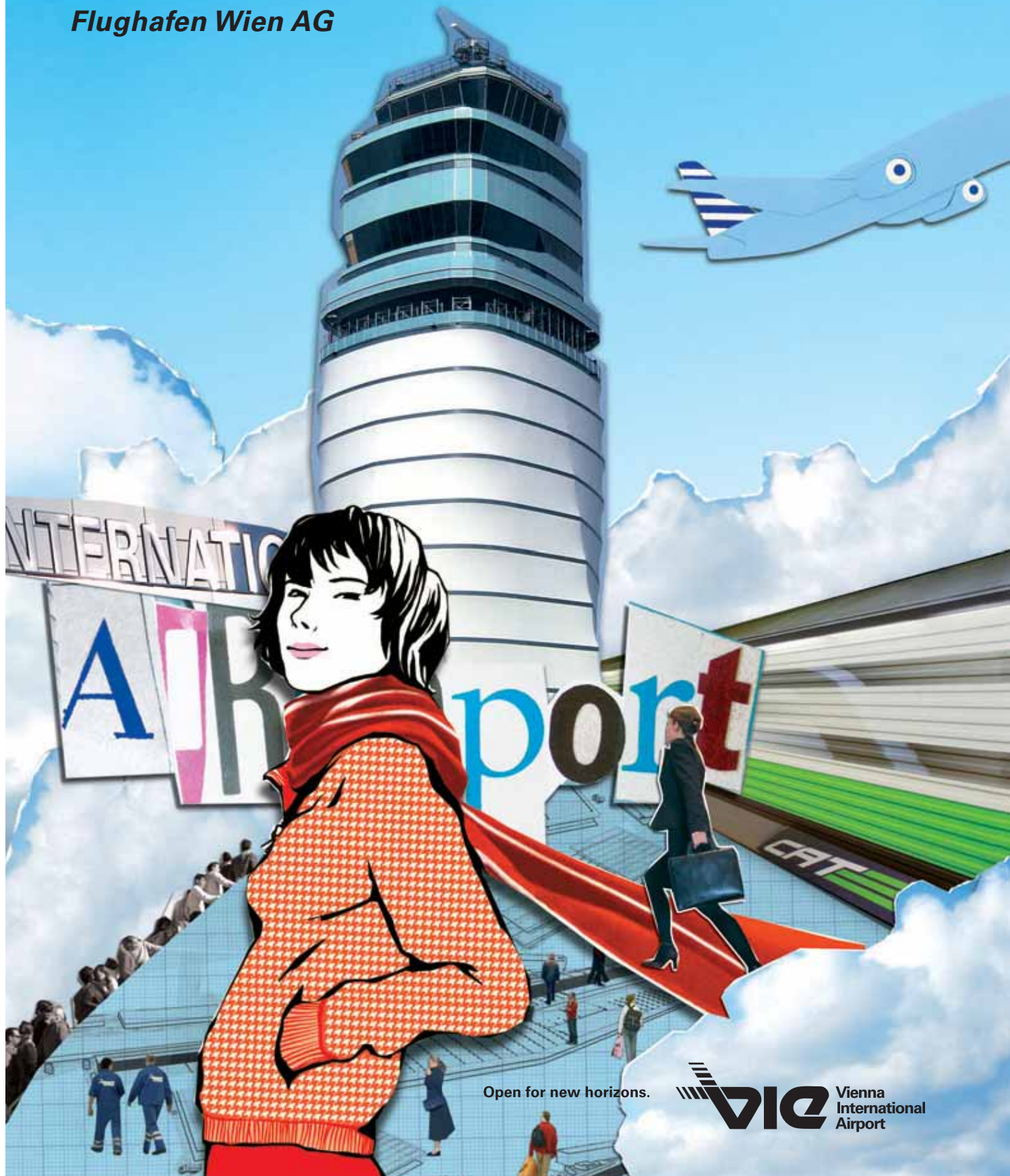


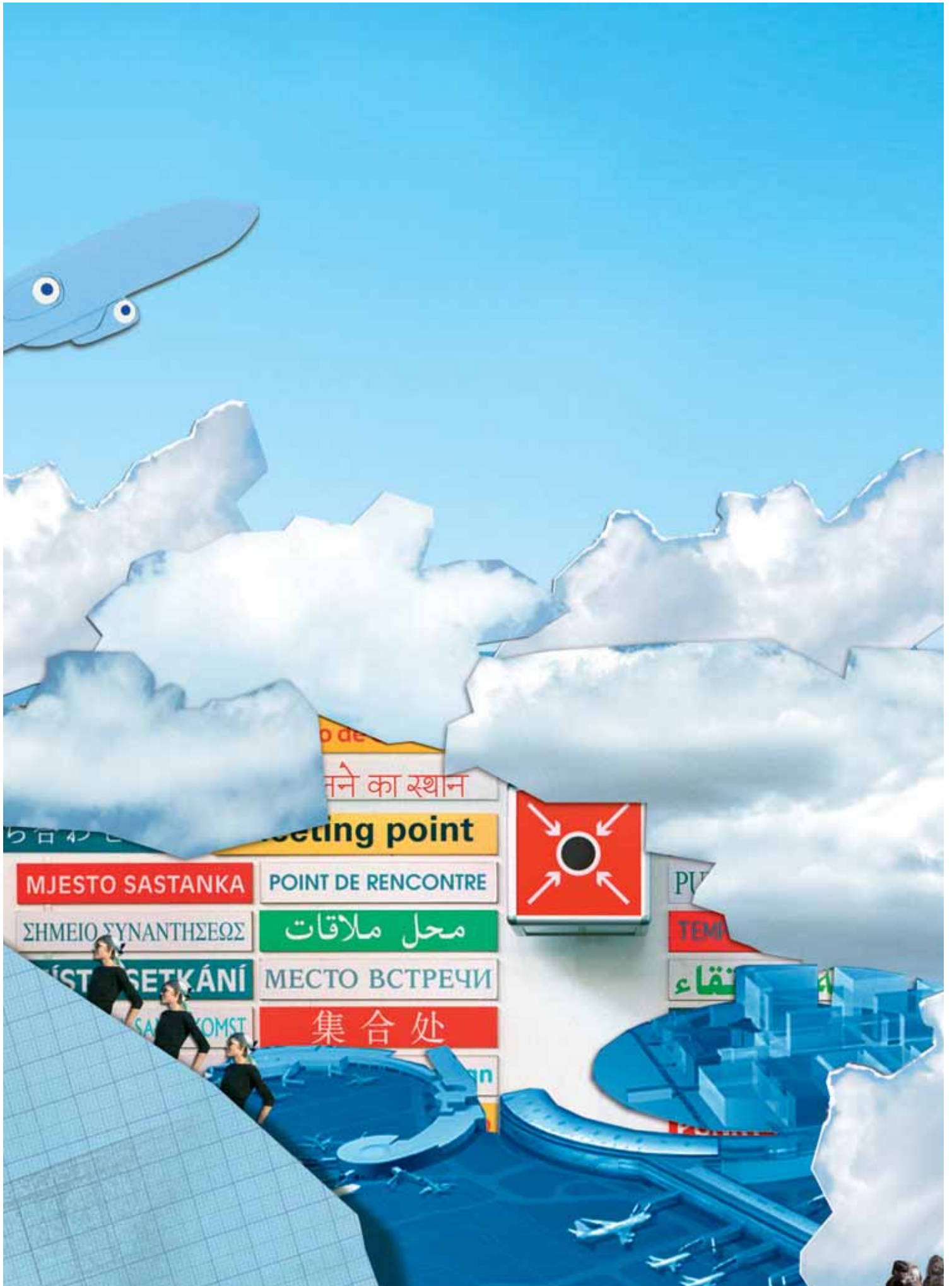
Annual Report 2004

Flughafen Wien AG



Open for new horizons.

vie Vienna
International
Airport

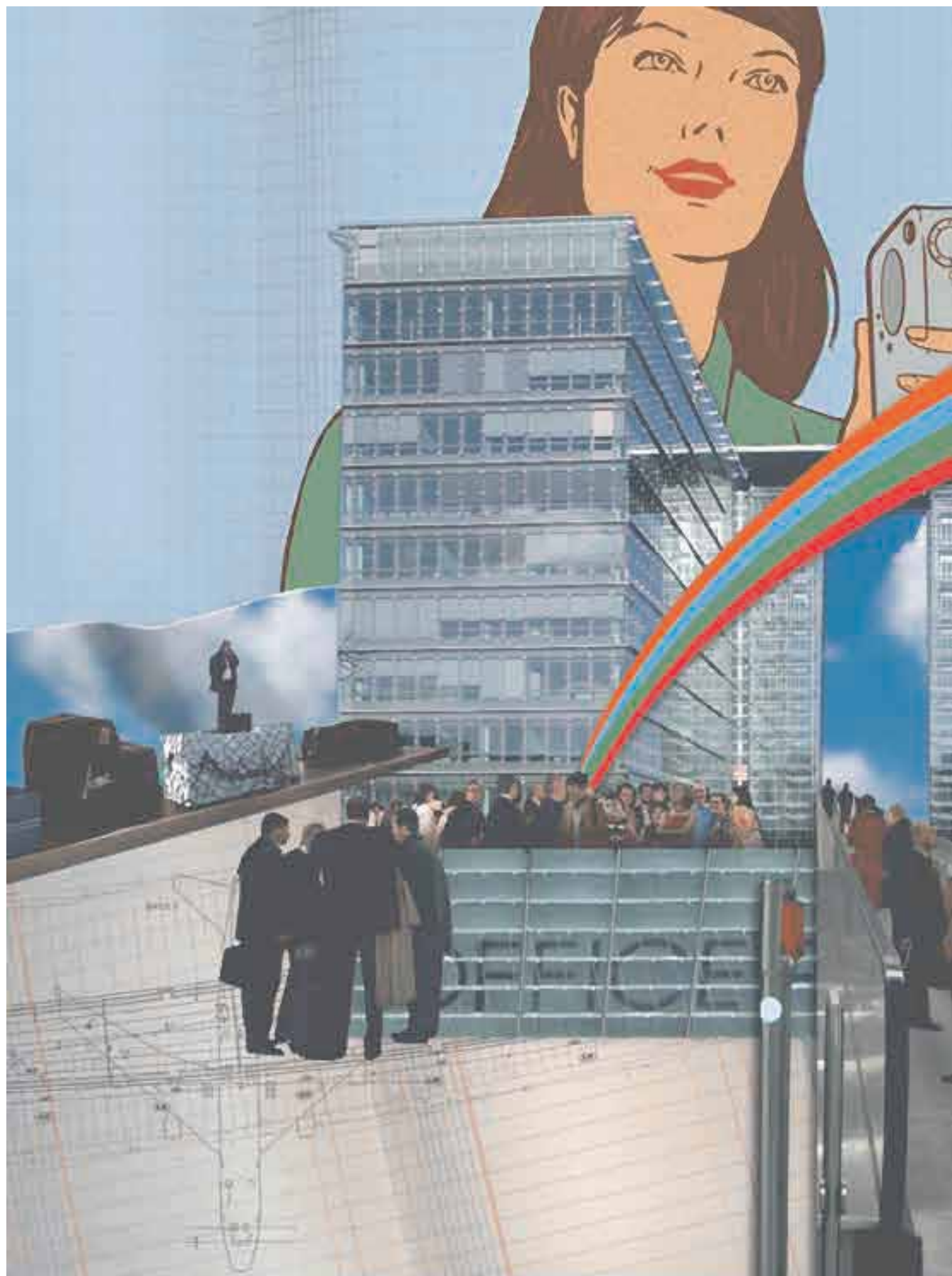


Growth is change. Yesterday's hurdle becomes today's reality. Change is future.

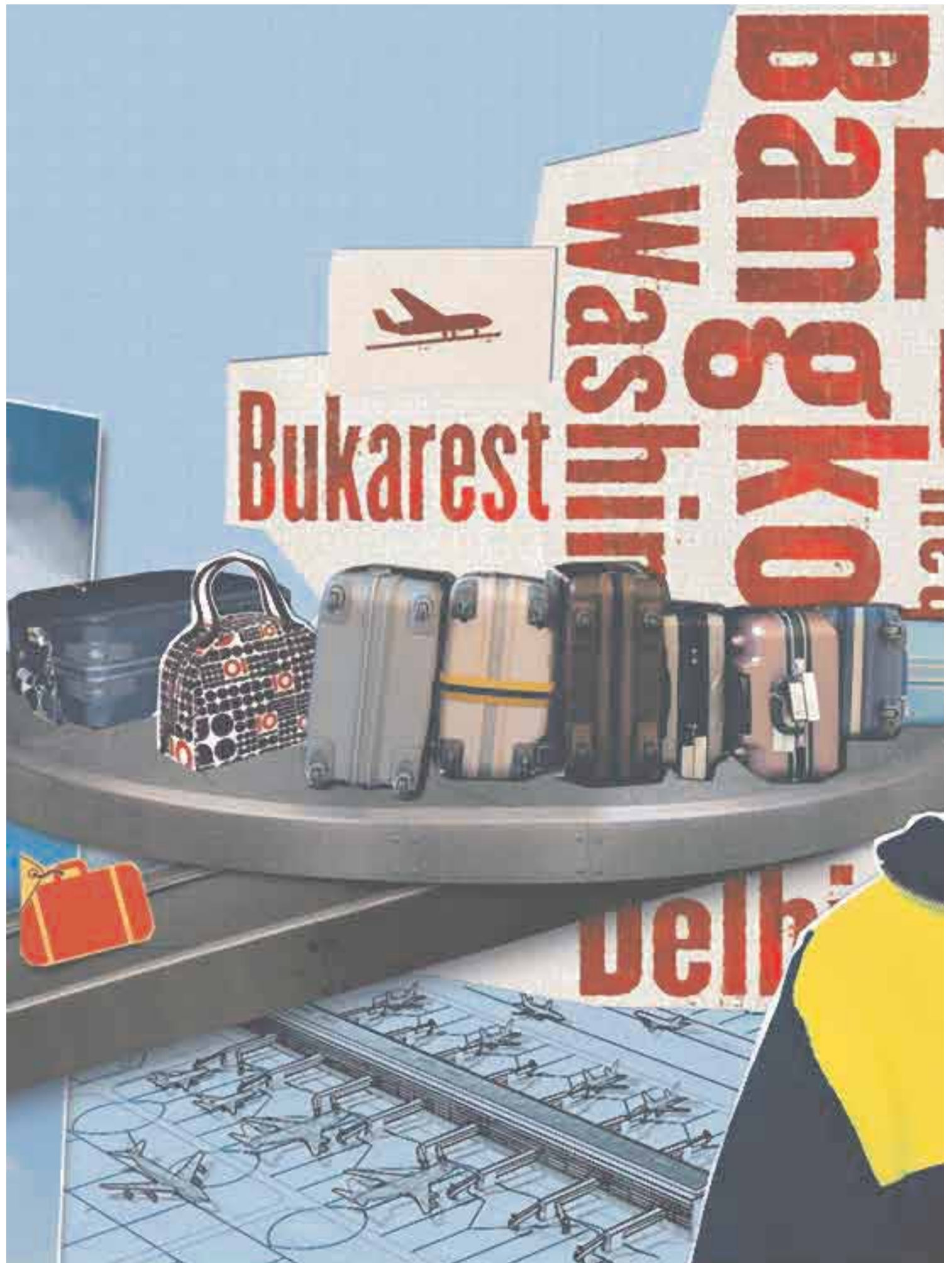
The European Union was transformed into a common market with 450 million people in May 2004. Four of the ten new EU members share borders with Austria. Vienna International Airport is not only the most efficient hub in this region, it was able to further expand this east-west function in the past year: 14.8 million passengers used our services in 2004, or 2 million more than in 2003.

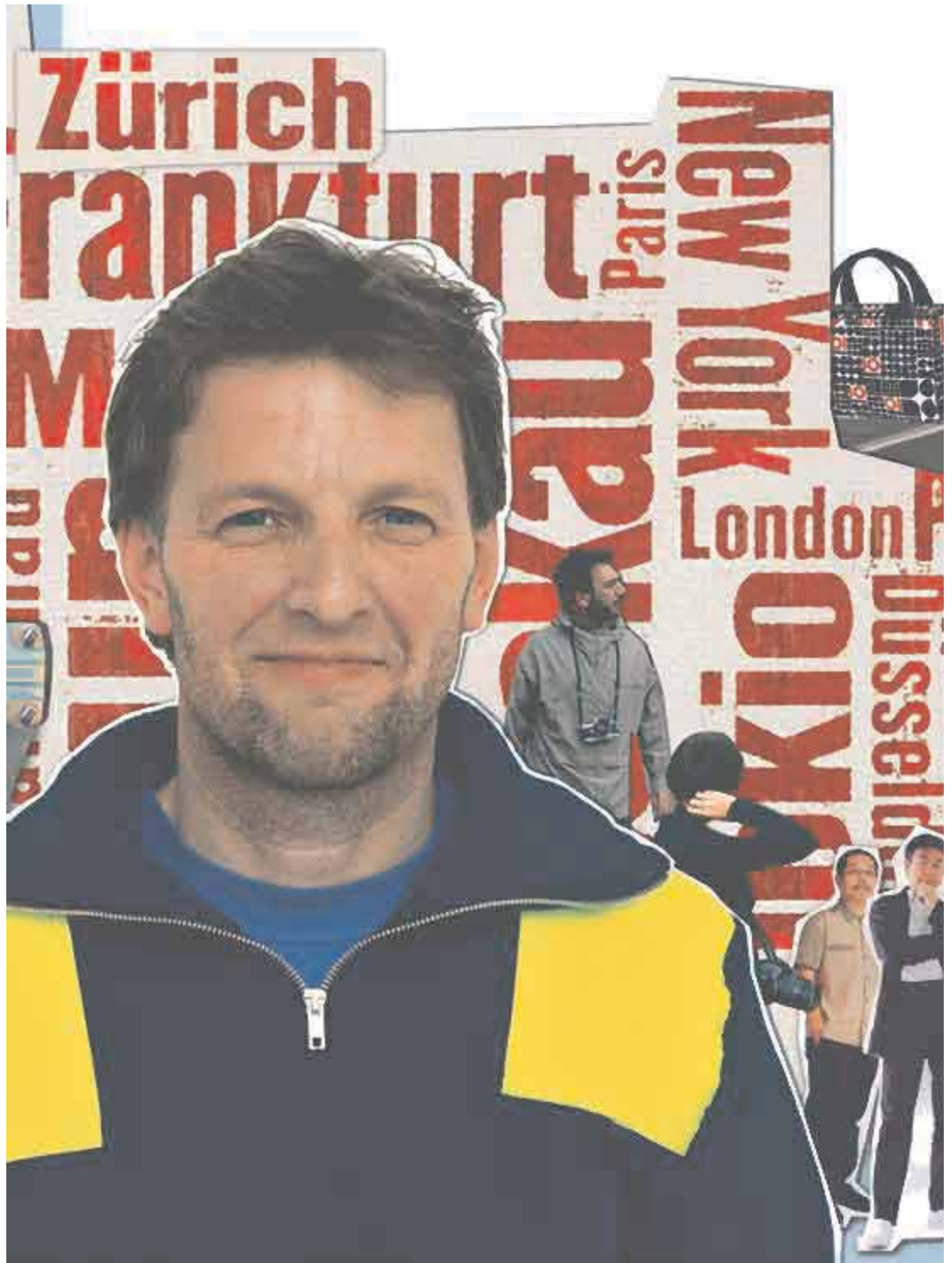
It's obvious that even an airport must have clear perspectives. A vision for the future to safeguard growth. That we need to see tomorrow in today's reality. In order to expand our infrastructure in harmony with our neighbours. And to improve the connections with our region and optimise the traffic system. In order to develop new and promising projects that support growth.

In order to recognise what tomorrow's world will look like, we compare the present with the future. A whole emerges from the sum of the parts. Growth is change. Even in the future.









Key Data on the Flughafen Wien Group

Financial Indicators in € mill. (excluding employees)

	2004	Change in %	2003	Change. in %	2002
Total turnover	398.3	14.3	348.4	9.4	318.4
Thereof Airport	186.3	14.5	162.7	19.8	135.8
Thereof Handling	123.6	16.7	106.0	0.6	105.3
Thereof Non-Aviation	88.0	10.8	79.4	5.4	75.3
EBIT	102.5	5.3	97.3	0.3	97.1
EBIT margin in % ¹⁾	24.5	-8.2	26.7	-9.8	29.6
EBITDA margin in % ²⁾	36.2	-7.9	39.3	-7.8	42.6
ROCE in % ³⁾	13.1	-5.3	13.8	-5.8	14.7
Net profit	71.7	1.2	70.8	0.8	70.3
Cash flow	194.4	29.3	150.4	24.3	120.9
Equity	630.9	6.9	590.1	5.4	559.9
Capital expenditure ⁴⁾	185.3	60.9	115.2	44.7	79.6
Taxes on income	33.8	-5.1	35.6	0.9	35.3
Employees ⁵⁾	3,264	11.9	2,918	11.7	2,612

Industry Indicators

MTOW in mill. tonnes ⁶⁾	6.2	18.6	5.3	5.0	5.0
Passengers in mill.	14.8	15.7	12.8	6.8	12.0
Transfer passengers in mill.	5.1	18.0	4.3	3.2	4.2
Flight movements	224,809	14.1	197,089	5.5	186,782
Cargo (air cargo and trucking) in tonnes	209,625	21.0	173,296	8.3	160,026
Seat occupancy in % ⁷⁾	65.2	-2.1	66.6	2.0	65.3

Stock Market Indicators

Shares outstanding in mill.	21.0	0.0	21.0	0.0	21.0
P/E Ratio at year-end	16.3	48.0	11.0	15.4	9.6
Earnings per share in €	3.41	1.2	3.37	0.6	3.35
Dividend per share	2.00	0.0	2.00	0.0	2.00
Pay-out ratio as % of net profit	58.6	-1.2	59.3	-0.8	59.8
Market cap at year-end, in € mill.	1,169.7	49.7	781.2	16.3	672.0
Stock price: high	57.29	54.0	37.20	-1.8	37.90
Stock price: low	37.95	25.1	30.33	3.1	29.42
Stock price as of 31.12.	55.70	49.7	37.20	16.3	32.00
Market weighting at year-end, in %	2.6	-30.5	3.7	-21.9	4.7

1) EBIT margin (earnings before interest and tax) = EBIT / Operating income 2) EBITDA margin (earnings before interest, tax, 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

Contents

Statement by the Management Board	10
Management	15
The Vienna International Airport Company	16
The Success Factors of Vienna International Airport	20
The Future of Vienna International Airport	36
Corporate Governance	45
Flughafen Wien Shares	47
Environmental Statement	51
Mediation Process	55
Sustainability	56
Employees	57
Group Status Report	
The Business Environment	60
Turnover	63
Earnings	65
Financial, Asset and Capital Structure	68
Corporate Spending	71
Development Risks	72
Outlook	73
Segments of Business in Detail	
Airport	74
Handling	78
Non-Aviation	82
Financial Statement 2004	
Consolidated Income Statement	86
Consolidated Balance Sheet	87
Consolidated Cash Flow Statement	88
Consolidated Statement of Capital and Reserves	89
Notes	90
Audit Opinion	123
Subsidiaries of Flughafen Wien AG	124
Organisational Chart	127
Who is who	128
Report of the Supervisory Board	129
Glossary	130

Statement by the Management Board

Dear Ladies and Gentlemen,

2004 was a successful year for Vienna International Airport in every respect. The number of passengers using our airport rose 15.7%, which is roughly twice as fast as the average recorded by other airports in Europe. We handled a total of 14.8 million passengers, 2 million more than in the previous year. In the following report, we would like to highlight the most important drivers for this growth.

We were able to further expand our excellent position as the leading provider of connections to Eastern Europe during the past year, as demonstrated by a plus of 20.7% in the number of passengers travelling to this region. Strong growth was also recorded in long-haul flights to the Middle East and Far East. An increasingly important driver for traffic growth at our airport is the low-cost carrier segment. These airlines raised their share of total passenger volume from 5.9% in 2003 to 11.1% for the reporting year, and were responsible for roughly 44% of new traffic at Vienna International Airport.

The past year was marked by above-average growth, and we expect a continuation of this favourable development in the future. For 2005 we forecast an increase of 8% in the number of passengers and 5% each in flight movements and maximum take-off weight. We will actively work to strengthen our position as the most important airport in the dynamic Vienna-Sopron-Győr-Bratislava-Brno region with specially designed marketing activities.

