

A practical handbook for everyday use

HOW TO RUN AN AIRPORT

EVERYTHING YOU NEED TO KNOW
TO SUCCESSFULLY RUN AN AIRPORT!



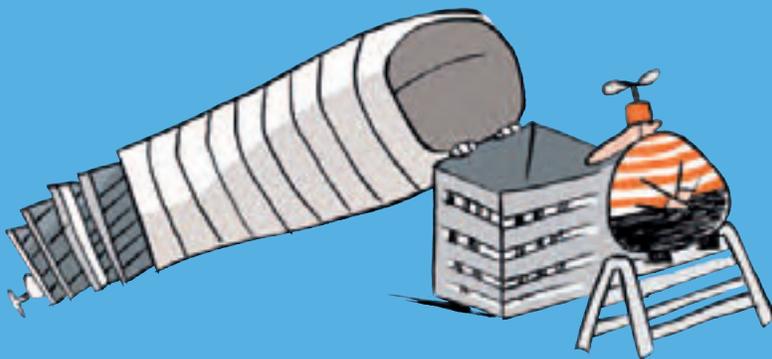
ANNUAL REPORT 2006

vie Vienna
International
Airport
Open For New Horizons.

ABOUT THIS BOOK

An airport is much more than just arrivals and departures. It is a complex system that is made up of many different steps, ideas, plans, coordinates, parameters, components, decisions, modifications ... and above all adjustments. From the car parks to every take-off and landing, countless process steps must be synchronised – and as smoothly as possible. Where time is lost, money is lost, and where baggage is lost, the reputation follows. Success means responsibility, and responsibility means taking a broader view.

This book will give you a detailed look at the key elements of this branch using Vienna International Airport as an example, and is recommended reading for both beginners and experts.



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Key Data on the Flughafen Wien Group

Financial Indicators in € mill. (excluding employees)

	2006	Change in %	2005	2004
Total turnover	463.9	13.1	410.3	398.3
Thereof Airport	211.3	12.0	188.6	190.5
Thereof Handling	139.6	5.6	132.2	123.6
Thereof Non-Aviation	112.8	26.4	89.2	83.9
EBIT	103.7	12.3	92.3	102.5
EBIT margin in % ¹⁾	21.7	2.0	21.3	24.5
EBITDA	169.6	13.3	149.7	151.6
EBITDA margin in % ²⁾	35.6	3.0	34.5	36.2
ROCE in % ³⁾	8.9	-13.3	10.2	13.1
Net profit after minority interests	76.8	3.3	74.3	71.7
Cash flow from operating activities	141.6	-10.4	158.0	194.4
Equity	739.2	13.1	653.8	627.7
Balance sheet total	1,485.4	24.5	1,193.4	952.3
Capital expenditure ⁴⁾	203.4	-36.3	319.1	185.3
Taxes on income	24.3	-4.0	25.3	33.8
Employees ⁵⁾	3,834	9.5	3,500	3,232

Industry Indicators

MTOW in mill. tonnes ⁶⁾	6.8	3.7	6.5	6.2
Passengers in mill.	16.9	6.3	15.9	14.8
Thereof transfer passengers in mill.	5.7	4.2	5.4	5.1
Flight movements	237,490	2.9	230,900	224,809
Cargo (air cargo and trucking) in tonnes	265,778	13.3	234,677	209,625
Seat occupancy in % ⁷⁾	68.5	3.2	66.4	65.2

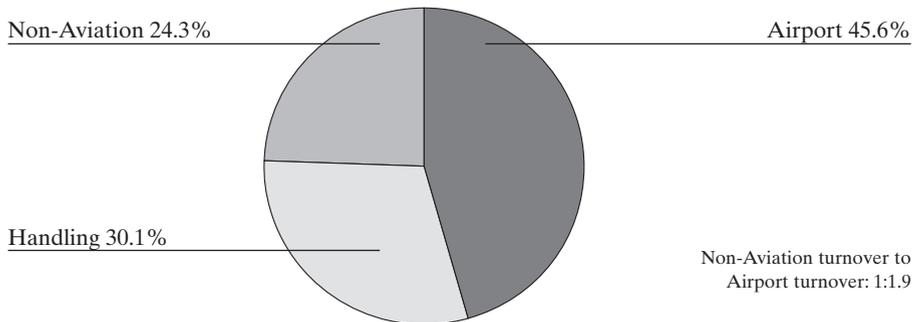
Stock Market Indicators

Shares outstanding in mill.	21	0.0	21	21
P/E Ratio as of 31.12.	20.4	19.0	17.1	16.3
Earnings per share in €	3.66	3.4	3.54	3.41
Dividend per share in € ⁸⁾	2.20	10.0	2.00	2.00
Dividend yield as of 31.12; in %	3.0	-10.6	3.3	3.6
Pay out ratio (as a % of net profit)	60.2	6.4	56.5	58.6
Market capitalisation as of 31.12.; in € mill.	1,562.4	23.0	1,270.3	1,169.7
Stock price: high in €	76.35	24.8	61.20	57.29
Stock price: low in €	51.94	5.8	49.10	37.95
Stock price: as of 31.12. in €	74.40	23.0	60.49	55.70
ATX weighting as of 31.12. (in %)	1.5	-13.5	1.7	2.6

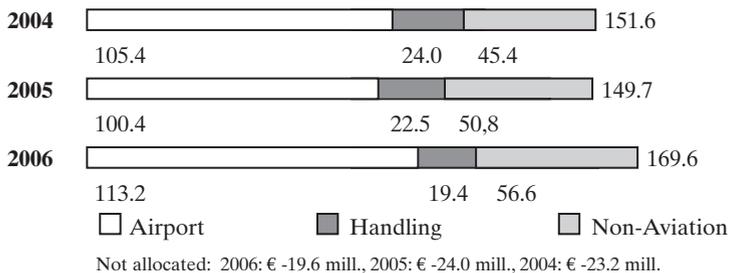
1) EBIT margin (earnings before interest and taxes) = EBIT / Operating income. 2) EBITDA margin (earnings before interest, taxes, depreciation and amortisation) = EBIT + depreciation / Operating income. 3) ROCE (return on capital employed after tax) = EBIT less allocated taxes / Average capital employed. 4) Tangible and intangible assets. 5) Weighted average number of employees including apprentices and employees on official non-paying leave (maternity, military service etc.) and excluding the Management Board and managing directors. 6) MTOW: maximum take-off weight for aircraft. 7) Seat occupancy: Number of passengers / Available number of seats. 8) Reporting year: recommendation to the Annual General Meeting.

The Development of Flughafen Wien AG at a Glance

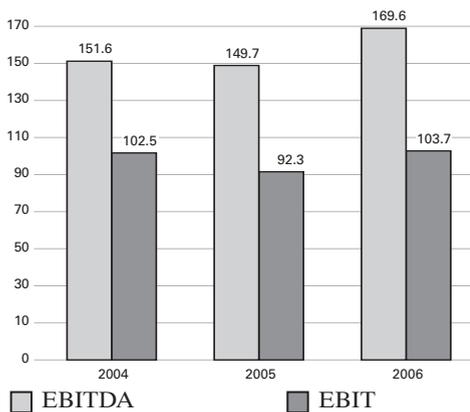
Turnover 2006 by segment



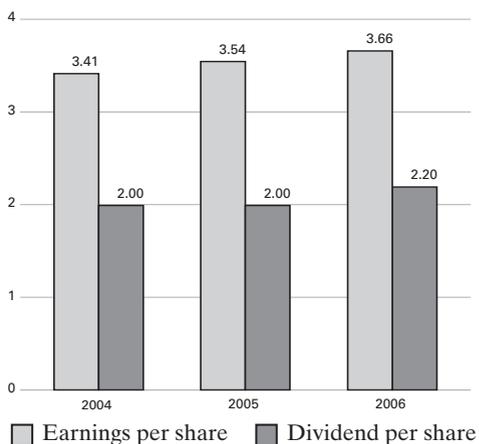
Development EBITDA by segment in € mill.



Development EBITDA and EBIT in € mill.



Development of earnings and dividend per share in €



“The only thing to do with good advice is pass it on.
It is never any use to oneself.”

– Oscar Wilde

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**EVERYTHING YOU NEED TO KNOW TO
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HOW TO RUN AN AIRPORT

Responsible:

Christian Domany, Herbert Kaufmann, Gerhard Schmid
(all members of the Management Board of Flughafen Wien AG)

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About this book

For all those readers who are short of time, but still want to get to the key facts without delay and in full detail. This book is suitable for beginners as well as experts who want to brush up or increase their command of the subject. Even if you don't plan to operate an airport, Flughafen Wien AG can still provide an impressive example of how profitable a share investment can be.

In the first part of this book, you will find a detailed description of the management team and internal control mechanisms, followed by a comprehensive presentation of the business model. Here we look for the answers to various questions: what can be done to increase turnover and earnings, what opportunities are available for improvement and what is the outlook for the future.

But no business can operate successfully over the long-term without showing respect for the environment and the involved people and institutions. The rules for this responsible interaction are found in the second section of the book.

But at the end of the day, what really counts is neither passion nor ambition. It's the numbers that show just how good you really are. Study the financial data in the last section and decide for yourself just how well Flughafen Wien AG does its job.

The following symbols are provided as a service for readers:



This symbol points to examples of good corporate management. By all means, take note!



Quotes, comments and things worth remembering.



Here you can find a summary of interesting facts and figures.



Caution:
Stumbling block!

①

COMMUNICATE LOUD AND CLEAR!

Make sure you provide your shareholders and business partners with reliable information on the past development of business and your expectations for the future.



Statement by the Management Board

Dear Ladies and Gentlemen,

2006 was a good year for Flughafen Wien AG. The development of traffic at Vienna International Airport again exceeded the European average and allowed us to continue our sound development. Other major events included the rapid expansion of facilities and the acquisition of Košice Airport in Slovakia. We also acquired an additional stake of roughly 2% in Malta International Airport plc. This year we have chosen a slightly lighter vein for the presentation of our successful performance and selected the motto “How to run an airport” for our 2006 Annual Report.

In the following sections, we would like to provide you with a brief summary of the individual highpoints and challenges from the 2006 Business Year:

The steady pursuit of our growth strategy with its three focal points – Eastern Europe, middle and long-haul flights and low-cost carriers – continued throughout 2006 and formed the basis for the further development of traffic. The volume of passengers at Vienna International Airport as well as the number of flight movements and maximum take-off weight exceeded our forecasts. We handled a total of 16.9 million passengers during 2006, which represents an increase of 6.3% over the previous year and again outpaced the European average of 5.7%. The low-cost carriers provided an important impulse for this growth with 2.2 million passengers and a plus of 13.2%.

We were also able to strengthen the position of Vienna International Airport as an east-west hub for European air travel during the past year. A flight plan that offers 45 destinations in Eastern Europe ranked Vienna among the leading airports in Europe, and brought us an increase of 8.0% in the number of passengers travelling to this region in 2006. Another important driver for our growth was cargo handling, which rose by 13.3% following an increase in the frequency of “cargo only” flights by Asiana Airlines and Korean Airlines.

Transfers equalled 33.7% of the total number of passengers using Vienna International Airport in 2006, and nearly matched the high level recorded in the previous year. In addition to the outstanding quality of our services,



With a 6.3% increase in the number of passengers during 2006, Vienna International Airport again exceeded the European average. The most important drivers for this growth were the low-cost carriers, traffic to Eastern Europe and long-haul destinations. In addition, cargo volume rose by a strong 13.3%.

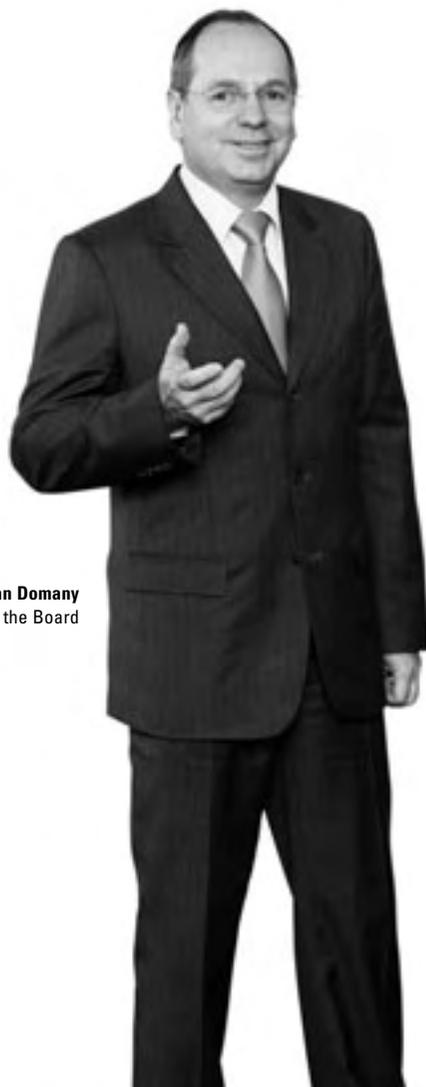
a minimum connecting time of 25 to 30 minutes – which is among the fastest among comparable airports in Europe – represented a key factor for this growth.



We want to provide support for the airlines with our tariff policy – after the introduction of incentives in 2005, we reduced the landing tariff by 2.81% in 2006.

Our efforts to improve our competitive position and support the airlines with an optimal tariff structure continued during 2006. The current tariff formula was extended to 2009 and the landing tariff was reduced by 2.81% as of 1 January 2006. The passenger tariff was increased by € 1.12, above all to finance the environmental protection measures that were defined in the mediation contract. The long-standing transfer incentive was also continued in 2006 to strengthen this area of business.

In addition to meeting a wide range of daily operating challenges, our activities during the past year also focused on creating a firm basis for



Christian Domany
Member of the Board



Herbert Kaufmann
Member of the Board and Speaker

future growth. We need to expand the existing terminal facilities and significantly increase shopping and gastronomy areas to meet the steady upward trend in the number of passengers and, at the same time, allow us to maintain our high quality standards. The central part of this capacity expansion will be formed by the VIE-Skylink terminal, which is scheduled to open in spring 2009.

Our investment activities not only focused on projects to increase capacity, but also on the construction of turnkey properties to strengthen the strategic base of the Non-Aviation Segment. One example is the Office Park II, which will be completed during June 2007. In cooperation with the Austrian Federal Railway Corporation, work also continued to expand the airport railway station and thereby improve infrastructure connections. We are pursuing the same goal with the City Airport Train (CAT), which is operated by a joint venture between the Austrian Federal

Railway Corporation and Flughafen Wien AG. Roughly 10% of our passengers now use the CAT, which provides a non-stop link in only 16 minutes between Vienna International Airport and the “Wien-Mitte” railway station with its direct check-in facilities.



We use the attractiveness of the airport site to develop turnkey properties, which we then rent through long-term contracts. The successful realization of the Office Park is a perfect example of this strategy.



We also faced a number of very special challenges in the sensitive area of security during 2006. The visits of numerous high-ranking politicians during Austria's term as the seat of the rotating EU presidency and a stopover by the US president were handled smoothly. Optimal coordination and the use of the new General Aviation Center allowed us to perform all the necessary activities without interrupting regular operations. We were also able to implement the new and stricter regulations for the control of hand luggage in November 2006 without major disadvantages for passengers because of the strong commitment and high motivation of our employees and the regulatory authorities.

Gerhard Schmid
Member of the Board

A brief review of the most important financial indicators for the 2006 Business Year shows that turnover recorded by the Flughafen Wien Group rose by 13.1% to € 463.9 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased 13.3% to € 169.6 million and the EBITDA margin rose to 35.6%. Earnings before interest and taxes (EBIT) increased 12.3% to € 103.7 million and the EBIT margin improved to 21.7%.

Financial results turned from a plus of € 7.7 million in the previous year to a minus of € 1.8 million for 2006. This reversal was caused primarily by the use of external financing to support the extensive expenditures for property plant and equipment as well as investments in other companies. In spite of this development, earnings before taxes (EBT) rose by 1.9% to € 101.9 million. After a 4.0% decrease in tax expense to € 24.3 million, net profit totalled € 77.6 million for the 2006 Business Year. As a result of this stable development, we will recommend that the Annual General Meeting on 25 April 2007 approve a dividend of € 2.20 per share. In 2006 the shareholders of Flughafen Wien AG also profited from an increase of 23.0% in the price of our share, which also outperformed the Austrian ATX index.

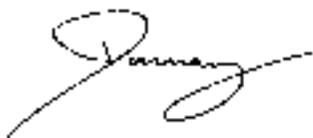
In addition to the above-mentioned projects at the airport, our activities during the past year also focused on the evaluation of opportunities to develop new fields of business. However, any projects we undertake must increase the value of the Flughafen Wien Group. Our investment in Malta International Airport meets this requirement. Flughafen Wien AG owns a stake of 40% in Malta International Airport through a consortium and also holds a further 10% of the shares directly. This investment strategy was continued during 2006 with the acquisition of Košice Airport by the TwoOne Consortium, in which Flughafen Wien AG holds an investment. The transfer of 66% of the shares in this company to our consortium took place in October 2006. The plans for Košice Airport call for an increase in point-to-point traffic over the coming years, which will be supported by the facility's favourable geographic location and a local market area that covers parts of Slovakia, Hungary, Ukraine and Poland.

The preparatory work for an investment by Flughafen Wien AG in Flughafen Friedrichshafen GmbH was also completed during 2006. This transaction will involve the purchase of a 25.15% stake in the German company, which will take place in connection with a capital increase. The conclusion of this transaction is scheduled for the end of the first quarter of 2007, subject to the approval of the cartel authorities.

For the coming year, we are confident that the upward trend in the development of our business will continue. We expect an increase of 5% in the number of passengers, 3% in maximum take-off weight and 2% in flight movements. The restructuring of the Austrian Airlines Group will lead to the discontinuation of several long-term destinations in 2007, but Delta Air Lines, Korean Air, Air Transat, SkyEurope and KrasAir will add Vienna to their programs. At the same time, the Austrian Airlines Group will introduce a scheduled flight to Chicago and NIKI will add Moscow to its range of destinations.

Our expansion programme will continue during 2007, whereby the VIE-Skylink represents the leading project for the next years. For the 2007 Business Year, we have budgeted capital expenditure totalling € 250 million. Turnover is expected to show further improvement parallel to the development of traffic, while earnings will also be influenced in 2007 by the high level of investment activity and related increase in depreciation.

In conclusion, we would also like to express our thanks to our employees, business partners and shareholders for their confidence during the 2006 Business Year.



Christian Domany
Member of the Board



Herbert Kaufmann
Member of the Board and
Speaker

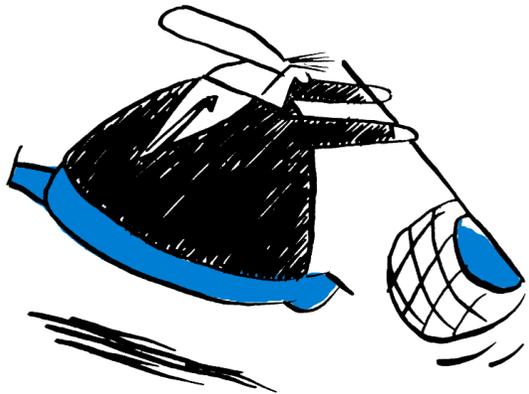
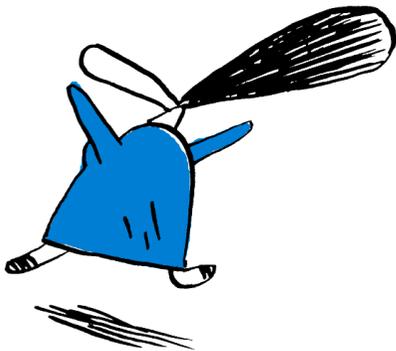


Gerhard Schmid
Member of the Board

②

GET HOLD OF THE BEST CREW!

**Because your success depends on the commitment
of your employees.**



The Team of Flughafen Wien AG

In this chapter

- The organisational structure of Flughafen Wien AG
- Who is who on the Management Board and Supervisory Board
- Information on the 3,834 employees of the Flughafen Wien Group

Management

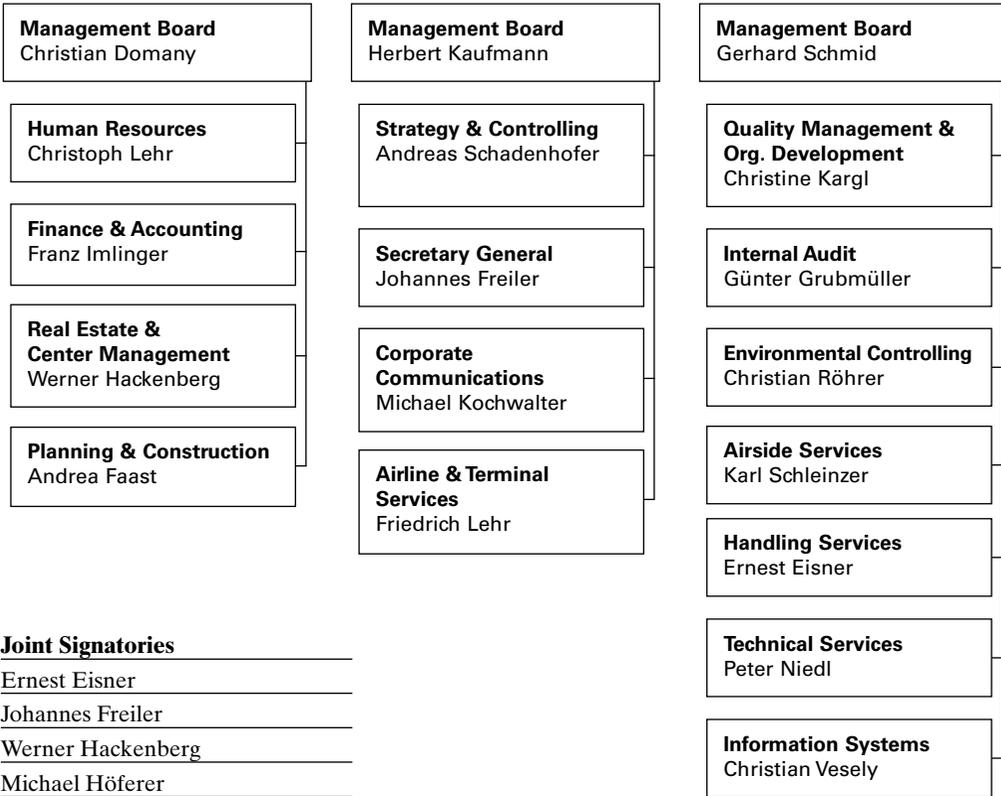
The Management Board of Flughafen Wien AG was appointed by the Supervisory Board for a term of office extending from 1 October 2004 to 30 September 2009. The organisational structure of the Flughafen Wien Group is reflected in 15 corporate departments, which report to the various members of the Management Board (see the organisational chart on the following page).

The fulfilment of both qualitative and financial goals is monitored on a regular basis as part of a strategic management system, with a performance-based incentive programme forming a key factor for the orientation of managers. This motivation model applies to the Management Board – which defines its financial and quality targets together with the Supervisory Board – as well as first and second-level managers.



A lean and transparent organisational structure allows for the efficient management of processes at Vienna International Airport. Responsibilities are clearly defined and supported by a motivation model for key managers.

Organisational Structure (by function)



Joint Signatories

- Ernest Eisner
- Johannes Freiler
- Werner Hackenberg
- Michael Höferer
- Franz Imlinger
- Friedrich Lehr
- Karl Schleinzer
- Michael Tmej

The Management Board

Member and Speaker of the Board: Herbert Kaufmann, born 1949, worked as an engineer with various Austrian and foreign companies while studying macroeconomics. In 1975 he joined the chamber of labour of the Province of Lower Austria, where after two years he was appointed head of the economics department and was made director in 1985. He also served as a member of the Lower Austrian and Austrian parliaments. He was appointed member and speaker of the Management Board of Flughafen Wien AG in 1999, where he is responsible for airline and terminal services, the secretariat, communications, land development, and strategy and controlling.

Member of the Board: Gerhard Schmid, born 1957, started his career as an engineer with Böhler AG (Seibersdorf Research Centre). In 1979 he joined Municipal Department 46 of the City of Vienna, which is responsible for the technical aspects of traffic planning. He was appointed manager of the office of Mayor Helmut Zilk in 1987. In 1993 he joined the auditing department of Vienna International Airport, where he became manager in 1995. The former Management Board appointed him as Head of Technical Services in 1997, and two years later he advanced to become a member of the Management Board of Flughafen Wien AG. His responsibilities include handling and airport services, information systems, technical services, quality management, environmental controlling and internal audit.

Member of the Board: Christian Domany, born 1952, began his career at Creditanstalt Bankverein after completing his studies in business administration. In 1984 he joined the Austrian industrialist association, where he served as head of the personnel, finance and organisation section as well as vice-general secretary. After his appointment as general secretary of the Austrian savings bank association in 1997, he became general secretary of the Austrian federal economic chamber three years later. On 1 October 2004 he was appointed to the Management Board of Flughafen Wien AG where he is responsible for property and centre management as well as personnel, finance and accounting, and the planning and construction service units.

