Interim Report

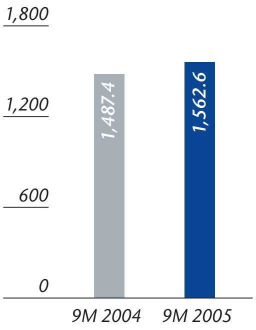
as at September 30, 2005

Fraport

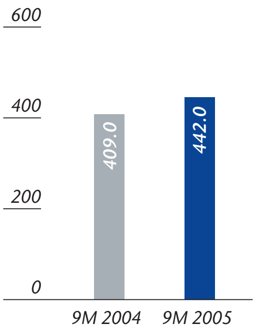
Contents

Highlights and Key Figures

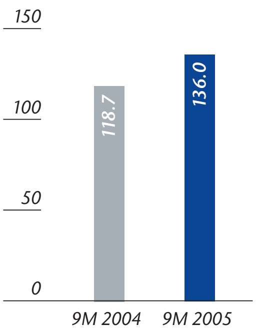
Revenue
in € million



EBITDA
in € million



Group profit
in € million



The business operations of the Fraport Group developed extremely well in the third quarter, too. The substantial revenue and earnings growth in the first half of the year continued throughout the period under review.

In view of this, we are working on the assumption that we will slightly exceed our forecasts for the business figures in the year as a whole.

In line with the positive development of the business, the value of the Fraport share increased considerably. While the final share price on June 30 at € 35.44 was higher than the issue price of € 35 for the first time, it reached a new high in the third quarter with a final price of € 43.03.

The most important information about business development in the first nine months of 2005:

- 2.4 % more passengers at Frankfurt Airport and a reduction of 5.8 % in the Group, due solely to Antalya.
- Group revenue 5.1 % higher than in the previous year at € 1,562.6 million.
- EBITDA up 8.1 % to € 442.0 million.
- Increase of 14.6 % in Group profit to € 136.0 million.
- Improvement in earnings per share from € 1.30 to € 1.49.

Key figures	**Q3 2004** *in € million*	**Q3 2005** *in € million*	**Change** *in %*
Group revenue	544.3	560.3	2.9
EBITDA	171.9	182.3	6.1
EBITDA margin (in %)	31.6	32.5	–
EBIT	117.0	117.5	0.4
EBT	112.9	116.0	2.7
Group profit	59.1	62.9	6.4
Earnings per € 10 share, basic, in €	0.64	0.68	6.3

	9M 2004 *in € million*	**9M 2005** *in € million*	**Change** *in %*	**2004**
Group revenue	1,487.4	1,562.6	5.1	1,998.1
EBITDA	409.0	442.0	8.1	516.2
EBITDA margin (in %)	27.5	28.3	–	25.8
EBIT	244.5	271.6	11.1	281.1
EBT	228.5	251.1	9.9	265.9
Group profit	118.7	136.0	14.6	138.4
Earnings per € 10 share, basic, in €	1.30	1.49	14.6	1.51
Capital expenditures	169.7	430.5	>100	279.4
Cash flow from operating activities	402.7	387.6	-3.7	519.4
Shareholders' equity [1, 2]	–	2,131.0	4.3	2,043.0
Total assets [1]	–	3,822.5	4.7	3,650.2
Average number of employees	23,935	25,459	6.4	24,182

[1] On December 31, 2004 and September 30, 2005.
[2] The structure of the Group balance sheet was changed in accordance with IAS 1 as at January 1, 2005; the figures for the previous year have been adjusted accordingly (cf. Notes).

Editorial

Dear Sir or Madam,
dear Shareholders,

A company needs to be both courageous and foresighted to achieve long-term success. We experienced just how important this is after September 11, 2001: air traffic decreased all over the world and the plans for the expansion of our main location, Frankfurt Airport, were quickly questioned in public. We considered all the arguments carefully at this time – and decided to continue the expansion program without cutbacks of any kind.

And now? International air traffic soon began to grow again. In the past few months, we have been breaking one record after another in Frankfurt as regards to both passenger and cargo traffic. There is no doubt about it: air traffic is increasing steadily, a substantial expansion of the capacity available at Frankfurt Airport is necessary and in accordance with market requirements. The expansion program, for which capital expenditures of € 3.4 billion [1] are planned, is creating sound prospects for the long-term future – for both Fraport and its shareholders.

The new Lufthansa A380 maintenance facility is a milestone in the ongoing development of Frankfurt Airport. When the huge new aircraft, which has been tested in Frankfurt as the first major international airport in the world, starts to fly on a regular basis, we will already have the infrastructure needed for it – including all the maintenance resources. Clearing the land for site development began in early September. The protests were peaceful. To my way of thinking, this is clear evidence that the intensive dialogue Fraport is maintaining with its neighbours is producing encouraging results. We do not consider our critics to be opponents; we see them as partners instead, who we try to convince by presenting good arguments.

The central project to increase capacity by building the new north-west runway and the new Terminal 3 is currently in a crucial phase of the approval process. Fraport has provided all the reports and documents required by the approval authorities for the zoning procedure – they fill a total of 60 folders. The public hearing is being held at the moment. We are expecting the "building permit" in the form of the zoning decision to be issued in 2007. We then intend to start building the new runway, which is to increase our traffic volume by about 50 % to 120 aircraft movements per hour. The new Terminal 3 to the south of the airport will be offering about 25 million additional passengers per year everything they can expect of a modern airport in future. The building will be constructed in phases, so that we can adapt to demand as it develops.

The expansion program will not only be changing the face of Frankfurt Airport; it will also be increasing the economic importance of the airport even more. The airport is already the heart of our country as far as transport is concerned. A new kind of city will be set up here in future – Airport City Frankfurt – that will be playing a leading role in the network of the globalized world economy: as an international air traffic hub, as a link between air, rail and road transport, as a European logistic center, as a location for companies with global operations, as a provider of leisure activities. It will make sure that Frankfurt and the entire Rhine-Main region strengthens and improves its position as a viable and competitive "powerhouse" of the European economy. This is the background against which we are currently developing new property projects, additional commercial areas as well as innovative retail and community concepts.

Frankfurt Airport will become the most fascinating building site in Germany in the coming years. A place where the future is being actively shaped – and everyone benefits from it: our customers, the company's shareholders and employees, the Frankfurt/Rhine-Main region and the whole of the country.

Sincerely,

Manfred Schölch
Member of the Executive Board responsible for infrastructure and legal affairs
Vice Chairman of the Executive Board

[1] Plus inflation funds of around € 300 million.

The Fraport Share

Key Figures and Share Price Development

Key figures

		9M 2004	9M 2005	2004
Capital stock (acc. to IFRS)	in € million	903,8	910.7	905.2
Absolute share of capital stock	per share, in €	10.00	10.00	10.00
Total number of shares		90,508,108	91,187,355	90,638,708
Number of floating shares [1]		90,384,440	91,073,430	90,515,040
Market capitalization [2]	in € million	2,430	3,919	2,841
Average trading volume per day		98,301	88,364	102,563
Share price at end of period [3]	in €	26.89	43.03	31.39
Highest price [4]	in €	27.41	43.03	31.39
Lowest price [5]	in €	22.20	29.59	22.20
Earnings per share (basic) [6]	in €	1.30	1.49	1.51
Earnings per share (diluted) [6]	in €	1.28	1.47	1.48

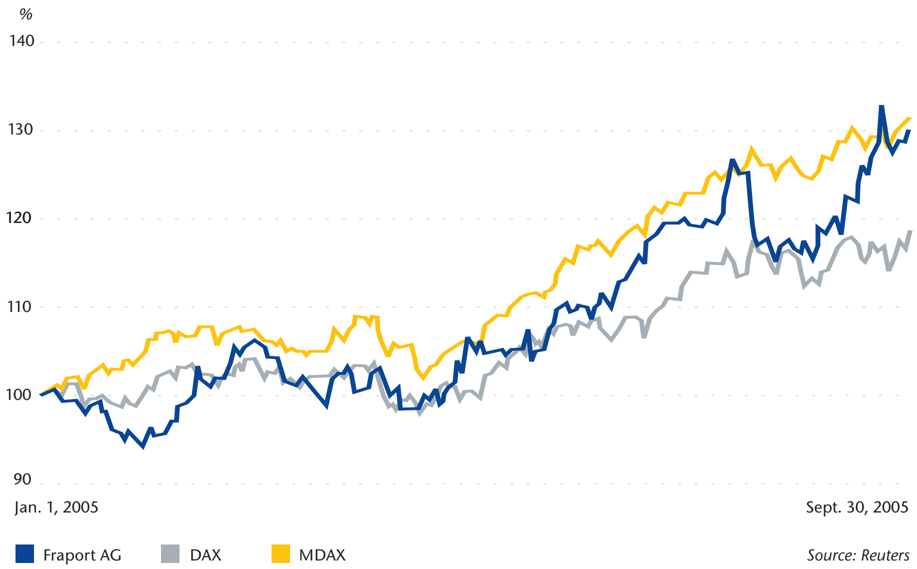
[1] *Total number of shares excluding treasury shares.*
[2] *Share price at the end of the quarter resp. year, multiplied by the number of floating shares.*
[3] *XETRA share price at the end of the third quarter resp. year.*
[4] *XETRA share price at the end of September 30, 2005 resp. September 29, 2004 resp. December 31, 2004.*
[5] *XETRA share price at the end of January 31, 2005 resp May 18, 2004.*
[6] *In relation to the weighted average number of floating shares in the first nine months of the year.*

The Fraport share reached its highest price since the IPO in 2001 of € 43.03 at the end of September 30, 2005. The share started 2005 at a high level and managed to increase its value by a further 39.5 % between January and September 2005.