In order to realise these growth opportunities we will not only make substantial investments in our infrastructure and capacity, but also work to safeguard our competitive ability over the long-term. Our ambitious goal is to improve our competitive position. The tariff reform introduced in October 2004 represents an important step to set Vienna apart from our direct competitors – Frankfurt, Munich, Prague, Budapest, Milan and Zurich.

Next to the successful defence of our catchment area, the promotion of transfers formed the second major factor for the positive development of our business in 2004. An increase of 18% raised the share of transfer passengers to 35%. For this reason our absolute priority is to guarantee high quality services for our transfer passengers, as well as our excellent minimum connecting time of 25 to 30 minutes, which ranks among the best of airports in Europe. Maintaining these high quality standards represented a particular challenge in 2004 because of our many expansion projects and the interference they caused. We were able to master this challenge because of the exceptional commitment and flexibility of our employees. “Good” to “very good” ratings in our regular passenger surveys are the reward for these efforts.

“In 2004 we handled more than 14 million passengers for the first time. With this increase of nearly 16%, we grew more than twice as fast as the average recorded by other airports in Europe.”

The subject of security has been a major concern for international travellers in recent years, and Vienna International Airport holds a top position among European airports in this area. In 2004 we introduced 100% hold baggage screening as well as controls for checked large baggage and transfer luggage. The wholly owned subsidiary of Flughafen Wien AG, VIAS (Vienna Airport Security Services Ges.m.b.H.) again won the tender by the Austrian Federal Ministry of the Interior to provide security services at Vienna International Airport, which demonstrates the high quality of its services.

The development of traffic at our airport has reached a dimension that requires farsighted planning to manage growth successfully during the coming years. Flughafen Wien AG will meet these challenges by investing € 854 million in the demand-driven expansion of capacity from 2004 to 2008. Numerous projects within our multi-year master plan were continued or started during the past year at a total cost of € 185.3 million, which is € 70.1 million more than we spent in the year before.

The expansion of the VIE-Skylink Terminal represents a key element of our planned growth programme. The increase in the number of passengers using our airport and the need to maintain our high quality standards have made it necessary to enlarge the existing terminal. In order to synchronize this cost-intensive project with traffic growth, we have developed a multi-phase model that allows for step-by-step realisation. The most important planning criteria were retention of the one-roof concept and a guarantee for our short minimum connecting time of 25 minutes. Preparations for the start of this project continued throughout 2004. The first stage of expansion has been approved by supervisory authorities, and will increase the capacity of Vienna International Airport to 25 million passengers by 2008.

Another major project in 2004 was the Office Park, which not only provides space to bring many of our airport departments together but is also available for rental by non-airport tenants. Also nearing completion is the air traffic control tower and integrated office building, which will be rented almost entirely to Austro Control GmbH after completion. The expansion of the north-east apron will create new parking areas for aircraft and allow us to manage traffic growth. In 2004 we also enlarged the baggage handling facilities, and started construction on the Handling Center West and Air Cargo Center. Work began

“In order to manage traffic growth over the coming years, we will invest a total of € 854 million in the demand-driven expansion of capacity from 2004 to 2008. This will allow Vienna International Airport to handle up to 25 million passengers per year at the end of this period.”

on the expansion of the airport railway station, which will significantly improve our infrastructure connections. Financing for this project will also be provided by the Austrian Federal Railway Corporation. The City Airport Train started operations in December 2003 as a joint venture between the Austrian Federal Railway Corporation and Flughafen Wien AG, and carries passengers between the airport and Vienna's inner city. In its first full year of business this service – non-stop to and from the airport, including advance check-in at the “Wien-Mitte” railway station – established a good position within the local traffic network and was used by 8% of passengers.

During the coming year we plan to invest a total of € 245 million in expansion projects. The most important activities in 2005 will focus on completion of the air traffic control tower, Air Cargo Center and Handling Center West as well as clearance of the building site for the VIE-Skylink Terminal. In addition, we will also complete a new building for the General Aviation Center / VIP and Business Center as well as an addition to multi-storey car park 3. In order to prevent capacity problems while the new terminal is being completed, we will set up a temporary check-in hall on a section of short parking lot 1 during the summer of 2005, which will provide 1,200 m² of space and 22 additional check-in counters.

In addition to providing turnkey facilities for logistics companies such as UPS, TNT, Menlo and FedEx, we are also interested in developing new areas of business outside the airport site. Potential projects must increase the value of our company and support our dividend policy. Our investment in Malta Airport, which we have owned since 2002 through a consortium that holds 40%, meets these criteria.

Central to our strategy is the desired cooperation with Bratislava Airport. The Vienna-Bratislava region will become one of the most dynamic regions in the coming years, and this growth can be better mastered through cooperation than competition. If we acquire an investment in a privatised Bratislava Airport, we intend to develop a joint airport system with a reasonable division of functions for both sites.



*Christian Domany
Member of the Board*

*Herbert Kaufmann
Member of the Board
and Speaker*

*Gerhard Schmid
Member of the Board*

“The desired cooperation with Bratislava airport will allow us to meet the enormous traffic growth in this region together.”

In conclusion, we would like to provide a brief review of business in 2004. Turnover and earnings reflect the above-mentioned factors – growth and the start of expansion. Turnover recorded by the Flughafen Wien Group rose by 14.3% to € 398.3 million due to the favourable development of traffic, and earnings before interest and tax (EBIT) increased 5.3% to € 102.5 million. The improvement in earnings remained below the growth in turnover because of a volume-based increase in expenses as well as our attractive tariff structure, which is designed to strengthen the competitive position of our airport over the long-term. Investment activity triggered a 68.6% drop in financial results to € 2.9 million. Profit before tax (EBT) declined 1.1% to € 105.4 million, but net profit for the year increased 1.2% to € 71.7 million.

A programme to slow the increase in operating costs was started in July 2004. It is designed to realise a lasting reduction of € 8 million over the base year of 2003 by optimising work processes, and thereby improving productivity and efficiency. Productivity per employee, as measured by traffic units, rose by 6.4% in 2004 independent of this project. We would therefore like to thank our employees for their high motivation and support.

We would also like to express our thanks to our business partners and shareholders for their confidence during the successful 2004 business year.

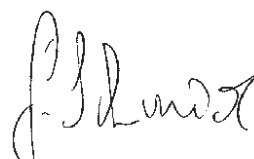
Yours sincerely,



Christian Domany
Member of the Board



Herbert Kaufmann
Member of the Board
and Speaker



Gerhard Schmid
Member of the Board

Management

The 2004 Business Year brought a change in the Management Board of Flughafen Wien AG. In March the Supervisory Board reappointed Herbert Kaufmann and Gerhard Schmid for a further term from 1 October 2004 to 30 September 2009. On 1 October 2004, Christian Domany joined the Management Board and assumed the functions previously held by Kurt Waniek.

The 18 managers who report directly to the Management Board include the heads of four business units, three service units and 11 staff departments. Regular monitoring as part of the strategic management system supports the implementation of the Company's strategy. Financial and qualitative factors as well as a performance-based incentive programme for the members of the Management Board and the first two levels of the organisation serve to ensure the delivery of strategic goals. The Management Board sets its financial and quality targets together with the Supervisory Board.

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, land development, and strategy and controlling.

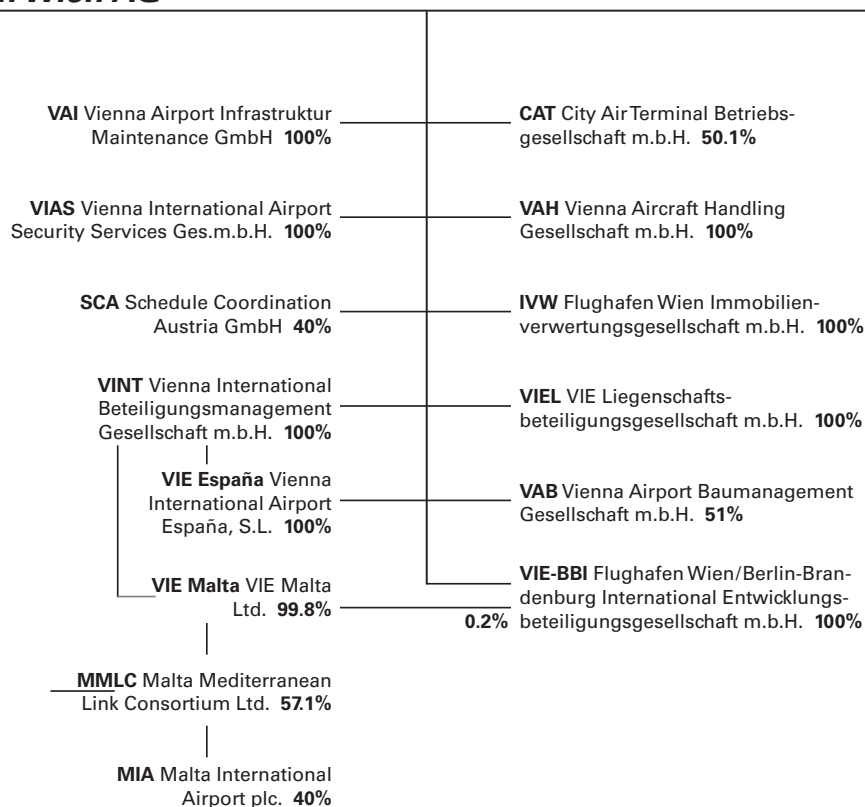
Member of the Board: Gerhard Schmid, born 1957, started his career with Böhler AG (Seibersdorf Research Center). In 1979 he joined Municipal Department 46 of the City of Vienna, which is responsible for the technical aspects of traffic planning. He was appointed manager of the office of Mayor Helmut 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 auditing.

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 consumer services as well as personnel, treasury, investor relations, investments, central project management for construction and management services.

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. Our workforce participates directly in dividends through an employee fund that owns 10% of share capital, and the remaining 50% of shares are traded on the Vienna Stock Exchange.

Flughafen Wien AG



A complete list of all Flughafen Wien AG holdings, classified by type of investment and consolidation method, is shown on pages 124-126. VAI Vienna Airport Infrastruktur Maintenance GmbH started operations in the area of infrastructure construction and maintenance during the 2004 Business Year.

We are the developer, builder, and general operator of Vienna International Airport as well as provider of a wide range of related services. As the leader in connections to Central and Eastern European countries, we are preparing for above-average growth. The eastward expansion of the EU has extended our market area well into Austria's neighbouring coun-

tries. Whereas Vienna International Airport was the preferred starting point for 5.6 million travellers in the past, the growth of the EU and planned extension of the Schengen area have raised this figure to 14.3 million. The dynamic growth in the economies of these countries is expected to trigger a strong increase in travel.

The high number of destinations in Eastern Europe and the important geographical position of Vienna International Airport have already allowed us to profit from this development. Our strategic goal is to maintain the strong position of Vienna as an east-west hub for transfer passengers. We also intend to strengthen the hub function of our airport through the acquisition of new long-haul destinations. Another focal point of our strategy is to utilise the growth opportunities provided by increasing travel in this new and larger catchment area through intensive marketing.

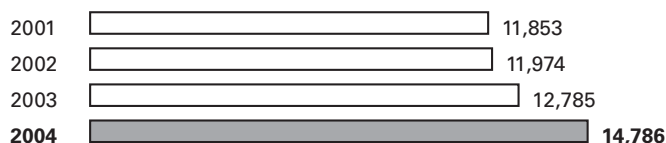
Basics of the airport-business

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 a high MTOW and passenger volume, coupled with a smaller increase in flight movements. This allows for the optimal use of runway capacity.

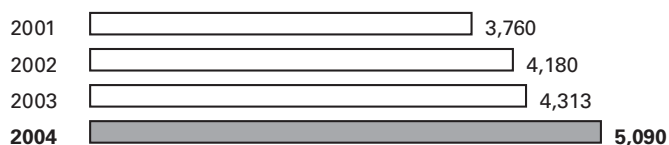
The current runway system has a maximum capacity of 72 flight movements per hour. If forecasts for traffic development are met and technical requirements remain unchanged, Vienna International Airport will need a further runway by 2010. We believe this third runway would only be needed two to four years later – or in 2012 to 2014 – if the Vienna and Bratislava airports join together to form a cooperation. Work will start on the enlargement of the terminal during 2005. The VIE-Skylink project will follow a multi-phase model to ensure maximum flexibility and also match the various realisation steps with current traffic developments.

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. A favourable geographical location and good connections to destinations throughout Eastern Europe are strengthening the position of Vienna International Airport as a site for international companies.

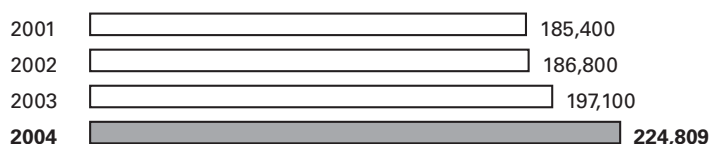
Passengers in thousands



Transfer passengers in thousands



Flight movements



Real estate

Flughafen Wien AG carries out real estate development projects in relation to market demand, and also leases office space and cargo and logistics facilities 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 agencies and freight carriers. Providing these companies with modern facilities that meet their special needs is a focal point of our activities and strategic goals. (For additional information on current construction projects, see the chapter "The Future of Vienna International Airport" on page 36.)

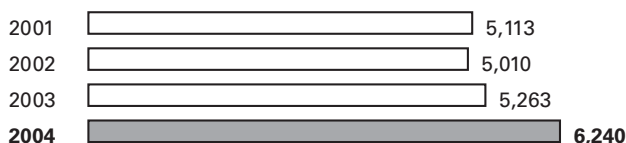
Shopping and gastronomy

Vienna International Airport offers passengers, visitors, neighbouring residents and employees a wide selection of services and shopping alternatives in 18 gastronomy facilities and 75 stores.

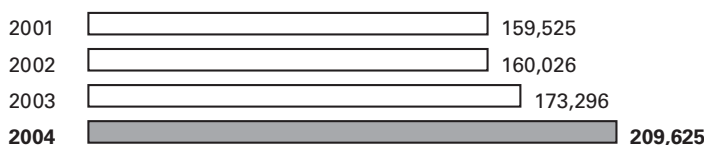
Parking

As of year-end 2004 Vienna International Airport was able to offer passengers and visitors roughly 4,000 spaces in multi-storey car parks, 300 short-stay parking spaces and 5,000 spaces in economical long-term parking lots. In addition, 3,000 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.

Maximum take-off weight in thousand tonnes



Cargo (air cargo and trucking) in tonnes



Advertising space

Advertising space at Vienna International Airport is extremely attractive because of our high visitor frequency, which averages 43,000 persons per day. A wide variety of surfaces is available for the realisation of efficient marketing and promotions: billboards, neon signs or mega-banners on car parks as well as advertising suitcases in the baggage return area and other large objects.

VIP & Business Center and lounges

Our exclusive VIP & Business Center (VBC) provides customers with facilities that are well-suited for many different types of events. During the reporting year, 21,340 persons used the VBC for a total of 2,540 events. The structural changes at Vienna International Airport will include the construction of a state-of-the-art business center by the end of 2005, just before Austria assumes the chairmanship of the European Union during the first half of 2006. 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. We are currently providing Malta Airport – in which we hold an investment through the Malta Mediterranean Link consortium – with support in the areas of strategic planning, retail business operations, personnel development and capacity management as well as airport and aviation marketing through technical service agreements. Flughafen Wien AG also began to supply consulting services to Riga Airport in autumn 2004. We were able to win a tender against strong international competition to develop the airport in this Latvian capital, which is profiting from rising travel within the newly enlarged European Union. The primary duties for the VIE consulting team include the revision of the master plan, optimisation of the terminal expansion and land development as well as the preparation of new concepts for the future of Riga Airport.

The Success Factors of Vienna International Airport

Success Factor – Growth Potential

2004 was an excellent year for traffic at Vienna International Airport. We were able to record double-digit year-on-year growth in the number of passengers nearly every month, and in December we welcomed our 14-millionth passenger. These results were supported by rising traffic to Eastern Europe and long-haul flights to the Far East as well as the positive development of low-cost carriers. Assuming that economic factors will remain stable, our forecast shows a plus of 8% in traffic for 2005 and an average increase of 4.6% for the following five years. The strong economic recovery across our catchment area also leads us to expect future growth in excess of the European average.

Development of peak hours¹⁾

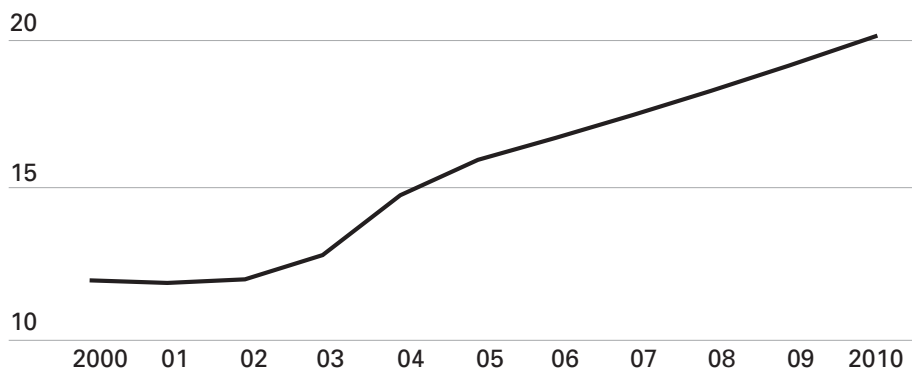
Flight movements, standard busy rate (30th hour)

Year	Flight movements	Passengers (arrival + departure)
2000	51	3,714
2001	52	3,922
2002	54	3,901
2003	54	3,864
Actual 2004	60	4,378
Forecast 2005	61	4,700
Forecast 2006	62	4,900
Forecast 2007	64	5,100
Forecast 2008	66	5,250
Forecast 2009	68	5,450

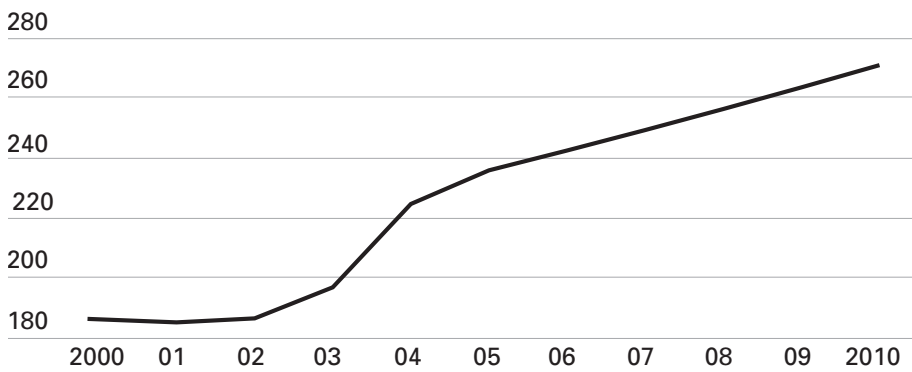
1) Hour with the most flight movements

In addition to growth in traffic volume, peak hour activity plays a decisive role in matching expansion to actual demand. The expansion of the VIE-Skylink Terminal will comprise the Pier South, additional check-in counters and a larger baggage claim area. The various stages of construction will be realised in relation to growth in traffic. Phase one will start in mid-2005 and continue through to 2008. To improve service for our passengers, a temporary check-in hall with 20 counters will be opened in October 2005. (For additional information, see the chapter "Expansion to match demand" on page 36.)

Number of passengers in million (forecast: 2005 to 2010)



Flight movements in thousands (forecast: 2005 to 2010)







MOSCOW

E

NSK

KIEV

KHARKOV

DNEPROPETROVSK

DONEFSK

ROSTOV

CHISINAU

ODESSA

KRASNODAR

EST

TBILISI

YEREVAN

TO EAST!

= go east!

Success Factor – Hub Function

In addition to passengers originating in our own catchment area, the number of transfers at Vienna International Airport plays a key role in the development of our business. In addition to the increase in the number of destinations and frequencies offered by our flight plan, maintaining our outstanding minimum transfer time is one of our most important strategic goals.

Transfer time

Transfers represent 35% of the total passenger volume at Vienna International Airport, which underscores our function as a major international hub. Vienna is rated priority in reservation systems because of our excellent minimum connecting time, and that increases the sale of tickets through our airport. In 2004 the total number of transfer passengers rose 18% to 5,089,624. Short routes, a one-roof concept and an outstanding logistics system make Vienna an ideal airport for transfers. This transfer-friendly one-roof concept will also form the basis for the new VIE-Skylink Terminal.

Minimum connecting time in Europe¹⁾ in minutes

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

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

East-west hub

Vienna International Airport was able to further expand its position as an east-west hub in 2004. Traffic to Eastern Europe rose by 20.7% over the previous year. We continued to strengthen our Eastern European network together with Austrian, our home carrier, and supported this development with a direct incentive programme. The accession of Slovakia, Hungary and the Czech Republic to the European Union has enlarged our catchment area, and an increasing number of residents are using Vienna as a departure point.

Number of destinations in Eastern Europe

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

Development of long-haul routes

The direct connections to Shanghai and Singapore that were introduced by Austrian with its 2004 summer flight schedule raised the number of Far East destinations to 14. Traffic to the Far East rose by 26% during 2004. The incentive programme developed by Vienna International Airport increased long-haul traffic by a total of 21% in 2004. This concept is designed not only to support the east-west hub function but also to promote the introduction of new long-haul routes and destinations in Eastern Europe. The frequency incentive launched in 2004 should optimise connections on long-haul routes. In addition, Vienna International Airport is also working to acquire new airline customers. The prestige carrier Emirates joined Vienna as a new customer in May 2004, and Malaysia Airlines also resumed flights to Kuala Lumpur. Eva Air links Vienna and Taipei via Bangkok three-times weekly with an Airbus 330, and last but not least our home carrier Austrian offers roughly 80 flights every week to 20 attractive long-haul destinations.

29€

77;



19€

29

€99

88;

Vienna ME

Destination

20 ⇄ || Oct 05 ⇄

25 ⇄ | Oct

1



Success Factor – Low-Cost Carriers

Low-cost carriers handled 11.1% of the 14,785,529 passengers who used Vienna International Airport during the 2004 Business Year. Air Berlin and NIKI integrated attractive destinations such as London Stansted, Rome, Warsaw and Zurich into their flight schedules. These two airlines were responsible for 74% of the low-cost carrier business at Vienna, with Germanwings holding third place. The other low-cost airlines at Vienna International Airport are Intersky (Friedrichshafen) and Helvetic (Zurich). A ranking of the 10 largest airlines at Vienna International Airport based on the number of passengers places Air Berlin and NIKI third and fourth after the Austrian Airlines Group and the German Lufthansa.

These low-cost carriers are able to mobilise new customer segments because of their innovative business model: 44% of new traffic is attributable to their activities. Therefore, they represent an important growth factor for Vienna International Airport.

The termination of activities by V Bird and Duo Airways in 2004 represented the first step towards consolidation among the low-cost airlines at Vienna International Airport. Low-cost carriers are obviously subject to the same tariff models as network carriers.

Development of passengers – Low-Cost Carriers^{*)}

Airline	2004	Share in %	2003	Share in %	2002	Share in %
Air Berlin	764,227	5.2	439,125	3.4	19,237	0.2
NIKI	447,205	3.0	–	–	–	–
Germanwings	299,377	2.0	239,814	1.9	37,149	0.3
V Bird	41,853	0.3	7,934	0.1	–	–
Intersky	36,214	0.2	25,004	0.2	8,182	0.1
Germania	25,617	0.2	43,448	0.3	–	–
Helvetic	25,595	0.2	1,599	0.0	–	–
Duo Airways	5,983	0.0	2,696	0.0	–	–
Total	1,646,071	11.1	759,620	5.9	64,568	0.5

^{*)} Passengers arrival+departure+transit

Success Factor – Competitive Tariff Policy

The tariffs collected at Vienna International Airport – landing, passenger, parking and infrastructure tariffs – are subject to an annual adjustment to reflect the growth in traffic and the inflation rate in accordance with an agreement concluded with the Austrian Ministry for Transportation, Innovation and Technology for the period up to 31 December 2006. Landing and airside infrastructure tariffs are based on maximum take-off weight, while the passenger and landside infrastructure tariffs are based on the number of passengers. The maximum change in the tariff structure equals the inflation rate less the increase in traffic multiplied by a factor of 0.35. Traffic growth is based on the average actual increase from the current and previous years as well as forecasted growth for the next year. If this average is negative, the maximum tariff increase will equal the inflation rate. As a result of the tense situation in the aviation industry following the war in Iraq and outbreak of SARS during 2003, prices were not changed as of 1 January 2004 to underscore our customer-oriented tariff policy. The continuation of the SARS incentives (60% reduction in the landing tariff for flights to areas affected by SARS) into January provided additional relief for the affected frequencies.

