



## Letter to Shareholders

January – June 2006

### The Austrian Airlines Group at a glance

|   |      | 4-6/2006  | +/- % | 1-6/2006  | +/- %  |
|---|------|-----------|-------|-----------|--------|
| Revenue                                   | EURm | 676.0     | 9.9   | 1,222.8   | 13.5   |
| EBITDAR adjusted <sup>1</sup>             | EURm | 88.2      | -7.4  | 126.9     | 7.3    |
| EBITDAR                                   | EURm | 94.3      | 24.4  | 138.7     | 53.9   |
| EBIT adjusted <sup>2</sup>                | EURm | 6.1       | -     | -47.8     | 25.4   |
| EBIT                                      | EURm | 9.1       | -     | -41.0     | 55.6   |
| Loss before tax adjusted <sup>2</sup>     | EURm | -3.3      | 50.7  | -71.0     | 15.0   |
| Loss before tax                           | EURm | -3.9      | 82.8  | -59.5     | 43.4   |
| Cash flow from operating activities       | EURm | 146.3     | -5.3  | 195.1     | 9.7    |
| Passengers carried                        |      | 2,870,620 | +8.8  | 4,990,640 | +10.8  |
| Passenger load factor (scheduled service) | %    | 71.9      | 0.0P. | 72.1      | +2.1P. |

1 Adjusted for profit/losses from the disposal of assets and for exchange rate valuations at the reporting date

2 Adjusted for profit/losses from the disposal of assets, for exchange rate valuations at the reporting date and revaluations of aircraft

## Highlights

### Second Quarter: improvement in result and traffic growth

- Expansion in scheduled production: +9.9% ASK
- Passenger load factor (scheduled services) stable at 71.9%
- Recovery in demand: passengers +8.8%
- EBIT improved by EUR 26.4m to EUR 9.1m
- Increase in adjusted EBIT in Q2 to EUR 6.1m (2005: EUR 2.1m)

### Further expansion into key Focus East markets

- New destinations and flight increases within East European route network
- Austrian Airlines Group the driver of growth at Vienna Airport

### Quality offensive launched

- Introduction of lie-flat sleeper seats
- Reorganisation of Group structure
- Free catering in medium-haul sector

### Results situation tense in financial year 2006

- Crude oil prices hit new record high
- ACG air traffic controllers have negative effect on punctuality
- Results forecast revised for full year

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## A Word from the Board of Management

Dear Shareholders,

The Austrian Airlines Group managed to continue the strong growth it experienced in early 2006 into the second quarter, and to build a sharp increase in its traffic results as a result. The company's future-oriented route network, positioned in some of the world's strongest growth regions, is a valuable asset and of huge importance to our long-term success. More than 70% of the growth seen at Vienna International Airport in the second quarter was generated by the Austrian Airlines Group. The summer schedule 2006 saw another offensive launched into the Group's strategic core markets, with availability in Eastern Europe increasing to a total of 571 flights a week to 44 different destinations.

Due to the further increases in crude oil and consequently kerosene purchase prices, the Group was forced to adjust the fuel surcharge upwards in May. To counteract this trend and the high logistics surcharge associated with refuelling in Vienna, the Group has been refuelling its own long-haul flights since August 2005. This service has been provided by the company Skytanking since 1 June 2006. Despite this, our dependency on OMV remains significant. As a further measure, therefore, we will apply for OMV pricing policy to be examined subject to competition law.

The Austrian Airlines Group set itself a punctuality goal for 2006 at the internationally recognised standard of 83% of total flights. Summer performance would stand at 90%, always assuming regular put-through within Austro Control (ACG). The noticeable improvements in flight punctuality achieved recently are currently at risk due to the irregularities amongst ACG air traffic controllers. There have been capacity bottlenecks at Austrian air traffic control since spring, which have resulted in massive restrictions on network and transfer quality and expensive delays on connecting flights.

The second half of 2006 is likely to be dominated by factors including continued high kerosene prices exceeding our budgetary assumptions (already set high as a precautionary measure) and the negative consequences of the capacity bottlenecks that have been emerging at Austrian air traffic control since spring. As a result, it has become necessary to correct our forecast result for the year as a whole. It will probably not be possible to achieve a balanced adjusted EBIT. Depending on the political and economic framework conditions, the annual result will probably be better than the previous year.

Qualitative growth in our network, particularly against the background of the high kerosene prices, demands consistent optimisation of the route portfolio, which leads to the suspension of individual, and consequently low-yield, routes. Subject to these points of view, we have decided to suspend our Australian routes to Sydney and Melbourne from end-March 2007. We are currently looking into alternative long-haul destinations that correspond to our strategic orientation and provide adequate contributions to our overall European route network.