The DAX and MDAX developed differently at the beginning of the year, but increased substantially in the second quarter and continued this trend up to the end of the period under review. In its price development, the Fraport share outperformed the DAX by 21.0 % and the MDAX by 7.3 % in the period under review.

Market capitalization on September 30, 2005 was € 3,919 million, which corresponds to an increase of about 61 % compared with the same time the previous year.

Share development of the Fraport share compared with the DAX and MDAX



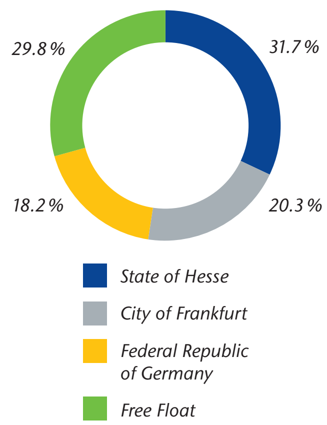
Shareholder Structure

There has been practically no change in the shareholder structure in the first nine months of the year. The biggest individual shareholders continued 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, amounted to about 27 million shares, which represented 29.8 % of the total number of shares.

On October 26, 2005, the Federal Republic of Germany placed its shareholding of 18.2 % with financial investors in two tranches. 11.6 % were sold directly in the context of an accelerated bookbuilding exercise, as a result of which the free float increased to 41.4 % immediately. The second tranche is a combination of call options and an exchangeable bond with a term of 17 months. The buyers of this tranche have the right to take over the remaining 6.6 % of the Federal Republic of Germany's shares in March 2007. This means that the free float could then increase to 48.0 %.

On October 28, 2005 Deutsche Lufthansa AG announced the purchase of 4.5 million shares and is now holding a stake of 4.95 % of the subscribed capital.

Shareholder structure as at September 30, 2005



Dividend Policy

Fraport distributed € 68.0 million – corresponding to 50.0 % of the Group profit – for fiscal 2004. The dividend of 75 cents per share was 70.5 % higher than the dividend paid for the previous year.

We intend to maintain a dividend payout ratio of the order of about 50 %.

Investor Relations

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

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). 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.

Employee Investment Plan

Since the IPO in 2001, Fraport employees have been able to subscribe Fraport shares 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 authorized capital following a capital increase in return for the injection of cash, and passes them on to its employees. Fraport employees subscribed a total of 126,022 new shares accounting for € 10.00 of the capital stock each in the "LEA" program in the period under review. The shares were issued in May 2005 at a price of € 30.68, which was calculated on the basis of the average Xetra closing price in the period between April 11 and 22, 2005 minus € 1.00. The capital stock of Fraport AG increased by € 1.3 million in the course of this transaction.

5,964 employees of the Fraport Group bought shares within the framework of the "LEA" program in the period under review.

Business Development

Global Economy and Development of Air Traffic

In the course of the first three quarters of 2005, the global economic forecasts about the development of most regions in the year as a whole were reduced. The growth forecast for the real gross domestic product in Germany was cut from 1.2 % to 0.7 %. It is estimated that the economies in the EU 25 states (1.6 %), Euroland (1.3 %) and the USA (3.5 %) will grow somewhat more slowly than assumed at the beginning of the year, too. The economic expectations for Japan were raised slightly to 1.8 %. The Indian and Chinese economies are expected to record consistently high growth of 7.0 % and 8.5 % respectively. These regions continue to make large contributions to the growth in intercontinental traffic volumes.

Market observers think that global trade volume, an important indicator for the development of air cargo volume, will be increasing by 7.0 % in 2005 – and thus somewhat less than still assumed at the beginning of the year.

According to the provisional figures released by the Association of European Airlines, scheduled air traffic in Europe grew substantially in the first nine months of 2005, in spite of the reduction in most of the economic forecasts: on the basis of passenger traffic and passenger kilometers sold, the European airlines increased their traffic volume by 3.8 % and 6.0 % in 2005 over the same period in the previous year. The seat kilometer capacity available rose by 4.2 %, so that the average aircraft utilization level (Jan. – Sept. 2005) went up by 1.3 percentage points to 76.4 %.

The 820 airports that reported to the Airports Council International (ACI) recorded an increase of 7.1 % in passenger numbers and growth of 2.4 % in cargo tonnage worldwide up to and including July.

The passenger fleet of our main customer Deutsche Lufthansa improved its capacity utilization by 1.5 percentage points to 75.8 % in the first nine months of 2005, too. The number of passengers was 0.5 % higher than in the same period the previous year.

55.4 million passengers used the six airports operated by the **Fraport Group** in the first nine months of 2005. The passenger volume in the period under review increased at all the Group airports – with the exception of the location Antalya. The number of passengers there has decreased substantially since a second international terminal was opened there in April. It is in competition with the terminal we operate. This is the sole reason for the reduction of 5.8 % in Group passenger volume.

The number of passengers in **Frankfurt**, the most important airport in the Fraport Group, reached a record level in the period under review: more passengers than ever before since the airport was established – 39.8 million – were counted during this period. The previous monthly record of 5.0 million passengers was exceeded twice – in July and August. New records were set in the other months of 2005 too, with the exception of February where the figures were depressed by the fact that 2004 was a leap year with one extra day in the month. Growth was achieved primarily on the intercontinental routes – particularly to Africa and the Middle East. The only reduction in the number of passengers was on routes inside Germany. This was attributable essentially to two factors: the switching of short-distance flights from Frankfurt to the high-speed German railway system and the wider range of direct flights available at other German airports, particularly in the low-cost sector.

Traffic figures for Fraport Group

9 M	Passengers [1]		Cargo *(airfreight + airmail in t)*		Movements	
	2005	Change to 2004 in %	2005	Change to 2004 in %	2005	Change to 2004 in %
Frankfurt Airport	39,763,738	2.4	1,417,909	6.2	369,753	3.3
Frankfurt-Hahn [2]	2,322,687	11.6	163,327	15.9	28,023	16.1
Hanover	4,325,098	7.4	12,029	3.9	68,409	4.3
Saarbrücken	385,069	6.5	47	51.8	10,812	1.2
Antalya [3]	4,382,154	– 55.3	n. a.	n. a.	28,269	– 51.5
Lima [4]	4,268,409	12.4	120,145	5.8	54,105	– 1.0
Group	**55,447,155**	**– 5.8**	**1,713,456**	**7.0**	**559,371**	**– 2.1**

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

Source: ACI

The reduction in passengers at the terminal we operate at **Antalya** Airport continued in the third quarter. The total number of passengers in the period under review was 4.4 million, 55.3 % fewer than in the previous year. According to oral information provided by the Turkish airport authorities DHMI, traffic is to be distributed more evenly between both terminals in future.

Traffic in **Lima** continued to increase. The number of passengers was 12.4 % higher in the first nine months of 2005. This was due in particular to the introduction of additional connections to North America and Europe.

The number of passengers at **Frankfurt-Hahn** increased by 11.6 % in the first nine months of 2005. This was attributable primarily to a further expansion of the routes available. Ryanair, Wizz Air and Iceland Express already included new destinations in their flight schedules in the second quarter, for example. Four airlines fly to 33 destinations every day from Frankfurt-Hahn in passenger traffic alone in the meantime.

Group **cargo volume** increased by 7.0 % over the same period the previous year to 1.7 million tonnes. This positive performance was due in particular to the large cargo volume at Frankfurt and Frankfurt-Hahn Airports that was transported to Asia and Africa. The cargo volume transported within Europe increased at both locations, too.

The number of **aircraft movements** at the six Group airports was 2.1 % lower than in the previous year at 559,371. As was the case with passenger traffic, the development in Antalya was the only reason for this reduction. Record figures were recorded in Frankfurt in July and August, while a new high was reached in September with 1,500 flights in one day.

The **maximum takeoff weights** in Frankfurt amounted to 21.2 million tonnes in the period under review, which is 4.3 % higher than in the same period the previous year. Wide-body jets accounted for 25.8 % of total aircraft movements, 0.2 percentage point more than in the previous year. The seat load factor rose by 0.5 percentage points to 72.0 %.

Revenue and Earnings

In the third quarter, the Fraport Group continued to perform as successfully as in the first half of 2005, recording further encouraging revenue and earnings growth.

Revenue in the first nine months were 5.1 % higher than in the same period the previous year at € 1,562.6 million. The substantial increase in all quarters was attributable primarily to larger traffic fees in Frankfurt and more proceeds from security services. In the third quarter, sizable growth was achieved in the retail revenue again, too. Two adverse special factors were more than compensated for: the shortfall of about 50.6 % in revenue at the Group location in Antalya and reductions in revenue-based airport access fees, especially those charged to fuelling companies.

The **total revenue** of € 1,594.8 million were 5.0 % above the level reached in the previous year.

Productivity was improved again in the third quarter, with the help of process optimization exercises, further savings and the high utilization of our capacities in Frankfurt particularly. Operating expenses (non-staff costs and personnel expenses) increased by 3.8 % in the period from January to September 2005, which was even lower than the growth in revenue that was the case in the first half of the year. **Personnel expenses** in the first nine months were 5.6 % higher than in the same period the previous year at € 766.4 million. ICTS Europe accounted for the largest proportion of this growth, with an increase of 13.1 % or 1,223 employees to a total of 10,583. The Fraport Group had an average of 25,459 employees from January to September, 6.4 % more than in the same period the previous year. Group personnel expenses as a percentage of revenue amounted to 49.0 % and were thus at roughly the same level as in the previous year.