The Supervisory Board of Flughafen Wien AG

Chairman

Johannes Coreth, Member of the Board of Niederösterreichische Versicherung (since 9 May 1997)

Deputies

Karl Samstag, General Director (former) of Bank Austria Creditanstalt AG (since 22 April 2004)

Alfred Reiter, Chairmen of the Board of Investkredit Bank AG (ret.) (since 11 May 2001)

Members

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

Christoph Herbst, attorney-at-law (since 25 April 2002)

Franz Lauer, General Director (ret.) of Wiener Städtische Versicherung AG (since 7 May 1998)

Hans-Jürgen Manstein, Manstein Zeitschriftenverlag GesmbH (since 24 April 2003)

Alfons Metzger, Metzger Realitäten Gruppe (since 25 April 2002)

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

Delegated by the Works' Committee

Manfred Biegler, Chairmen of the Salaried Employees' Works Committee

Gerhard Gager, Chairmen of the Waged Employees' Works Committee

Eduard Oettl, Salaried Employees' Works Committee

Dieter Rozboril, Vice-Chairmen of the Waged Employees' Works Committee

Alfred Zimmer, Vice-Chairmen of the Salaried Employees' Works Committee (up to 30 June 2006)

Thomas Schäffer, Vice-Chairmen of the Salaried Employees' Works Committee (as of 1 July 2006)

Representative of the Supervisory Authorities

Rolf A. Neidhart

All members elected by the Annual General Meeting were appointed for terms of office that end with the Annual General Meeting that votes on the release from liability for the 2007 Business Year.

Members of the Presidium and Personnel Committee

Johannes Coreth

Karl Samstag

Alfred Reiter

Delegated by the Works' Committee

Manfred Biegler

Gerhard Gager

Members of the Strategy Committee

Johannes Coreth

Karl Samstag

Alfred Reiter

Christoph Herbst

Alfons Metzger

Delegated by the Works' Committee

Manfred Biegler

Gerhard Gager

Dieter Rozboril

Members of the Audit Committee

Johannes Coreth

Karl Samstag

Alfred Reiter

Erwin Hameseder

Franz Lauer

Employees

In this chapter

- 9.5% increase in workforce to 3,834 to match growth in traffic
- Investment in training reaches € 641,000
- Motivation through voluntary benefits and participation in the success of the company

Employees

	2006	Change in %	2005	2004
Number of employees	3,834	9.5	3,500	3,232
Workers	2,821	12.2	2,515	2,299
Staff	1,013	2.8	985	933
Apprentices	28	3.7	27	25
Traffic units per employee*	6,206	4.5	5,940	5,923
Average age in years*	38.7	0.8	38.4	38.2
Length of service in years*	9.9	0	9.9	9.7
Percentage of women*	12.5%	-0.3	12.8%	12.9%
Training expenditures*	€ 641,000	-5.5	€ 676,000	€ 670,000
Accidents*	154	-5.5	163	173

* Based on Flughafen Wien AG

More than 16,000 men and women work at the Vienna airport location. Of this total, 3,834 are employed by the Flughafen Wien Group and 3,036 by Flughafen Wien AG. The remaining jobs are distributed among the 230 companies that are located at the airport.



With a workforce of 3,834, the Flughafen Wien Group is one of the largest employers in the region.

Employees by segment

Airport	 383
Handling	 2,020
Non-Aviation	 1,278*
Other	 153

* Thereof 749 employees in Vienna International Airport Security Services Ges.m.b.H.

The Flughafen Wien Group hired 334 additional employees in 2006 to replace persons who resigned or retired and to also meet new requirements. The growth in the workforce during the reporting year was related primarily to hiring by the Handling Segment to match the development of traffic (+78 employees) as well as an increase in personnel by Vienna International Airport Security Services Ges.m.b.H. (VIAS) (+250 employees) – which is allocated to the Non-Aviation Segment – to meet the recently implemented security regulations.

Performance-based compensation

In order to strengthen motivation and identification with the Company, the compensation system for the members of the Management Board and the first two levels of management includes both fixed and performance-based components. The Group has no plans to introduce a stock option programme. During the 2006 Business Year approximately € 2,067,000 were distributed to employees (excluding members of the Management Board) in the form of bonuses for exceptional performance and the realisation of targeted goals. Variable payments to the heads of the corporate departments are based on the fulfilment of financial and qualitative goals, such as the results of the customer survey.



Don't forget to let your employees participate in the success of the company!

Employee foundation

Employees have been able to profit directly from the success of the Company through an independent private foundation, which has held 10% of the shares in Flughafen Wien since 2000. In 2006 a total of € 4.2 million was distributed to employees for the 2005 Business Year, corresponding to 69.61% of the average monthly salary or wage per employee. Distributions to employees are based on the individual annual gross salary or wage. The administration of the employee foundation is completely independent of Flughafen Wien AG and includes a managing board, supervisory board, and auditor.

Training

The completion of a company-wide analysis of training needs in the previous year formed the basis for a redesign and optimisation of the courses and modules during 2006. The employees of the Flughafen Wien Group have access to a wide variety of training programmes. On-the-job training is organised independently by each segment or area of business. In addition, the training and development department prepares a general programme for all employees of Flughafen Wien AG. One focal point is formed by language classes in English and Slovakian as well as IT user courses and seminars to improve social skills. The offering in the areas of presentation techniques, communication and time and personal management was also expanded. An example of training activities for a specific target group is the office management course for secretaries, which was introduced in 2005 and concluded during the reporting year. In order to optimise these processes, special events – with a focus on communications, customer orientation, interface management and team building – have been developed and launched in areas of business with large numbers of employees.

The management trainee programme, which is organised as a series of modules, entered the next round in 2006 and focused on practice-

oriented supervision. Six employees took part in the MBA programme in 2006, with two receiving their diplomas during the year. Within the framework of the centrally organised training programme, 55 courses were held on the above-mentioned subjects during 2006 and were attended by 396 employees. Flughafen Wien AG invested a total of € 641,000 in training programmes for employees during 2006, excluding the costs for services provided internally.

Apprenticeship training

Flughafen Wien AG has implemented a number of apprentice training programmes that are designed not only to provide young men and women with a first-class specialised education, but also to meet its own needs for qualified workers and staff. The Company had six commercial and 22 technical apprentices during the 2006 Business Year. In addition to their professional training, these young men and women attend courses in English, computers and interdisciplinary subjects. A one-week seminar was also held on the subject of drug prevention and teaching-by-doing in the province of Lower Austria during the summer of 2006 to improve the social skills and conflict management capabilities of these youngest employees. A “Welcome Package” was created for all new apprentices in 2006, which contains a special training programme for apprentices and is designed to provide an optimal entry into the working world. Introductory courses are held on several days during the first week of work on subjects that include computers, public speaking and communications (e.g. “the convincing telephone voice”, also in English).

International exchange programme

The Flughafen Wien Group established an exchange programme with Malta Airport in 2005. It is designed not only to support the development of closer contracts between employees, but also to promote the sharing of specialised knowledge and improve foreign language skills. During 2006 22 employees from Malta were integrated into work processes at Vienna International Airport for one week and, for the first time, were joined by six staff members from Riga Airport. The successful exchange programme with Munich Airport was also repeated during the reporting year. As part of the EU-subsidised Leonardo programme, four Austrian apprentices were given an opportunity to gain practical experience in daily workflows at Munich Airport for three weeks and five apprentices from Munich were able to work at Vienna International Airport.



The EU supports the international exchange of trainees through the Leonardo programme. Vienna International Airport has used this opportunity in the interest of its apprentices for many years.

Voluntary benefits

Flughafen Wien AG takes on responsibility for its employees in many different ways. One special example is the award-winning day care centre with expanded opening times (5:30 am to 8 pm), which provides parents in shift jobs with excellent facilities for their children directly at the airport. The Company also provides free transportation via the City Airport Train (CAT) and numerous bus connections to neighbouring communities, and supported this transportation at a cost of € 704,000 in 2006. A total of € 417,000 was also spent on meal subsidies in the form of credit vouchers during the reporting year. As a support for individual pension planning, Flughafen Wien AG transfers 2.5% of monthly salaries and wages for its employees to a Company pension fund, and employees have the option to make a matching contribution of the same amount. In addition, Group accident and family health insurance was supported with a subsidy of € 139,000 in 2006.



Flughafen Wien AG accepts responsibility for its employees and supports a private pension plan as well as a wide range of health programmes.

A special objective of Flughafen Wien AG is to support the integration of men and women with handicaps into the working world, and this commitment was recognised during the reporting year with the JobOskar in the category of large businesses. In one project a visually handicapped colleague redesigned the VIE website to make it accessible for people who are partially sighted or blind. This involved the adaptation of the workstation to operate with special software that verbalises the screen content and thereby made the realisation of this project possible.

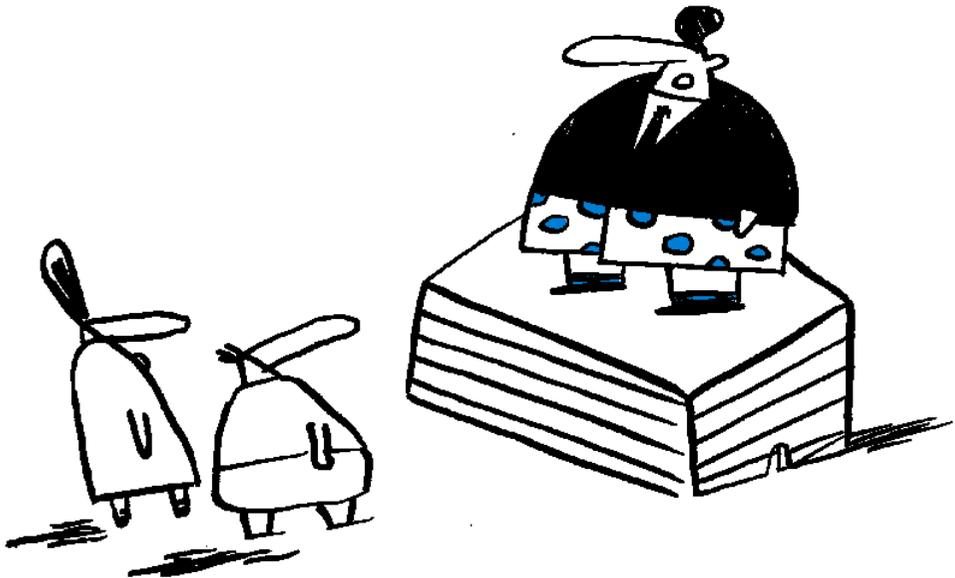
Work safety and health

The regular on-site evaluation of working areas continued during 2006, and again led to the identification of opportunities and implementation of measures to improve work safety and health. A total of 530 new employees attended a mandatory safety training programme, which is designed to increase their awareness of potential dangers at the workplace. This and a wide range of other measures led to a reduction in the number of accidents per 1,000 employees to a new all-time low of 49.7. In contrast, the number of accidents involving aircraft increased and will result in an greater focus on interdisciplinary activities as part of a special campaign. The broad range of services provided by Flughafen Wien AG in the area of industrial medicine covers medical examinations, vacations and health counselling. These programmes remained extremely popular with employees in 2006 and the offering will therefore be expanded. The Company's "Sicher und X'sund" health programme has gained a large following since its introduction in October 2005. The range of courses was expanded substantially during the reporting year and now also includes Qigong, Pilates, yoga, Tae-Bo, body shaping, fat burning and Salsa.

③

DEDICATE YOURSELF TO TRANSPARENT COMMUNICATIONS!

Corporate governance is not a foreign word. Follow the accepted rules for sustainable management.



Corporate Governance

In this chapter

- Flughafen Wien AG renews declaration of compliance and implements all amendments to the Austrian Corporate Governance Code in 2006
- Full disclosure of Management Board and Supervisory Board remuneration
- Equal treatment of all shareholders

As a publicly traded company, Flughafen Wien AG designs and communicates its management policies in accordance with international standards and best-practise methods. Our most important goals are to strengthen the confidence of shareholders, customers, employees and the general public and also realise a sustainable increase in the value of the Company. The Austrian Corporate Governance Code, which was introduced in October 2002, forms an important guideline for these policies. The regulations it contains represent a voluntary framework for the long-term management and control of companies, and were revised in February 2005 and January 2006.



Take corporate governance seriously – there is no forgive and forget if you make mistakes.

Statement of compliance

Flughafen Wien AG announced its intention to comply with the Austrian Corporate Governance Code in March 2003, and hereby confirms its commitment to follow these guidelines in the future. The amendments to the code that took effect in January 2006 were implemented to the greatest extent possible. A number of the provisions were met well before their inclusion in the code, including Article 31 on the disclosure of remuneration for the members of the Management Board.

Comply-or-explain rules

The Austrian Corporate Governance Code also contains “comply-or-explain” rules that are classified as recommendations, but any non-compliance must be explained. Flughafen Wien AG meets all these regulations with the exception of Article 16 and explains this difference as follows: the Management Board of the Company does not have a chairman but one member of this body has been designated as speaker. This ensures representation for the joint interests of the Management Board both inside and outside the Company. Since the Management Board of Flughafen Wien AG is comprised of three persons, a “deadlock” is not possible on resolutions placed before this body.

Management Board and Supervisory Board

The Management Board works in close cooperation with the Supervisory Board, and the actions of both bodies are based on the principles of good corporate governance in order to create a lasting increase in the value of the Company. The Supervisory Board held ten meetings during the 2006 Business Year to discuss and handle a wide variety of issues. Special topics are first examined by the Executive and Personnel Committee, Strategy Committee or Accounting Committee before they are passed on to the full Supervisory Board for discussion and decision. These committees held a total of 12 meetings during 2006.



Flughafen Wien AG is committed to full transparency, and discloses the remuneration paid to the members of the Management Board and Supervisory Board.

The members of the Supervisory Board are listed on page 20. Information on their remuneration is provided on page 157 of the notes to the consolidated financial statements, whereby the annual remuneration scheme calls for attendance fees as well as graduated payments for the chairman, vice-chairman and ordinary members. In order to meet the requirements of the new provisions of the Austrian Corporate Governance Code that took effect in January 2006, the Supervisory Board has established criteria to determine the independence of its members. Based on these criteria, all members of the Supervisory Board are considered to act independently. The criteria for independence reflect the recommendations of the Corporate Governance Code and can be reviewed on www.viennaairport.com under the menu point “Investor Relations / Shareholders’ Service / Corporate Governance”.

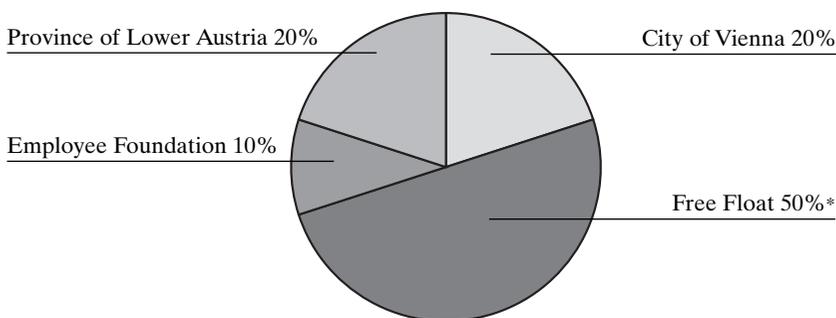
Remuneration of the Management Board

The remuneration of the Management Board is comprised of fixed and performance-based components as well as contributions in kind. The criteria for the performance-based components are determined each year together with the Supervisory Board on the basis of corporate goals. Details on this remuneration are provided on page 156 of the notes to the consolidated financial statements. The Company has concluded a reinsurance policy to cover the pension claims of the Management Board members, which are based on fixed compensation in accordance with a social security scheme. The contracts for the members of the Management Board were concluded for a period of five years. If there is no important reason for the premature termination of these contracts, a dismissal will result in full payout to the member of the Management Board. The Management Board also has claims to severance compensation that reflect the general provisions of labour law in Austria. There are no special agreements covering a possible takeover offer, and no stock options were granted.

Representatives of free float shareholders

The 13th Annual General Meeting of Flughafen Wien AG on 24 April 2003 elected the following persons as representatives of free float shareholders: Christoph Herbst, Franz Lauer and Alfons Metzger as well as Hans-Jürgen Manstein, in particular as a representative for small shareholders.

Shareholder Structure as of 31.12.2006



* Thereof Silchester International Investors Limited, London 9.95%

Shareholder structure and voting rights

All shares in Flughafen Wien AG are bearer shares of common stock. The only syndication contract that has been disclosed was concluded between the City of Vienna and the Province of Lower Austria. Any changes in the shareholder structure that exceed the limits set forth in the Austrian Stock Corporation Act are announced publicly in accordance with these regulations. The exercise of voting rights is regulated by § 13 of the Articles of Association of Flughafen Wien AG and supports the “one share – one vote” principle. This document is available for review on the Company’s homepage – www.viennaairport.com – under the menu point “Investor Relations/Articles of Association”.



Arrange to have your risk management and compliance with corporate governance evaluated by outside experts.

Internal audit and risk management

The internal audit function reports directly to the Management Board of Flughafen Wien AG. Each year this department prepares an audit schedule for the following 12 months as well as a report on its activities during the past business year, which is submitted to the Management Board and discussed with the Accounting Committee of the Supervisory Board. In accordance with Article 80 of the Austrian Corporate Governance Code, the auditor is required to evaluate the effectiveness of risk management based on the available documentation and report to the Management Board on the results of this analysis. This audit report is

distributed to the Management Board and Chairman of the Supervisory Board, and subsequently presented to all members of the Supervisory Board.

External evaluation

An external evaluation of compliance with the provisions of the Austrian Corporate Governance Code during the 2006 Business Year was prepared by O. Univ.-Prof. DDr. Waldemar Jud Unternehmensforschungs GmbH. The results of this analysis are available for review under the Internet address www.viennaairport.com, menu point “Investor Relations/Shareholder Service”.

Annual financial statements according to the Austrian Commercial Code

The financial statements of Flughafen Wien AG as prepared in accordance with the Austrian Commercial Code are available at the headquarters of the Company. Interested parties may also order copies by e-mail under investor-relations@viennaairport.com or by telephone under +43-1-7007-22826.

Compliance rules

Flughafen Wien implemented the Issuer Compliance Regulations that took effect on 1 April 2002 in the form of a separate corporate guideline. The Company has established permanent areas of non-disclosure to prevent the misuse or distribution of insider information, and also creates ad-hoc areas as needed. These areas of non-disclosure cover all employees and corporate bodies of Flughafen Wien AG in Austria and other countries as well as external service providers who have access to insider information. A variety of organisational measures and control mechanisms has also been implemented to monitor these processes on a regular basis. The compliance officer of Flughafen Wien AG reports to the Supervisory Board each year and also prepares a report on his activities.

Ad-hoc publicity and directors' dealings

Insider information is published on our website in accordance with the Austrian Corporate Governance Code and legal regulations. During the reporting year there were no purchases or sales of shares in Flughafen Wien AG by members of corporate bodies or managers (directors' dealings), which would be subject to the reporting requirements of the Austrian Stock Exchange Act.



Justify the confidence of your shareholders by doing everything you can to prevent the misuse of insider information.

④

TAKE YOUR SHARE- HOLDERS SERIOUSLY!

Keep the communications channel open. Convince current and potential shareholders that an investment in your company is worthwhile – with a solid dividend policy and the right touch of growth fantasy.



Flughafen Wien Shares

In this chapter

- With a plus of 23.0%, the annual performance of the VIE share tops the ATX
- Coverage by well-known financial institutions
- Market capitalisation on the Vienna Stock Exchange sets new record in 2006

Development of capital markets

International bond markets faced a generally difficult climate in 2006, but stock markets again recorded positive development. The Dow Jones Industrial Average Index gained 16.73% and the Japanese Nikkei Index 6.9%. The overall result for stock markets in Europe was a plus of 11% compared with 2005.

The ATX, the leading index of the Vienna Stock Exchange, again profited from the dynamic growth of the market in 2006. Vienna was unable to make use of the full momentum generated in recent years, but still recorded above-average results in international comparison with an increase of 21.7%. The total market capitalisation of all companies listed on the Vienna Stock Exchange rose to a historic high of € 146.2 billion at year-end 2006.

Performance of the Flughafen Wien share

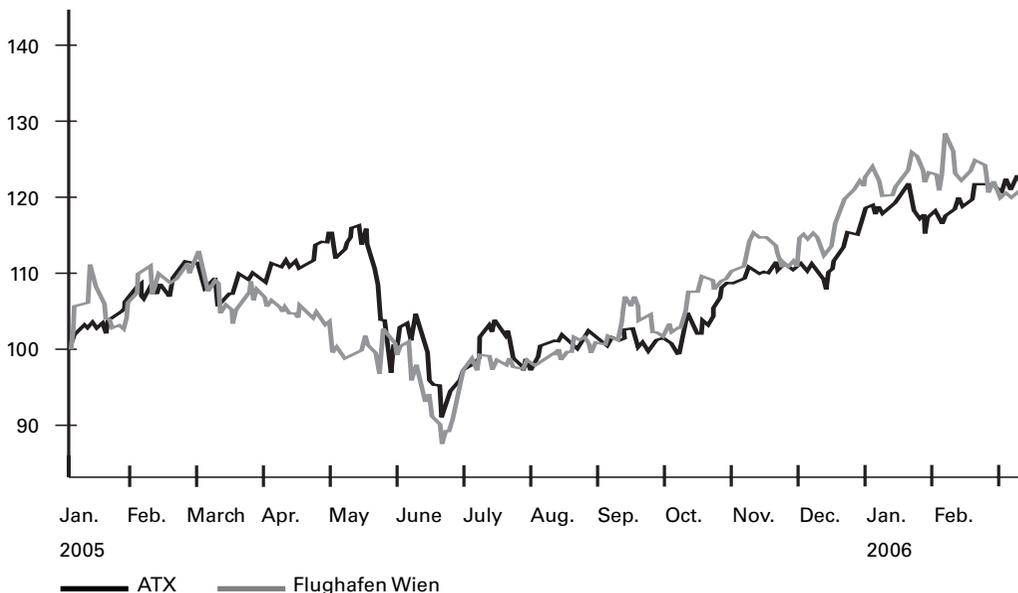
The Flughafen Wien share followed a temporary slump in June with strong growth throughout the remainder of the year, outperforming the ATX with an increase of 23.0%. Steady high earnings per share of € 3.66 and a dividend yield of 2.96% (based on the price at year-end) also underscored the long-term positive development of Flughafen Wien AG.



With a performance of 23.0%, the Flughafen Wien share outperformed the ATX in 2006.

The stock market turnover of Flughafen Wien shares reached € 1,110 million in 2006 (2005: € 568 mill.). On the Austrian Futures and Options Exchange 23,831 (2005: 17,056) option contracts with a total volume of € 151.6 million (2005: € 93 mill.) were traded for Flughafen Wien shares. Based on the number of contracts, the share ranked 10th among the top stocks traded in Vienna (2005: 12th). The weighting in the ATX Prime was 1.47% at year-end 2006.

The Flughafen Wien Share Indexed (1.1.2006 = 100)



Stock market listings

The Flughafen Wien share has traded on the Vienna Stock Exchange since 1992. The Company's share capital totals € 152,670,000 and has been divided into 21,000,000 registered common shares since November 2000. These shares are traded over-the-counter on the Vienna Stock Exchange, and represent base values in both the ATX Prime Market and Austrian Futures and Options Exchange. The shares are also traded over-the-counter on exchanges in Berlin, Munich, Stuttgart, Frankfurt and Hamburg. In addition, the stock has traded internationally in London's SEAQ over-the-counter market since October 1994. At the end of 1994 an ADR Programme was established in the USA, where one share of Flughafen Wien stock corresponds to four American Depository Receipts.

Ticker symbols

Reuters	VIEV.VI
Bloomberg	FLUG AV
Datastream	O:FLU
ISIN	AT0000911805
ÖKB-WKN	091180
ÖTOB	FLU
ADR	VIAAY

Information on Flughafen Wien shares

	2006	2005	2004
Share capital	€ 152.67 mill.	€ 152.67 mill.	€ 152.67 mill.
Number of shares	21 mill.	21 mill.	21 mill.
Share price on 31.12.	€ 74.40	€ 60.49	€ 55.70
Annual high	€ 76.35	€ 61.20	€ 57.29
Annual low	€ 51.94	€ 49.10	€ 37.95
Market capitalisation as of 31.12.	€ 1,562.4 mill.	€ 1,270.3 mill.	€ 1,169.7 mill.
Earnings per share	3.66	€ 3.54	€ 3.41
P/E ratio*	20.4	17.1	16.3
P/CF ratio*	11.1	8,0	6.0
Dividend yield*	3.0%	3.3%	3.6%
Pay-out ratio	60.2%	56.5%	58.6%

* Price at year-end

Investor Relations

Flughafen Wien AG pursues an active and, above all, transparent information policy to make it possible for both current and potential shareholders to correctly value the Flughafen Wien share. The development of the Company is communicated in a detailed, timely and accurate manner in order to guarantee the equal treatment of all shareholders and the continuous flow of information. The most important means of communication are the Company’s extensive quarterly reports as well as the regular presentation of results to analysts and institutional investors. In 2006 Flughafen Wien AG also provided the international financial community with information on the development of Vienna International Airport at numerous investor conferences in major financial centres – above all in Frankfurt, Munich, Zurich, Geneva, London and the USA.

