.9%	2.9%	21.3%	20.7%
Allocated assets	343.2	42.7%	240.5	165.8
Capital expenditure	115.8	27.2%	91.0	47.3
Employees as of 31.12.	1,174	19.8%	980	899

* Following the internal reorganisation of Flughafen Wien AG as of 1 July 2005, special guest services were reclassified from the Non-Aviation Segment to the Airport Segment for reporting purposes retroactively as of 1 January 2005. The typography and printing centre and consulting services were also reclassified, and are now included under the Non-Aviation Segment. The prior year values were adjusted accordingly.

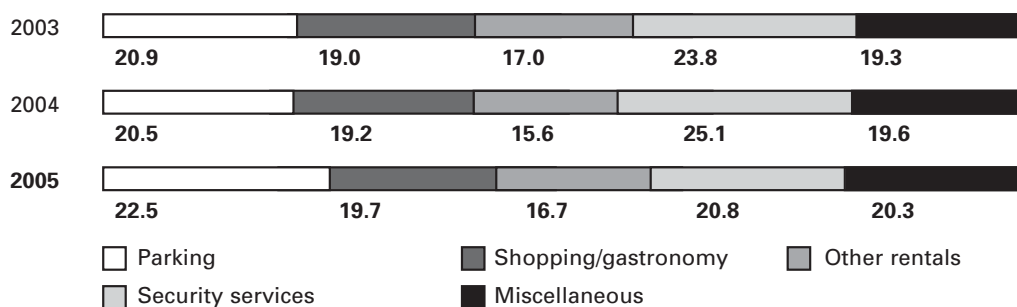
Developments in 2005

Despite a number of limitations caused by construction projects, the Non-Aviation Segment was able to increase turnover by 6.3% to € 89.2 million. Segment earnings rose 13.6% over the prior year to equal € 34.5 million for 2005, and the EBIT margin equalled 21.9% (2004: 21.3%).

The strongest growth in turnover was recorded in the parking area with a plus of 16.8%, and resulted largely from price adjustments. The rental of office and cargo space rose 15.2%, above all due to the opening of the Office Park at the end of 2004. The increase in turnover from shopping and gastronomy exceeded the growth in passenger volume for 2005. However, the supply of shop space available for rental declined during the reporting year following the start of construction for the VIE-Skylink terminal.

VIAS (Vienna International Airport Security Service Ges.m.b.H), a wholly owned subsidiary of Flughafen Wien AG, also won the new tender for the provision of security services

Structure of turnover in the Non-Aviation Segment in %



at Vienna International Airport in 2004. Since 1 January 2005 these services have been subject to the lower prices defined by the new contract terms, which have resulted in a decline in turnover.

The implementation of EU security directive 2320 on 1 January 2006 requires the control of all employees who have access to sensitive areas of the airport (aprons). VIAS is responsible for these security checks. New hiring for these duties involved the addition of 150 employees during 2005, who underwent training for these activities in the last quarter of the reporting year.

Investments

Major projects in the Non-Aviation Segment included the Air Cargo Center as well as the expansion of capacity in the car parks. Three stories were added to car park 3, car parks 7 and 8 were constructed and additional parking areas were created at the new General Aviation Center. The VIP and General Aviation Center in the western sector of Vienna International Airport was completed just in time before Austria assumed the rotating presidency of the European Union in January 2006. The new air traffic control tower was completed at mid-year and turned over to its tenant, Austro Control GesmbH. The development of property near the Cargo West facility and to the west of the Austrian Airlines basis was started in 2005. Negotiations are in progress to attract integrators and other companies to this area.

Outlook

The groundbreaking ceremony for phase 2 of the Office Park with 24,300 m² of rentable space took place in February 2006. This building will be located next to the existing Office Park, and will be rented to Austrian Airlines after completion in 2007. The capacity of car park 7 will be increased by 687 spaces to also create parking for the new Austrian Airlines headquarters in the adjacent phase 2 of the Office Park.

The new Air Cargo Center opened in January 2006. It offers 7,500 m² of office space and 22,500 m² of warehouse space that meets the latest standards for the cargo business. At the same time, a number of older freight halls that no longer meet the demands of customers were closed.

The forwarding agent building will be completely renovated during 2006 and 2007. This project and the start of operations in the new Air Cargo Center in early 2006 will provide expanded state-of-the-art warehouse and office space for cargo handling. The completion of this construction will represent the last stage in the modernisation of cargo facilities at Vienna International Airport.

Activities for 2006 will concentrate on planning for the expansion of the VIE-Skylink terminal, in particular to define the outlet mix, develop a detailed optimisation plan for space and start the tender process.

Shopping

	2005	Change	2004	2003
Selling space in m ²	5,977	-3.4%	6,189	6,261
Shop turnover in € mill.	95.0	9.3%	87.0	78.1
Revenues in € mill.	14.4	8.8%	13.3	12.0

Gastronomy

	2005	Change	2004	2003
Selling space in m ²	3,451	1.4%	3,402	3,248
Shop turnover in € mill.	22.4	7.9%	20.8	17.6
Revenues in € mill.	3.1	10.7%	2.8	2.4

Consolidated Financial Statements 2005 of Flughafen Wien AG

Consolidated Financial Statements 2005

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Consolidated Income Statement

for the period from 1 January to 31 December 2005

in T€	Notes	2005	2004
Turnover	(30)	410,338.7	398,266.0
Other operating income	(1)	23,167.1	20,484.3
Operating income		433,505.8	418,750.3
Cost of materials and services		-35,866.0	-26,537.8
Personnel expenses	(2)	-184,585.8	-169,952.8
Amortisation of intangible assets and depreciation of fixed assets	(10-11)	-57,385.3	-48,921.6
Other operating expenses	(3)	-63,374.1	-70,835.0
Income before interest and taxes (EBIT)		92,294.6	102,503.1
Income from investments, excl. associates at equity	(5)	-438.5	450.5
Net financing costs	(6)	1,379.5	6,132.8
Other income from financing activities	(7)	5,793.5	-3,464.5
Financial results, excl. associates at equity		6,734.6	3,118.9
Income from associates at equity	(4)	956.9	-215.5
Financial results		7,691.4	2,903.4
Profit before taxes (EBT)		99,986.0	105,406.4
Taxes on income	(8)	-25,323.3	-33,758.6
Net profit for the period		74,662.7	71,647.8
Thereof profit due to minority interests		358.9	-40.0
Thereof profit due to parent company		74,303.8	71,687.8
Number of shares outstanding (weighted average)	(9)	21,000,000	21,000,000
Earnings per share (in €)		3.54	3.41
Recommended/paid dividend per share (in €)		2.00	2.00
Recommended/paid dividend per share (in T€)		42,000.0	42,000.0

Consolidated Balance Sheet

as at 31 December 2005

Assets

in T€	Notes	31.12.2005	31.12.2004
Intangible assets	(10)	6,970.5	6,655.6
Property, plant and equipment	(11)	973,062.1	712,171.1
Associates – at equity	(12)	51,689.2	30,882.6
Other financial assets	(13)	40,461.4	36,112.7
Non-current receivables	(14)	551.5	390.9
Deferred tax assets	(15)	7,737.4	9,388.1
Non-current assets		1,080,472.0	795,601.1
Inventories	(16)	2,815.8	2,592.1
Current receivables and other current assets	(17)	47,904.9	46,140.3
Cash and cash equivalents	(18)	58,231.5	108,008.8
Current assets		108,952.2	156,741.2
Assets		1,189,424.2	952,342.3

Equity and Liabilities

in T€	Notes	31.12.2005	31.12.2004
Share capital	(19)	152,670.0	152,670.0
Share premium	(20)	117,657.3	117,657.3
Retained earnings and reserves	(21)	395,441.1	360,554.2
Minority interests	(22)	0.0	111.5
Equity		665,768.5	630,993.1
Non-current provisions	(23)	120,749.1	91,217.9
Other non-current liabilities	(24)	8,218.7	9,630.4
Non-current liabilities		128,967.8	100,848.4
Current provisions for taxes	(25)	6,251.4	20,240.7
Other current provisions	(25)	112,930.2	85,700.1
Current financial liabilities	(26)	170,700.0	3.9
Trade payables	(27)	53,154.6	65,270.5
Other current liabilities	(28)	51,651.8	49,285.6
Current liabilities		394,687.9	220,500.8
Equity and Liabilities		1,189,424.2	952,342.3

Consolidated Cash Flow Statement

for the period from 1 January to 31 December 2005

in T€	2005	2004
Profit before tax	99,986.0	105,406.4
+ Depreciation / - Write-ups of fixed and financial assets	52,164.1	48,289.0
+ Loss / - Gain on the disposal of fixed and financial assets	96.2	1,750.8
- Reversal of investment subsidies from public funds	-1,647.0	-1,686.6
- Increase / + Decrease in inventories	-223.6	-525.5
- Increase / + Decrease in receivables	-2,304.8	-7,801.1
+ Increase / - Decrease in provisions	58,303.1	10,945.4
+ Increase / - Decrease in liabilities	-9,462.7	53,660.0
Cash flow from changes in the consolidation range	57.8	0.0
Net cash flows from ordinary operating activities	196,969.2	210,038.3
- Income taxes paid	-38,952.8	-15,685.6
Net cash flows from operating activities	158,016.4	194,352.7
+ Payments received on the disposal of fixed assets (excl. financial assets)	337.9	229.8
+ Payments received on the disposal of financial assets	5,771.8	3,487.5
- Payments made for investments in fixed assets (excl. financial assets)	-319,096.2	-185,337.3
- Payments made for investments in financial assets	-24,038.3	-924.3
Cash flow from changes in the consolidation range	61.7	0.0
+ Cash flow from non-repayable subsidies	84.3	2,618.2
Net cash flows from investing activities	-336,878.8	-179,926.1
- Dividend	-42,000.0	-42,000.0
+ Cash inflows / - Cash outflows from minority shareholders	0.0	-135.9
Cash flow from changes in the consolidation range	-470.5	0.0
Change in financial liabilities	170,696.1	0.0
Net cash flows from financing activities	128,225.6	-42,135.9
Change in cash and cash equivalents	-50,636.8	-27,709.2
Change in revaluation reserve for securities	892.4	4,604.3
Effect of exchange rate fluctuations on cash held	-32.9	-15.1
+ Cash and cash equivalents at the beginning of the year	108,008.8	131,128.8
Cash and cash equivalents at the end of the year	58,231.5	108,008.8
Thereof current securities	35,047.6	52,944.6
Thereof unrealised gains (+) / losses (-)	675.1	-246.9
Interest expense for operating activities	1,222.8	40.4
Interest income from operating activities	2,585.5	5,963.2
Dividends received	1,019.7	578.8

For additional information see Note (29).

Consolidated Statement of Capital and Reserves

as at 31 December 2005

in T€	RESERVES					Total
	Share capital	Share premium account	Revaluation reserve	Retained earnings and other reserves	Minority interests	
Balance on 31.12.2003	152,670.0	117,657.3	-5,542.1	325,363.3	287.4	590,435.9
Currency translation adjustments				-98.0		-98.0
Revaluation of securities			3,770.0			3,770.0
Employee fund				7,373.2		7,373.2
Gains and losses not reflected in the income statement			3,770.0	7,275.2		11,045.2
Profit for the year 2004				71,687.8	-40.0	71,647.8
Dividend payment for 2003				-42,000.0	-135.9	-42,135.9
Balance on 31.12.2004	152,670.0	117,657.3	-1,772.1	362,326.4	111.5	630,993.1
Currency translation adjustments				138.8		138.8
Revaluation of securities			1,722.3			1,722.3
Employee fund				722.0		722.0
Gains and losses not reflected in the income statement			1,722.3	860.8		2,583.1
Changes in the consolidation range					-470.5	-470.5
Profit for the year 2005				74,303.8	358.9	74,662.7
Dividend payment for 2004				-42,000.0		-42,000.0
Balance on 31.12.2005	152,670.0	117,657.3	-49.8	395,491.0	0.0	665,768.5

For additional information see Notes (19) to (22).

