Frankfurt Airport
Services Worldwide

Interim Report

as at March 31, 2004

Contents

Highlights and Key Figures **2**

Development of Air Traffic **4**

Business Development **6**
Segment Reporting 7
– Aviation 7
– Retail & Properties 8
– Ground Handling 9
– External Activities 9
Capital Expenditures 10
Cash Flow Statement 10
Asset and Capital Structure 11
The Fraport Share 11
Share Option Plan 11
Treasury Shares 12
Employee Investment Plan 12
Changes in Risk Reporting 12

Outlook **13**
Approval Procedures for A380 Maintenance 13
Approval Procedures for Airport Expansion 13
WM 2005 – Creating Value for the Future 13
Business Outlook for 2004 13

Additional Accounting Disclosures **14**
Accounting Policies 14
Entities Included in Consolidation 14
Contingent Liabilities and Other Financial
Commitments 14
Other Disclosures 14

Consolidated Income Statement **15**
Consolidated Balance Sheet
as at March 31, 2004 16
Condensed Consolidated
Cash Flow Statement 17
Movements in Consolidated
Shareholders’ Equity 18
Consolidated Income Statement:
Comparison Quarter by Quarter 19

Financial Calendar.. 20
Contacts 20

Dear Friends of Fraport, Dear Shareholders,

The first quarter of 2004 recorded rising passenger numbers and revenues. Passenger traffic at Frankfurt in the first quarter of 2004 was even higher than for the previous record in the first quarter of 2001, before the events of September 11, 2001 led to a crisis in the industry. Fraport Group revenues rose by €16.8 million to €446.2 million, but were dampened by some €7 million relating to special factors. Due to a modification of accounting policy, €4.7 million noise protection fees were no longer recognized as income in the first quarter of 2004, although such fees were recognized in the first quarter of 2003. Furthermore, fees from military flight movements declined by €2.3 million. Despite this negative effect on revenues and the modification of accounting policy, and despite the increase in maintenance costs, such as for repairing the north runway and expanding the retail and property business, we kept EBITDA (earnings before interest, tax, depreciation and amortization) with €99.4 million at the previous year's level.

In order to show our business model more transparently and make the results of operations more internationally comparable, we changed the calculation of EBITDA and reallocated our segments as from the beginning of the year. By adjusting the segment reporting to reflect our new organizational structure we have taken account of the growing importance of the retail and rental business, reducing the extent of inter-segment service charges and improving the monitoring of our external activities.

Highlights of our activities in the first three months of 2004:

- Passenger traffic up by 6.8 percent at Frankfurt Airport and by 9.8 percent group-wide compared with the first quarter of 2003.
- Group revenues 3.9 percent higher than for the same period in 2003, above all due to increased revenues for security services at ICTS Europe. This is partly offset by some €7 million negative special effects in the first quarter of 2004, whereby noise protection fees were no longer recognized as income in the first quarter of 2004 due to a modification of accounting policy and fees from military flight movements declined.
- EBITDA almost unchanged at €99.4 million. Major effects included the negative factors affecting revenues and higher maintenance costs, such as for repairing the north runway and work carried out in the terminals in preparation for expanding retail space.
- Group profit down by €6.9 million to €18.9 million compared with the first quarter of 2003, as €8.5 million dividend income from Antalya relating to the previous year was included in profits for the first quarter of 2003, which will be recorded in the same period as earned in future. There were also negative foreign currency effects of some €6 million.
- Excluding the €7 million negative effect on revenues and some €14.5 million effects on profit summarized above, Fraport Group profit would have been sharply up on the same period last year. This demonstrates the strength of our business model.
- Cash flow from operating activities rose by €4.8 million to €73.1 million.

Key Figures

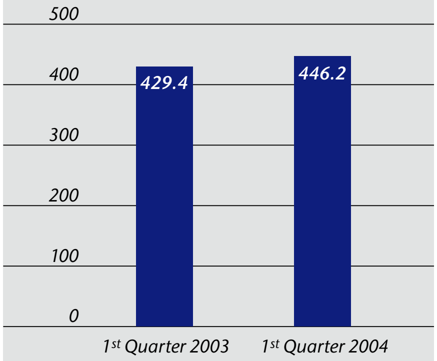
in € million	1st Quarter 2004	1st Quarter 2003	Change in %
Revenues	446.2	429.4	3.9
EBITDA [1]	99.4	99.8	– 0.4
EBIT	46.9	46.7	0.4
EBT	37.4	52.4	– 28.6
Group results	18.9	25.8	– 26.7
Capital expenditures	44.8	47.9	– 6.5
Cash flow from operations	73.1	68.3	7.0
Shareholders' equity [2]	1,942.8	1,920.1	1.2
Total assets [2]	3,648.1	3,636.4	0.3
Average number of employees	23,078	22,340	3.3

[1] Adjusted EBITDA definition – see the "Accounting Policies" section for further details.

[2] As at March 31, 2004 and December 31, 2003.