The interest of well-known investment banks and brokerage houses in Flughafen Wien AG remained high throughout 2006 and resulted in analyses by the following institutions: Bank Austria-Creditanstalt, Vienna; Citigroup Smith Barney, London; Credit Suisse, London, Dresdner Kleinwort Wasserstein, London; Deutsche Bank, London; HSBC, London; ERSTE Bank, Vienna; Raiffeisen Centrobank, Vienna; Sal. Oppenheim, Frankfurt; and WestLB, Düsseldorf.



Each year the shareholders of Flughafen Wien AG are invited to visit their investment.

Private shareholders of Flughafen Wien AG were given an opportunity to take a first-hand look behind the scenes at Vienna International Airport on two days in November. The Company was also represented at the “Gewinnmesse” in 2006, which is the most important trade fair for the investing public in Austria.

Traffic Results for 2007

March	12 April 2007
April	10 May 2007
May	14 June 2007
June	12 July 2007
July	9 August 2007
August	13 September 2007
September	11 October 2007
October	14 November 2007
November	13 December 2007

Financial Calendar 2007

Annual General Meeting	25 April 2007
Ex-Dividend Day	2 May 2007
Payment Date	9 May 2007
First Quarter Results 2007	25 May 2007
Interim Financial Statements 2007	23 August 2007
Third Quarter Results 2007	15 November 2007

Contact and additional information

For additional information, please contact the Investor Relations officer of Flughafen Wien AG:

Robert Dusek
 Tel.: +43-1-7007-23126
 e-mail: r.dusek@viennaairport.com
 or investor-relations@viennaairport.com

For additional information on Flughafen Wien AG and Vienna International Airport, we invite you to visit our new homepage under www.viennaairport.com. Here you can also read through the interactive online version of our annual report. By registering for our shareholder service (see the reply card at the end of this annual report), you can order a wide range of printed information on Flughafen Wien AG and request an invitation to visit Vienna International Airport.

Recommendation for the distribution of profit

The 2006 Business Year closed with distributable profit of € 46,205,836.41. The Management Board of Flughafen Wien AG recommends payment of a dividend of € 2.20 per share, for a total distribution of € 46,200,000.00 and the carry-forward of the remaining € 5,836.41.

Schwechat, 21 March 2007
 The Management Board

Christian Domany
 Member of the Board

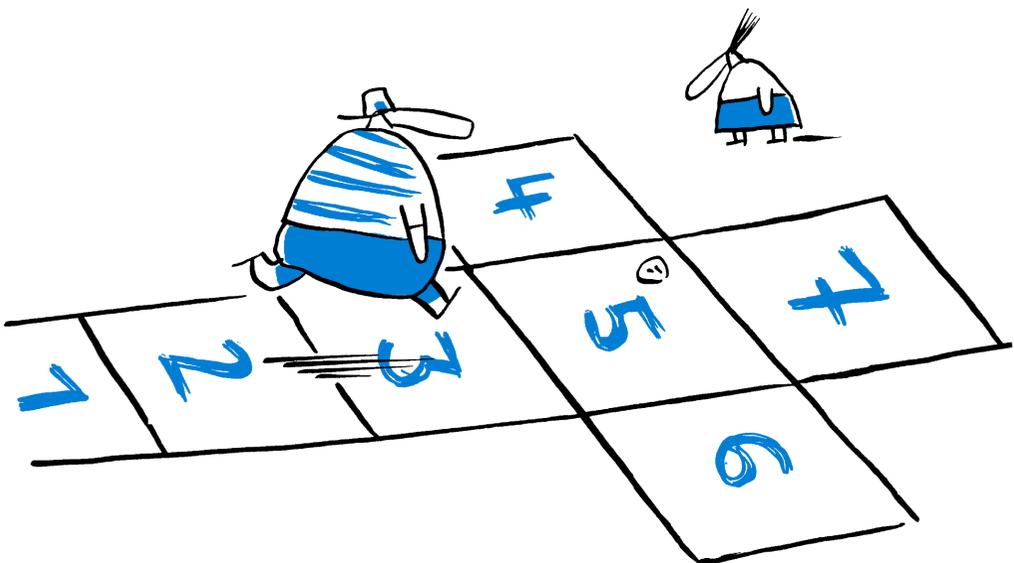
Herbert Kaufmann
 Member of the Board
 and Speaker

Gerhard Schmid
 Member of the Board

5

CREATE CLEAR STRUCTURES AND A SOUND BUSINESS MODEL!

**You can only protect the basis for your success when
you know where it comes from.**



The Flughafen Wien AG

In this chapter

- Size and catchment area
- Structure of business segments and investments
- Basics of the airport business
- Success factors of Vienna International Airport

Flughafen Wien AG is one of the few listed airport operators in Europe. Its public shareholders, the province of Lower Austria and the city of Vienna, each hold 20% of share capital and thereby provide a stable ownership structure. A further 10% of the Company's share capital was transferred to an employee fund in 2000, and allows the employees of Flughafen Wien AG to participate directly in the success of the Company. The remaining 50% of shares represent free float.

Flughafen Wien AG is the developer, builder, and general operator of Vienna International Airport, and provides a complete range of services to carry out these functions. An advantageous geographical position in the heart of Europe has allowed the airport to position itself as one of the most important hubs to the many dynamically growing destinations in Central and Eastern Europe. The Company's growth strategy is also supported by the positive development of demand for flights to the Far East and Near East as well as the above-average growth of the low-cost carriers.

Key Data on Vienna International Airport

Population in market area	approx. 14 mill.	Cargo (incl. trucking, in tonnes)	265,778
Total area (in km ²)	approx. 10	Check-in counters	134
Companies on site	230	Parking positions maximum	85
Airlines*	64	Thereof docking positions	20
Destinations*	176	Rentable cargo space (in m ²)	48,724
Employees Flughafen Wien Group**	3,834	Rentable office space (in m ²)	74,728
Total employees on site	16,000	Selling space in shops (in m ²)	7,218
Passengers in mill.	16.9	Selling space for gastronomy (in m ²)	3,981
Flight movements	237,490	Parking spaces indoor	8,200
Pieces of baggage handled in mill.	15	Parking spaces outdoor	7,200

* as of 31.12.2006

** Average number of employees for 2006

The accession of Austria's eastern neighbours to the European Union has created a new and larger market area for Vienna International Airport and made this facility the preferred starting point for roughly 14 million air travellers. The dynamic economic growth in these countries is expected to trigger a strong increase in travel over the coming years, and Vienna International Airport stands to gain significant advantages from this development because of its closely knit network of destinations throughout Eastern Europe. For this reason, one of the Company's major strategic goals is to maintain the strong position of Vienna as an east-west hub for transfer passengers and also strengthen hub activities through the acquisition of new long-haul destinations. Another focus of strategy is to improve the utilisation of opportunities provided by this catchment area through extensive information and marketing activities.

The three business segments of Flughafen Wien AG

Airport Segment

The Airport Segment covers all services that are required to run Vienna International Airport: the operation and maintenance of aircraft movement areas and the terminal as well as the wide variety of equipment required for passenger and baggage handling – but also the current VIE-Skylink expansion project. The administration of the VIP & Business Center and lounges, rentals, flight operations, fire department, medical facilities, access control and winter services are the responsibility of this business unit, as are the support of existing airlines and acquisition of new customers.

The primary strategic objective of the Airport Segment is to guarantee runway and terminal capacity over the medium and long-term. In 2006 the Airport Segment generated 45.6% (2005: 46.0%) of total turnover recorded by the Flughafen Wien Group.

Handling Segment

The Handling Segment is responsible for providing a broad range of services for scheduled, charter and general aviation flights. These services include the loading and unloading of aircraft, transportation of passengers, crews and catering materials as well as cabin cleaning and the towing and de-icing of aircraft. The Handling Segment employees also prepare flight documents,

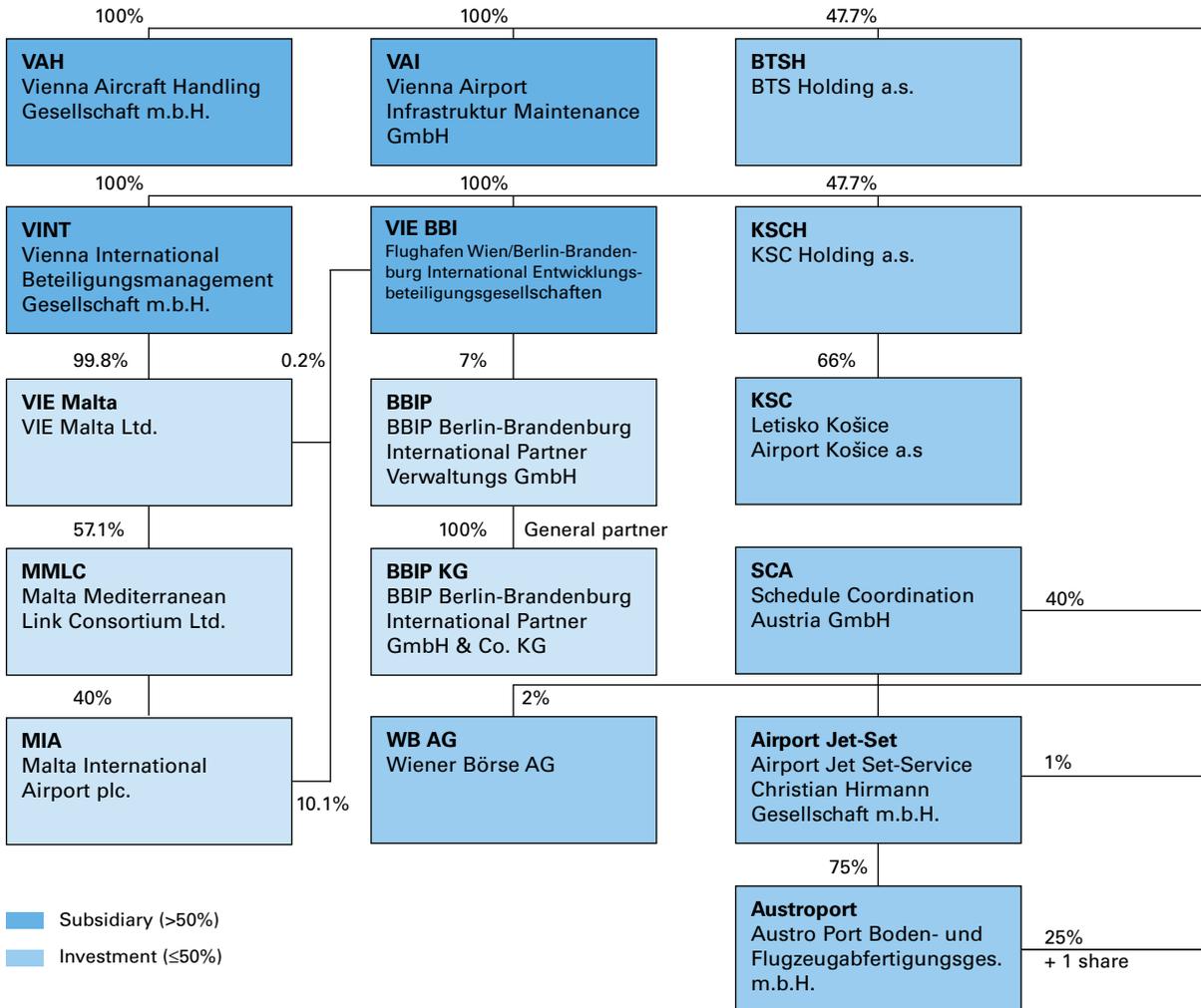


The business activities of Flughafen Wien AG are classified in three segments: Airport, Handling and Non-Aviation.

perform security and management duties, handle air cargo and trucking, operate the import warehouse and perform various services for private aircraft that include handling, fuelling and parking.

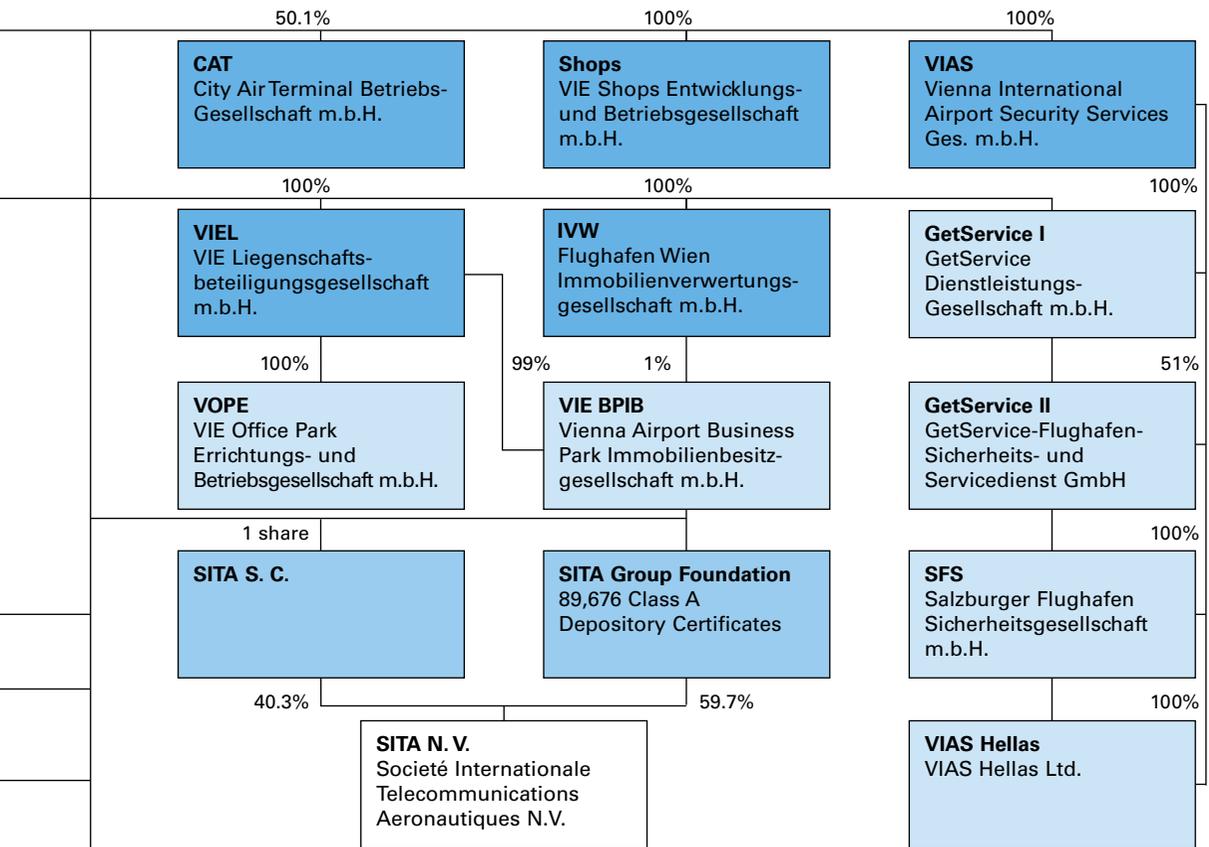
The Handling Segment has positioned itself as a professional and profitable full-service supplier. Qualified personnel, optimised workflows, flexible products and tariffs, and innovative technical solutions allow this business unit to guarantee high quality and transfer times that are among the shortest in Europe. The Handling Segment generated 30.1% of total turnover recorded by the Flughafen Wien Group in 2006 (2005: 32.2%).

Subsidiaries and Investments of Flughafen Wien AG



Non-Aviation Segment

The Non-Aviation Segment provides various services to support airport operations, including shopping, gastronomy, parking, the rental of advertising space, security services, development, marketing and rental of real estate, traffic connections, technical services, construction management, and consulting services. This business unit is also responsible for telecommunications, data processing, energy supply and waste disposal services for the roughly 230 companies located at Vienna International Airport. The share of Group turnover generated by the Non-Aviation Segment in 2006 equalled 24.3% (2005: 21.7%).



A complete list of all Flughafen Wien AG holdings, classified by the type of investment and consolidation method, is shown on page 158 of the notes to the financial statements.

- Indirect subsidiary (>50%)
- Only economic rights

Basics of the airport business



In order to judge how successful an airport is, analyse the growth in the number of passengers, flight movements and maximum take-off weight.

The most important indicators for measuring the success of an airport's core business are the volume of passengers, maximum take-off weight (MTOW) and the number of flight movements. Every departing passenger pays a tariff, which is collected by the airlines together with the ticket price and passed on to the airport – and in this way, both the number of passengers as well as the amount of the tariff have a direct influence on revenues recorded by an airport. The maximum take-off weight is determined by the aircraft manufacturer for each type of aircraft, and is used to calculate landing fees. The number of flight movements, which represents the total of all take-offs and landings, provides information on the utilisation of runways and parking capacity on the aprons. The optimal combination of these factors for Vienna International Airport is therefore high MTOW and passenger volume, coupled with a smaller increase in flight movements and resulting optimal use of runway capacity.

The runway system at Vienna International Airport currently allows a maximum of 72 flight movements per hour. If the current forecasts for traffic development are met and technical requirements remain unchanged, Vienna International Airport will need a further runway by the middle of the next decade to continue its growth course. With the VIE-Skylink expansion project, work has already started to enlarge the terminal areas in several phases and in keeping with the development of traffic.

The total travelling time plays an important role in the selection of a travel route and, for this reason, short boarding and transfer times are key factors for establishing and maintaining the competitive ability of an airport. At Vienna International Airport this so-called minimum connecting time equals 25 minutes for flights within the Star Alliance Group, which represents a top ranking among airports in Europe. This speed is only possible because Flughafen Wien AG assumes direct responsibility for all aircraft handling services and no time is lost on coordination with external handling agents.

Traditional services to support air traffic do not represent the full scope of business activities at a modern airport. The large number of passengers and visitors who use these facilities as well as the many men and women who work at the site make an airport attractive as a provider of retail, gastronomy and advertising space. Vienna International Airport has completed a number of projects that illustrate the successful development of business in the real estate sector.

Real estate

Flughafen Wien AG carries out a variety of real estate development projects based on a precise analysis of market demand, and rents office, cargo and logistics objects to tenants. The favourable geographic location of Vienna International Airport and its success as an east-west hub have created an attractive location for a growing number of international companies, above all forwarding agents and freight carriers. Providing these companies with modern facilities that meet their special needs is a focal point of our business activities and strategic goals.

Shopping and gastronomy

With roughly 23 gastronomy facilities and 84 shops, Vienna International Airport has reached the dimensions of a mid-sized shopping centre. Passengers, visitors, neighbouring residents and employees are provided with a broad range of services and shopping alternatives, which also increase the overall attractiveness of the airport site.

Parking

As with all major construction projects at Vienna International Airport, the expansion of parking facilities is designed to match demand – which in this case represents the development of traffic. Roughly 8,200 spaces in multi-storey car parks and 7,200 spaces in parking lots were available to passengers and visitors at year-end 2006.

Advertising space

Vienna International Airport offers a wide range of opportunities for advertising that include neon signs, City Light showcases, banners and other objects that are located on access roads and buildings as well as in the terminal. These advertising instruments reach approximately 16.9 million passengers and 3 million visitors each year.



Utilise the full
potential of your
business location.

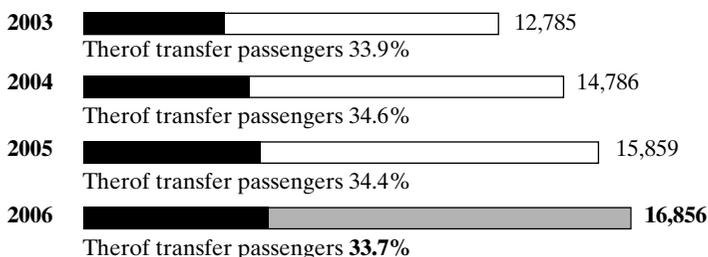
VIP & Business Center and Lounges

Just in time for Austria's role as the seat of the rotating EU presidency during the first half of 2006, a new state-of-the-art VIP & Business Center was opened at Vienna International Airport. It provides customers with facilities that are well-suited for many different types of events. In 2006 23,274 persons attended 3,669 events in the VIP & Business Center. The VIP & Business Center also operates five lounges at Vienna International Airport, which are available to serve waiting passengers.

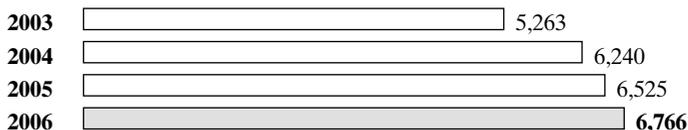
Know-how transfer

Flughafen Wien AG markets its experience and know-how to other airports through branch-specific consulting services. Through technical service agreements the Company is currently providing Malta Airport with support in the areas of strategic planning, retail business operations, personnel development and capacity management as well as airport and aviation marketing. Flughafen Wien AG holds an investment in Malta Airport through the Malta Mediterranean Link Consortium (MMLC) and shares that are owned directly.

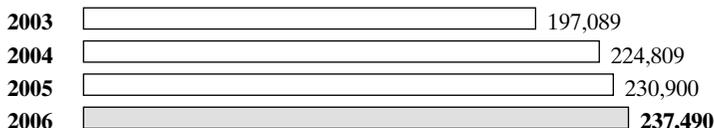
Passengers in thousands



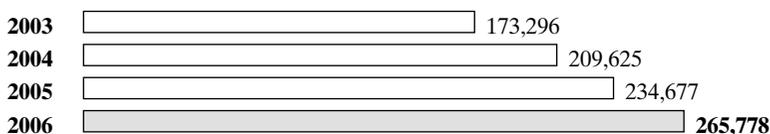
Maximum take-off weight in thousand tonnes



Flight movements



Cargo (air cargo and trucking) in tonnes



The Success Factors of Flughafen Wien AG

East-west hub

Two main factors allow Vienna International Airport to profit in a special way from its location in the heart of Europe. For passengers from the catchment area, the airport serves as the departure point to a wide range of destinations throughout Western Europe, the Near East and the Far East. Fast and uncomplicated travel from many neighbouring countries in Eastern Europe to Vienna International Airport is made possible by direct bus connections and by the railway network via the city of Vienna. The airport also provides an ideal link to the emerging markets of Eastern Europe with 45 destinations in this region. The strong economic momentum in these countries is a decisive reason for business travellers, but city tourism is also flourishing and attracting a growing number of vacationers. Vienna International Airport expanded its range of destinations in Eastern Europe during 2006 to include Eka-terinburg, Iași, Niš, and Pécs, while Poznań and Tuzla were dropped from the flight schedule.



With 45 East European destinations, Vienna International Airport is one of the leading east-west hubs in Europe.

Number of destinations in Eastern Europe*

	2006	2005	2004	2003
Vienna (VIE)	45	43	41	40
Frankfurt (FRA)	52	50	43	42
Zurich (ZRH)	23	21	18	20
Budapest (BUD)	29	24	19	18
Prague (PRG)	38	29	25	22
Munich (MUC)	44	47	29	20

* According to "OAG Worldwide Flight Guide" and direct survey of airports

Scheduled traffic to Central and Eastern Europe

	Destination	2006	2005	Change in %
1.	Moscow	113,576	105,785	7.4
2.	Bucharest	93,312	82,824	12.7
3.	Warsaw	85,027	80,938	5.1
4.	Sofia	79,657	83,323	-4.4
5.	Prague	76,972	82,814	-7.1
6.	Kiev	69,207	67,642	2.3
7.	Zagreb	59,370	55,443	7.1
8.	Belgrade	55,198	54,227	1.8
9.	Priština	52,004	50,185	3.6
10.	Tirana	48,721	46,807	4.1

Hub function

Roughly one of every three persons who use Vienna International Airport does not come directly from the catchment area, but is a transfer passenger. For this reason, Flughafen Wien not only works to increase the number of destinations and frequencies, but also to strengthen the function of Vienna as an east-west hub. A key requirement for the success of this strategy is continuation of our excellent minimum connecting time.

Transfer speed

Transfers comprised 28.4% of the total number of passengers in 2000, but by 2006 this figure had risen to 33.7%. This growth underscores the increasing significance of Vienna International Airport as a major international hub between east and west. A decisive factor for the positioning of Vienna is a minimum connecting time of 25 to 30 minutes, which is a decisive factor for ticket sales in all international reservation systems. After direct flights, these systems list other possible connections according to the total flight time and give low transfer times a priority ranking.

Vienna International Airport is able to guarantee fast transfers above all because of its one-roof concept and excellent logistics system, which allow passengers to move quickly from one gate to the next. This successful system will also be installed in the new VIE-Skylink terminal. During the reporting year Vienna International Airport registered 5.7 million transfer passengers, or 4.2% more than in 2005.

Minimum connecting time in Europe* in minutes

Vienna (VIE)	25–30
Munich (MUC)	35
Zurich (ZRH)	40
Copenhagen (CPH)	45
Frankfurt (FRA)	45
Amsterdam (AMS)	50
Brussels (BRU)	50
London (LHR)	75
Paris (CDG)	90

* Minimum Connecting Time (MCT) according to "OAG Worldwide Flight Guide" and direct survey of airports

Development of traffic to the Near East

Above-average growth was recorded in traffic to the Near East during 2006, with an increase of 14.4% in the number of passengers travelling to this region. New additions to the flight plan included Abu Dhabi and Erbil.