One important strategic goal of the Group is to expand its market position in business traffic. To strengthen this trend in the longer term and give clearer expression to the high quality demands of the Austrian Airlines Group, the Boeing 777 and Boeing 767 long-haul jets will be equipped with innovative lie-flat seats from summer 2006 onwards. Numerous well considered comfort elements, examples of which include an extra-wide screen and a massage function, promise to make the journey particularly comfortable. To complement conversion to the new lie-flat sleeper seats, the number of Business Class seats installed in these long-haul jets is to increase. Revenue-optimised traffic flow management has been introduced as a further innovation on April's new fare concept, alongside a successful internet offensive allowing differentiated management of local and transfer traffic compared to previous consideration of individual routes.

With the aim of strengthening the quality, market and customer view of the company, and of designing our production processes to be as streamlined and smooth as possible, we have now launched a restructuring of the Group, to be implemented by September. The merged Network & Sales Division now has 10 departments instead of 22, as used to be the case. In future, 'frontline' customer services, including Cabin Services, will be merged for the entire Group in the newly conceived Product and Customer Service Division. A Group-wide process and quality control will ensure performance stability.

As part of its quality offensive, the Austrian Airlines Group has decided to reintroduce a free service on medium-haul routes throughout the system, replacing the existing bistro service. Implementation is planned to begin from autumn 2006 onwards.



Alfred Ötsch, CEO



Josef Burger, CCO



Thomas Kleibl, CFO

## Business Trends

**Adjustments  
based on IAS 16**

The present interim financial statement has been prepared according to the same accounting methods as the annual financial statement as at 31 December 2005, in which adjustments were made to the balance sheet reporting of aircraft overhauls (maintenance reserves) based on IAS 16 and to the calculation of the depreciation of aircraft components. Correspondingly, the reporting of previous years has also been retrospectively adjusted in accordance with IAS 8. Due to its sale, Airst was deconsolidated in the report period.

### Sharp increase in revenue and operating revenue

**Q2 flight revenue:  
+10.7%**

Due to the strong trend in demand, flight revenue rose by 10.7% in the second quarter of 2006 to EUR 642.3m, and to EUR 1,158.9m (+14.4%) in the first six months of the year. Operating revenue rose by 9.9% to reach EUR 694.7m in the second quarter report period, while cumulative operating revenue rose by 13.2% to EUR 1,260.3m in the first half-year.

### Expenses rise due to high fuel costs

**Q2 fuel  
expenditure:  
EUR +32.1m**

In the first six months of the year, operating expenses reached a total of EUR 1,301.3m (+7.9%). In the second quarter, operating expenses rose by 5.5% to EUR 685.6m, slightly below the increase in production of 5.9% (as measured in available seat kilometers). Expenses on materials and services rose by 13.6% on last year, driven above all by increased kerosene prices. As a result, fuel expenditure in the second quarter increased by EUR 32.1m to EUR 140.2m, leaving it EUR 72.3m up on the first half-year compared to the same period in 2005. The average kerosene price in the second quarter, at USD 684/ton, was 23.9% above the figure for the previous year. As a result, the proportion of total expenditure before exceptionals accounted for by fuel expenditure increased from 16.6% to 20.4% within one year. The resultant cost increases could only be passed on to passengers through surcharges to a limited extent. With the price of oil rising beyond USD 70/barrel, the company was forced to increase fuel surcharges on its long-haul routes from 5 May 2006.

The increase in production, combined with our continuing restrictive staffing policy, enabled us to improve productivity. Personnel expenditure increased to EUR 132.5m (+4.9%). Due to strict cost management in the area of overheads and exchange rate valuations at the reporting date, other expenses fell by 20.6% to EUR 48.2m.

### **Improvement in results situation**

**Q2 EBIT:  
EUR 9.1m**

Despite the considerable additional expenditure on fuel, the EBIT improved by EUR 26.4m in the second quarter to reach EUR 9.1m. The EBIT adjusted for exchange rate valuations on the reporting date and profits from sales of assets increased from EUR 2.1m to EUR 6.1m. Cumulatively, the EBIT improved by 55.6% to EUR -41.0m in the first half-year of 2006, while the adjusted EBIT reached EUR -47.8m (2005: EUR -64.1m).

Due to a poorer financial result as a consequence of the USD trend, the second quarter reported a loss for the period of EUR -3.9m (previous year: EUR 3.4m). Cumulatively, the loss for the half-year period improved from EUR -79.0m to EUR -61.0m.