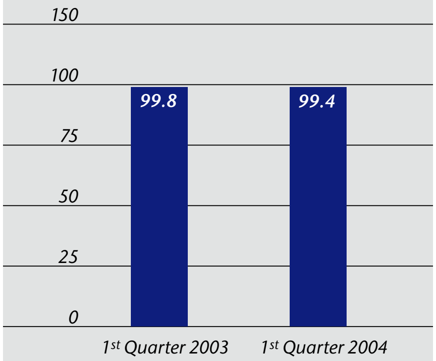
Revenues

in € million



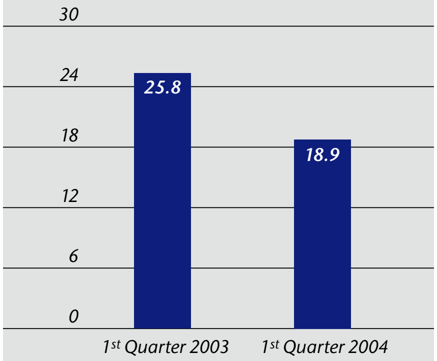
EBITDA

in € million



Group results

in € million



Development of Air Traffic

Traffic figures for Fraport Group

1st Quarter

	Passengers [1]		Cargo (airfreight and airmail in t)		Movements	
	2004	Change to 2003 in %	2004	Change to 2003 in %	2004	Change to 2003 in %
Frankfurt Airport	**11,284,466**	**6.8**	**430,675**	**6.4**	**112,156**	**0.2**
Frankfurt-Hahn [2]	578,228	24.5	43,752	28.0	7,230	8.6
Hanover	1,041,332	10.6	3,835	11.6	18,611	– 7.6
Saarbrucken	71,182	7.0	8	– 79.5	3,065	– 10.5
Antalya [3]	987,138	34.0	n.a.	n.a.	6,688	16.5
Lima [4]	1,213,756	15.5	35,586	8.5	18,455	12.0
Group	**15,176,102**	**9.8**	**513,856**	**8.1**	**166,205**	**1.1**

[1] Only commercial traffic in + out + transit.
[2] Frankfurt-Hahn: freight includes trucking.
[3] International Terminal.
[4] Internal Data provided by Lima.

Source: ACI-Announcements

Following a below-average year in 2003, Fraport Group's airports showed strong growth in passenger numbers and cargo in the first three months of 2004.

A total of 15.2 million **passengers** were recorded at Fraport Group airports between January and March 2004, 9.8 percent more than in the same three months of 2003. Growth was particularly strong at Group airports in Antalya, Frankfurt-Hahn, Lima and Hanover.

Frankfurt Airport, the Group's major location, recorded 6.8 percent more passengers than for the same period in 2003. A total of 11.3 million passengers used the airport and indicating a continuing and strengthening recovery in passenger demand. New records were achieved in both January and February. There was an expected return to more normal conditions in March, with growth in numbers stabilizing. In this month the four million passenger mark was exceeded for the second time since March 2001. Intercontinental traffic and movements between almost all the new Eastern European EU member countries were particularly strong, with double-digit growth in the first quarter. On the other hand, domestic traffic declined as, amongst other factors, traffic on the Rhine/Main to Cologne route has been shifted from plane to train. This underlines the importance of our inter-modal traffic concept.

Frankfurt-Hahn and Hanover Airport profited from the low-cost sector. Passenger traffic at Frankfurt-Hahn continued to grow, rising to 0.6 million, or 24.5 percent higher than for the first quarter of 2003. Hapag-Lloyd Express GmbH extended its range of direct flights to and from Hanover, attracting both participants and visitors to CeBit, the computer trade fair. With growth of 10.6 percent, the one-million passenger mark was exceeded in the first quarter of 2004.

The first quarter is peak travel time in Lima and Lima Airport continued to grow in all traffic sectors, recording a rise of 15.5 percent in passenger numbers over the same period in 2003, to 1.2 million.

Growth at Antalya over the past few months continued at a higher rate in the first three months of 2004. Overall, passenger traffic rose by 34 percent over the first quarter of 2003. Turkey's closeness to the Middle East caused tourists to turn to the western Mediterranean in 2003, but this trend has now reversed. Furthermore, Antalya has become established as a middle-distance tourist location in the winter season.

Cargo traffic at Fraport Group airports also continued to grow sharply in the first quarter, by 8.1 percent to 513,900 metric tons. In addition to more traffic at Frankfurt Airport, this increase came mainly from growth at Frankfurt-Hahn, Hanover and Lima.

Cargo volumes reached record levels at Frankfurt Airport in the first quarter of 2004. The highest ever monthly total of cargo traffic since the airport was opened was recorded in March, whereby the continuing fall in airmail volume slightly dampened this growth. Frequent flights by Aeroflot contributed to the positive cargo traffic volume at Frankfurt-Hahn. Cargo volume growth at Lima was 8.5 percent.

The number of **aircraft movements** increased slightly. Fraport Group processed 166,200 take-offs and landings, up by 1.1 percent over the same period for 2003, with Frankfurt rising by 0.2 percent to 112,200. The corresponding maximum take-off weight (MTOW) used for calculating landing fees rose by 1.9 percent to 6.3 million metric tons, due to the use of larger and heavier aircraft. There was also a sharp improvement in aircraft capacity utilization. In the first quarter 2004 the aircraft seat-load factor rose from 63.0 percent in the first quarter 2003 to 66.7 percent in the first three months of 2004.

Business Development

Following a relatively quiet year in 2003, the first three months of 2004 showed encouraging growth in both passenger traffic and cargo volumes. **Revenues** rose by 3.9 percent over the same period in 2003, to €446.2 million. This increase was mainly due to higher airport fees at Frankfurt and more revenues from security services due to additional security checks of both people and goods carried out by ICTS Europe. Due to a sharp rise in traffic volumes, Frankfurt-Hahn also showed a strong increase in revenues. The growth in Group revenues was partly offset by special factors causing a drop of some €7 million. Due to a modification of accounting policy, €4.7 million noise protection fees were no longer recognized as income in the first quarter of 2004, although such fees were recognized in the first quarter of 2003. This change will only affect the first two quarters of 2004 and there is no effect on the entire year's results due to this modification of accounting policy. Fees from military flights also declined by €2.3 million.

