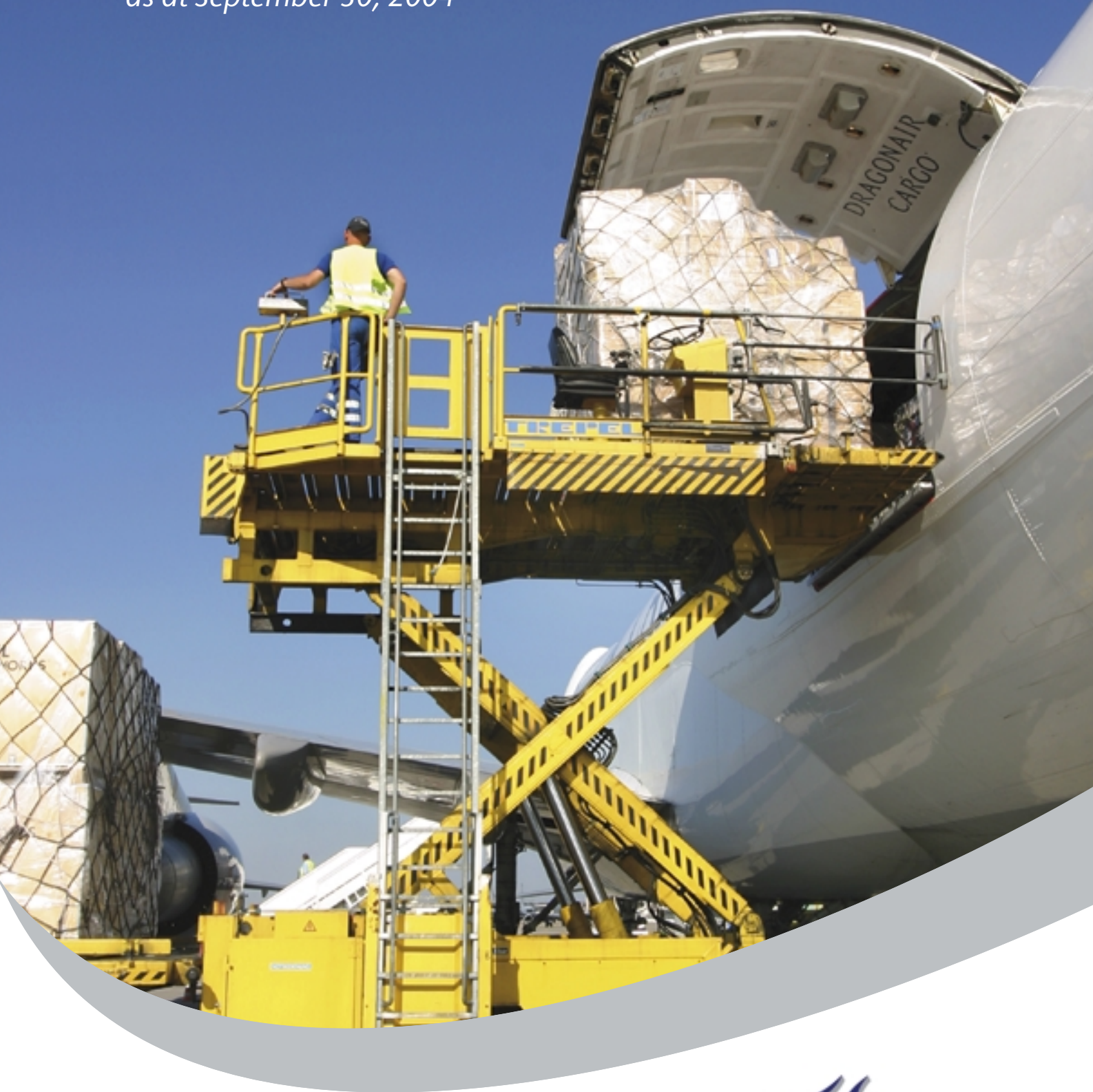


# *Interim Report*

*as at September 30, 2004*



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# Highlights and Key Figures

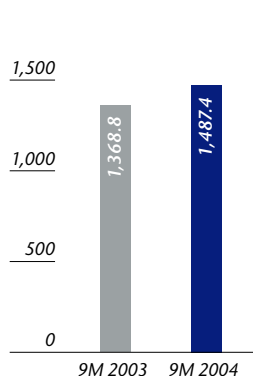
The most important information about business development in the first nine months of 2004:

- Passenger traffic 6.4 % higher than in the previous year at Frankfurt Airport and 10.5 % higher in the Group as a whole.
- Group revenues up 8.7 % on the previous year, primarily because of better traffic figures and an increase in the proceeds of security business.
- Success of cost-cutting measures: disproportionately small increase in expenses compared with revenues.
- EBITDA 10.5 % higher than in the previous year at €409.0 million.
- Substantial increase of 10.5 % in Group profit to €117.2 million.
- Operating cash flow of €402.7 million, €28.3 million above the previous year.
- Earnings per share increased from €1.18 to €1.30.

In view of the figures for the nine-month period, we are increasing our revenue and earnings forecast for the year as a whole. We are now expecting Group revenue growth of at least 7.5 % and an improvement in EBITDA of slightly more than 10 %. The Group profit should develop disproportionately faster than this. The Executive Board is planning to increase the dividend payout ratio.

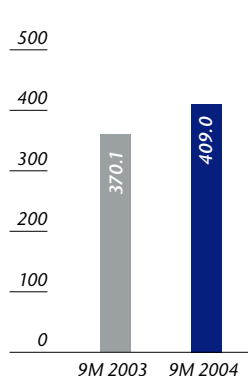
## Group revenues

in € million



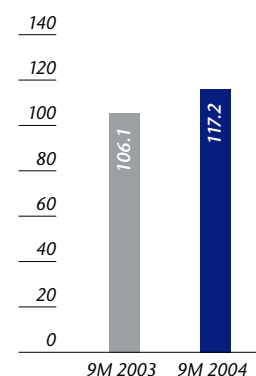
## EBITDA

in € million



## Group profit

in € million



## Key figures

	Q3 2004	Q3 2003	Change	9M 2004	9M 2003	Change	2003
	in € million	in € million					
Group revenues	544.3	491.1	10.8	1,487.4	1,368.8	8.7	1,834.3
EBITDA <sup>1</sup>	171.9	158.0	8.8	409.0	370.1	10.5	461.8
EBITDA margin (in %)	31.6	32.2	–	27.5	27.0	–	25.2
EBIT	117.0	103.1	13.5	244.5	207.8	17.7	203.7
EBT	112.9	107.2	5.3	228.5	210.5	8.6	215.1
Group profit	58.2	55.9	4.1	117.2	106.1	10.5	115.2
Capital expenditures				169.7	200.7	–15.4	256.9
Cash flow from operating activities				402.7	374.4	7.6	447.2
Shareholder's equity <sup>2</sup>				2,008.6	1,920.1	4.6	1,920.1
Total assets <sup>2</sup>				3,711.8	3,636.4	2.1	3,636.4
Average number of employees				23,935	23,325	2.6	23,353

<sup>1</sup> Definition of EBITDA in the "Accounting policies" section.

<sup>2</sup> On September 30, 2004 and December 31, 2003.

# Editorial

*Dear Sir or Madam,  
dear Shareholders,*

The air traffic industry has returned to the long-term growth trend. We are expecting 5.0 to 5.5 percent more passengers at Frankfurt Airport this year.

The growth is attributable primarily to long-distance connections and air traffic to and from Eastern Europe. Short-distance flights are being replaced more and more by high-speed trains because of the good connections. Cologne can in the meantime be reached more quickly via the airport station than by air. In liaison with the airlines, we are taking systematic advantage of the slots that are becoming available – landing rights are in short supply in Frankfurt – for more profitable medium- and long-distance connections.

What this means for us in future is: bigger aircraft, more passengers per aircraft and, above all, passengers who spend considerably more in our shops than passengers on short-distance flights. We intend to continue expanding and improving our retail portfolio systematically. Our long-term earnings growth will therefore be generated mainly in the Retail & Properties segment.