### **Cash flow from operating activities remains stable**

**Strongly positive  
cash flow from  
operating  
activities**

Cash flow from operating activities in the second quarter, at EUR 146.3m, was slightly below the figure for the same period the previous year. Overall cash flow from operating activities in the first half-year increased by 9.7% to reach EUR 195.1m (2005: EUR 177.8m). Cash flow from investing activities in the first six months of the year fell from EUR 167.8m to EUR 10.2m as a result of lower outflows for the acquisition of aircraft and higher inflows from the sales of aircraft and financial assets. Cash and cash equivalents increased to EUR 180.9m, an increase of EUR 60.1m compared to the balance sheet date of 31 December 2005, and reflect an increase of EUR 102,7m compared to 30 June 2005.

### **Strategic fleet adjustment continues**

**Sale of  
CRJ-100  
and A340-200**

One Airbus A319 and one B737-800 were newly transferred into the fleet in the first half-year. Fixed orders are currently in place for one B777-200ER, with delivery due to take place in January 2007. Further important steps were taken in the strategic fleet adjustment. One CRJ-100 was sold and transferred at end-March 2006. One A340-200 was also taken out of service at end-March, and transferred in May.

At end-June 2006, due to the consistent reduction in unnecessary capacity and the fleet adjustment, one Boeing B737-600, one Dash-8/300 (with purchase agreement) and three Embraer 145 were being leased outside the Austrian Airlines Group. One Boeing B737-300 and one Fokker 100 were in use at the Group's Slovak Airlines subsidiary.

## Segments

Under IFRS, the business segments of the Austrian Airlines Group are divided into the individual segments of scheduled, charter and complementary services.

Q2 scheduled  
passengers:  
+10.2%

In **scheduled services**, the strategy of expansion continued in the first half-year of 2006. Routes previously being operated by Lauda Air in the charter segment were incorporated into scheduled operations. Seen cumulatively, the load factor improved by 2.1 percentage points to 72.1% in the January-June period. In the second quarter, with the load factor stable, availability (measured in available seat kilometers) was expanded by 9.9% and successfully sold in the market. Particularly worth a mention here is the sharp increase in Business Class passengers on long-haul. The number of passengers carried rose by 10.2% to 2,379,782. Overall, revenue in the scheduled segment increased from EUR 902.7m to EUR 1,047.9m (+16.1%) in the first half-year. The EBIT improved to EUR -38.5m in the report period (comparison period 2005: EUR -81.4m).

Shift from  
charter to  
scheduled

In the **charter** segment there was a reduction in availability of 12.3%. The number of flights operated fell particularly sharply in the long-haul segment, although this reduction was partly a result of the transfer of individual routes into the scheduled segment. Despite reduced availability, the number of passengers rose by 2.2% to 490,838. Although there was a sharp fall in production, revenue in the charter segment in the first six months of the year remained stable at EUR 111.0m (2005: EUR 110.4m). The EBIT improved from EUR -13.5m to EUR -4.7m.

Revenue in the **complementary services** segment (which includes third-party handling, technical services and aircraft leasing) reached EUR 63.9m in the first half-year of 2006 (last year: EUR 64.3m). The EBIT came to EUR 2.2m (last year: EUR 2.6m).

Expansion of  
long-haul

Taken by **geographical segment**, the growing availability saw a strong increase in long-haul traffic. The biggest increases in passenger volume were reported in the Far East region. On short- and medium-haul routes, too, scheduled traffic growth was exceptionally strong. The biggest growth was achieved on routes to Scandinavia, Switzerland, the Middle East and Central Europe. In the long-haul charter segment, there was a reduction in availability and a shift into scheduled business in the form of integrated long-haul scheduling. Popular seasonal holiday destinations such as Cancun, Varadero, Punta Cana and Montego Bay will once again be served in the winter of 2006.

## Austrian Airlines on the Capital Market

### Share price trend

#### Fall in Austrian Airlines share price

The trend in the price of airline shares has continued to be influenced by the highly volatile oil price trend in recent months. Austrian Airlines shares were able to recover strongly from their year-end price as at 31 December 2005 of EUR 6.57, rising to a high of EUR 9.17 on 5 April 2006. After falling to a low of EUR 6.21 on 14 June 2006, the share price closed at EUR 6.68 on 30 June 2006.

#### Dividend cancelled for 2005

The financial strategy of the Austrian Airlines Group is designed to achieve lasting restructuring of the operating result and a reduction in the level of debt, which worsened in 2005 due to that year's negative result. Due to the lack of a balance sheet profit at the parent company, it was not possible to pay a dividend for the financial year 2005.

### Transparent communication

#### Investor Relations – comprehensive information for the Financial Community

The Investor Relations strategy of the Austrian Airlines Group is designed to provide the financial community with a wide range of different types of information, complete openness and transparency. The company's active dialogue with all capital market players continued in the report period at a number of international events. The Annual General Meeting was held on 22 May 2006. Interested investors can access an extensive range of information surrounding the company at [www.austrianairlines.co.at](http://www.austrianairlines.co.at).