Fundamental changes were made to the current tariff model as of 1 October 2004:

- The passenger tariff was increased from € 12.57 to € 13.50.
- The landing tariff was reduced by an average of 16%.
- IATA's long-standing wish for the elimination of regional tariffs was fulfilled.
- Parking fees were abolished from 10 pm to 6 am.

Tariff changes that would have been triggered by the index formula as of 1 January 2005 were also incorporated into this comprehensive structural reform. Due to these measures – the tariff reform and the introduction of a frequency incentive –, tariff revenues will be 3% lower in 2005 than in 2004.

A further central feature of the tariff policy was the implementation of a frequency incentive. This is designed to complement the existing growth incentive and transfer incentive – which calls for a refund of € 8.21 to airlines for each departing transfer passenger – and also to strengthen the position of Vienna International Airport as an east-west hub. This incentive will apply to intercontinental flights as well as connections to Central and Eastern Europe.

The above-mentioned tariff adjustments, the previous and new incentives and the redesign of the tariff structure in October 2004 provided major relief for airlines. These changes also demonstrate the efforts of Vienna International Airport to promote strategically important intercontinental traffic as well as destinations in Central and Eastern Europe.

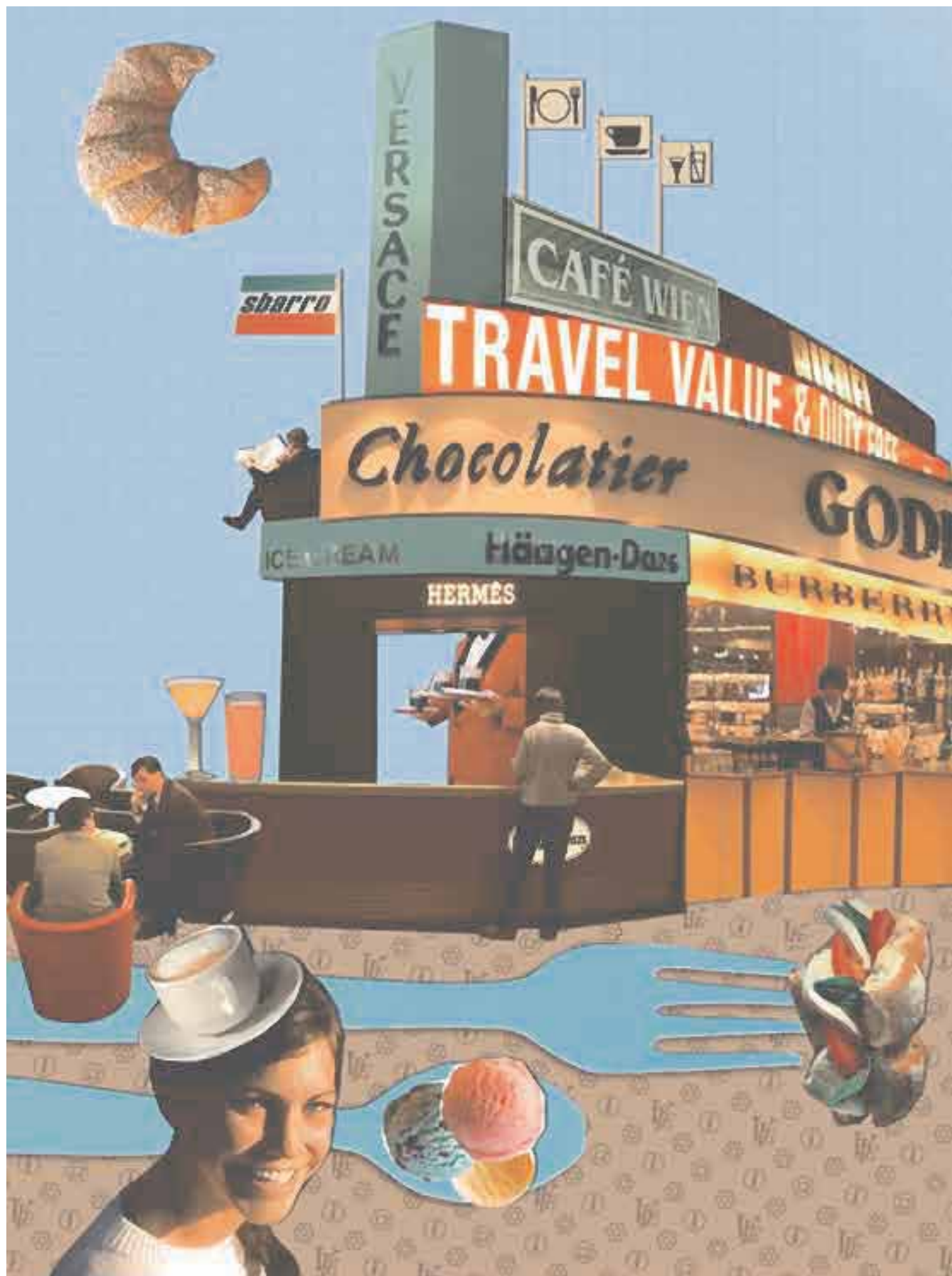
Success Factor – Professional Service

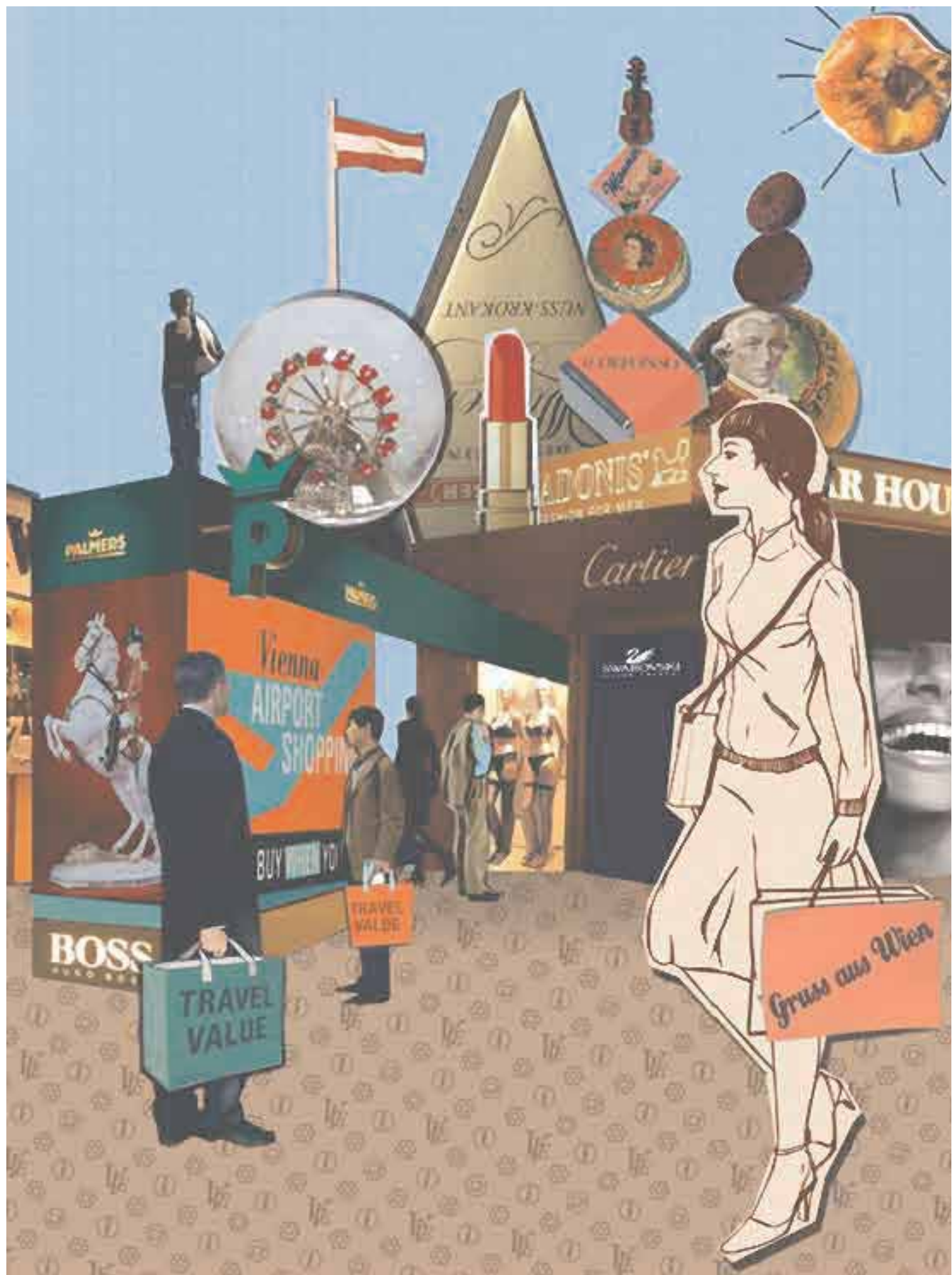
The quality of services

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 on services and facilities at Vienna International Airport remained nearly constant in 2004, with results ranging from “good” to “very good”.

Terminal performance index

(Rating 1 = very good, 5 = very bad)	2004	2003	2002	2001
Total Index	1.33	1.40	1.38	1.35
Orientation in the terminal	1.33	1.38	1.35	1.35
Cleanliness	1.51	1.56	1.57	1.53
Security controls	1.31	1.40	1.34	1.37
Waiting times	1.34	1.42	1.40	1.38
Check-in agents	1.25	1.34	1.31	1.27
Information for passengers	1.32	1.41	1.33	1.29
Comfort	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 set new standards for process monitoring in 2004 with the introduction of scanners to electronically record measurement points in the transport of baggage.

Our employees register more than 20 critical points in the handling process with scanners, and combine this information electronically. For example, data is recorded 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 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
2004 ¹⁾	13,471,000	3.7.2004	60,670
2003 ¹⁾	11,729,000	29.6.2003	51,660
2002 ¹⁾	11,322,000	7.7.2002	51,940
2001 ¹⁾	11,180,000	1.7.2001	51,600

1) Thereof market share of Vienna Airport Handling: 2004: 90.7%, 2003: 89.4%, 2002: 91.5%, 2001: 94.7%

Success Factor – Communications with Neighbouring Residents

We believe that conflict-free, solution-oriented communications with our partners – neighbouring residents, airlines and air traffic control – form a cornerstone of our success. In order to safeguard and develop opportunities for growth at Vienna International Airport in the future, we have also created a platform to promote the exchange of ideas between involved parties. The central element of this initiative is our mediation process, where representatives of these parties have been working together since 2000 to develop noise reduction measures that are in balance with the long-term capacity needs of the airport. The goal is to find an acceptable solution for all participants in spite of partly contradicting interests.

Additional information on actions taken to date and an analysis of results is provided in the chapter “Mediation process” on page 55. The mediation contract should be concluded by mid-2005 and cover the creation of an environmental fund, technical measures for noise reduction, limits on the number of flight movements, regulations for night flights and the location of a third runway.

The neighbourhood advisory board that was established in 1989 supports the extensive exchange of information between Vienna International Airport and the surrounding communities. This group not only develops solutions for problems but also works on agendas that require immediate attention, such as the installation of sound-proof windows in neighbouring municipalities.

The Forum 11 association was founded in 1993 to promote a dialogue on the economic, ecological and social development of the communities surrounding the airport. Neighbouring residents and opinion leaders are provided with a wide range of information on current developments through the “vis à vie” journal of Forum 11, the “VIE aktuell” airport magazine and the newsletter published by the mediation forum.

Success Factor – Security

The events of 11 September 2001 have significantly increased the importance of international air travel security for travellers throughout the world. EU regulation 2320 (creation of common rules for civil aviation security – a regulation passed by the European Parliament and Council) established strict security standards for airports throughout the EU. These high standards were met through structural measures and new security systems, which were implemented based on an overall security concept. The National Security Committee has recognised this concept as a model for all Austrian airports.

A further measure was the development of new security training courses to deal with these revised EU standards. Vienna International Airport has developed these courses for the Austrian airports, and they will also be implemented in modified form throughout the provinces. From a technical standpoint, Vienna is one of the leading airports in Europe. The Hold Baggage Screening system (HBS), which checks large baggage and transfer luggage, was implemented with great success in 2004. A total of € 16.7 million has been invested to date in the purchase of this equipment and necessary modifications to airport facilities. A training system for employees who work with the HBS was also developed at the same time, and will guarantee a high degree of safety for our passengers. A decision by federal authorities has established Flughafen Wien AG as the benchmark for the installation of technical equipment at Austrian airports.

A major success factor for the high level of security is the excellent teamwork and coordination of activities between the organisations operating at Vienna International Airport. These organisations include the Federal Ministry for Transportation, Innovation and Technology, the Federal Ministry of the Interior and the Federal Police Department in Schwechat as well as the employees of Vienna Airport and its wholly owned subsidiary VIAS (Vienna International Airport Security Service Ges.m.b.H.). In 2004 VIAS was again awarded the tender by the Austrian Federal Ministry of the Interior for the provision of security services at Vienna International Airport due to its high quality standards.



The Future of Vienna International Airport

Expansion to match demand

The master plan prepared in 1998 forms the strategic basis for all projects related to 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 in or before 2008, whereby the enlargement of the VIE-Skylink Terminal represents the lead activity. Another part of the master plan includes airport projects that are scheduled to start after 2009, with the parallel runway as the major project. Current plans call for operations to will start in 2010 when the results of the mediation process (www.viemediation.at) will also be included.

If Vienna and Bratislava establish a joint airport system, current forecasts by Flughafen Wien AG indicate that the third runway may only be required two to four years after this time – or during the period from 2012 to 2014. The master plan also includes non-aviation projects such as the Office Park, of which the first stage was completed in autumn 2004, and the air traffic control tower as well as the acquisition of space for projects that have not yet been scheduled.

Current master plan projects

VIE-Skylink

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 multi-phase model, and can be realised in accordance with traffic growth. An annex to the existing terminal will maintain the so-called "one-roof" concept. The new Pier South in the VIE-Skylink Terminal will have up to 17 flexible pier positions, depending on the size of aircraft. The complex transfer between Schengen and non-Schengen passengers will be facilitated by a convenient building design. The multi-functionality of the pier and short routes for passengers will provide for a minimum connecting time of only 25 minutes, which is one of the fastest in Europe. The first expansion step will increase the capacity of Vienna International Airport to 25 million passengers per year by 2008. Together with the VIE-Skylink Terminal, total capacity will rise to 28 million passengers per year.

Passengers

	2004	2008	VIE-Skylink final stage ¹⁾
Passengers (in mill.)	14.8	25	28

Capacity

Check-in counters	84	114 (50+64)	146 (50+96)
Pier positions	20	33	37
Baggage carousels	7	10	10
Shopping space (in m ²)	6,189	11,700	11,700
Gastronomy space (in m ²)	3,400	7,300	7,300

1) incl. existing facilities

Baggage sorting equipment

The baggage sorting plant forms the heart of the VIE-Skylink Terminal. This facility will contain two baggage centers as well as the equipment for 100% hold baggage screening (HBS) and provide optimal support for transfers with 10 special stations and 16 sorting points in the pier. Connections between the two centers guarantee that baggage will be transferred efficiently between the two areas. Construction on this new plant is scheduled to begin in mid-2006, and the hall should be completed in December 2007.

Temporary check-in hall until VIE-Skylink is completed

Vienna International Airport will soon start construction on a temporary check-in hall on a section of the first short-term parking lot. This facility is designed to ease capacity restrictions until the VIE-Skylink is completed. An additional 22 check-in counters and 10 airline contact counters as well as access to automatic baggage screening equipment will be set up on 1,200 m² of space.

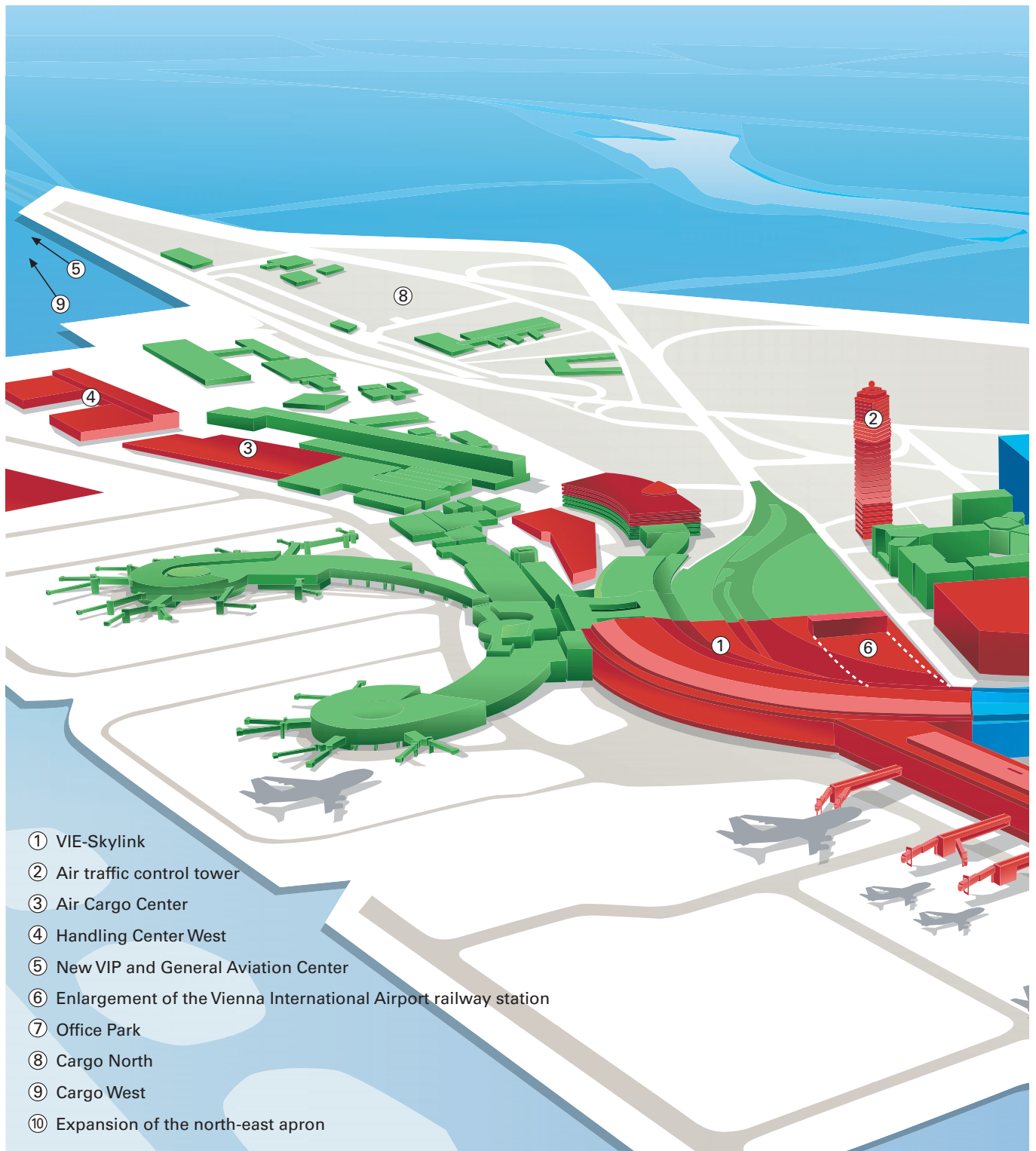
Parallel runway

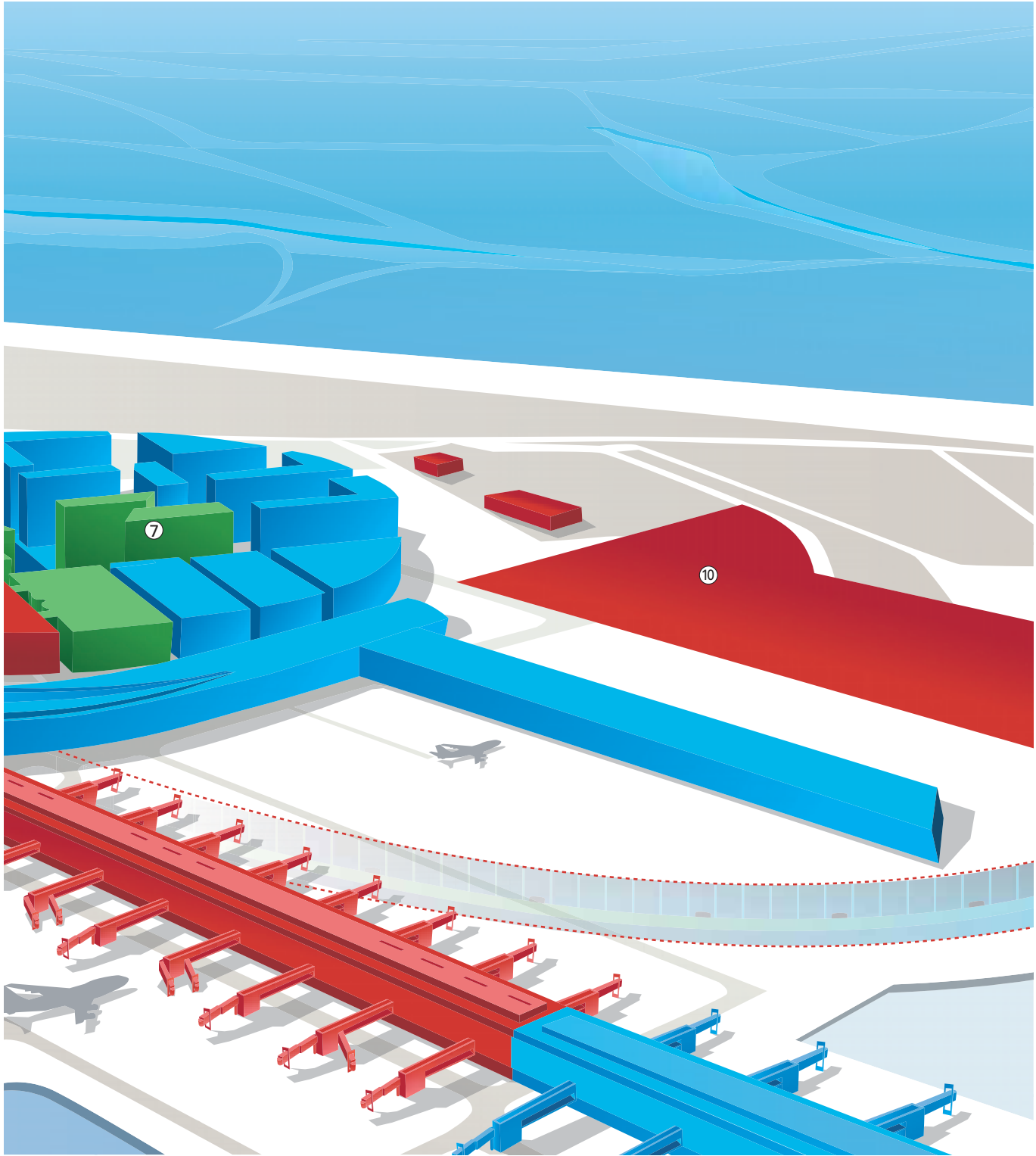
The high level of investment makes the parallel runway the largest single project in the master plan. Since the present runway system does not allow independent operations on the available take-off and landing runways, flight movements are currently limited to 72 per hour. This corresponds to a capacity of 1.6 runways. 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 2010. If Vienna and Bratislava establish a joint airport system, current forecasts by Vienna International Airport indicate that the third runway may only be required for two to four years after this, or during the period from 2012 to 2014.

Air traffic control tower

The new tower and integrated office building for Austro Control GesmbH, with net space of approximately 3,500 m², form the technical center of flight control operations. With a height of 109 m, the air traffic control tower will create a new landmark at Vienna International Airport. A further unmistakable feature will be the striking facade, a 3,800 m² membrane that envelops the tower. The new air traffic control tower is scheduled to open for operations in summer 2005.

Expansion of Vienna International Airport





Existing facilities

Implementation 2004 – 2008

Vision for expansion over the coming decades

Air Cargo Center

A European architecture competition was initiated to select a design for the Air Cargo Center (ACC), which will meet state-of-the-art standards for the information technology required by cargo handling and logistics processes. This project includes the enlargement of the cargo and forwarding halls as well as the creation of office space. The underlying concept allows for flexible and effective handling, while preventing the crossover of material flows. The first stage of construction will produce roughly 16,000 m² of cargo halls, 4,000 m² of forwarding halls and 15,000 m² of office space. The construction of a second forwarding agent building with 3,000 m² of warehouse space and 8,000 m² of offices is also planned. The completion of the new building at the end of 2005 and renovation of the existing buildings by mid-2006 will provide 37,676 m² of warehouse space and 14,533 m² for offices.