At the present time, we are making larger investments in this area in order to modernize our Terminal 1, which is 30 years old. We are focussing in particular on optimization of the fire protection equipment as well as the air-conditioning and other building systems. We are at the same time creating attractive lounge and shopping areas, so that we can increase retail revenues substantially in the medium term.

Property marketing is our second major emphasis in this segment. Following the acquisition of what is known as the Caltex site, we now have a further 84 hectares at our disposal in the immediate vicinity of the airport.

In the Aviation and Ground Handling segments, we are benefitting from the increase in traffic and the success we have achieved in cutting costs. Three difficult years have taught us how to control costs and maximise flexibility and this year we are enjoying the advantages of higher productivity.

Our EBITDA target for 2004 was originally an increase of 5 to 10 percent. We are now working on the assumption that we will even exceed the top end of this range slightly. The profit for the year is likely to increase even more. Growing profitability combined with a high cash flow and an extremely sound balance sheet enable us to adopt a shareholder-friendly dividend policy too.

My wish for us all is that the year continues without any crises!

Sincerely,



*Dr. Wilhelm Bender  
Chairman of the Executive Board*



# The Fraport Share

## Key Figures and Share Price Development

### Key figures

	9M 2004	9M 2003	2003
Capital Stock ..... in € million	903.8	902.2	902.2
Absolute share in capital stock ..... per share, in €	10.00	10.00	10.00
Number of shares	90,508,108	90,361,658	90,361,658
Number of floating shares <sup>1</sup>	90,384,440	90,231,488	90,231,488
Market capitalization ..... in € million	2,430	2,097	2,057
Turnover of shares			
(average number of shares sold per day)	98,301	59,175	62,697
Share price at end of period <sup>2</sup> ..... in €	26.89	23.24	22.80
Highest price ..... in €	27.41 (Sep. 29)	24.89 (Sep. 04)	24.89 (Sep. 04)
Lowest price ..... in €	22.20 (May 18)	15.95 (Jan. 08)	15.95 (Jan. 08)
Result per share (diluted) ..... in €	1.28	1.17	1.26
Result per share (basic) ..... in €	1.30	1.18	1.28

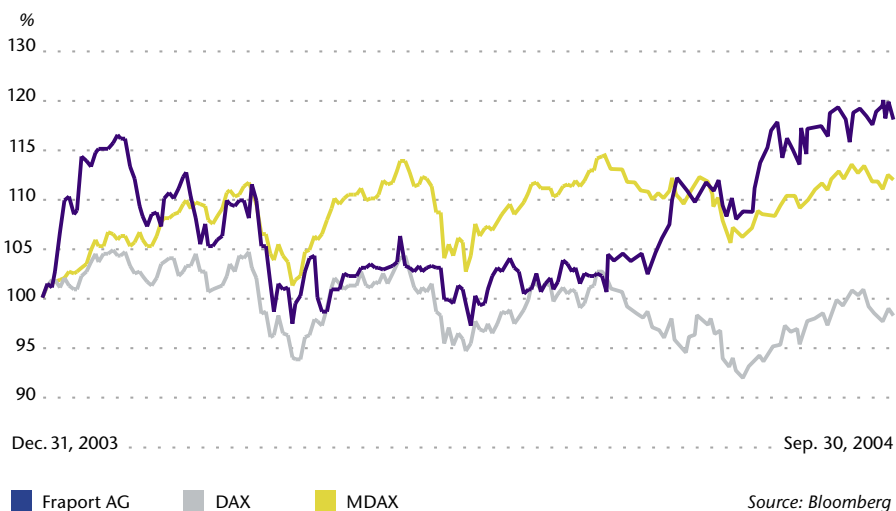
<sup>1</sup> Total number of shares without treasury shares. <sup>2</sup> XETRA share price at the end of the day.

The German indices developed differently in the first nine months of 2004 following a positive start to the year. While increasing corporate profits and a slightly more positive economic outlook in Germany had a positive impact, the terrorist attacks in Madrid, fears of rising interest rates and higher oil prices depressed the general mood. The MDAX responds less to global influences overall and increased by 12.2 %, whereas the DAX lost 1.8 %.

The value of the Fraport share went up by 20.2 % over the beginning of the year, outperforming the MDAX by 8.0 percentage points and the DAX by as much as 22.0 percentage points. The Fraport share price was 15.7 % higher than in the previous year.

Market capitalization on September 30, 2004 was €2,430 million. 98,301 shares changed hands on average every trading day. This represents an increase of 66.1 % over the previous year.

### Share development of Fraport compared to the DAX and MDAX



## Shareholder Structure

There has been no change in the shareholder structure. The biggest individual shareholders continue to be the State of Hesse, followed by the City of Frankfurt and the Federal Republic of Germany. The free float, including the treasury shares and those owned by employees, amounts to 29.3 %.

## Dividend Policy

Fraport AG paid a dividend of €0.44 per share for 2003. This corresponds to a dividend yield of 1.9 % on the basis of a year-end share price of €22.80. The dividend payout ratio amounted to 34.5 % of the Group profit for the year. The Executive Board plans to increase this ratio.

## Investor Relations

We aim to create maximum transparency for the capital market by providing comprehensive, open and prompt information.

We continued our intensive dialogue with analysts as well as institutional and private investors this year. The Executive Board presented the company at the Annual General Meeting, the analysts' and annual financial press conference, telephone conferences, stock exchange events and more than 40 roadshows in Germany and abroad. We organised special events for private investors too.

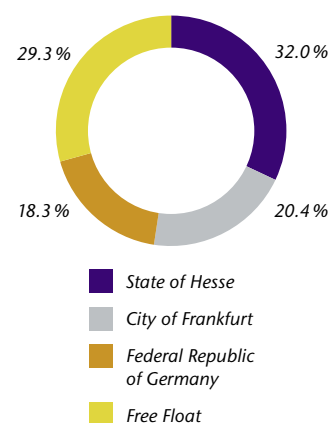
All telephone conferences and presentations are broadcast live on the Internet and downloading facilities are provided afterwards, so that all shareholders have access to the latest information.

A wide range of different information is available in the "Investor Relations" section of our website ([www.fraport.com](http://www.fraport.com)). In addition to information about the share, it includes up-to-the-minute news, dates, events, information about the Annual General Meeting and financial/traffic figures. The current reports can be ordered or downloaded.

## Employee Investment Plan

Fraport employees had another opportunity to subscribe shares in 2004 in the context of the performance- and success-based compensation program "LEA". Fraport AG buys back the shares for this program, making use of some of the authorised capital following a capital increase in return for the injection of cash, and passes them on to its employees. Fraport employees subscribed 146,450 new shares accounting for €10.00 of the capital stock each in 2004. They were issued in May 2004 at a price of €22.22, which was calculated from the average final Xetra price in the period between April 1 and 16, 2004 minus €1.00. The capital stock of Fraport AG (according to IFRS) increased by €1.5 million to €903.8 million as a result of this transaction.

Structure of Shareholders



# Business Development

## Global Economy And Development of Air Traffic

The global economic recovery has accelerated considerably in 2004. Following an increase of 2.5 % in the real gross domestic product in 2003, growth of 3.9 % is expected in 2004. This is attributable to a large extent to the USA with forecast growth of 4.4 % and China with 9.0 %. The growth estimates are 2.3 % for the 15 established EU countries and 1.8 % for Germany.

It is predicted that global growth will be slowing down to 3.2 % in 2005. Market observers anticipate that world trade, which is an important indicator of airfreight volume development, will expand by 9.0 % in 2004 and 7.5 % in 2005. The record prices on the crude oil markets are likely to have a negative effect. The IMF (International Monetary Fund) and the OECD (Organization for Economic Co-operation and Development) estimate that a sustained oil price increase of 10 % would reduce global economic growth by about 0.1 to 0.3 percentage points.

Air traffic has benefitted from the positive development of the world economy since the beginning of the year too. By comparison with the poor figures in the previous year (SARS, Iraq war), passenger kilometres increased by 17.7 % worldwide and by 11.3 % in Europe. Deutsche Lufthansa AG reported an increase of 12.7 % in passenger figures for the same period, while European airports announced passenger growth of 7.6 %.