#### Financial Calendar

Publication of result, 3rd Quarter

24 October 2006



## Consolidated Income Statement

| EURm  | 1-6/2006        | 1-6/2005 <sup>1,2</sup> | +/- %        | 4-6/2006      | 4-6/2005 <sup>1,2</sup> | +/- %       |          |
|---|-----------------|-------------------------|--------------|---------------|-------------------------|-------------|----------|
| Traffic revenue   | 1,158.9         | 1,013.1                 | 14.4         | 642.3         | 580.1                   | 10.7        |          |
| Other revenue   | 63.9            | 64.3                    | -0.6         | 33.7          | 34.8                    | -3.2        |          |
| <b>Revenue</b>  | <b>1,222.8</b>  | <b>1,077.4</b>          | <b>13.5</b>  | <b>676.0</b>  | <b>614.9</b>            | <b>9.9</b>  |          |
| Changes in inventories  | 2.8             | 0.4                     | -            | 2.7           | 0.2                     | -           |          |
| Result from disposal of non-current assets  | -1.3            | 2.0                     | -            | -0.9          | -0.6                    | -50.0       |          |
| Other income <sup>3</sup>   | 36.0            | 34.0                    | 5.9          | 16.9          | 17.8                    | -5.1        |          |
| <b>Operating revenue</b>  | <b>1,260.3</b>  | <b>1,113.8</b>          | <b>13.2</b>  | <b>694.7</b>  | <b>632.3</b>            | <b>9.9</b>  |          |
| Expenses for materials and services excl. rentals                                     | -768.9          | -665.7                  | -15.5        | -419.7        | -369.5                  | -13.6       |          |
| Personnel expenses  | -261.0          | -245.7                  | -6.2         | -132.5        | -126.3                  | -4.9        |          |
| Other expenses <sup>4</sup>   | -91.7           | -112.3                  | 18.3         | -48.2         | -60.7                   | 20.6        |          |
| <b>EBITDAR</b>  | <b>138.7</b>    | <b>90.1</b>             | <b>53.9</b>  | <b>94.3</b>   | <b>75.8</b>             | <b>24.4</b> |          |
| <b>EBITDAR adjusted<sup>5</sup></b>   | <b>126.9</b>    | <b>118.3</b>            | <b>7.3</b>   | <b>88.2</b>   | <b>95.2</b>             | <b>-7.4</b> |          |
| Depreciation and amortisation <sup>6</sup>  | -145.2          | -151.5                  | 4.2          | -67.5         | -76.7                   | 12.0        |          |
| Rentals   | -34.5           | -30.9                   | -11.7        | -17.7         | -16.4                   | -7.9        |          |
| <b>Operating expenses</b>   | <b>-1,301.3</b> | <b>-1,206.1</b>         | <b>-7.9</b>  | <b>-685.6</b> | <b>-649.6</b>           | <b>-5.5</b> |          |
| <b>Result from operating activities (EBIT) before associates</b>                      | <b>-41.0</b>    | <b>-92.3</b>            | <b>55.6</b>  | <b>9.1</b>    | <b>-17.3</b>            | <b>-</b>    |          |
| <b>Result from operating activities (EBIT) adjusted before associates<sup>7</sup></b> | <b>-47.8</b>    | <b>-64.1</b>            | <b>25.4</b>  | <b>6.1</b>    | <b>2.1</b>              | <b>-</b>    |          |
| Share of profits in associates  | -1.7            | -0.2                    | -            | 0.6           | -0.1                    | -           |          |
| Financial expenses  | -36.7           | -36.1                   | -1.7         | -18.7         | -19.1                   | 2.1         |          |
| Financial income  | 14.6            | 14.1                    | 3.5          | 8.1           | 7.6                     | 6.6         |          |
| Result from the disposal of financial assets  | 10.7            | 0.0                     | -            | 1.0           | 0.0                     | -           |          |
| Other financial expenses and income   | -5.4            | 9.4                     | -            | -4.0          | 6.2                     | -           |          |
| <b>Financial result</b>   | <b>-18.5</b>    | <b>-12.8</b>            | <b>-44.5</b> | <b>-13.0</b>  | <b>-5.4</b>             | <b>-</b>    |          |
| <b>Loss before tax</b>  | <b>-59.5</b>    | <b>-105.1</b>           | <b>43.4</b>  | <b>-3.9</b>   | <b>-22.7</b>            | <b>82.8</b> |          |
| <b>Loss before tax adjusted<sup>7</sup></b>   | <b>-71.0</b>    | <b>-83.5</b>            | <b>15.0</b>  | <b>-3.3</b>   | <b>-6.7</b>             | <b>50.7</b> |          |
| Income taxes  | -1.5            | 26.6                    | -            | 0.0           | 26.6                    | -           |          |
| Loss/Profit from continuing operations  | -61.0           | -78.5                   | 22.3         | -3.9          | 3.9                     | -           |          |
| Loss/Profit from continuing operations adjusted <sup>7</sup>                          | -72.5           | -56.9                   | -27.4        | -3.3          | 19.9                    | -           |          |
| Loss from operations held for sale  | -               | -0.5                    | -            | -             | -0.5                    | -           |          |
| <b>Net loss/net profit for the period</b>   | <b>-61.0</b>    | <b>-79.0</b>            | <b>22.8</b>  | <b>-3.9</b>   | <b>3.4</b>              | <b>-</b>    |          |
| <b>Net loss/net profit for the period adjusted<sup>7</sup></b>                        | <b>-72.5</b>    | <b>-57.4</b>            | <b>-26.3</b> | <b>-3.3</b>   | <b>19.4</b>             | <b>-</b>    |          |
| Attributable to:  |                 |                         |              |               |                         |             |          |
| Shareholders of Austrian Airlines AG  | -59.9           | -78.1                   | 23.3         | -4.2          | 4.1                     | -           |          |
| Minority interests  | -1.1            | -0.9                    | -22.2        | 0.3           | -0.7                    | -           |          |
| <b>Earnings per share</b>   | <b>EUR</b>      | <b>-1.85</b>            | <b>-2.42</b> | <b>23.6</b>   | <b>-0.13</b>            | <b>0.12</b> | <b>-</b> |
| <b>Earnings per share diluted</b>   | <b>EUR</b>      | <b>-1.85</b>            | <b>-2.42</b> | <b>23.6</b>   | <b>-0.13</b>            | <b>0.12</b> | <b>-</b> |