Handling Center West

The Handling Center West (HCW) will be constructed in several stages. It includes storage space for aircraft handling equipment as well as rooms for employees and offices for handling services. The first stage of construction will cover 12,000 m² of cargo handling space as well as a forwarding agent building with 3,000 m² of warehouse space and 8,500 m² of offices. Stage one started in September 2004 and completion is planned for October 2005.

New VIP and General Aviation Center

Tenders for the redesign of the VIP Center and General Aviation Center at Vienna International Airport were invited in a European competition. This new modern building will house rooms for the VIP Center and new general aviation terminal. An appropriate hangar will be built in several stages, and new aprons with the necessary technical infrastructure will also be created. Construction is expected to last from January to December 2005.

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 areas are designed to replace parking positions that will be lost because of the VIE-Skylink construction, and also provide added parking space to meet the increase in demand. A taxiway and rollway connection as well as an unloading area for snow will also be created. This project was started in August 2004 and completion is planned for June 2005. It will add roughly 130,000 m² of apron space, which will be equipped with an underground fuelling system. The pavement will be one-half asphalt and one-half concrete.

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 meters, 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 costs will be carried by the Austrian Federal Railway Corporation (65%) and Flughafen Wien AG (35%).

Focus on the second strategic 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. The continuous expansion of this economically important business supports further operational diversification.

Active property management

Efficient property management has allowed us to reach nearly full occupancy in all our buildings. However, continuous renovation and new construction is necessary in order to further lower the average age of these buildings. In keeping with the continuous demand for attractive space, we are constructing new objects both in the office sector – with the state-of-the-art Office Park – and in the cargo and logistics area. We also feature add-on services such as maintenance and cleaning services in a catalogue, which we actively market to our tenants. The facilities management segment rents terminal space to retailers and gastronomy companies. The opening of the new VIE-Skylink Terminal in 2008 is expected to trigger growth in revenues recorded by this segment.

Office Park

The first stage of the new Office Park with 26,000 m² of space was completed in autumn 2004. This central location offers weather-proof connections to the terminal, as well as the railway station and multi-storey car park. The Office Park is an innovative high-tech property, which was constructed above all to ensure flexibility in use. The airport represents an ideal site for companies that want to position their headquarters at the heart of Europe and use the advantages provided by excellent traffic connections and proximity to the emerging markets in the east. In addition to office space, the building also houses restaurants and cafes, banking services, shops and modern conference facilities. After the final stage of construction is completed, the Office Park will provide 100,000 m² of office space.

Cargo North and Cargo West

The Cargo North area has been reserved for the freight sector, in particular for the expansion of the integrator business. UPS, TNT, Menlo and Fedex have already settled there, and negotiations are currently in progress with other potential customers. In order to increase the efficiency of customs clearance, Flughafen Wien AG has constructed a branch office with roughly 300 m² of handling and office space for the Austrian customs authorities. A total of 14,853 m² of usable space (offices and warehouses) was developed, realised and turned over to users, and roughly 4.8 ha are available for future projects. The Cargo West project created a second logistics area with 15,000 m² of space.





Development of new areas of business outside the airport site

In addition to the present growth opportunities available at Vienna International Airport, the development of new business fields will create additional prospects to increase earnings. These growth projects will be limited to 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. Impressive examples of this know-how export are Malta Airport, in which Flughafen Wien AG holds an investment through a consortium that owns 40%, and the consulting services supplied to Riga Airport. Any investments we make in other airports must meet additional criteria and follow a clear priority ranking.

The close geographical proximity and unique strategic importance of Bratislava Airport have led us to work towards cooperation in the form of a joint airport system. The accession of our eastern neighbours to the EU has created a new and dynamic economic region. In 2004 Vienna International Airport handled 14.8 million passengers, and Bratislava roughly 900,000. According to international traffic forecasts, the demand for air travel in the catchment area of these two airports will increase to 29 million passengers by 2015. This growth can be better managed through cooperation than competition. Forecasts show that cooperation would raise the number of passengers to 23 million in Vienna and 6 million in Bratislava, while a competition model shows only 3 million passengers for Bratislava and 26 million for Vienna. Vienna International Airport is currently taking part in a study to examine the strategic, economic and transportation impact of cooperation between these two airports. This study is financed in part by Flughafen Wien AG.

The successful start-up of the City Airport Train (CAT) in December 2003 demonstrated the excellent use of Vienna's know-how outside the airport. The expertise provided on this project covered a wide range of logistics issues, as well as the implementation of information systems. With more than 650,000 passengers after one year, the CAT has met business targets in full. Its share of the market for airport transportation rose from 4% in early January 2004 to 8% by mid-December. This potential will also be used in the realisation of other infrastructure projects in the future, whereby specific technical expertise will be provided by our partner, the Austrian Federal Railway Corporation.

Corporate Governance

The Austrian Corporate Governance Code was issued in October 2002. It represents a system of voluntary rules for responsible corporate leadership and the management of stock companies to create sustainable value.

In April 2003 Flughafen Wien AG became one of the first companies to declare its intention to comply with the code, and we hereby renew this pledge. We remain committed to strengthening the confidence of our shareholders, customers and employees as well as the general public, and we view the Austrian Corporate Governance Code as an important instrument for guaranteeing responsible management and control.

One share – one vote

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 under www.viennaairport.com/ir/satzung.cfm.

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 accordance with the basic principle of the Austrian Corporate Governance Code: to create a lasting increase in and to safeguard the value of the company. The Supervisory Board has formed an Executive and Personnel Committee, a Strategy Committee and an Accounting Committee. These groups deal with special issues in detail before they are handled by the full Supervisory Board.

Three new members were appointed to the Supervisory Board of Flughafen Wien AG in 2004: Erwin Hameseder, Karl Skyba and Karl Samstag. The representatives of free float shareholders on the Supervisory Board are Christoph Herbst, Franz Lauer, Alfons Metzger and Hans-Jürgen Manstein for small shareholders. No former members of the Management Board of Flughafen Wien AG serve on the Supervisory Board.

Compliance guideline

Flughafen Wien AG implemented the rules and related appendices of the Issuer Compliance Regulations by issuing a separate guideline. This document regulates the flow of information within the company as well as measures for monitoring all internal and external flows of information in order to prevent misuse. A compliance officer manages the related processes and informs new employees as part of quarterly training programmes.

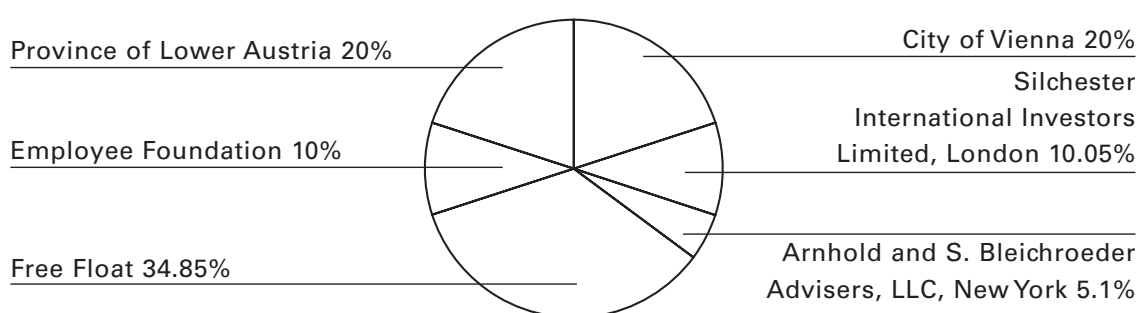
Comply-or-explain regulations

As in the prior year, Flughafen Wien AG meets all comply-or-explain rules of the code with the exception of Article 16. 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.

Shareholder structure as of 31 December 2004



Shareholders

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.

Remuneration for the Management Board

We were one of the few companies in Austria to publish the fixed and variable components of compensation and benefits paid to the individual members of the Management Board in our 2003 Annual Report. This action was taken to meet the wishes of our shareholders for greater transparency. The corresponding data for the reporting year is provided on page 119.

Internal audit and Accounting Committee

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 presents the results to the Accounting Committee of the Supervisory Board each year.

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 at ++43-1-7007-22804.

Flughafen Wien Shares

Outstanding performance

The double-digit growth experienced by stock markets during 2003 continued into the early part of 2004. However, in the following months most exchanges tended toward sideways movement up until November. Bond markets also surprised with positive trends. The strength of the Euro, changes in the oil price and the US elections were all influential factors.

Vienna's ATX resisted the trend set by major exchanges, outperforming international indices with a 57.4% rise for the reporting year. In comparison, the Dow Jones increased 3.2% and the DAX 7.3% during this period. VIE shares showed excellent performance in this environment, gaining roughly 50% in value. With steady high earnings per share of € 3.41 and a high dividend yield of 3.6% (based on the closing price at year-end), Flughafen Wien AG's share price reflects the long-term positive growth prospects of the Company.

Stock market listings

VIE shares have 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. VIE 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

In 2004 the stock market turnover of Flughafen Wien shares totalled € 554 million (2003: € 317 mill.). On the Austrian Futures and Options Exchange (ÖTOB) 21,795 (2003: 32,494) contracts were traded with a total volume of € 101 million (2003: € 109 mill.). This ranked the VIE share 10th (2003: 6th) according to the number of traded contracts. With a weighting of 2.6% in the ATX at the end of the reporting year, Flughafen Wien shares were 12th among the ATXP stocks.

The VIE Share Indexed (1.1.2004 = 100) and in €



Information on Flughafen Wien shares

	2004	2003	2002
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.	€ 55.70	€ 37.20	€ 32.00
Annual high	€ 57.29	€ 37.20	€ 37.90
Annual low	€ 37.95	€ 30.33	€ 29.42
Earnings per share	€ 3.41	€ 3.37	€ 3.35
P/E ratio ¹⁾	16.3	11.0	9.6
P/CF ¹⁾	6.0	5.2	5.6
Dividend yield ¹⁾	3.6	5.4	6.3
Pay-out ratio	58.6%	59.3%	59.8%

1) Price at year-end

Investor Relations

A major objective of our investor relations activities in 2004 was to continue our proactive information policy and provide institutional investors and private shareholders with the greatest possible transparency in reporting. Flughafen Wien AG supplies the international financial community with comprehensive quarterly reports, presents its results to analysts and institutional investors on a regular basis, and also participates in national and international investor conferences.

During the past year Flughafen Wien AG held presentations for investors in Switzerland, Frankfurt, London, Edinburgh, Paris, Milan and the USA.

The interest of well-known investment banks and brokerage houses in Flughafen Wien AG remained high throughout 2004. During the reporting year a number of companies published reports on Flughafen Wien AG, including Bank Austria-Creditanstalt, Vienna; Bayerische Landesbank, Munich; Citigroup Smith Barney, London; Credit Suisse First Boston, London; Dresdner Kleinwort Wasserstein, London; Deutsche Bank, London; ERSTE Bank, Vienna; Raiffeisen Centrobank, Vienna; Sal. Oppenheim, Frankfurt.

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

Financial Calendar 2005

Annual General Meeting	21 April 2005
Ex-Dividend Day	26 April 2005
Payment Date	3 May 2005
First Quarter Results 2005	19 May 2005
Interim Financial Statements 2005	25 August 2005
Third Quarter Results 2005	17 November 2005

Traffic results for 2005

March	13 April 2005
April	12 May 2005
May	15 June 2005
June	13 July 2005
July	11 August 2005
August	14 September 2005
September	13 October 2005
October	16 November 2005
November	14 December 2005

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investor-relations@viennaairport.com

We invite all shareholders to visit our Internet homepage at www.viennaairport.com. Here you can also review the interactive online version of our annual report. Through 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 2004 Business Year closed with distributable profit of € 42,007,274.15. 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 € 7,274.15.

Schwechat, 30 March 2005

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 on environmental policy

Our actions to protect the environment concentrate on the monitoring of relevant data and the implementation of necessary measures. 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.

Quieter flyovers

Following the implementation of EU guideline 92/14, only Chapter 3 aircraft may take-off and land in Vienna. All louder aircraft must apply for exemptions.

Runway utilisation

The percentage of flight movements during night hours (between 10 pm and 6 am) rose slightly to 6.2% in 2004. In absolute numbers, this represents an average of 38 flight movements per night. It is also the third lowest rate since 1992, after the years 2003 and 2002. Runway 16/34 was closed completely during March 2004 because of construction work in the safety area, and was only available at a length of 2,700 metres after this time to the end October. Despite the activation of a temporary instrument landing system, most of the larger and heavier aircraft used Runway 11/29 during this period.

Continued subsidies for soundproof windows

In 2004 we provided € 320,000 of subsidies for the installation of soundproof windows. Since the start of this project, we have made a total of € 2.4 million available. Other expenditures for environmental protection totalled € 694,000 in 2004 (2003: € 550,000).

FANOMOS and mobile measurements

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 2004 the measurement stations in Schwechat and Klein-Neusiedl were relocated and a new station was installed in Karlsdorf. In addition to data recorded by stationary measurement stations – above all in connection with monitoring for the partial contract on current measures – 22 mobile measurement series were also carried out.

Inquiries and complaints

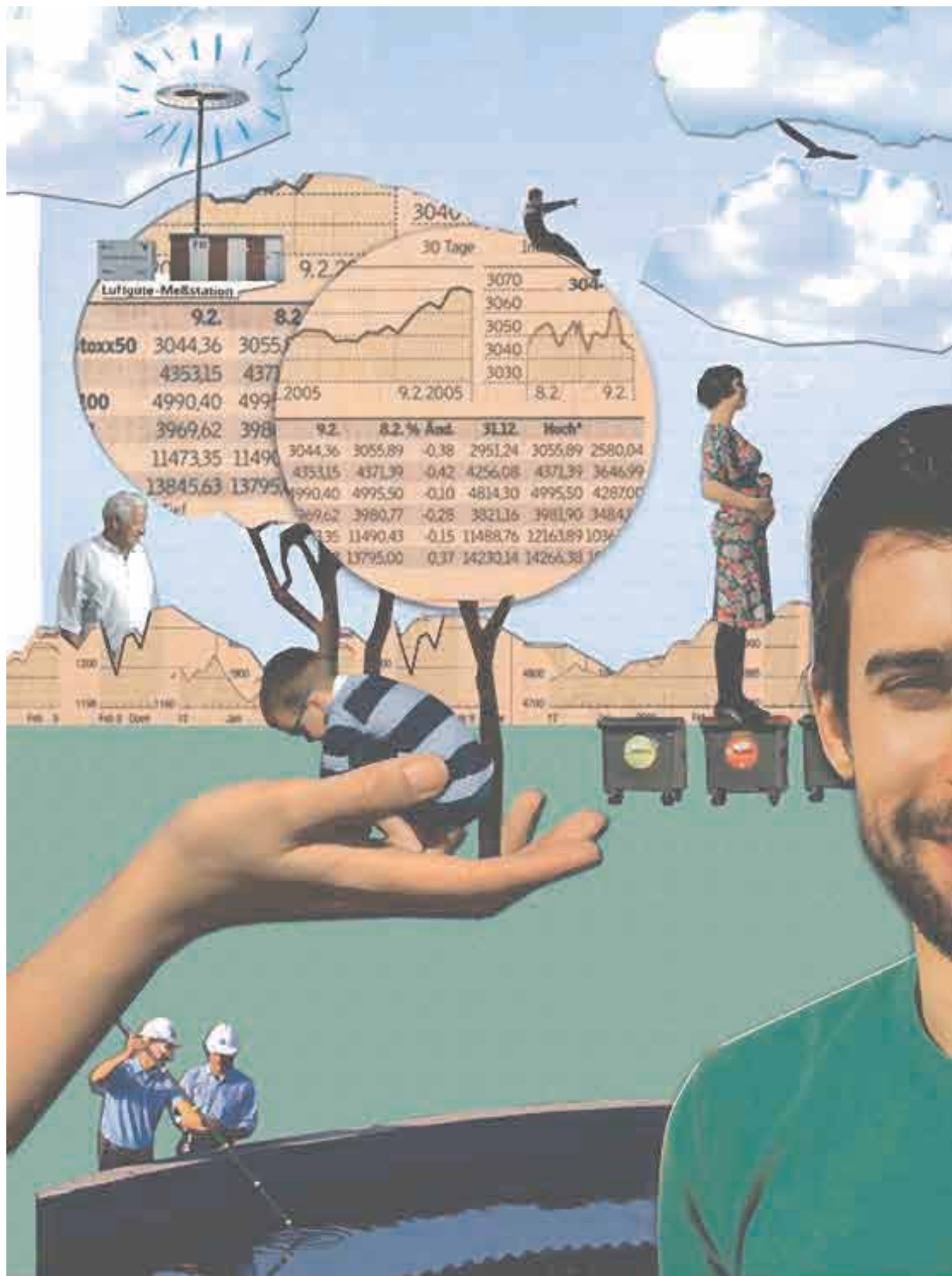
On 1 March 2004 our new "Environment and Aviation" call center opened to handle inquiries and complaints. It is manned by representatives of the airport, citizens' initiatives and environmental protection authorities and serves as a neutral contact point for questions on issues related to the environment and aviation. Detail on the work performed by this call center as well as relevant statistics are published in an evaluation report, which can be ordered by e-mail under umwelttelefonie@yourccc.com or by telephone under 0810-223340.

Air quality measurement

The air quality at the airport is subject to 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 environmental protection authorities of this provincial government.

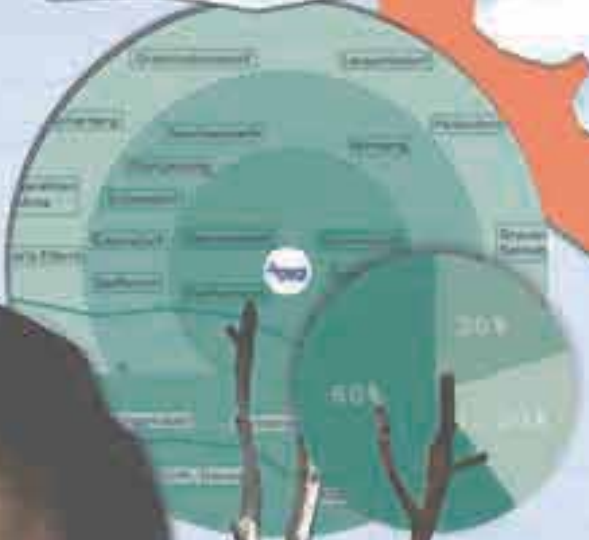
Additional information

"The Environment and Aviation", a brochure prepared by Austrian aviation companies, provides general information on this subject. Further details on Vienna International Airport and environmental data can also be found on our homepage under www.vie-umwelt.at.



Luftgüte-Meßstation

	9.2.	8.2.							
toxx50	3044,36	3055,89							
	4353,15	4371,39							
100	4990,40	4995,50	2005	9.2.2005					
	3969,62	3980,77	9.2.	8.2.%	Änd.	3112	Hoch*		
	11473,35	11490,43	3044,36	3055,89	-0,38	2951,24	3056,89	2580,04	
	13845,63	13795,00	4353,15	4371,39	-0,42	4256,08	4371,39	3646,99	
			4990,40	4995,50	-0,10	4814,30	4995,50	4287,00	
			3969,62	3980,77	-0,28	3821,16	3981,90	3484,00	
			11473,35	11490,43	-0,15	11488,76	12163,89	1034,00	
			13795,00		0,37	14230,14	14266,38		



vi mediation.at
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Mediation Process

In 2000, Flughafen Wien AG started a new phase of dialogue with local residents through a mediation process that began in 2000. Representatives 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 for noise and capacity issues at Vienna International Airport through agreements that are acceptable to all participants. In addition to the mediation process, Flughafen Wien AG also created a platform that gives residents affected by flight noise an opportunity for constructive dialogue with representatives of the Aviation Group and the opportunity to develop a balance of interests.

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 at the start of April 2004. New take-off routes, different take-off and landing procedures and the redistribution of traffic form the core of this agreement. The primary goal of participants was to provide relief for the largest possible number of residents, with particular focus on those communities situated closest to the airport. The partial contract also includes the installation of a call center for environmental and aviation issues (Tel.: 0810 22 33 40). A homepage was also created under www.vie-umwelt.at to support information provided over the telephone and to serve as a reference for interested parties.

Joint control

The implementation of this contract is monitored by an evaluation group. This includes representatives of all contract parties, who evaluate whether compliance is following the agreed form and meeting the agreed goals. The work of the evaluation group is based on the results of the monitoring process, with particular attention given to noise measurements from stationary and mobile stations as well as the analysis of flight paths and statistics. Priority will be given to complaints and observations during the analysis, with monitoring and evaluation results to be summarised in a separate report. The first such report will be based on data from April to December 2004, and is scheduled for publication during the first half of 2005.

Nearing conclusion

After the signing of the partial contract on current actions in May 2003, the parties in the mediation process turned their attention to the airport's expansion plans. Results on the subjects of the third runway, limits, regulations for night flights, an environmental fund and technical noise protection were presented in early July 2004. Initial agreement in these areas should form the basis for preparation of the final mediation contract by mid-2005.

Sustainability

The long-term positive development of the entire region is in the common interest of all 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 start of the mediation process.

14,000 jobs

More than 14,000 people work at the airport site in jobs provided by the Flughafen Wien Group and the over 200 companies that are located here. The wide range of employers includes airlines, retailers and gastronomy firms, forwarding agents, public sector operations, service companies, 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 currently translates into roughly 1,000 jobs, and every additional million passengers creates an average of 1,000 new jobs at the airport site.

Economic growth engine

Vienna International Airport is responsible for more than 29,000 jobs in the Austrian economy and the value added by the airport amounts to € 2.8 billion. The implementation of the master plan and continued successful development of the airport over the coming years will create a large number of new jobs. Moreover, 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 growth engine 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. In its first full year of business, the CAT established a firm position within the local ground transportation network and was used by 8% of passengers.

Employees

The motivation and commitment of our 3,264 employees made it possible for us to maintain our high quality standards during the 2004 Business Year, in spite of the many renovation and construction projects at the airport.

Personnel development

In 2004, training activities were centered on job-related courses to further increase our customer orientation as well as the continuous improvement of team-building skills, intercultural management with an emphasis on Eastern Europe, special communications courses for ground handling personnel and the improvement of conflict management. We invested € 670,000 in training programmes for our employees during the reporting year. In addition to on-the-job education, 356 employees and 60 managers took part in 95 different courses. Language seminars focused on English and Slovakian.

During 2003 and 2004, 60 managers participated in an advanced training programme that was designed especially for Vienna International Airport. Module 1 was successfully completed, and module 2 will start during the coming year. Newly appointed managers are also given an opportunity to enter this programme, which covers the development of skills in management, strategy, controlling and industrial relations law as well as job interview training. In addition, one participant completed our MBA programme during the reporting year. Four members of the VIE staff are currently integrated in this programme, and other employees have registered for individual course modules.

Schooling for our eight commercial clerks and 21 technical apprentices concentrated on English language courses and PC training. The Leonardo apprentice exchange programme with Munich Airport was particularly successful, and integrated three apprentices into daily work routines at Munich for a period of three weeks. In exchange, five apprentices from Munich were able to gain experience at Vienna International Airport.

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 € 708,000 in 2004 (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 repurchased shares. In 2004 a total of € 4.2 million was distributed to employees for the 2003 Business Year. This payout corresponds to 85.15% 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

As part of our efforts to support preventive medicine, we developed an annual health calendar during 2004. The focal points are divided over the 12 months of the year and include cholesterol measurement, auditory, visual and pulmonary functions, vaccinations, prostate and breast checks, blood pressure measurement, cardiac system controls, dental hygiene, weight control, relaxation and stress management, first aid courses and general medical examinations. Employee participation was so high that we have decided to continue these activities in the future. A total of 105 persons signed up for free health checks and 267 persons registered for an influenza vaccination. The company's health programme will be expanded during 2005 in the training room of the new Office Park.

Our highly successful "Safety on the apron" campaign was completed in spring 2004, and will continue in a modified form during 2005. Regular inspections were carried out in the area of industrial safety, and recommendations for improvement were implemented according to a priority ranking. Our employees also participated actively in this process by making individual suggestions.

Vienna International Airport reported 62.9 accidents per 1,000 employees in 2004. Although this value has declined steadily in the past, a slight increase was recorded for the reporting year chiefly because of the severe winter conditions at the start of 2004 and an increase in the volume and weight of baggage.

Successful results were registered by the airport-wide safety campaign to reduce damage to property, which resulted from an analysis of accidents by the safety management system. Measures implemented by the involved business segments to decrease property damage led to an absolute reduction in accidents involving aircraft (-18.5%) and general damages involving VIE (-3.0%) despite the growth in traffic.