High-tech handling

Short boarding and transfer times are two of the most important criteria when travellers choose an airport. Vienna International Airport works to meet these demands and, at the same time, keep pace with the strong growth in traffic through continuous investments in baggage handling and a staff of highly motivated employees. The additional capacity provided by the completion of the Baggage Logistic Center West in 2005 led to a significant improvement in baggage handling services.

Our objective is to maintain a high level of customer satisfaction regarding the punctuality, security and cost-effectiveness of our services, and we work to meet this objective through the steady improvement of our underlying processes and interfaces. Together with our home carrier, the Austrian Airlines Group, we selected an integrative approach to optimise interfaces for turnaround functions: the processes that involve critical timing are monitored by a hub control centre and information is communicated quickly to the involved companies, which makes it possible to guarantee the optimal management of transfer flows. The resulting measurements make it possible to optimise connecting flights in advance, and thereby improve the quality of transfers. These efforts have given Vienna International Airport a top rating for punctuality among airports in Europe. In spite of working conditions that have been made more complex and difficult by construction at the airport, the punctuality rating for handling services rose from 99.5% to 99.7% in 2006.

Baggage handling

Year	Number of items arrival/departure	Peak days	Number of items arrival/departure
1999	10,512,979	4.7.1999	47,500
2000	11,214,616	1.7.2000	50,300
2001	11,180,342	1.7.2001	51,600
2002	11,322,219	7.7.2002	51,940
2003	11,729,126	29.6.2003	51,660
2004	13,471,068	3.7.2004	60,670
2005	14,168,786	3.7.2005	63,792
2006	14,998,492	30.6.2006	69,146

Diversified range of customers (low-cost-carriers)

The success of Vienna International Airport is also based on the particularly large number of destinations in our flight plan, and we work to continuously improve this offering by attracting new airlines. With 57.0% of the total number of passengers, the Austrian Airlines Group is our largest customer. However, the low-cost carriers have become an increasingly important driver for the growth in traffic over recent years. Their price and business model has attracted new customer groups and this, in turn, has provided an important impulse for our growth. The low-cost carriers handled 13.2% of the passengers using Vienna International Airport during 2006. An increase of 13.8% to roughly 1.1 million passengers ranked Air Berlin second behind Austrian and ahead of the German Lufthansa for the reporting year. Ranks four and five in the listing of passengers are held by NIKI and Germanwings, which are also low-cost carriers. The low-cost carriers that use Vienna International Airport serve 29 destinations – primarily capital cities in Western Europe – with an average of 179 frequencies per week.

In order to eliminate any competitive distortion, Flughafen Wien AG charges the same tariffs to both low-cost carriers and scheduled airlines.

Number of passengers by airline in 2006

	2006	Share in %*	2005	Share in %*	Change in %
1. Austrian Airlines Group	9,611,224	57.0	8,981,109	56.6	7.0
2. Air Berlin	1,057,422	6.3	929,428	5.9	13.8
3. Lufthansa	949,654	5.6	877,289	5.5	8.2
4. NIKI	753,221	4.5	675,241	4.3	11.5
5. Germanwings	360,352	2.1	334,485	2.1	7.7
6. British Airways	358,358	2.1	344,482	2.2	4.0
7. Air France	304,099	1.8	286,220	1.8	6.2
8. Swiss	296,635	1.8	319,951	2.0	-7.3
9. KLM Royal Dutch Airlines	234,101	1.4	232,687	1.5	0.6
10. THY Turkish Airlines	176,699	1.0	170,523	1.1	3.6
Other	2,753,960	16.3	2,707,635	17.1	1.7
Total	16,855,725	100	15,859,050	100	6.3
Thereof low-cost-carriers	2,229,780	13.2	1,970,432	12.4	13.2

* Share of total passengers of Flughafen Wien

Competitive tariff policy

The tariff and incentive policy pursued by Flughafen Wien AG is designed to provide transparent and fair prices for airlines and, above all, support strategically important intercontinental flights and connections to Eastern and Central Europe.

Vienna International Airport charges landing, passenger, parking and infrastructure tariffs for the use of its facilities. These tariffs are linked to the growth in traffic and the inflation rate through an annual index adjustment. The current index formula, which has been in effect since 2001, was extended by the Austrian Federal Aviation Authority in 2006 for a further three years until 31 December 2009.

The landing, parking and airside infrastructure tariffs are based on maximum take-off weight, while the passenger and landside infrastructure tariffs are based on the number of passengers. The maximum tariff adjustment equals the inflation rate less 0.35-times the growth in traffic, whereby this indicator is defined as the average of current and prior year traffic figures.

Flughafen Wien AG has repeatedly passed on the full reductions resulting from the index formula for passenger-related tariffs through a decrease in the landing tariff, and in so doing taken over a larger share of the occupancy risk from the airlines. The tariff charged to each departing passenger has been increased by € 1.12 as partial financing for the implementation of environmental measures defined by the mediation process.

Tariff changes as of 1 January 2006:

- **Landing and parking tariffs** -2.81%
- **Infrastructure tariff “ramp”** -1.00%
- **Infrastructure tariff “passage”** No change
- **Passenger tariff** Increase of € 1.12 as partial financing for the implementation of environmental measures
- **Infrastructure tariff “fuelling”** -1.87%

Flughafen Wien AG has created a multi-level incentive programme to support the airlines and safeguard the competitive ability of Vienna International Airport. The transfer incentive, destination incentive and frequency incentive were retained in 2006, and the frequency incentive was expanded to include “cargo only” flights on intercontinental routes.



Design your tariff policy to be both competitive and fair..

Security standards

The introduction of more stringent EU regulations governing the control and contents of hand luggage in November 2006 was successfully completed without particular inconvenience for passengers because of the high commitment of all involved parties.

Austria's role as the seat of the rotating EU presidency and the visit of the US president during the first half of 2006 required the implementation of extraordinary security measures at Vienna International Airport. However, optimal coordination and the use of the new General Aviation Center made it possible to avoid any impairment of routine operations.



Evaluate your security standards regularly and make sure they are absolutely reliable!

The safety management system that is required by the new airport certification programme was developed and implemented throughout Austria during 2006. This system is required to meet the new regulations for airports, which were issued by the International Civil Aviation Organization.

Our high security standards and work processes are regularly evaluated by various controls, audits and inspections by EU authorities and the Transportation Security Administration. The evaluations completed during the reporting year did not reveal any deficiencies. At Vienna International Airport, security is defined as all relevant precautions and measures that are required to meet national and international standards.

- Security headquarters is responsible for controlling access to sensitive areas of the airport.
- Vienna International Airport Security Services Ges.m.b.H. (VIAS), a wholly owned subsidiary of Flughafen Wien AG, performs these security controls on behalf of the Austrian Federal Ministry of the Interior. Turnover rose by 53.0% to € 28.4 million during the reporting year. The expansion of security services led to the hiring of 250 additional employees.
- All baggage and checked items are screened, and an unbreakable chain is created between passengers and their baggage.
- Together with the Austrian Federal Ministry for Traffic, Infrastructure and Transportation, a procedure was developed to ensure the fast turnover of cargo.

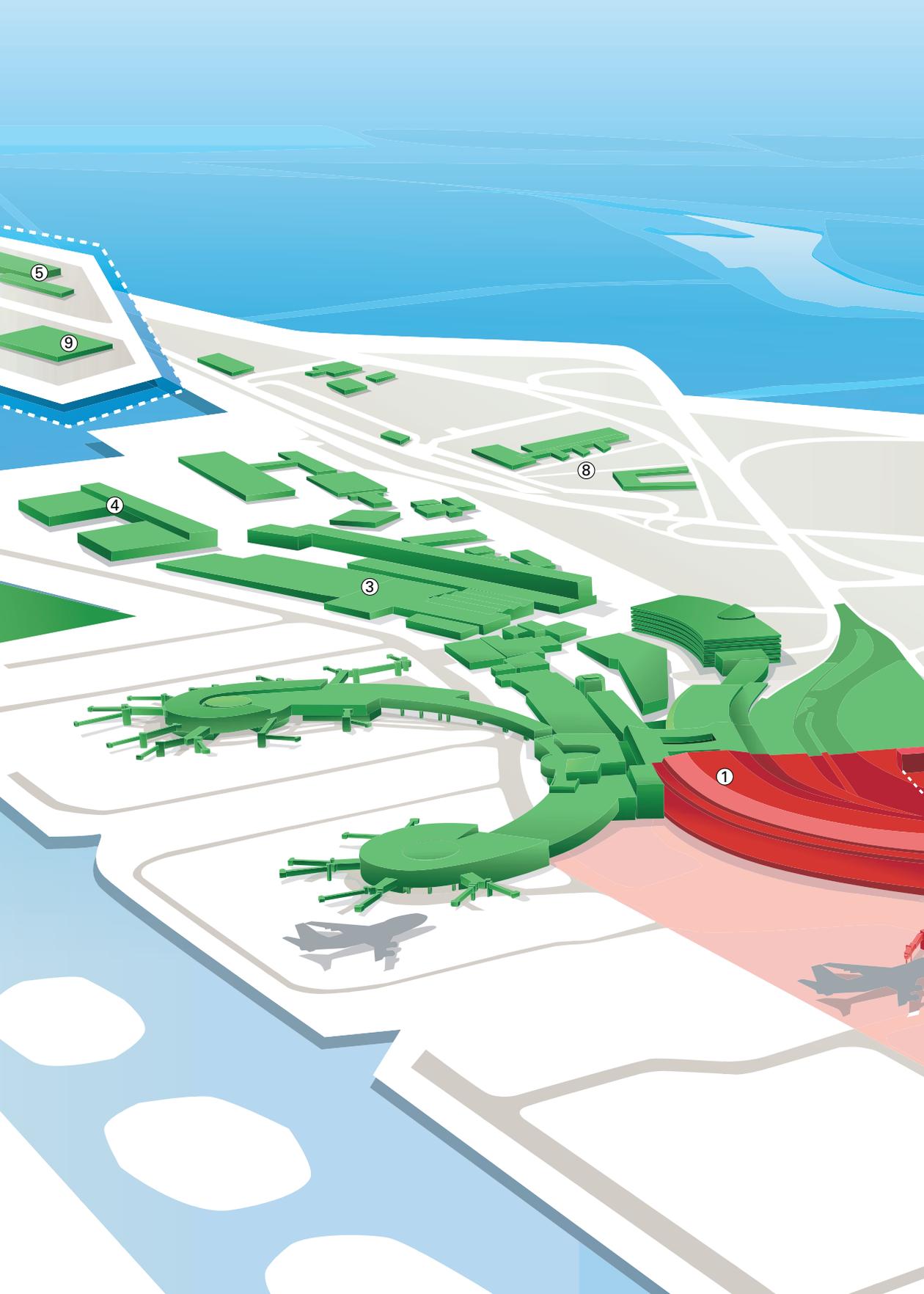












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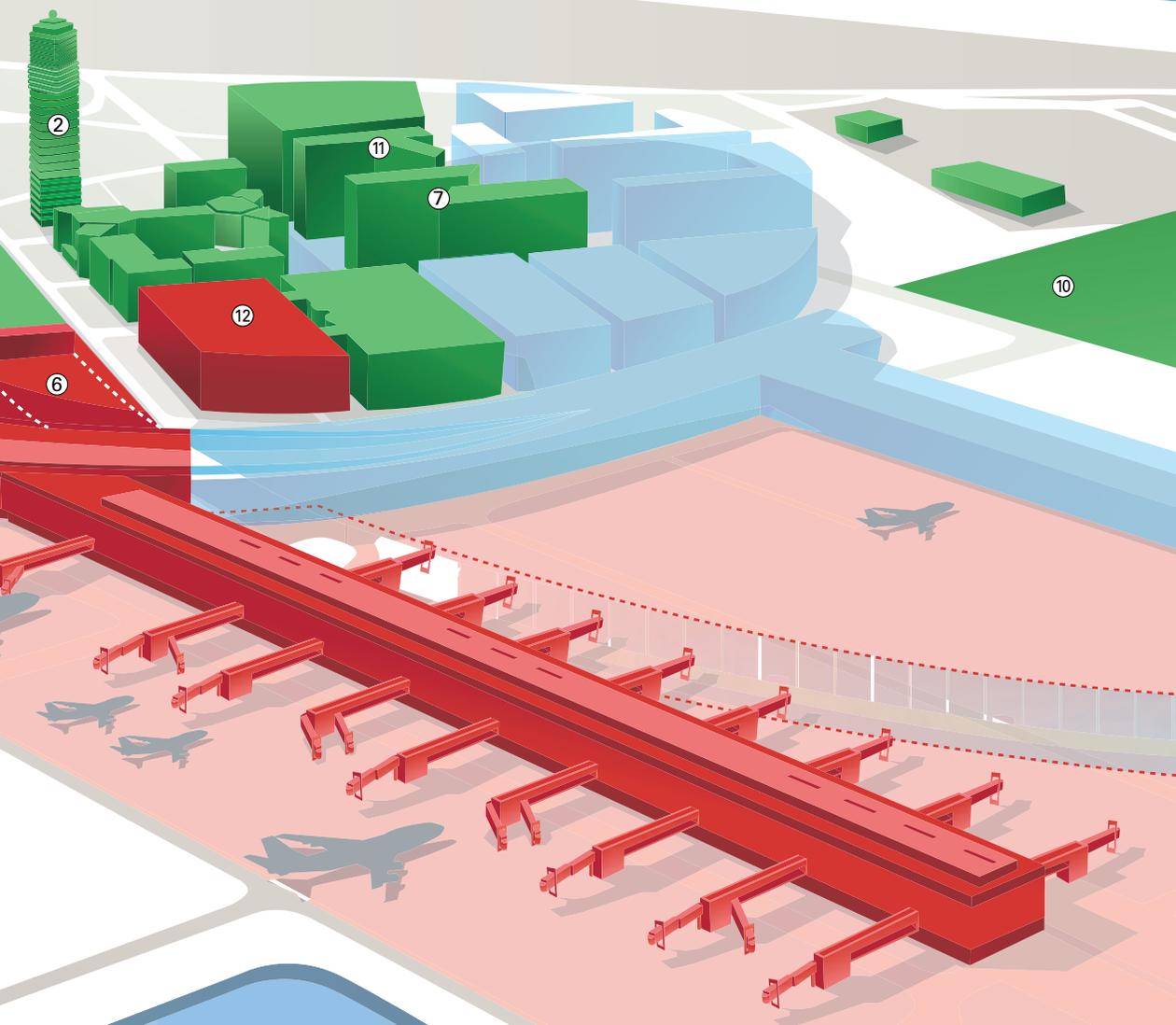
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 Existing facilities

 Implementation by 2008

 Vision for expansion over the coming decades

- | | |
|--|-------------------------------------|
| ① VIE-Skylink | ⑦ Office Park |
| ② Air traffic control tower | ⑧ Cargo North |
| ③ Air Cargo Center | ⑨ Cargo West |
| ④ Handling Center West | ⑩ Expansion of the north-east apron |
| ⑤ New VIP- und General Aviation Center | ⑪ Office Park II |
| ⑥ Enlargement of the VIE railway station | ⑫ Enlargement of car park 4 |





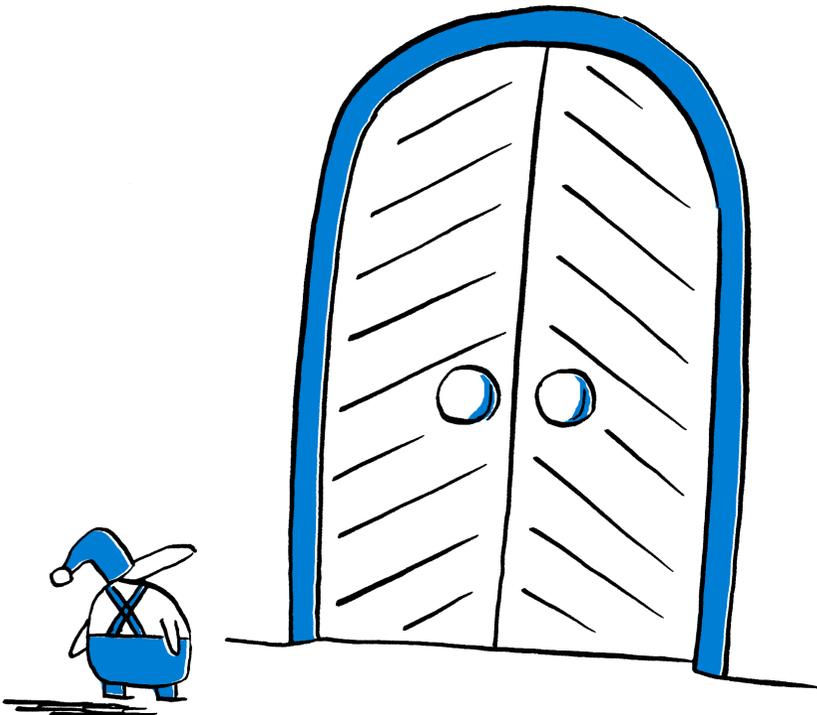
Legend

Photo 1	Roofing ceremony for the VIE-Skylink
Photo 2	Overview Vienna International Airport in February 2007 General Aviation Center and VIP-Terminal (at the front)
Photo 3	Overview Vienna International Airport in February 2007 VIE-Skylink (at the front), end of construction on the building shell is apparent
Photo 4	Expansion of Vienna International Airport
Photo 5	Foundation of the railway station under the Skylink

⑥

MAKE ROOM FOR GROWTH!

Develop realistic plans for capacity early on to avoid bottlenecks, so you can also take advantage of opportunities for growth.



The Growth Course of Flughafen Wien AG

In this chapter

- Vienna International Airport outpaces the European average
- Analysis of growth factors
- Current expansion projects

Strong foundation

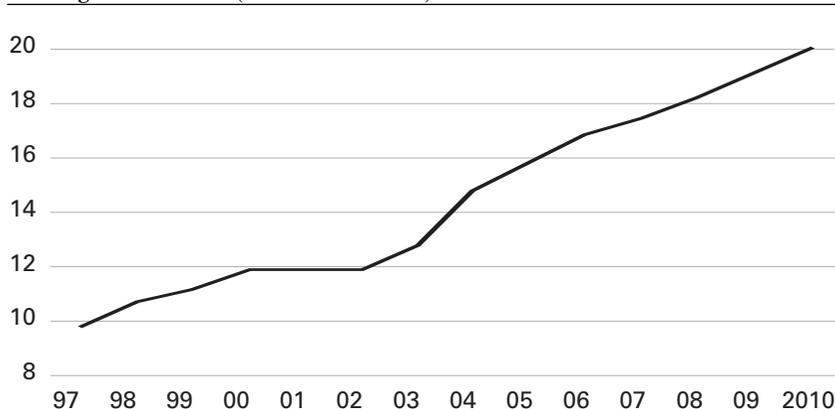
Vienna International Airport has recorded steady and strong growth for many years. With the exception of a temporary slowdown in traffic after 9/11, the number of passengers has increased every year – and at rates that have usually outpaced the European average. Roughly 9.8 million passengers used our airport in 1997, and ten years later in 2006 this figure had risen to 16.9 million. This represents an increase of 72.4% in only a single decade. Over this same period of time, flight movements rose by 51.1%.

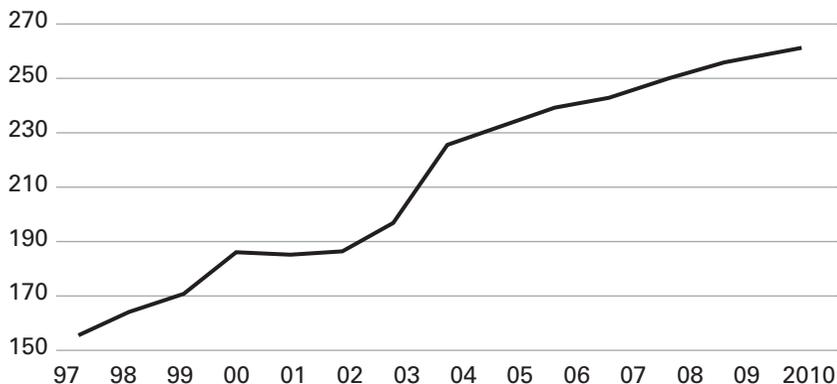


In only 10 years, the number of passengers using Vienna International Airport has increased 72.4%.

An increase of 6.3% in the number of passengers for 2006 underscored the continuation of this long series and again placed Vienna International Airport above the European average of 5.7%. In addition, maximum take-off weight (MTOW) rose by 3.7% during the past year. However, the development of flight movements remained below the growth in passenger volume with a plus of 2.9%.

Passengers in millions (2007-2010 forecast)



Flight movements in thousands (2007-2010 forecast)

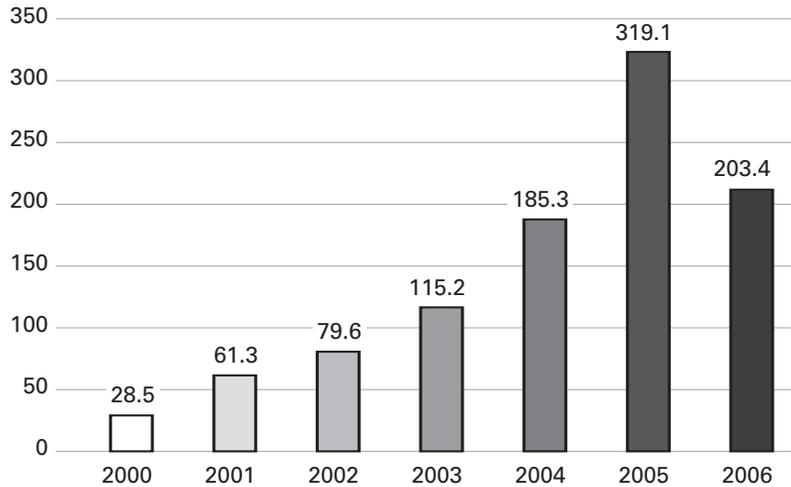
The management of Flughafen Wien AG expects continued growth in traffic during the coming year. Forecasts for Vienna International Airport call for an increase of 5.0% in the number of passengers, 3.0% in maximum take-off weight and 2.0% in flight movements during 2007. For the years 2008 to 2010, our calculations assume average growth of 5.4% in the number of passengers and 2.9% in flight movements. The favourable geographical location of the airport is expected to support growth of 1% above the European average over the long-term. Flughafen Wien AG developed an expansion programme that is designed to meet the growth in passenger volume and the development of peak hour traffic. The many individual projects implemented as part of this plan have triggered a massive increase in capital expenditure: during the period from 2000 up to and including 2006, EUR 760.5 million were invested in the expansion of the airport and its facilities.


Generate growth,
but develop the
necessary capacity
ahead of time.

Development of peak hours* (Flight movements, standard busy rate (30th hour))

Year	Flight movements	Passengers (arrival/departure)
2000	51	3,714
2001	52	3,922
2002	54	3,901
2003	54	3,864
2004	60	4,378
2005	61	4,763
Actual 2006	63	5,002

* Hour with the most flight movements

Investments in tangible and intangible assets in € million

Growth factors

Drivers for traffic growth

A favourable geographic location allows Vienna International Airport to benefit in a special way from the dynamic economic growth in Central and Eastern Europe. Our catchment area comprises a total of 14 million potential passengers from the eastern provinces of Austria as well as the neighbouring regions of Hungary, the Czech Republic, Slovakia and Slovenia. Marketing activities in these areas are designed to emphasise the advantages and attractiveness of Vienna International Airport, and thereby support the optimal development of this passenger potential. A sound increase was recorded in traffic to these regions during 2006: the 45 East European destinations that can be reached from Vienna International Airport recorded a plus of 8% in the number of passengers, which further strengthened our leading role as an east-west hub for air travel in Europe. Traffic to the Near East also showed above-average development, with an increase of 14.4% in the number of passengers travelling to this area.

Another strong driver for the development of traffic at Vienna International Airport is formed by the low-cost carriers, which have attracted new groups of air travellers with their business and price policies. In

2006 the low-cost carriers handled 2.2 million passengers in Vienna, which reflects a plus of 13.2% over the previous year. This increase raised the share of passengers handled by these airlines from 12.4 to 13.2%. Roughly one-fourth of the traffic growth recorded by Flughafen Wien AG in 2006 is attributable to this sector.



The opening of the VIE-Skylink terminal is scheduled for early 2009.

Cargo activities at Vienna International Airport have also remained on a strong upward trend in recent years. The volume of cargo handled at our airport totalled 265,778 tonnes (air cargo plus trucking) in 2006, which represents an increase of 13.3% over the previous year. This development again resulted from the addition of new frequencies for “cargo only” flights by Asiana Airlines and Korean Airlines.

Broad spectrum of services (Non-Aviation)

In addition to traditional airport operations, the scope of business activities at Vienna International Airport ranges from real estate development to facilities management, parking, supply and disposal infrastructure as well as the organisation of security services. The further development of these areas of business forms an integral part of our corporate strategy.

The opportunities for the development of new shopping and gastronomy facilities in the existing terminal and transit areas are currently limited. The completion of construction and opening of the new VIE-Skylink terminal in early 2009 will lead to a significant increase in the space available for rental and, as a result, in the income generated by these activities. We also invested in the further expansion of parking capacity during 2006 – car park 7 was enlarged and planning has started for the addition of another storey to car park 4.