Non-staff costs ratio decreased by 1.1 percentage points to 24.7 %, on the other hand, because the **non-staff costs** (€ 386.4 million) were at practically the same level as in the previous year even though revenue were higher. The non-staff costs include the cost of materials and other operating expenses. The increase of 5.2 % in the cost of materials to € 235.5 million was due to some extent to the increase in the repair and maintenance expenses for the thorough modernization and partial extension of the terminal and – in particular – retail areas at Frankfurt Airport. Costs that were reported in the other operating expenses in the same period of the previous year were in addition included in the cost of materials item this year. This as well as savings in legal, consulting and advertising costs helped to reduce the other operating expenses by 5.9 % to € 150.9 million.

Thanks to the sustained improvement in the efficiency and productivity of central business operations, the positive EBITDA development continued as well: **EBITDA** increased by 8.1 % to € 442.0 million in the first nine months of the current fiscal year. The EBITDA margin was 0.8 percentage points higher at 28.3 %.

Depreciation and amortization of tangible and intangible non-current assets as well as investment property were 3.6 % higher than in the previous year at € 170.4 million. They include impairments in accordance with IAS 36 totalling € 20.4 million that we made in relation to the concession for operating Terminal 1 in Antalya as well as to buildings and associated infrastructure at the Frankfurt location. The elimination of goodwill amortization at ICTS Europe [1] in particular had an opposite effect.

The 11.1 % increase in **EBIT** (operating profit) to € 271.6 million was even higher than the EBITDA growth.

[1] This change was made in accordance with the requirements of the accounting standards applied (cf. Notes).

The **financial result** was € – 20.5 million, which was a decrease of € 4.5 million over the previous year. The unrealized change in the value of securities in the financial assets and an increase of € 4.3 million in the unrealized foreign currency losses to € 6.9 million were primarily responsible for this. The share of profit or loss of investments accounted for using the equity method and the income from our investment in the Spanish ground handling service companies Ineuropa Handling UTE improved by a total of € 3.6 million.

Since the taxable earnings increased, the tax expenses (including other taxes of € 3.2 million) were higher than in the previous year at € 115.1 million. The tax rate[1] decreased from 47.0 % to 45.1 %, on the other hand, mainly because of the elimination of goodwill amortization.

The **Group profit** of € 136.0 million was 14.6 %[2] higher than in the same period the previous year. The basic earnings per share increased from € 1.30 to € 1.49.

Asset and Financial Situation

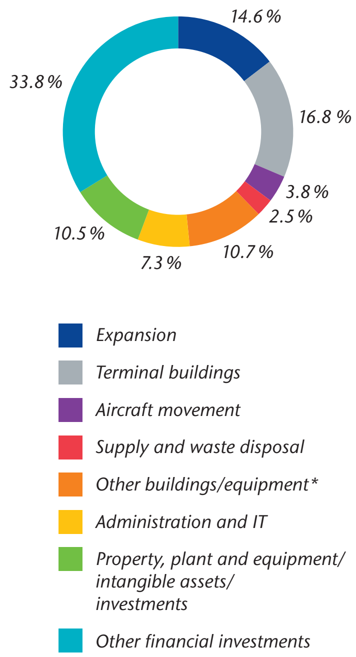
Capital expenditures

The capital expenditures by the Fraport Group from the beginning of 2005 to September 30, 2005 totalled € 430.5 million. € 138.9 million of them were accounted for by long-term money investments. The total capital expenditure amount was lower than originally planned, because there were delays in individual building projects. Capital expenditures were € 260.8 million higher than in the same period the previous year even so.

€ 239.7 million were invested in Frankfurt. The biggest individual items here were two purchases of land on which the future "Airport City Mönchhof" is, for example, to be built. € 72.4 million were also accounted for in total by the modernization and partial expansion of the existing terminals – including remodelling in preparation for the Airbus A380 and modernization of the fire protection systems.

€ 62.7 million were invested in the planned expansion of Frankfurt Airport in the period under review, including relocation of the US Air Base and the zoning procedure.

Capital expenditures: € 430,5 million



**Including "investment property".*

Cash flow statement

The **net cash flow from operating activities** in the first nine months of the current fiscal year amounted to € 387.6 million, which was € 15.1 million less than in the previous year. This reduction was due primarily to the € 38.6 million higher prepayments of taxes on income. The cash flow from the operational activities was € 22.8 million higher than in the same period the previous year, on the other hand. This was attributable primarily to the increase in the Group profit.

There was a large increase in the **net cash flow used in investing activities**. It was € 309.7 million higher than in the previous year at € 471.8 million. As part of the asset management program, € 138.9 million were put into long-term money investments, while € 75.0 million went into short-term money investments. Capital expenditures on property, plant and equipment and "investment property" increased, too. The latter involved two purchases of land.

The **net cash outflow from the financing activities** of € 70.2 million was € 127.6 million lower than in the previous year. The effect of the higher dividend payment for 2004 was much more than compensated for by the lower repayment of bank loans.

[1] *Taxes on income/(EBT – other taxes).*

[2] *The presentation of the Group profit has been changed in accordance with IAS 1 (revised); the figures for the previous year have been adjusted accordingly (cf. Notes).*

The total money investment of € 213.9 million reduced the **cash and cash equivalents**. They decreased from € 653.1 million in the same period the previous year to € 509.7 million.

Asset and capital structure

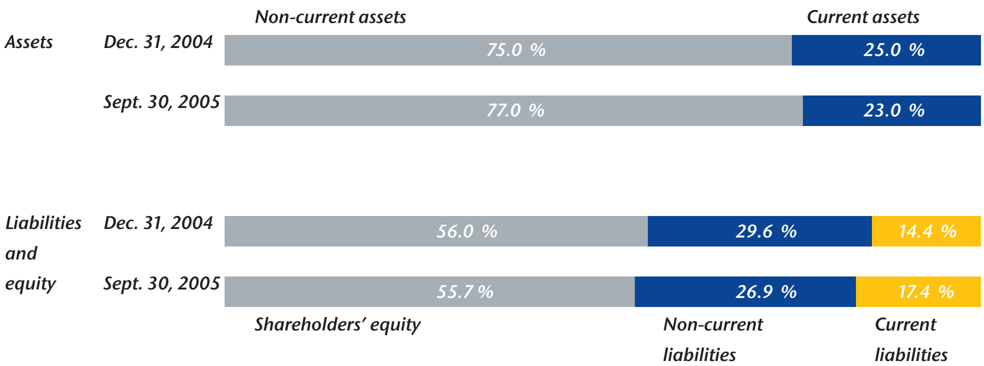
In accordance with IAS 1, the balance sheet of the Fraport Group is structured on the basis of remaining terms. The change is explained in the Notes; the figures for the previous year have been adjusted.

The **total assets** were 4.7 % higher than on December 31, 2004 at € 3,822.5 million. The change on the assets side was due primarily to the higher inflow of funds, most of which were invested. The trade accounts receivable increased, too.

The balance sheet structure is essentially the same as on December 31, 2004: the small shift in the assets between non-current and current assets is the result of the use of cash and cash equivalents for a money investment. The **equity ratio** [1] amounted to 55.3 % as at September 30, 2005 and was therefore almost the same as on the 2004 balance sheet date. There was a slight shift between non-current and current liabilities, because loan terms have decreased to less than one year since December 31.

The **net financial liabilities** amounted to € 138.4 million on September 30. The cash and cash equivalents had exceeded the **financial liabilities** by € 5.7 million on the 2004 balance sheet date. While the non-current and current financial liabilities decreased slightly to € 648.1 million, the cash and cash equivalents went down considerably from € 666.4 million to € 509.7 million in the period under review because of the money investments.

Balance sheet structure



[1] *Shareholders' equity before minority interests and the dividend that is to be distributed.*

Segment Reporting

The business operations of the Fraport Group are presented in the four segments "Aviation", "Retail & Properties", "Ground Handling" and "External Activities". The three strategic business divisions of Fraport AG in Frankfurt – "ground handling", "flight and terminal operations, expansion, security" and "retail and rental management" (see the "Executive Board and organization" section) – are assigned clearly to the Aviation, Retail & Properties and Ground Handling segments. These segments also include investments that are integrated in the business processes at the Frankfurt location. The internal information technology and telecommunications services and the real estate and facility management are included in the "Retail & Properties" segment.

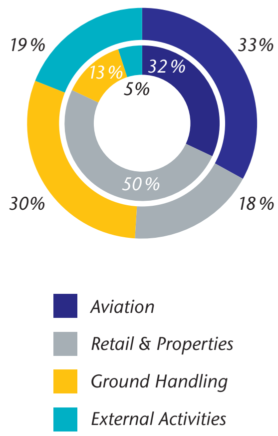
All the investments outside Frankfurt are assigned to the central acquisitions and investments department at Fraport AG, are included in the "External Activities" segment and are controlled centrally. The same applies to three companies based in Frankfurt which have business operations that do not fit in with any of the other segments.

The earnings of minority interests that are included in the accounts at equity and the income from other investments are shown in the financial result.

Aviation made the largest contribution to Group revenue with 33 %. Ground Handling accounted for 30 %, External Activities 19 % and Retail & Properties 18 %. These shares remained basically unchanged by comparison with the same period the previous year.

Retail & Properties continues to be the most profitable segment, contributing about 50 % of Group EBITDA. The percentage it accounted for decreased, however, in favour of the Aviation and Ground Handling segments, which benefitted to a larger extent from the growth in air traffic volume and cost-cutting measures.

***Shares of the segments in Group revenue** (outer circle) **and EBITDA** (inner circle)*



Aviation

The Aviation segment of the Group is responsible for flight and terminal operations, airport and aviation security and the infrastructure services associated with them at the Frankfurt location.