### Traffic figures for Fraport Group

9M	Passengers <sup>1</sup>		Cargo (airfreight + airmail in t)		Movements	
	2004	Change to 2003 in %	2004	Change to 2003 in %	2004	Change to 2003 in %
Frankfurt Airport	38,813,239	6.4	1,334,509	11.1	358,067	3.6
Frankfurt-Hahn <sup>2</sup>	2,086,274	17.4	140,970	23.9	24,138	3.4
Hanover	4,026,024	4.4	11,580	3.8	65,609	-2.3
Saarbrücken	361,632	1.0	30	-89.4	10,681	-9.1
Antalya <sup>3</sup>	9,811,279	31.4	n. a.	n. a.	58,273	28.5
Lima <sup>4</sup>	3,788,242	12.8	113,590	9.2	54,605	6.3
<b>Group</b>	<b>58,886,690</b>	<b>10.5</b>	<b>1,600,679</b>	<b>11.9</b>	<b>571,373</b>	<b>4.9</b>

<sup>1</sup> Only commercial traffic in + out + transit.

<sup>2</sup> Frankfurt-Hahn freight includes trucking.

<sup>3</sup> International terminal.

<sup>4</sup> Internal data provided by Lima.

Source: ACI Announcements

Fraport AG also succeeded in recording substantial growth at its six Group airports in the first nine months of the year. A total of 58.9 million passengers used Frankfurt, Frankfurt-Hahn, Hanover, Saarbrücken, Antalya and Lima Airports.

The passenger figures in **Frankfurt-Hahn**, Antalya and Lima increased particularly fast. Like Hanover, Hahn benefitted from the low-cost market. Traffic from **Hanover** to Hurgada in Egypt more than doubled too. Holidaymakers returned to the key tourist location **Antalya**, which had been hit hard by the Iraq war in the previous year, in the first half of 2004. Growth in the summer was therefore unusually large. It was not even possible to take optimum advantage of the entire summer season, since the school holidays in the most densely populated German states of Bavaria, Baden-Württemberg and North Rhine-Westphalia overlapped. The proportion of traffic accounted for by intercontinental flights increased in **Lima** following the introduction of further routes by

the airlines TACA and Lan Peru. Growth was boosted not only by the worldwide recovery of the tourism business but also by the recovery on the European market. About 30 % of foreign tourists come from Europe.

**Frankfurt Airport**, the most important Group location, had almost 39 million passengers. During peak periods, all the landing slots here are allocated. To make optimum use of them, we are co-operating with the airlines and the Deutsche Bahn railway company to apply the strategic concept of "intermodality". It links the road, rail and air carriers to form a tight network. We are creating valuable capacity for bigger aircraft for medium- and long-distance traffic by switching short-distance flights to the railway system. The figures for domestic German flights have decreased slightly. On the other hand, passenger traffic on the intercontinental routes increased by 14.2 % and on the routes to the EU accession states in Eastern Europe by 9.6 %.

The cargo operations reported record figures. There was growth not only in "belly freight" but also in purely cargo flights. Latin America, Africa and the Middle East were the main growth drivers here. Following the excellent figures in the spring, the Far Eastern and North American markets developed less dynamically, with a return to normal growth rates.

The total number of takeoffs and landings at the Group airports increased substantially. The airlines used more larger and heavier aircraft in Frankfurt, so that the maximum takeoff weights amounted to 20.4 million tonnes, 6.7 % more than in the previous year. Fraport encourages the trend towards the deployment of larger aircraft actively, in order to improve utilization of the limited landing capacities. The improvement in utilization of the seat capacities had a positive impact in this context too: the average seat load factor increased by 2.1 percentage points to 71.5 %.

## Business Figures

The positive revenue and earnings development in the first half of the year continued in the third quarter of 2004. **Revenues** in the first nine months were 8.7 % higher than in the same period the previous year at € 1,487.4 million. This substantial increase is attributable primarily to higher traffic fees and larger proceeds from security services. Increasing traffic figures led to higher revenues at Frankfurt-Hahn and Antalya airports too. The **total revenues** of €1,519.3 million were 7.9 % higher than in the previous year.

Operating expenses (non-staff costs and personnel expenses) increased at the disproportionately low rate of 6.9 % when compared with the revenue increase thanks to strict cost management. The **non-staff costs** increased by 9.7 % to €384.3 million, due essentially to repair and maintenance measures at the Frankfurt location. The cost of materials rose as scheduled by 11.3 % to €223.9 million because of the modernization of the terminals and the North Runway. Most of the increase of 5.5 % in **personnel expenses** to €726.0 million was accounted for by the expansion of the business of ICTS Europe and by pay rate increases at the Frankfurt location on January 1 and May 1, 2004. The number of employees at ICTS Europe was 10.2 % higher at 9,360, while it went up slightly to 23,935 in the Group.

The ongoing measures to increase productivity are reflected in an improvement of 10.5 % in **EBITDA** to €409.0 million. The **EBITDA margin** went up from 27.0 to 27.5 %.

**Depreciation and amortization** of tangible and intangible fixed assets, including unscheduled depreciation and amortization of €5.3 million, totalled €164.5 million and was at the same level as in the previous year. The **EBIT** (operating profit) therefore grew faster than EBITDA and reached €244.5 million (+ 17.7 %).

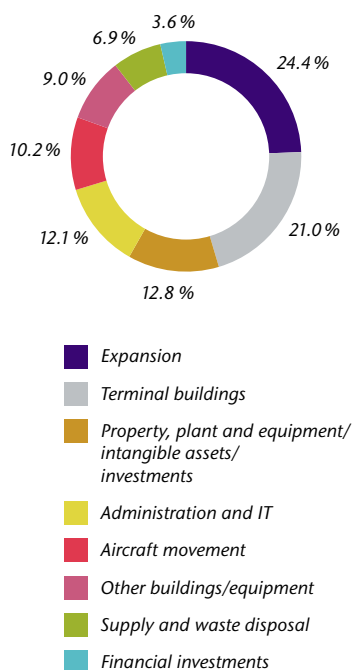


There was a substantial decrease in the **financial result**: it was €18.7 million lower at €– 16.0 million compared with the first nine months of 2003. Comparison with the previous year is only possible to a limited extent because of the special factors affecting the income from investments last year, when this item included a dividend payment from Antalya of €8.5 million for 2002 as well as a compensation payment of €4.8 million by the project company BBIP that was involved in the privatization process for the Berlin airports. The financial result was also depressed by the negative balance of foreign currency gains and losses, which was €6.6 million lower than in the previous year. The interest results and the results of investments held at equity were, on the other hand, about €2 million higher.

The **Group profit** was 10.5 % higher than in the previous year at €117.2 million. In addition to the factors affecting the development of the EBIT, the lower tax rate than in the previous year had a positive impact. The basic earnings per share increased from €1.18 to €1.30.

## Asset and Financial Situation

### Capital expenditures: €169.7 million



### Capital expenditures

Capital expenditures by the Fraport Group reached a total of €169.7 million in the first nine months of fiscal 2004, which corresponds to a reduction of €33.1 million by comparison with the previous year. Most of this amount (€142.0 million) was accounted for by measures to maintain and expand Frankfurt Airport, the most important Group location. About €53 million were invested in modernization of the existing terminals and aircraft movement areas – including renovation of the North Runway – while we invested about €41 million in preparations for expansion of the airport.

The plan to expand the capacity of Frankfurt Airport dominates both medium- and long-term capital expenditure planning. In real terms, expenditures of about €3.4 billion are earmarked for building a new runway as well as passenger handling and other plant and equipment. Capital expenditures on optimization of the existing terminals, including the development of commercial facilities and fire protection measures, as well as on modernization of the apron and aircraft movement areas are also planned.

### Cash flow statement

The **net cash flow from operating activities** amounted to €402.7 million in the first nine months of the year under review, which was €28.3 million higher than in the previous year. The operational activities contributed an additional €109.1 million over the previous year because of a large change in receivables and other third-party liabilities as well as the improvement in the Group profit. This was offset by a reduction of €15.4 million in dividends received and taxes on income paid of €60.2 million.