The location of Vienna International Airport is also attractive because of its integration in the local traffic and transportation networks, and this facilitates the development and successful rental of real estate objects by Flughafen Wien AG. One example is the Office Park, which had roughly 26,000 m² of rentable space after the first stage of construction and now has an occupancy rate of 83%. Construction on the Office Park II began during 2006, and the 24,300 m² of space will be rented to the Austrian Airlines Group after completion in 2007.

Growth opportunities outside the airport site

In addition to making optimal use of the present growth opportunities available at Vienna International Airport, our strategic goal is to develop new areas of business that are independent of the airport location. We concentrate on airport projects, and any expansion of our operating business will only take place in accordance with precisely formulated criteria. If we acquire stakes in other companies, our intention is to achieve a strategic influence. The liability and financing risks associated with all new projects must be clearly definable – they may not impair the financial strength needed for expansion and growth at the airport and must also increase the value of our company.

Our interest in potential airport projects is not limited to the development and operation of other airports, but also covers the provision of branch-related consulting services. This know-how export is documented in an impressive manner by services provided to Malta Airport, in which Flughafen Wien AG acquired a 40% stake through a consortium in July 2002 and also holds a direct investment of slightly more than 10%. Any stakes we acquire in other airports must meet our extensive investment criteria and reflect our clear priority for countries in Eastern Europe.

Current growth projects

VIE-Skylink terminal

The rapid growth in passenger volume as well as our drive to maintain the current high level of quality and also meet the requirements of municipal authorities for the separation of Schengen and non-Schengen operations has created a need to increase the size of the present terminal. The expansion of the VIE-Skylink terminal will follow a flexible model that allows us to react to the actual growth in traffic. It will increase the “designed capacity” of Vienna International Airport to 24 million passengers per year, whereby the real total capacity will be substantially higher.

Capacity and passengers

	2006	VIE-Skylink 2009
Passengers (in mill.)	16.9	18
Check-in counters	134	+64
Pier positions	20	+17
Baggage carousels	7	+10
Shopping space (in m ²)	7,218	+5,000
Gastronomy space (in m ²)	3,981	+3,500

An annex to the existing terminal building will maintain the so-called “one-roof” concept. This building is designed to house a variety of operations while providing a broad overview of all areas, and also supports the complex transfers between Schengen and non-Schengen passengers. The multi-functionality of the pier and short routes for passengers will also allow Vienna International Airport to maintain a minimum connecting time of only 25 to 30 minutes, which is one of the fastest in Europe. The first phase of construction on the VIE-Skylink will involve the addition of a new pier finger (Pier South), which will add more than 17 aircraft positions close to the terminal. The expansion in the terminal itself will create additional check-in counters, baggage transfer and sorting equipment as well as retail and gastronomy space. The opening of these facilities is scheduled for early 2009.

Additional projects in 2006

In addition to the construction of the VIE-Skylink, we regularly carry out projects to renovate and enlarge the aprons. In 2006 work was completed on the north-east apron Phase 2B, which added 200,000 m² of space. A major project in the Non-Aviation Segment is the expansion of car park 4. Plans call for a near doubling of the capacity in this facility from 2,600 to roughly 5,000 vehicles by 2008. The planning for this development was concluded in 2006, and the completion of construction will give Vienna International Airport approximately 10,500 covered parking spaces.

An overview of the most important investments made in 2006 is provided below:

<u>VIE-Skylink</u>	<u>€ 77.0 million</u>
<u>Expansion of car park 7</u>	<u>€ 4.4 million</u>
<u>Office Park II</u>	<u>€ 20.8 million</u>
<u>Hangar 6</u>	<u>€ 11.4 million</u>
<u>Expansion of north-east apron</u>	<u>€ 23.4 million</u>

Acquisitions by Flughafen Wien AG

During the reporting year 66% of the shares in Košice Airport were transferred to the TwoOne Consortium, in which Flughafen Wien AG holds 50.1% of the voting rights. The future plans for this facility include a stronger strategic positioning of Košice Airport in point-to-point traffic for the local market area, which covers parts of Slovakia, Hungary, Ukraine and Poland.

Flughafen Wien AG also intends to acquire a 25.15% stake in Flughafen Friedrichshafen GmbH. In accordance with a letter of intent that was concluded between the two parties, the approval of the responsible corporate bodies (Supervisory Board and shareholders' meeting) will be requested during the first quarter of 2007. The conclusion of this transaction is scheduled for the end of the first quarter of 2007, subject to the approval of the cartel authorities.

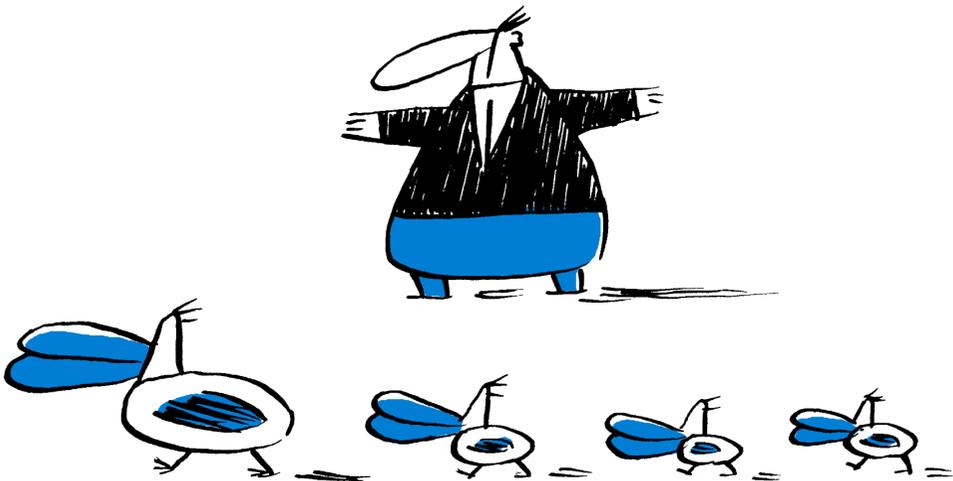


In addition to investments in Malta and Košice Airports, Flughafen Wien AG also intends to acquire a stake in Friedrichshafen Airport.

7

TAKE RESPONSIBILITY FOR YOUR ENVIRONMENT!

**Don't forget the environment or your neighbours
when you make your plans – because this is the only
way to guarantee sustainable growth.**



Responsibility for People, the Economy and the Environment

In this chapter

- Jobs for 16,000 men and women
- Investments in environmental protection and noise reduction
- Dialogue forum manages communications with neighbouring communities

Flughafen Wien AG is committed to creating a sustainable increase in the value of the Company and, for this reason, bases its decisions and actions not only on financial criteria but also on the potential ecological impact of its activities. At the same time, the Company also works to protect the social interests of all its stakeholders.

16,000 jobs

More than 16,000 men and women work at the Vienna airport site. In addition to the Flughafen Wien Group with its workforce of 3,834, the wide range of employers includes over 230 companies such as airlines, retail and gastronomy businesses, forwarding agents, public sector operations, service firms, auto rental agencies, transportation and mineral oil companies. An increase in the number of passengers also triggers an increase in the number of jobs. Each one million passengers translate into roughly 1,100 positions, and every additional million passengers create an average of 1,000 new jobs at the airport site.



Each 1 million increase in passenger volume creates 1,000 new jobs.

Driver for economic growth

Vienna International Airport is directly or indirectly responsible for more than 29,000 jobs in the Austrian economy. The continuation of our successful growth course and the realisation of the expansion projects defined in the expansion plan 2015 will create a large number of new jobs over the coming years. Through multiplier effects, every job at the airport creates one additional job in the Austrian economy. The value added by Vienna International Airport amounts to € 2.8 billion, and every euro of value added at the airport generates € 0.90 in the Austrian economy.

Traffic infrastructure provider

As a provider of traffic infrastructure, Vienna International Airport supports the development of the entire regional economy. Many companies depend on reliable worldwide air connections to maintain their competitive ability. In Austria, close proximity to an airport is a key location factor for roughly 1,200 companies with a total of 600,000 employees and an extensive network of sub-contractors.



One of every
10 passengers now
uses the City Air-
port Train to travel
to Vienna Inter-
national Airport.

With the start of operations by the CAT (City Airport Train) in December 2003, we created a fast and comfortable direct link between the airport and the inner city of Vienna. The CAT, which is operated together with the Austrian Federal Railway Corporation, has established a firm position within the local ground transportation network and was used by 10% of all passengers in 2006.

Far-sighted environmental policies

Flughafen Wien AG collects environmental data through extensive monitoring procedures and uses this information to define measures for improvement. In order to better track and document this optimisation process and the fulfilment of related goals, we plan to install an environmental database in 2007. For Vienna International Airport, the key environmental challenges are noise and pollution levels as well as the supply of goods and disposal of waste, and the efficient use of energy. The airport's environmental indicators for 2006 are published in the Internet under www.vie-umwelt.at and in the "Umwelt Aktuell" brochure. General information is also provided in "The Environment and Aviation", a brochure prepared jointly by the Austrian airline companies.

Monitoring and dialogue forum

Activities in the environmental business unit concentrated on issues related to the dialogue forum and its working groups as well as the district conferences. This group also supervises the implementation of measures from the partial mediation contract that was signed in 2003, and the results of its monitoring flow into the evaluation report that is published each year by the dialogue forum.

Following the conclusion of the mediation process in 2005, an association was founded under the name "dialogue forum for Vienna International Airport". This organisation is responsible for coordinating the discussion of subjects that were not concluded during the mediation process as well as issues that have arisen as a result of new developments. In addition to an expanded managing board with 28 members, the forum comprises a number of working groups and district conferences for the municipalities of Gänserndorf, Bruck/Leitha, Vienna-

South and the city of Vienna. This process has come to involve the representatives of more than 100 communities, the province of Lower Austria and city of Vienna, the environmental authorities of these two regions and numerous other local, regional and super-regional citizens initiatives against flight noise. In September 2006 Wolfgang Hesina was appointed to become the managing director of the dialogue forum. Further information on the mediation process can be found in the Internet under www.viemediation.at and www.vie-umwelt.at. The dialogue forum has created its own homepage, which can be reviewed under www.dialogforum.at.



Following the conclusion of the mediation process, a dialogue forum now coordinates communications with the neighbouring communities.

Runway utilisation during night hours

The number of flight movements between 10 pm and 6 am rose by a slight 6.9% during 2006. In absolute numbers, this represents an average of 45 flight movements per night. This level will not be exceeded in the future because the mediation agreement calls for a step-by-step reduction in night flights during the hours from 11:30 pm to 5:30 am. Details on the utilisation of runway capacity at Vienna International Airport can be found in the evaluation report that will be published by the dialogue forum in June 2007.



Maximum 45 flight movements per night.

Runway and apron drainage system

Following the completion of a drainage system in 2005, all waste water from movement areas is now transferred to the Schwechat-Mannswörth plant for treatment and disposal.

Noise reduction measures

For many years Flughafen Wien AG provided voluntary subsidies for the installation of soundproof windows in communities surrounding the airport. In 2006 these subsidies were replaced by the noise protection programme that was defined in the mediation contract. A total of € 160,000 was invested in this programme during the past year. Other expenditures for environmental protection totalled € 610,000 in 2006 (2005: € 690,000).

Our Flight Track and Noise Monitoring System (FANOMOS) measures flight noise and uses radar data to record statistics on the flight path, speed and altitude of aircraft. In addition to data recorded by stationary measurement stations, 35 mobile measurement series were also carried out in 2006 (2005: 31). The results of these measurements and the analysis of deviations form the basis for an evaluation report that also includes data provided by the environment and aviation call centre that handles complaints. In comparison to the previous year, the number of complaint calls and e-mails fell by 13% in 2006.



Flughafen Wien AG makes substantial investments in environmental protection each year.

Air quality measurement

The air quality at the airport is the subject of continuous monitoring. The equipment provided by Flughafen Wien AG has been integrated into the air quality measurement network of the Province of Lower Austria and is operated by the local environmental protection authorities. Measurement data can be reviewed under www.numbis.at.

Environmental fund

One of the central requirements of our neighbouring communities and citizens initiatives was the establishment of an environmental fund to support the sustainable development of the region. Flughafen Wien AG contributes € 0.20 to this fund for each arriving and departing passenger, including transfer passengers. This contribution is tripled to € 0.60 for each passenger arriving during the night.

Noise protection programme

The mediation contract contains a series of agreements on technical noise protection, which also create a system to manage the noise zones that will be connected with the addition of a third runway. The implementation of related measures began in 2006 under the title “noise protection programme at Vienna International Airport”.

Noise limits and zoning

In order to meet the goal of separating residential areas and flight noise zones, Flughafen Wien AG has concluded individual contracts several communities to ensure that no areas within a defined noise zone (54 dB, in exceptional cases 55 dB) will be rezoned for construction in the future. The noise zones will not be expanded after the start-up of the third runway to provide all parties with a secure basis for future development.



Flughafen Wien AG
supports an
environmental
protection fund to
promote the
sustainable
development of
the region.

8

DISCUSS THE DEVELOPMENT OF YOUR BUSINESS IN DETAIL!

Only somebody who has all the facts can accurately
measure your performance.



Group Status Report

The Business Environment

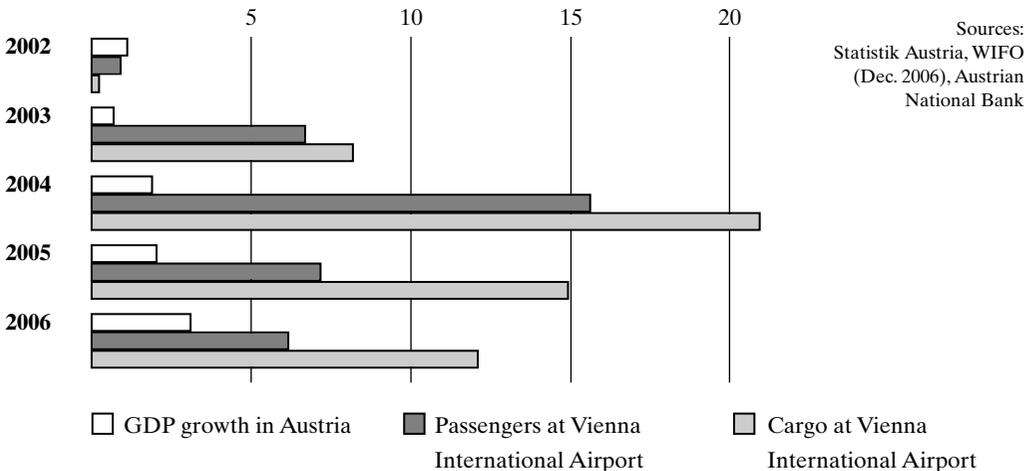
Economic recovery in Europe

The development of business at an airport obviously has a close correlation with the growth in air traffic. This factor, in turn, is dependent on general economic conditions as well as purchasing power and travel behaviour.

The economy

Economic growth in the Euro region accelerated during 2006 despite a massive rise in energy prices. With a GDP increase of 3.2%, the Austrian economy exceeded the European average of 2.8%. The main drivers for the development of the domestic economy were higher export activity and robust consumer demand. This momentum led to an increase in capital investments for the expansion of capacity, and was further supported by favourable interest rates. The ten new EU members continued to record dynamic growth in 2006 with an average GDP increase of 5.2%. The average value for the OECD countries equalled 3.1%. Economic growth in the USA was weaker in comparison to previous years with a plus of only 3.3%, and Japan reported GDP growth of 2.6%.

GDP Growth, Passengers and Cargo in %



A comparison of GDP growth in Austria with the development of passenger and cargo traffic at Vienna International Airport shows a clear shift in the correlations during recent years. The favourable development of domestic exports, strong economic momentum in Austria's neighbouring countries and the increasing importance of the low-cost

carriers as a growth driver have led to a steady reduction in the dependency on general economic factors. We assume that our eastern EU neighbours will continue to provide substantial impulses for the future development of the greater Vienna area over the coming years. For this reason, we intend to safeguard and further expand our position as the most important airport in this dynamic region with specially targeted activities.

The Austrian tourism branch stagnated at a level of roughly 119.3 million overnight stays in 2006. In contrast, sound growth was recorded in the city tourism segment – in part due to the development of new target groups by the low-cost carriers. Vienna reported a plus of 6.9% in overnight stays for 2006.

The development of air traffic in Europe and Austria

Air traffic in Europe has recovered steadily since the slump in 2001. Key impulses for growth were provided by the low-cost carriers as well as the enlargement of the European Union and resulting increase in travel. In comparison with other European airports, Vienna International Airport again recorded excellent development in 2006.

Development of traffic at European airports in 2006

Airport	Passengers in thousands	Change vs. 2005 in %	Flight movements	Change vs. 2005 in %
London*	125,390	+2.2	915,504	+1.4
Paris**	82,431	+4.8	762,336	+3.5
Frankfurt	52,811	+1.1	474,346	+0.9
Amsterdam	46,088	+4.4	423,125	+4.6
Madrid MAD	45,501	+8.1	433,170	+4.5
Munich	30,758	+7.5	386,128	+3.1
Rome FCO	30,101	+5.2	310,050	+2.3
Milan MXP	21,767	+10.9	247,456	+8.7
Zurich	19,194	+7.6	222,851	-3.8
Vienna	16,856	+6.3	237,490	+2.9
Prague	11,582	+7.5	163,092	+3.7
Budapest	8,319	+4.5	119,237	+1.6

* London Heathrow, Gatwick, Stansted, ** Paris Charles de Gaulle, Paris Orly

Source: ACI Europe Airport Traffic Report December 2006

The Development of traffic at Vienna International Airport

Vienna International Airport profits from a favourable geographic location in the heart of Europe, and has therefore been able to establish a strong position as a major hub to the flourishing destinations of Central and Eastern Europe. Key support for our growth strategy is also provided by the increasing demand for flights to the Far East and Near East as well as the successful development of the low-cost carriers. In 2006 64 airlines offered scheduled flights to and from Vienna to a total of 176 destinations throughout the world.

This strategy supported an increase of 6.3% in passenger volume at Vienna International Airport during 2006. The number of passengers rose to 16,855,725 at a pace that again exceeded the European average. Flight movements increased 2.9% to 237,490, maximum take-off weight (MTOW) grew by 3.7% and cargo registered a plus of 13.3%.

The low-cost carriers recorded a 13.2% increase in volume during 2006 and handled 2,229,780 passengers, which raised their share of the total passenger volume at Vienna International Airport from 12.4% in the previous year to 13.2% for 2006. With scheduled flights to 45 destinations in Eastern Europe, Vienna was able to further expand its leading position as an east-west hub for European air travel. The number of passengers travelling to the Near East rose by 14.4% in 2006. After a strong increase of 12.9% in the previous year, the destinations in the Far East recorded growth of only 2.2% for the reporting year.

Supported by an increase in the frequencies of “cargo only” flights by Asiana Airlines and Korean Airlines, cargo turnover at Vienna International Airport rose by 13.3% to 265,778 tonnes in 2006. The volume of air cargo grew 12.2% to 187,852 tonnes and trucking volume increased 16.0% to 77,926 tonnes.

Development of passengers in detail

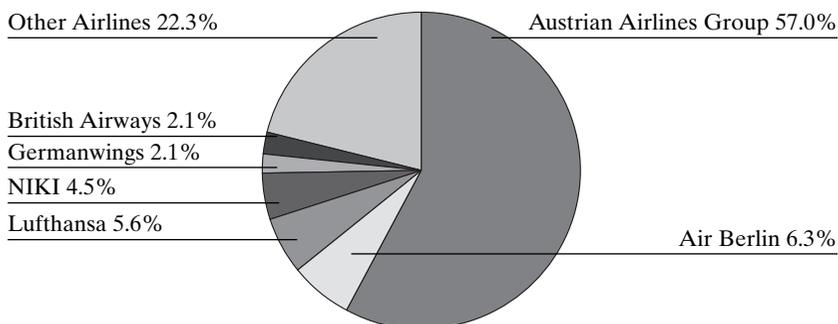
Scheduled traffic is responsible for 94.1% of the total passenger volume at Vienna International Airport. The strongest destination was London with 390,041 passengers, followed by Frankfurt (363,221 passengers), Zurich (312,527 passengers) and Paris (309,695 passengers). The ranking of destinations in Eastern Europe was led by Moscow with 113,576 passengers, Bucharest (93,312 passengers) and Warsaw (85,027 passengers). The most popular long-haul route was Bangkok with 100,333 passengers, followed by New York in second place with 91,735 passengers. Washington, Tokyo, Delhi and Peking ranked third to sixth in this listing.

The most frequented charter destination was the Turkish city of Antalya, despite a decline of 25.4% to 86,096 passengers. Heraklion, Monastir and Hurghada followed with a substantially lower number of passengers.

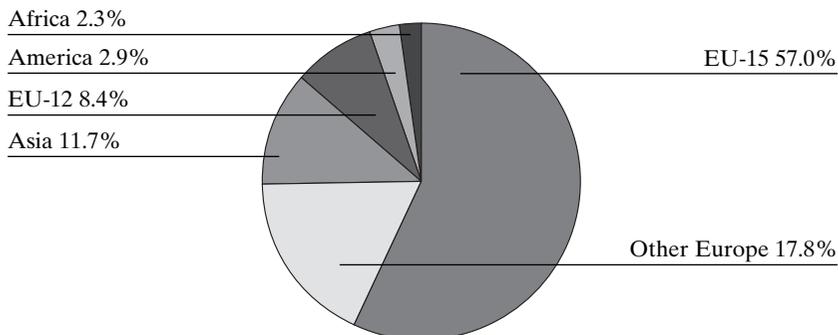
Development of the airlines at Vienna International Airport

The Austrian Airlines Group continued to profit from its strategic focus on destinations in Central and Eastern Europe, Asia and the Near East in 2006 and, supported by red ticket actions, again recorded an increase in traffic. A ranking by the number of passengers was headed by the Austrian Airlines Group with 57.0% (2005: 56.6%), followed by Air Berlin with 6.3% (2005: 5.9%), Lufthansa with 5.6% (2005: 5.5%), NIKI with 4.5% (2005: 4.3%) and Germanwings with 2.1% (2005: 2.1%). The average seat occupancy improved by 2.1 percentage points to reach 68.5% for the reporting year. In connection with the restructuring of the Austrian Airlines Group, a number of long-haul destinations will be discontinued in 2007. However, the scheduled flight plan of Vienna International Airport will be expanded to include a frequency to Chicago by the Austrian Airlines Group and a flight to Moscow by NIKI. In addition, Delta Air Lines, Korean Air, SkyEurope, KrasAir and Air Transat will add Vienna to their flight plans in 2007.

Passengers 2006 by airline



Arriving passengers by country of origin in %



Tariff and incentive policy

The tariff and incentive policy pursued by Flughafen Wien AG is designed to create a transparent and fair price structure for the airlines and also provide to support, above all, for strategically important intercontinental flights and destinations in Central and Eastern Europe.

This policy has repeatedly led to decisions by Flughafen Wien AG to pass on reductions from the index calculation of the passenger tariff through a decrease in the landing tariff, and thereby take on a greater share of the airlines' occupancy risk. The passenger tariff was raised by € 1.12 per departing passenger in 2006 as partial financing for the implementation of environmental protection measures that were defined by the mediation process. In order to support the airlines and defend the competitive position of Vienna International Airport, Flughafen Wien AG has developed a multi-level incentive programme. The transfer incentive, destination incentive and frequency incentive were maintained throughout 2006, while the frequency incentive was also extended to cover "cargo only" flights on intercontinental routes.

Tariff changes as of 1 January 2006:

Landing and parking tariffs	-2.81%
Ramp infrastructure tariff	-1.00%
Passage infrastructure tariff	No change
Passenger tariff	Increase of € 1.12 due to implementation of environmental measures
Fuelling infrastructure tariff	-1.87%

Environmental and social aspects in 2006

Flughafen Wien AG invested approximately € 610,000 in environmental protection measures during 2006. Activities not only focused on efforts to optimise the supply of resources and disposal of waste at the airport, but above all on measures to reduce noise and pollutant emissions and thereby minimise the impact on neighbouring communities. For many years, Flughafen Wien AG voluntarily provided financial subsidies for the installation of sound-proof windows. In 2006 these subsidies were replaced by the noise protection programme that was defined in the mediation contract. A total of € 160,000 was invested during the reporting year as part of this programme. The quality of the air in areas surrounding the airport is monitored regularly to identify any need for remedial measures at an early stage.

With an average workforce of 3,834 in 2006, the Flughafen Wien Group is one of the largest employers in the region. Management is well aware of the social responsibility that accompanies this position and not only makes regular investments in the training of employees but also focuses on workplace safety and health. For example, the number of accidents per 1,000 employees reached a new low of 49.7 in 2006. The voluntary benefits provided by Flughafen Wien AG range from a day care centre at the airport to free transportation for employees and financial support for supplementary accident and health insurance.