Aviation

in € million	Q3 2004	Q3 2005	Change *in %*	9M 2004	9M 2005	Change *in %*
Revenue	173.3	190.0	9.6	467.7	524.7	12.2
EBITDA	59.0	58.9	– 0.2	123.5	138.3	12.0
EBIT	45.3	43.5	– 4.0	83.3	97.3	16.8
Employees	3,327	3,509	5.5	3,294	3,520	6.9

Aviation generated revenue of € 524.7 million in the first nine months of fiscal 2005, essentially with airport fees and security services. This was an increase of 12.2 % over the same period the previous year.

The increase in traffic volume and the average price increase of 1.75 % that was made on January 1, 2005 were the main reasons for the higher airport fees. Contrary to our expectations, the revenue from military traffic in the first nine months of 2005 were higher than in the previous year, too.

The larger proceeds from security services were attributable primarily to the steady increase in aviation security requirements at European airports; the increase in traffic volume boosted revenue here as well.

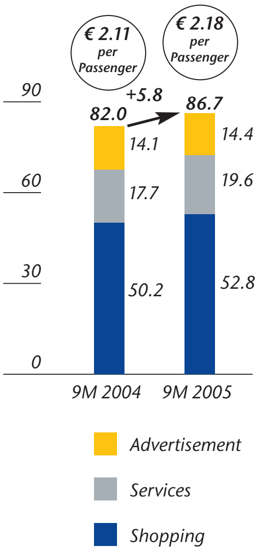
Operating expenses increased to a disproportionately small extent by comparison with revenue development. Higher expenses were due in particular to the increase in the number of staff to satisfy the security regulations as well as to repair and maintenance measures for terminal modernization purposes.

The segment EBITDA of € 138.3 million were 12.0 % higher than in the previous year, while EBIT were up € 14.0 million at € 97.3 million. The main reasons for the reduction in EBITDA and EBIT in the third quarter were the costs of construction and in particular demolition work.

Retail & Properties

Retail

in € million



Our business operations in the areas of retailing, parking facility management, property rental and marketing as well as CargoCity South (real estate) are combined in the Retail & Properties segment.

Retail & Properties

in € million	Q3 2004	Q3 2005	Change in %	9M 2004	9M 2005	Change in %
Revenue	95.3	96.2	0.9	276.8	276.1	– 0.3
EBITDA	71.8	77.3	7.7	216.1	221.5	2.5
EBIT	47.7	42.0	– 11.9	144.5	138.0	– 4.5
Employees	3,059	2,959	– 3.3	3,045	3,010	– 1.1

The segment revenue in the period under review stagnated at the same level as in the previous year at € 276.1 million. The increase in revenue from the retail and parking business was offset by lower revenue-based airport access fees, especially those charged to fuelling companies.

The retail revenue were boosted primarily by higher income generated by services. Increases in demand and optimized catering concepts were the main reasons for this. The development in shopping revenue continues to be depressed by the impact on the relevant space of the terminal modernization exercise. They were higher than in the previous year even so. The retail revenue per passenger increased from € 2.11 [1] to € 2.18.

Personnel expenses stagnated at the same level as in the previous year, while non-staff costs even decreased slightly. The development in non-staff costs reflects two opposite effects: the activities to repair and modernize the terminals are, on the one hand, continuing, whereas fewer provisions and accruals needed to be made than in the same period the previous year.

EBITDA were 2.5 % higher than in the previous year at € 221.5 million, whereas EBIT decreased by 4.5 % to € 138.0 million because of unscheduled depreciation and amortization.

[1] Advertising revenues are being shown differently from 2004. Taking the change into account, the comparable figure for the previous year would be € 2.08.

Ground Handling

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

Ground Handling

in € million	Q3 2004	Q3 2005	Change in %	9M 2004	9M 2005	Change in %
Revenue	161.5	165.5	2.5	455.7	468.3	2.8
EBITDA	27.4	32.3	18.2	40.4	58.9	45.8
EBIT	21.9	26.8	22.4	23.8	42.8	79.8
Employees	7,157	7,200	0.6	7,029	7,050	0.3

In the first nine months of the fiscal year, the Ground Handling segment generated revenue of € 468.3 million; this represents an increase of 2.8 % over the same period the previous year. The main reason for this was the positive development in traffic. A price increase in the infrastructure fees raised revenue, too.

The operating expenses were reduced even more substantially in the third quarter than was already the case in the first half of the year. This means that Ground Handling succeeded in continuing its steady improvements in productivity in the period under review. Personnel expenses and non-staff costs were at the same level as in the previous year in spite of the increase in traffic volume, while the costs of services required internally – e.g. for supply and communications services – even decreased.

EBITDA were 45.8 % higher than the previous year's figure at € 58.9 million and EBIT improved from € 23.8 million to € 42.8 million.

External Activities

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

External Activities

in € million	Q3 2004	Q3 2005	Change in %	9M 2004	9M 2005	Change in %
Revenue	114.2	108.6	– 4.9	287.2	293.5	2.2
EBITDA	13.7	13.7	0.0	29.0	23.3	– 19.7
EBIT	2.1	5.2	> 100	– 7.1	– 6.5	–
Employees	11,175	12,414	11.1	10,567	11,879	12.4

Segment revenue increased by 2.2 % in the first three quarters of 2005 to € 293.5 million. The revenue shortfall in Antalya, which amounted to about € 23 million in the External Activities segment in accordance with the proportionate consolidation approach, were the reason for the poor over-all revenue development, even involving a reduction in the third quarter. A second, rival terminal opened in Antalya in April, with the result that there has been a drop in the number of passengers in the terminal we operate.

ICTS Europe, which specializes in security services, succeeded in increasing its revenue again considerably, on the other hand. Substantial revenue growth was also achieved at the Group airport in Frankfurt-Hahn as well as by the subsidiary S.A. TCR International N.V. (TCR), which is based in Brussels. TCR rents and manufactures ground handling equipment.

With the exception of the Antalya location, segment operating expenses developed in line with revenue. It was not possible to compensate for the revenue shortfalls in Antalya by making corresponding savings due to the high proportion of fixed costs. Although this effect decreased in the third quarter – the concession charges that are made on airport fees were considerably lower in accordance with their graduated calculation basis – it was the reason for the drop of 19.7 % or € 5.7 million in the segment EBITDA to € 23.3 million during the first nine months. EBIT increased slightly because of the elimination of scheduled goodwill amortization at ICTS Europe in particular; they were € 0.6 million higher than in the previous year at € – 6.5 million.

The segment results do not include the income from investments of € 5.6 million and from investments held at equity of € 4.9 million, which are shown in the financial result.

The business figures of the main investments outside Frankfurt before consolidation are outlined below.

ICTS Europe – the wholly-owned subsidiary that specializes in security services – expanded its business in the first nine months of 2005. With additional commissions, for example in the Netherlands, Greece, Germany, Spain and Great Britain, and the expansion of existing contracts, it increased its revenue considerably by 13.9 % to € 253.4 million. The operating expenses increased in line with revenue development, while there were also special factors in the personnel expenses. EBITDA were slightly lower than in the previous year at € 18.2 million.

In **Antalya**, the opening of a second international terminal led to a reduction of 55.3 % in the passenger figures registered by the operating company in which Fraport holds an interest. Revenue decreased by 50.4 % to € 44.3 million as a result. EBITDA were down 46.4 % at € 28.0 million.

At **Frankfurt-Hahn**, the ongoing positive development in traffic volume led to an increase in revenue of 25.5 % to € 27.1 million in the first nine months of 2005, too. In spite of higher expenditure on winter services and individual write-downs in the first quarter of the current fiscal year, EBITDA improved by € 1.9 million to € – 1.6 million in the period under review.

The companies operating the airports Hanover-Langenhagen and Lima are valued at equity in the Group. In line with traffic growth, revenue in **Hanover** increased by 6.0 % to € 94.2 million. EBITDA were 3.2 % lower than in the previous year at € 29.8 million. The main reason for this was an increase in personnel expenses. They for the first time included allocations for payments that have to be made, such as holiday and Christmas bonuses. This factor will therefore be eliminated at the end of the year.

Revenue and earnings in **Lima** developed positively thanks to the growth in traffic volume. Euro-based revenue increased by 15.3 % to € 52.9 million, while EBITDA were 27.1 % higher than in the previous year at € 12.2 million. Revenue on a US dollar basis were up 18.8 % at USD 66.9 million. EBITDA were 30.5 % higher than in the same period the previous year at USD 15.4 million.

Employees

In the period under review, the number of employees in the Fraport Group increased by 6.4 % to an average of 25,459, 1,524 more than in the previous year. 15,330 employees worked in Frankfurt on average during this period.

Most of the growth was attributable to the External Activities segment: the number of employees here increased by 12.4 % or 1,312 compared with the previous year. The reason for this was the expansion of the business of ICTS Europe, which specializes in security services. The increase of 6.9 % or 226 employees in the Aviation segment was also due to the tighter security requirements. The number of employees in the Ground Handling segment was practically the same as in the previous year; Retail & Properties was the only segment where a small reduction in the number of employees was recorded.

The figures given here do not include the 370 apprentices – 20 more than in the same period the previous year – and employees exempted from their normal duties to carry out special assignments. The number of employees included for joint ventures corresponds to the interest held.