The **net cash flow used in investing activities** decreased from €319.3 million to €162.1 million. This reduction is associated with a payment of €136.5 million that had to be made in the previous year for commitments arising from the Manila project. The net cash flow from investments made in intangible assets and property, plant and equipment was at practically the same level as in the previous year at €163.6 million. The other financial investments were €28.3 million lower, on the other hand. The proceeds from disposals of fixed assets were €13.4 million down on the previous year.

The **net cash flow used in financing activities** of €197.8 million resulted primarily from the repayment of bank loans and the payment of dividends of €39.7 million for 2003.

The **cash and cash equivalents** on September 30, 2004 amounted to €653.1 million, which was €51.0 million above the figure in the previous year.

### Asset and capital structure

The **total assets** were slightly higher than on December 31, 2003 at €3,711.8 million (+ €75.4 million). The assets continue to have a long-term structure. The fixed assets account for 71.0 % of the total assets (asset coverage).

The **current assets** increased by €83.4 million to €1,035.1 million. On the one hand, the trade accounts receivable were €39.4 million higher because of the expansion of the business volume. On the other hand, the cash and cash equivalents were up €42.3 million at €653.1 million.

The **financial liabilities** decreased by a further €160.0 million to €678.0 million due to the repayment of bank loans. The **net financial liabilities** fell by €202.3 million to €24.9 million, so that the **gearing** ratio dropped to 1.2 %.

The **equity ratio** increased to 54.1 %. On September 30, 2004, shareholders' equity covered 76.9 % of fixed assets (after deduction of the special items included in liabilities).

## Segment Reporting

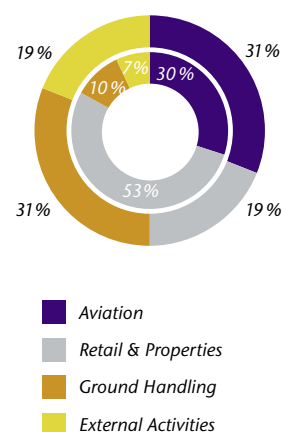
The Fraport Group reorganized its business divisions at the beginning of the year and has been reporting about the segments "Aviation", "Retail & Properties", "Ground Handling" and "External Activities" in a new structure since then. Each division management is now directly responsible for its particular segment.

There are three aims in doing this:

1. All the subsidiaries and joint ventures outside the Frankfurt location have been combined in the External Activities segment. The external activities are being presented more transparently as a result, while the investments are being controlled more effectively. This division also controls minority investments that are included in the financial statements at equity or with their acquisition costs. Their results are shown in the financial result rather than in the segment, however.
2. In view of the growing importance of the retailing business, space rental and marketing, these operations are now being presented in the Retail & Properties segment.
3. A major part of property, plant and equipment is allocated to the relevant segment, according to the use made of them. This reduces the volume of charges for internal Group services considerably. Reporting is made more transparent, because the segments now reflect the organizational structures of the Group more accurately.

To facilitate comparison, the figures for the previous year have been adapted to the new structure below.

Shares of the segments  
in Group revenues (outside)  
and EBITDA (inside)



Aviation and Ground Handling made the largest contributions to Group revenues with about 31 % each, followed by Retail & Properties and External Activities with about 19 % each. These shares were essentially the same as the comparable figures for the previous year.

Retail & Properties continues to be the most profitable segment, accounting for about 53 % of Group EBITDA. The proportion of earnings it generated decreased, however, in favor of the Aviation and Ground Handling segments, which benefitted from the growth in air traffic volume and cost-cutting measures.

## Aviation

The Aviation segment of the Group is responsible for traffic and terminal management, airport and air safety and the infrastructure demands made on the Frankfurt location in association with them.

### Aviation

<i>in € million</i>	Q3 2004	Q3 2003	Change <i>in %</i>	9M 2004	9M 2003	Change <i>in %</i>
Revenues	173.3	147.0	17.9	467.7	410.8	13.9
EBITDA	59.0	44.9	31.4	123.5	90.9	35.9
EBIT	45.3	30.5	48.5	83.3	48.7	71.0
Employees	—	—	—	3,294	3,385	-2.7

In the first nine months of the year under review, the Aviation segment increased its revenues over the same period the previous year by 13.9 % to €467.7 million because of higher traffic fees and larger proceeds of security services.

The traffic fees were boosted by higher traffic figures and the average increase of 3.9 % in airport fees on January 1, 2004. The revenues from military fees were at the same level as in the previous year in the total period, even though a substantial reduction was recorded in the first half of the year. In the third quarter, the US Air Force used Frankfurt as an alternative to the Mildenhall base in Great Britain, which was closed temporarily.

The EU aviation security regulations are making additional requirements on security services, which were met primarily with personnel from the second-tier subsidiary FIS. The non-staff costs of the segment increased as a result. They were also increased by the renovation of the North Runway as well as the modernization of the terminals and existing aircraft movement areas, so that Airbus A380 can land in Frankfurt.

Personnel expenses were almost the same as in the previous year. The reduction in the number of employees was offset by increases in pay rates; the effects of these two factors cancelled each other out.

The segment utilised the capacities better overall; expenses increased disproportionately less than revenues. EBITDA therefore improved by 35.9 % to €123.5 million, while EBIT were 71.0 % higher at €83.3 million.

## Retail & Properties

Our business operations in the areas of retailing, parking facilities, property rental and marketing as well as CargoCity South are combined in the Retail & Properties segment.

### Retail & Properties

<i>in € million</i>	Q3 2004	Q3 2003	Change <i>in %</i>	9M 2004	9M 2003	Change <i>in %</i>
Revenues	95.3	91.0	4.7	276.8	273.9	1.1
EBITDA	71.8	80.2	-10.5	216.1	236.4	-8.6
EBIT	47.7	56.0	-14.8	144.5	165.0	-12.4
Employees	-	-	-	3,045	3,033	0.4

Revenues remained stagnant at the same level as in the previous year in the first nine months of 2004. Whereas rental revenues decreased – as had already been the case in the first half of the year – supply service revenues increased substantially and retail revenues were slightly higher. The latter were up €2.0 million over the previous year at €82.0 million. The retail revenues per passenger went down from €2.19 to €2.11. The weakness of the US dollar, which was worth about 10 % less than in the previous year, reduced the purchasing power of international passengers, who calculate their shopping mainly on the basis of the US dollar. Combined with general reluctance to spend in Germany, this led for the first time to a reduction in the revenues from duty-free sales. Some shops were shut temporarily in the course of the terminal modernization exercise, so that a smaller total area than in the same period the previous year was available for the retail operations too. The capacity will, however, be increasing again gradually from the coming year onwards.

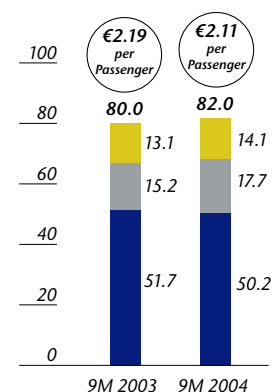
Tougher security requirements are making a second security check necessary for flight passengers to the USA and Great Britain. Less time is on average left for shopping and visiting restaurants as a result. We are currently working intensively on finding new ways to shorten the time taken to complete the checks.

Personnel expenses went up because of a small increase in the number of employees as well as higher direct and indirect pay costs. Non-staff costs were considerably higher than in the previous year in the period under review, as they had been in the first two quarters of fiscal 2004. This is attributable partly to the intensified maintenance and modernization work on the terminals since the beginning of the year.

Earnings in the third quarter of 2003 included non-recurring income of €8.3 million from a property sale. Taking this income into account, EBITDA were down 8.6 % at €216.1 million and EBIT were 12.4 % lower at €144.5 million.

### Retail

*in € million*



- Advertisement
- Services
- Shopping

## Ground Handling

The Ground Handling segment includes such ground services and logistics as aircraft handling, passenger and cargo services as well as the investments involved in these operations at the Frankfurt location.