Other services

Our airport kindergarten was named the most innovative day care center in Austria as part of a national ranking of 95 facilities. It is open from Monday to Friday (5.30 am to 8 pm), and gives mothers in shift jobs the opportunity to combine a career and children. Free transportation to Vienna and the surrounding towns at a cost of € 586,000 demonstrates our responsibility for employees living in this region. The Company subsidised group accident and family health insurance for employees with a contribution of € 135,000 in 2004. The Employees Sport and Cultural Association has 1,357 members from all areas of the Company. A total of 467 employees took part in the 13 trips to Rome organised by our Works Council. In October 2004 we celebrated the 50th anniversary of Vienna International Airport with an event for our employees.

Personnel planning

More than 14,000 men and women work at the airport site, with 2,757 of this workforce employed by Flughafen Wien AG and 3,264 by the Flughafen Wien Group. The remaining jobs are distributed among the more than 200 companies located at Vienna International Airport. Each one million passengers create roughly 1,000 jobs. In order to guarantee equal opportunity, positions are offered not only on the external job market but also inside the Company.

Employees

	2004	2003	2002
Number of employees	3,264	2,918	2,612
Workers	2,262	2,005	1,810
Staff	973	887	774
Apprentices	29	27	28
Traffic units per employee ¹⁾	5,923	5,568	5,572
Average age ¹⁾	38.2 years	38.6 years	38.8 years
Length of service ¹⁾	9.7 years	10.3 years	10.6 years
Percentage of women ¹⁾	12.9%	13.6%	14.2%
Training expenditures ¹⁾	€ 670,000	€ 690,000	€ 609,000
Training expenditures per employee of Flughafen Wien AG	€ 243	€ 277	€ 268
Accidents ¹⁾	173	153	147

1) Based on employees of Flughafen Wien AG

The increase in the number of employees was triggered primarily by additional hiring in the ground handling segment (245 employees) as well as traffic growth and the introduction of the Baggage Reconciliation System (BRS), the founding of Vienna Airport Infrastruktur Maintenance GmbH (VAI) and an increase in staff at Vienna International Airport Security GesmbH (VIAS) (57 employees).

Employees by segment

Airport	357
Handling	1,756
Non-Aviation	988
Other	164

Group Status Report

The Business Environment

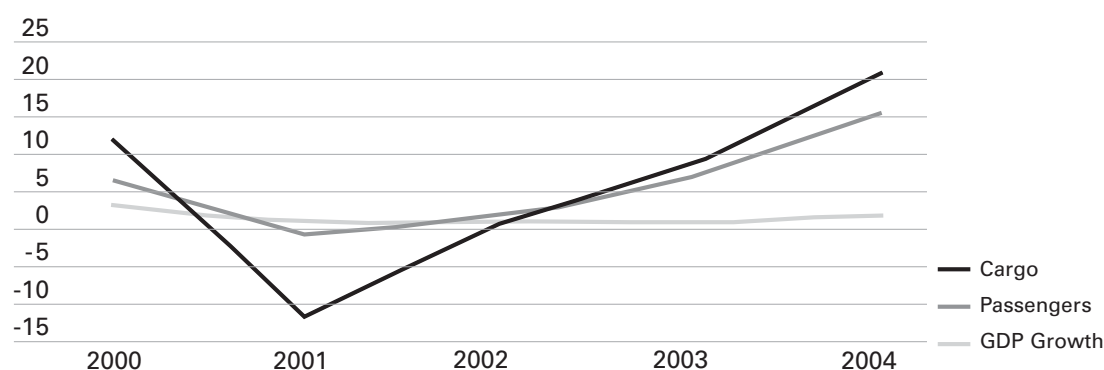
Economic recovery in Europe is further delayed, traffic growth at Vienna International Airport outpaces European average.

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

Economic recovery in the Euro region was slowed by the strength of the Euro, high crude oil prices and a slowdown in consumer spending. With growth of roughly 2% in 2004, the Austrian economy reflected the EU average. The global economy recorded the highest growth in 15 years, with the USA and Asia showing clear GDP increases.

GDP growth, number of passengers and cargo in %



A five-year comparison of GDP growth with the development of passenger and cargo traffic at Vienna International Airport shows a clear change in the earlier correlation. The recovery of export activity in Austria (2004: +8.3%) and the strong momentum created by low-cost carriers have reduced our dependence on the general economic environment. We expect that the new EU member states in Eastern Europe will continue to strongly influence the development of our region. GDP forecasts for 2005 show a plus of 3.6% in Slovenia, 3.7% in Hungary, 4.5% in Slovakia and 3.8% in the Czech Republic. Moreover, recent research has pointed to the new Vienna-Sopron-Győr-Bratislava-Brno region as one of the

strongest growth areas in the European Union. We intend to defend and expand our position as the most important airport in this dynamic region with focused marketing activities.

Tourism in Austria showed differing regional trends during 2004. Total overnight stays fell 0.6% to 117.2 million in 2004, the first decline since 1997. The number of visitors rose 1.1% to 28.4 million, but the average length of stay dropped to 4.1 days. The number of overnight stays recorded in the provinces decreased, except in Lower Austria (+3.6%), Salzburg (+0.9%) and Vienna (+6.2%). The highest increase in the number of visitors was registered in Lower Austria with 4.9%. The upturn in city tourism was supported in part by the development of new target groups by low-cost carriers. Vienna International Airport has been able to acquire eight of these airlines as customers, and thereby generate added momentum for the Austrian tourism industry.

The development of air traffic in Europe and Austria

European air traffic has remained on a steady upward trend since the far-reaching events of 2001 and subsequent decline during the first quarter of 2003. Strong impulses for growth were provided above all by low-cost carriers, as well as the enlargement of the European Union and resulting increase in travel. The following comparison with its European peers highlights Vienna International Airport's excellent performance.

Traffic development

European airports	Passengers in thousand	Change vs. 2003 in %	Flight movements	Change vs. 2003 in %
London*	119,713.6	+6.7	888,647	+2.9
Frankfurt	51,098.3	+5.7	456,902	+4.0
Paris (CDG)	50,860.6	+5.5	516,457	+2.1
Amsterdam	42,541.2	+6.5	402,738	+2.5
Madrid (MAD)	38,525.9	+7.5	400,311	+4.6
Rome (FCO)	28,118.6	+7.0	309,641	+2.9
Munich	26,814.5	+10.8	359,568	+8.0
Milan (MXP)	18,554.0	+5.3	214,365	+0.4
Zurich	17,214.5	+1.3	241,678	-1.2
Vienna	14,785.5	+15.7	224,809	+14.1
Prague	9,696.4	+29.9	144,962	+25.2
Budapest	6,444.7	+28.6	103,545	+27.3

* London Heathrow, Gatwick, Stansted; Source: Vienna (AB/Statistics) + ACI rapid data exchange programme

The above-average growth recorded by Vienna International Airport in 2004 was driven primarily by low-cost carriers as well as an increase in long-haul traffic and travel to Eastern Europe. We exceeded the 14-million mark for the first time, by recording an increase of 15.7% in the number of passengers to 14,785,529. Vienna International Airport also recorded a total of 224,809 take-offs and landings (+14.1%), while maximum take-off weight (MTOW) rose 18.6% and cargo 21.0%. Low-cost carriers reported an increase of 117% to 1,646,071 passengers, and increased their share of total passenger volume from 5.9% to 11.1%.

With a scheduled flight plan that includes 41 destinations in Eastern Europe, Vienna was able to further expand its position as an east-west hub for European air travel. Long-haul traffic, especially to the Far East, showed major growth of 26%. Traffic to the Near East and Middle East rose by a strong 62.5% due to pent-up demand for travel to this region after the war in Iraq and the start of daily flights to Dubai by Emirates.

Development of airlines at Vienna International Airport

During the past year 11.1% of the total number of passengers at Vienna International Airport travelled with low-cost airlines, compared to 5.9% in the previous year and 0.5% in 2002. Low-cost carriers generated 44% of new traffic for the reporting year, and therefore represent a key growth factor for Vienna International Airport. The two most important airlines in this category – Air Berlin and NIKI – are responsible for 74% of the low-cost volume at Vienna.

In the long-haul segment, travel to the Far East also showed strong growth of 26%. The prestigious Emirates joined Vienna as a new customer in May 2004, and Malaysia Airlines also restarted flights to Vienna on the Kuala Lumpur route. EVA Air links Vienna and Taipei via Bangkok three times per week with an Airbus 330 and, last but not least, our home carrier Austrian offers roughly 80 flights per week to roughly 20 attractive destinations.

The focus of the Austrian Airlines Group on Central and Eastern Europe, Asia and the Pacific region as well as extensive red ticket actions in Europe also supported the solid development of traffic growth in 2004. The number of passengers rose 10.9% over the previous year to 9.4 million for 2004. Similar high growth rates were recorded in both the scheduled and charter segments. This underscores the strong position of the Austrian Airlines Group, with its offering of flights by Austrian, Austrian Arrows and Lauda Air, in both segments despite strong competition. The further expansion of destinations throughout Central and Eastern Europe is planned in 2005.

Turnover

14.3% increase in turnover supported by growth in all segments.

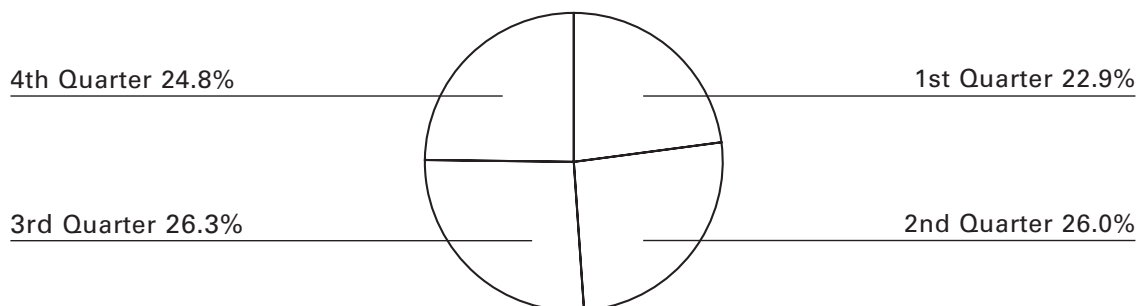
The Flughafen Wien Group recorded a 14.3% increase in turnover to € 398.3 million for 2004 as the result of above-average growth in traffic.

The Airport Segment remained the largest business unit, generating 46.8% of Group turnover for the reporting year (2003: 46.7%). Revenues increased 14.5% to € 186.3 million, and were generated chiefly by landing, passenger and infrastructure tariffs. The primary driver for this growth was traffic: +15.7% in the number of passengers, +14.1% in flight movements and +18.6% in maximum take-off weight (MTOW), which forms the basis for landing tariffs. In addition to the 11.1% increase reported by the Austrian Airlines Group, low-cost carriers were also key contributors to this growth. The share of passengers handled by these airlines more than doubled from 5.9% to 11.1%.

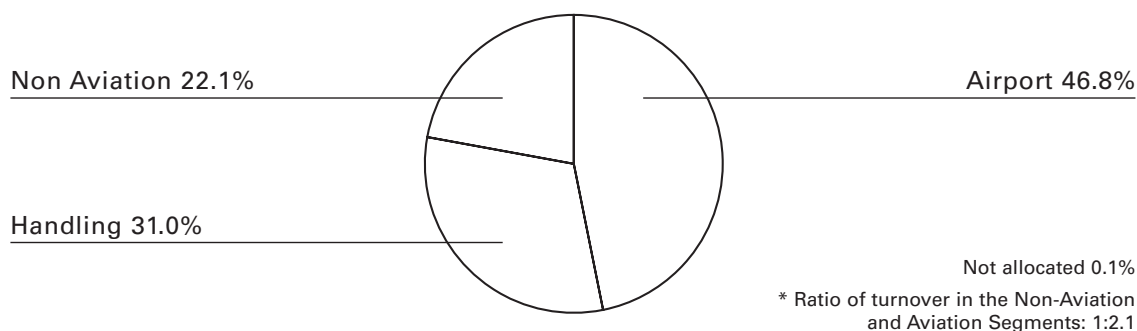
Tariff reductions and incentives kept the increase in turnover below the rate of traffic growth, but were nonetheless an important factor for improving Vienna International Airport's competitive advantage. Tariff changes as of 1 October 2004 include a cut of nearly 16% in the landing tariff to strengthen the hub function, elimination of the regional tariff and the cancellation of parking fees for aircraft from 10 pm to 6 am. As in the past year, incentives will be granted for frequency increases and the introduction of new long-haul flights and destinations in Eastern Europe. In order to expand the east-west hub function, airlines will be offered an additional frequency incentive with discounts of up to 40% as of 1 April 2004. The passenger tariff was raised to € 13.50 as of 1 October 2004. This attractive tariff policy and the high quality of airport services allowed us to increase our offering by 24 new destinations and 11 new airlines in 2004.

The Handling Segment generated 31.0% of Group turnover for the reporting year. Revenues grew 16.7% to € 123.6 million following an increase in handling services (+13.9%) and cargo volume (+21.0%). The division's market share nearly matched the prior year level at 91.0% (2003: 91.2%). Higher turnover was recorded with all customer groups, whereby the share of handling activities with low-cost carriers showed above-average growth from 5% to roughly 8%.

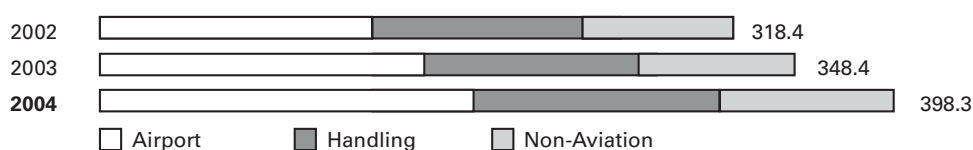
Annual turnover by quarter in 2004



Turnover by segment



Development of turnover in € million



Not allocated: 2004: € 0.3 million, 2003: € 0.4 million, 2002: € 1.9 million

The Non-Aviation Segment reported an increase of 10.8% in turnover to € 88.0 million, which represented 22.1% of Group revenues for the year. This growth was supported by higher demand for security services (+16.9%) as well as an increase in passenger-related sales such as gastronomy (+16.2%), shopping (+11.0%) and parking (+9.2%).

Business in the Airport and Handling Segments is subject to seasonal fluctuations in relation to tourism. Since these segments generate the major part of Group turnover, revenue is traditionally highest during the third quarter of the year.

Earnings

Improvement in EBIT, decline in financial results.

Earnings before interest and tax (EBIT) rose 5.3% to € 102.5 million for 2004. The Airport Segment generated the largest share of Group revenues with € 78.3 million, followed by the Non-Aviation Segment with € 30.3 million and the Handling Segment with € 18.0 million. The growth in earnings remained somewhat below the increase in turnover because of a volume-based rise in expenses and the attractive tariff structure.

Operating expenses rose 18.1% to € 316.2 million, with the cost of materials and related services increasing 28.8% to € 26.5 million. This rise was the result of higher expenditure on de-icing materials due to the severe winter and additional expenses for lighting equipment and fuels. In addition, Vienna Airport Infrastruktur Maintenance GmbH incurred start-up costs of roughly € 1.7 million for materials. This wholly owned subsidiary was founded in 2003 to supply previously outsourced electrical engineering services at lower costs.

Personnel expenses rose 15.5% to € 170.0 million. Wage and salary increases mandated by collective bargaining agreements, higher winter service costs and additional hiring were the main reasons for this increase. The 11.9% rise in the number of employees to 3,264 was triggered by the strong growth in traffic as well as the introduction of hold baggage screening (HBS) and the founding of the wholly owned subsidiary Vienna Airport Infrastruktur Maintenance GmbH. Vienna International Airport was able to improve productivity per employee by 6.4% during the reporting year.

The amortisation of intangible assets and depreciation of tangible assets increased 6.5% to € 48.9 million following the opening of the Office Park and airport roadway system, new taxiways, the completion of further sections of the Cargo North facility and the purchase of miscellaneous equipment and assets.

Other operating expenses rose 31.2% to € 70.8 million. Maintenance expenditures of € 21.5 million represented the largest single component of these costs. The shutdown of Runway 16/34 in March 2004 was used as an opportunity to carry out extensive maintenance and repairs, and thereby maximise synergy effects. Other maintenance programmes were intensified in 2004 in preparation for expansion projects, but also to take full advantage of the reduction in the Austrian corporate income tax rate in 2005. Increases were also recorded in the cost of external services (connection to the Schwechat sewage treatment plant and use of IT personnel), consulting fees and marketing expenditures (airline marketing, Office Park, cargo). The disposal of various assets led to the reversal of book values totalling € 1.7 million.

In order to slow the increase in operating costs, Vienna International Airport started a programme in July 2004 to improve productivity and efficiency (PEP) by optimising work processes, and in doing so realise lasting potential savings of € 8 million over the base year of 2003. This project involves the analysis of throughput time and use of resources for individual operating processes, and the definition of specific measures. Employees have also been asked to submit their suggestions for improvement, whereby bonuses will be awarded for implemented recommendations in relation to the resulting increase in efficiency.

Capital employed showed an above-average increase in relation to the growth in EBIT, which led to a decline of 0.7 percentage points in return on capital employed to 13.1%.

Financial results for the reporting year fell 68.6% to € 2.9 million. A € 5.3 million reversal to the revaluation reserve following the sale of fund shares, as well as a non-recurring write-up of € 1.6 million to the investment in Berlin-Brandenburg International m.b.H. (VIE-BBI) during the prior year were the main factors for this development. Increased capital expenditure led to a € 20.4 million reduction in the average volume of invested cash and cash equivalents. Combined with the generally lower level of interest rates on capital and money markets, this triggered a € 1.7 million decline in interest income to € 6.1 million. Results from companies consolidated at equity amounted to € -0.2 million. Of this total, € -0.9 million is related to the stake held in the City Airport Train and € +0.7 million to the investment owned in Malta Airport.

Profit before tax (EBT) declined 1.1% to € 105.4 million. The tax rate for the reporting year was 32.0%, which represents a decrease from the prior year level of 33.4%. Tax-exempt income from holdings (rights) and the use of investment allowances reduced taxes below the Austrian corporate tax rate of 34%. The reduction in the Austrian corporate tax rate from 34% to 25% as of 1 January 2005 led to a € 1.7 million decrease in deferred taxes, which was recognised to the income statement in 2004.

Net profit rose 1.2% to € 71.7 million for the 2004 Business Year. Earnings per share increased to € 3.41 (2003: € 3.37).

Value added in € million

	2004	2003	2002
Source			
Operating income	418.8	365.0	328.4
Less cost of goods and services	-142.8	-110.9	-102.1
Value added	276.0	254.1	226.3
Use			
Employees	166.3	144.0	117.3
Shareholders	42.0	42.0	42.0
Company	29.7	28.8	28.3
Creditors (interest)	0.4	0.2	0.2
Public authorities (taxes)	37.6	38.9	38.4
Minority interests	0.0	0.2	0.0
Value added	276.0	254.1	226.3

Income statement, summary in € million

	2004	2003	2002
Operating income	418.8	365.0	328.4
Operating costs	316.2	267.7	231.3
EBIT	102.5	97.3	97.1
Financial results	2.9	9.2	8.5
EBT	105.4	106.6	105.6
Taxes and minority interests	33.7	35.7	35.3
Net profit	71.7	70.8	70.3

Segment results, summary in € million

	Airport	Handling	Non-Aviation
Operating income	217.5	141.5	146.4
Operating costs	139.3	123.6	116.0
EBIT	78.3	18.0	30.3

Key indicators in %

	2004	2003	2002
EBIT margin	24.5	26.7	29.6
EBITDA margin	36.2	39.3	42.6
ROE	11.7	12.3	12.9
ROCE	13,1	13.8	14.7
ROS	25.7	27.9	30.5

Financial, Asset and Capital Structure

Investments lead to 20.6% rise in fixed assets, operating cash flow improves by 29.3%.

Assets

Non-current assets increased by 19.9% to € 795.6 million for the reporting year (2003: € 663.6 mill.) and rose as a component of total assets by four percentage points to 83.5%. Investments in tangible and intangible assets totalled € 185.3 million, and exceeded depreciation and amortisation of € 48.9 million by a sizeable amount. Financial assets remained relatively unchanged from the prior year, and equalled € 67.0 million for 2004. The € 2.2 million decline in deferred tax assets to € 9.4 million was primarily related to the realisation of tax benefits from the employee foundation and the change in the Austrian corporate tax rate from 34% to 25% as of 1 January 2005.

Current assets declined by 8.7% to € 156.7 million, and also fell as a component of total assets by four percentage points to 16.5%. This decrease was caused by a reduction in cash and cash equivalents. The dividend payment and partial financing of investments with liquid funds caused a decline of € 23.1 million to € 108.0 million. The balance sheet total increased 14.0% to € 952.3 million.

Equity and liabilities

Equity rose by € 40.7 million to € 630.9 million. This increase resulted from the retention of € 28.8 million in prior year net income, € 3.8 million from the revaluation of securities and € 7.4 million from the recalculation of fund expenses including the subsequent impact on deferred taxes. Foreign exchange differences related to the holding in Malta Airport led to a charge of € 0.1 million. The equity ratio declined from 70.7% to 66.2% due to an increase in current liabilities.

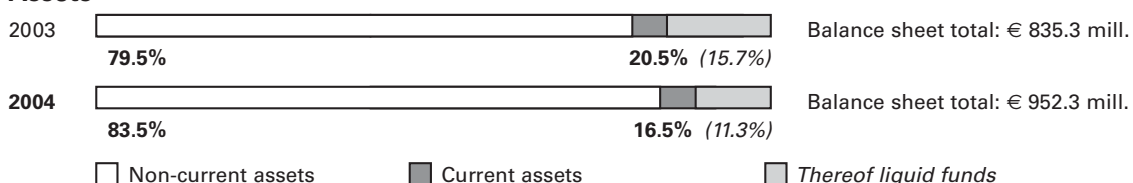
Non-current liabilities fell 4.2% to € 100.8 million, chiefly as the result of a decrease in the provision for fund expenses. This contrasts with increased provisions for severance compensation, pensions, service anniversary bonuses and part-time work for older employees. The Group has no long-term borrowings.

The 58.1% rise in current liabilities to € 220.5 million was triggered above all by increases in trade payables, provisions for outstanding invoices on services received and tax payments, as well as advance rental payments made by Austro Control GmbH for the new air traffic control tower.

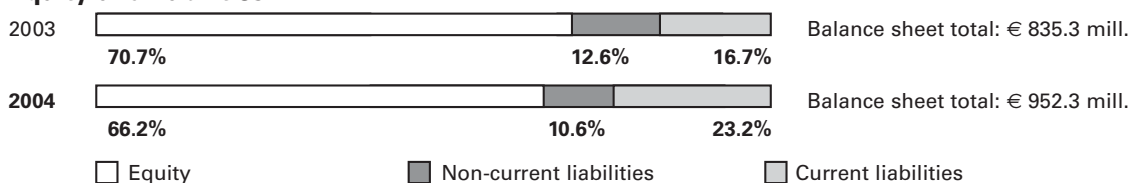
The Flughafen Wien Group shows negative gearing of 17.1% for the reporting year (2003: 22.2%) because of the lack of borrowings. Calculation of the weighted average cost of capital (WACC) is therefore based solely on the cost of equity financing, which equalled 7.2% for 2004.

Balance sheet structure as a % of the balance sheet total

Assets



Equity and liabilities



Minority interests not shown: 2004: 0.01%, 2003: 0.03%

Balance sheet structure in € million

Assets	2004	2003
Non-current assets	795.6	663.6
Current assets	156.7	171.6
Thereof liquid funds	108.0	131.1
Equity and liabilities		
Equity	630.9	590.1
Non-current liabilities	100.8	105.3
Current liabilities	220.5	139.5
Minority interests	0.1	0.3

Cash flow

Net cash flow from operating activities rose 29.3% to € 194.4 million (2003: € 150.4 mill.). This development reflects an increase in liabilities and provisions, as well as nearly constant earnings. Cash outflows of € 186.3 million for investments in tangible and intangible assets were contrasted by cash inflows of € 2.6 million from investment allowances and € 3.7 million from the disposal of fixed assets. Net cash flow from investing activities increased by a total of 58.5% to € -179.9 million. The absence of the prior year increase in short-term borrowings and a constant dividend payment led to a decline of 6.5% in net cash flow from financing activities to € -42.1 million.

Cash and cash equivalents declined € 27.7 million (2003: € -8.2 mill.). As a result of this decrease and non-cash credits of € 4.6 million to the revaluation reserve for current securities, cash and cash equivalents declined to € 108.0 million at year-end 2004 (2003: € 131.1 mill.).