1 Figures for 2005 restated according to IAS 8 and IAS 16

2 Figures for 2005 have been regrouped according to changes in reporting structure

3 Inclusive of profits from exchange rate valuations at the reporting data in 2006 (EUR 13.2m)

4 Inclusive of losses from exchange rate valuations at the reporting data in 2006 (EUR -30.2m)

5 Adjusted for profits/losses from the disposal of assets and for exchange rate valuations at the reporting date

6 Inclusive of revaluations according to IAS 36, Impairment (2006: EUR -5.0m, 2005: EUR 0.0m)

7 Adjusted for profits/losses from the disposal assets, for exchange rate valuations at the reporting data and revaluations of aircraft

## Consolidated Balance Sheet

### Assets

| EURm   | 30.6.2006      | 31.12.2005     | +/- %       | 30.6.2005 <sup>1</sup> | +/- %        |
|--|----------------|----------------|-------------|------------------------|--------------|
| Intangible assets                                    | 23.8           | 25.1           | -5.2        | 30.5                   | -22.0        |
| Aircrafts  | 2,234.6        | 2,274.4        | -1.7        | 2,361.4                | -5.4         |
| Other tangible assets                                | 57.9           | 57.2           | 1.2         | 160.5                  | -63.9        |
| Investments in associates using the equity method    | 11.0           | 12.7           | -13.4       | 13.1                   | -16.0        |
| Securities and loans                                 | 169.2          | 197.3          | -14.2       | 224.0                  | -24.5        |
| Other non-current assets                             | 42.9           | 74.2           | -42.2       | 88.1                   | -51.3        |
| Deffered tax assets                                  | 95.9           | 95.2           | 0.7         | 124.1                  | -22.7        |
| <b>Non-current assets</b>                            | <b>2,635.3</b> | <b>2,736.1</b> | <b>-3.7</b> | <b>3,001.7</b>         | <b>-12.2</b> |
| Inventories  | 58.5           | 57.9           | 1.0         | 59.9                   | -2.3         |
| Trade receivables                                    | 213.1          | 178.2          | 19.6        | 216.8                  | -1.7         |
| Other current assets                                 | 72.1           | 64.3           | 12.1        | 80.1                   | -10.0        |
| Cash and cash equivalents                            | 180.9          | 120.8          | 49.8        | 78.2                   | -            |
| Assets of disposal group classified as held for sale | -              | 42.0           | -           | 35.8                   | -            |
| <b>Current assets</b>                                | <b>524.6</b>   | <b>463.2</b>   | <b>13.3</b> | <b>470.8</b>           | <b>11.4</b>  |
| <b>Total assets</b>                                  | <b>3,159.9</b> | <b>3,199.3</b> | <b>-1.2</b> | <b>3,472.5</b>         | <b>-9.0</b>  |