### Ground Handling

<i>in € million</i>	<b>Q3 2004</b>	<b>Q3 2003</b>	<b>Change</b> <i>in %</i>	<b>9M 2004</b>	<b>9M 2003</b>	<b>Change</b> <i>in %</i>
Revenues	161.5	150.8	7.0	455.7	428.8	6.3
EBITDA	27.4	20.8	31.7	40.4	23.8	69.7
EBIT	21.9	14.8	48.0	23.8	5.8	310.3
Employees	—	—	—	7,029	7,153	- 1.7

The revenues achieved by this segment increased by 6.3 % to €455.7 million in the first nine months of 2004. This performance reflects the positive traffic development, adjustments to infrastructure fees and revenues obtained for special services. All in all, the market share losses of 0.9 percentage point to 89.1 % were much more than made up for.

The higher revenues generated by fewer employees were the main reason why it was possible to keep the operating expenses stable. The higher productivity is due in particular to cost-cutting "WM 2005" measures. Procedures were optimized, staff were deployed more flexibly and capacities were utilised more effectively as a result. The positive revenue development therefore had a direct impact on earnings: EBITDA were up 69.7 % at €40.4 million, while EBIT quadrupled to €23.8 million.

## External Activities

The newly established External Activities segment covers all the investments that are not involved in the business processes at the Frankfurt location.

### External Activities

<i>in € million</i>	<b>Q3 2004</b>	<b>Q3 2003</b>	<b>Change</b> <i>in %</i>	<b>9M 2004</b>	<b>9M 2003</b>	<b>Change</b> <i>in %</i>
Revenues	114.2	102.3	11.6	287.2	255.3	12.5
EBITDA	13.7	12.1	13.2	29.0	19.0	52.6
EBIT	2.1	1.8	16.7	- 7.1	- 11.7	—
Employees	—	—	—	10,567	9,754	8.3

The segment revenues increased by 12.5 % to €287.2 million in the first nine months of the year. ICTS Europe, which specialises in security services, made the largest contribution to this. The Group locations in Antalya and Frankfurt-Hahn achieved particularly high revenue growth with traffic fees.

The increase in non-staff costs and personnel expenses was more than compensated for by the positive development in revenues. EBITDA improved substantially by 52.6 % to €29.0 million and the EBIT loss decreased from €– 11.7 million to €– 7.1 million.

The segment results do not include the income from investments of €4.2 million and from investments held at equity of €2.7 million, which are shown in the financial result.

The business figures of the main investments before consolidation emphasise the ongoing positive development at our locations outside Frankfurt.

ICTS Europe expanded its business. Since June 2004, the company has been providing security services for United Airlines at Frankfurt, Munich, Paris, London and Zurich airports. They were supplemented by additional passenger and cargo controls in Europe because of an EU directive. The company also benefitted from commissions received in connection with the Summer Olympic Games in Athens and the European Football Championship in Portugal. Revenues therefore increased considerably by 18.9 % to €222.5 million, while EBITDA at €19.1 million exceeded the previous year's figure by 38.4 %.

With passenger growth of 31.4 %, our share of revenues in Antalya rose by 21.8 % to €44.7 million. EBITDA improved accordingly, by 20.8 % to €26.1 million.

Revenues at Frankfurt-Hahn were up 34.3 % at €21.6 million. Since the increase in the cost of materials was considerably lower, the EBITDA loss was halved to €– 3.5 million.

The companies Hanover-Langenhagen and Lima are valued at equity in the Group. Hanover<sup>1</sup> reported revenues of €88.9 million for the period up to September 30, 2004, growth of 2.5 %. EBITDA were 8.7 % higher than in the previous year at €30.8 million. Lima was again affected by large exchange rate fluctuations. Euro-based revenues decreased by 1.0 % to €45.9 million and EBITDA remained almost unchanged at €9.6 million. The US dollar-based revenues of \$56.3 million were 9.1 % up on the same period the previous year. EBITDA of \$11.8 million were 11.3 % higher than the figure for the first nine months of last year.

<sup>1</sup> The Group financial statements include the annual financial statements of Hanover as at December 31, 2003.

## Employees

The Fraport Group had an average of 23,935 employees in the first nine months of 2004, 610 more than a year ago. 15,378 people worked for the company in Frankfurt. The number of employees in the Ground Handling and Aviation segments decreased, while it increased in the Retail & Properties and External Activities segments. The increase in the number of employees in the External Activities segment is attributable mainly to the expansion of the subsidiary ICTS Europe.

Segment	Sep. 30, 2004	Sept. 30, 2003	Change in %
Aviation	3,294	3,385	-2.7
Retail & Properties	3,045	3,033	0.4
Ground Handling	7,029	7,153	-1.7
External Activities	10,567	9,754	8.3

	Sep. 30, 2004	Sept. 30, 2003	Change in %
Fraport Group	23,935	23,325	2.6
of which in Frankfurt	15,378	15,290	0.6
Investments	11,731	10,848	8.1
of which ICTS	9,360	8,497	10.2

The figures given here do not include apprentices. The number of employees included for joint ventures corresponds to the interest held.

## Additional Information

### Order situation

The summer flight schedule, which applied to the period from March 28 to October 30, listed 4,217 regular passenger flights per week. 112 airlines planned to fly from Frankfurt to 300 destinations in 109 countries this season.

The winter flight schedule came into effect on October 31. This season, 105 airlines intend to fly to 269 destinations in 108 countries. The 4,038 flights planned per week are 2.3 % more than in the winter flight schedule in the previous year. 5.9 % fewer domestic German flights are planned following the transfer of short-distance flights to the railway system, whereas European traffic is growing by 2.7 % and intercontinental traffic by as much as 8.6 %.

Frankfurt Airport remains the market leader among German airports. The position held in the long-distance field that is attractive to airports is particularly dominant. Frankfurt accounts for 71 % of the seats available on intercontinental passenger flights in Germany, with 1,720 flights per week. A quarter of all the aircraft are wide-body jets, which are particularly important for airport income.

A major factor that is determining the business operations of the Fraport Group and the development of the company's value is the steady growth in air traffic volume (aircraft movements, number of passengers transported and volume of cargo transported).

On April 30, 2002, Fraport AG and the airlines concluded a general agreement on airport fees, in which the airport fees were for the first time specified for a lengthy period of time until December 31, 2006. This agreement gives both Fraport AG and the airlines a reliable basis for their planning and continues a close system partnership. Airport fees increased by 3.9 % in 2004 on the basis of the agreement; a further increase of 1.75 % has been arranged for 2005.

#### *Organization and administration*

There have been the following changes to the Supervisory Board of Fraport AG:

Professor Karel Van Miert resigned from the Supervisory Board of Fraport AG with effect from August 2, 2004 at his own request. A successor is to be appointed by court order.

## *Changes in Risk Reporting*

In the Annual Report 2002, we already reported about the risk of a possible restriction on revenues from airport concession fees charged to companies that operate at Frankfurt Airport in accordance with the German regulations about ground services at airports (BADV). According to a ruling by the European Court of Justice of October 16, 2003, an airport is not allowed to charge fees as specified in the BADV from a supplier of ground and other services above and beyond charges for using specific airport facilities. A ruling by the upper regional court of Frankfurt am Main of March 16, 2004 does not, however, contain any indication that the charging of a concession fee in return for providing access to the market must be considered illegal. We are working on the assumption that we will be charging fees to the ground service providers in future as well, because the ruling by the European Court of Justice permits a cost-based usage fee. However, if the fee is considerably lower than at present or if levying fees is no longer possible in future, this may lead to considerable reductions in revenue.

Following the forthcoming revision of the German Aircraft Noise Act, it might become necessary to expand the current noise abatement program. There is the risk in this context that Fraport AG may have to participate in the implementation of appropriate measures.

The appendix to the "Regulation No. 2320/2002 of the European Parliament and the Council of December 16, 2002 about the Specification of Joint Regulations for Security in Civilian Aviation" stipulates either separation of passengers who are departing and have already been through security checks and passengers who are arriving or alternative measures, so that passengers and their luggage can be checked on arrival at an airport too if they were not checked in accordance with the EU security standards at the airport they departed from. This regulation affects transfer luggage as well. An investigation is currently being made of the effect implementation of this regulation would have on Frankfurt Airport as far as adaptations of procedures and the infrastructure are concerned.