Notes

to the Consolidated Financial Statements 2005 of Flughafen Wien AG

General Information

Reporting in accordance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of Flughafen Wien AG for the 2005 Business Year were prepared in accordance with the International Financial Reporting Standards (IFRS) that were issued by the International Accounting Standards Board (IASB). They comply with the International Financial Reporting Standards (IFRS) that were issued by the International Accounting Standards Board and adopted by the European Union.

In keeping with § 245a of the Austrian Commercial Code, these financial statements fulfil legal requirements for the exemption from the obligation to prepare consolidated financial statements under Austrian law. Therefore, financial statements were not prepared in accordance with the Austrian Commercial Code.

Reporting in Euro

In order to provide a better overview, amounts are generally shown in thousand euros (T€). These rounded figures also include exact amounts that are not shown, and rounding differences can therefore occur. This also applies to other information such as the number of employees, traffic data etc.

Information on the Company

Flughafen Wien AG is active in the construction and operation of civil airports and related facilities. As a civil airport operator, the Company manages Vienna International Airport and the Vöslau-Kottingbrunn Airport. The headquarters of the Company are located in Schwechat, Austria.

Significant Accounting Policies

The consolidated financial statements were prepared in accordance with the historical cost convention. The income statement was prepared in keeping with the Austrian method under which "total costs" are shown.

The financial statements of companies included in the consolidation are prepared in accordance with uniform Group accounting and valuation principles.

Consolidation range

The companies included in the consolidated financial statements and the methods used for consolidation are listed in an appendix to the Notes. City Air Terminal Betriebsgesellschaft m.b.H. and Malta Mediterranean Link Consortium Ltd. are classified as joint ventures because major management decisions are made together with the other shareholders.

Eight subsidiaries and one associated company were not included in the consolidated financial statements because their economic significance and influence on the asset, financial and earnings position of the Group is immaterial. The combined sales of these unconsolidated companies equalled 0.9% of Group sales in 2005.

BTS Holding a.s. and KSC Holding a.s. were founded on November 7, 2005 together with Raiffeisen Zentralbank Österreich Aktiengesellschaft and Penta Investments Limited for the planned acquisition of 66% of the shares in Bratislava and Košice Airports. These companies were not included in the consolidation because their influence on the asset, financial and earnings position of the Group was immaterial during the reporting year.

Changes in the consolidation range during 2005

Initial consolidation	As of	Type of consolidation	Explanation
VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H.	6.6.2005	Full consolidation	Founding

This company was founded for the construction of section 3 of the Office Park, which will be rented to Austrian Airlines.

Deconsolidations	As of	Consolidation method	Explanation
Vienna Airport Baumanagement Gesellschaft m.b.H.	31.8.2005	Full consolidation	Sale
Vienna International Airport España, S.L.	24.6.2005	Full consolidation	Liquidation

Effects of changes in the consolidation range

The changes in the consolidation range during 2005 had no material impact on the asset, financial or earnings position of the Company because Vienna Airport Baumanagement Gesellschaft m.b.H. was engaged primarily in the provision of services to Group companies and Vienna International Airport España, S.L. has been inactive since September 2002. The newly founded VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H. started operations at the beginning of 2006.

Consolidation principles

The financial statements of companies included in the consolidation were prepared as of the same date used for the consolidated financial statements with the exception of the Maltese subsidiaries (VIE Malta Ltd. subsidiary group), which have a balance sheet date of 31 March. The annual financial statements of all major companies were audited and verified by certified public accountants. The subsidiary group financial statements as of 31 December 2005 of VIE Malta Ltd. were subject to review by a certified public accountant. Up to 2004, the book value method was used to eliminate the investment and equity. Under this method, the acquisition price of an investment is compared with the relevant shareholders' equity at the point of founding or purchase. Any positive differences are recorded as goodwill. Beginning in 2005, business combinations are accounted for by applying the purchase method in accordance with IFRS 3 §14. Under this method, the cost of the business combination is allocated to the assets acquired and liabilities assumed at fair value. Positive differences are recognised as goodwill and negative differences are recognised as an expense.

For associates and joint ventures, the proportional share of profit or loss is added to or subtracted from the value of the investment (equity method).

For the consolidation of liabilities, all receivables and loans granted are offset with corresponding liabilities and provisions.

All expenses and revenue arising from the provision of goods or services between member companies of the Group are eliminated. Any material interim profits arising from the transfer of assets between Group companies are eliminated with an appropriate charge or credit to the income statement.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the business deal. Monetary items in foreign currencies are translated at the exchange rate in effect on the balance sheet date.

The financial statements of companies located outside the euro zone are translated in accordance with the modified current rate method. Under this method the component items of equity are translated at historical rates, all other balance sheet items at the rate in effect on the balance sheet date, and income and expenses at the average exchange rate for the year.

The exchange rates used to translate data from the Maltese subsidiary developed as follows during the reporting year:

	Balance sheet date		Average rate for the year	
	31.12.2005	31.12.2004	2005	2004
	€	€	€	€
100 MTL	234	231	233	234

Tangible and intangible assets

Tangible and intangible assets are valued at purchase or production price less ordinary straight-line depreciation or amortisation. Ordinary depreciation and amortisation is based on the following useful lives:

	Years
- Operational buildings	33.3
- Other buildings	10 – 50
- Facilities	10 – 20
- Technical equipment and machinery	5 – 20
- Other equipment, furniture, fixtures and office equipment	4 – 15
- Concessions and rights	4 – 10

A full year's depreciation is taken for assets purchased during the first half of the year; one-half this amount is taken for additions made during the second six months. Low-value assets (assets with a purchase price up to € 400.00) are completely written off in the year of purchase.

Goodwill

Goodwill is defined as the surplus of the price paid for a company over the fair value of purchased identifiable assets and liabilities on the date of acquisition. Up to and including 2004, goodwill was amortised on a straight-line basis over the assumed useful life of the asset, up to a maximum of 20 years. A change in IFRS rules replaced the scheduled amortisation of goodwill with an impairment test. Any remaining goodwill is assessed as of each balance sheet date to determine its future economic benefit, and amounts that are not covered by future economic benefits are recognised immediately as an expense.

Financial assets

Shares in subsidiaries and associates that are not consolidated for reasons of immateriality as well as other unconsolidated investments and loans granted are shown at fair value where available or at their acquisition price.

Non-current securities are valued pursuant to IAS 39. In accordance with IAS 39 §9, these securities were classified as "available for sale" and stated at fair value. Gains and losses resulting from a change in fair value are recognised to equity as required by IAS 39 §55 (b) and shown on the consolidated statement of capital and reserves. When these securities are sold, any gains and losses recorded under equity are recognised to the income statement.

Inventories

Inventories are stated at historical cost or the lower net selling value. The moving average price method is used for valuation.

Receivables

Receivables are stated at nominal value or the higher applicable amount, unless individual recognisable risks require the use of a lower figure. Foreign currency receivables are valued at the average exchange rate on the balance sheet date.

Securities

In accordance with IAS 39, securities that are not intended to serve business operations on a lasting basis are stated at market value as of the balance sheet date. These securities are classified as available for sale in keeping with IAS 39 § 9 and recorded at fair value. Gains and losses resulting from a change in fair value are recognised to equity as required by IAS 39 § 55 (b) and shown on the consolidated statement of capital and reserves. When these securities are sold, any gains and losses recorded under equity are recognised to the income statement.

Provision for deferred taxes

In keeping with IAS 12 (revised) deferred taxes are recorded for all temporary valuation and accounting differences arising between the book value of an asset or a liability and its value for tax purposes. Temporary differences arise primarily in connection with the valuation of fixed and financial assets, treasury stock that was transferred to the Flughafen Wien employee foundation, and the provisions for pensions, severance compensation and service anniversary bonuses. The tax rates expected when these differences reverse in the future are used for the calculation.

Deferred tax assets are created for tax loss carry-forwards if they are expected to be used against taxable profits in the future.

Investment subsidies from public funds

Subsidies granted by public authorities for the purchase of tangible assets are shown under current or non-current liabilities, and are reversed to the income statement over the useful lives of the related assets on a straight-line basis.

Special investment allowances granted by the Republic of Austria are treated as investment subsidies.

Provisions for severance compensation, pensions and service anniversary bonuses

Flughafen Wien AG

In keeping with IAS 19, provisions (defined benefits obligations) are calculated by the parent company Flughafen Wien AG according to the projected unit credit method.

These calculations incorporate future wage and salary increases. The discount rate is based on the yields for long-term Austrian federal securities as of the balance sheet date.

The retirement age represents the first possible date for early retirement permitted by the 2004 pension reform in Austria (federal budget act of 2003) and reflects all transition regulations. The retirement age for female employees reflects a gradual increase in the retirement age for women in keeping with Austrian law.

The AVÖ 1999-P life expectancy tables for male and female employees, which are prepared by F.W. Pagler, form the biometric basis for this calculation.

Entitlements arising from claims to widows/widowers pensions were calculated in accordance with the collective method.

A discount for employee turnover is included in the calculation, and is based on the length of service.

Actuarial gains and losses that exceed or fall below 10% of the present value of provisions for severance compensation and pensions are recognised to the income statement over a period of five years.

Subsidiaries

To simplify calculations, the provisions for severance compensation and service anniversary bonuses are based on financial principles and a discount rate of 3.5%.

Neither the Austrian nor foreign subsidiaries have made any pension commitments.

Other provisions

Other provisions are created in accordance with reasonable business judgment and reflect the amounts considered necessary to cover future payment obligations, recognisable risks and uncertain liabilities. These provisions are recorded at the amount considered most probable after careful examination of the related circumstances.

Liabilities

Liabilities are stated at nominal value or the higher repayment amount. Foreign currency liabilities are recorded at the average exchange rate in effect on the balance sheet date.

Realisation of income

Income is realised when services are provided or the risks and opportunities associated with the delivered service have been transferred to the buyer.

Derivative financial instruments

The valuation of primary financing instruments includes any related interest rate and exchange rate hedges. The Group had no derivative financing instruments as of the balance sheet.

Earnings per share

Earnings per share for the Flughafen Wien Group are calculated by dividing profit for the year, after the deduction of minority interest, by the weighted number of shares outstanding.

Notes to the Consolidated Income Statement

(1) Other operating income

in T€	2005	2004
Own work capitalised	14,298.9	7,957.9
Income from the disposal of fixed assets, with the exception of financial assets	164.8	105.7
Income from the reversal of provisions	5,187.9	7,648.6
Income from the reversal of investment subsidies from public funds	1,647.0	1,686.6
Income from rights granted	570.4	420.6
Income from insurance	344.8	108.7
Income from the reversal of valuation adjustments	42.3	1,537.5
Miscellaneous	911.0	1,018.6
	23,167.1	20,484.3

(2) Personnel expenses

in T€	2005	2004
Wages	80,891.8	73,348.4
Salaries	54,927.9	51,234.3
Expenses for severance compensation	6,962.9	6,450.1
Thereof contributions to severance fund	544.9	357.1
Expenses for pensions	2,753.5	3,228.0
Thereof contributions to pension funds	1,428.9	1,543.8
Expenses for legally required social security and payroll-related duties and mandatory contributions	37,492.2	34,348.9
Other employee benefits	1,557.5	1,343.1
	184,585.8	169,952.8

Personnel expenses increased during the reporting year because of wage and salary raises mandated by collective bargaining agreements and growth in the workforce. The number of employees rose 9.7% to 3,581 because of the solid growth in traffic and the expansion of existing activities in the security sector. Flughafen Wien AG was able to hold productivity per employee at the high prior level and record a slight improvement in this indicator.