### Shareholders' equity and liabilities

| EURm  | 30.6.2006      | 31.12.2005     | +/- %        | 30.6.2005 <sup>1</sup> | +/- %        |
|---|----------------|----------------|--------------|------------------------|--------------|
| Issued share capital  | 247.2          | 247.2          | 0.0          | 247.2                  | 0.0          |
| Reserves  | 316.7          | 447.6          | -29.2        | 452.7                  | -30.0        |
| Accumulated losses  | -59.9          | -130.7         | -            | -78.1                  | 23.3         |
| <b>Equity attributable to shareholders of Austrian Airlines AG</b>          | <b>504.0</b>   | <b>564.1</b>   | <b>-10.7</b> | <b>621.8</b>           | <b>-18.9</b> |
| Minority interests  | 1.6            | 1.5            | 6.7          | -2.7                   | -            |
| <b>Shareholders' equity</b>   | <b>505.6</b>   | <b>565.6</b>   | <b>-10.6</b> | <b>619.1</b>           | <b>-18.3</b> |
| Provisions  | 279.1          | 268.6          | 3.9          | 255.9                  | 9.1          |
| Interest-bearing liabilities  | 1,245.6        | 1,326.3        | -6.1         | 1,498.2                | -16.9        |
| Other liabilities   | 22.0           | 27.5           | -20.0        | 29.7                   | -25.9        |
| <b>Non-current liabilities</b>  | <b>1,546.7</b> | <b>1,622.4</b> | <b>-4.7</b>  | <b>1,783.8</b>         | <b>-13.3</b> |
| Provisions  | 225.3          | 165.5          | 36.1         | 223.2                  | 0.9          |
| Interest-bearing liabilities  | 447.7          | 469.5          | -4.6         | 389.0                  | 15.1         |
| Income tax liabilities  | 3.7            | 3.6            | 2.8          | 3.6                    | 2.8          |
| Other liabilities   | 430.9          | 354.1          | 21.7         | 438.7                  | -1.8         |
| Liabilities directly associated with the assets classified as held for sale | -              | 18.6           | -            | 15.1                   | -            |
| <b>Current liabilities</b>  | <b>1,107.6</b> | <b>1,011.3</b> | <b>9.5</b>   | <b>1,069.6</b>         | <b>3.6</b>   |
| <b>Total shareholders' equity and liabilities</b>                           | <b>3,159.9</b> | <b>3,199.3</b> | <b>-1.2</b>  | <b>3,472.5</b>         | <b>-9.0</b>  |

<sup>1</sup> Figures for 2005 restated according to IAS 8 and IAS 16

## Statement of changes in Shareholders' Equity

| EURm  | Issued share capital | Reserves         |                      |                             | Share owned by the company | Accumulated losses/profits | Equity attributable to shareholders of Austrian Airlines AG | Minority interests | Shareholders' equity |
|---|----------------------|------------------|----------------------|-----------------------------|----------------------------|----------------------------|---|--------------------|----------------------|
|   |                      | Capital reserves | Currency translation | Reserve according to IAS 39 |                            |                            |   |                    |                      |
| <b>As at 31.12.2004 restated<sup>1</sup></b>  | 247.2                | 24.7             | -                    | -9.3                        | -14.8                      | 436.7                      | 684.5   | 1.9                | 686.4                |
| Currency differences                          |                      |                  |                      |                             |                            |                            |   |                    |                      |
| Valuation investments                         |                      |                  |                      | 13.9                        |                            |                            | 13.9  |                    | 13.9                 |
| Other changes from hedging instruments        |                      |                  |                      |                             |                            |                            |   |                    |                      |
| Other changes from deferred taxes             |                      |                  |                      |                             |                            |                            |   |                    |                      |
| Other changes                                 |                      |                  |                      |                             |                            | 1.5                        | 1.5   | -3.7               | -2.2                 |
| Total sums not affecting the operating result |                      |                  |                      | 13.9                        |                            | 1.5                        | 15.4  | -3.7               | 11.7                 |
| Net loss/net profit for the period            |                      |                  |                      |                             |                            | -78.1                      | -78.1   | -0.9               | -79.0                |
| <b>As at 30.6.2005 restated<sup>1</sup></b>   | 247.2                | 24.7             | 0.0                  | 4.6                         | -14.8                      | 360.1                      | 621.8   | -2.7               | 619.1                |
| <b>As at 31.12.2005</b>                       | 247.2                | 24.7             | 0.1                  | 0.6                         | -14.8                      | 306.3                      | 564.1   | 1.5                | 565.6                |
| Currency differences                          |                      |                  |                      |                             |                            |                            |   |                    |                      |
| Valuation investments                         |                      |                  |                      |                             |                            |                            | 0.0   |                    | 0.0                  |
| Other changes from hedging instruments        |                      |                  |                      | -0.5                        |                            |                            | -0.5  |                    | -0.5                 |
| Other changes from deferred taxes             |                      |                  |                      | 0.6                         |                            |                            | 0.6   |                    | 0.6                  |
| Other changes                                 |                      |                  |                      |                             |                            | -0.3                       | -0.3  | 1.2                | 0.9                  |
| Total sums not affecting the operating result |                      |                  |                      | 0.1                         |                            | -0.3                       | -0.2  | 1.2                | 1.0                  |
| Net loss/net profit for the period            |                      |                  |                      |                             |                            | -59.9                      | -59.9   | -1.1               | -61.0                |
| <b>As at 30.6.2006</b>                        | 247.2                | 24.7             | 0.1                  | 0.7                         | -14.8                      | 246.1                      | 504.0   | 1.6                | 505.6                |