Turnover

Growth in all segments

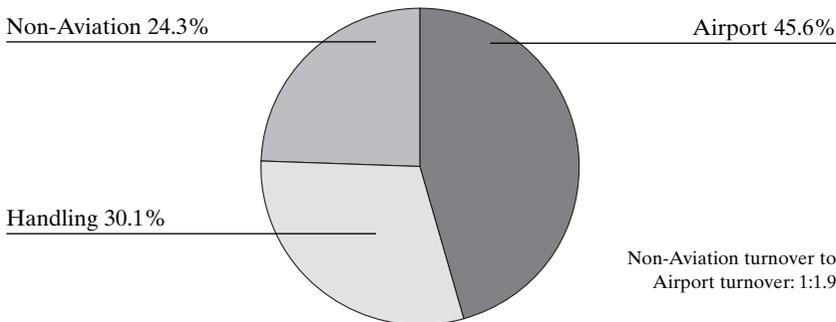
The Flughafen Wien Group recorded an increase of 13.1% in turnover to € 463.9 million for the 2006 Business Year. This above-average growth in comparison to the rise in traffic resulted above all from the outstanding development of business in the Non-Aviation Segment. However, all three segments recorded an improvement in turnover during 2006. The Airport Segment remained the largest business unit with a 45.6% share of total turnover, even though share this declined by 0.4 percentage points from the previous year. The Handling Segment followed with a share of 30.1%, or 2.1 percentage points less than in 2005. The Non-Aviation Segment increased its contribution to Group turnover by 2.6 percentage points to 24.3% based on the sound development of business.

The Airport Segment reported an increase of 12.0% in turnover to € 211.3 million in 2006. Turnover in this business unit is generated primarily from landing, passenger and infrastructure tariffs, and is therefore dependent on the development of traffic. The key variables for the 2006 Business Year can be summarised as follows: a plus of 6.3% in the number of passengers and increase of 2.9% in flight movements as well as growth of 3.7% in maximum take-off weight, which is the determining factor for the calculation of landing tariffs. Seat occupancy rose by 2.1 percentage points to 68.5%. The Austrian Airlines Group recorded an increase of 0.6 million in the number of passengers, and the low-cost carriers and all other airlines registered growth of 0.3 million and 0.1 million, respectively. The low-cost carriers handled 13.2% more passengers in 2006, which raised their share of total passenger volume by 0.8 percentage points to 13.2%. In order to safeguard the competitive ability of Vienna International Airport, Flughafen Wien AG implemented a number of tariff reductions as of 1 January 2006, reducing the landing and parking tariffs by 2.81%, the ramp infrastructure tariff by 1.0% and the fuelling infrastructure tariff by 1.87%. The passenger tariff was raised by € 1.12 to € 14.62 to supply part of the financing required for the implementation of environmental protection measures defined in the mediation contract. As in previous years, incentives were also granted in 2006 for the addition of frequencies and the introduction of new long-haul flights and destinations in Eastern Europe. In order to strengthen the east-west hub function of Vienna International Airport, the airlines were also granted a frequency incentive for Eastern Europe and intercontinental destinations that provides for cost reductions of up to 40%.

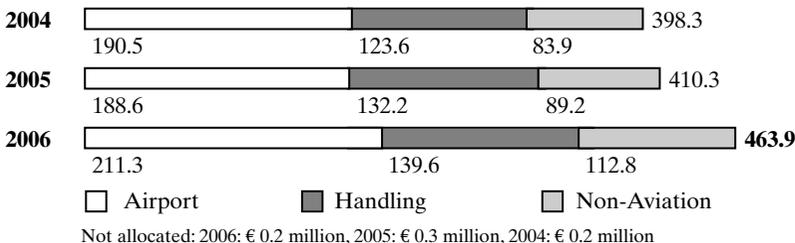
The Handling Segment registered an increase of 5.6% in turnover to € 139.6 million for 2006. This positive development was supported by a plus of 13.3% in cargo and 1.7% in handling services (scheduled and charter traffic) as well as an increase in the volume of business activities by the General Aviation Center during Austria's role as the seat of the rotating EU presidency. Turnover from apron handling rose by 0.5%, cargo handling by 21.8% and general aviation by 36.3%. The largest growth was recorded with the Austrian Airlines Group and Korean Air. The average market share declined 1.0 percentage point to 89.6%.

The Non-Aviation Segment recorded above-average growth of 26.4% in turnover to € 112.8 million for the 2006 Business Year, whereby the most important drivers for this development were security services, parking and rentals. The expansion of security controls on 1 January 2006 to include persons working in sensitive areas of the airport as well as the start-up of additional control lines in the Pier East led to an increase of 53.0% in turnover from this area of business. The expansion of security services was also supported by the implementation of an EU directive on 6 November 2006, which restricted the carrying of liquids in hand luggage. Higher capacity and price adjustments resulted in a 13.3% increase in income from parking facilities. The rental of the technical headquarters to the Austrian Airlines Group made an important contribution to the 40.9% growth in rental revenues, which also include supply and disposal services. Primary turnover recorded by the shops and gastronomy facilities increased by 11.6% in 2006. Business in the Airport and Handling Segments is subject to seasonal fluctuations that are dependent on tourism. Since these segments together generate the major part of Group turnover, revenue is traditionally highest during the third quarter of the year. Results for 2006 show the third quarter with 26.2% of annual turnover, followed by the second quarter with 25.6%, the fourth quarter with 25.2% and the first quarter with 23.0%.

Turnover 2006 by segment



Development of turnover in € million



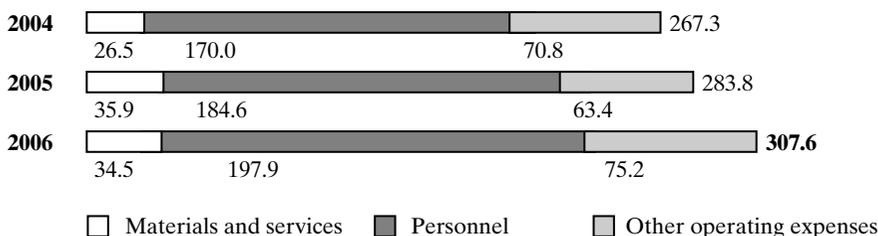
Earnings

An overview of the development of earnings in the Flughafen Wien Group during 2006 shows the following key figures:

- Operating income: +10.1% to € 477.3 million
- Operating expenses, excluding depreciation: + 8.4% to € 307.6 million
- Earnings before interest, taxes, depreciation and amortisation (EBITDA): + 13.3% to € 169.6 million
- Depreciation: +15.0% to € 66.0 million
- Earnings before interest and taxes (EBIT): + 12.3% to € 103.7 million
- Financial results: € -9.5 million to € -1.8 million
- Earnings before taxes (EBT): + 1.9% to € 101.9 million
- Net profit: + 3.9% to € 77.6 million
- Share of Flughafen Wien AG in annual profit: € +2.5 million to € 76.8 million

Operating income rose by 10.1% to € 477.3 million, or less than the 13.1% growth in turnover, because of a 42.3% decline in other operating income to € 13.4 million. The decrease in other operating income resulted primarily from a reduction in the volume of own work capitalised and lower income from the reversal of provisions.

Development of operating expenses (excl. deprecation) in € million



The decrease of 3.9% in the cost of materials and services to € 34.5 million resulted from lower material costs for tangible assets produced by the Group as well as a decline in the use of de-icing materials. In contrast, expenses for electricity and long-distance heating as well as third-party services that are charged out to customers increased during the reporting year.

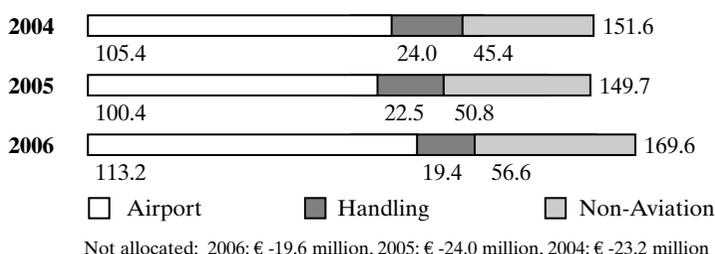
Personnel expenses rose by 7.2% to € 197.9 million for the 2006 Business Year, above all as a result of wage and salary increases mandated by collective bargaining agreements and growth in the workforce. The positive development of traffic and expansion of security controls triggered an increase of 9.5% in the average number of employees to 3,834. Of this total, 74.8% of the additional hiring took place in the security unit of the Non-

Aviation Segment, 23.3% in the Handling Segment and 1.3% in the Airport Segment. The number of employees working in the administrative departments of the Group declined 5.4%. Based on the number of traffic units per employee, the excellent level of productivity in Flughafen Wien AG improved 4.5% over the prior year.

Other operating expenses rose by 18.7% to € 75.2 million due to higher expenditures for maintenance, marketing and leasing. The use of third-party services declined because of a decrease in the volume of services provided by Vienna Airport Infrastruktur Maintenance GmbH, a wholly owned subsidiary of Flughafen Wien AG. The cost reduction programme that was started in 2004 continued during the reporting year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 13.3% to € 169.6 million in 2006. The Airport Segment generated the largest share of EBITDA with € 113.2 million (+12.8%), followed by the Non-Aviation Segment with € 56.6 million (+11.5%). As the result of an increase in personnel expenses, the Handling Segment recorded a decline of 13.5% in EBITDA to € 19.4 million.

Development of EBITDA by segment in € million



Share of segments in Group EBITDA	2006	2005	2004
Airport	66.7%	67.1%	69.6%
Handling	11.5%	15.0%	15.8%
Non-Aviation	33.4%	33.9%	30.0%
Group EBITDA	100.0%	100.0%	100.0%
Not allocated	-11.6%	-16.0%	-15.4%

Non-allocated results are comprised primarily of administrative expenses.

The amortisation of intangible assets and depreciation of tangible assets increased 15.0% to € 66.0 million as a result of the high level of investment activity as well as the completion of major construction project such as the air traffic control tower, the General Aviation Center, Air Cargo Center, enlargement of the aprons and expansion of parking capacity. A total of € 203.4 million was invested in tangible and intangible assets dur-

Development of depreciation and capital expenditure in € million

ing the reporting year. This figure exceeds the corresponding depreciation by 308.3%, and underscores not only the significance of capital expenditure but also the investment power of the Flughafen Wien Group.

Earnings before interest and taxes (EBIT) rose by 12.3% to € 103.7 million in 2006. The Airport Segment made the largest contribution to EBIT with € 75.7 million (+13.4%), followed by the Non-Aviation Segment with € 35.2 million (+2.2%). The Handling Segment reported a 17.6% drop in EBIT to € 12.8 million.

Share of segments in Group EBIT in € million

	2006	Change in %	2005	2004
Airport	75.7	13.4	66.7	77.8
Handling	12.8	-17.6	15.5	18.0
Non-Aviation	35.2	2.2	34.5	30.3
Group EBIT	103.7	12.3	92.3	102.5
Not allocated	-20.0	-18.0	-24.4	-23.6

Financial results turned from a plus of € 7.7 million in the previous year to a minus of € 1.8 million for the reporting year. This development resulted above all from the use of external funds to finance part of the extensive capital expenditure programme as well as a non-recurring effect in 2005 from the € 5.7 million write-up to a loan that was previously written off. Interest expense rose by € 9.9 million to € 11.5 million due to an increase in short-term credits and long-term borrowings. These funds were used to finance the capital expenditure programme, the purchase of additional shares in Malta Airport and the acquisition of Košice Airport as well as the deposit for the planned acquisition of Bratislava Airport, which has since been refunded. Interest expense of € 1.5 million on investments was capitalised during 2006 in accordance with IFRS, and thereby reduced the impact of this item on the income statement for the reporting year. A higher distribution from the GF7 fund and the investment of surplus cash supported an increase of € 7.1 million in interest income to € 10.1 million. Cash and cash equivalents totalled € 183.0 million as of 31 December 2006. Net financing costs represented interest expense of € 1.4 million in 2006, compared to interest income of € 1.4 million in the previous year. Results from companies consolidated at equity amounted to € +1.8 million. Of this total,

€ -0.4 million is related to the stake held in the City Airport Train, € +2.2 million to the investment in Malta Airport, € +0.1 million to the investment in SCA and € -0.1 million to Košice Airport. In total, these four investments generated an increase of € 0.8 million in income compared to the results reported for 2005.

Earnings before taxes (EBT) increased 1.9% to € 101.9 million. This income was taxed almost exclusively in Austria. The tax rate declined from 25.3% in 2005 to 23.9% for the reporting year.

Net profit for the 2006 Business Year increased 3.9% to € 77.6 million for 2006. Of this amount, € 0.8 million is attributable to minority shareholders and € 76.8 million to Flughafen Wien AG as the parent company. Earnings per share rose from € 3.54 in 2005 to € 3.66 in 2006.

The earnings indicators of the Flughafen Wien Group are influenced to a substantial degree by the development of depreciation. The massive investment programme that is currently in progress will also lead to a further increase in depreciation during the coming years. In order to permit an evaluation of the operating business independent of this development, the EBITDA margin has been defined as the determining indicator. The EBITDA margin for 2006 equalled 35.6%, and it is the declared goal of management to maintain this high profitability in the future. In addition to the EBITDA margin, the EBIT margin, return on equity, the equity ratio, net debt and gearing are included in decisions on the management of business activities.

Profitability indicators in %

	2006	2005	2004
EBITDA margin	35.6	34.5	36.2
EBIT margin	21.7	21.3	24.5
ROE	11.1	11.6	11.7
ROCE	8.9	10.2	13.1
ROS	36.6	36.5	25.7

Value added in € million

	2006	Change in %	2005	2004
Source				
Operating income	477.3	10.1	433.5	418.8
Less cost of goods and services	-165.7	12.7	-147.1	-142.8
Value added	311.5	8.8	286.4	276.0
Use				
Employees	193.7	7.3	180.6	166.3
Shareholders	46.2	10.0	42.0	42.0
Company	30.6	-5.3	32.3	29.7
Creditors (interest)	11.5	611.0	1.6	0.4
Public authorities (taxes)	28.8	-2.7	29.6	37.6
Minority shareholders	0.8	113.4	0.4	0.0
Value added	311.5	8.8	286.4	276.0

Income statement, summary in € million

	2006	Change in %	2005	2004
Turnover	463.9	13.1	410.3	398.3
Other operating income	13.4	-42.3	23.2	20.5
Operating income	477.3	10.1	433.5	418.8
Operating expenses excl. depreciation	307.6	8.4	283.8	267.3
EBITDA	169.6	13.3	149.7	151.4
Depreciation	66.0	15.0	57.4	48.9
EBIT	103.7	12.3	92.3	102.5
Financial results	-1.8	-123.7	7.7	2.9
EBT	101.9	1.9	100.0	105.4
Taxes on income	24.3	-4.0	25.3	33.8
Net profit	77.6	3.9	74.7	71.6
Thereof profit due to minority interests	0.8	113.4	0.4	0.0
Thereof profit due to parent company	76.8	3.3	74.3	71.7
Earnings per share in €	3.66	3.4	3.54	3.41

Segment results for 2006, summary in € million

	Airport	Handling	Non-Aviation
Operating income	241.4	162.2	179.7
Operating costs	165.7	149.4	144.4
EBIT	75.7	12.8	35.2

Financial, Asset and Capital Structure

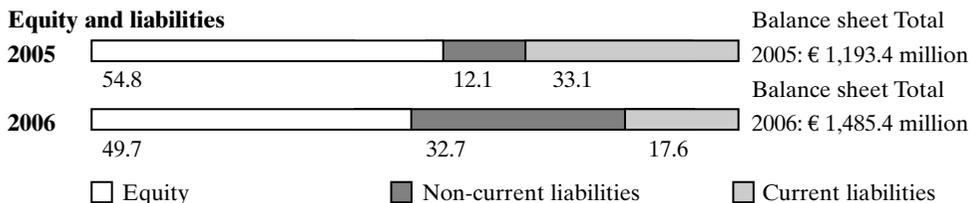
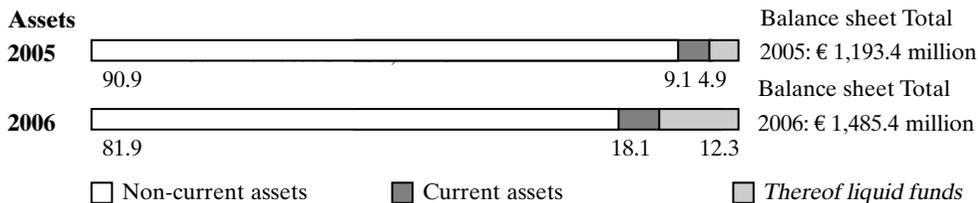
Balance sheet total increases 24.5% to € 1.5 billion

Assets

Non-current assets increased by 12.1% to € 1,215.9 million for the reporting year (2005: € 1,084.5 mill.), and declined as a component of total assets from 90.9% in 2005 to 81.9% for 2006. Investments in tangible and intangible assets totalled € 203.4 million, and the corresponding amortisation and depreciation expense amounted to € 66.0 million. Financial assets rose following the acquisition of a 66% stake in Košice Airport, which is consolidated at equity, and a further purchase of roughly 2% of the shares in Malta International Airport plc. for € 7.0 million. The transfer of a security fund to current assets led to a reduction of € 34.2 million. In total, financial assets increased 0.6% during the reporting year and equalled € 92.7 million as of 31 December 2006.

The 53.0% decrease in deferred tax assets to € 5.5 million resulted primarily from a reduction in actuarial differences in the provisions for severance compensation and pensions as well as the realisation of tax benefits from the employee fund. In accordance with IAS 19.93A, the treatment of these actuarial differences without recognition through profit or loss requires an adjustment to the prior year balance sheet. This adjustment had an impact above all on non-current provisions, deferred tax assets and equity. As a result, the values shown in the consolidated financial statements for 2005 differ from these modified figures.

Current assets rose by 147.4% to € 269.5 million and also increased as a component of total assets by 9.0 percentage points to 18.1%. This development resulted from a higher balance of cash and cash equivalents following an increase in long-term borrowings – which are in part invested for the short-term and serve as a liquidity reserve – as well as the transfer of a security fund to current assets. Cash and cash equivalents increased € 124.8 million to € 183.0 million in 2006. The increase in current assets was also supported by the refund of the deposit for the planned acquisition of shares in Bratislava Airport as well as the turnover-based growth in trade receivables. The balance sheet total rose by 24.5% to € 1,485.4 million as of 31 December 2006.

Balance sheet structure as a % of the balance sheet total**Equity and liabilities**

Equity rose by 13.1% over the prior year level to € 739.2 million. This increase resulted from net profit of € 76.8 million for the 2006 Business Year after the deduction of € 42.0 million in dividends distributed for 2005 as well as an increase of € 38.7 million in minority interests. Equity was also increased by the reduction of actuarial differences from the provisions for severance compensation and pensions as well as settlement items related to the translation of financial statements from foreign subsidiary subsidiaries. The increase in minority interests resulted from the consolidation of the two Slovakian holding companies, BTS Holding a.s. and KSC Holding a.s., which were founded together with RZB and Penta Investments Ltd. The investment-based rise in financial liabilities reduced the equity ratio from 54.8% to 49.8%.

An increase in long-term borrowings raised non-current liabilities by € 340.4 million to € 485.3 million. In the previous year, the Group had no long-term financial liabilities. These loans of € 364.5 million were generally concluded with fixed interest rates and serve to finance the extensive investment programme, the purchase of additional shares in Malta International Airport and the acquisition of a 66% stake in Košice Airport as well as a deposit for the acquisition of Bratislava Airport, which has since been refunded. The largest loan has a volume of € 300.0 million and was granted by the European Investment Bank. In contrast, declines were recorded in the provisions for severance compensation, pensions, service anniversary bonuses and tax expenses for the employee fund. The public investment subsidies received in past years are reduced each year by reversals that equal the amount of annual depreciation.

Current liabilities fell 33.9% to € 260.9 million following the replacement of short-term credits that totalled € 170.7 million as of 31 December 2005 with long-term loans. Cur-

rent provisions rose by € 19.0 million, while current tax provisions decreased by € 0.7 million. Trade payables increased by € 7.1 million. Other current liabilities include an increase of € 4.6 million in tax liabilities.

The borrowings that were concluded in 2005 and 2006 to fund the massive investment programme led to a change in the financing structure of the Flughafen Wien Group. As a result, gearing rose from 17.2% in the previous year to 24.5% for 2006. The weighted average cost of capital (WACC) for the reporting year declined by 0.3 percentage points to 5.5% due to the leverage effect of the external financing.

Balance sheet structure in € million

Assets	2006	2005	2004
Non-current assets	1,215.9	1,084.5	795.6
Current assets	269.5	109.0	156.7
Thereof liquid funds	183.0	58.2	108.0
Balance sheet total	1,485.4	1,193.4	952.3

Equity and liabilities in	2006	2005	2004
Equity	739.2	653.8	631.0
Non-current liabilities	485.3	144.9	100.8
Current liabilities	260.9	394.7	220.5
Balance sheet total	1,485.4	1,193.4	952.3

Financial indicators in %	2006	2005	2004
Net debt in € million	181.4	112.5	-108.0
Fixed assets/balance sheet total	81.4	89.8	82.5
Asset coverage 2	101.2	74.5	93.1
Equity ratio	49.8	54.8	66.3
Gearing	24.5	17.2	-17.1
Working capital in € million	-169.8	-173.3	-171.8
WACC	5.5	5.9	7.2

Cash Flow

The decline of € 16.5 million in net cash flows from operating activities to € +141.6 million resulted primarily from a lower increase in provisions and higher increase in receivables. The improvement in profit before taxes, increase in depreciation and decrease in income tax payments had a positive effect.

A decrease of € 115.7 million in payments made for investments in tangible and intangible assets is contrasted by an increase of € 41.1 million in financial assets and current securities. In total, net cash flows from investing activities declined € 79.1 million to € -257.8 million.

Net cash flows from financing activities for 2006 reflect an increase of € 193.8 million in financial liabilities, the payment of a € 42.0 million dividend for 2005 and contributions of € 38.0 million by the minority shareholders of the two Slovakian holding companies, BTS Holding a.s. and KSC Holding a.s.

Including the change in the revaluation reserve for securities and currency translation adjustment, cash and cash equivalents increased by € 70.7 million over the level at year-end 2005 to € 128.9 million as of 31 December 2006.

Cash flow summary in € million

	2006	Change in %	2005	2004
Cash and cash equivalents as of 1.1.	58.2	-46.1	108.0	131.1
CF from operating activities	141.6	-10.4	158.0	194.4
CF from investing activities	-257.8	-23.5	-336.9	-179.9
CF from financing activities	189.7	48.0	128.2	-42.1
Other changes*	-2.8	-426.1	0.9	0.0
Cash and cash equivalents as of 31.12.	128.9	121.4	58.2	103.4

* Foreign exchange differences, change in revaluation reserve for securities

Corporate Spending

Construction of new VIE-Skylink terminal proceeding rapidly.

Investments in tangible, intangible and financial assets totalled € 248.6 million for 2006, which represents a decrease of 27.6% from the prior year level. Of this total, € 203.4 million represent tangible and intangible assets. Although this figure is 36.3% less than in 2005, it still exceeds the corresponding depreciation of € 66.0 million by a significant amount. Investments in financial assets totalled € 45.2 million for the reporting year. The main project in the 2006 investment programme was the construction of the new VIE-Skylink terminal. The cornerstone was laid in January 2006, and the terminal is scheduled to open in 2009. It will allow Vienna International Airport to handle a total of 24 million passengers per year.

The most important financial investment was the acquisition of a 66% stake in Košice Airport together with RZB and Penta Investments Ltd. Flughafen Wien AG also acquired a further 2% of the shares in Malta International Airport plc. through its subsidiary VIE-Malta Ltd. at the beginning of the reporting year. As a result, approximately 50% of the shares in Malta International Airport are now under the direct influence of Flughafen Wien AG and its consortium partners.

Major projects in 2006 in € million (including capitalised interest on debt)

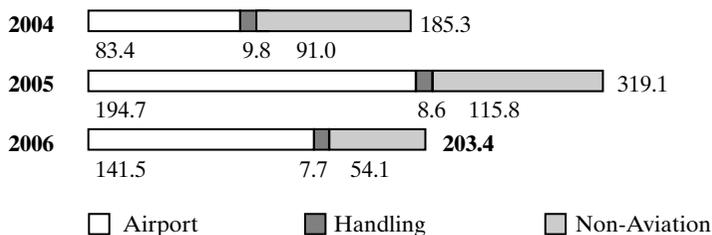
Tangible assets

VIE-Skylink Terminal	77.0
Expansion of north-east apron	23.4
Office Park II – AUA head office	20.8
Baggage sorting equipment VIE-Skylink	11.9
Hangar 6	11.4
Expansion of railway station	7.8
Property	5.5
Expansion of car park 7 (east)	4.4

Financial assets

Investment in Košice Airport	37.0
Increase in stake in Malta International Airport	7.0

Investments in tangible and intangible assets by segment in € million



Not allocated: 2006: € 0.2 million, 2005: € 0.3 million, 2004: € 1.1 million

Investments and financing in € million

Investments	2006	Change in %	2005	2004
Intangible assets	2.0	8.4	1.9	2.1
Tangible assets	201.3	-36.5	317.2	183.3
Financial assets	45.2	88.0	24.0	0.9
Total	248.6	-27.6	343.1	186.3

Financing	2006	Change in %	2005	2004
CF from operating activities	141.1	-10.4	158.0	194.4
Amortisation and depreciation	66.9	14.5	58.4	49.9

Development Risks

Risk management

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

Defence of strong position as east-west hub

The hub function of Vienna International Airport is utilised primarily by our major customer, the Austrian Airlines Group. This cluster of airlines was able to record a further increase in the number of passengers during 2006 as a result of its “Focus East Expansion” promotion for travel to Central and Eastern Europe, Asia and the Pacific region. We intend to use specifically designed programmes to further market the strengths of Vienna International Airport as the leading east-west hub throughout the developing regions of Central Europe. Protecting the core expertise of the Austrian Airlines Group is therefore also in our own interest.