As of 1 January 2003 an amendment to Austrian law led to a basic change in severance compensation from defined benefit to defined contribution. This rule applies to men and women who entered into new employment relationships after 31 December 2002. For these employees, the Company makes a monthly contribution to a special fund that will be responsible for any severance payments.

(3) Other operating expenses

in T€	2005	2004
Other taxes	250.2	167.8
Maintenance	14,218.7	21,510.8
Third party services	12,178.0	10,621.1
Legal, auditing and consulting expenses	5,757.0	6,274.3
Market communication	12,745.9	12,392.2
Postage and telecommunications	1,882.9	1,699.2
Rental and lease payments	1,619.1	1,548.6
Insurance	4,697.3	4,002.5
Travel and training	1,183.8	1,488.1
Damages	1,446.7	696.1
Valuation adjustments to and write-offs of receivables	924.8	660.5
Losses on the disposal of non-current assets	279.7	1,680.8
Miscellaneous operating expenses	6,190.0	8,093.0
	63,374.1	70,835.0

Maintenance expenses cover the regular upkeep of buildings and equipment, the maintenance of EDP equipment and the renovation of runways, aprons and taxiways.

Third party services are comprised primarily of cleaning services, costs for the baggage reconciliation system and handling of baggage carts, fees for waste water and garbage disposal, and temporary personnel for Vienna Airport Baumanagement Gesellschaft m.b.H. and Vienna Airport Infrastruktur Maintenance GmbH.

Legal, auditing and consulting expenses consist primarily of fees and duties paid to attorneys and notaries public, costs for certified accountants and consulting services. The consulting services were used above all to increase the efficiency of work processes and for the mediation process.

Expenses for market communications cover traditional public relations, in particular to support the position of Vienna International Airport as an east-west hub.

(4) Income from investments recorded at equity

in T€	2005	2004
Income from investments		
in associates and joint ventures	1,526.8	664.1
Expenses arising from investments		
in associates and joint ventures	-569.9	-879.6
	956.9	-215.5

(5) Income from investments, excluding investments recorded at equity

in T€	2005	2004
Income from investments in		
subsidiaries and other companies	49.2	500.5
Expenses arising from investments in		
subsidiaries and other companies	-487.7	-50.0
	-438.5	450.5

(6) Interest income/expense

in T€	2005	2004
Interest and similar income	2,999.5	6,561.3
Interest and similar expenses	-1,620.0	-428.5
	1,379.5	6,132.8

(7) Other financial results

in T€	2005	2004
Income from the disposal and write-up		
of financial assets	5,741.2	1,453.5
Income from the disposal and write-up		
of current securities	52.4	1,436.7
Losses on the disposal of current securities	0.0	-6,171.9
Losses on the disposal of non-current securities	0.0	-182.7
	5,793.5	-3,464.5

(8) Taxes on income

in T€	2005	2004
Current tax expense	24,963.5	35,466.0
Deferred taxes	359.9	-1,707.4
	25,323.3	33,758.6

The difference between the theoretical tax rate (Austrian corporate tax rate of 25%) and the effective tax rate shown in the financial statements is due to the following:

in T€	2005	2004
Profit before tax	99,986.0	105,406.4
Theoretical income tax	24,996.5	35,838.2
Change in tax rate for deferred taxes	0.0	-1,651.1
Permanent differences and taxes related to other periods	326.8	-428.4
Income tax expense as per income statement	25,323.3	33,758.6
Effective tax rate	25.3%	32.0%

For additional information on changes in deferred taxes, see Note (15) on the provision for deferred taxes.

(9) Outstanding shares

There were 21,000,000 shares outstanding.

Notes to the Consolidated Balance Sheet

Fixed and Financial Assets

(10) Intangible assets

in T€	Concessions and rights	Goodwill	Total
Development from 1.1. to 31.12.2005			
Net book value as of 1.1.2005	5,751.0	904.6	6,655.6
Foreign currency translation	0.0	9.5	9.5
Changes in the consolidation range	-3.7	0.0	-3.7
Additions	1,883.4	0.0	1,883.4
Transfers	275.7	0.0	275.7
Amortisation	-1,849.9	0.0	-1,849.9
Net book value as of 31.12.2005	6,056.4	914.1	6,970.5
Balance on 31.12.2005			
Acquisition price	18,612.4	1,041.4	19,653.8
Accumulated amortisation	-12,556.0	-127.3	-12,683.3
Net book value	6,056.4	914.1	6,970.5

The additions to concessions and rights are comprised primarily of the purchase and development of software for T€ 1,830.6.

Goodwill is related to the acquisition of a stake in Malta Mediterranean Link Consortium Ltd. by VIE Malta Ltd. Goodwill from this acquisition was subject to an impairment test, which indicated that a write-down in accordance with IFRS 36 was not required.

(11) Property, plant and equipment

in T€	Land and buildings	Technical equipment and machinery	Other equipment, furniture, fixtures and office equipment	Advance payments made and construction in progress	Total
Development from 1.1. to 31.12.2005					
Net book value as of 1.1.2005	384,340.9	150,808.4	39,180.0	137,841.9	712,171.1
Changes in the consolidation range	0.0	-0.9	-57.0	0.0	-57.9
Additions	82,960.9	53,409.0	22,822.4	158,020.5	317,212.8
Transfers	40,628.8	28,719.1	847.9	-70,471.5	-275.7
Disposals/remaining book value	-310.5	-22.6	-119.7	0.0	-452.8
Depreciation	-19,251.8	-21,573.5	-14,710.2	0.0	-55,535.4
Net book value as of 31.12.2005	488,368.3	211,339.6	47,963.3	225,390.9	973,062.1
Balance on 31.12.2005					
Acquisition price	708,049.0	528,113.4	147,945.7	225,905.8	1,610,013.9
Accumulated depreciation	-219,680.7	-316,773.9	-99,982.4	-514.9	-636,951.8
Net book value	488,368.3	211,339.6	47,963.3	225,390.9	973,062.1

The above additions include:

In the Airport Segment in T€

Environmental impact audit for the third runway and obligations from the mediation process	40,790.7
Enlargement of apron areas	35,461.7
Preparation for the new VIE-Skylink terminal	27,760.8
Handling Center West	20,089.6
Drainage system for runway 16/34	7,342.5
Expansion of the railway station	7,117.8
Terminal 1A	5,858.6
North-east equipment storage facility	5,692.0
Expansion of the baggage handling centre	5,152.2

In the Handling Segment in T€

Passenger busses, aircraft tow trucks, diesel and electric tow trucks, waste disposal trucks, passenger stairs, fresh water trucks, rechargeable battery stations, conveyor belts etc.	8,461.3
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In the Non-Aviation Segment in T€

Air Cargo Center	41,780.8
Construction of new VIP and General Aviation Center	15,482.2
New air traffic control tower	11,632.0
Car park 8 (west)	10,101.0
North-east infrastructure building	8,461.6
Car park 3, additional storey	7,082.6
Car park 7 (east)	5,250.4

(12) Financial assets – associates and joint ventures included at equity

in T€	Value of the company	Total
Development from 1.1. to 31.12.2005		
Net book value as of 1.1.2005	30,882.6	30,882.6
Foreign currency translation	245.0	245.0
Additions	20,593.9	20,593.9
Write-ups	537.6	537.6
Write-downs	-569.9	-569.9
Net book value as of 31.12.2005	51,689.2	51,689.2
Balance on 31.12.2005		
Acquisition price	53,654.3	53,654.3
Accumulated write-ups/ write-downs	-1,965.1	-1,965.1
Net book value	51,689.2	51,689.2

Write-ups and -downs include any changes in the value of companies consolidated at equity.

Following are selected data on the joint ventures City Air Terminal Betriebsgesellschaft m.b.H. and Malta Mediterranean Link Consortium Ltd. (value of subsidiary group, share owned: 57.1%), which has a controlling influence on Malta International Airport plc.:

in T€	2005	2004
Non-current assets	142,397.7	141,468.2
Current assets	20,650.8	36,314.8
Non-current liabilities	65,769.0	66,646.6
Current liabilities	10,717.4	25,126.4
Income	45,112.2	42,450.4
Expenses	29,933.7	27,914.1

(13) Other financial assets

Investments in other companies

in T€	Shares in associates (not consolidated)	Shares in subsidiaries (not consolidated)	Total
Development from 1.1. to 31.12.2005			
Net book value as of 1.1.2005	16.3	1,781.6	1,797.9
Additions	0.0	2,596.8	2,596.8
Write-downs	0.0	-487.7	-487.7
Net book value as of 31.12.2005	16.3	3,890.8	3,907.1
Balance on 31.12.2005			
Acquisition price	49.0	4,378.4	4,427.4
Accumulated write-downs	-32.7	-487.7	-520.4
Net book value	16.3	3,890.8	3,907.1

This position includes the following shares in subsidiaries, which were not consolidated because they are currently immaterial:

Shares in non-consolidated associated companies:

AviaSec Aviation Security GmbH, in liquidation

Shares in non-consolidated subsidiaries:

Flughafen Wien/Berlin-Brandenburg International Entwicklungsbeteiligungsgesellschaft m.b.H.

GetService Dienstleistungsgesellschaft m.b.H.

“GetService“-Flughafen-Sicherheits- und Servicedienst GmbH

Salzburger Flughafen Sicherheitsgesellschaft m.b.H.

VIAS Hellas Security Air Transport Services Limited Liability Company

VIE Shops Entwicklungs- und Betriebsges.m.b.H.

BTS Holding a.s. (newly founded company for the planned acquisition of a stake in Bratislava Airport)

KSC Holding a.s. (newly founded company for the planned acquisition of a stake in Košice Airport)

Securities and other loans granted

in T€	Non-current securities and similar rights	Other loans granted	Total
Development from 1.1. to 31.12.2005			
Net book value as of 1.1.2005	34,245.1	69.7	34,314.8
Additions	747.6	100.0	847.6
Write-ups	1,403.9	5,741.2	7,145.1
Disposals/remaining book value	0.0	-5,753.1	-5,753.1
Net book value as of 31.12.2005	36,396.7	157.7	36,554.4
Balance on 31.12.2005			
Acquisition price	38,262.5	157.7	38,420.2
Accumulated write-downs	-1,865.9	0.0	-1,865.9
Net book value	36,396.7	157.7	36,554.4

Non-current securities serve primarily to fulfil coverage requirements for the provisions for severance compensation and pensions, in accordance with Austrian law. Other loans granted represent rights for Corvin Hotel Airport Plaza Errichtungs- und Betriebsgesellschaft m.b.H., which were written down to zero as of 1 January 2005. After the receipt of a binding commitment in 2005 to repay T€ 5,741.2, the asset was written up to this amount. These rights were divested at the end of 2005. Other loans granted also include a loan to Societe Internationale Telecommunications Aeronautiques SC (T€ 57.7) as well as a non-current receivable of T€ 100.0 for the receipt of a subsidy from the Austrian federal government environmental fund.