Total revenues of €456.2 million were 4.4 percent higher than for the first three months of 2003 and thus grew faster than revenues, mainly due to an increase in other internal work capitalized.

Non-staff costs rose sharply and, at €116.6 million, were 6.1 percent up on the first quarter of 2003. Cost of materials rose by 9.4 percent to €71.2 million, in particular due to maintenance measures taken, such as the repair of the north runway and work in connection with expanding the retail and property business. Other operating expenses increased by 1.3 percent to €45.4 million.

Personnel expenses rose by 5.8 percent to €240.2 million, with group-wide personnel numbers growing by 3.3 percent to 23,078. At Fraport Group level, the increases in personnel costs and numbers was mainly attributable to the expansion of business at ICTS Europe, whose staff numbers grew by 14.9 percent to 8,644 compared with the first quarter of 2003. On the other hand, Fraport AG employed 12,235 personnel, some 2.4 percent fewer than in the first quarter of 2003, with personnel expenses increasing by only 1.6 percent. The increase was primarily due to the collective bargaining wage rise effective January 1, 2004.

EBITDA of €99.4 million remained stable compared with the same period in 2003, mainly due to the negative special effects on revenues described above and higher maintenance costs. The EBITDA margin declined to 22.3 percent.

Depreciation and amortization of property, plant and equipment and intangible assets remained almost unchanged from the first quarter of 2003, at €52.5 million. **EBIT** (operating profit) was thus also unchanged, at €46.9 million.

Negative **financial result** of €9.5 million was €15.2 million worse than for the same period in 2003. This was due to negative foreign currency effects of €6.1 million, with foreign currency losses, net of foreign currency gains, totalling €4.2 million in the first quarter 2004, whereby currency gains exceeded currency losses by €1.9 million in the first three months of 2003. In addition, income from investments in the first quarter of 2003 was positively affected by the one-time effect of dividends from Antalya of €8.5 million relating to 2002 being recorded in the first quarter of 2003. Such dividends will, in future, be recorded in the same period as that to which they relate.

Group profit amounted to €18.9 million, after taxes on income which were lower than for the same period in 2003 due to lower profits before tax and a further fall in tax rates. Excluding the €7 million negative effect on revenues and some €14.5 million effects on profit described above, Fraport Group profit would have been significantly up on the same period last year. This demonstrates the strength of our business model.

Segment Reporting

Our activities have been divided into new segments since the beginning of 2004 and now consist of the Aviation, Retail & Properties, Ground Handling and External Activities segments.

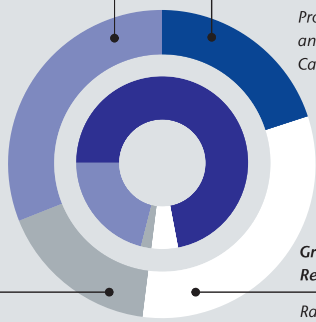
This change meets a number of objectives. The first is that, by concentrating all our activities relating to retailing, renting space and marketing into a single Retail & Properties segment, the increasing importance of this business is given appropriate weight.

Secondly, by combining all our investments not integrated in the processes at Frankfurt into a separate External Activities segment, we have centralized the responsibility for our external business and improved the ability to monitor its performance.

Finally, the change in segments reflecting our organizational and monitoring group structure as well as allocating further elements of property, plant and equipment to the segment to which they relate leads to a reduction in internal charges and hence contributes greatly to a more transparent reporting system.

Revenue Split and EBITDA by Segments

Revenues: €446.2 million
EBITDA: €99.4 million



Ground Handling contributes the largest share, some 32 percent, to group revenues, followed by Aviation with some 31 percent, Retail & Properties with 20 percent and External Activities with 17 percent. These percentages are substantially unchanged compared with the same period in 2003.

The Retail & Properties segment remains the most profitable segment, contributing some 72 percent towards group EBITDA although, compared with the first quarter of 2003, this percentage declined by some 5 percentage points, primarily to the benefit of the Ground Handling segment.

The **Aviation** group segment is responsible for airside operations, terminal management, air-traffic related safety and other infrastructure-relates services at Frankfurt Airport.

In the first three months of 2004, Aviation increased revenues by 3.8 percent to €136.4 million compared with the same period in 2003. This growth was due to higher revenues from security services in connection with implementing the requirements set out in the EU Air Safety Ordinance. The increase in air traffic also had a positive influence on revenue growth, as well as a hike of some 4 percent in airport fees effective January 1, 2004. However, revenues were reduced by some €7 million due to special effects.

Aviation

in € million	*1st Quarter 2004*	*1st Quarter 2003*	*Change in %*
Revenues	*136.4*	*131.4*	*3.8*
EBITDA	*21.2*	*22.7*	*– 6.6*
Segment result	*7.9*	*8.9*	*– 11.2*
Employees	*3,288*	*3,417*	*– 3.8*

Due to a modification of accounting policy, €4.7 million noise protection fees were no longer recognized as income in the first quarter of 2004, although such fees were recognized in the first quarter of 2003. This modification will only affect the first two quarters of 2004 and there is no effect on the entire year's results due to this modification. Fees from military flights also declined by €2.3 million.