Cash flow, summary in € million

	2004	2003	2002
CF from operating activities	194.4	150.4	120.9
CF from investing activities	-179.9	-113.5	-110.9
CF from financing activities	-42.1	-45.1	-41.2
Change in cash and cash equivalents*	-23.1	-8.0	-33.2
Cash and cash equivalents at end of period	108.0	131.1	139.2

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

Financial indicators in %

	2004	2003	2002
Net cash/Net debt in € million	-108.0	-131.1	-136.1
Fixed assets/Balance sheet total	82.5	78.0	74.7
Asset coverage 2	93.1	106.7	113.9
Equity ratio	66.3	70.7	71.8
Gearing	-17.1	-22.2	-24.3
Working capital in € million	-171.8	-99.0	-71.9
WACC	7.2	7.2	8.0

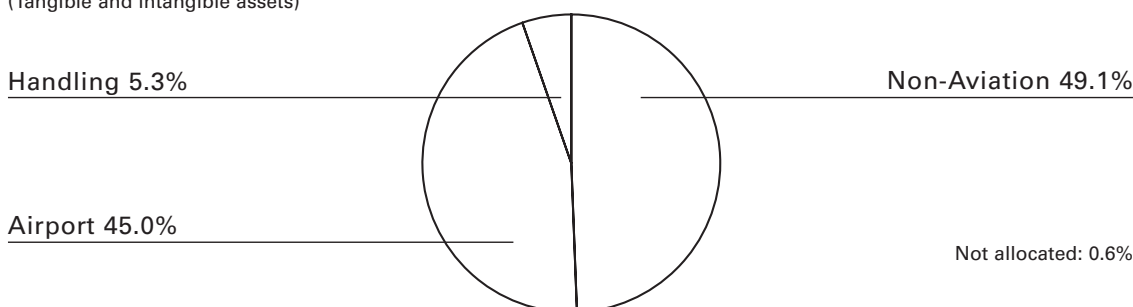
Corporate Spending

Start of expansion at Vienna International Airport.

Investments in tangible and intangible assets totalled € 185.3 million for 2004, which represents an increase of € 70.1 million compared to the previous year. Major investments in 2004 included the construction of the Office Park (€ 30.3 mill.), which provides space for airport departments and external tenants, as well as the new air traffic control tower (€ 15.9 mill.) that will be completed in mid-2005. This facility will be rented to Austro Control and also used by the airport's movement control staff. A total of € 16.4 million was spent to enlarge the northeast apron in 2004 and, after completion in 2005, the additional apron space required to accommodate the higher volume of traffic will be expanded by a sizeable amount. Other projects involved the installation of drainage equipment on Runway 16/34 (€ 10.4 mill.) and the expansion of the existing baggage handling facilities (€ 12.0 mill.). In addition, construction started on the Handling Center West and Air Cargo Center. Investments were also made in the expansion of the airport railway station (€ 11.7 mill.), renovation of the airport roadway system (€ 8.7 mill.) and planning for the VIE-Skylink Terminal (€ 7.3 mill.). Additional property was purchased at a cost of € 6.1 million. Diesel tractors, container carriers, large apron passenger buses, lifting platforms and other equipment for the Handling Segment were purchased for a total of € 9.9 million. Financial investments were made primarily to purchase securities for the legally required coverage of provisions for severance compensation and pensions.

Investments by segment for 2004

(Tangible and intangible assets)



Investments and financing in € million

	2004	2003	2002
Investments			
Intangible assets	2.1	3.5	2.3
Tangible assets	183.3	111.8	77.3
Financial assets	0.9	1.6	34.3
Total	186.3	116.8	113.9
Financing			
CF from operating activities	194.4	150.4	120.9
Investments	186.3	116.8	113.9
Amortisation and depreciation	49.9	47.3	44.5

Development Risks

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

Risk management

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

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 2004 because 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 system

Vienna's positioning as the key east-west hub will be strengthened over the coming years, in particular by an increase in the potential number of passengers following the accession of neighbouring countries to the EU. We are actively working to acquire a stake in Bratislava Airport, which will allow both facilities to benefit from the growth opportunities available in this region. If we make this investment, Vienna will work to develop a joint airport system with a reasonable division of duties between the two sites.

Investments to match traffic growth

Our expansion plans are carried out in close coordination with our airline customers. The step-by-step expansion of the new terminal infrastructure will minimise the risk associated with this extensive investment project, and also guarantee that capacity will reflect demand.

Financial risks

The solid results recorded in recent years have generated cash and cash equivalents of € 108.0 million. Furthermore, Flughafen Wien AG has no debt and is therefore able to finance projects internally and/or with capital from outside sources over the mid-term with no material weakening of earnings. The equity ratio equals 66.2%. The preferred method of equity financing and the Company's stable liquidity base form a secure basis to master crisis situations.

Outlook

Traffic growth drives expansion projects – realisation of new VIE-Skylink Terminal to start in 2005.

The Austrian economic research institute WIFO predicts real growth of 2.2% for 2005 and 2.3% for 2006. We expect this recovery will have a positive effect on the development of traffic at Vienna International Airport. Further impulses should also 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 8% in the number of passengers, 5% in flight movements and 5% in maximum take-off weight for 2005.

A multi-stage, flexible expansion concept allows us to adapt our long-term expansion plans to match development with growth in passenger volume. Major investments totalling € 854 million are planned from 2004 to 2008, with € 245 million designated for the realisation of projects in 2005. In addition to the completion of the air traffic control tower in mid-2005, the most important projects for the coming year include the clearing of the construction site and preparatory measures for the VIE-Skylink Terminal (€ 47 mill.), the enlargement of the apron for the new General Aviation Center (€ 13 mill.) and expansion of the Cargo Center (€ 45 mill.) as well as construction of the Handling Center West (€ 23 mill.) and General Aviation and VIP facilities (€ 13 mill.). In order to minimise the impact of capacity limits during peak hours, 30 new check-in counters will be installed in the terminal area during the first quarter of the year. The enlargement of the baggage sorting center will also be completed by the end of March 2005.

As part of our 2004 programme to increase productivity and efficiency, the analysis and implementation of measures to improve operating processes will be completed during 2005. Our goal is to achieve a lasting reduction of € 8 million in operating expenses below the level recorded in the base year of 2003.

Subsequent events

The dynamic development of traffic continued from 2004 into January 2005: +8.6% in the number of passengers (transfers +3.9%), +6.2% in flight movements, +10.8% in maximum take-off weight (MTOW) and +19.7% in cargo. Long-haul traffic to the Far East declined by 1.4% as a result of cancellations after the Tsunami disaster. Particularly strong development was recorded in traffic to the Near East and Middle East with a plus of 60.9% and to Eastern Europe with an increase of 13.0%.

Schwechat, 16 February 2005

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

Strong growth in turnover despite tariff reductions and incentives.

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

	2004	Change	2003	2002
Turnover	186.3	14.5%	162.7	135.8
Depreciation	27.5	5.0%	26.2	25.5
Segment earnings	78.3	4.1%	75.2	61.2
EBIT margin	36.0%	-7.8%	39.0%	37.9%
Allocated assets	473.9	13.1%	419.1	385.0
Capital expenditure	83.4	34.1%	62.2	50.6
Employees as of 31.12.	357	0.6%	355	336

The Airport Segment covers the operation and maintenance of the terminal, aprons and all facilities involved with passenger and baggage handling. 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. Its strategic objective 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.

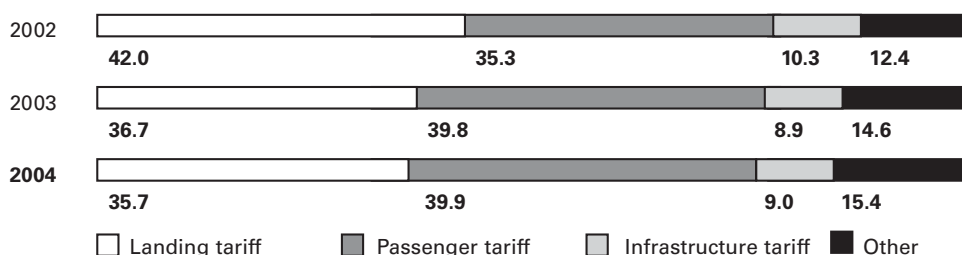
Developments in 2004

The Airport Segment remained the largest business unit in the Flughafen Wien Group, generating 46.8% of turnover in 2004. Revenues in this segment – primarily landing, passenger and infrastructure tariffs – increased 14.5% to € 186.3 million while the number of employees was held nearly constant at 357. A strong increase in traffic served as the main driver for this growth: +15.7% in the number of passengers, +14.1% in flight movements and +18.6% in maximum take-off weight (MTOW), which forms the basis for landing tariffs. The Airport Segment also made the largest contribution to earnings before interest and tax (EBIT) with € 78.3 million. Operating profit rose by 4.1% to € 78.3 million. The EBIT margin declined from 39.0% to 36.0% because the increase in expenses exceeded the growth in turnover.

Traffic development in detail

With a 15.7% increase in the number of passengers for the year and double-digit growth in nearly all months, traffic at Vienna International Airport again showed above-average development in 2004. The year began with a plus of 10.9% in the number of passengers, followed by an increase of 16.2% in February and 18.1% in March. The highest growth rates for the year were recorded in April (+28.2%) and May (+24.7%). After the traditionally strong summer months of June (+14.5%), July (+17.7%) and August (+14.0%), the upward trend continued into September (+14.6%) and October (+12.3%). An increase of 9.7% in November and 8% in December gave us our fourteen-millionth passenger during the last month of the year. Vienna International Airport handled a total of 14,785,529 passengers

Structure of turnover in the Airport Segment in %



on 224,809 take-offs and landings in 2004. With a share of 11.1% in the total number of passengers, low-cost carriers (+116.7%) provided a major impulse for this growth. This group of airlines is led by Air Berlin with 764,227 passengers and a 5.2% share of total volume. A ranking by the number of passengers places Air Berlin in third place after the Austrian Airlines Group and Lufthansa.

Flight movements increased by 14.1%, maximum take-off weight (MTOW) rose by 18.6% and cargo reported growth of 21.0%. The peak traffic day was 5 September, when we handled 58,981 passengers. This outstanding growth exceeded our expectations by a significant amount, and allowed us to further strengthen the positioning of Vienna International Airport in Europe during the past year. Our top role as an east-west hub in Europe is underscored by the large number of East European destinations in our flight schedule (2004: 41). Growth of 20.7% in traffic to this region during 2004 clearly demonstrates the success of this strategy. Rising demand for travel to the Far East – for example, Peking recorded a plus of 115.1% in the number of passengers – supported an increase of 26.0% in long-haul traffic to this area during the past year. A strong increase of 62.5% was also recorded in travel to the Near East and Middle East because of pent-up demand after the war in Iraq and the start of daily flights to Dubai by Emirates. During the reporting year, 208 airlines (thereof 69 in scheduled traffic), offered scheduled flights from Vienna to a total of 259 destinations (thereof 153 in scheduled traffic).

In order to protect our competitive ability and thereby safeguard a high rate of growth over the long-term, we introduced a comprehensive tariff reform in October 2004. This tariff reform reduce airline-related costs by 10 to 15% below the average tariffs at our competing airports – Frankfurt, Munich, Prague, Budapest, Milan and Zurich – before the year 2007.

The landing tariff was cut by 16% as of 1 October 2004 to support the hub function of Vienna, while the passenger tariff was raised by € 0.93 to € 13.50. With this shift from airline-related to passenger-related tariffs, Flughafen Wien AG is assuming a larger share of

the occupancy risk of its airline customers. The regional tariff was also eliminated, as were aircraft parking fees during the hours from 10 pm to 6 am. In addition, the incentives for new frequencies and long-haul routes as well as destinations in Eastern Europe were continued. The current transfer incentive, which grants airlines a bonus of € 8.21 per departing transfer passenger, was also extended to promote the development of Vienna as a hub. Transfers as a percentage of total passenger volume equalled 35%, and demonstrate the effectiveness of this strategy. During the past year the number of transfer passengers rose by 18%. In order to expand our east-west hub function, we introduced a frequency incentive for all airlines on 1 April 2004 that provides for cost reductions of up to 40%. These measures – the tariff reform and the introduction of a frequency incentive – will lead to a 3% year-on-year decline in tariff revenues for 2005. However, they represent an essential factor in improving our competitive ability.

Marketing activities

The introduction of new connections to Singapore and Shanghai as well as frequency increases to Eastern Europe during 2004 document of the success of the incentives implemented by Vienna International Airport to promote the hub concept and long-haul routes. The tariff reductions introduced on 1 October 2004 as well as the implementation of additional incentives for airlines will further improve the attractiveness and competitive ability of our airport. The continuation of our information campaign in Austria's new EU neighbour countries will create a positive image for Vienna International Airport as well as an awareness of the special advantages and extensive flight schedule offered by Vienna.

Investments

Major projects carried out by the Airport Segment in 2004 focused on the expansion of the north-east apron at € 16.4 million, the enlargement of the baggage center at € 12.0 million and construction of the new railway station at € 11.7 million. A total of € 10.4 million was spent on a drainage system for Runway 16/34 and € 7.5 million for planning and construction of the Handling Center West.

Outlook

Assuming continued growth in air travel, we forecast an increase of 8% in the number of passengers and 5% each in flight movements and maximum take-off weight for 2005. We expect 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 in accordance with traffic growth. In order to guarantee our minimum connecting time, we are improving the baggage handling and sorting equipment to match the increase in the number of passengers. This installation should be completed in March 2005. The expansion of the north-east apron will continue, so we can meet the rising demand for aircraft parking positions. Our largest project, the expansion of the VIE-Skylink Terminal, will start in October of this year. Preparatory measures will begin in March, and include the clearing of the building site and the demolition of the present VIP and business center as well as the old air traffic control tower.

Number of passengers by airline

	2004	in %
Austrian Airlines Group	8,542,351	57.8
Deutsche Lufthansa	902,773	6.1
Air Berlin	764,227	5.2
NIKI	447,205	3.0
British Airways	337,319	2.3
Swiss Intl. Airlines	312,287	2.1
Germanwings	299,377	2.0
Air France	285,236	1.9
KLM	229,686	1.6
Turkish Airlines	162,824	1.1
Others	2,502,244	16.9

The Handling Segment

Increase of 16.7% in turnover due to stable market share and above-average growth.

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

	2004	Change	2003	2002
Turnover	123.6	16.7%	106.0	105.3
Depreciation	6.0	14.0%	5.3	5.0
Segment earnings	18.0	12.7%	15.9	22.5
EBIT margin	12.7%	-3.1%	13.1%	20.1%
Allocated assets	32.0	12.9%	28.3	28.9
Capital expenditure	9.9	75.1%	5.7	4.2
Employees as of 31.12.	1,756	16.2%	1,511	1,340

The Handling Segment comprises 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, together with innovative technical solutions guarantee high quality and transfer times that are among the shortest in Europe.

Developments in 2004

The Handling Segment was able to successfully maintain an average market share of 91.0% in this liberalised environment, which now includes Fraport Ground Services Austria GmbH (formerly VAS Bodenverkehrsdienste GmbH). The contracts with Air Berlin, NIKI, British Airways and other airlines were renewed, and a three-year agreement was concluded with Lufthansa. Two new important customers were acquired with Emirates and Korean Airlines. Eurocypria, and Air Dolomiti, which now flies under the Lufthansa flag, were won back as customers, while Iberia changed over to Fraport Ground Services Austria in September. The majority of low-cost carriers that use Vienna International Airport has selected Flughafen Wien AG to provide their handling services.

The trend in the airline branch toward sizeable price reductions with shorter ground times, increased peak hours and streamlined service packages continued throughout 2004. In spite of these factors, the Handling Segment was able to record an above-average increase of 13.9% in volume. The Austrian Airlines Group registered an increase of 9.3% with new frequencies and an expanded flight schedule while Lufthansa, including Air

Dolomiti, showed an increase of 26%. The growth in cargo volume was supported by expanded delivery services to automotive and electronics producers that have recently settled in Eastern Europe.

The strong position of the Handling Segment is also demonstrated by the growth in business with low-cost carriers. Competitive, reduced service packages and short turnaround times increased the share of these airlines from 5% of total handling volume in 2003 to 8% for 2004. In particular, NIKI and Air Berlin have shown excellent development to roughly 20 flights per day. Temporary, growth-related capacity limits were relieved by the quick conversion of an equipment storage hall into a provisional baggage center during 2004. This business unit also took over baggage handling for the CAT in 2004. The severe winter led to above-average revenues from de-icing services.

Turnover recorded by the Handling Segment rose by 16.7% to € 123.6 million, which represents 31.0% of the total turnover reported by the Flughafen Wien Group.

During the reporting year the Handling Segment cleared 204,678 flight movements (+13.9%) for scheduled and charter traffic, plus an additional 19,808 movements in the General Aviation area. Furthermore, a total of 424,000 tonnes (baggage in & out including transfers, mail, cargo and trucking) and 13.5 million pieces of baggage (+14.9%) were handled.

The cargo sector recorded an increase of 21.0% to a total volume of 209,625 tonnes. Air cargo rose 25.9% and trucking 11.1%. The growth in air cargo resulted chiefly from frequency increases and the new introduction of "cargo only" flights by airlines such as Asiana, Korean and EVA Air.

2004 was also an extremely successful business year for Vienna Aircraft Handling GmbH. The number of flight movements in the general aviation sector rose by 1.4% to 19,808. Extensive efforts in the private aircraft area for the handling of business aviation

flights and provision of brokerage services led to growth of 11.4% in related turnover compared to the prior year. In the general aviation area, aircraft fuelling rose by roughly 1.5 million litres to a total of 11.3 million litres.

The scanner-supported recording of more than 20 measurement points was introduced in 2004 to improve handling procedures. These statistics are not only made available to our internal quality management team to ensure continuous improvement in work processes but above all to our customers, the airlines.

The number of employees in the Handling Segment increased from 1,511 to 1,756 during the reporting year. This growth was triggered by the strong development of traffic as well as the introduction of new activities such as baggage handling for the City Airport Train. This led to an increase of € 13.7 million in personnel expenses. Earnings before interest and tax rose by 12.7% to € 18.0 million for the reporting year, and the EBIT margin was 12.7% (2003: 13.1%).

Investments

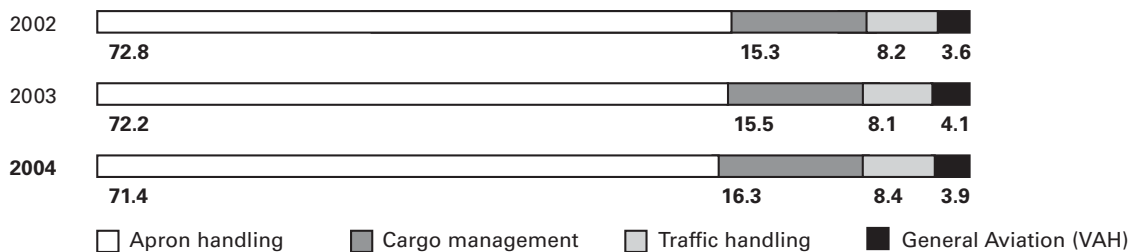
The Handling Segment invested a total of € 9.9 million in 2004. In order to meet the strong growth in volume, acquisitions focused on passenger buses, catering trucks, de-icing vehicles, large electrical tow trucks and diesel tractors as well as automobiles for the baggage reconciliation system.

Outlook

The major challenge for the Handling Segment in 2005 will be the modification of logistic processes, which is connected with relocation to the new Handling Center West. A zone dispatching system will be implemented to also meet demands or greater efficiency in the future. In addition, Vienna Aircraft Handling will move to the new General Aviation Center.

In the apron handling sector we expect a consolidation of growth, with an increase of roughly 4% in movements and a stable market share of approximately 90%. Strong pressure on costs due to the competitive situation will reinforce airline demands for reduced service packages and lower prices. We intend to meet this challenge by offering a variety of products and flexible prices, optimising processes within this segment and throughout the entire company, and maintaining strict cost controls.

Structure of turnover in the Handling Segment in %



In the cargo area we expect moderate growth in the volume of air cargo during 2005. Structural adjustments in the forwarding agency branch will increase pressure on prices, while infrastructure bottlenecks and direct transports to Eastern Europe should lead to stagnation in the trucking sector. The construction of the new Air Cargo Center, which is scheduled to open in 2006, will create a number of logistic challenges for our cargo sector during the expansion stage.

The Handling Segment remains an important success factor for Vienna International Airport with its internationally recognised know-how, competitive prices and product range that is designed to meet demand, above all in transfers.

The Non-Aviation Segment

10.8% increase in turnover – positive development in all areas.

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

	2004	Change	2003	2002
Turnover	88.0	10.8%	79.4	75.3
Depreciation	15.1	5.9%	14.2	12.0
Segment earnings	30.3	18.6%	25.6	33.1
EBIT margin	20.7%	3.8%	20.0%	26.7%
Allocated assets	244.8	43.7%	170.4	134.5
Capital expenditure	91.0	93.0%	47.1	24.6
Employees as of 31.12.	988	9.0%	906	803

The Non-Aviation Segment includes various services related to airport operations such as shopping, gastronomy, car parks, VIP Center and lounges, 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 and waste disposal from this business unit. The Non-Aviation Segment generated 22.1% of Group turnover for the reporting year (2003: 22.8%).

Developments in 2004

Turnover in the Non-Aviation Segment is dependent on factors such as the price of electricity and telecommunications, the amount of space available for rent and occupancy rates, the index development of rental prices, and purchasing power. The development of business in this division is not directly related to the volume of traffic at the airport.

Turnover in the Non-Aviation Segment rose by 10.8% to € 88.0 million. This growth was supported by higher demand for security services (+16.9%) as well as an increase in passenger-related revenues, including gastronomy with +16.2%, shopping with +11.0% and parking with +9.2%.

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 at Vienna International Airport.

Revenues from shop turnover again showed sound growth with an increase of 11.4%. This development was supported by the higher volume of passengers recorded in 2004 as well as an above-average increase in business by the Travel Value & Duty Free Shops. The strong upward trend in traffic was not fully reflected in the development of shop turnover because travellers who use low-cost carriers tend to purchase less, and these passengers represent a growing customer segment for Vienna International Airport. The 18 gastronomy facilities registered an 18.1% increase in turnover for the reporting year. This offering includes a new self-service restaurant with coffee lounge and lunch café, which opened in the Office Park.

In a number of cases, construction at the airport interfered with advertising space along the approach and exit roads and in the terminal. Despite these complications, revenues from the rental of advertising space increased 0.2% following promotional activities by several well-known international companies to market advertising space.

A number of important projects were started in the parking sector during the reporting year. Multi-storey car parks 1 and 2 were demolished in February to clear the construction site for the new railway station, and car park 3 was enlarged. The growth in traffic led to an increase of 9.2% in parking revenues.

The construction of the 109 meter-high air traffic control tower will give Vienna International Airport a new landmark. After completion in mid-2005 the air traffic control tower will be rented to Austro Control, and will also be used by the airport's movement control department. In addition, the new Office Park that was opened in September now represents one of the top airport locations in Europe.

The development of the Cargo North area has resulted in the realisation and rental of 10,322 m² of space to date. Another logistics property with 1,750 m² was turned over to FedEx during the reporting year. The existing logistics building was expanded to accommodate the relocation of Menlo Worldwide's East European headquarters from Frankfurt to Vienna, and roughly 4.8 ha in this area are available for future projects.

Vienna International Airport will continue to expand its position as an international cargo hub by constructing a new state-of-the-art air cargo facility. Optimal traffic connections, an ideal office infrastructure and efficient warehouse space provide support for all cargo handling processes. Completion of the new building at the end of 2005 and renovation of the existing buildings by mid-2006 will create 37,676 m² of warehouse space and 14,533 m² of offices.

Investments

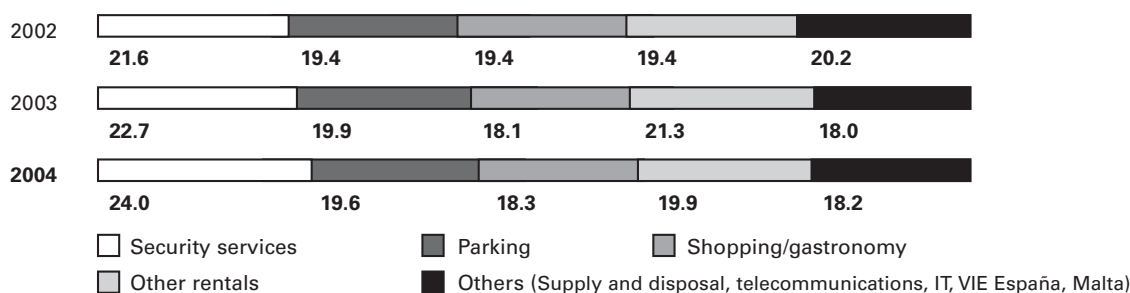
Major projects in the Non-Aviation Segment included the construction of the Office Park at € 30.3 million and the new air traffic control tower at € 15.9 million as well as planning and construction services for the Air Cargo Center at € 10.6 million. A total of € 8.7 million was also invested in the renovation of the airport roadway system.