(14) Non-current receivables

Non-current receivables of T€ 551.5 consist of interest-bearing advance payments of wages and salaries to employees and a proportional share of profit on the repurchase value of re-insurance.

(15) Provision for deferred taxes

Development of deferred tax assets

in T€	2005	2004
Balance on 1.1.	9,388.1	11,543.1
Changes recognised to the income statement	-359.9	1,707.4
Changes not recognised to the income statement	-1,290.8	-3,862.4
Balance on 31.12.	7,737.4	9,388.1

In 2004 the Austrian parliament approved a reduction in the corporate income tax rate from 34% to 25% beginning in 2005. In accordance with IAS 12, the calculation of deferred taxes for 2004 and 2004 was based on the 25% corporate tax rate that took effect on 1 January 2005.

Deferred tax assets or provisions were created for the following items:

in T€	2005	2004
Deferred tax assets		
Non-current assets	752.7	373.2
Current assets	1,108.9	0.0
Provisions for severance compensation	1,762.7	1,889.5
Provisions for pensions	1,937.8	2,006.1
Provisions for service anniversary bonuses	1,045.5	708.0
Transfer of shares to employee fund	8,492.4	10,591.0
Other provisions	3,637.1	4,295.6
Tax loss carry-forwards	615.7	648.6
	19,352.8	20,511.9
Provisions for deferred taxes		
Non-current assets	9,452.7	8,498.6
Current securities	202.7	0.0
Provision for taxes from consolidation	1,960.0	2,625.3
	11,615.4	11,123.9
Net deferred tax assets and provisions	7,737.4	9,388.1

(16) Inventories

in T€	2005	2004
Raw materials and supplies	2,815.8	2,592.1
	2,815.8	2,592.1

Raw materials and supplies include de-icing materials, fuel, spare parts and other materials used in airport operations.

(17) Current receivables and other current assets

in T€	2005	2004
Gross trade receivables	45,385.0	33,965.1
Valuation adjustments	-2,814.7	-3,064.5
Net trade receivables	42,570.3	30,900.7
Receivables due from subsidiaries (not consolidated)	33.9	119.2
Receivables due from associates	186.1	211.9
Receivables due from tax authorities	411.1	7,960.7
Other receivables and assets	1,503.9	4,246.2
Prepaid expenses and deferred charges	3,199.5	2,701.6
	47,904.9	46,140.3

Individual valuation adjustments were made to trade receivables to reflect possible bad debt losses.

(18) Cash and cash equivalents

in T€	2005	2004
Cash	177.2	156.9
Checks	294.1	0.0
Deposits with financial institutions	22,712.5	54,907.3
Securities	35,047.6	52,944.6
	58,231.5	108,008.8

Detailed information on securities is provided under Point (31) on financial instruments.

(19) Share capital

As of 31 December 2005 share capital totalled € 152,670,000.—. It is divided into 21,000,000 bearer shares of common stock.

At the tenth (extraordinary) Annual Meeting on 15 November 2000, a resolution was passed approving the repurchase of 10% of capital stock for transfer to a private fund for employees. On 30 November 2000 a total of 2,100,000 shares, or 10% of share capital, was repurchased. These shares were transferred to “Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung” on 20 December 2000 (2,000,000 shares) and 2 February 2001 (100,000 shares). The shares held by this fund have both voting and dividend rights. The foundation distributes dividends received from Flughafen Wien AG to employees.

(20) Share premium

Appropriated reserves consist of a T€ 92,221.8 premium received on the stock issue in 1992 and the T€ 25,435.5 premium realised on the share capital increase in 1995.

(21) Retained earnings and reserves

This item includes retained earnings from prior business years, the reduction to reserves following the initial consolidation under IAS, untaxed reserves after the deduction of deferred taxes, treasury stock, the revaluation reserve for non-current and current securities after the deduction of deferred taxes, and changes arising from foreign currency translation.

The line item “Fund” on the consolidated statement of capital and reserves includes the tax impact of the transfer of treasury stock to the “Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung” (the employee fund) in 2000 and 2001.

(22) Minority interests

Flughafen Wien AG sold its shares in Vienna Airport Baumanagement Gesellschaft m.b.H. as of 31 August 2005; the minority interest in the company was recorded under this position. Therefore, the balance equalled zero as of 31 December 2005.

(23) Non-current provisions

in T€	2005	2004
Provisions for severance compensation	45,136.2	42,567.1
Provisions for pensions	23,116.8	23,090.8
Provisions for service anniversary bonuses	10,876.3	9,207.0
Provisions for part-time work for older employees	7,813.1	6,746.0
Provisions for employee fund expenses	7,071.0	9,607.0
Provisions from mediation process expenses	26,735.7	0.0
	120,749.1	91,217.9

Provisions for severance compensation, pensions and service anniversary bonuses

Calculations for obligations arising from severance compensation, pensions, and service anniversary bonuses and related expenses for coverage requirements were based on the following factors.

Factors

	2005	2004
Discount rate	3.5%	4.5%
Wage and salary increases	3.5%	3.5%
Retirement trend (only for pensions)	1.5%	1.5%

Provisions for severance compensation

Legal regulations and collective bargaining agreements grant employees who joined the Company before 1 January 2003 a lump-sum payment on termination or retirement. The amount of this severance compensation is based on the length of service with the Company and compensation at the end of employment.

For employees who joined the Company after 1 January 2003, regular payments are made to a severance compensation fund. A provision was created to cover any additional severance payments required by collective bargaining agreements.

Transition from present value to provision

in T€	2005	2004
Present value of severance compensation obligations (DBO) as of 31.12.	59,366.2	48,312.6
Actuarial loss not recorded (accumulated)	-14,229.9	-5,745.5
Provision as of 31.12. per balance sheet	45,136.2	42,567.1

Expenses arising from severance compensation obligations

in T€	2005	2004
Service cost	3,532.8	3,234.6
Interest expense	2,154.0	2,068.3
Actuarial loss recorded	731.3	790.0
Expenses arising from severance compensation obligations	6,418.1	6,092.9

Development of provision for severance compensation

in T€	2005	2004
Provision as of 1.1. per balance sheet	42,567.1	38,787.6
Expenses arising from severance compensation obligations	6,418.1	6,092.9
Payments for severance compensation	-3,849.0	-2,313.4
Provision as of 31.12. per balance sheet	45,136.2	42,567.1

Development of actuarial gain/loss

in T€	2005	2004
Actuarial loss not recorded (accumulated) as of 1.1.	-5,745.5	-4,976.4
Corridor as of 1.1.	4,732.7	4,276.9
Surplus	-3,656.6	-3,950.0
Distribution period in years	5	5
Actuarial loss not recorded (accumulated) as of 1.1.	-5,745.5	-4,976.4
Actuarial loss, current year	-9,215.8	-1,559.0
Actuarial loss recorded	731.3	790.0
Actuarial loss not recorded (accumulated) as of 31.12.	-14,229.9	-5,745.5

Provisions for pensions

Flughafen Wien AG has concluded individual agreements for pensions or supplementary retirement payments with active and retired key employees.

Employees who joined the Company before 1 September 1986 had a claim to pension subsidies based on special company agreements. These payments were dependent on the length of employment and final compensation. In autumn 2001 active employees were given the option of receiving a one-time settlement payment equal to 100% of the 2000 provision for pensions, as calculated in accordance with Austrian commercial law, and transferring to a contribution-based pension fund model with no requirement for subsequent contributions on the part of the employer. A total of 588 employees accepted this offer at the beginning of 2002.

Retired employees who did not accept the settlement offered in 2001 still have a claim to pension payments.

The calculation covers 16 active employees and 103 retirees or persons holding rights to pensions.

Transition from present value to provision

in T€	2005	2004
Present value of pension obligations (DBO) as of 31.12.	24,803.1	21,697.7
Actuarial loss/gain not recorded (accumulated)	-1,686.4	1,393.1
Provision as of 31.12. per balance sheet	23,116.8	23,090.8

Expenses arising from pension obligations

in T€	2005	2004
Service cost	366.8	679.0
Interest expense	957.8	1,016.5
Actuarial gains recorded	0.0	-11.2
Expenses arising from pension obligations	1,324.6	1,684.3

Development of provision for pension obligations

in T€	2005	2004
Provision as of 1.1. per balance sheet	23,090.8	22,914.5
Expenses arising from pension obligations	1,324.6	1,684.3
Pension payments	-1,298.6	-1,508.0
Provision as of 31.12. per balance sheet	23,116.8	23,090.8

Development of actuarial gain/loss

in T€	2005	2004
Actuarial gain not recorded (accumulated) as of 1.1.	1,393.1	1,168.1
Corridor as of 1.1.	-2,169.8	2,174.6
Surplus	0.0	0.0
Distribution period in years	5	5
Actuarial gain not recorded (accumulated) as of 1.1.	1,393.1	1,168.1
Actuarial loss/gain for the year	-3,079.4	236.2
Actuarial gain recorded	0.0	-11.2
Actuarial loss/gain not recorded (accumulated) as of 31.12.	-1,686.4	1,393.1

Provisions for service anniversary bonuses

Employees of the Austrian companies are entitled to receive special bonuses for long years of service. The specific entitlement criteria and amount of the bonus are regulated by the collective bargaining agreements for employees of public airports in Austria.

Provisions for part-time employment for older employees

This item reflects mandatory payments to personnel who work part-time under special regulations governing employment for older members of the workforce, as well as the costs for time worked above and beyond the agreed number of hours.

Provision for fund expenses

This item includes the non-current portion of a provision, which represents the obligation to cover tax expense for "Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung" (the employee fund).

Provisions from mediation process

This item covers non-current obligations arising from the mediation contract, which represent financing for environmental measures connected with the construction of a third runway at Vienna International Airport. The obligations have a nominal value of € 43.1 million and were discounted at a rate of 4%. The present value of these obligations, including the current portion of the provision, totals € 39.3 million.

(24) Other non-current liabilities

in T€	2005	2004
Clean Water Fund	586.3	721.7
Investment subsidies from public funds*	7,632.5	8,908.7
	8,218.7	9,630.4

* Thereof investment bonuses in 2002, 2003 und 2004: T€ 3,184.4

From 1977 to 1985 Flughafen Wien AG received non-repayable subsidies from public authorities. In 1997, 1998 and 1999 Flughafen Wien AG received investment subsidies from the European Union.

(25) Current provisions

in T€	2005	2004
Unused vacation	9,062.0	8,123.0
Other claims by employees	5,742.1	8,091.8
Taxes	6,251.4	20,240.7
Goods and services not invoiced	62,278.0	45,787.1
Outstanding discounts	16,490.0	15,965.3
Fund expenses	2,106.7	4,562.1
Mediation process	12,592.9	0.0
Miscellaneous	4,658.5	3,170.6
	119,181.6	105,940.8

The provisions for other claims by employees include, among others, restructuring measures (T€ 1,817.0) and performance bonuses (T€ 1,397.9).

The provisions arising from the mediation process include the current portion of the non-current obligations arising from the mediation contract. These obligations represent financing for environmental measures connected with the construction of a third runway at Vienna International Airport

Miscellaneous current provisions are comprised primarily of accruals to cover claims for damages as well as outstanding invoices for operating costs, the settlement of the security fee and liability insurance for 2005.