Whereas personnel expenses remained more or less flat compared with the previous year, non-staff costs increased noticeably, above all due to the use of third-party personnel for security services (from whom revenues in the same amount were earned) and due to repairs to the north runway. Despite these special factors, which dampened revenue growth and had a direct effect on profits, segment EBITDA of €21.2 million was only €1.5 million lower than for the first quarter of 2003. Excluding the special effects on revenues, EBITDA would have been €28.2 million and hence 24.2 percent higher than for the first three months of 2003. Segment profit of €7.9 million was €1.0 million lower than for the first quarter of 2003

Our retailing, parking management, rental and real estate and CargoCity Süd marketing activities are combined in the **Retail & Properties** segment.

In the first quarter of 2004, the Retail & Properties segment recorded revenues of €88.2 million, down by 2.3 percent compared with the same period in 2003, mainly due to lower revenues from utility services.

Despite the growth in passenger traffic at Frankfurt, retail revenues of €25.0 million remained at the same level as for the first three months of 2003. We achieved retail sales of €2.22 per passenger, compared with €2.38 in the first quarter of 2003. The reason for the decrease in this figure was primarily the weakness of the US dollar, causing a sharp drop in purchasing power for travellers from the US dollar area.

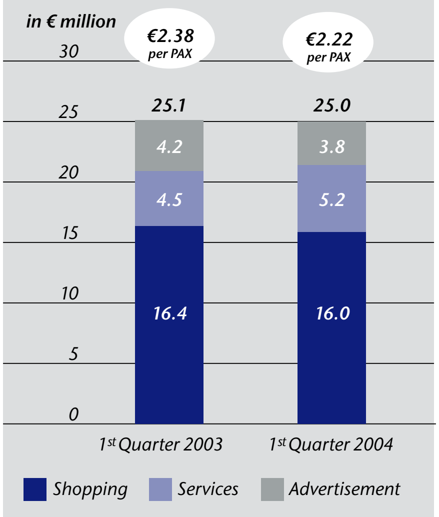
Operating costs rose by 8.4 percent to €105.3 million, particularly due to the increase in expenses for preparing the terminals to expand the retail area.

EBITDA of €71.4 million for the first quarter of 2004 was 6.7 percent below the first quarter of 2003. Segment profit declined by 9.8 percent compared with the first quarter 2003, to €47.9 million.

Retail & Properties

in € million	*1st Quarter 2004*	*1st Quarter 2003*	*Change in %*
Revenues	*88.2*	*90.3*	*– 2.3*
EBITDA	*71.4*	*76.5*	*– 6.7*
Segment result	*47.9*	*53.1*	*– 9.8*
Employees	*3,043*	*2,979*	*2.1*

Retail



The **Ground Handling** segment includes ground handling services such as aircraft ramp services, passenger and cargo services and related activities of affiliated companies located at Frankfurt Airport.

Ground Handling

in € million	*1st Quarter 2004*	*1st Quarter 2003*	*Change in %*
Revenues	*143.7*	*139.5*	*3.0*
EBITDA	*5.3*	*– 0.6*	*983.3*
Segment result	*– 0.3*	*– 6.5*	*95.4*
Employees	*6,919*	*7,222*	*– 4.2*

The Ground Handling segment increased revenues by 3.0 percent to €143.7 million. This was due to the increase in air traffic, infrastructure fee increases and revenues from special services, which considerably exceeded the effects of a one percentage point loss in market share, to some 89 percent.

These higher revenues were achieved with a lower number of staff than in 2003, which was a main factor contributing to maintaining operating costs at the same level as in the first quarter of the previous year. Further "WM 2005" measures also had an effect as a part of our efficient cost management. As a result, the growth in revenues had a direct effect on EBITDA, which increased by €5.9 million to €5.3 million, and segment result rose by €6.2 million to a loss of €0.3 million.

The newly-formed **External Activities** segment covers all investments not involved in processes located at Frankfurt Airport.

External Activities

in € million	*1st Quarter 2004*	*1st Quarter 2003*	*Change in %*
Revenues	*77.9*	*68.2*	*14.2*
EBITDA	*1.5*	*1.2*	*25.0*
Segment result	*– 8.6*	*– 8.8*	*2.3*
Employees	*9,828*	*8,722*	*12.7*

Compared with the first quarter of 2003, revenues of this segment rose by 14.2 percent to €77.9 million. The largest part of this increase came from ICTS Europe, the security services specialist. Frankfurt-Hahn also achieved a sharp growth in revenues, thanks to the growth in passenger traffic at the airport. Revenue growth could also be recorded for ground handling services at Brussels and Vienna.

In particular the jump in personnel expenses at ICTS Europe contributed to an increase of 17.3 percent in operating costs, to €95.8 million. EBITDA and segment result could be maintained at approximately the same level as for the first quarter of 2003.

Figures for the major investments for the first quarter of 2004 highlight the growth at these locations. The figures have been taken from the financial statements of the companies concerned before inclusion in the consolidated financial statements, whereby the amounts for Antalya relate to Fraport's proportionate share consolidated.

Expanding business with existing customers and gaining new clients, above all in France, Spain and The Netherlands, as well as carrying out additional security services at Frankfurt Airport, led to a 21.9 percent growth in revenues at **ICTS Europe** in the first quarter 2004 to €66.7 million. EBITDA was 2.7 percent higher than for the first three months of 2003, at €3.8 million.