Segment	9M 2004	9M 2005	Change *in %*	2004	Change to 9M 2005 *in %*
Aviation	3,294	3,520	6.9	3,311	6.3
Retail & Properties	3,045	3,010	– 1.1	3,050	– 1.3
Ground Handling	7,029	7,050	0.3	7,042	0.1
External Activities	10,567	11,879	12.4	10,779	10.2

Segment	9M 2004	9M 2005	Change *in %*	2004	Change to 9M 2005 *in %*
Fraport Group	23,935	25,459	6.4	24,182	5.2
of which in Frankfurt	15,378	15,330	– 0.3	15,482	– 1.0
Investments	11,731	13,251	13.0	11,979	10.6
of which ICTS	9,360	10,583	13.1	9,577	10.5

Additional Information

Order situation

The summer flight schedule from March 27 to October 29, 2005 lists 109 airlines with passenger flights to 304 destinations in 110 countries. 4,404 takeoffs per week are expected on average, which is 4.4 % more than in the 2004 summer flight schedule. Growth is again being driven by intercontinental traffic.

The winter flight schedule from October 30, 2005 to March 25, 2006 lists 129 airlines with flights to 294 destinations in 111 countries. With an average of 4,233 takeoffs expected per week, the 2004/05 winter flight schedule is being exceeded by 2.5 %.

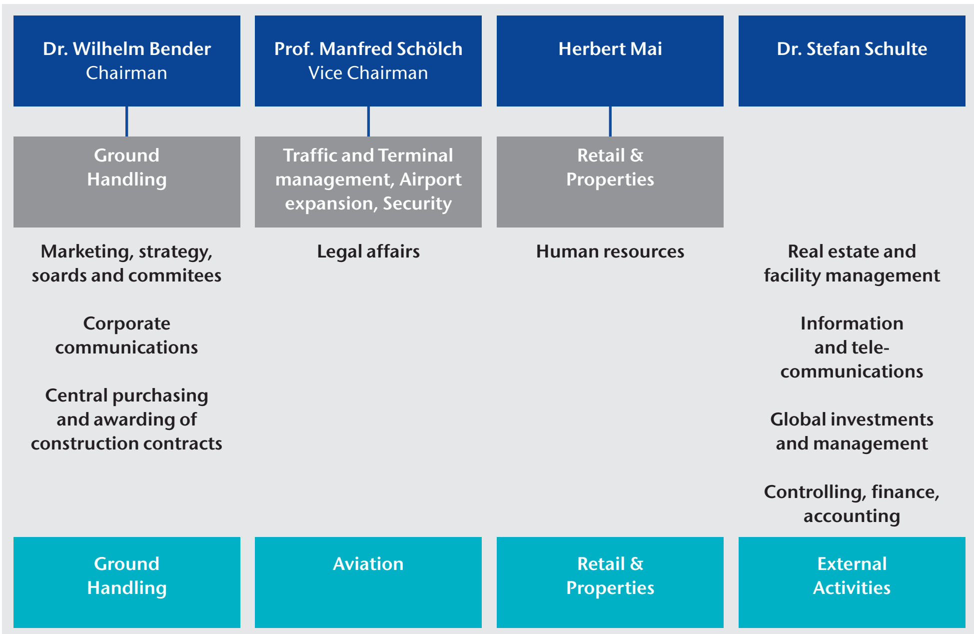
Executive Board and Organization

An optimized organizational structure took effect at Fraport AG on June 1, 2005, the main aim of which is to structure the company even more efficiently and to strengthen direct operational management by the Executive Board.

To this end, each of the strategic business divisions in which the business operations at Frankfurt Airport are organized was in an initial stage assigned directly to a member of the Executive Board. The strategic business division "ground handling" is now the responsibility of the Chairman of the Executive Board, while the Labor Relations Director is responsible for "retail and rental management" and the newly established strategic business division "flight and terminal operations, expansion and security" is assigned to the member of the Executive Board responsible for infrastructure and legal affairs. Since August, the Financial Director has been responsible not only for External Activities but also for planning and property development, which is reflected in the renaming of this position as "Finance and Property Development Director", too.

Another of the changes is that each member of the Executive Board has held reporting responsibility for one Group segment since July 1. The diagram below shows how these responsibilities have been allocated.

*Fraport Management organization from August 1, 2005 onwards **



** Excluding staff positions*

Significant Events After the Balance Sheet Date

On October 26, 2005, the Federal Republic of Germany placed its shareholding of 18.2 % with financial investors in two tranches. 11.6 % were sold directly in the context of an accelerated book-building exercise, as a result of which the free float increased to 41.4 % immediately. The second tranche is a combination of call options and an exchangeable bond with a term of 17 months. The buyers of this tranche have the right to take over the remaining 6.6 % of the Federal Republic of Germany's shares in March 2007. This means that the free float could then increase to 48.0 %.

On October 28, 2005 Deutsche Lufthansa AG announced the purchase of 4.5 million shares and is now holding a stake of 4.95 % of the issued capital.

On July 26, 2005, we agreed with our Turkish partner, Bayindir Insaat Turizm Ticaret ve Sanayi A.S., to increase our interest in the company that operates the International Terminal 1 in Antalya from 50 to 100 %. The transaction still has to be approved by the Turkish authorities that are responsible. This approval has not been granted so far.

Changes in Risk Reporting

We explained in the 2004 Annual Report that the new contract to be concluded with our main customer Deutsche Lufthansa about ground handling services in Frankfurt could have an adverse effect on our earnings. This risk has been eliminated by the agreement signed by both parties on September 27; the amended conditions have been taken into account in our planning.

Further information about the risk situation and risk management at Fraport AG can be found on pages 81 ff. of the 2004 Annual Report. There continue to be no apparent risks at the present time that could endanger the survival of the company.

Share Option Plan

The Annual General Meeting of Fraport AG that was held on June 1, 2005 passed a resolution about a new share option plan ("Fraport Management Share Option Plan 2005"/Fraport MSOP 2005). The new share option plan satisfies the more exacting requirements made, for example, by the German Corporate Governance Code on the arrangements for variable compensation for management staff. In contrast to the previous plan, it contains not just an absolute but also a relative exercise threshold as well as a profit limit and requires personal investment. The waiting period between the time when the options are granted and the earliest possible exercise date has also been extended from two to three years. The period during which the options can be exercised has been shortened accordingly from three years to two years. Under the terms of the Fraport MSOP 2005, share options can be issued to members of the Executive Board of Fraport AG, to members of the management of affiliated companies and to further selected managers of Fraport AG and the companies affiliated with it. In accordance with the rules of the new share option plan, Fraport AG has issued 198,300 share options for the whole of fiscal 2005. Since the Fraport MSOP 2005 has replaced the share option plan of March 14, 2001, no more new options are being issued under the old plan for fiscal 2005.

The number of share options issued under the terms of both share option plans amounted in total to 1,071,350 on September 30, 2005. Since the beginning of the year, the number of options issued in the context of the 2001 share option plan has decreased from 656,100 to 228,975 by being exercised or by expiring. A total of 198,300 share options were issued in the period under review under the Fraport MSOP 2005, none of which have been exercised or have expired.

Treasury Shares

Fraport AG held 113,925 treasury shares on September 30, 2005. This is a reduction of 9,743 shares compared with the end of fiscal 2004. They were issued as part of Executive Board compensation.

Other Financial Commitments

There was no major change in the other financial commitments by comparison with December 31, 2004.

Outlook

Airport expansion

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.

The public hearing stage of the zoning procedure that is necessary for this purpose has been reached in the meantime: since September 12, the Darmstadt District President has been processing our zoning procedure application and the roughly 127,000 objections raised against it. This stage in the procedure is supposed to be completed in February 2006. We are expecting the Hessian Ministry of Economics, Transport and Regional Development to issue its zoning decision in 2007.

A380 maintenance facility

We submitted the zoning application for construction of the A380 maintenance facility – a Lufthansa hangar and the associated warehouse building for the maintenance of wide-body aircraft – on November 26, 2004. The Hessian Higher Administrative Court dismissed the law suits initiated against the project by local authorities in particular on June 28, 2005. The applications to suspend immediate enforcement were rejected as well in this context. Following confirmation of this ruling by the Federal Administrative Court on September 7, 2005, clearing of the building site started on September 12, 2005. We are working on the assumption that the Lufthansa maintenance facility can be completed in good time for when the A380 is supposed to be coming into service in 2007.

Prospects

In view of the development of the business in the first nine months of 2005, we are assuming that we will be exceeding our forecast for the business figures for the year as a whole slightly, even though passenger growth in Frankfurt will be lower than the level of “about 3 %” assumed at the beginning of the year.

Passenger traffic

We are expecting passenger traffic at Frankfurt Airport to increase by about 2.0 – 2.5 %. Here, the overproportional increase of intercontinental traffic will continue, which is crucial for the development of Frankfurt as international hub.

The Group as a whole will be recording fewer passengers than in the previous year, because a second international terminal has been opened in Antalya, which is in competition with the one we operate there.

Group revenue

Up to now, we have worked on the assumption of a revenue increase of more than 3 %. It is, however, probable that revenue growth will be slightly higher. This is attributable in particular to the substantially higher revenue generated by security services. In addition to this, the fees charged for military traffic exceeded the initial expectations in the first three quarters of the year, while the civil traffic fees also increased faster, primarily because the maximum takeoff weights have risen more than planned.

The relocation of the US Air Force from Frankfurt to Ramstein and Spangdahlem in the fourth quarter will have a negative impact on the fees charged for military traffic. The reduction in revenue at the Antalya location and in the revenue-based airport access fees – especially those charged to fuelling companies – in Frankfurt will be continuing, because a ruling by the European Court of Justice requires a change to be made to cost-related charges for use.

EBITDA and Group profit

Thanks to the positive revenue development and good cost management, we are expecting EBITDA to increase, too: for the whole of 2005, we are working on the assumption that EBITDA growth will be slightly higher than revenue growth. Higher expenses for modernization projects and the remodelling of the terminals to make them suitable for the A380 as well as the revenue shortfalls outlined above have been taken into account in this forecast. The Group profit for the year should increase considerably.