Development from 1.1. to 31.12.2005

in T€	Book value as of 1.1.2005	Use	Reversal	New creation	Book value as of 31.12.2005
Unused vacations	8,123.0	-59.4	0.0	998.3	9,062.0
Other claims by employees	8,091.8	-6,289.2	-525.2	4,464.6	5,742.1
Taxes	20,240.7	-17,635.4	-2,272.4	5,918.4	6,251.4
Goods and services not yet invoiced	45,787.1	-20,085.3	-655.2	37,231.4	62,278.0
Outstanding discounts	15,965.3	-12,426.9	-3,388.0	16,339.6	16,490.0
Fund expenses	4,562.1	-3,635.4	0.0	1,180.0	2,106.7
Mediation process	0.0	0.0	0.0	12,592.9	12,592.9
Miscellaneous	3,170.6	-1,439.9	-481.0	3,408.7	4,658.5
	105,940.8	-61,571.4	-7,321.8	82,134.0	119,181.6

(26) Current financial liabilities

in T€	2005	2004
Settlement accounts	0.0	3.9
Short-term credits	170,700.0	0.0
	170,700.0	3.9

(27) Trade payables

in T€	2005	2004
To third parties	49,483.8	61,565.5
To subsidiaries	3,281.9	2,700.9
To associates	388.9	1,004.1
	53,154.6	65,270.5

(28) Other current liabilities

in T€	2005	2004
Other tax liabilities	5,009.6	404.1
Other social security liabilities	4,992.5	5,085.6
Investment subsidies from public funds	1,366.1	1,652.6
Liabilities to Clean Water Fund	274.7	271.5
Amounts due to associates	4,098.3	18,000.0
Customers with credit balances	584.1	657.6
Accruals for wages	5,619.0	3,812.9
Accrued income	28,430.5	17,581.1
Miscellaneous liabilities	1,276.8	1,820.1
	51,651.8	49,285.6

The accrued income is comprised primarily of rental prepayments by Austro Control GmbH for the new air traffic control tower.

Other Information

(29) Consolidated statement of cash flows

The indirect method was used to prepare the consolidated statement of cash flows.

Interest income and expense as well as dividend income are allocated to operating activities.

Dividends paid by Flughafen Wien AG are shown under cash flow from financing activities.

Cash and cash equivalents include cash, deposits with financial institutions and current securities.

A change in the consolidation range led to cash inflows of T€ 246.1 from the disposal of financial assets through the sale of Vienna Airport Baumanagement Gesellschaft m.b.H.

(30) Segment reporting

This annual report shows segment reporting classified according to business and geographical segments.

Inter-company turnover

Sales between member companies of the Group reflect standard rates or prices that are based on market levels and, in some cases, on the Group's cost.

Segments of business

The business activities of the Group can be classified into the following segments: Airport, Handling and Non-Aviation. The secondary segmentation of business is based on the country in which activities are conducted.

Airport: This primary activity of this segment is the provision of classic airport services such as facilities for take-offs, landings and parking of aircraft, terminals, and passenger and baggage handling as well as the VIP centre and lounges. Fees for these services are generally subject to contractual limits.

Handling: This segment is responsible for services related to the handling of aircraft and passengers. In accordance with EU guidelines, this segment is not reserved for the airport operator (Flughafen Wien AG) alone; airlines and other third party companies may also offer handling services at Vienna International Airport. At the end of 2000 the German company Fraport Ground Services Austria GmbH, formerly VAS Flughafenbodenverkehrsdienste GmbH, commenced the provision of handling services at Vienna International Airport.

Non-Aviation: The Non-Aviation Segment comprises a range of airport-related services such as shopping, gastronomy, parking, security, the development and rental of real estate, traffic connections, technical infrastructure, cleaning, the supply of materials, the provision of resources and disposal of waste, the construction and maintenance of infrastructure facilities, telecommunications, construction management and consulting services.

Segment results for 2005 by area of business

in T€ (except employees)

	Airport	Handling	Non-Aviation	Group
External segment turnover	188,592.4	132,229.3	89,232.0	410,053.8
Internal segment turnover	22,659.1	19,429.8	53,995.7	
Total segment turnover	211,251.5	151,659.2	143,227.7	
Other external turnover				284.9
Group turnover				410,338.7
Segment results	66,746.1	15,483.9	34,453.4	116,683.4
Other (not allocated)				-24,388.8
Group EBIT/operating profit				92,294.6
Segment depreciation	33,636.8	6,976.3	16,353.4	56,966.5
Other (not allocated)				418.9
Group depreciation				57,385.3
Segment investments	194,489.4	8,461.3	115,761.2	318,711.9
Other (not allocated)				384.3
Group investments				319,096.2
Segment assets	643,152.0	37,509.5	343,233.5	1,023,895.0
Other (not allocated)*				165,529.2
Group assets				1,189,424.2
Segment liabilities	217,134.9	81,555.0	163,778.1	462,468.1
Other (not allocated)*				61,187.7
Group liabilities				523,655.8
Segment employees (balance sheet date)	386	1,859	1,174	3,418
Other (not allocated)				163
Group employees (balance sheet date)				3,581

* Non-allocated assets and liabilities consist primarily of financial investments, cash and cash equivalents, deferred tax assets, provisions for taxes and miscellaneous liabilities.

The share of profit generated by associates and joint ventures consolidated at equity and the book values of these companies were not shown because the related amounts are immaterial.

Segment results for 2004 by area of business

in T€ (except employees)

	Airport	Handling	Non-Aviation	Group
External segment turnover	190,484.5	123,645.9	83,913.9	398,044.3
Internal segment turnover	22,271.8	17,617.9	50,607.1	
Total segment turnover	212,756.3	141,263.8	134,521.0	
Other external turnover				221.7
Group turnover				398,266.0
Segment results	77,793.4	17,966.7	30,341.4	126,101.5
Other (not allocated)				-23,598.4
Group EBIT/operating profit				102,503.1
Segment depreciation	27,556.8	5,995.3	15,016.6	48,568.7
Other (not allocated)				352.9
Group depreciation				48,921.6
Segment investments	83,343.6	9,914.1	90,991.8	184,249.6
Other (not allocated)				1,087.7
Group investments				185,337.3
Segment assets	478,226.3	31,989.9	240,470.1	750,686.2
Other (not allocated)				201,656.0
Group assets				952,342.3
Segment liabilities	77,799.8	64,173.7	90,263.6	232,237.1
Other (not allocated)				89,112.1
Group liabilities				321,349.2
Segment employees (balance sheet date)	371	1,756	980	3,107
Other (not allocated)				158
Group employees (balance sheet date)				3,264

Following the internal reorganisation of Flughafen Wien AG as of 1 July 2005, special guest services were reclassified from the Non-Aviation Segment to the Airport Segment for reporting purposes retroactively as of 1 January 2005. The typography and printing centre and consulting services were also reclassified, and are now included under the Non-Aviation Segment. The prior year values were adjusted accordingly.

Segment results for 2005 by region

in T€ (except employees)

	Austria	Malta	Spain	Group
Turnover	409,823.8	514.9	0.0	410,338.7
EBIT	92,228.6	66.0	0.0	92,294.6
Assets	1,162,550.3	26,873.9	0.0	1,189,424.2
Liabilities	522,765.3	890.4	0.0	523,655.8
Employees (balance sheet date)	3,581	0	0	3,581

Assets allocated to Malta also include the value of an investment in another company that is owned by the Maltese subsidiary.

Segment results for 2004 by region

in T€ (except employees)

	Austria	Malta	Spain	Group
Turnover	397,713.5	552.6	0.0	398,266.0
EBIT	102,144.1	358.9	0.0	102,503.1
Assets	925,138.2	26,873.9	330.2	952,342.3
Liabilities	320,390.5	890.4	68.2	321,349.2
Employees (balance sheet date)	3,264	0	0	3,264

Assets allocated to Malta also include the value of an investment in another company that is owned by the Maltese subsidiary.

(31) Financial instruments

Primary financial instruments

This item includes trade receivable and payables as well as financial receivables and payables. Information on primary financing instruments can be found on the balance sheet and related notes to the financial statements.

Credit risk

The amounts shown under assets represent the maximum credit and default risk, since there are no general offset agreements. The risk associated with receivables can be considered low, since all receivables are due and payable within a short period of time and are based on long-term relationships with clients and customers.

The risk of default associated with other primary financing instruments can also be classified as low. Cash and cash equivalents are placed chiefly in investment funds and short-term instruments, and investments are made only with institutions that have a sound credit rating

Market value

The market value of cash and cash equivalents, short-term investments, and current receivables and liabilities reflects book or market value because these items are due on a daily basis over the short-term.

Interest rate risk

Interest rate risk is associated principally with the investment of cash and cash equivalents and current and non-current securities.

Securities are held primarily through investment funds and can be sold at any time, and the risk arising from interest rate changes can therefore be classified as immaterial.

Liabilities include short-term credits with fixed interest rates that average 2.5% as well as a loan granted by the Clean Water Fund, which carries a fixed interest rate of 2%.

Foreign exchange risk

In principle, foreign exchange risk arises when receivables or liabilities are denominated in a currency other than the local currency of the company.

Invoices are generally issued in local currency, and 99.95% of trade payables are denominated in local currency. Trade receivables and payables are therefore subject to only a low degree of foreign exchange risk.

Deposits with financial institutions are made almost exclusively in the company's own local currency, so there is no foreign exchange risk.

Current and non-current securities are comprised of the following:

Non-current securities

in T€	Book value 2005	Market value 2005	Average effective interest rate in %	Book value 2004	Market value 2004	Average effective interest rate in %
R 63 Fund	32,724.0	32,724.0	8.1	31,328.4	31,328.4	7.1
Stock	494.9	494.9		494.9	494.9	
Others	3,177.7	3,177.7		2,421.8	2,421.8	
	36,396.7	36,396.7		34,245.1	34,245.1	

The R 63 Fund, a funds' fund managed by Raiffeisen KAG, serves to fulfil coverage requirements for the severance compensation and pension provisions as required by § 14 of the Austrian Income Tax Act. As of 31 December 2005 the fund assets were invested in bonds/property funds (70.2%), stocks (29.7%) and cash (0.2%), whereby 73% of the fund is rated AAA to A. A total of T€ 31,807.2 of the R 63 Fund has been pledged to Raiffeisen Zentralbank Österreich Aktiengesellschaft as collateral for loans.

Stock is comprised of an investment in Wiener Börse AG. Other non-current securities represent T€ 2,677.2 of rights arising from reinsurance.

Current securities

in T€	Book value 2005	Market value 2005	Average effective interest rate in %	Book value 2004	Market value 2004	Average effective interest rate in %
GF 7 Fund	35,047.6	35,047.6	6.0	52,944.6	52,944.6	5.1
	35,047.6	35,047.6		52,944.6	52,944.6	

The investments held by the Capital Invest GF 7 Fund were invested as follows as of 31 December 2005: 33.7% in money market instruments, 0.4% in cash, 35.2% in annuities and 30.7% in stock. Of the GF 7 Fund, T€ 35,047.6 is pledged to Bank Austria Creditanstalt AG as collateral for loans.

Other loans granted

This item is comprised of loans granted to SITA (T€ 57.7). The rights granted to Corvin Hotel Airport Plaza Errichtungs- und Betriebsgesellschaft m.b.H. were repaid in full in December 2005.

Current financial liabilities

This item consists primarily of lines of credit with a term of one month and average interest rate of 2.5%.

Non-current financial liabilities

The Company has no long-term financial liabilities.

Derivative financial instruments

The Group only uses derivative financing instruments on an exception basis to hedge interest rate and foreign exchange risk because the Group's receivable and liability structure and investment strategy limit foreign exchange risk to individual cases. As of the balance sheet date, the Group had no outstanding derivative financing instruments.