Increased passenger traffic at Fraport Group's locations at **Antalya** and **Frankfurt-Hahn** led to higher revenues and profits. Revenues at Antalya rose by 20.5 percent to €4.7 million, EBITDA reached €2.2 million, 4.8 percent up on the first three months of 2003. Frankfurt-Hahn recorded revenues of €7.0 million, thus exceeding the amount for the previous year by 45.8 percent. Frankfurt-Hahn improved its EBITDA by 31.0 percent to a loss of €2.0 million.

Hanover-Langenhagen and **Lima**, which are included in the consolidated financial statements at equity, also increased revenues and profits as a result of higher air traffic numbers. Revenues for Hanover-Langenhagen were €25.2 million, up 1.8 percent on the first quarter of 2003, and EBITDA rose by 7.7 percent to €6.6 million. Foreign currency movements caused revenues at Lima to fall by 24.2 percent to €11.9 million. Expressed in US dollars, revenues were up by 8.0 percent to US$ 14.9 million compared with the first three months of 2003. Expressed in US dollars, EBITDA of US$ 3.7 million would have been 5.6 percent higher than for the first quarter 2003.

Capital Expenditures

Total capital expenditures in the first three months of 2004 amounted to €44.8 million and were thus €3.1 million lower than for the same period in 2003. Most of the capital expenditures in the current period were made to strengthen business activities at Frankfurt Airport. In addition to the airport expansion, major projects included modernization of the terminals, above all enhancements to the retail areas, and other maintenance work, including repairing the north runway.

We invest constantly in enhancing and renovating the terminals and the airside infrastructure at the airport in order to cope with expected growth in passenger numbers. In the medium and long term, capital expenditures are linked to the extensive measures needed in connection with the planned expansion to Frankfurt Airport. In real terms, expenditures of some €3.4 billion are planned for building a new runway and for passenger handling and other plant and equipment. Investments are also foreseen in the further expansion of commercial space, fire protection measures for terminal buildings, rebuilding and expanding Terminal 1, preparation for handling the new wide-bodied A380, and modernizing the apron.

Cash Flow Statement

Net cash flow from operating activities increased by €4.8 million to €73.1 million in the first three months of 2004 compared with the first quarter of 2003. Cash flow from operations amounted to €96.6 million (€80.0 million in the first three months of 2003). There was a positive effect from the reduction in net working capital. Cash outflows from financial activities amounted to €5.9 million, and cash outflows from income taxes paid were €3.0 million higher than in the first quarter of 2003, at €17.6 million.

Cash flow used for investing activities of €42.5 million declined by €134.5 million compared with the first quarter of 2003, although cash outflows in 2003 included payments of €136.5 million relating to capital expenditure guarantees in connection with the Manila project.

Cash flow used for financing activities of €27.1 million relates to the repayment of loans. The change over the first quarter of 2003 (increase of €129.7 million) resulted from drawing down bank loans to pay the Manila guarantee in 2003.

Cash and cash equivalents at March 31, 2004 increased by €5.2 million to €612.2 million compared with March 31, 2003.

Asset and Capital Structure

Total assets remained almost unchanged compared with December 31, 2003, with an increase of €11.7 million to €3,648.1 million. Fraport's asset structure continues to be primarily of a long-term nature. Non-current assets make up an almost unchanged 72.1 percent of total assets.

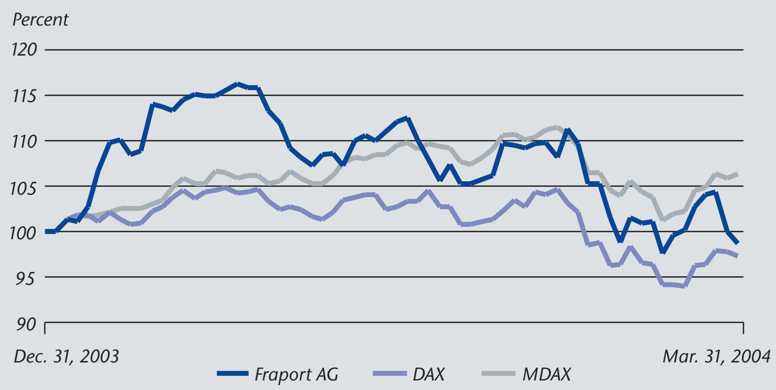
Current assets increased by €15.2 million to €966.9 million. This was primarily due to higher trade accounts receivable, which rose by 11.8 percent.

Financial liabilities decreased further, by €30.8 million to €807.2 million, due to repayment of bank debt. The **ratio of shareholders' equity to total liabilities and shareholders' equity** increased to 53.3 percent over the three months. At March 31, 2004 shareholders' equity made up 74.5 percent of non-current assets, net of deferred investment grants.

The Fraport Share

After a positive trend for stock markets in January and February, the terrorist attacks in Madrid on March 11 led to uncertainty on capital markets. Hence, the DAX fell slightly since the beginning of the year, with a decline of 2.7 percent, although the MDAX rose by 6.3 percent in the same period. Over the first three months of 2004, the Fraport share price fell back (by 1.4 percent). During the three months to March 31, 2004 the share price was highest on January 26, at €26.50, and was at its lowest, at €22.24, on March 22. Fraport's share price at the end of the first quarter was €22.48 and its market capitalization at March 31 2004 was thus some €2.03 billion. Some 106,050 shares were traded per trading day during the first quarter of 2004. This represents a sharp rise over the same period in 2003, during which some 55,100 shares were traded each trading day.