Development of new fields of business outside the airport site

We continuously evaluate opportunities to develop new areas of business outside the airport. However, any such projects must increase the value of the Flughafen Wien Group and also support our dividend policy. Our current investment in Malta International Airport meets these criteria in full. This strategy was continued during the report-

ing year with the acquisition of Košice Airport by the TwoOne Consortium, in which Flughafen Wien AG holds a stake. In 2006 we also made preparations for the acquisition of a holding in Flughafen Friedrichshafen GmbH.

Investments to match traffic development

Our expansion plans are carried out in close coordination with our airline customers. The step-by-step expansion of the new VIE-Skylink terminal is based on the development of passenger volume and will therefore minimise the risk associated with this extensive investment project but still guarantee that capacity will reflect demand.

Financial risks

The broad-based expansion programme pursued by Flughafen Wien AG has also required an increase in borrowings, which were concluded primarily at fixed interest rates. An equity ratio of 49.8%, strong earning power and the resulting sound credit standing of the Flughafen Wien Group will also guarantee the availability of financing for expansion plans and any possible airport acquisitions in the future. Credit, interest rate and foreign exchange risks can still be classified as extremely low.

Outlook

The Austrian economic research institute (WIFO) predicts real growth of 2.7% for 2007 and 2.3% for 2008. Supported by the economic momentum in our catchment area and the steady growth of the aviation branch, we expect a continuation of the positive development of traffic at Vienna International Airport.

In January 2007 the number of passengers handled by Vienna International Airport increased 6.0% to 1,148,082 (transfer passengers +7.9%). Flight movements rose by 4.6% and maximum take-off weight by 4.4%. The development in traffic to Eastern Europe and the Near East was particularly strong with growth of 16.9% and 16.5%, respectively. Assuming there are no major negative factors, we expect an increase of roughly 5% in the number of passengers, 2% in flight movements and 3% in maximum take-off weight for the 2007 Business Year. This development will be supported by the expected growth of the Austrian Airlines Group, above all in Eastern Europe, whereby the discontinuation of selected long-haul routes will in part be offset by the introduction of new destinations. However, other airlines are planning to add Vienna to their long-haul schedules in 2007 – including Delta Air Lines to Atlanta and Korean Air to Seoul. Forecasts also call for continued above-average growth by the low-cost carriers through the introduction of new routes and increase in frequencies, and we will also work to acquire new airline customers in this segment.

Investments totalling € 250 million are planned for the period from 2007. Work on the largest project, the VIE-Skylink, will include the completion of the building shell and

roof during the first quarter; the next steps will involve the assembly of the baggage sorting equipment and the start of construction in the interior of the building. Work on the building's technical infrastructure will continue, and the facade will be added during summer 2007. Numerous smaller projects connected with the VIE-Skylink will also be undertaken at the same time.

The Office Park II will be turned over to its tenant, the Austrian Airlines Group, during the second quarter of 2007 and a two-floor underground garage will expand parking facilities at Vienna International Airport. The retail business will focus on the optimal utilisation of existing space and, at the same time, preparations are underway to optimise the marketing of the new space in the VIE-Skylink.

Subsequent Events

The development of business during the first months of 2007 shows steady growth in all segments and at all locations. The expansion programme at Vienna International Airport is proceeding according to plan.

The Flughafen Wien Group will continue to pursue its internationalisation strategy during the coming years. We expect to finalise the acquisition of a 25.15% stake in Friedrichshafen Airport during the next few months.

Schwechat, 20 February 2007

The Management Board

Christian Domany
Member of the Board

Herbert Kaufmann
Member of the Board
and speaker

Gerhard Schmid
Member of the Board

9

PROVIDE ENOUGH BACKGROUND INFORMATION!

Analyse all segments of your business to show their exact value for the entire company.



Segments of Business in Detail

The Airport Segment

The Airport Segment covers the operation and maintenance of the terminal, aprons and all facilities involved in passenger and baggage handling as well as the VIE-Skylink project. The strategic objective of this segment is to guarantee runway and terminal capacity over the medium and long-term.

Key Data on the Airport Segment in € million (except employees)

	2006	Change in %	2005	2004
Turnover	211.3	12.0	188.6	190.5
EBITDA	113.2	12.8	100.4	105.4
EBITDA margin	46.9%	-	46.4%	47.8%
Depreciation	37.5	11.5	33.6	27.6
EBIT	75.7	13.4	66.7	77.8
EBIT margin	31.4%	-	30.8%	35.3%
Allocated assets	755.8	17.5	643.2	478.2
Capital expenditure	141.4	-27.3	194.5	83.3
Average number of employees	382	1.1	378	356

Developments in 2006

The Airport Segment remained the largest business unit in the Flughafen Wien Group, generating 45.6% of turnover in 2006. Revenues in this segment – primarily landing, passenger and infrastructure tariffs – rose by 12.0% to € 211.3 million during the reporting year, supported above all by the sound development of traffic.

The landing, passenger, parking and infrastructure tariffs collected by Flughafen Wien AG are adjusted each year to match the growth in traffic and the inflation rate. The index formula currently in use was approved by the Austrian federal aviation authority in 2001, and extended in 2006 for another three years up to 31 December 2009. Changes were made to the tariff structure in 2006, which reduced the landing and parking tariffs by 2.81%, the ramp infrastructure tariff by 1.0% and the fuelling infrastructure by 1.87%. In order to finance the implementation of environmental protection measures defined by the mediation process, the passenger tariff was raised by € 1.12 per departing passenger.

The Airport Segment again generated the largest share of earnings before interest and taxes (EBIT) with € 75.7 million. Operating expenses rose by 8.8% to € 102.4 million

because of an increase in depreciation, maintenance and marketing activities. The increase of 12.0% in turnover and 10.7% in operating expenses resulted in growth of 13.4% in segment EBIT to € 75.7 million. EBITDA recorded by the Airport Segment improved 12.8% to € 113.2 million.

The EBITDA margin for the Airport Segment rose by 0.5 percentage points over the previous year, thereby exceeding the high level recorded in 2005.

Traffic development in detail

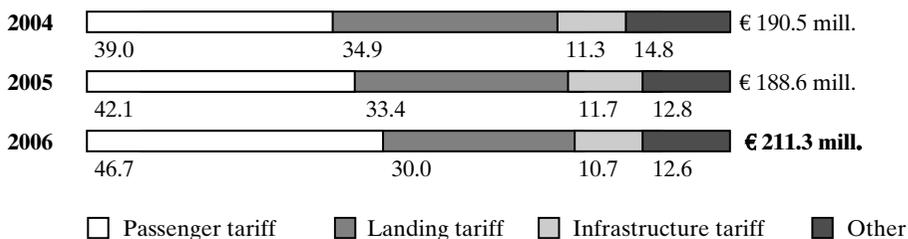
The positive development of traffic at Vienna International Airport in 2006 was driven above all by the dynamic expansion of the low-cost carriers as well as an increase in travel to Eastern Europe and the Near East. With a plus of 6.3% to 16,855,725 passengers, growth again exceeded the European average. A total of 237,490 take-offs and landings were handled for an increase of 2.9%, while maximum take-off weight (MTOW) rose by 3.7% and cargo by 13.3%.

The low-cost carriers handled 2,229,780 passengers in 2006, which represents an increase of 13.2% over 2005. Their share of the total number of passengers using Vienna International Airport rose from 12.4% to 13.2% during the reporting year. With 45 East European destinations in its scheduled flight plan, Vienna was able to further expand its leading role as an east-west hub for European air travel. Solid growth of 14.4% was also recorded in traffic to the Near East. After a strong rise of 12.9% in the previous year, the destinations in the Far East recorded moderate growth of only 2.2% for the reporting year.

Investments

Capital expenditure in the Airport Segment totalled € 141.5 million for 2006. The most important projects were the expansion of the VIE-Skylink terminal (€ 77.0 mill.), baggage sorting equipment (€ 11.9 mill.) and enlargement of the north-east apron (investment in 2006: € 23.4 mill.).

Structure of turnover in the Airport Segment in %



Marketing activities in 2006

The goal of airline marketing is to support the positioning of Vienna International Airport as the airport in the heart of Europe. Activities continued during 2006 to promote Vienna as an attractive tourism destination and present our airport as the most efficient transfer hub in Europe. Flughafen Wien AG took part in five airline conferences and also held numerous discussions in 2006 as part of its strategy to acquire new airline customers.

Marketing activities in the catchment area surrounding Vienna International Airport were also intensified during the reporting year. A broad-based advertising campaign was launched in this region during autumn, and we also participated in three tourism fairs.

Outlook

We expect an increase of roughly 5% in the number of passengers, 2% in flight movements and 3% in maximum take-off weight for the 2007 Business Year – assuming continued steady growth in the aviation branch. This development will be supported by the Austrian Airlines Group with its East European competence as well as the low-cost carriers. Work will also continue as planned on the expansion of capacity, with activities focusing on the construction of the VIE-Skylink. The new terminal is scheduled to open at the beginning of 2009.

The Handling Segment

The Handling Segment regards itself as a professional and profitable supplier of ground and cargo handling services at Vienna International Airport. Qualified personnel, optimised workflows, flexible products and tariffs, and innovative technical solutions guarantee high quality and transfer times that are among the shortest in Europe.

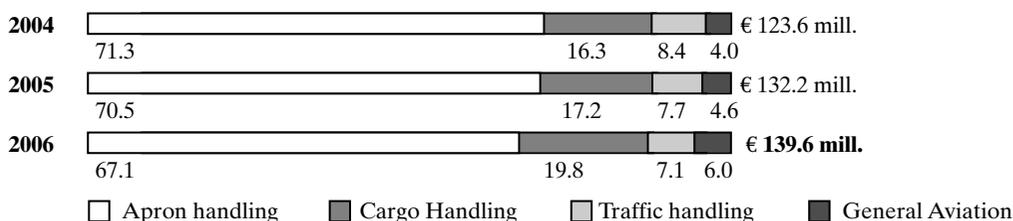
Key Data on the Handling Segment in € million (except employees)

	Change			
	2006	in %	2005	2004
Turnover	139.6	5.6	132.2	123.6
EBITDA	19.4	-13.5	22.5	24.0
EBITDA margin	12.0%	-	14.8%	16.9%
Depreciation	6.7	-4.3	7.0	6.0
EBIT	12.8	-17.6	15.5	18.0
EBIT margin	7.9%	-	10.2%	12.7%
Allocated assets	40.0	6.7	37.5	32.0
Capital expenditure	7.7	-9.3	8.5	9.9
Average number of employees	2,020	4.0	1,943	1,788

Developments in 2006

The Handling Segment reported turnover of € 139.6 million for 2006, which represents an increase of 5.6% over the previous year as well as 30.1% of total turnover for the Flughafen Wien Group. The average market share remained nearly constant at 89.6% in 2006, compared to 90.6% in the previous year. Statistics for the reporting year show a total of 212,824 flight movements (+1.7%) for scheduled and charter flights, 23,355 movements in the general aviation sector, 492,560 tonnes of cargo (baggage in & out incl. transfers, mail, cargo incl. trucking) and roughly 15.0 million pieces of baggage handled (+5.9%). An above-average increase of 4.6% in handling volume was recorded with the Austrian Airlines Group, while the low-cost carriers showed stable development.

Structure of turnover in the Handling Segment in %



Higher frequencies of “cargo only” flights – such as those operated by Asiana und Korean Air – led to an increase of 13.3% in cargo volume to 265,778 tonnes. Of this total, 187,852 tonnes represent air cargo (+12.2%), while trucking reported a plus of 16.0% for the year. The share of the Far East carriers in incoming cargo rose to 45%, with Korean Air showing the strongest growth at 85%. The volume of cargo transported to Eastern Europe rose by 30%. Exports of air cargo stabilised in 2006 with a plus of 2.8% over the previous year. The relocation of the cargo unit to the new Air Cargo Center was successfully completed without any interruption of operations during January 2006. With its new facilities and technology, this building will permit the optimisation of logistics processes. The quality and punctuality of handling services were significantly improved through efficient interface management in 2006 despite the extensive construction at the airport.

The development of turnover was also supported by the provision of individual services for charter flights by the private aircraft handling unit as well as an increase in the volume of business during Austria’s EU presidency. Vienna Aircraft Handling GmbH (VAH), a wholly owned subsidiary of Flughafen Wien AG, offers a complete range of services for general aviation: the number of flight movements in this sector rose by 5.7% to 23,355 in 2006. Extensive activities by the private aircraft area to promote the handling of business aviation flights and the provision of brokerage services led to growth of nearly 40% in related turnover compared to 2005. Aircraft fuelling in the general aviation area rose by a strong 21.0% to roughly 15.6 million litres during the reporting year.

The marketing and landside activities of the VIP Center have been managed through a cooperation agreement since October 2006, which has opened a new field of business for VAH with art exhibits, lectures, presentations and conferences.

The average number of employees in the Handling Segment rose by 4% to 2,020 in 2006. The additional hiring was required to meet the growth in cargo volume as well as the additional service capacity resulting from new push-back positions, the north-east apron and the two general aviation aprons. These developments triggered an increase of € 6.7 million in personnel expenses.

The Handling Segment recorded EBIT of € 12.8 million for 2006, which led to a decrease in the EBIT margin from 10.2% in 2005 to 7.9% for the reporting year. The main factors underlying this decline were a reduction in income from de-icing services due to the mild winter as well as higher personnel and equipment requirements to deal with complications related to construction at the airport. The EBITDA margin in the Handling Segment fell by 2.8 percentage points in 2006, primarily as a result of the pressure on prices that resulted from EU liberalisation in this segment of business. Vienna International Airport handling services were able to hold their market position near the prior year level of 90.6% with a share of 89.6% for the reporting year.

Investments

Investments in the Handling Segment totalled € 7.7 million for 2006. Projects included the purchase of passenger buses, aircraft tow trucks and passenger stairs.

Outlook

The EU Commission has postponed the further liberalisation of ground handling services, which means there will be no changes in this sector over the next two years. Therefore, the entry of new competitors is not to be expected during this time. The tender process for the re-licensing of a competing firm is currently in progress and Fraport, the current competitor at the present time, and other handling providers have filed applications.

For 2007 we expect a plus of 2% in apron movements with a stable market share. Due to a cutback in long-haul destinations, the Austrian Airlines Group will not be able to duplicate the above-average growth recorded in 2006. However, we do expect strong impulses from the low-cost carrier segment: NIKI and Air Berlin have announced an increase in frequencies, and SkyEurope is adding Vienna to its scheduled flight plan. The cargo airlines are forecasted to stabilise at a high level. Korean Air will introduce passenger flights to Vienna in May 2007, Delta will begin with the summer flight plan, and negotiations are currently in progress with Saudi Arab.

Our forecasts for the cargo sector show continued growth and a stable market share of 100% in 2007, but we will also be confronted with higher security costs. The trend that began in 2006 toward direct flights from the main integrator hubs will continue. This will result in a shift of market shares, for example to Slovenia, which is being developed by

UPS and DHL as the hub for the southern regions of Austria and Europe. In addition, local airports will gain an increasing share of deliveries for the provinces. The automobile industry in Slovakia will remain the strongest growth driver for cargo imports.

The upgrading of process efficiency will allow us to carry out preferred baggage transfers on critical connections for the Star Alliance through the Star Connection Center. This improvement in the quality of baggage handling will play an important role in maintaining our extremely short transfer times. The continuation of the expansion programme will also solve a variety of operational challenges. We also expect sustained competitive pressure and further demands by the airlines for reduced service packages and lower prices. Our intention is to meet this challenge with a variable product offering and flexible prices, the optimisation of processes in this segment and throughout the company, and strict cost control.

The Non-Aviation Segment

The responsibilities of the Non-Aviation Segment include the provision of various services related to airport operations such as shopping, gastronomy, car parks, advertising space, security services, development and marketing of real estate, traffic connections, technical services, construction management, and consulting services.

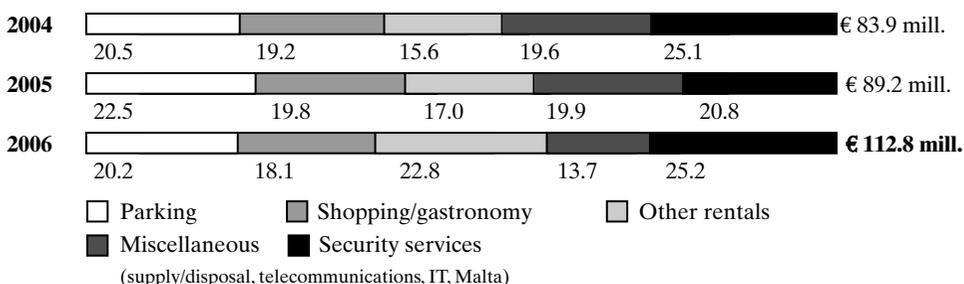
Key Data on the Non-Aviation Segment in € million (except employees)

	2006	Change in %	2005	2004
Turnover	112.8	26.4	89.2	83.9
EBITDA	56.6	11.5	50.8	45.4
EBITDA margin	31.5%	-	32.3%	31.8%
Depreciation	21.4	30.9	16.4	15.0
EBIT	35.2	2.2	34.5	30.3
EBIT margin	19.6%	-	21.9%	21.3%
Allocated assets	373.0	8.7	343.2	240.5
Capital expenditure	54.1	-53.3	115.8	91.0
Average number of employees	1,278	25.6	1,018	943

Developments in 2006

Despite a number of limitations caused by construction at the airport, the Non-Aviation Segment was able to increase external turnover by 26.4% to € 112.8 million in 2006. Its contribution to total turnover recorded by the Flughafen Wien Group increased from 21.7% in 2005 to 24.3% for the reporting year. EBIT recorded by the Non-Aviation Segment rose by 2.2% to € 35.2 million, while the EBIT margin declined from 21.9% to 19.6%. EBITDA increased by a strong 11.5%, but the EBITDA margin fell by a slight 0.8 percentage points. This decline was caused chiefly by an above-average increase in revenues from security services, which equalled 25.2% of segment turnover for the reporting year. The EBITDA margin on security services is traditionally lower than other revenues generated by the Non-Aviation Segment.

Structure of turnover in the Non-Aviation Segment in %



The largest growth was recorded in other rentals with a plus of 69.4%, and was related to the rental of the technical basis to the Austrian Airlines Group. Turnover from security services increased 53.0% to € 28.4 million following an increase in the scope of business activities by Vienna International Airport Security Services Ges.m.b.H., a wholly owned subsidiary of Flughafen Wien AG. The expansion of security services led to the additional hiring of 250 employees. Revenues from shopping and gastronomy rose stronger than the increase in the number of passengers during the reporting year. Primary revenues recorded by the shops and gastronomy facilities increased 11.6% to € 131.1 million in 2006, and turnover from parking grew 13.3% to € 22.8 million.

Shopping	2006	Change in %	2005	2004
Selling space in m ²	7,218	20.8	5,977	6,189
Shop turnover in € mill.	106.7	12.1	95.0	87.0
Revenues in € mill.	16.5	14.1	14.4	13.3

Gastronomy	2006	Change in %	2005	2004
Selling space in m ²	3,981	15.4	3,451	3,402
Facility turnover in € mill.	24.5	9.2	22.4	20.8
Revenues in € mill.	4.0	26.8	3.1	2.8

Investments

In addition to the opening of the new Air Cargo Center and the expansion of parking facilities (€ 4.4 mill.), the construction of the Office Park II at a cost of € 20.8 million formed the focal point of capital expenditure in the Non-Aviation Segment. The Office Park II will have 24,300 m² of rentable space, and will be leased to the Austrian Airlines Group as a new head office after completion in mid-2007.

Outlook

In addition to the enlargement of car park 4 and an improvement in connections to the public transportation system, activities will be directed to meeting the challenges created by the construction of the VIE-Skylink. The area in front of the terminal will be redesigned after the completion of work on the building shell and the tender for the new shopping and retail space in the Skylink will be carried out during the first half of the year based on the defined outlet mix. The Skylink will have an estimated 65 new retail and gastronomy outlets, and the detailed plans for this space will be prepared together with the new operators after the end of the tender in autumn 2007. Other key projects will focus on the expansion of logistics areas in the Cargo North and Cargo West facilities.





Terminal 1A

CHECKIN
111-132





3



4











Legend

Photo 1	Functional and attractive – Terminal 1A
Photo 2	Architect’s rendering: the VIE-Skylink check-in hall
Photo 3	(above left): the CAT platform at the “Wien-Mitte” railway station
Photo 4	(below left): shopping in one of the 80 stores
Photo 5	(above right): positive development – air cargo
Photo 6	(below right): the new Handling Center West
Photo 7	Car park 3 with its new artistic facade
Photo 8	Interior view of the VIE-Skylink

10

TRANS- PARENCY IS THE ORDER OF THE DAY!

Draw a true and fair picture of your asset and financial position. That will allow shareholders and analysts to come to realistic conclusions.