(32) Information on business associations with related companies and persons

Business transactions between the parent company and fully consolidated subsidiaries are eliminated during the consolidation, and are not discussed under this point. Business transactions between Flughafen Wien AG and non-consolidated subsidiaries and associates are not reported here because they are immaterial.

The Company has concluded supply contracts at ordinary market conditions with Wien Energie, a company owned by the City of Vienna, which is a shareholder of Flughafen Wien AG.

Relations with bodies of the Company are described under point 37 – information on bodies of the corporation and employees.

(33) Risk management

Risk management is an integral part of operating and strategic business processes, and individual risks are managed by the responsible business segment. The risks arising from investments in subsidiaries are monitored primarily by local management, but also evaluated by the investment management and controlling departments of Flughafen Wien AG. The auditor of the annual financial statements has confirmed the effectiveness of the Company's risk management systems, and issued an appropriate report to the Management Board.

The risks associated with investments in other companies are dealt with by the Company's investment management department or by the representatives to the individual bodies of the corporation (Supervisory Board, Annual General Meeting).

The central unit for reporting is the strategy and controlling function, which is responsible for operational and strategic planning together with the operating segments of the Company.

This department prepares monthly internal reports for the members of the Management Board and first level of management based on data from the operating segments, service segments and subsidiaries. These reports identify and analyse variances from the Company's forecasts, and thereby ensure the early identification of risks and implementation of necessary measures. The Supervisory Board is involved in this process through regular reports provided at its meetings. Risk management is an integral component of all planning, operating and reporting procedures.

In order to limit or exclude the potential financial impact of risks, we have concluded insurance policies to cover specific damages and liabilities.

In addition to the control system and management instruments, Flughafen Wien AG has established an internal audit department to regularly examine the correctness, reliability and efficiency of business operations and organisational processes.

Market risks

The development of business at Vienna International Airport is dependent to a significant degree on factors that influence international travel.

The dangers of a decline in traffic at Vienna International Airport as a consequence of terror, war or other external shocks (e.g., SARS) are extremely difficult for an individual company to control. Vienna International Airport works to counter the effects of such shocks, above all with high demands on the quality of security and proactive public relations. This involves close cooperation with the Austrian Federal Ministry of the Interior and the Federal Police Department in Schwechat as well as specially-designed security functions for customers. Flughafen Wien AG can also react to the intensity and impact of such events through its flexible cost and price structures and corresponding modification to the Company's investment program.

The Austrian Airlines Group is of key importance for Vienna International Airport because of its high market share. The long-term development of this carrier as a strong and independent airline and the network strategy of the Star Alliance, in which the Austrian Airlines Group is a partner, represent key factors for the success of Flughafen Wien AG. Therefore, developments in this area are monitored on a continuous basis.

Market risk is countered with appropriate marketing measures as well as flexible cost and price structures that benefit all airlines. The cutback in tariffs and change in the tariff

model as of 1 October 2004 and resulting participation in the occupancy risk of airlines as well as the expansion of the incentive programme led to a reduction in costs for the airlines. These measures are also designed to strengthen strategically important destinations in Continental, Eastern and Central Europe. Specially-designed market measures are also used to present the advantages of Vienna International Airport to airlines and increase traffic to Vienna.

Competition by other service providers (for example, in the handling or security area) is countered by providing individual offers, with a special view toward pricing.

Development risks

Its position as the most important East-West hub in Europe exposes Vienna International Airport to a capacity risk. This risk is limited through an investment program that is based on a master plan and realised in accordance with the actual development of traffic.

The potential risk associated with investment projects is reviewed in the project stage and continuously evaluated during realisation through a special analysis procedure. The resulting risk profile forms an integral component of the decision-making process and the basis for developing measures to control risk. Monitoring forms a fundamental part of regular project controlling.

Planning for the increase in runway capacity represents a special situation. Such investments are subject to an approval procedure under environmental impact law. The risk associated with this procedure is countered through communication and agreement as part of a mediation process before the application is filed.

Damage risks

The risk of damages includes fire and other events that could result from natural catastrophes, accidents or terrorist activities as well as the theft of property. In addition to appropriate safety and fire protection measures and well-organised emergency plans, we cover these risks through insurance.

Financial risks

The liquidity of Flughafen Wien AG is protected by a high share of equity and long-term financial planning.

The value of investments in other companies is monitored through regular analysis, forecasts and the evaluation of compliance with the Group's strategy.

Security investments are selected to reflect an average degree of risk; these investments are monitored by the financial management department on a regular basis.

The risk resulting from uncollectible receivables is limited by short payment terms, deposits and bank guarantees, and the increased use of direct debit collection methods.

Legal risks

Legal risks arise in connection with the requirements of public authorities, above all with relation to environmental regulations (e.g. noise and emissions). Flughafen Wien AG works to counter these risks, above all, with information and the involvement of local citizens in the mediation process (e.g. third runway) or neighbourhood advisory boards.

The tariffs charged by Vienna International Airport are subject to approval by the Austrian civil aviation authority. This risk has been eliminated over the coming years through an index model that covers tariffs up to the end of 2006.

(34) Operating leases

Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H., which is a 100% subsidiary of the Flughafen Wien Group, concluded a lease agreement with HERMIONE Raiffeisen-Immobilien-Leasing GmbH in December 2005 that covers the use of buildings at Vienna International Airport. This agreement represents an operating lease.

in T€	2005	2004
Lease expense during the current year	103.8	0.0
Future lease payments:		
within one year	5,788.3	0.0
two to five years	23,153.3	0.0
after five years	86,824.9	0.0

A sub-lease agreement was concluded for the leasing objects, which covers future lease payments.

(35) Other obligations

The Company concluded a defined contribution pension fund contract with ÖPAG Pensionskassen AG and Vereinigte Pensionskassen AG for 1,932 employees of Flughafen Wien AG. Flughafen Wien AG is committed to transfer 2.5% of the salary or wages for these persons to the pension fund each year as a contribution. There are no requirements for subsequent contributions.

Flughafen Wien AG is required to assume the costs of "Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung" (the employee fund), which consist primarily of corporate income tax, in the form of subsequent contributions.

In accordance with § 7 Par. 4 of the charter of the Schwechat Waste Water Association dated 10 December 2003, Flughafen Wien AG is liable as a member of this organization for T€ 5,488.6 in loans related to the construction and expansion of sewage treatment facilities.

(36) Significant events occurring after the balance sheet date

TwoOne Consortium: Purchase contract signed for Bratislava and Košice Airports

The parties to the contract – the Slovakian National Property Fund, the Slovakian Ministry of Transportation and the TwoOne Consortium – signed a share purchase and shareholder agreement on Friday, 10 February 2006, for the privatisation of 66% of Bratislava and Košice Airports. Flughafen Wien AG owns a 47.7% stake in this consortium.

(37) Information on bodies of the corporation and employees

As of 31 December, the Flughafen Wien Group employed:

Employees (excluding Management Board and managing directors)	2005	2004
Workers	2,583	2,283
Staff	998	981
	3,581	3,264

The members of the Management Board of Flughafen Wien AG received the following compensation and benefits for the 2005 and 2004 Business Years:

in T€	2005	2005	2005	2005	2004
	Fixed compensation	Variable compensation	Non-cash remuneration	Total compensation	Total compensation
Christian Domany	228.3	28.1	7.2	263.5	54.0
Herbert Kaufmann	228.3	98.9	7.5	334.6	317.1
Gerhard Schmid	228.3	98.9	7.5	334.6	313.1
Kurt Waniek	0.0	0.0	0.0	0.0	262.3
	684.8	225.9	22.1	932.8	946.6

The compensation system for the members of the Management Board and first level of management is comprised of fixed and variable components. There are no stock option plans for management. The Company carries insurance to cover pension claims by the members of the Management Board.

Exceptional performance and the realisation of targeted goals by employees are rewarded in the form of bonuses.

Compensation paid to former members of the Management Board totalled T€ 620.0 (2004: T€ 994.9) for the reporting year.

Expenses for key management

Key management includes the members of the Management Board, the joint signatories of Flughafen Wien AG, the managing directors of subsidiaries and the Supervisory Board of Flughafen Wien AG. In accordance with IAS 24, the expenses actually recognised are shown below:

in T€	2005	2004
Current payments due	2,422.3	2,568.4
Payments due after the end of employment	494.9	106.6
Other payments due over the long-term	9.6	16.1
Payments due at the end of employment	80.7	388.6
Stock-based compensation	0.0	0.0
Total	3,007.5	3,079.8

Attendance allowances and remuneration of T€ 138.0 (2004: T€ 94.0) were paid to the members of the Supervisory Board of Flughafen Wien AG in 2005 and are reported under current obligations to key management.

Major differences between IFRS and Austrian accounting principles

Basic conceptual differences

Austrian accounting principles, which are codified in the Commercial Code, place the principle of creditor protection in the foreground and correspondingly assign great importance to the principle of conservatism. The determinant position of commercial law financial statements for tax assessment also has a major influence on financial statements prepared in keeping with Austrian accounting principles.

The primary goal of accounting under IFRS is to provide appropriate decision-making information for shareholders and investors. IFRS therefore place higher value than Austrian accounting principles on the comparability of financial statements, both over time and between companies.

Following is a presentation of specific differences that are of special importance for these financial statements:

Fixed and financial assets

The Austrian Commercial Code prescribes conservative values for depreciation and the useful lives of assets in keeping with the fundamental principles of accounting. Under IFRS, depreciation periods must be regularly compared with the actual useful lives of assets and adjusted where necessary. This procedure led to longer useful lives for certain assets owned by Flughafen Wien AG, in particular runways, aprons and taxiways.

Under Austrian accounting principles, financial assets must be recorded at the lower of purchase price or market price. IFRS require the use of market values. In the consolidated financial statements, non-current securities held by Flughafen Wien AG are treated the same as current securities.

Current securities

The Austrian Commercial Code requires current securities to be recorded at the lower of acquisition cost or market value. In accordance with IAS 39, these securities are shown at market value in the consolidated financial statements. Write-ups are mandatory. Changes in market value over the prior year are recorded in the consolidated financial statements of Flughafen Wien AG under equity (revaluation reserve) with no effect on the income statement.

Treasury stock

In accordance with the Austrian Commercial Code, treasury stock must be recorded under non-current or current assets and a separate reserve must be created for this item under equity and liabilities.

According to IFRS, changes in shares outstanding must be recorded under equity.

Deferred taxes

Austrian accounting principles are based on the "timing concept". The creation of deferred tax provisions is therefore only required for differences between financial statements prepared according to commercial law and taxable results if these differences are expected to be offset in the future. The creation of deferred tax assets in individual company financial statements is optional; provisions for deferred taxes are mandatory. Deferred tax assets on loss carry-forwards may not be capitalized.

IFRS focus on the "temporary concept" in conjunction with the "balance sheet – liability method". Deferred taxes must therefore be created for all differences arising between financial statements prepared for tax purposes and IFRS financial statements; in such cases, deferred taxes should be calculated based on the current actual tax rate. No discounts are permitted. Deferred tax assets on tax loss carry-forwards must generally be capitalized and should be analysed in the same manner as other assets to estimate the realisable amount.

Provisions for pensions, severance compensation and service anniversary bonuses

Up to the 2004 Business Year, Austrian accounting regulations did not permit the inclusion of wage, salary or pension increase in the calculation of these provisions. The calculations were based on the present value or Austrian "Teilwert" method with a long-term discount rate. Beginning in 2005 the values calculated in accordance with IFRS may also be used for financial reporting under the Austrian Commercial Code.