In the report we presented as at December 31, 2003, we already indicated that DB Station & Service AG is making claims on Fraport AG relating to services provided in connection with the roofing of the AIRail terminal (long-distance railway station) at Frankfurt Airport. A conciliation procedure that was arranged has in the meantime been terminated without reaching agreement. In June 2004, DB Station & Service AG filed a suit about this matter concerning part of claims submitted. DB Station & Service AG filed another suit in August 2004. We still consider that these claims are unjustified.

The difficult situation that is continuing on the property market could have an adverse effect on demand for the area that is to be built on at Frankfurt Airport AIRail terminal. If this is the case, there is a risk that further depreciation charges will have to be made.

## Outlook

In view of the existing capacity bottlenecks and the long-term forecasts about air traffic growth, Fraport AG intends to expand Frankfurt Airport. There are plans for an additional runway to the north-west of the airport site as well as a third terminal, including the necessary infrastructure facilities.

### *Approval procedure for the expansion of Frankfurt Airport*

The Darmstadt administrative authorities responsible reviewed the documents submitted by Fraport AG for the zoning procedure relating to the airport expansion project by the beginning of 2004 to determine whether they were complete. The additional material requested in this context has in the meantime been incorporated in the zoning procedure documents. The documents for the "disclosure" stage of the process are being completed at the present time. In May of this year, the authority responsible for the zoning procedure, the Hesse Ministry of Economics, Transport and Regional Development (HMWVL) for the first time published a forecast of the timing of the zoning procedure. According to this, a decision can be expected in the zoning procedure in 2007.

### *Approval procedure for the A380 maintenance facility*

Approval of a maintenance facility under aviation law, including approval under construction law of a hangar and the associated warehouse building for aircraft maintenance, particularly the new wide-body aircraft Airbus A380, is the subject of a second zoning procedure that has been initiated by Fraport AG. The HMWVL, which is the authority responsible for issuing the necessary permit, is currently preparing the decision about the zoning application, which is expected to be made at the end of 2004. We are working on the assumption that the maintenance capacity can be provided in good time before Lufthansa puts the A380 into service, which is planned for 2007.

### *WM 2005 – Creating Value for the Future*

The purpose of the Group-wide program "WM 2005 – Creating Value for the Future" is to make a sustained increase in efficiency and thus strengthen our competitive position, increase customer satisfaction and safeguard jobs.

Up to the end of fiscal 2003, "WM 2005" activities led to an accumulated contribution to earnings of €42 million. In the first nine months of 2004, we generated about €27 million more with such measures, so that the program has in the meantime contributed an accumulated amount of €69 million to earnings. In view of the success of WM 2005, we are now working on the assumption that a sustained contribution to earnings totalling substantially more than €80 million can be achieved by the end of the year.

### *Prospects*

Due to the positive development in the first nine months, we are expecting passenger traffic at Frankfurt Airport in 2004 as a whole to increase by about 5.0 % to 5.5 %, with growth of at least 7.5 % in Group revenues and of slightly more than 10.0 % in EBITDA. The Group profit should develop disproportionately faster than this. The Executive Board is planning to increase the dividend payout ratio. These expectations are based on the assumption that there are no negative effects attributable to operating restrictions (e.g. bad winter weather or strikes), epidemics, terrorist attacks or armed conflicts.

We refer to the "Global economy" section on page 6 for information about the economic forecasts.

Fraport is increasing the airport fees by 1.75 % on January 1, 2005 on the basis of an agreement concluded with the airlines.

### *Executive Board*

On November 2, 2004, the Presiding Committee of the Supervisory Board of Fraport AG decided to reduce the Executive Board of the Group to four members. The responsibilities of the Executive Board are to be concentrated even more in future. As a consequence of this decision, the contract with Professor Barbara Jakubeit, the Executive Board member responsible for real estate development, will be ending as scheduled on October 31, 2005.

# Consolidated Financial Statements as at September 30, 2004

## Consolidated Income Statement

<i>in € million</i>	Q3 2004	Q3 2003	9M 2004	9M 2003
<b>Revenues</b> .....	<b>544.3</b>	<b>491.1</b>	<b>1,487.4</b>	<b>1,368.8</b>
Change in work-in-process .....	0.0	-0.1	0.0	0.0
Other internal costs capitalized .....	4.8	6.1	14.0	12.7
Other operating income .....	4.7	14.6	17.9	26.8
<b>Total revenues</b> .....	<b>553.8</b>	<b>511.7</b>	<b>1,519.3</b>	<b>1,408.3</b>
Cost of materials .....	-84.3	-77.1	-223.9	-201.1
Personnel expenses .....	-239.1	-226.4	-726.0	-688.0
Other operating expenses .....	-58.5	-50.2	-160.4	-149.1
<b>EBITDA</b> .....	<b>171.9</b>	<b>158.0</b>	<b>409.0</b>	<b>370.1</b>
Depreciation and amortization of tangible and intangible fixed assets .....	-54.9	-54.9	-164.5	-162.3
<b>EBIT (Operating profit)</b> .....	<b>117.0</b>	<b>103.1</b>	<b>244.5</b>	<b>207.8</b>
Interest results .....	-6.7	-6.6	-20.2	-22.4
Results of investments held at equity .....	0.8	0.4	2.7	0.5
Income from investments .....	0.5	9.5	4.2	19.6
Write-downs of financial assets .....	0.0	0.1	-1.2	0.0
Other financial results .....	1.3	0.7	-1.5	5.0
<b>Financial result</b> .....	<b>-4.1</b>	<b>4.1</b>	<b>-16.0</b>	<b>2.7</b>
<b>EBT (Result from ordinary operations)</b> .....	<b>112.9</b>	<b>107.2</b>	<b>228.5</b>	<b>210.5</b>
Taxes on income .....	-52.4	-49.1	-105.3	-98.8
Other taxes .....	-1.4	-1.1	-4.5	-3.8
Minority interests' share of results .....	-0.9	-1.1	-1.5	-1.8
<b>Group profit</b> .....	<b>58.2</b>	<b>55.9</b>	<b>117.2</b>	<b>106.1</b>
Earnings per €10 share in € (basic) .....	<b>0.64</b>	<b>0.62</b>	<b>1.30</b>	<b>1.18</b>
Earnings per €10 share in € (diluted) .....	<b>0.63</b>	<b>0.61</b>	<b>1.28</b>	<b>1.17</b>

## Consolidated Balance Sheet as at September 30, 2004

### Assets

<i>in € million</i>	Balance at September 30, 2004	Balance at December 31, 2003
<b>A. Fixed assets</b>	<b>2,635.2</b>	<b>2,644.6</b>
I. Intangible assets	176.1	198.3
II. Property, plant and equipment	2,387.0	2,376.8
III. Investments held at equity	48.0	45.9
IV. Other financial assets	24.1	23.6
<b>B. Current assets</b>	<b>1,035.1</b>	<b>951.7</b>
I. Inventories	16.2	17.1
II. Trade accounts receivable	220.7	181.3
III. Other receivables and other assets (including deferred tax assets)	145.1	142.5
IV. Checks, cash and bank balances	653.1	610.8
<b>C. Prepaid expenses</b>	<b>41.5</b>	<b>40.1</b>
	<b>3,711.8</b>	<b>3,636.4</b>

### Liabilities and equity

<i>in € million</i>	Balance at September 30, 2004	Balance at December 31, 2003
<b>A. Shareholders' equity</b>	<b>2,008.6</b>	<b>1,920.1</b>
I. Subscribed capital	903.8	902.2
II. Capital reserves	535.0	533.2
III. Revenue reserves	452.6	445.0
IV. Group retained earnings 2003	—	39.7
V. Group profit Jan. 1 – Sep. 30, 2004	117.2	—
<b>B. Minority interests</b>	<b>12.0</b>	<b>11.6</b>
<b>C. Deferred investment grants on items in fixed assets</b>	<b>22.2</b>	<b>22.8</b>
<b>D. Provisions and accruals (including deferred tax liabilities)</b>	<b>715.5</b>	<b>601.8</b>
<b>E. Liabilities</b>	<b>879.3</b>	<b>1,017.3</b>
I. Financial liabilities	678.0	838.0
II. Trade accounts payable	84.0	79.0
III. Other liabilities	117.3	100.3
<b>F. Deferred income</b>	<b>74.2</b>	<b>62.8</b>
	<b>3,711.8</b>	<b>3,636.4</b>