Cost management

The air transport industry is going through a process of structural change, which is forcing the airlines and airport operators to tackle new challenges. Our competitive edge in this consolidation process is the close system partnership with the Star Alliance headed by Lufthansa. Both partners need to make contributions of their own on an ongoing basis to make sure this market position is maintained.

The negotiations with Lufthansa about the new ground handling contract were held with this in mind, too. The result, a contract up to 2010, was signed by both companies on September 27. In addition to price concessions, the arrangements included process improvements and modified service packages, which will lead to annual savings for Lufthansa in the double-digit million range. This contract will depress Fraport's earnings, but it also provides considerably greater planning reliability for the next few years in a difficult and rapidly changing market environment. This is an advantage not only for the ground handling operations with roughly 5,900 employees in Frankfurt but also for the entire company.

Our goal with the "WM 2005" program is a sustained contribution to EBITDA of more than € 40 million as a result of the activities planned for 2005. This would mean that we have improved earnings by about € 120 million since the project began; we aim to reach a sustained contribution of € 150 million by 2006.

Capital expenditures

Capital expenditures in the current fiscal year will be higher than in the previous year. This is due to a large extent to, for example, the ongoing modernization and expansion of the terminal and aircraft movement areas at Frankfurt Airport. They include the necessary remodelling exercises, as a result of which the terminals are being prepared to meet the requirements of the wide-body Airbus A380 jet, that is to be landing in Frankfurt from 2006/07 onwards, and the additional EU safety standards.

The capital expenditures scheduled for 2005 in the context of the planned capacity expansion include land purchases.

Manila

In August 2005, a Philippine company made Fraport AG an offer to take over Fraport's shares in the project companies for building and operating the 3rd terminal at the international airport in Manila and our claims against these companies for a price of USD 200 million. Fraport AG has accepted this offer – with certain modifications – as a basis for negotiation and is now holding ongoing discussions with the potential buyer about an appropriate transaction.

In view of the complexity of the case, it is not possible at the present time to predict the outcome of these negotiations.

Consolidated Income Statements as at September 30, 2005

Consolidated Income Statement

in € million	Q3 2004	Q3 2005	9M 2004	9M 2005
Revenue	**544.3**	**560.3**	**1,487.4**	**1,562.6**
Change in work-in-process	0.0	0.0	0.0	0.0
Other internal costs capitalized	4.8	5.6	14.0	14.3
Other operating income	4.7	4.3	17.9	17.9
Total revenue	**553.8**	**570.2**	**1,519.3**	**1,594.8**
Cost of materials	– 84.3	– 82.6	– 223.9	– 235.5
Personnel expenses	– 239.1	– 254.0	– 726.0	– 766.4
Other operating expenses	– 58.5	– 51.3	– 160.4	– 150.9
EBITDA	**171.9**	**182.3**	**409.0**	**442.0**
Depreciation and amortization of tangible and intangible non-current assets and investment property	– 54.9	– 64.8	– 164.5	– 170.4
EBIT (Operating profit)	**117.0**	**117.5**	**244.5**	**271.6**
Interest results	– 6.7	– 8.3	– 20.2	– 20.9
Share of profit or loss of investments accounted for using the equity method	0.8	2.7	2.7	4.9
Income from investments	0.5	2.9	4.2	5.6
Write downs of financial assets	0.0	– 0.2	– 1.2	– 1.3
Other financial results	1.3	1.4	– 1.5	– 8.8
Financial result	**– 4.1**	**– 1.5**	**– 16.0**	**– 20.5**
EBT (Result from ordinary operations)	**112.9**	**116.0**	**228.5**	**251.1**
Taxes on income	– 52.4	– 52.1	– 105.3	– 111.9
Other taxes	– 1.4	– 1.0	– 4.5	– 3.2
Group profit	**59.1**	**62.9**	**118.7**	**136.0**
Profit attributable to equity holders of Fraport AG	58.2	62.1	117.2	134.9
Profit or loss attributable to minority interests	0.9	0.8	1.5	1.1
Earnings per €10 share in € (basic)	**0.64**	**0.68**	**1.30**	**1.49**
Earnings per €10 share in € (diluted)	**0.63**	**0.67**	**1.28**	**1.47**

Consolidated Balance Sheet

Assets

in € million	Balance at December 31, 2004	Balance at September 30, 2005
Non-current assets		
Goodwill	116.8	108.6
Other intangible assets	52.5	55.8
Property, plant and equipment	2,381.5	2,451.3
Investment property accounted for using the equity method	0.0	37.6
Investments held at equity	46.9	52.8
Other financial assets	52.6	187.4
Other receivables and other assets	75.2	34.8
Deferred tax assets	13.4	13.8
	2,738.9	**2,942.1**
Current assets		
Inventories	12.1	12.9
Trade accounts receivable	168.6	195.3
Other receivables and other assets	64.2	162.5
Cash an cash equivalents	666.4	509.7
	911.3	**880.4**
	3,650.2	**3,822.5**

Liabilities and equity

in € million	Balance at December 31, 2004	Balance at September 30, 2005
Shareholders' equity		
Issued capital	905.1	910.7
Capital reserves	537.6	548.9
Revenue reserves	520.1	520.4
Group retained earnings 2004	68.0	–
Group profit Jan. 1 – Sept. 30, 2005	–	134.9
Issued capital and reserve attributable to equity holders of Fraport AG	2,030.8	2,114.9
(Minority interests, presented within equity)	–	20.9
(Liability of shareholders for uncalled capital)	–	– 4.8
Minority interests, presented within equity (net)	12.2	16.1
	2,043.0	**2,131.0**
Non-current liabilities		
Financial liabilities	574.1	523.4
Other liabilities	102.9	108.7
Deferred tax liabilities	129.8	126.6
Provisions for pensions and similar obligations	25.5	27.1
Provisions for income taxes	151.7	156.3
Other provisions	95.3	85.3
	1,079.3	**1,027.4**
Current liabilities		
Financial liabilities	86.6	124.7
Trade accounts payable	100.4	125.2
Other liabilities	111.7	158.1
Provisions for income taxes	43.5	34.1
Other provisions	185.7	222.0
	527.9	**664.1**
	3,650.2	**3,822.5**

Consolidated Cash Flow Statement

in € million	9M 2004	9M 2005	2004
Profit attributable to equity holders of Fraport AG	**117.2**	**134.9**	**136.4**
Taxes on income	105.3	111.9	120.9
Profit attributable to minority interest	1.5	1.1	2.0
Adjustments for			
Depreciation/write-ups (non-current assets)	165.7	173.8	240.8
Interest results	20.2	20.9	23.1
Income from investments	– 4.2	– 5.6	– 13.7
Gains/losses from disposals of non-current assets	1.0	0.1	4.6
Unrealized foreign currency results	8.6	6.9	0.3
Changes in investments accounted for using the equity method	– 2.7	– 4.9	– 1.0
Changes in inventories	0.9	– 0.8	5.0
Changes in receivables and other financial assets	– 42.6	– 26.1	42.7
Changes in provisions	69.0	6.8	52.8
Changes in liabilities (w/o financial liabilities and provisions)	39.0	82.7	19.8
Operational activities	*478.9*	*501.7*	*633.7*
Financial activities			
Interest paid	– 32.1	– 31.8	– 43.0
Interest received	11.9	10.9	19.9
Dividends received	4.2	5.6	13.7
Taxes on income paid	– 60.2	– 98.8	– 104.9
Net cash from operating activities	**402.7**	**387.6**	**519.4**
Capital expenditure for intangible assets	– 3.1	– 4.3	– 5.0
Capital expenditure for property, plant and equipment	– 160.5	– 246.1	– 232.1
Capital expenditure for investments held at equity	–	– 0.1	– 1.3
Investment property	–	– 32.9	–
Acquisition of subsidiaries	–	– 2.5	–
Other financial investments (long-term)	– 3.0	– 140.2	– 36.4
Other financial investments (short-term)	–	– 75.0	–
Proceeds from disposal of non-current assets	4.5	29.3	14.0
Net cash flow used in investing activities	**– 162.1**	**– 471.8**	**– 260.8**
Distribution	– 39.7	– 70.0	– 39.7
Capital increase	3.2	18.8	6.6
Change in financial liabilities	– 161.3	– 19.0	–167.5
Net cash flow used in financing activities	**– 197.8**	**– 70.2**	**– 200.6**
Foreign currency translation effect on cash and cash equivalents	– 0.5	– 2.3	– 2.4
Change in cash and cash equivalents	**42.3**	**– 156.7**	**55.6**
Cash and cash equivalents at January 1	610.8	666.4	610.8
Cash and cash equivalents at Sept. 30 resp. Dec. 31	**653.1**	**509.7**	**666.4**