Creation of the above employee-related provisions under IFRS are based on the projected unit credit method, which incorporates future wage and salary increases. The discount rate is based on current capital market interest rates.

Expanded information requirements

International Accounting Standards require more detailed information that, in some points, significantly exceeds the requirements of Austrian accounting principles for the Notes or report of the Management Board. Such items include required disclosure of items on the balance sheet, income statement, mandatory statement of cash flows and development of equity as well as other information, especially in connection with derivative financing instruments, to provide a true and fair view of the asset, financial and earnings positions of a company. In part, this information includes explanations that are part of the management report under Austrian accounting principles.

Schwechat, 16 February 2006

The Management Board:

Christian Domany

Member of the Board

Herbert Kaufmann

Member of the Board
and Speaker

Gerhard Schmid

Member of the Board

Subsidiaries of Flughafen Wien AG

Appendix 1 to the Notes

Company	Abbreviation	Parent company	Country	Percentage owned	Type of consolidation	Note
Flughafen Wien AG	VIE		Austria		VK	
Vienna Aircraft Handling Gesellschaft m.b.H.	VAH	VIE	Austria	100%	VK	
Vienna Airport Infrastruktur Maintenance GmbH	VAI	VIE	Austria	100%	VK	
Flughafen Wien Immobilienverwertungsgesellschaft m.b.H.	IVW	VIE	Austria	100%	VK	
VIE Liegenschaftsbeteiligungsgesellschaft m.b.H.	VIEL	VIE	Austria	100%	VK	
Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H.	VIE BPIB	VIEL	Austria	100%	VK	
VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H.	VOPE	VIEL	Austria	100%	VK	
Vienna International Beteiligungsmanagement Gesellschaft m.b.H.	VINT	VIE	Austria	100%	VK	
VIE Malta Ltd.	VIE Malta	VINT	Malta	100%	VK	
Vienna International Airport Security Services Ges.m.b.H.	VIAS	VIE	Austria	100%	VK	
Malta Mediterranean Link Consortium Ltd.	MMLC	VIE Malta	Malta	57.1%	EQ	
Malta International Airport plc.	MIA	MMLC	Malta	22.8%	EQ	
Malta International Airport plc.	MIA	VIE Malta	Malta	8.2%	EQ	
City Air Terminal Betriebsgesellschaft m.b.H.	CAT	VIE	Austria	50.1%	EQ	
SCA Schedule Coordination Austria GmbH	SCA	VIE	Austria	40%	EQ	
BTS Holding a.s.	BTS	VIE	Slovakia	47.7%	NK	a)
KSC Holding a.s.	KSC	VIE	Slovakia	47.7%	NK	a)
Flughafen Wien / Berlin- Brandenburg International Entwicklungs- beteiligungsgesellschaft m.b.H.	VIE-BBI	VIE	Germany	100%	NK	a)
VIE Shops Entwicklungs- und Betriebsges.m.b.H.	VIE-Shops	VIE	Austria	100%	NK	a)
Salzburger Flughafen Sicherheitsgesellschaft m.b.H.	SFS	VIAS	Austria	100%	NK	a)
GetService Dienstleistungsgesellschaft m.b.H.	GETService I	VIAS	Austria	100%	NK	a)
"GetService"-Flughafen-Sicherheits- und Servicedienst GmbH	GETSevice II	VIAS	Austria	51%	NK	a)
VIAS Hellas Security Air Transport Services Limited Liability Company	VIAS Hellas	VIAS	Greece	100%	NK	a)
Aviasec Aviation Security GmbH in Liquidation	AVIASEC	VIAS	Germany	49%	NK	a)

Type of consolidation:

VK = full consolidation, EQ = equity valuation, NK = not consolidated

Note: a) not consolidated for reasons of immateriality

Audit Report and Opinion

To the Supervisory Board and Shareholders of Flughafen Wien Aktiengesellschaft:

"We have audited the consolidated financial statements of Flughafen Wien Aktiengesellschaft, Schwechat, for the business year from 1 January 2005 to 31 December 2005. The legal representatives of the Company are responsible for the preparation and content of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) that were issued by the International Accounting Standards Board and adopted by the European Union as well as the Group management report that was prepared in keeping with the provisions of Austrian commercial law. Our responsibility is to express an opinion on these statements based on our audit and to issue a statement as to whether the Group management report agrees with the consolidated financial statements.

We conducted our audit in accordance with the legal requirements for audits in Austria, in keeping with the International Standards on Auditing (ISA) that were issued by the International Federation of Accountants (IFAC). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements and also allow us to state whether the Group management report agrees with the consolidated financial statements. The determination of audit procedures incorporates knowledge of the business activities and economic and legal environment of the Company as well as expectations of possible errors. The audit includes an examination of evidence supporting the amounts and disclosures in the consolidated financial statements, which is based primarily on sampling. The audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit provided no grounds for objections. Based on the results of our audit, we believe the consolidated financial statements comply with legal requirements and present fairly in all material respects the asset and financial position of the Company as of 31 December 2005 as well as the results of operations and cash flows for the business year from 1 January 2005 to 31 December 2005 in agreement with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union. The Group management report agrees with the consolidated financial statements."

Vienna, 16 February 2006

CONFIDA
WIRTSCHAFTSTREUHANDGESELLSCHAFT M.B.H.
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT



A handwritten signature in black ink, appearing to read "K. Moser".

Karl-Heinz Moser
Certified Public Accountant

The publication or distribution of these consolidated financial statements in any version other than the certified form shall require a new opinion in advance if our audit opinion is cited or reference is made to our audit.

Subsidiaries of Flughafen Wien AG

All amounts in T€

1. Subsidiaries fully consolidated in the Group financial statements

Flughafen Wien Immobilienverwertungsgesellschaft m.b.H. (IVW)

Principal activities: the commercial leasing of assets, in particular real estate, and acquisition of property and buildings at Vienna International Airport. Share owned: 100%

	2005	2004
Equity	77,312.6	77,273.6
Turnover	14,380.7	13,659.9
Profit for the year	6,384.5	8,202.2

Vienna Aircraft Handling Gesellschaft m.b.H. (VAH)

Principal activities: provision of a full range of services for general aviation and, in particular, for business aviation; major revenue generators are private aircraft handling and aircraft handling services provided on behalf of Flughafen Wien AG in the general aviation sector (incl. fuelling and provision of hangar space). Share owned: 100%

	2005	2004
Equity	56.0	56.0
Turnover	9,344.7	7,622.1
Profit for the year	1,180.2	1,204.5

Vienna International Airport Security Services Ges.m.b.H. (VIAS)

Principal activities: provision of security controls (persons and hand luggage) on behalf of the Austrian Ministry of the Interior, and various other services for aviation customers (wheelchair transport, control of oversize baggage, etc); the company also participates in tenders for the provision of security services at other airports through its Austrian and foreign subsidiaries. Share owned: 100%

	2005	2004
Equity	4,105.5	3,635.0
Turnover	18,721.3	21,193.3
Profit for the year	470.5	202.6

VIE Liegenschaftsbeteiligungsgesellschaft m.b.H. (VIEL)

Principal activities: VIEL has two subsidiaries that are active in the purchase, development and sale of real estate. Share owned: 100%

	2005	2004
Equity	7,422.0	3,616.5
Turnover	0.0	0.0
Loss for the year	-55.6	-47.5

VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H. (VOPE)

Principal activities: development of property, in particular phase 2 of the Office Park. Share owned: 100%

	2005	2004
Equity	26.2	0.0
Turnover	0.0	0.0
Loss for the year	-8.8	0.0

Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H. (BPIB)

Principal activities: Purchase and sale of property, in particular the Business Park Fischamend near the airport. Share owned: 99% VIEL, 1% IVW

	2005	2004
Equity	6,646.5	2,887.1
Turnover	284.4	0.0
Loss for the year	-140.6	-82.8

Vienna International Beteiligungsmanagement Gesellschaft m.b.H. (VINT)

Principal activities: founding and management of local project companies for international acquisitions; consulting and project management. Share owned: 100%

	2005	2004
Equity	27,219.6	27,219.6
Turnover	22.8	9.5
Profit for the year	41.6	-90.4

VIE-Malta Group

Principal activities: provision of services and consulting for airports. The financial statements for the VIE-Malta Group include the at equity valuation of the consolidated financial statements, which are comprised of Malta Mediterranean Link Consortium Ltd. and Malta International Airport plc. Share owned: VINT 99.8%, VIE-BBI 0.2% (1 share)

	2005	2004
Equity	27,555.4	25,983.4
Turnover	514.9	552.6
Profit for the year	1,383.2	698.3

Vienna Airport Infrastruktur Maintenance GmbH (VAI)

Principal activities: provision of services for electrical facilities and equipment as well as the construction of electrical and supply facilities, in particular technical equipment for airports, and the installation of electrical infrastructure. Share owned: 100%

	2005	2004
Equity	2,023.0	700.1
Turnover	13,402.1	4,909.4
Profit for the year	1,322.8	669.8

2. Subsidiaries included in the consolidated financial statements at equity

City Air Terminal Betriebsgesellschaft m.b.H. (CAT)

Principal activities: operation of the City Airport Express as a railway operator from the "Wien-Mitte" transit centre to and from Vienna International Airport; the operation of check-in facilities at the "Wien-Mitte" transit centre combined with baggage logistics for airport passengers; consulting for third parties on the organisation and development of traffic connections between cities and airports. Share owned: 50.1%

	2005	2004
Equity	12,696.3	14,211.8
Turnover	6,072.2	4,680.8
Loss for the year	-1,515.5	-2,352.5

SCA Schedule Coordination Austria GmbH

Principal activities: schedule coordinator for airports in Austria, e.g. the company allocates time slots to aircraft in accordance with EU law, principles defined by the IATA and applicable legal regulations, and also carries out other activities that are directly or indirectly related to the business of the company. Share owned: 40%

	2005	2004
Equity	90.0	83.0
Turnover	715.1	754.6
Profit for the year	7.1	5.8

3. Investments not included in the consolidated financial statements

Salzburger Flughafen Sicherheitsgesellschaft m.b.H. (SFS)

Principal activities: provision of security services; the company is not active at the present time.

Flughafen Wien / Berlin-Brandenburg International Entwicklungsbeteiligungsgesellschaft m.b.H. (VIE-BBI)

Principal activities: investment in BBIP Berlin-Brandenburg International Partner GmbH & CoKG, a company that was to develop the Berlin Airport project.

VIAS Hellas Security Air Transport Services Limited Liability Company (VIAS Hellas Ltd.)

Principal activities: provision of security services for airports, and companies commissioned by airports or airlines; this company was founded to enable VIAS to participate in tenders for the provision of security services at airports in Greece.

GetService Dienstleistungsgesellschaft m.b.H.

Principal activities: provision of all types of security services related to airport operations.

"GetService"-Flughafen-Sicherheits- und Servicedienst GmbH

Principal activities: provision of security services, personnel leasing, cleaning services, including snow removal, etc.

AviaSec Aviation Security GmbH in Liquidation

Principal activities: provision of security services for civil aviation; this firm was founded by VIAS together with the German companies SecuServ Aviation Security and Services Holding International GmbH to participate in tenders for the provision of security services at airports in Germany.

BTS Holding a.s.

Principal activities: ownership of 66% in Bratislava Airport as well as the provision of consulting services.