The Fraport share compared to the DAX and MDAX



Share Option Plan

Fraport AG's Annual General Meeting on March 14, 2001 agreed the main features of a share option plan. This program foresees that we award share options to members of the Executive Board of Fraport AG, general managers of affiliated companies and senior staff of Fraport AG located in Germany. No options were granted in the first quarter of 2004. The total number of share options granted since the share option plan was drawn up amounted to an unchanged 654,400 compared with the position at December 31, 2003 .

Treasury Shares

At March 31, 2004 Fraport AG held 130,170 treasury shares, hence there was no change in this number since December 31, 2003.

Employee Investment Plan

Fraport staff were again able to acquire shares in 2004 as part of the performance- and profit-linked remuneration program (LEA). A total of 146,450 new shares were subscribed, with an imputed share of €10 each in the share capital. They will be issued in May 2004 for €22.22 each, calculated based on the average closing price quoted on the Xetra index in the period from April 1 to 16, 2004, less a deduction of €1.00. The shares for the employee investment program are repurchased by Fraport AG after a capital increase for cash, partly using authorized capital and are transferred to the staff. As a result, Fraport AG's share capital will increase by €1.5 million to €903.7 million in the second quarter.

Changes in Risk Reporting

In expanding the risk report in the 2003 annual report, we are adding to disclosures relating to the risks from levying so-called concession fees. We have already reported since the financial statements for the year ended December 31, 2002 on the risk of a possible restriction of revenues from revenue-related airport concession fees arising from activities carried out by companies at Frankfurt Airport in accordance with the ordinance on ground services at airports (BADV). As a result of the ruling by the European Court of Justice on October 16, 2003, an airport may not demand fees as set out in BADV from a supplier of ground services and other services in addition to charges for using specific airport equipment. However, a decision by the upper state court of Frankfurt am Main on March 16, 2004 gave no indication that the receipt of a concession fee in return for granting access to the market could be seen to be illegal. We assume that we will continue to levy fees for ground services in future, as the European Court of Justice's judgement also permits levying a cost-linked concession fee. However, if the fees are lower than currently charged, or if levying fees is no longer possible, this could lead to considerable reductions in revenues.

Outlook

In view of existing capacity bottlenecks and long-term growth forecasts for air traffic, Fraport AG is planning to expand Frankfurt Airport by adding a new northwest landing runway and constructing a third passenger terminal and associated infrastructure facilities.

Approval Procedure for A380 Maintenance Facility

Conclusion of the public hearing at the beginning of March, as part of the A380 zoning procedure, marked an important step toward securing Frankfurt's position in air transportation. The purpose of the procedure is to obtain approval for the facility under the German Air Traffic Act and to get planning permission for the construction of a hangar and associated aircraft maintenance warehouse facilities, in particular for the new Airbus A380 widebody jet. The approval authority is currently preparing the zoning decision. The decision is expected to be issued during the second half of the year. We expect that this will allow us to make the required maintenance capacity available on time.

Approval Procedure for the Expansion of Frankfurt Airport

Furthermore, at the end of February, the first formal part of the comprehensive zoning procedure for Frankfurt Airport's expansion was completed with the government authorities checking the completeness of the zoning request documentation, which was submitted to the headquarters of the Darmstadt administrative district on September 9, 2003. As is common practice for such significant and complex procedures, the authorities requested Fraport to supplement the documentation and provide more details. Fraport is currently preparing the required improvements. Once found to be complete, the documentation will be made available to the public for review. Comments and objections, which are expected to be numerous, will then be addressed in a discussion between the authorities, the objecting persons, and Fraport AG. Following this discussion, the Hesse Ministry of Economics, Transportation and State Development (HMWVL), in its capacity as the zoning authority, will decide on the project.

We continue to work hard to maintain the ambitious schedule for building and inaugurating the planned new landing runway northwest of the airport, despite the threat of delays in the approval process. We can meet the envisaged time line – however, this requires a cooperative effort between politics, business and society.

WM 2005 – Creating Value for The Future

After the group-wide efficiency improvement program entitled 2003 "WM 2005 – Creating Value for the Future" contributed some €31 million to profits in 2003, giving an accumulated €42 million, we are working on further implementation of WM 2005 measures. The main objective of the program, creating value, is directed towards strengthening the Group's competitive position, increasing customer satisfaction, cementing job security and increasing the company's market capitalization.

In the first quarter of 2004 we contributed a further €7 million to profits, thus raising the accumulated amount to €49 million. Most of the improvements were achieved in the Ground Handling segment. We are confident that we will reach our goal of contributing an accumulated €65 million to profits by the end of 2004.

Business Outlook for 2004

In view of the positive developments in the first quarter and the prospect of further recovery in passenger traffic during the rest of this year, we expect to see an increase of 5 percent in group revenues for 2004 and a rise in EBITDA of between 5 and 10 percent. Group profit for the year should also increase over-proportionately. These expectations are based on the assumption that there will be no negative effects from pandemics, terrorist attacks or wars.

Additional Accounting Disclosures

Accounting Policies

In accordance with IAS 34, the interim report as at March 31, 2004, for the Fraport Group presented here was prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). We applied substantially the same accounting policies in compiling the interim report and the comparative prior year figures as in preparing the 2003 consolidated financial statements. Exceptions relate to calculating EBITDA and recording foreign currency fluctuations. EBITDA is calculated as the net of total revenues, personnel expenses and non-staff costs. Foreign currency gains and losses are no longer included as part of other operating income or other operating expenses, but are now included in other financial result on the face of the income statement. These changes were made in connection with restructuring our segments and make an ongoing contribution to improving the disclosure of operating results. The previous year's figures have been adjusted accordingly.