Movements in Consolidated Shareholders' Equity

in € million	Issued Capital	Capital reserves	Legal reserves	Other revenue reserves	Group retained earnings	Profit attributable to equity holders of Fraport AG	Profit attributable to minority interests	Total
Balance at Jan. 1, 2004	**902.2**	**533.2**	**36.5**	**408.5**	**39.7**	**1,920.1**	**11.6**	**1,931.7**
Capital increase against deposits	1.5	1.7	–	–	–	3.2	–	3.2
Transfer of treasury shares	0.1	0.1	–	–	–	0.2	–	0.2
Distribution	–	–	–	–	– 39.7	– 39.7	– 1.0	– 40.7
Group profit Jan. 1 – Sept. 30, 2004	–	–	–	–	117.2	117.2	1.5	118.7
Share options	–	–	–	1.1	–	1.1	–	1.1
Foreign currency translation differences	–	–	–	5.5	–	5.5	–	5.5
Fair values changes of derivatives	–	–	–	0.1	–	0.1	–	0.1
Consolidation activity/ other changes	–	–	–	0.9	–	0.9	– 0.1	0.8
Balance at Sept. 30, 2004	**903.8**	**535.0**	**36.5**	**416.1**	**117.2**	**2,008.6**	**12.0**	**2,020.6**
Balance at Jan. 1, 2005	**905.1**	**537.6**	**36.5**	**483.6**	**68.0**	**2,030.8**	**12.2**	**2,043.0**
Capital increase against deposits	5.5	8.8	–	–	–	14.3	4.5	18.8
Transfer of treasury shares	0.1	0.1	–	–	–	0.2	–	0.2
Distribution	–	–	–	–	– 68.0	– 68.0	– 2.0	– 70.0
Group profit Jan. 1 – Sept. 30, 2005	–	–	–	–	134.9	134.9	1.1	136.0
Share options	–	2.4	–	– 1.9	–	0.5	–	0.5
Foreign currency translation differences	–	–	–	7.2	–	7.2	–	7.2
Fair value changes for financial assets available for sale	–	–	–	0.3	–	0.3	–	0.3
Fair values changes of derivates	–	–	–	– 6.4	–	– 6.4	– 0.7	– 7.1
Consolidation activity/ other changes	–	–	–	1.1	–	1.1	1.0	2.1
Balance at Sept. 30, 2005	**910.7**	**548.9**	**36.5**	**483.9**	**134.9**	**2,114.9**	**16.1**	**2,131.0**

Group Segments

Primary Segment Reporting

in € million	9M	Aviation	Retail & Properties	Ground Handling	External Activities	Group
Revenue	2005	524.7	276.1	468.3	293.5	1,562.6
	2004	467.7	276.8	455.7	287.2	1,487.4
Personnel expenses	2005	133.5	119.7	261.5	251.7	766.4
	2004	125.9	118.7	261.3	220.1	726.0
EBITDA	2005	138.3	221.5	58.9	23.3	442.0
	2004	123.5	216.1	40.4	29.0	409.0
Depreciation and amortization	2005	41.0	83.5	16.1	29.8	170.4
	2004	40.2	71.6	16.6	36.1	164.5
EBIT	2005	97.3	138.0	42.8	– 6.5	271.6
	2004	83.3	144.5	23.8	– 7.1	244.5

Consolidated Income Statement, Quarterly Results

in € million	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005
Revenue	**446.2**	**496.9**	**544.3**	**510.7**	**480.9**	**521.4**	**560.3**
Change in work-in process	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other internal costs capitalized	3.8	5.4	4.8	7.8	4.1	4.6	5.6
Other operating income	6.2	7.0	4.7	5.9	6.6	7.0	4.3
Total revenue	**456.2**	**509.3**	**553.8**	**524.4**	**491.6**	**533.0**	**570.2**
Cost of materials	– 71.2	– 68.4	– 84.3	– 92.3	– 77.0	– 75.9	– 82.6
Personnel expenses	– 240.2	– 246.7	– 239.1	– 248.5	– 252.4	– 260.0	– 254.0
Other operating expenses	– 45.4	– 56.5	– 58.5	– 76.4	– 52.0	– 47.6	– 51.3
EBITDA	**99.4**	**137.7**	**171.9**	**107.2**	**110.2**	**149.5**	**182.3**
Depreciation and amortization of tangible and intangible non-current assets and investment property	– 52.5	– 57.1	– 54.9	– 70.6	– 50.3	– 55.3	– 64.8
EBIT (Operating profit)	**46.9**	**80.6**	**117.0**	**36.6**	**59.9**	**94.2**	**117.5**
Interest results	– 7.8	– 5.7	– 6.7	– 2.9	– 5.8	– 6.8	– 8.3
Share of the profit or loss of investments accounted for using the equity method	0.4	1.5	0.8	– 0.9	0.2	2.0	2.7
Income from investments	1.9	1.8	0.5	9.5	1.7	1.0	2.9
Write downs of financial assets	– 0.2	– 1.0	0.0	– 4.7	0.0	– 1.1	– 0.2
Other financial results	– 3.8	1.0	1.3	– 0.2	– 2.3	– 7.9	1.4
Financial result	**– 9.5**	**– 2.4**	**– 4.1**	**0.8**	**– 6.2**	**– 12.8**	**– 1.5**
EBT (Result from ordinary operations)	**37.4**	**78.2**	**112.9**	**37.4**	**53.7**	**81.4**	**116.0**
Taxes on income	– 16.9	– 36.0	– 52.4	– 15.6	– 23.0	– 36.8	– 52.1
Other taxes	– 1.5	– 1.6	– 1.4	– 2.1	– 3.1	0.9	– 1.0
Group profit	**19.0**	**40.6**	**59.1**	**19.7**	**27.6**	**45.5**	**62.9**
Profit or loss attributable to equity holders of Fraport AG	18.9	40.1	58.2	19.2	27.7	45.1	62.1
Profit or loss attributable to minority interests	0.1	0.5	0.9	0.5	– 0.1	0.4	0.8

Notes

Accounting Policies

This unaudited interim report about the Fraport Group as at September 30, 2005 has been prepared in accordance with IAS 34 and – like the consolidated financial statements for 2004 – 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). All the publications by the IASB that have to be applied from January 1, 2005 onwards have been taken into account. Major changes are outlined below.

In December 2003, the IASB published the following modified standards within the framework of its project to revise the IFRS: IAS 1 (Presentation of Financial Statements), IAS 2 (Inventories), IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), IAS 10 (Events After the Balance Sheet Date), IAS 16 (Property, Plant and Equipment), IAS 17 (Leases), IAS 21 (The Effects of Changes in Foreign Exchange Rates), IAS 24 (Related Party Disclosures), IAS 27 (Consolidated and Separate Financial Statements), IAS 28 (Investments in Associates), IAS 31 (Interest in Joint Ventures), IAS 33 (Earnings per Share) and IAS 40 (Investment Property). The revised standards replace the earlier versions of these standards and apply for fiscal years that begin on or after January 1, 2005. Application of the revised standards does not have any major impact on the asset, financial and earnings situation of the Fraport Group.

The revised version of IAS 1 leads to a change in the structure of the consolidated balance sheet and consolidated income statement. In the consolidated income statement, there has been a change in the presentation of the Group profit for the year and the period; it has to be shown including the share due to profit or loss attributable to minority interest now.

The consolidated balance sheet is being structured on the basis of remaining terms from now on. Balance sheet items are being divided up into non-current and current assets and liabilities. Assets and liabilities are classified as current when the remaining term is less than one year or they are met within the framework of a standard business cycle.

Goodwill, other intangible assets and investment property are now shown separately in the balance sheet as non-current assets. Trade accounts receivable and trade accounts payable are shown as current assets and liabilities. Provisions for pensions and similar obligations are shown as non-current liabilities in accordance with their character. Deferred taxes are classified as non-current assets and liabilities in the balance sheet.

In December 2003, the IASB published the revised standards IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement). These standards replace IAS 32 (in the revised version of 2000) and IAS 39 (in the revised version of 2000) and apply in this form for fiscal years that begin on or after January 1, 2005. Application of the revised standards does not have any major impact on the asset, financial and earnings situation of the Fraport Group.

In February 2004, the IASB published IFRS 2 (Share-based Payment). This standard covers accounting for such share-based payment systems as the granting of stock options to employees. IFRS 2 specifies the accounting and valuation principles for share-based payments and commits companies to include the financial effects of such share-based payments – including expenditure on transactions in which stock options are granted to employees – in their income statement. IFRS 2 applies for fiscal years that begin on or after January 1, 2005 and must be applied retroactively. The adjustment to the opening balance sheet value of the retained earnings – which has no impact on income – amounts to about € 1.4 million. Application of IFRS 2 depressed earnings by € 0.8 million as at September 30, 2005.

In March 2004, the IASB issued IFRS 3 (Business Combinations). IFRS 3 specifies the acquisition method for presenting business combinations. All the identifiable assets, liabilities and contingent liabilities must be included in the financial statements with their fair value at the time of acquisition. Amortization of goodwill is no longer allowed; instead of this, goodwill must be subjected to an impairment test at least once a year.

Since March 31, 2004, Fraport has applied IFRS 3 in connection with the latest versions of IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) to business combinations with a contract date after this time. Since January 1, 2005, goodwill and intangible assets that were acquired before March 31, 2004 in the context of a business combination have been included in the financial statements accordingly.

The suspension of amortization of goodwill in the 3rd quarter of 2005 improved earnings by € 6.6 million.

The standards IFRS 4 and 5 were also published in March 2004. Application of them does not have any major impact on the asset, financial and earnings situation of the Fraport Group.

In connection with the publication of IFRS 3, the IASB published the revised standards IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) in March 2004. The most important changes include the fact that goodwill and intangible assets with an indefinite useful life have to be tested to determine possible impairment on an annual basis. If events or changes in circumstances occur that indicate a possible reduction in value, this impairment test must be made more frequently, too. Reversal of impairment losses for goodwill are not allowed. Intangible assets that will probably generate inflows of funds into the company for an indefinite period of time must be included with an indefinite useful life. Scheduled amortization of such intangible assets is not allowed. The revised standards apply to goodwill and intangible assets acquired in the context of business combinations with contract dates after March 31, 2004 as well as to all other goodwill and intangible assets for fiscal years that begin on or after March 31, 2004.