Outlook

The new air traffic control tower and annex will be completed during the spring of 2005. After roughly six months of preparation for the start-up of operations by Austro Control in the new tower, the facility now in use will be closed during the summer of 2005.

The section of the Office Park that is reserved for non-airport tenants will soon be completed, and the Air Cargo Center will open at year-end 2005. Activities in this business sector will now focus on the rental of available space in the Office Park, Cargo North facility and the newly developed section of Cargo West.

Structure of turnover in the Non-Aviation Segment in %



Shopping

	2004	Change	2003	2002
Selling space in m ²	6,189	-1.1%	6,261	5,939
Shop turnover in € mill.	87.0	11.4%	78.1	79.6
Revenues in € mill.	13.3	11.0%	12.0	12.2

Gastronomy

	2004	Change	2003	2002
Selling space in m ²	3,400	4.7%	3,248	3,676
Shop turnover in € mill.	20.8	18.1%	17.6	15.9
Revenues in € mill.	2.8	16.2%	2.4	2.4

Consolidated Financial Statements 2004 of Flughafen Wien AG

Consolidated Financial Statements 2004

Consolidated Income Statement _____	86
Consolidated Balance Sheet _____	87
Consolidated Cash Flow Statement _____	88
Consolidated Statement of Capital and Reserves _____	89
Notes to the Consolidated Financial Statements _____	90
General Information _____	90
Significant Accounting Policies _____	91
Notes to the Consolidated Income Statement _____	96
Notes to the Consolidated Balance Sheet _____	100
Other Information _____	111
Major Differences between IFRS and Austrian Accounting Policies _____	120
Audit Report and Opinion _____	123

Consolidated Income Statement

for the period from 1 January to 31 December 2004

in T€	Notes	2004	2003
Turnover	(29)	398,266.0	348,385.2
Other operating income	(1)	20,484.3	16,628.0
Operating income		418,750.3	365,013.2
Cost of materials and services		-26,537.8	-20,607.8
Personnel expenses	(2)	-169,952.8	-147,151.3
Amortisation of intangible assets and depreciation of fixed assets	(10-13)	-48,921.6	-45,941.6
Other operating expenses	(3)	-70,835.0	-53,975.2
Income before interest and taxes (EBIT)		102,503.1	97,337.4
Income from investments, excl. associates at equity	(5)	450.5	1,603.3
Net financing costs	(6)	6,132.8	7,830.3
Other income from financing activities	(7)	-3,464.5	708.0
Financial results, excl. associates at equity		3,118.9	10,141.6
Income from associates at equity	(4)	-215.5	-893.4
Financial results		2,903.4	9,248.1
Profit before tax (EBT)		105,406.4	106,585.6
Taxes on income	(8)	-33,758.6	-35,562.1
Minority interest		40.0	-181.9
Profit for the year		71,687.8	70,841.5
Number of shares outstanding (weighted average)	(9)	21,000,000	21,000,000
Earnings per share (in €)		3.41	3.37
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 31.12.2004

Assets

in T€	Notes	31.12.2004	31.12.2003
Intangible assets	(10)	6,655.6	6,157.0
Property, plant and equipment	(11)	712,171.1	578,063.8
Associates – at equity	(12)	30,882.6	31,557.6
Other financial assets	(13)	36,112.7	36,004.9
Non-current receivables	(14)	390.9	307.1
Deferred tax assets	(15)	9,388.1	11,543.1
Non-current assets		795,601.1	663,633.5
Inventories	(16)	2,592.1	2,066.6
Current receivables and other current assets	(17)	46,140.3	38,423.0
Cash and cash equivalents	(18)	108,008.8	131,128.8
Current assets		156,741.2	171,618.4
Assets		952,342.3	835,251.9

Equity and Liabilities

in T€	Notes	31.12.2004	31.12.2003
Share capital	(19)	152,670.0	152,670.0
Share premium	(20)	117,657.3	117,657.3
Retained earnings and reserves	(21)	360,554.2	319,821.2
Equity		630,881.6	590,148.5
Minority interest		111.5	287.4
Non-current provisions	(22)	91,217.9	95,330.4
Other non-current liabilities	(23)	9,630.4	9,976.7
Non-current liabilities		100,848.4	105,307.1
Current provisions	(24)	105,940.8	79,886.7
Current financial liabilities	(25)	3.9	3.9
Trade payables	(26)	65,270.5	37,778.1
Other current liabilities	(27)	49,285.6	21,840.2
Current liabilities		220,500.8	139,508.9
Equity and liabilities		952,342.3	835,251.9

Consolidated Cash Flow Statement

for the period from 1 January to 31 December 2004

in T€	2004	2003
Profit before tax	105,406.4	106,585.6
+ Depreciation / - Write-ups of fixed and financial assets	48,289.0	45,697.6
+ Loss / - Gain on the disposal of fixed and financial assets	1,750.8	-53.5
- Reversal of investment subsidies from public funds	-1,686.6	-1,384.9
- Increase / + Decrease in inventories	-525.5	122.0
- Increase / + Decrease in receivables	-7,801.1	425.8
+ Increase / - Decrease in provisions	10,945.4	1,888.5
+ Increase / - Decrease in liabilities	53,660.0	15,107.8
Net cash flows from ordinary operating activities	210,038.3	168,389.0
- Income taxes paid	-15,685.6	-18,020.0
Net cash flows from operating activities	194,352.7	150,369.0
+ Payments received on the disposal of fixed assets (excl. financial assets)	229.8	89.4
+ Payments received on the disposal of financial assets	3,487.5	1,412.6
- Payments made for investments in fixed assets (excl. financial assets)	-185,337.3	-115,214.8
- Payments made for investments in financial assets	-924.3	-1,595.8
+ Cash flow from non-repayable subsidies	2,618.2	1,812.9
Net cash flows from investing activities	-179,926.1	-113,495.7
- Dividend	-42,000.0	-42,000.0
+ Cash inflows / - Cash outflows from minority shareholders	-135.9	-30.0
- Repayment of borrowings	0.0	-3,045.9
Net cash flows from financing activities	-42,135.9	-45,075.9
Change in cash and cash equivalents	-27,709.2	-8,202.7
Change in revaluation reserve for securities	4,604.3	177.5
Effect of exchange rate fluctuations on cash held	-15.1	-2.8
+ Cash and cash equivalents at the beginning of the year	131,128.8	139,156.7
Cash and cash equivalents at the end of the year	108,008.8	131,128.8
Thereof current securities	52,944.6	112,226.2
Thereof unrealised gains (+) / losses (-)	-246.9	-4,821.6
Interest expense for operating activities	40.4	45.4
Interest income from operating activities	5,963.2	7,463.6
Dividends received	578.8	465.9

For additional information see Note (28)

Consolidated Statement of Capital and Reserves

as at 31.12.2004

in T€			R E S E R V E S		Total
	Share capital	Share premium account	Revaluation reserve	Retained earnings and other reserves	
Balance on 31.12.2002	152,670.0	117,657.3	-6,307.9	295,889.6	559,909.1
Currency translation adjustments				-622.4	-622.4
Revaluation of securities			765.7		765.7
Employee fund				1,254.6	1,254.6
Gains and losses not reflected in the income statement	0.0	0.0	765.7	632.2	1,397.9
Profit for the year 2003				70,841.5	70,841.5
Dividend payment for 2002				-42,000.0	-42,000.0
Balance on 31.12.2003	152,670.0	117,657.3	-5,542.1	325,363.3	590,148.5
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	0.0	0.0	3,770.0	7,275.2	11,045.2
Profit for the year 2004				71,687.8	71,687.8
Dividend payment for 2003				-42,000.0	-42,000.0
Balance on 31.12.2004	152,670.0	117,657.3	-1,772.1	362,326.4	630,881.6

For additional information see Notes (19) to (21)

Notes

to the Consolidated Financial Statements 2004 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 2004 Business Year were prepared in accordance with the principles set forth in International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). These financial statements reflect the International Financial Reporting Standards (IFRS) in effect for the 2004 Business Year.

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. Six 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 turnover of these unconsolidated companies equalled 0.8% of Group revenues in 2004.

Changes in the consolidation range during 2004: VIE-Reiseservice GmbH in liquidation was deconsolidated in 2004.

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 2004 of VIE Malta Ltd. were subject to review by a certified public accountant.

The book value method is 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 and amortised on a straight-line basis over their useful life.

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 rate		Average rate for the year	
	31.12.2004	31.12.2003	2004	2003
100 MTL	231	233	234	236

Tangible and intangible assets

Tangible and intangible assets are valued at purchase or production price less ordinary straight-line depreciation or amortization. Ordinary depreciation and amortization 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

Low-value assets (assets with a purchase price up to € 400.00) are completely written off in the year of purchase. 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.

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. Goodwill is amortised on a straight-line basis over the assumed useful life of the asset, up to a maximum of 20 years. The future economic benefit of remaining goodwill is analysed as of each balance sheet date. Any goodwill not expected to be covered by an expected future economic benefit is amortised immediately with an appropriate charge to the income statement.

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 § 10, these securities are 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 § 103 (b) (ii) 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 sales 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 § 10 and recorded at fair value. Gains and losses resulting from a change in fair value are recognised to equity as required by IAS 39 § 103 (b) (ii) 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 non-current 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 includes 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 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 realized 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 date.

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€	2004	2003
Own work capitalised	7,957.9	5,412.4
Income from the disposal of fixed assets, with the exception of financial assets	105.7	85.7
Income from the reversal of provisions	7,648.6	8,718.6
Income from the reversal of investment subsidies from public funds	1,686.6	1,384.9
Income from rights granted	420.6	58.9
Income from insurance	108.7	74.2
Income from the reversal of valuation adjustments	1,537.5	697.3
Miscellaneous	1,018.6	196.1
	20,484.3	16,628.0

(2) Personnel expenses

in T€	2004	2003
Wages	73,348.4	62,530.1
Salaries	51,234.3	44,195.9
Expenses for severance compensation	6,450.1	5,923.2
Thereof contributions to severance fund	357.1	109.6
Expenses for pensions	3,228.0	3,191.0
Thereof contributions to pension funds	1,543.8	1,361.4
Expenses for legally required social security and payroll-related duties and mandatory contributions	34,348.9	30,005.5
Other employee benefits	1,343.1	1,305.6
	169,952.8	147,151.3

Personnel expenses rose during the reporting year because of wage and salary raises mandated by collective bargaining agreements and high winter service costs as well as an increase in the workforce. The number of employees rose 11.9% to 3,264 because of the solid growth in traffic, the introduction of hold baggage screening (HBS) and the founding of a new wholly owned subsidiary, Vienna Airport Infrastruktur Maintenance GmbH. Flughafen Wien AG recorded a 6.4% improvement in productivity per employee for the 2004 Business Year.

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€	2004	2003
Other taxes	167.8	172.1
Maintenance	21,510.8	15,075.9
Third party services	10,621.1	8,878.8
Legal, auditing and consulting expenses	6,274.3	5,086.7
Market communication	12,392.2	9,525.9
Postage and telecommunications	1,699.2	1,513.4
Rental and lease payments	1,548.6	1,461.2
Insurance	4,002.5	4,583.7
Travel and training	1,488.1	1,354.7
Damages	696.1	1,101.5
Valuation adjustments to and write-offs of receivables	660.5	990.5
Losses on the disposal of non-current assets	1,680.8	32.2
Miscellaneous operating expenses	8,093.0	4,198.7
	70,835.0	53,975.2

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

Third party services are comprised primarily of cleaning services, costs for the handling of baggage carts and fees for waste water disposal as well as 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. Consulting services were used above all for a trans-regional traffic study, an efficiency improvement project, the Bratislava project and the mediation process.

Expenses for market communications cover public relations, in particular costs associated with the promotion of Vienna International Airport as an east-west hub.

(4) Income from investments recorded at equity

in T€	2004	2003
Income from investments in associates and joint ventures	664.1	459.5
Expenses arising from investments in in associates and joint ventures	-879.6	-1,353.0
	-215.5	-893.4

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

in T€	2004	2003
Income from investments in subsidiaries and other companies	500.5	1,603.3
Expenses arising from investments in subsidiaries and other companies	-50.0	0.0
	450.5	1,603.3

(6) Interest income/expense

in T€	2004	2003
Interest and similar income	6,561.3	8,065.3
Interest and similar expense	-428.5	-235.0
	6,132.8	7,830.3

(7) Other financial results

in T€	2004	2003
Income from the disposal and write-up of financial assets	1,453.5	0.0
Income from the disposal and write-up of current securities	1,436.7	708.0
Losses on the disposal of current securities	-6,171.9	0.0
Losses on the disposal of non-current securities	-182.7	0.0
	-3,464.5	708.0

(8) Taxes on income

in T€	2004	2003
Current tax expense	35,466.0	30,419.7
Deferred taxes	-1,707.4	5,142.5
	33,758.6	35,562.1

The difference between the theoretical tax rate (Austrian corporate tax rate of 34%) and the effective tax rate shown in the financial statements is due to the following:

in T€	2004	2003
Profit before tax	105,406.4	106,585.6
Theoretical income tax	35,838.2	36,239.1
Change in tax rate for deferred taxes	-1,651.1	0.0
Permanent differences and taxes related to other periods	-428.4	-676.9
Income tax expense as per income statement	33,758.6	35,562.1
Effective tax rate	32.0%	33.4%

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 31.12.2004			
Net book value as of 1.1.2004	5,195.4	961.6	6,157.0
Foreign currency translation	0.0	-4.9	-4.9
Additions	2,079.4	0.0	2,079.4
Transfers	292.6	0.0	292.6
Disposals/remaining book value	-108.7	0.0	-108.7
Amortisation	-1,707.8	-52.1	-1,759.9
Net book value as of 31.12.2004	5,751.0	904.6	6,655.6
Balance on 31.12.2004			
Acquisition price	16,894.2	1,031.9	17,926.1
Accumulated amortisation	-11,143.2	-127.3	-11,270.5
Net book value	5,751.0	904.6	6,655.6

Additions to concessions and rights are comprised primarily of the purchase and development of software for T€ 2,026.7. Goodwill is related to the acquisition of a stake in Malta Mediterranean Link Consortium Ltd.

(11) Property, plant and equipment

in T€	Land and buildings	Technical equipment and machinery	Other equipment, furniture, fixtures and office equipment	Advance pay- ments made and construction in progress	Total
Development from 1.1. to 31.12.2004					
Net book value					
as of 1.1.2004	315,193.8	151,381.4	35,248.4	76,240.1	578,063.8
Additions	53,334.3	15,373.0	16,551.3	97,999.3	183,257.8
Transfers	31,856.7	3,900.3	347.9	-36,397.5	-292.6
Disposals/remaining book value	-387.4	-1,088.3	-220.5	0.0	-1,696.2
Depreciation	-15,656.5	-18,758.1	-12,747.2	0.0	-47,161.7
Net book value as of 31.12.2004	384,340.9	150,808.4	39,180.0	137,841.9	712,171.1
Balance on 31.12.2004					
Acquisition price	599,380.3	447,212.4	133,420.6	138,356.8	1,318,370.0
Accumulated depreciation	-215,039.5	-296,403.9	-94,240.6	-514.9	-606,198.9
Net book value	384,340.9	150,808.4	39,180.0	137,841.9	712,171.1

The above additions include:

In the **Airport** Segment:

- Drainage system for Runway 16/34 (T€ 10,402.2)
- Expansion of the northeast apron (T€ 16,423.3)
- Expansion of the baggage handling centre (T€ 12,036.2)
- Expansion of the railway station (T€ 11,674.4)
- Planning for the new VIE-Skylink Terminal (T€ 7,335.2)
- Handling Center West (T€ 7,465.2)
- Purchase of property (T€ 6,115.5)

In the **Handling** Segment:

- Diesel tow trucks, lifting platforms, apron passenger buses, container transporters (T€ 3,255.1)

In the **Non-Aviation** Segment:

- Expansion of the Cargo North facility (T€ 1,046.6)
- New air traffic control tower (T€ 15,897.4)
- Construction of the Office Park (T€ 30,281.8)
- Central roadway system (T€ 8,660.7)
- Air Cargo Center (T€ 10,559.5)
- Purchase of forwarding agent building (T€ 5,511.3)
- Expansion of collector system (T€ 5,723.3)

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

in T€	Value of the company	Total
Development from 1.1. to 31.12.2004		
Net book value as of 1.1.2004	31,557.6	31,557.6
Foreign currency translation	-135.5	-135.5
Write-ups	353.4	353.4
Disposals/remaining book value	-13.2	-13.2
Write-downs	-879.6	-879.6
Net book value as of 31.12.2004	30,882.6	30,882.6
Balance on 31.12.2004		
Acquisition price	32,815.5	32,815.5
Accumulated write-ups/write-downs	-1,932.8	-1,932.8
Net book value	30,882.6	30,882.6

Write-ups and write-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€	2004	2003
Non-current assets	141,468.2	144,785.9
Current assets	36,314.8	37,951.5
Non-current liabilities	66,646.6	68,795.7
Current liabilities	25,126.4	26,890.5
Income	42,450.4	33,177.6
Expenses	27,914.1	22,232.8

(13) Other financial assets

Investments in other companies

in T€	Shares in associates	Shares in subsidiaries (not consolidated)	Total
Development from 1.1. to 31.12.2004			
Net book value as of 1.1.2004	16.3	1,781.6	1,797.9
Additions	0.0	50.0	50.0
Write-downs	0.0	-50.0	-50.0
Net book value as of 31.12.2004	16.3	1,781.6	1,797.9
Balance on 31.12.2004			
Acquisition price	49.0	1,850.1	1,899.1
Accumulated write-downs	-32.7	-68.5	-101.2
Net book value	16.3	1,781.6	1,797.9

Shares in non-consolidated associates represent the investment in AviaSec Aviation Security GmbH, which is in liquidation.

Shares in non-consolidated subsidiaries are comprised of the holdings in Flughafen Wien/Berlin-Brandenburg International Entwicklungsbeteiligungsgesellschaft m.b.H., GetService Dienstleistungsgesellschaft m.b.H., GetService-Flughafen-Sicherheits-Service-dienst GmbH, Salzburger Flughafen Sicherheitsgesellschaft m.b.H., VIAS Hellas Security Air Transport Services Limited Liability Company and VIE Shops Entwicklungs- und Betriebsges.m.b.H.

Flughafen Wien AG acquired the remaining 49% stake in the non-consolidated VIE Shops Entwicklungs- und Betriebsges.m.b.H. for € 2.00 as of 23 December 2004. The company has negative equity of € 22.9 and is currently inactive.

The liquidation of VIE-Reiseservice GmbH was concluded in 2004.

Securities and other loans granted

in T€	Non-current securities and similar rights	Other loans granted	Total
Development from 1.1. to 31.12.2004			
Net book value as of 1.1.2004	34,126.0	81.0	34,207.0
Additions	872.0	2.3	874.3
Write-ups	1,205.6	1,453.5	2,659.1
Disposals/remaining book value	-1,958.5	-1,467.1	-3,425.6
Net book value as of 31.12.2004	34,245.1	69.7	34,314.8
Balance on 31.12.2004			
Acquisition price	37,515.0	5,883.5	43,398.5
Accumulated write-downs	-3,269.8	-5,813.8	-9,083.7
Net book value	34,245.1	69.7	34,314.8

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 in prior years. In 2004 this item was written up by T€ 1,453.5 following the repurchase of a 20% stake. Other loans granted also include a loan to SITA (T€ 69.7).

(14) Non-current receivables

Non-current receivables of T€ 390.9 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€	2004	2003
Balance on 1.1.	11,543.1	16,799.4
Change with effect on the income statement	1,707.4	-5,142.5
Change with no effect on the income statement	-3,862.4	-113.8
Balance on 31.12.	9,388.1	11,543.1

In 2004 the Austrian federal government announced 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 is based on the 25% corporate tax rate applicable as of 1 January 2005.

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

in T€	2004	2003
Deferred tax assets		
Non-current assets	373.2	547.3
Current assets	0.0	230.6
Provisions for severance compensation	1,889.5	2,311.3
Provisions for pensions	2,006.1	2,721.6
Provisions for service anniversary bonuses	708.0	832.9
Transfer of shares to employee fund	10,591.0	17,257.8
Other provisions	4,295.6	2,327.2
Tax loss carry-forwards	648.6	812.7
	20,511.9	27,041.4
Provisions for deferred taxes		
Non-current assets	8,498.6	10,461.9
Current securities	0.0	1,411.5
Provision for taxes from consolidation	2,625.3	3,625.0
	11,123.9	15,498.3
Net deferred tax assets and provisions	9,388.1	11,543.1

(16) Inventories

in T€	2004	2003
Raw materials and supplies	2,592.1	2,066.6
	2,592.1	2,066.6

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

(17) Current receivables and other current assets

in T€	2004	2003
Gross trade receivables	33,965.1	35,325.2
Valuation adjustments	-3,064.5	-2,840.1
Net trade receivables	30,900.7	32,485.1
Receivables due from subsidiaries (non-consolidated)	119.2	40.9
Receivables due from associates	211.9	301.3
Receivables due from tax authorities	7,960.7	814.3
Other receivables and assets	4,246.2	2,383.5
Prepaid expenses and deferred charges	2,701.6	2,397.9
	46,140.3	38,423.0

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

(18) Cash and cash equivalents

in T€	2004	2003
Cash	156.9	1,386.0
Deposits with financial institutions	54,907.3	17,516.7
Securities	52,944.6	112,226.2
	108,008.8	131,128.8

Detailed information on securities is provided under Point (30) on financial instruments.

(19) Share capital

As of 31 December 2004 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 Mitarbeiterbeteiligung 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) Non-current provisions

in T€	2004	2003
Provisions for severance compensation	42,567.1	38,787.6
Provisions for pensions	23,090.8	22,914.5
Provisions for service anniversary bonuses	9,207.0	8,555.3
Provisions for part-time work for older employees	6,746.0	5,705.0
Provisions for employee fund expenses	9,607.0	19,368.0
	91,217.9	95,330.4

The provisions for employee fund expenses were created to cover taxes associated with the "Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung" (the employee fund).

The 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

in T€	2004	2003
Discount rate	4.5%	4,75%
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€	2004	2003
Present value of severance compensation obligations (DBO) as of 31.12.	48,312.6	43,764.0
Actuarial loss not recorded (accumulated)	-5,745.5	-4,976.4
Provision as of 31.12. per balance sheet	42,567.1	38,787.6

Expenses arising from severance compensation obligations

in T€	2004	2003
Service cost	3,234.6	3,161.7
Interest expense	2,068.3	2,065.7
Actuarial gain recorded	790.0	586.3
Expenses arising from severance compensation obligations	6,092.9	5,813.6

Development of provision for severance compensation

in T€	2004	2003
Provision as of 1.1. per balance sheet	38,787.6	36,934.4
Expenses arising from severance compensation obligations	6,092.9	5,813.6
Payments for severance compensation	-2,313.4	-3,960.5
Provision as of 31.12. per balance sheet	42,567.1	38,787.6

Development of actuarial gain/loss

in T€	2004	2003
Actuarial gain not recorded (accumulated) as of 1.1.	-4,976.4	-4,735.0
Corridor as of 1.1.	4,276.9	4,083.5
Surplus	-3,950.0	-2,931.4
Distribution period in years	5	5
Actuarial gain not recorded (accumulated) as of 1.1.	-4,976.4	-4,735.0
Actuarial gain, current year	-1,559.0	-827.7
Actuarial gain recorded	790.0	586.3
Actuarial gain not recorded (accumulated) as of 31.12.	-5,745.5	-4,976.4

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 102 retirees.