<sup>1</sup> Figures for 2004 and 2005 restated according to IAS 8 and IAS 16

## Consolidated Cash Flow Statement

| EURm   | 1-6/2006      | 1-6/2005 <sup>1</sup> | +/- %       | 4-6/2006     | 4-6/2005 <sup>1</sup> | +/- %       |
|--|---------------|-----------------------|-------------|--------------|-----------------------|-------------|
| Loss before tax  | -59.6         | -105.6                | 43.6        | -4.0         | -23.2                 | 82.8        |
| Depreciation and amortisation                              | 145.2         | 151.6                 | -4.2        | 67.5         | 76.8                  | -12.1       |
| Profit from disposal of non-current assets                 | -9.3          | -2.0                  | -           | -            | 0.6                   | -           |
| Share of profits in associates                             | 1.7           | 0.2                   | -           | -0.6         | 0.1                   | -           |
| Financial expenses   | 36.7          | 36.0                  | 1.9         | 18.7         | 19.0                  | -1.6        |
| Financial income   | -14.6         | -14.1                 | -3.5        | -8.1         | -7.6                  | -6.6        |
| Increase/decrease in inventories                           | -0.5          | -7.1                  | 93.0        | 0.8          | -9.6                  | -           |
| Increase/decrease in receivables and other assets          | -11.6         | -46.3                 | -           | -19.6        | -2.5                  | -           |
| Increase/decrease in provisions                            | 51.7          | 38.5                  | 34.3        | 37.5         | 28.4                  | 32.0        |
| Increase/decrease in other liabilities                     | 70.1          | 95.0                  | -26.2       | 61.2         | 54.2                  | 12.9        |
| Foreign currency losses/gains                              | -13.2         | 30.2                  | -           | -7.1         | 18.9                  | -           |
| Income taxes paid  | -1.5          | 1.4                   | -           | 0.0          | -0.6                  | -           |
| <b>Cash flow from operating activities</b>                 | <b>195.1</b>  | <b>177.8</b>          | <b>9.7</b>  | <b>146.3</b> | <b>154.5</b>          | <b>-5.3</b> |
| Purchase of tangible and intangible assets                 | -119.3        | -189.7                | 37.1        | -68.7        | -124.7                | 44.9        |
| Proceeds/Purchase of other financial assets                | 60.0          | 0.6                   | -           | 40.1         | 3.3                   | -           |
| Purchase from subsidiaries minus cash and cash equivalents | -             | 0.7                   | -           | -            | -                     | -           |
| Proceeds from disposal of non-current assets               | 38.3          | 6.5                   | -           | 36.5         | 1.6                   | -           |
| Financial income received                                  | 10.8          | 14.1                  | -23.4       | 4.6          | 7.6                   | -39.5       |
| <b>Cash flow from investing activities</b>                 | <b>-10.2</b>  | <b>-167.8</b>         | <b>93.9</b> | <b>12.5</b>  | <b>-112.2</b>         | <b>-</b>    |
| Borrowing of interest-bearing liabilities                  | 81.7          | 135.8                 | -39.8       | 49.2         | 103.6                 | -52.5       |
| Payment of interest-bearing liabilities                    | -171.1        | -99.6                 | -71.8       | -103.3       | -104.4                | 1.1         |
| Financial expenses paid                                    | -35.4         | -36.0                 | 1.7         | -17.8        | -19.0                 | 6.3         |
| <b>Cash flow from financing activities</b>                 | <b>-124.8</b> | <b>0.2</b>            | <b>-</b>    | <b>-71.9</b> | <b>-19.8</b>          | <b>-</b>    |
| Increase/decrease of cash and cash equivalents             | 60.1          | 10.2                  | -           | 86.9         | 22.5                  | -           |
| <b>Cash and cash equivalents at beginning of period</b>    | <b>120.8</b>  | <b>68.0</b>           | <b>77.6</b> | <b>94.0</b>  | <b>55.7</b>           | <b>68.8</b> |
| <b>Cash and cash equivalents at end of period</b>          | <b>180.9</b>  | <b>78.2</b>           | <b>-</b>    | <b>180.9</b> | <b>78.2</b>           | <b>-</b>    |