## Consolidated Cash Flow Statement

<i>in € million</i>	9M 2004	9M 2003	2003
<b>Group profit</b> .....	<b>117.2</b>	<b>106.1</b>	<b>115.2</b>
Taxes on income .....	105.3	98.8	93.3
Minority interests' share of results .....	1.5	1.8	1.0
Adjustments for:			
Depreciation/write-ups (fixed assets) .....	165.7	162.7	257.5
Interest results .....	20.2	22.4	31.4
Income from investments .....	-4.2	-19.6	-30.9
Gains/losses from disposals of fixed assets .....	1.0	-8.9	-10.1
Unrealised foreign currency results .....	8.6	1.0	-3.5
Changes in investments held at equity .....	-2.7	-1.1	0.1
Changes in inventories .....	0.9	-5.0	-4.0
Changes in receivables .....	-40.5	-68.2	-36.4
Changes in other current assets .....	-2.1	-1.8	-3.0
Changes in provisions and accruals .....	69.0	109.1	108.3
Changes in other third-party liabilities .....	39.0	-27.5	-51.9
Operational activities .....	478.9	369.8	467.0
Financial activities:			
Interest paid .....	-32.1	-37.5	-50.5
Interest received .....	11.9	15.1	19.1
Dividends received .....	4.2	19.6	30.9
Taxes on income paid .....	-60.2	7.4	-19.3
<b>Net cash flow from operating activities</b> .....	<b>402.7</b>	<b>374.4</b>	<b>447.2</b>
Capital expenditures for intangible assets .....	-3.1	-2.9	-7.9
Capital expenditures for property, plant and equipment .....	-160.5	-166.5	-212.9
Other financial investments (balance) .....	-3.0	-31.3	-32.5
Payments under the investment guarantee agreement in connection with the Manila project .....	0.0	-136.5	-136.5
Proceeds from disposals of fixed assets .....	4.5	17.9	29.1
<b>Net cash flow used in investing activities</b> .....	<b>-162.1</b>	<b>-319.3</b>	<b>-360.7</b>
Distribution .....	-39.7	0.0	-1.0
Capital increase .....	3.2	2.6	2.6
Change in financial liabilities .....	-161.3	-39.4	-60.3
<b>Net cash flow used in financing activities</b> .....	<b>-197.8</b>	<b>-36.8</b>	<b>-58.7</b>
Foreign currency translation effect on cash and cash equivalents .....	-0.5	-1.3	-2.1
<b>Net increase in cash and cash equivalents</b> .....	<b>42.3</b>	<b>17.0</b>	<b>25.7</b>
Cash and cash equivalents at January 1 .....	610.8	585.1	585.1
<b>Cash and cash equivalents at Sep. 30 resp. Dec. 31</b> .....	<b>653.1</b>	<b>602.1</b>	<b>610.8</b>

## Movements in Consolidated Shareholders' Equity

<i>in € million</i>	Subscribed capital	Capital reserves	Legal reserves	Other revenue reserves	Group retained reserves	Total
<b>Balance at January 1, 2003</b>	<b>900.6</b>	<b>532.0</b>	<b>36.5</b>	<b>334.3</b>	<b>0.0</b>	<b>1,803.4</b>
Capital increase	1.5	1.1	–	–	–	2.6
Distribution	0.1	0.1	–	–	–	0.2
Group profit Jan. 1 – Sep. 30, 2003	–	–	–	–	106.1	106.1
Share options	–	–	–	0.2	–	0.2
Foreign currency translation differences	–	–	–	–1.8	–	–1.8
Fair values changes for derivatives	–	–	–	0.5	–	0.5
<b>Balance at September 30, 2003</b>	<b>902.2</b>	<b>533.2</b>	<b>36.5</b>	<b>333.2</b>	<b>106.1</b>	<b>1,911.2</b>
<b>Balance at January 1, 2004</b>	<b>902.2</b>	<b>533.2</b>	<b>36.5</b>	<b>408.5</b>	<b>39.7</b>	<b>1,920.1</b>
Capital increase	1.5	1.7	–	–	–	3.2
Transfer of treasury shares	0.1	0.1	–	–	–	0.2
Distribution	–	–	–	–	–39.7	–39.7
Share options	–	–	–	1.1	–	1.1
Group profit Jan. 1 – Sep. 30, 2004	–	–	–	–	117.2	117.2
Foreign currency translation differences	–	–	–	5.5	–	5.5
Fair values changes for derivatives	–	–	–	0.1	–	0.1
Consolidation activity/other measures	–	–	–	0.9	–	0.9
<b>Balance at September 30, 2004</b>	<b>903.8</b>	<b>535.0</b>	<b>36.5</b>	<b>416.1</b>	<b>117.2</b>	<b>2,008.6</b>

## Group Segments

### Primary Segment Reporting

<i>in € million</i>	9M	Aviation	Retail & Properties	Ground Handling	External Activities	Group
Revenues .....	2004	467.7	276.8	455.7	287.2	1,487.4
	2003	410.8	273.9	428.8	255.3	1,368.8
Personnel expenses ..	2004	- 125.9	- 118.7	- 261.3	- 220.1	- 726.0
	2003	- 124.1	- 113.6	- 258.8	- 191.5	- 688.0
EBITDA .....	2004	123.5	216.1	40.4	29.0	409.0
	2003	90.9	236.4	23.8	19.0	370.1
Depreciation and amortization .....	2004	- 40.2	- 71.6	- 16.6	- 36.1	- 164.5
	2003	- 42.2	- 71.4	- 18.0	- 30.7	- 162.3
EBIT .....	2004	83.3	144.5	23.8	- 7.1	244.5
	2003	48.7	165.0	5.8	- 11.7	207.8

## Consolidated Income Statement, Quarterly Results

<i>in € million</i>	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004
<b>Revenues</b>	429.4	448.3	491.1	465.5	446.2	496.9	544.3
Change in work-in-process	0.0	0.1	-0.1	-0.1	0.0	0.0	0.0
Other internal costs capitalized	2.0	4.6	6.1	5.3	3.8	5.4	4.8
Other operating income	5.4	6.8	14.6	8.7	6.2	7.0	4.7
<b>Total revenues</b>	<b>436.8</b>	<b>459.8</b>	<b>511.7</b>	<b>479.4</b>	<b>456.2</b>	<b>509.3</b>	<b>553.8</b>
Cost of materials	-65.1	-58.9	-77.1	-83.3	-71.2	-68.4	-84.3
Personnel expenses	-227.1	-234.5	-226.4	-245.9	-240.2	-246.7	-239.1
Other operating expenses	-44.8	-54.1	-50.2	-58.5	-45.4	-56.5	-58.5
<b>EBITDA</b>	<b>99.8</b>	<b>112.3</b>	<b>158.0</b>	<b>91.7</b>	<b>99.4</b>	<b>137.7</b>	<b>171.9</b>
Depreciation and amortization of tangible and intangible fixed assets	-53.1	-54.3	-54.9	-95.8	-52.5	-57.1	-54.9
<b>EBIT (Operating profit)</b>	<b>46.7</b>	<b>58.0</b>	<b>103.1</b>	<b>-4.1</b>	<b>46.9</b>	<b>80.6</b>	<b>117.0</b>
Interest results	-5.6	-10.2	-6.6	-9.0	-7.8	-5.7	-6.7
Results of investments held at equity	0.6	-0.5	0.4	0.1	0.4	1.5	0.8
Income from investments	8.5	1.6	9.5	11.3	1.9	1.8	0.5
Write-downs of financial assets	0.0	-0.1	0.1	0.0	-0.2	-1.0	0.0
Other financial results	2.2	2.1	0.7	6.3	-3.8	1.0	1.3
<b>Financial result</b>	<b>5.7</b>	<b>-7.1</b>	<b>4.1</b>	<b>8.7</b>	<b>-9.5</b>	<b>-2.4</b>	<b>-4.1</b>
<b>EBT (Result from ordinary operations)</b>	<b>52.4</b>	<b>50.9</b>	<b>107.2</b>	<b>4.6</b>	<b>37.4</b>	<b>78.2</b>	<b>112.9</b>
Taxes on income	-25.2	-24.5	-49.1	5.5	-16.9	-36.0	-52.4
Other taxes	-1.4	-1.3	-1.1	-1.8	-1.5	-1.6	-1.4
Minority interests' share of results	0.0	-0.7	-1.1	0.8	-0.1	-0.5	-0.9
<b>Group profit</b>	<b>25.8</b>	<b>24.4</b>	<b>55.9</b>	<b>9.1</b>	<b>18.9</b>	<b>40.1</b>	<b>58.2</b>