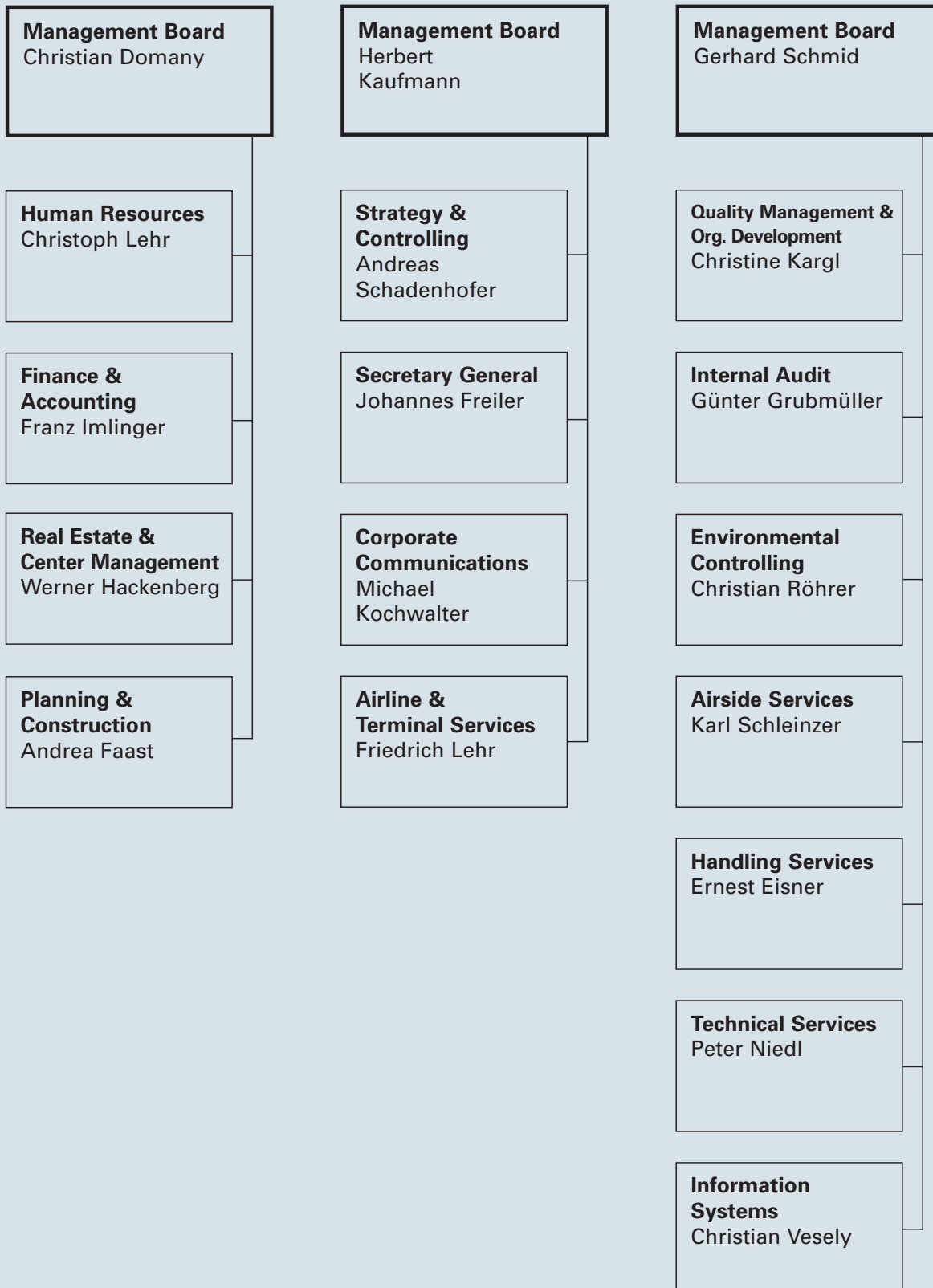
KSC Holding a.s.

Principal activities: ownership of 66% in Košice Airport as well as the provision of consulting services.

Organisation

The Flughafen Wien AG

Organisational chart by function



Who is Who

Members of the Supervisory Board

Chairman

Johannes CORETH, Member of the Board of Niederösterreichische Versicherung

Deputies

Karl SAMSTAG, General Director of Bank Austria Creditanstalt AG

Alfred REITER, Chairmen of the Board of Investkredit Bank AG (i.R.)

Erwin HAMESEDER, General Director of Raiffeisen-Holding NÖ-Wien reg. Gen.m.b.H.

Christoph HERBST, attorney-at-law

Franz LAUER, General Director of Wiener Städtische Versicherung AG (i.R.)

Hans-Jörgen MANSTEIN, Manstein Zeitschriftenverlag GesmbH

Alfons METZGER, Metzger Realitäten Gruppe

Karl SKYBA, General Director of Wiener Stadtwerke Holding AG (i.R.)

Delegated by the Works' Committee

Manfred BIEGLER, Chairmen of the Salaried Employees' Works Committee

Gerhard GAGER, Chairmen of the Waged Employees' Works Committee

Josef GYPSEK, Waged Employees' Works Committee (up to 28 February 2005)

Eduard OETTL, Salaried Employees' Works Committee (as of 1 March 2005)

Dieter ROZBORIL, Vice-Chairmen of the Waged Employees' Works Committee

Alfred ZIMMER, Vice-Chairmen of the Salaried Employees' Works Committee

Representative of the Supervisory Authorities

Rolf A. NEIDHART

Management Board

Herbert KAUFMANN, Member and Speaker

Christian DOMANY, Member

Gerhard SCHMID, Member

Joint Signatories

Ernest EISNER

Johannes FREILER

Werner HACKENBERG (as of 14 December 2005)

Michael HÖFERER

Franz IMLINGER

Friedrich LEHR, MBA (as of 14 December 2005)

Karl SCHLEINZER

Michael TMEJ

Report of the Supervisory Board

Meetings

The Supervisory Board met nine times during the 2005 Business Year: on 23 February, 30 March, 18 May, 15 June, 6 July, 24 August, 28 October, 4 December and 14 December. The Audit Committee held a meeting on 30 March. The Presidium und Personal Committee held ten meetings, and the Strategy Committee held three meetings.

The Management Board provided the Supervisory Board with regular information on the development of business and the position of the individual Group companies. The Supervisory Board was therefore able to monitor the performance of the Company on a continual basis and provide support for the Management Board on decisions of fundamental importance. The members of the individual committees dealt with significant issues related to the development of the Company and reported to the full Supervisory Board.

Corporate Governance Code

An unanimous resolution of the Supervisory Board on 2 April 2003, which was passed on recommendation of the Management Board, committed Flughafen Wien AG to compliance with the rules of the Austrian Corporate Governance Code. The Supervisory Board has fulfilled the duties and responsibilities set forth in this Code. The necessary amendments were made to the articles of association and rules of procedure for the Supervisory Board.

Audit

CONFIDA, Wirtschaftstreuhandgesellschaft m.b.H., Wirtschaftsprüfungsgesellschaft, 1191 Vienna, were elected auditors of the annual financial statements at the Fifteenth Annual General Meeting of Flughafen Wien AG and were commissioned to perform this audit. This firm audited the annual and consolidated financial statements as of 31 December 2005 and the related status reports for the Group and Company, which were prepared by the Management Board, and awarded both financial statements unqualified opinions. The Managing Board presented the following documents to the Supervisory Board and reported in detail thereon: the annual financial statements of Flughafen Wien AG, which were prepared in accordance with Austrian accounting principles, the consolidated financial statements for the Flughafen Wien Group, which were prepared in accordance with International Financial Reporting Standards (IFRS), and the status reports on the 2005 Business Year for the Company and the Group.

Approval of Financial Statements

During its meetings the Audit Committee reviewed and examined the annual financial statements and status report of Flughafen Wien AG for the 2005 Business Year in the presence and with the support of the auditors, and reported to the Supervisory Board on these discussions. The Supervisory Board approved the annual financial statements and status report of Flughafen Wien AG for the 2005 Business Year in the presence of the auditors. The annual financial statements of Flughafen Wien AG for the 2005 Business Year are therefore approved.

Recommendation for the Distribution of Profits

The Supervisory Board agrees with the recommendation of the Management Board to distribute a dividend of € 2.00 per share or a total of € 42,000,000.00 from 2005 profit of € 42,005,514.69 and to carry forward the remainder of € 5,514.69.

Acknowledgment

The Supervisory Board would like to express its thanks to the members of the Management Board, key managers and all employees for their dedication and efforts during the 2005 Business Year.

Johannes Coreth, Chairman of the Supervisory Board

Schwechat, 22 March 2006

Reply card

- Yes, I would like to receive information on Flughafen Wien AG. Please send me your shareholder letters and annual reports.
- I would prefer to receive current information via e-mail. My e-mail address is: _____ @ _____
- Please send me an invitation to your tours of Vienna International Airport and other information events.
- Please delete my name from your shareholder database. I have no further interest in receiving information on Flughafen Wien AG.

Name/Company: _____
Street: _____
Postal Code/City: _____

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recipient

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FLUGHAFEN WIEN AG
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P.O. BOX 1
A-1300 WIEN-FLUGHAFEN**

Glossary

AEA

Association of European Airlines

Apron

"Parking space" for aircraft

Baggage Reconciliation System (BRS)

Computer-supported system that scans all baggage at a collection point; BRS guarantees that baggage is only loaded when passengers have actually boarded and allows items to be located quickly

Brokerage

Provision of aircraft in exchange for compensation

Cargo North

Expansion area for cargo facilities that is located north of the B9 motorway and the Austrian crew building

Catchment Area

Geographical region where passengers can reach Vienna International Airport within a two-hour drive, or where the travelling time to Vienna is shorter than to any other comparable airport

Flight Movements

Take-offs and landings

Hold Baggage Screening (HBS)

Each piece of baggage that will be placed in the storage area ("hold") of an

airplane is screened at an x-ray control point before loading

Home Carrier

Domestic airline

Hub

Connecting point for air traffic

IATA

International Air Transport Association (organisation of airline companies)

Incentive

Promotional measure that uses tariffs to encourage airlines to add new flight connections and increase frequencies

Low-Cost Carrier

Airline that offers low-price flights

Maximum Take-Off Weight (MTOW)

Maximum allowable take-off weight determined by manufacturer for each type of aircraft

Minimum Connecting Time

The minimum amount of time needed for passengers and their baggage to make their connecting flights without difficulty

Noise Zone

Sector in which a specific noise level is exceeded

One-Roof Concept

Inclusion of all building functions under a single roof

Point-to-point traffic

Direct flights without a stop-over

Push-back

The repositioning of an airplane that is parked with its nose to the gate

Ramp Handling

Services related to the loading/unloading of aircraft, baggage handling, catering transport, cabin cleaning and sanitary services, passenger transport, push-back etc.

Secondary Destinations

Destinations not scheduled every day

Trucking

Air cargo transported by lorries (substitute means of transportation)

Turnaround

Time required by ground handling to ready an aircraft for the next take-off

VIE-Skylink

A new terminal that will be constructed in stages and connected with the existing terminals on the northeast side

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Disclaimer

This annual report contains assumptions and forecasts, which were based on information available up to the copy deadline on 24 February 2006. If the premises for these forecasts do not occur or risks indicated in the risk report do arise, actual results may vary from present forecasts. Although the greatest caution was exercised in preparing data, all information related to the future is provided without guarantee.

The Annual Report 2005 of Flughafen Wien AG is also available on-line on our homepage www.viennaairport.com under <http://vie2005en.genesto.com>

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