1 Figures for 2005 restated according to IAS 8 and IAS 16

## Traffic Statistics and Key Figures

### Employees

|                            | 1-6/2006 | 1-6/2005 | +/- % | 4-6/2006 | 4-6/2005 | +/- % |
|----------------------------|----------|----------|-------|----------|----------|-------|
| Average <sup>1</sup>       | 8,559    | 8,381    | 2.1   | 8,644    | 8,488    | 1.8   |
| End of period <sup>1</sup> | 8,686    | 8,570    | 1.4   | -        | -        | -     |

### Traffic Statistics (Scheduled and Charter traffic)

#### Scheduled traffic

|                                    | 1-6/2006   | 1-6/2005   | +/- %  | 4-6/2006  | 4-6/2005  | +/- %  |
|------------------------------------|------------|------------|--------|-----------|-----------|--------|
| Revenue passenger kilometers (000) | 9,533,774  | 8,322,178  | +14.6  | 5,024,988 | 4,573,581 | +9.9   |
| Available seat kilometers (000)    | 13,214,663 | 11,873,207 | +11.3  | 6,985,694 | 6,355,487 | +9.9   |
| Passenger load factor in %         | 72.1       | 70.0       | +2.1P. | 71.9      | 71.9      | 0.0P.  |
| Passengers carried                 | 4,312,153  | 3,814,777  | +13.0  | 2,379,782 | 2,159,461 | +10.2  |
| Block hours                        | 150,374    | 135,958    | +10.6  | 78,333    | 72,227    | +8.5   |
| RTK (000)                          | 1,306,156  | 1,133,816  | +15.2  | 686,584   | 616,415   | +11.4  |
| ATK (000)                          | 1,826,854  | 1,641,287  | +11.3  | 965,786   | 881,841   | +9.5   |
| Overall load factor in %           | 71.5       | 69.1       | +2.4P. | 71.1      | 69.9      | +1.2P. |
| Total tons                         | 83,568     | 72,724     | +14.9  | 43,558    | 37,862    | +15.0  |

#### Charter traffic

|                                 |           |           |       |           |           |       |
|---------------------------------|-----------|-----------|-------|-----------|-----------|-------|
| Available seat kilometers (000) | 2,037,318 | 2,378,044 | -14.3 | 1,238,670 | 1,412,702 | -12.3 |
| Passengers carried              | 678,487   | 688,548   | -1.5  | 490,838   | 480,104   | +2.2  |
| Block hours                     | 18,030    | 19,914    | -9.5  | 11,504    | 12,572    | -8.5  |

#### Total

|                                    |            |            |        |           |           |        |
|------------------------------------|------------|------------|--------|-----------|-----------|--------|
| Revenue passenger kilometers (000) | 11,029,432 | 10,028,823 | +10.0  | 5,953,917 | 5,565,004 | +7.0   |
| Available seat kilometers (000)    | 15,251,981 | 14,251,251 | +7.0   | 8,224,364 | 7,768,189 | +5.9   |
| Passenger load factor in %         | 72.3       | 70.4       | +1.9P. | 72.4      | 71.6      | +0.8P. |
| Passengers carried                 | 4,990,640  | 4,503,325  | +10.8  | 2,870,620 | 2,639,565 | +8.8   |
| RTK (000)                          | 1,452,980  | 1,307,458  | +11.1  | 776,632   | 715,629   | +8.5   |
| ATK (000)                          | 2,051,298  | 1,913,953  | +7.2   | 1,098,599 | 1,038,516 | +5.8   |
| Overall load factor in %           | 70.8       | 68.3       | +2.5P. | 70.7      | 68.9      | +1.8P. |

### Capital market figures

|  | 1-6/2006 | 1-6/2005 | +/- % | 4-6/2006 | 4-6/2005 | +/- % |
|--|----------|----------|-------|----------|----------|-------|
| „Reuters code“                             | AUAV.VI  |          |       |          |          |       |
| Share price High EUR                       | 9.17     | 10.05    | -8.8  | 9.17     | 8.44     | +8.6  |
| Share price Low EUR                        | 6.21     | 6.43     | -3.4  | 6.21     | 6.43     | -3.4  |
| Share price (end of period) EUR            | 6.68     | 7.05     | -5.2  | 6.68     | 7.05     | -5.2  |
| Market capitalisation (end of period) EURm | 227.1    | 239.7    | -5.3  | 227.1    | 239.7    | -5.3  |
| Turnover on Vienna Stock Exchange EURm     | 135.0    | 163.9    | -17.6 | 54.3     | 71.7     | -24.3 |

<sup>1</sup> Inclusive employees currently in training and similar