Transition from present value to provision

in T€	2004	2003
Present value of pension obligations (DBO) as of 31.12.	21,697.7	21,746.4
Actuarial gain not recorded (accumulated)	1,393.1	1,168.1
Provision as of 31.12. per balance sheet	23,090.8	22,914.5

Expenses arising from pension obligations

in T€	2004	2003
Service cost	679.0	763.8
Interest expense	1,016.5	1,065.8
Actuarial gains recorded	-11.2	0.0
Expenses arising from pension obligations	1,684.3	1,829.7

Development of provision for pension obligations

in T€	2004	2003
Provision as of 1.1. per balance sheet	22,914.5	22,690.3
Expenses arising from pension obligations	1,684.3	1,829.7
Pension payments	-1,508.0	-1,605.4
Provision as of 31.12. per balance sheet	23,090.8	22,914.5

Development of actuarial gain/loss

in T€	2004	2003
Actuarial gain not recorded (accumulated) as of 1.1.	1,168.1	1,341.5
Corridor as of 1.1.	2,174.6	2,134.9
Surplus	0.0	0.0
Distribution period in years	5	5
Actuarial gain not recorded (accumulated) as of 1.1.	1,168.1	1,341.5
Actuarial gain/loss for the year	236.2	-168.7
Actuarial gain recorded	-11.2	0.0
Actuarial gain not recorded (accumulated) as of 31.12.	1,393.1	1,172.8

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).

(23) Other non-current liabilities

in T€	2004	2003
Clean Water Fund	721.7	1,715.9
Investment subsidies from public funds *	8,908.7	8,260.7
	9,630.4	9,976.7

*) Thereof investment bonuses in 2002, 2003 and 2004: T€ 3,973.9

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.

(24) Current provisions

in T€	2004	2003
Unused vacation	8,123.0	7,132.5
Other claims by employees	8,091.8	6,879.7
Taxes	20,240.7	11,312.8
Goods and services not invoiced	45,787.1	34,010.6
Outstanding discounts	15,965.3	7,927.2
Fund expenses	4,562.1	3,690.0
Miscellaneous	3,170.6	8,933.9
	105,940.8	79,886.7

The provisions for other claims by employees include, among others, restructuring measures (T€ 4,260.9) and performance bonuses (T€ 1,335.5).

Miscellaneous current provisions are comprised primarily of accruals to cover claims for damages as well as outstanding invoices for operating costs and attorneys' fees.

Development from 1.1. to 31.12.2004

in T€	Book value as of 1.1.2004	Use	Reversal	New creation	Book value as of 31.12.2004
Unused vacations	7,132.5	0.0	-38.0	1,028.5	8,123.0
Other claims by employees	6,879.7	-2,472.1	-280.0	3,964.2	8,091.8
Taxes	11,312.8	-11,160.9	-151.9	20,240.7	20,240.7
Goods and services not invoiced	34,010.6	-17,694.8	-888.0	30,359.3	45,787.1
Outstanding discounts	7,927.2	-6,762.5	-1,071.7	15,872.3	15,965.3
Fund expenses	3,690.0	-607.9	0.0	1,480.0	4,562.1
Miscellaneous	8,933.9	-1,417.1	-5,957.8	1,611.6	3,170.6
	79,886.7	-40,115.3	-8,387.4	74,556.7	105,940.8

(25) Current financial liabilities

in T€	2004	2003
Settlement accounts	3.9	3.9
	3.9	3.9

(26) Trade payables

in T€	2004	2003
To third parties	61,565.5	35,026.2
To subsidiaries	2,700.9	2,751.9
To associates	1,004.1	0.0
	65,270.5	37,778.1

(27) Other current liabilities

in T€	2004	2003
Other tax liabilities	404.1	679.7
Other social security liabilities	5,085.6	4,821.8
Investment subsidies from public funds	1,652.6	1,369.1
Liabilities to Clean Water Fund	271.5	240.2
Amounts due to associates	18,000.0	7,640.0
Customers with credit balances	657.6	355.6
Accruals for wages	3,812.9	4,806.3
Accrued income	17,581.1	1,008.7
Miscellaneous liabilities	1,820.1	918.8
	49,285.6	21,840.2

Deferred income is comprised primarily of advance rental payments made by Austro Control for the new air traffic control tower.

Other Information

(28) 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.

Changes in the consolidation range led to cash inflows of T€ 20.3 from the disposal of financial assets.

(29) Segment reporting

Vienna International Airport España, S.L. was founded in 2001 and started operations in autumn of that year. Up to 30 September 2002 this company served as advisor to Flughafenerrichtergesellschaft CR Aeropuertos, S.L., a Spanish company, on the construction and management of the new airport at Ciudad Real. In early 2004, liquidation proceedings were opened on this company.

VIE Malta Ltd. was founded in 2002 and holds 57.1% of the shares in Malta Mediterranean Link Consortium Ltd. The company provides consulting services for Malta International Airport plc. These activities were allocated to the Non-Aviation Segment.

This annual report shows segment reporting classified according to primary and secondary 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.

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. Fees for these services are generally subject to contractual limits.

Handling: This segment is responsible for aircraft handling services, which consist primarily of the loading and unloading of aircraft. 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, VIP centre and lounges, security, the development and rental of real estate, traffic connections, technical infrastructure, cleaning, the supply of materials and waste disposal, telecommunications, construction management and consulting services.

Segment results for 2004 by area of business

in T€ (except employees)

	Airport	Handling	Non-Aviation	Group
External segment turnover	186,322.9	123,645.9	87,969.6	397,938.3
Internal segment turnover	23,745.9	17,617.9	50,150.9	
Total segment turnover	210,068.8	141,263.8	138,120.5	
Other external turnover				327.7
Group turnover				398,266.0
Segment results	78,263.8	17,966.7	30,330.0	126,560.5
Other (not allocated)				-24,057.5
Group EBIT/operating profit				102,503.1
Segment depreciation	27,520.7	5,995.3	15,052.7	48,568.7
Other (not allocated)				352.9
Group depreciation				48,921.6
Segment investments	83,363.8	9,914.1	90,971.4	184,249.4
Other (not allocated)				1,087.9
Group investments				185,337.3
Segment assets	473,856.0	31,989.9	244,811.4	750,657.3
Other (not allocated)				201,684.9
Group assets				952,342.3
Segment liabilities	75,963.1	64,173.7	91,738.0	231,874.7
Other (not allocated)				89,474.5
Group liabilities				321,349.2
Segment employees (balance sheet date)	357	1,756	988	3,100
Other (not allocated)				164
Group employees (balance sheet date)				3,264

*) 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 2003 by area of business

in T€ (except employees)

	Airport	Handling	Non-Aviation	Group
External segment turnover	162,664.8	105,986.7	79,372.9	348,024.3
Internal segment turnover	24,819.4	15,060.8	42,835.0	
Total segment turnover	187,484.1	121,047.5	122,207.9	
Other external turnover				360.9
Group turnover				348,385.2
Segment results	75,183.5	15,941.2	25,582.0	116,706.8
Other (not allocated)				-19,369.4
Group EBIT/operating profit				97,337.4
Segment depreciation	26,210.1	5,256.9	14,210.2	45,677.3
Other (not allocated)				264.3
Group depreciation				45,941.6
Segment investments	62,171.1	5,662.5	47,137.0	114,970.7
Other (not allocated)				244.1
Group investments				115,214.8
Segment assets	419,083.9	28,344.6	170,368.2	617,796.6
Other (not allocated)				217,455.3
Group assets				835,251.9
Segment liabilities	58,149.0	54,090.7	59,030.3	171,270.0
Other (not allocated)				73,546.0
Group liabilities				244,816.0
Segment employees (balance sheet date)	355	1,511	906	2,772
Other (not allocated)				146
Group employees (balance sheet date)				2,918

*) 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 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	925,831.2	26,873.9	330.2	952,342.3
Liabilities	320,483.3	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.

Segment results for 2003 by region

in T€ (except employees)

	Austria	Malta	Spain	Group
Turnover	347,991.5	393.7	0.0	348,385.2
EBIT	97,282.4	158.7	-103.7	97,337.4
Assets	808,740.9	26,180.8	330.2	835,251.9
Liabilities	243,950.2	797.7	68.2	244,816.0
Employees (balance sheet date)	2,918	0	0	2,918

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

(30) 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

All 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. All investments are made only with institutions of highest ranking

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 or 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.

The risk of interest rate fluctuations in the asset area is only related to non-current securities, deposits with financial institutions, and 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 at risk include only the 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 99.99% 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 2004	Market value 2004	Average effective interest rate in %	Book value 2003	Market value 2003	Average effective interest rate in %
R 63 Fund	31,328.4	31,328.4	7.1	31,221.1	31,221.1	8.6
Stock	494.9	494.9		494.9	494.9	
Other	2,421.8	2,421.8		2,410.0	2,410.0	
	34,245.1	34,245.1		34,126.0	34,126.0	

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. The holdings of this fund are comprised 100% of bonds. All bond ratings are investment grade, with 57% carrying a rating of AAA.

Stock is comprised of an investment in Wiener Börse AG. Other non-current securities represent T€ 1,929.7 of rights arising from reinsurance.

Current securities

in T€	Book value 2004	Market value 2004	Average effective interest rate in %	Book value 2003	Market value 2003	Average effective interest rate in %
GF 7 Fund	52,944.6	52,944.6	5.1	60,348.6	60,348.6	4.2
A 19 Fund	0.0	0.0		24,802.6	24,802.6	11.3
DWS (Austria)						
72 Fund	0.0	0.0		27,075.0	27,075.0	4.7
	52,944.6	52,944.6		112,226.2	112,226.2	

As of 31 December 2004, 91.1% of the Capital Invest GF 7 Fund was invested in bonds. The majority of these instruments were issued by federal governments.

The GF 7 Fund carried no foreign exchange risk as of the balance sheet date.

Other loans granted

Other loans granted represent rights for Corvin Hotel Airport Plaza Errichtungs- und Betriebsgesellschaft m.b.H. with a remaining nominal value of T€ 5,813.8, which carry a 7% interest rate, as well as a loan granted to SITA (T€ 69.7, average interest rate for 2004: 2.4%).

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.

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

There are no such associations to report at the present time.

(32) Risk management

Risk management is incorporated in both 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 and chairman of the Supervisory 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 our 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 as well as the network strategy of the Star Alliance, in which the Austrian Airlines Group is a partner, represent a key factor 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. Vienna International Airport reduced costs for the airlines by not changing tariffs as of 1 January 2004 and by introducing a new tariff model with lower prices as of 1 October 2004 that shares the occupancy risk to which airlines are exposed. In addition, the incentive programme was expanded to include frequency rebates. These measures are also designed to strengthen strategically important intercontinental destinations as well as frequencies in 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 avoid and 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.

The value of securities is limited by investment in low-risk issues combined with regular monitoring and control by financial management.

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 covering noise and emissions. Flughafen Wien AG works to counter these risks by providing appropriate information and including involved parties in a mediation process (for example, on the 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.

(33) Other obligations

The Company concluded a defined contribution pension fund contract with ÖPAG Pensionskassen AG and Vereinigte Pensionskassen AG for 1,793 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 the "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€ 5,727.3 in loans related to the construction and expansion of sewage treatment facilities.

(34) Significant events occurring after the balance sheet date

There are no significant events to report.

(35) Information on bodies of the corporation and employees

As of 31 December, the Flughafen Wien Group employed:

Employees (excluding Management Board and managing directors)	2004	2003
Workers	2,283	2,025
Staff	981	894
	3,264	2,918

The members of the Management Board of Flughafen Wien AG received the following compensation and benefits for the 2004 and 2003 Business Years:

in T€	2004	2004	2004	2004	2003
	Fixed compensation	Variable compensation	Non-cash remuneration	Total compensation	Total compensation
Christian Domany	52.5	0.0	1.5	54.0	0.0
Herbert Kaufmann	209.9	94.5	12.8	317.1	317.1
Gerhard Schmid	209.9	94.5	8.8	313.1	313.1
Kurt Waniek	161.2	94.5	6.7	262.3	312.6
	633.5	283.4	29.7	946.6	942.9

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 and key employees totalled T€ 994.9 (2003: T€ 591.7).

Attendance allowances and remuneration of T€ 93.2 (2003: T€ 80.7) were paid to the members of the Supervisory Board of Flughafen Wien AG in 2004.

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

According to Austrian accounting principles, future wage and salary increases may not be included in calculating employee-related provisions. These calculations should be based on the present value or Austrian "Teilwert" method with a long-term discount rate.

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. Calculations based on this method lead to significantly higher additions to provisions than calculations made in accordance with the Austrian Commercial Code.

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 2005

The Management Board:

Christian Domany

Herbert Kaufmann

Gerhard Schmid

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	
Flughafen Wien Immobilienverwertungsgesellschaft m.b.H.	IVW	VIE	Austria	100%	VK	
Vienna International Airport Security Services Ges.m.b.H.	VIAS	VIE	Austria	100%	VK	
Vienna International Beteiligungsmanagement Gesellschaft m.b.H.	VINT	VIE	Austria	100%	VK	
Vienna Airport Infrastruktur Maintenance GmbH	VAI	VIE	Austria	100%	VK	
VIE Liegenschaftsbeteiligungsgesellschaft m.b.H.	VIEL	VIE	Austria	100%	VK	
Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H.	BPIB	VIEL	Austria	100%	VK	
Vienna International Airport España, S.L. in Liquidation	VIE-E	VINT	Spain	100%	VK	
Vienna Airport Baumanagement Gesellschaft m.b.H.	VAB	VIE	Austria	51%	VK	
VIE Malta Ltd.	VIE Malta	VINT	Malta	100%	VK	
Malta Mediterranean Link Consortium Ltd.	MMLC	VIE Malta	Malta	57.1%	EQ	
Malta International Airport plc.	MIA	MMLC	Malta	22.8%	EQ	
City Air Terminal Betriebsgesellschaft m.b.H.	CAT	VIE	Austria	50.1%	EQ	
SCA Schedule Coordination Austria GmbH	SCA	VIE	Austria	40%	EQ	
Flughafen Wien / Berlin Brandenburg International Entwicklungs- beteiligungsgesellschaft m.b.H.	VIE-BBI	VIE	Germany	100%	NK	a)
VIE Shops Entwicklungs- und Betriebsgesellschaft 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.	GETS	VIAS	Austria	100%	NK	a)
"GetService"-Flughafen-Sicherheits- und Servicedienst GmbH	GET2	VIAS	Austria	51%	NK	a)
VIAS Hellas Security Air Transport Services Limited Liability Company	VIAS-H	VIAS	Greece	100%	NK	a)
AviaSec Aviation Security GmbH in Liquidation	VIAS-D	VIAS	Germany	49%	NK	a)

Type of consolidation:

VK = full consolidation, VKE = initial 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 accompanying consolidated financial statements of Flughafen Wien Aktiengesellschaft as of 31 December 2004 in accordance with the provisions of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the legal requirements for audits in Austria, in keeping with the International Standards on Auditing (ISA) 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly in all material respects the asset and financial position of the Group as of 31 December 2004 and the results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

The Audit is not designed to evaluate the profitability or appropriateness of transactions or measures. In particular, its methodology is not suited to uncover conscious manipulation.

Austrian commercial law requires us to audit the Group management report and compliance with the requirements to exempt the Group from preparing consolidated financial statements under Austrian law. We certify that the Group management report agrees with the consolidated financial statements, and that the requirements are met to exempt the Group from preparing consolidated financial statements under Austrian law."

Vienna, 16 February 2005

CONFIDA
WIRTSCHAFTSTREUHANDGESELLSCHAFT M.B.H.
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT


Walter Gropier




Karl-Heinz Moser

Certified Public Accountants

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%

	2004	2003
Equity	77,273.6	77,257.5
Turnover	13,659.9	13,484.6
Profit for the year	8,202.2	7,639.2

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%

	2004	2003
Equity	56.0	55.5
Turnover	7,622.1	6,894.9
Profit for the year	1,204.5	1,163.6

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%

	2004	2003
Equity	3,635.0	3,431.0
Turnover	21,193.3	18,156.4
Profit for the year	202.6	943.2

Vienna Airport Baumanagement Gesellschaft m.b.H. (VAB)

Principal activities: provision of all types of construction services, planning activities, project management, and construction monitoring. Share owned: 51%

	2004	2003
Equity	197.5	583.5
Turnover	4,293.5	4,518.4
Loss/profit for the year	-108.7	369.8

VIE Liegenschaftsbeteiligungsgesellschaft m.b.H. (VIEL)

Principal activities: VIEL and its subsidiary BPIB are active in the purchase, development and sale of real estate owned by BPIB; current activities of the two companies focus on development of the Business Park Fischamend near the airport. Share owned: 100%

	2004	2003
Equity	3,616.5	3,664.0
Turnover	0.0	0.0
Loss for the year	-47.5	-47.0

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

Principal activities: purchase and sale of real estate. Share owned: 100%

	2004	2003
Equity	2,887.1	2,969.9
Turnover	0.0	0.0
Loss for the year	-82.8	-643.2

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%

	2004	2003
Equity	27,219.6	27,219.6
Turnover	9.5	14.0
Loss/profit for the year	-90.4	21.2

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)

	2004	2003
Equity	25,983.4	25,383.1
Turnover	552.6	393.7
Profit for the year	698.3	117.3

Vienna International Airport España, S.L. in liquidation

Principal activities: management, consulting and operation of airports. Share owned: 100% VINT

	2004	2003
Equity	262.1	262.1
Turnover	0.0	0.0
Loss for the year	0.0	-103.7

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%

	2004	2003
Equity	700.1	30.3
Turnover	4,909.4	0.0
Profit/loss for the year	669.8	-4.7

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%

	2004	2003
Equity	14,211.8	16,564.3
Turnover	4,680.8	173.2
Loss for the year	-2,352.5	-1,314.9

SCA Schedule Coordination Austria GmbH (SCA)

Principal activities: schedule coordinator for airports in Austria, e.g. the company allocates time slots to aircraft in accordance with EU Regulation 95/93; this work is based on capacity data supplied by the individual airports. Share owned: 40%

	2004	2003
Equity	83.0	77.1
Turnover	754.6	670.1
Profit for the year	5.8	7.1

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.

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

Principal activities: development of shop concepts and independent operation of shops at domestic and international airports; Flughafen Wien AG acquired this investment as of 16 July 1999; this share was increased to 100% at the end of 2004. VIE Shops holds a 20% stake in Austrian Airlines Retail Company HandelsgesmbH.

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.

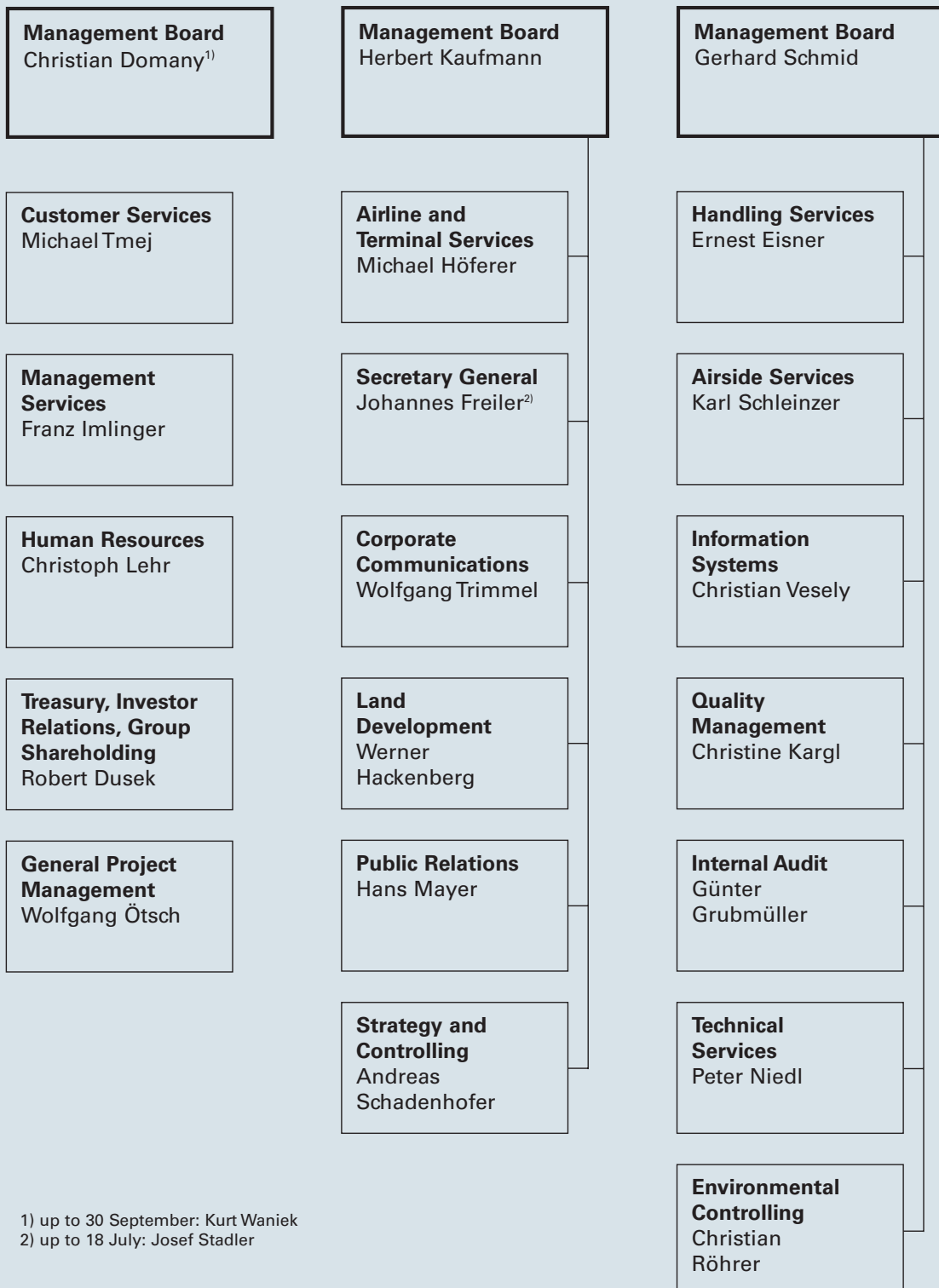
AviaSec Aviation Security GmbH in liquidation

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.

Organisation

The Flughafen Wien Group

Organisational chart by function



1) up to 30 September: Kurt Waniek

2) up to 18 July: Josef Stadler

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 (as of 22 April 2004)

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

Christian Domany, General Secretary of the Austrian Federal Economic Chamber
(up to 19 April 2004)

Hannes Fazekas, Mayor of Schwechat (up to 19 April 2004)

Erwin Hameseder, General Director of Raiffeisen-Holding NÖ-Wien reg. Gen.m.b.H.
(as of 22 April 2004)

Christoph Herbst, attorney-at-law

Franz Lauer, General Director of Wiener Städtische Versicherung AG

Hans-Jürgen Manstein, Manstein Zeitschriftenverlag GesmbH

Alfons Metzger, Metzger Realitäten Gruppe

Karl Skyba, General Director of Wiener Stadtwerke Holding AG (as of 22 April 2004)

Delegated by the Works' Committee

Manfred Biegler, Chairmen of the Salaried Employees' Works Committee

Gerhard Gager, Chairmen of the Waged Employees' Works Committee

Josef Gypser, Waged Employees' Works Committee (as of 1 Januar 2004)

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

Gerhard Schmid, Member

Christian Domany, Member (as of 1 October 2004)

Kurt Waniek, Member (up to 30 September 2004)

Joint Signatories

Ernest Eisner, Head of Handling Services

Franz Imlinger, Head of Management Services

Karl Schleinzer, Head of Airside Services

Josef Stadler, Head of Secretary General (up to 30 July 2004)

Michael Tmej, Head of Customer Services

Johannes Freiler, Head of Secretary General (as of 17 November 2004)

Michael Höferer, Head of Airline and Terminal Services

Report of the Supervisory Board

Meetings: The Supervisory Board met ten times during the 2004 Business Year. In addition the Executive and Personnel Committee held 14 meetings during the reporting year, and the Strategy and Audit Committees each held one meeting. The Supervisory Board also held two closed conferences. 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: A 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 Fourteenth 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 2004 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 2004 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 2004 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 2004 Business Year in the presence of the auditors. The annual financial statements of Flughafen Wien AG for the 2004 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 2004 profit of € 42,007,274.15 and to carry forward the remainder of € 7,274.15.

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 Business Year.

Johannes Coreth, Chairman of the Supervisory Board

Schwechat, 30 March 2005

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

Delay

Late arrival or departure of an aircraft

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

Ramp Handling

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

Red Cap Agent

Employee responsible for aircraft handling (red cap system)

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

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: _____

Postage
paid by
recipient

TO:
FLUGHAFEN WIEN AG
COMMUNICATIONS DEPT.
P.O. BOX 1
A-1300 WIEN-FLUGHAFEN

Flughafen Wien Aktiengesellschaft
P.O. Box 1
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Disclaimer

This annual report contains assumptions and forecasts, which were based on information available up to the copy deadline on 16 February 2005. 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.

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