# Notes

## Accounting Policies

This interim report about the Fraport Group as at September 30, 2004 has been prepared in accordance with IAS 34, the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of them by the International Financial Reporting Interpretations Committee (IFRIC). Largely the same accounting policies as in the consolidated financial statements for 2003 have been applied in preparing the interim report and in determining comparable figures for the previous year. IFRS 3 "Business Combinations" in connection with IAS 36 "Impairment of Assets" (revised in 2004) and IAS 38 "Intangible Assets" (revised in 2004) now have to be applied to all corporate mergers with contractual dates from March 31, 2004 onwards. IFRS 3 is only being applied to goodwill acquired in earlier corporate mergers from fiscal 2005 onwards. Further exceptions concern determination of EBITDA and the reporting of foreign currency effects. EBITDA are the balance of total revenues, personnel expenses and non-staff costs. Foreign currency gains or losses are now shown in "Other financial results" instead of in "Other operating income" or "Other operating expenses". These changes were made in the context of segment restructuring and are helping to improve presentation of the operating result considerably. The figures for the previous year have been adjusted to facilitate comparison.

<i>in € million</i>	<b>9M 2004</b>	<b>9M 2003</b>
Total revenues	1,519.3	1,408.3
./. Personnel expenses	726.0	688.0
./. Non-staff costs	384.3	350.2
<b>= EBITDA new</b>	<b>409.0</b>	<b>370.1</b>
+ Income from investments	4.2	19.6
+ Results of investments held at equity	2.7	0.5
+ Net currency effects	-2.4	4.2
<b>= EBITDA old</b>	<b>413.5</b>	<b>394.4</b>

This interim report also complies at the same time with the specifications of the German Accounting Standard DRS 6 for interim reporting that was approved by the German Standardization Council (DSR) and was published by the German Ministry of Justice on February 13, 2001.

## *Entities Included in Consolidation*

Fraport Ground Services USA Inc., Jacksonville (USA), was established as a wholly-owned subsidiary of Fraport AG on September 28, 2004. The company was founded with equity of US-\$450,000. The purpose of the company is to provide ground handling services.

Fraport AG and Shanghai Airport Group completed the legal establishment of the joint venture Shanghai Frankfurt Airport Consulting Service Co. Ltd., Shanghai (People's Republic of China), on July 23, 2004. Both airport companies hold 50 % of the shares. The acquisition costs of the investment amount to €100,000. The company is involved in consulting operations for the Chinese aviation market.

Fraport Ground Services USA and Shanghai Frankfurt Airport Consulting were included in the Fraport consolidated financial statements for the first time as at September 30, 2004.

Two new companies, ICTS Norway A/S, Ullensaker (Norway), and ICTS HBS Services Joint Venture, Athens (Greece), were added to the entities included in consolidation by the ICTS sub-group by comparison with December 31, 2003. The acquisition costs of the equity, which were fully taken over in both cases, amount to €20,000 at ICTS Norway and €60,000 at ICTS HBS. The companies operate in the security services field.

ICTS Norway was consolidated for the first time as at June 30, 2004, while this was done with ICTS HBS Services as at September 30, 2004. Another ICTS subsidiary, Sweden Security Networks AB, Stockholm (Sweden), left the ICTS sub-group as at June 30, 2004 because of liquidation.

No material costs were incurred in the establishment of the companies.

The change in the entities included in consolidation in the period under review did not have any effects that would impact comparability with previous periods.

## Explanatory Notes About Selected Balance Sheet and Income Statement Items

### Interest results

<i>in € million</i>	<b>9M 2004</b>	<b>9M 2003</b>
Interest income .....	11.9	15.1
Interest expenses .....	- 32.1	- 37.5
	<b>- 20.2</b>	<b>- 22.4</b>

### Results of investments held at equity

<i>in € million</i>	<b>9M 2004</b>	<b>9M 2003</b>
Flughafen Hannover-Langenhagen .....	0.2	- 1.2
LAP Lima Airport Partners S. R. L. ....	1.6	1.7
ACF Airmail Center Frankfurt GmbH .....	0.1	0.0
ASG Airport Service Gesellschaft mbH .....	0.9	0.0
Portway-Handling de Portugal S.A. ....	- 0.1	0.0
	<b>2.7</b>	<b>0.5</b>

### Income from investments

<i>in € million</i>	<b>9M 2004</b>	<b>9M 2003</b>
Antalya Havalimani Uluslararası Terminal		
Isletmeciligi Anomin Sirketi .....	0.0	8.5
Ineuropa Handling UTE .....	4.2	4.7
BBIP Berlin-Brandenburg International		
Partner GmbH & Co. KG .....	0.0	4.8
SITA .....	0.0	1.6
	<b>4.2</b>	<b>19.6</b>

### Other financial results

<i>in € million</i>	<b>9M 2004</b>	<b>9M 2003</b>
Income from securities and loans .....	0.9	0.8
Foreign currency gains .....	0.7	12.4
Foreign currency losses .....	- 3.1	- 8.2
	<b>- 1.5</b>	<b>5.0</b>

## Share Option Plan

The Annual General Meeting of Fraport AG that was held on March 14, 2001 passed a resolution about the main points of a share option plan. Members of the Fraport AG Executive Board, directors of affiliated companies and further senior Fraport AG executives who work in Germany receive share options. 218,650 share options were issued in total within the framework of the fourth tranche in the first nine months of 2004. Members of the Executive Board received 82,000 of these options, directors of affiliated companies 22,750 options and senior executives 113,900 options. The total number of share options issued since the plan was introduced therefore amounted to 873,050 options as at September 30, 2004.

## Treasury Shares

Fraport AG held 123,668 treasury shares as at September 30, 2004. The portfolio decreased by 6,502 shares compared with the end of fiscal 2003 in the context of Executive Board compensation.

## Other Financial Commitments

There was no major change in the other financial commitments by comparison with December 31, 2003.

## Other Disclosures

Long-term comparisons reveal that passenger traffic is weakest in the first quarter and strongest in the third quarter, for seasonal reasons.

Transactions with related parties were carried out on the normal scale.

## Significant Events After the Balance Sheet Date

Fraport AG has bought an 84-hectare former refinery site north-west of Frankfurt Airport from Caltex Deutschland GmbH since the balance sheet date of September 30, 2004. A subsidiary has been established to administer, develop and market the site. Fraport AG has acquired an interest in the property company Gateway Gardens GmbH too.

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Frankfurt am Main, November 8, 2004

Fraport AG  
Frankfurt Airport Services Worldwide  
The Executive Board

Dr Bender    Professor Schölch    Professor Jakubeit    Mai    Dr Schulte

## Financial Calendar

March 22, 2005	2004 Annual Report
May 10, 2005	1st Quarter 2005 Interim Report
June 1, 2005	Annual General Meeting
August 9, 2005	2nd Quarter 2005 Interim Report
November 9, 2005	3rd Quarter 2005 Interim Report

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Where the statements made in this document relate to the future rather than the past, these statements are based on a number of assumptions about future events and are subject to a number of uncertainties and other factors, many of which are outside the control of Fraport AG Frankfurt Airport Services Worldwide and could have the effect that the actual results differ materially from the statements.

These factors include not only but among other things the competitive environment in liberalized markets, regulatory changes, the success of the business operations as well as considerably less favorable general economic conditions on the markets in which Fraport AG Frankfurt Airport Services Worldwide and its investments operate. Readers are cautioned not to rely to an inappropriately large extent on these statements about the future.

### **Imprint**

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