This interim report also complies with the requirements of DRS 6 on interim reporting, issued by the German Standards Council (German Accounting Standards Board (GASB)) and published by the Federal Ministry of Justice (BMJ) on February 13, 2001.

in € million	1st Quarter 2004	1st Quarter 2003
Total revenues	456.2	436.8
./. Personnel expense	240.2	227.1
./. Non-staff costs	116.6	109.9
= EBITDA new	**99.4**	**99.8**
+ Income from investments	1.9	8.5
+ Results at equity	0.4	0.6
+ Net currency effects	– 4.2	1.9
= EBITDA old	97.5	110.8

Other financial result is now as follows:

in € million	1.1. – 31.3.2004	1.1. – 31.3.2003
Income from securities and loans	**0.4**	0.3
Foreign currency gains	**0.5**	3.6
Foreign currency losses	**– 4.7**	– 1.7
	– 3.8	2.2

Entities Included in Consolidation

There has been no change in the entities included in the consolidated financial statements since December 31, 2003.

Contingent Liabilities and Other Financial Commitments

There have been no significant changes to other financial commitments compared with December 31, 2003. The total amount of commitments for the expansion remains unchanged at €116.5 million.

Other Disclosures

Long-term statistics show that passenger traffic is weakest in the first quarter and strongest in the third quarter.

Transactions with related parties and with entities related to them were subject to normal conditions.

Consolidated Financial Statements as at March 31, 2004

Fraport AG Frankfurt Airport Services Worldwide Consolidated Income Statement

in € million	1st Quarter 2004	1st Quarter 2003
Revenues	**446.2**	**429.4**
Change in work-in-process	0.0	0.0
Other internal work capitalized	3.8	2.0
Other operating income	6.2	5.4
Total revenues	**456.2**	**436.8**
Cost of materials	– 71.2	– 65.1
Personnel expense	– 240.2	– 227.1
Depreciation and amortization of tangible and intangible non-current assets	– 52.5	– 53.1
Other operating expenses	– 45.4	– 44.8
Operating profit (EBIT)	**46.9**	**46.7**
Interest result	– 7.8	– 5.6
Results of investments held at equity	0.4	0.6
Income from investments	1.9	8.5
Write-downs of financial assets	– 0.2	0.0
Other financial results	– 3.8	2.2
Financial result	**– 9.5**	**5.7**
Result from ordinary operations (EBT)	**37.4**	**52.4**
Taxes on income	– 16.9	– 25.2
Other taxes	– 1.5	– 1.4
Minority interests' share of results	– 0.1	0.0
Group profit	**18.9**	**25.8**
Earnings per €10 share in € (basic)	**0.21**	**0.29**
Earnings per €10 share in € (diluted)	**0.21**	**0.28**

Fraport AG Frankfurt Airport Services Worldwide Consolidated Balance Sheet as at March 31, 2004

Assets

in € million	Balance at Mar. 31, 2004	Balance at Dec. 31, 2003
A. Non-current assets	**2,630.5**	**2,644.6**
I. Intangible assets	194.7	198.3
II. Property, plant and equipment	2,365.2	2,376.8
III. Investments held at equity	47.0	45.9
IV. Other financial assets	23.6	23.6
B. Current assets	**966.9**	**951.7**
I. Inventories	15.7	17.1
II. Trade accounts receivable	202.7	181.3
III. Other receivables and other assets (including deferred taxes)	136.3	142.5
IV. Checks, cash and bank balances	612.2	610.8
C. Prepaid expenses	**50.7**	**40.1**
	3,648.1	**3,636.4**

Liabilities and equity

in € million	Balance at Mar. 31, 2004	Balance at Dec. 31, 2003
A. Shareholders' equity	**1,942.8**	**1,920.1**
I. Subscribed capital	902.2	902.2
II. Capital reserves	533.2	533.2
III. Revenue reserves	488.5	445.0
IV. Group retained earnings 2003	–	39.7
V. Group profit Jan. 1 – Mar. 31, 2004	18.9	–
B. Minority interests	**11.1**	**11.6**
C. Deferred investment grants on items in non-current assets	**22.2**	**22.8**
D. Provisions and accruals (including deferred tax liabilities)	**619.7**	**601.8**
E. Liabilities	**987.3**	**1,017.3**
I. Financial liabilities	807.2	838.0
II. Trade accounts payable	72.3	79.0
III. Other liabilities	107.8	100.3
F. Deferred income	**65.0**	**62.8**
	3,648.1	**3,636.4**

Condensed Consolidated Cash Flow Statement

in € million	1st Quarter 2004	1st Quarter 2003
Group profit	**18.9**	**25.8**
Taxes on income	16.9	25.2
Minority interests' share of results	0.1	0.0
Depreciation/write-ups (non-current assets)	52.6	53.2
Other adjustments	9.4	– 6.4
Changes in working capital	– 1.3	– 17.8
Operational activities	96.6	80.0
Interest paid (net)	– 7.8	– 5.6
Dividends received	1.9	8.5
Taxes on income paid (net)	– 17.6	– 14.6
Net cash flow from operating activities	**73.1**	**68.3**
Capital expenditures for intangible assets, property, plant and equipment	– 43.6	– 47.6
Other financial investments (net)	– 0.4	– 0.3
Capital expenditures due to guarantee obligations in connection with the Manila project	–	– 136.5
Proceeds from disposals of non-current assets	1.5	7.4
Net cash flow used in investing activities	**– 42.5**	**– 177.0**
Change in financial liabilities	– 27.1	129.7
Net cash flow used in/from financing activities	**– 27.1**	**129.7**
Foreign currency translation effect on cash and cash equivalents	– 2.1	0.9
Net change in cash and cash equivalents	**1.4**	**21.9**
Cash and cash equivalents at January 1	610.8	585.1
Cash and cash equivalents at March 31	**612.2**	**607.0**