In March 2004, the IASB published an amendment to IAS 39 (Financial Instruments: Recognition and Measurement). The amendment simplifies implementation of IAS 39 by specifying less strict conditions than in the past for companies to take advantage of the possibilities of hedge accounting in financial statements to provide portfolio protection against the risk of changes in interest rates. The changes to this standard apply for fiscal years that begin on or after January 1, 2005. Application of the standard does not have any major impact on the asset, financial and earnings situation of the Fraport Group.

In May 2004, the International Financial Reporting Interpretations Committee ("IFRIC") published the IFRIC Interpretation I (Changes in Existing Decommissioning, Restoration and Similar Liabilities). IFRIC 1 applies for fiscal years that begin on or after September 1, 2004. Application of the interpretation does not have any major impact on the asset, financial and earnings situation of the Fraport Group.

In November 2004, the IFRIC published an amendment to SIC-12 (Consolidation Special Purpose Entities). This amendment includes equity compensation plans in the area covered by SIC-12. This means that a company which outsources the establishment of a share-based compensation system to a trust fund (or a comparable company) is required to consolidate this fund / company if there is the possibility of control and if IFRS 2 (Share-based Payment) is being applied. Post-employment benefit plans and all other benefits due to employees in the long term are no longer covered by SIC-12 in future, on the other hand. The amendment applies for fiscal years that begin on or after January 1, 2005. Observance of the amended rules did not have any major impact on the asset, financial and earnings situation of the Fraport Group.

In December 2004, the IASB published a limited amendment to the standard IAS 39 (Financial Instruments: Recognition and Measurement) concerning the statement of financial assets and liabilities for the first time. The amendment includes a transitional arrangement for the retroactive application of the rules for day one profit recognition. In contrast to the earlier version of IAS 39 (from March 31, 2004), the amended standard gives companies an option that facilitates the switch to day one profit recognition and reconciles the IASB standards to the US GAAP rules. The changes apply for fiscal years that begin on or after January 1, 2005 as well as for previous fiscal years if IAS 39 and IAS 32 (the versions of March 31, 2004 in both cases) have been applied in these fiscal years. Application of the standards does not have any major impact on the asset, financial and earnings situation of the Fraport Group.

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.

Scope of Consolidated Financial Statements

The number of entities included in consolidation by the Fraport Group (including associates) increased from 67 companies on December 31, 2004 to 83.

Fraport AG established the wholly-owned subsidiary Fraport Real Estate Verwaltungs GmbH, Flörsheim am Main, on March 23, 2005. The company was provided with share capital of € 25,000 and was included in the consolidated financial statements as at June 30, 2005 after the foundation of the company took effect. The purposes of the company are to make investments as well as to assume responsibility for the management and personal liability at trading companies.

Fraport AG and Fraport Real Estate Verwaltungs GmbH established Fraport Immobilienservice und -entwicklungs GmbH & Co. KG, Flörsheim am Main, on June 2, 2005. Fraport AG made the whole of the capital payment of € 225,000 alone. The company was included in the consolidated financial statements for the first time as at June 30, 2005. The company was set up to acquire, manage, develop and market own or third-party commercial and private property within and outside Frankfurt Airport, to provide services in connection with the relocation of the Rhine-Main Air Base in Frankfurt and to carry out the auxiliary transactions associated with these activities with regard to the use and commercialisation (renting/leasing/sale) of the company assets.

Fraport AG and gedas deutschland GmbH, Berlin, established the company gedas operational services GmbH & Co. KG, Berlin, on March 17, 2005. Each of the partners took over 50 % of the shares in the company with a nominal value of € 125,000. gedas deutschland GmbH is responsible for corporate management of the company, which was included in the Fraport consolidated financial statements for the first time as an associated company as at June 30, 2005. The company is responsible for operating the computer center, the service desk and the network at Frankfurt Airport.

A resolution was passed at the Extraordinary Shareholders' Meeting of Flughafen Frankfurt-Hahn GmbH, Lautzenhausen, on March 30, 2005 to include the State of Hesse as a future shareholder of Flughafen Frankfurt-Hahn GmbH. In the context of the investment made by State of Hesse, the share capital of the company was increased to € 50.0 million. Fraport AG will in future hold 65 % of the capital of Flughafen Frankfurt-Hahn GmbH. The States of Rhineland-Palatinate and Hesse own 17.5 % each.

New Age Aviation Security US Inc., Washington D.C. (USA), was acquired as a subsidiary of ICTS Europe on January 1, 2005. The acquisition costs of USD 73,500 (about € 54,000) correspond to the 75 % of the shares that were acquired. The company was included in the ICTS sub-group on January 1, 2005. Goodwill of € 0.1 million was created when the business combination was included in the financial statements for the first time. The company provides consulting and training services in the security field.

ICTS Europe Holdings B.V. acquired 50.1 % of the shares in Underwater Security Consultants Ltd., London (Great Britain), at the beginning of the year, too. Underwater Security Consultants Ltd. is a corporate group to which the following companies belong: Underwater Security Consultants Nigeria Ltd., Port Harcourt Rivers State (Nigeria), Maritime and Underwater Security Consultants Singapore Pte Ltd. (Singapore), Maritime and Underwater Security Consultants Hellas Ltd., Pireus (Greece), Maritime and Underwater Security Consultants USA LLC, Houston, Texas (USA), Guard-One (UK) Ltd., London (Great Britain), Global Marine Cable Systems Ltd., Nigeria, Port Harcourt Rivers State (Nigeria), Wellington Offshore Ltd., London (Great Britain), MUSC Krogius Ltd., Tallinn (Estonia).

The corporate group operates in the maritime consulting field. The services involve in particular maritime security, maritime insurance, the laying of sea cables underwater in shallow water, the production of training manuals and security plans for ships and port facilities. The acquisition costs of Underwater Security Consultants Ltd., London, amounted to GBP 1.8 million (about € 2.5 million). The corporate group was consolidated for the first time at the time of acquisition (January 1, 2005). When the business combination was included in the financial statements for the first time, provisional goodwill of € 2.3 million was taken into account initially in accordance with IFRS 3.62 (Provisional Specification of Initial Accounting). The provisional figures have to be adjusted within 12 months of the time of acquisition.

Diag-Nose Israel Ltd., Lod (Israel), was established as a wholly-owned subsidiary of ICTS Europe on February 6, 2005 and was included in the ICTS sub-group on March 31, 2005. The acquisition costs amounted to about € 18,000. The company operates in the security services field.

ICTS Europe established the wholly-owned subsidiary ICTS Albania SH.P.K., Tirana (Albania), on March 19, 2005. It was included in the ICTS sub-group for the first time on March 31, 2005. The acquisition costs of the shareholders' equity, which was taken over completely, amounted to about € 32,000. The company provides guarding and security services.

ICTS Europe acquired 100 % of the shares in Security Partners Ltd., Moscow (Russia), on April 1, 2005. It was included in the ICTS sub-group for the first time on June 30, 2005. The acquisition costs amount to less than € 1,000. The company operates in the security services field.

No material additional costs were incurred in the acquisition and establishment of the companies apart from acquisition costs.

The change in the entities included in consolidation did not have any material effects that impact comparability with previous periods.

Explanatory Notes About Selected Balance Sheet and Income Statement Items

Interest results

in € million	9M 2004	9M 2005
Interest income	11.9	10.9
Interest expenses	32.1	31.8
	– 20.2	**– 20.9**

Share of the profit or loss accounted for using the equity method

in € million	9M 2004	9M 2005
Flughafen Hannover-Langenhagen GmbH	0.2	2.1
LAP Lima Airport Partners S. R. L.	1.6	2.1
ACF Airmail Center Frankfurt GmbH	0.1	0.0
ASG Airport Service Gesellschaft mbH	0.9	1.0
Portway-Handling de Portugal S. A.	– 0.1	0.0
Grundstücksgesellschaft Gateway Gardens GmbH	–	– 0.2
gedas operational	–	– 0.1
	2.7	**4.9**

Income from investments

in € million	9M 2004	9M 2005
Antalya Havalimani Uluslararasi Terminal Isletmeciligi Anomin Sirketi	0.0	0.0
Ineuropa Handling UTE	4.2	5.6
	4.2	**5.6**

Write downs of financial assets

in € million	9M 2004	9M 2005
Loans	1.2	1.3

Other financial results

in € million	9M 2004	9M 2005
Income from securities and loans	0.9	2.8
Fair values of securities in non-current assets	–	– 2.8
Foreign currency gains	0.7	0.2
Foreign currency losses	3.1	7.9
Fair values of derivatives	–	– 1.1
	– 1.5	**– 8.8**

Frankfurt am Main, November 7, 2005

Fraport AG
Frankfurt Airport Services Worldwide
The Executive Board

Dr. Bender Prof. Schölch Mai Dr. Schulte

Financial Calendar

March 7, 2006 . . . . Press conference about the 2005 financial statements

May 10, 2006 . . . . Interim report on the 1st quarter of 2006

May 31, 2006 . . . . Annual General Meeting

August 8, 2006 . . . . Interim report on the 2nd quarter of 2006

November 7, 2006 . . . . Interim report on the 3rd quarter of 2006

Contacts

Fraport AG
Frankfurt Airport Services Worldwide
60547 Frankfurt am Main
Germany

Telephone: 01805 3724636 or 01805-FRAINFO
From outside Germany: +49 69 690-0
Internet: www.fraport.com

Investor Relations
Telephone : +49 69 690-74842
Fax: +49 69 690-74843
E-Mail: investor.relations@fraport.de

Imprint

Published by: Fraport AG Frankfurt Airport Services Worldwide.

Content: Investor Relations (VFI).

Layout and production: Corporate Communications (UKM-IK).

(11/05/0,25)