Movements in Consolidated Shareholders' Equity

in € million	Subscribed capital	Capital reserves	Legal reserves	Other revenue reserves	Group retained profits	Total
Balance at January 1, 2003	**900.6**	**532.0**	**36.5**	**334.3**	**0.0**	**1,803.4**
Group profit Jan. 1 – Mar. 31,2003	–	–	–	–	25.8	25.8
Foreign currency translation differences	–	–	–	– 1.9	–	– 1.9
Fair values of derivatives	–	–	–	–	–	0.0
Balance at March 31, 2003	**900.6**	**532.0**	**36.5**	**332.4**	**25.8**	**1,827.3**
Balance at January 1, 2004	**902.2**	**533.2**	**36.5**	**408.5**	**39.7**	**1,920.1**
Group profit Jan. 1 – Mar. 31,2004	–	–	–	–	18.9	18.9
Share options	–	–	–	0.1	–	0.1
Foreign currency translation differences	–	–	–	4.4	–	4.4
Fair values of derivatives	–	–	–	– 1.1	–	– 1.1
Effect of changes in companies consolidated	–	–	–	0.4	–	0.4
Balance at March 31, 2004	**902.2**	**533.2**	**36.5**	**412.3**	**58.6**	**1,942.8**

Frankfurt am Main, May 10, 2004

Fraport AG
Frankfurt Airport Services Worldwide
Executive Board

Dr. Bender Prof. Schölch Prof. Jakubeit Mai Dr. Schulte

Consolidated Income Statement: Comparison Quarter by Quarter

in € million	1st Quarter 2003	2nd Quarter 2003	3rd Quarter 2003	4th Quarter 2003	1st Quarter 2004
Revenues	**429.4**	**448.3**	**491.1**	**465.5**	**446.2**
Change in work-in-process	0.0	0.1	– 0.1	– 0.1	0.0
Other internal work capitalized	2.0	4.6	6.1	5.3	3.8
Other operating income	5.4	6.8	14.6	8.7	6.2
Total revenues	**436.8**	**459.8**	**511.7**	**479.4**	**456.2**
Cost of materials	– 65.1	– 58.9	– 77.1	– 83.3	– 71.2
Personnel expense	– 227.1	– 234.5	– 226.4	– 245.9	– 240.2
Other operating expenses	– 44.8	– 54.1	– 50.2	– 58.5	– 45.4
EBITDA	**99.8**	**112.3**	**158.0**	**91.7**	**99.4**
Depreciation and amortization of tangible and intangible non-current assets	– 53.1	– 54.3	– 54.9	– 95.8	– 52.5
Operating profit (EBIT)	**46.7**	**58.0**	**103.1**	**– 4.1**	**46.9**
Interest result	– 5.6	– 10.2	– 6.6	– 9.0	– 7.8
Results from investments held at equity	0.6	– 0.5	0.4	0.1	0.4
Income from investments	8.5	1.6	9.5	11.3	1.9
Write-downs of financial assets	0.0	– 0.1	0.1	0.0	– 0.2
Other financial results	2.2	2.1	0.7	6.3	– 3.8
Financial result (net)	**5.7**	**– 7.1**	**4.1**	**8.7**	**– 9.5**
Result from ordinary operations (EBT)	**52.4**	**50.9**	**107.2**	**4.6**	**37.4**
Taxes on income	– 25.2	– 24.5	– 49.1	5.5	– 16.9
Other taxes	– 1.4	– 1.3	– 1.1	– 1.8	– 1.5
Minority interests' share of result	0.0	– 0.7	– 1.1	0.8	– 0.1
Group profit	**25.8**	**24.4**	**55.9**	**9.1**	**18.9**

Due to the new EBITDA definition and disclosure of foreign currency effects figures were adjusted for 2003 and cannot be found in previous publications.

Financial Calendar

June 2, 2004	Annual General Meeting
August 13, 2004	1st Half Interim Report
November 10, 2004	3rd Quarter Interim Report

For Further Information Please Contact:

Fraport AG Frankfurt Airport Services Worldwide
Investor Relations (VFI)
60547 Frankfurt am Main
Germany

Tel: +49 (0) 69 690-74842
Fax: +49 (0) 69 690-74843
E-Mail: investor.relations@fraport.de
Internet: www.fraport.de

As far as this document contains forward-looking statements, rather than historical statements and discussions, these forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties and other factors, many of which are outside Fraport AG Frankfurt Airport Services Worldwide's control, that could cause actual results to differ materially from these statements.
These factors include, but are not limited to, competitive forces in liberalized markets, regulatory changes, the success of business and material adverse changes in economic conditions in the markets served by Fraport AG Frankfurt Airport Services Worldwide and its affiliates. Readers are cautioned not to put undue reliance on these forward-looking statements.

Imprint
Published by: Fraport AG Frankfurt Airport Services Worldwide.
Content: Controlling, Finance, Accounting (CFR).
Layout and production: Corporate Communication (UKM-IK).