Consolidated Financial Statements 2006 of Flughafen Wien AG

Consolidated Financial Statements 2006

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Consolidated Income Statement

for the period from 1 January to 31 December 2006

in T€	Notes	2006	2005
Turnover	(30)	463,888.5	410,338.7
Other operating income	(1)	13,369.7	23,167.1
Operating income		477,258.1	433,505.8
Cost of materials and services		-34,474.2	-35,866.0
Personnel expenses	(2)	-197,927.0	-184,585.8
Other operating expenses	(3)	-75,208.3	-63,374.1
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		169,648.6	149,679.9
Depreciation and amortisation	(10-11)	-65,964.5	-57,385.3
Income before interest and taxes (EBIT)		103,684.1	92,294.6
Income from investments, excl. associates at equity	(5)	-2,208.5	-438.5
Net financing costs	(6)	-1,413.8	1,379.5
Other income from financing activities	(7)	26.4	5,793.5
Financial results, excl. associates at equity		-3,595.8	6,734.6
Income from associates at equity	(4)	1,771.4	956.9
Financial results		-1,824.4	7,691.4
Profit before taxes (EBT)		101,859.7	99,986.0
Taxes on income	(8)	-24,308.3	-25,323.3
Net profit for the period		77,551.4	74,662.7
Thereof attributable to:			
Shareholders of the parent company		76,785.4	74,303.8
Minority shareholders		766.0	358.9
Number of shares outstanding (weighted average)	(9)	21,000,000	21,000,000
Earnings per share (in €)		3.66	3.54
Recommended/paid dividend per share (in €)		2.20	2.00
Recommended/paid dividend per share (in T€)		46,200.0	42,000.0

Consolidated Balance Sheet

as at 31 December 2006

Assets

in T€	Notes	31.12.2006	31.12.2005
Intangible assets	(10)	7,055.3	6,970.5
Property, plant and equipment	(11)	1,109,800.1	973,062.1
Associates – at equity	(12)	87,586.9	51,689.2
Other financial assets	(13)	5,101.7	40,461.4
Non-current receivables	(14)	852.4	551.5
Deferred tax assets	(15)	5,512.2	11,716.5
Non-current assets		1,215,908.8	1,084,451.1
Inventories	(16)	2,931.3	2,815.8
Current receivables and other current assets	(17)	83,521.6	47,904.9
Cash and cash equivalents	(18)	183,042.5	58,231.5
Current assets		269,495.4	108,952.2
Assets		1,485,404.2	1,193,403.3

Equity and Liabilities

in T€	Notes	31.12.2006	31.12.2005
Share capital	(19)	152,670.0	152,670.0
Share premium	(20)	117,657.3	117,657.3
Retained earnings and reserves	(21)	430,120.4	383,503.9
Minority interests	(22)	38,748.7	0.0
Equity		739,196.4	653,831.2
Non-current provisions	(23)	117,547.8	136,665.4
Non-current financial liabilities	(26)	359,809.8	0.0
Other non-current liabilities	(24)	7,519.4	8,218.7
Provision for deferred taxes	(15)	391.0	0.0
Non-current liabilities		485,267.9	144,884.1
Current provisions for taxes	(25)	5,522.4	6,251.4
Other current provisions	(25)	131,897.0	112,930.2
Current financial liabilities	(26)	4,652.9	170,700.0
Trade payables	(27)	60,242.7	53,154.6
Other current liabilities	(28)	58,624.9	51,651.8
Current liabilities		260,939.8	394,687.9
Equity and Liabilities		1,485,404.2	1,193,403.3

Consolidated Cash Flow Statement

for the period from 1 January to 31 December 2006

in T€	2006	2005
Profit before tax	101,859.7	99,986.0
+ Depreciation / – Write-ups of fixed and financial assets	66,864.3	52,164.1
+ Loss / – Gain on the disposal of fixed and financial assets	2,286.3	96.2
– Reversal of investment subsidies from public funds	-1,447.1	-1,647.0
– Increase / + Decrease in inventories	-115.6	-223.6
– Increase / + Decrease in receivables	-35,917.6	-2,304.8
+ Increase / – Decrease in provisions	10,290.4	58,303.1
+ Increase / – Decrease in liabilities	14,809.0	-9,462.7
Cash flow from changes in the consolidation range	0.0	57.8
Currency translation adjustments	3,941.4	0.0
Net cash flows from ordinary operating activities	162,570.9	196,969.2
– Income taxes paid	-21,008.7	-38,952.8
Net cash flows from operating activities	141,562.2	158,016.4
+ Payments received on the disposal of fixed assets (excl. financial assets)	223.0	337.9
+ Payments received on the disposal of financial assets	34.7	5,771.8
+ Payments received from capital decrease by existing investments	7,924.6	0.0
– Payments made for investments in fixed assets (excl. financial assets)	-203,357.7	-319,096.2
– Payments made for investments in financial assets	-45,201.8	-24,038.3
Cash flow from changes in the consolidation range	28.4	61.7
+ Cash flow from non-repayable subsidies	0.0	84.3
Currency translation adjustments	2,493.0	0.0
– Payments made for investments in current securities	-19,966.4	0.0
Net cash flows from investing activities	-257,822.2	-336,878.8
– Dividend	-42,000.0	-42,000.0
+ Cash inflows / – Cash outflows from minority shareholders	37,982.7	0.0
Cash flow from changes in the consolidation range	0.0	-470.5
Change in financial liabilities	193,762.7	170,696.1
Net cash flows from financing activities	189,745.4	128,225.6
Change in cash and cash equivalents	73,485.4	-50,636.8
Change in revaluation reserve for securities	-2,802.9	892.4
Effect of exchange rate fluctuations on cash held	0.0	-32.9
+ Cash and cash equivalents at the beginning of the year	58,231.5	108,008.8
Cash and cash equivalents at the end of the year	128,914.0	58,231.5
Thereof current securities	36,622.3	35,047.6
Thereof unrealised gains (+) / losses (-)	-2,127.8	675.1
Interest expense for operating activities	12,028.0	1,222.8
Interest income from operating activities	7,672.3	2,585.5
Dividends received	2,244.8	1,019.7

For additional information see Note (29)

Changes in Capital and Reserves

as at 31 December 2006

in T€	2006	2005
Change in fair value of available for sale securities	-2,474.1	2,214.8
Currency translation adjustment for foreign subsidiaries	6,148.2	221.5
Actuarial gains/losses from defined benefit plans	9,061.3	-11,563.9
Employee fund	1,380.0	1,356.0
Deferred taxes on transactions recognised in equity	-2,284.3	1,600.2
Changes in value not recognised to the income statement	11,831.1	-6,171.4
Transfers to the income statement arising from the sale of available for sale securities	0.0	81.5
Changes in consolidation range	37,982.7	-470.5
Net profit for the year	77,551.4	74,662.7
Total of all recognised expenses, income and non-recognised changes in value for the period	127,365.2	68,102.4
Thereof attributable to:		
Shareholders of the parent company	88,616.5	68,213.9
Minority shareholders	38,748.7	-111.5
Impact of changes in accounting and valuation methods		
Shareholders of the parent company		-8,672.9
Minority shareholders		0.0
		-8,672.9

For additional information see Notes (19) to (22)

Notes

to the Consolidated Financial Statements 2006 of Flughafen Wien AG

General Information

Reporting in accordance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of Flughafen Wien AG for the 2006 Business Year were prepared in accordance with the International Financial Reporting Standards (IFRS) that were issued by the International Accounting Standards Board (IASB). They comply with the International Financial Reporting Standards (IFRS) that were issued by the International Accounting Standards Board and adopted by the European Union.

These financial statements meet the legal requirements of § 245a of the Austrian Business Code (“Unternehmensgesetzbuch”), which exempt companies from the obligation to prepare consolidated financial statements under Austrian law. Therefore, Flughafen Wien AG did not prepare financial statements in accordance with this code.

Reporting in euro

In order to provide a better overview, amounts are generally shown in thousand euros (T€). These rounded figures also include exact amounts that are not shown, and rounding differences can therefore occur. This also applies to other information such as the number of employees, traffic data etc.

Information on the Company

Flughafen Wien AG is active in the construction and operation of civil airports and related facilities. As a civil airport operator, the Company manages Vienna International Airport and the Vöslau-Kottingbrunn Airport. The headquarters of the Company are located in Schwechat, Austria.

Significant Accounting Policies

The consolidated financial statements were prepared in accordance with the historical cost convention. The income statement was prepared in keeping with the Austrian method under which “total costs” are shown. The financial statements of companies included in the consolidation are prepared in accordance with uniform Group accounting and valuation principles.

Consolidation range

The companies included in the consolidated financial statements and the methods used for consolidation are listed in an appendix to the notes. City Air Terminal Betriebsgesellschaft m.b.H., Malta Mediterranean Link Consortium Ltd. and Letisko Košice – Airport Košice, a.s. are classified as joint ventures because major management decisions are made together with the other shareholders. Six subsidiaries were not included in the consolidated financial statements because their economic significance and influence on the asset, financial and earnings positions of the Group are immaterial. The combined revenues of these companies equalled 1.0% of Group turnover in 2006.

Changes in the consolidation range during 2006

Initial consolidation	As of	Type of consolidation	Explanation
BTS Holding a.s.	7.11.2005	Full consolidation	Founding
KSC Holding a.s.	7.11.2005	Full consolidation	Founding
Letisko Košice – Airport Košice, a.s.	26.10.2006	At equity	Acquisition
Austro Port Boden- und Flugzeugabfertigungsges.m.b.H.	1.1.2006	At equity	Acquisition

KSC Holding a.s. and BTS Holding a.s. were founded on 7 November 2005 for the acquisition of Košice and Bratislava Airports, and were consolidated during 2006 retroactively as of 7 November 2005. Flughafen Wien AG holds 50.1% of the voting rights and 47.7% of the equity. On 26 October 2006 KSC Holding a.s. acquired 66% of the shares in Letisko Košice - Airport Košice, a.s., which is managed jointly with the Republic of Slovakia in accordance with the shareholder agreement, and is consolidated at equity.

The planned acquisition of Letisko M.R. Štefánika – Airport Bratislava, a.s. (BTS) could not be completed because of objections raised by the Slovakian competition authority.

Flughafen Wien AG acquired 25% plus one share of Austro Port Boden- und Flugzeugabfertigungsges.m.b.H. retroactively as of 1 January 2006. This company provides various airport-related services at Vienna International Airport.

There were no deconsolidations during 2006.

Effects of changes in the consolidation range

The companies included through full consolidation for the first time in 2006 are newly founded entities, which have an impact on the asset, financial and earnings position of Flughafen Wien AG through the contributions by minority shareholders. These contributions increase the liquid funds held by Flughafen Wien AG, while the payments are recorded under equity as minority interests.

Of the total funds held by KSC Holding a.s., € 36.9 million were used to acquire 66% of the shares in Letisko Košice – Airport Košice, a.s. during 2006. This figure also reflects a capital increase that was carried out at the same time. A preliminary calculation shows a value of € 1.5 million for goodwill, and is included in the € 36.9 million carrying value of this investment as of 31 December 2006.

The turnover recorded by companies consolidated for the first time in 2006, including companies valued at equity, totalled € 8.8 million.

Changes in the consolidation range during 2006 had the following impact on the consolidated financial statements for the reporting year:

in T€	2006
Non-current assets	36,947.3
Current assets	10,619.2
Equity	45,484.3
Non-current liabilities	2,056.2
Current liabilities	26.0
Operating income	0.4
Profit before taxes	1,829.2

Consolidation principles

The financial statements of all companies included in the consolidation were prepared as of the same date used for the consolidated financial statements. The Maltese subsidiaries (VIE Malta Ltd. subsidiary group) had a balance sheet date of 31 March up to and including the 2005/2006 Business Year. The annual financial statements of all major companies were audited and verified by certified public accountants.

Up to 2004, the book value method was used to eliminate the investment and equity. Under this method, the acquisition price of an investment was compared with the relevant shareholders' equity at the point of founding or purchase. Any positive differences were recorded as goodwill and amortised on a straight-line basis in accordance with their economic useful life. Beginning in 2005, business combinations are accounted for by applying the purchase method defined in IFRS 3 § 14. Under this method, the cost of a business combination is allocated to the assets acquired and liabilities assumed at fair value. Positive differences are recognised as goodwill and negative differences are recognised as an expense.

For associates and joint ventures, the proportional share of profit or loss is added to or subtracted from the value of the investment (equity method).

During the consolidation of liabilities, all receivables and loans granted are offset against corresponding liabilities and provisions.

All expenses and revenue arising from the provision of goods or services between member companies of the Group are eliminated. Any material interim profits arising from the transfer of assets between Group companies are eliminated with an appropriate charge or credit to the income statement.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate in effect on the date of the business deal. Monetary items in foreign currencies are translated at the exchange rate in effect on the balance sheet date.

The financial statements of companies located outside the euro zone are translated in accordance with the modified current rate method. Under this method the component items of equity are translated at historical rates, all other balance sheet items at the rate in effect on the balance sheet date, and income and expenses at the average exchange rate for the year.

The exchange rates used to translate data from the foreign holdings developed as follows during the reporting year:

	Balance sheet date		Average rate for the year	
	1 EUR =		1 EUR =	
	31.12.2006	31.12.2005	2006	2005
MTL	0.428	0.428	0.428	0.429
SKK	34.60	37.90	37.14	38.58

Estimates

The preparation of the consolidated financial statements involves the estimation of values for certain items on the income statement and balance sheet. These estimates may vary from the actual values recorded at a future date.

Tangible and intangible assets

Tangible and intangible assets are valued at purchase or production cost less ordinary straight-line depreciation or amortisation. The cost of debt that can be directly allocated to the acquisition, construction or production of qualified assets is capitalised as a component of acquisition or production cost in accordance with IAS 23 § 11. Ordinary depreciation and amortisation is based on the following useful lives:

	Years
Operational buildings	33.3
Other buildings	10 – 50
Facilities	10 – 20
Technical equipment and machinery	5 – 20
Other equipment, furniture, fixtures and office equipment	4 – 15
Concessions and rights	4 – 10

A full year's depreciation is taken for assets purchased during the first half of the year; one-half this amount is recorded for additions made during the second six months. Low-value assets (assets with a purchase price up to € 400.00) are completely written off in the year of purchase.

Goodwill

Goodwill is defined as the surplus of the price paid for a company over the fair value of purchased identifiable assets and liabilities on the date of acquisition. Up to and including 2004, goodwill was amortised on a straight-line basis over the assumed useful life of the asset, up to a maximum of 20 years. A change in IFRS rules replaced the scheduled amortisation of goodwill with an impairment test beginning in 2005. Any remaining goodwill is assessed as of each balance sheet date to determine its future economic benefit, and amounts that are not covered by future economic benefits are recognised immediately as an expense.

Financial assets

Shares in subsidiaries and associates that are not consolidated for reasons of immateriality as well as other unconsolidated investments and loans granted are shown at fair value where available or at their acquisition price.

Non-current securities are valued pursuant to IAS 39. In accordance with IAS 39 § 9, these securities are classified as “available for sale” and stated at fair value. Gains and losses resulting from a change in fair value are recorded under equity without recognition through profit or loss as required by IAS 39 § 55 (b) and shown on the consolidated statement of capital and reserves. When these securities are sold, any gains and losses recorded under equity are recognised to the income statement.

Inventories

Inventories are stated at historical cost or the lower net selling value. The moving average price method is used for valuation.

Receivables

Receivables are stated at nominal value or the higher applicable amount, unless individual recognisable risks require the use of a lower figure. Foreign currency receivables are valued at the average exchange rate on the balance sheet date.

Securities

In accordance with IAS 39, securities that are not intended to serve business operations on a lasting basis are stated at market value as of the balance sheet date. These securities are classified either as available for sale or held for trading in keeping with IAS 39 § 9, and measured at fair value.

Gains and losses resulting from a change in the fair value of securities held for trading are recognised through profit or loss.

Changes in the value of available for sale securities are recorded under equity without recognition through profit or loss as required by IAS 39 § 55 (b), and shown on the consolidated statement of capital and reserves. When these securities are sold, any gains and losses included under equity are recognised to the income statement.

Provision for deferred taxes

In accordance with IAS 12 (revised), deferred taxes are recorded for all temporary valuation and accounting differences arising between the book value of an asset or a liability and its value for tax purposes. Temporary differences arise primarily in connection with the valuation of fixed and financial assets, treasury stock that was transferred to the Flughafen Wien employee foundation, and the provisions for pensions, severance compensation and service anniversary bonuses. The tax rates expected when these differences reverse in the future are used for the calculation.

Deferred tax assets are created for tax loss carry-forwards if they are expected to be used against taxable profits in the future.

Investment subsidies from public funds

Subsidies granted by public authorities for the purchase of tangible assets are recorded under current or non-current liabilities and released to the income statement over the useful lives of the related assets on a straight-line basis.

Special investment allowances granted by the Republic of Austria are treated as investment subsidies.

Provisions for severance compensation, pensions and service anniversary bonuses

Flughafen Wien AG

In accordance with IAS 19, these provisions (defined benefits obligations) are calculated by the parent company Flughafen Wien AG according to the projected unit credit method.

The calculations incorporate future wage and salary increases. The discount rate is based on the yields for long-term Austrian federal bonds as of the balance sheet date.

The retirement age represents the first possible date for early retirement permitted by the 2004 pension reform in Austria (federal budget act of 2003) and reflects all transition regulations. The retirement age for female employees reflects a gradual increase in the retirement age for women in keeping with Austrian law.

The AVÖ 1999-P life expectancy tables for male and female employees, which are prepared by F.W. Pagler, form the biometric basis for this calculation.

Entitlements arising from claims to widows/widowers pensions were calculated in accordance with the collective method.

A discount for employee turnover is included in the calculation, and is based on the length of service.

Actuarial gains and losses on the provisions for severance compensation and pensions were recorded under equity without recognition through profit or loss for the first time in 2006 in accordance with IAS 19.93A. This accounting method was changed in order to show the full obligations of the Company on the consolidated balance sheet and eliminate the volatility of actuarial differences on earnings. The actuarial gains and losses on the provisions for service anniversary bonuses are now recognised immediately through profit or loss in accordance with IAS 19 § 127.

Subsidiaries

The provisions for severance compensation and service anniversary bonuses are based on financial principles and a discount rate of 3.5% in order to simplify calculations. Neither the Austrian nor foreign subsidiaries have issued any pension commitments.

Other provisions

Other provisions are created in accordance with reasonable business judgment and reflect the amounts considered necessary to cover future payment obligations, recognisable risks and uncertain liabilities. These provisions are recorded at the amount considered most probable after careful examination of the related circumstances.

Liabilities

Liabilities are stated at nominal value or the higher repayment amount. Foreign currency liabilities are recorded at the average exchange rate in effect on the balance sheet date.

Realisation of income

Income is realised when services are provided or the risks and opportunities associated with the delivered service have been transferred to the buyer.

Derivative financial instruments

The valuation of primary financing instruments includes any related interest rate and exchange rate hedges.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised through profit or loss.

Earnings per share

Earnings per share for the Flughafen Wien Group are calculated by dividing profit for the period, after the deduction of minority interest, by the weighted number of shares outstanding. The recommended dividend is contingent on the approval of shareholders at the annual general meeting and was therefore not recorded as a liability in the consolidated financial statements.

Notes to the Consolidated Income Statement

(1) Other operating income

in T€	2006	2005
Own work capitalised	6,764.1	14,298.9
Income from the disposal of fixed assets, with the exception of financial assets	75.1	164.8
Income from the reversal of provisions	2,002.6	5,187.9
Income from the reversal of investment subsidies from public funds	1,447.1	1,647.0
Income from rights granted	777.1	570.4
Income from insurance	154.1	344.8
Income from the reversal of valuation adjustments	44.3	42.3
Exchange rate differences	1,687.6	0.0
Miscellaneous	417.7	911.0
	13,369.7	23,167.1

(2) Personnel expenses

in T€	2006	2005
Wages	92,185.6	80,891.8
Salaries	53,746.1	54,927.9
Expenses for severance compensation	6,931.4	6,962.9
Thereof contributions to severance fund	732.4	544.9
Expenses for pensions	2,611.5	2,753.5
Thereof contributions to pension funds	1,345.1	1,428.9
Expenses for legally required social security and payroll-related duties and mandatory contributions	40,810.2	37,492.2
Other employee benefits	1,642.2	1,557.5
	197,927.0	184,585.8

Personnel expenses rose by 7.2% in 2006 as a result of wage and salary raises mandated by collective bargaining agreements and an increase in the workforce. The average number of employees rose by 9.5% to 3,834, above all due to the expansion of security services provided by Vienna International Airport Security Services Ges.m.b.H., a wholly owned subsidiary of Flughafen Wien AG and additional hiring by the Handling Segment to meet the growth in traffic. Flughafen Wien AG recorded an improvement of 4.6% in productivity per employee during 2006.

(3) Other operating expenses

in T€	2006	2005
Other taxes	233.3	250.2
Maintenance	17,645.3	14,218.7
Third party services	10,466.9	12,178.0
Legal, auditing and consulting expenses	6,457.2	5,757.0
Market communication	15,220.5	12,745.9
Postage and telecommunications	1,700.9	1,882.9
Rental and lease payments	8,109.0	1,619.1
Insurance	4,397.0	4,697.3
Travel and training	1,459.7	1,183.8
Damages	1,552.2	1,446.7
Valuation adjustments to and write-offs of receivables	398.2	924.8
Losses on the disposal of non-current assets	422.5	279.7
Miscellaneous operating expenses	7,145.6	6,190.0
	75,208.3	63,374.1

Maintenance expenses cover the regular upkeep of buildings and equipment, the maintenance of data processing equipment and the renovation of runways, aprons and taxiways.

Third party services are comprised primarily of costs for the baggage reconciliation system and handling of baggage carts, fees for waste water and garbage disposal, cleaning services and temporary personnel for Vienna Airport Infrastruktur Maintenance GmbH.

Legal, auditing and consulting expenses consist primarily of fees and duties paid to attorneys and notaries public, costs for certified accountants and consulting services.

Expenses for market communications cover traditional public relations, in particular to support the position of Vienna International Airport as an east-west hub.

(4) Income from investments recorded at equity

in T€	2006	2005
Income from investments		
in associates and joint ventures	2,244.0	1,526.8
Expenses arising from investments		
in associates and joint ventures	-472.6	-569.9
Total	1,771.4	956.9

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

in T€	2006	2005
Income from investments in subsidiaries and other companies	233.2	49.2
Expenses arising from investments in subsidiaries and other companies	-2,441.7	-487.7
Net income/expense from other investments	-2,208.5	-438.5

(6) Interest income/expense

in T€	2006	2005
Interest and similar income	10,104.4	2,999.5
Interest and similar expenses	-11,518.2	-1,620.0
	-1,413.8	1,379.5

(7) Other financial results

in T€	2006	2005
Income from the disposal and write-up of financial assets	0.0	5,741.2
Income from the disposal and write-up of current securities	26.4	52.4
	26.4	5,793.5

(8) Taxes on income

in T€	2006	2005
Current tax expense	20,279.6	24,963.5
Deferred taxes	4,028.7	359.9
	24,308.3	25,323.3

The difference between the theoretical tax rate (Austrian corporate tax rate of 25%) and the effective tax rate shown in the financial statements is due to the following:

in T€	2006	2005
Profit before tax	101,859.7	99,986.0
Theoretical income tax	25,464.9	24,996.5
Difference arising from other foreign tax rates	-780.6	-296.3
Permanent differences and taxes related to other periods	-376.0	623.1
Income tax expense as per income statement	24,308.3	25,323.3
Effective tax rate	23.9%	25.3%

For additional information on changes in deferred taxes, see Note (15) on the provision for deferred taxes.

(9) Outstanding shares

There were 21,000,000 shares outstanding.

Notes to the Consolidated Balance Sheet

Fixed and Financial Assets

(10) Intangible assets

2006 in T€	Concessions and rights	Goodwill	Total
Development from 1.1. to 31.12.2006			
Net book value as of 1.1.2006	6,056.4	914.1	6,970.5
Additions	2,041.1	0.0	2,041.1
Transfers	884.2	0.0	884.2
Amortisation	-2,840.5	0.0	-2,840.5
Net book value as of 31.12.2006	6,141.2	914.1	7,055.3

Balance on 31.12.2006

Acquisition price	20,970.5	914.1	21,884.6
Accumulated amortisation	-14,829.3	0.0	-14,829.3
Net book value	6,141.2	914.1	7,055.3

The additions to concessions and rights are comprised primarily of the purchase and development of software for T€ 1,960.1

2005 in T€	Concessions and rights	Goodwill	Total
Development from 1.1. to 31.12.2006			
Net book value as of 1.1.2005	5,751.0	904.6	6,655.6
Foreign currency translation	0.0	9.5	9.5
Changes in consolidation range	-3.7	0.0	-3.7
Additions	1,883.4	0.0	1,883.4
Transfers	275.7	0.0	275.7
Amortisation	-1,849.9	0.0	-1,849.9
Net book value as of 31.12.2005	6,056.4	914.1	6,970.5

Balance on 31.12.2005

Acquisition price	18,612.4	914.1	19,653.8
Accumulated amortisation	-12,556.0	0.0	-12,683.3
Net book value	6,056.4	914.1	6,970.5

Goodwill is related to the acquisition of a stake in Malta Mediterranean Link Consortium Ltd. by VIE Malta Ltd. in 2002. The goodwill from this acquisition was subjected to an impairment test, which indicated that a write-down in accordance with IFRS 36 was not required.

(11) Property, plant and equipment

2006 in T€	Land and buildings	Technical equipment and machinery	Other equipment, furniture, fixtures and office equipment	Advance payments made and construction in progress	Total
Development from 1.1. to 31.12.2006					
Net book value					
as of 1.1.2006	488,368.3	211,339.6	47,963.3	225,390.9	973,062.1
Additions	29,420.6	41,549.9	12,533.4	117,812.8	201,316.7
Transfers	66,127.9	46,112.8	240.8	-113,365.8	-884.2
Disposals/remaining					
book value	-219.2	-167.8	-183.3	0.0	-570.4
Depreciation	-23,806.5	-24,343.7	-14,973.7	0.0	-63,124.0
Net book value					
as of 31.12.2006	559,891.1	274,490.7	45,580.4	229,837.9	1,109,800.1
Balance on 31.12.2006					
Acquisition price	794,718.9	604,106.7	153,988.8	230,352.8	1,783,167.2
Accumulated depreciation	-234,827.8	-329,616.0	-108,408.4	-514.9	-673,367.1
Net book value	559,891.1	274,490.7	45,580.4	229,837.9	1,109,800.1
2005 in T€					
2005 in T€	Land and buildings	Technical equipment and machinery	Other equipment, furniture, fixtures and office equipment	Advance payments made and construction in progress	Total
Development from 1.1. to 31.12.2005					
Net book value					
as of 1.1.2005	384,340.9	150,808.4	39,180.0	137,841.9	712,171.1
Changes in the consolidation range	0.0	-0.9	-57.0	0.0	-57.9
Additions	82,960.9	53,409.0	22,822.4	158,020.5	317,212.8
Transfers	40,628.8	28,719.1	847.9	-70,471.5	-275.7
Disposals/remaining					
book value	-310.5	-22.6	-119.7	0.0	-452.8
Depreciation	-19,251.8	-21,573.5	-14,710.2	0.0	-55,535.4
Net book value					
as of 31.12.2005	488,368.3	211,339.6	47,963.3	225,390.9	973,062.1
Balance on 31.12.2005					
Acquisition price	708,049.0	528,113.4	147,945.7	225,905.8	1,610,013.9
Accumulated depreciation	-219,680.7	-316,773.9	-99,982.4	-514.9	-636,951.8
Net book value	488,368.3	211,339.6	47,963.3	225,390.9	973,062.1

Interest expense of T€ 1,470.9 was capitalised in 2006 (2005: T€ 0.0) based on a cost of debt ranging from 2.48% to 4.64%.

The major additions in 2006, including capitalised interest expense on debt, include:

In the Airport Segment in T€

VIE-Skylink Terminal	77,045.1
Skylink baggage sorting equipment	11,935.8
Expansion of north-east apron	23,436.2
Construction of the railway station	7,843.2
Real estate	5,471.9

In the Handling Segment in T€

Passenger busses, aircraft tow trucks, diesel and electric tow trucks, passenger stairs etc.	7,676.8
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In the Non-Aviation Segment in T€

Office Park II – AUA Head Office	20,752.0
Hangar 6	11,423.7
North-east infrastructure building	2,891.9
Air Cargo Center	2,698.7
Expansion of car park 7 (east)	4,422.5

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

2006 in T€	Value of the company at equity	Total
Development from 1.1. to 31.12.2006		
Net book value as of 1.1.2006	51,689.2	51,689.2
Foreign currency translation	-4.0	-4.0
Changes in consolidation range	121.7	121.7
Additions	44,007.5	44,007.5
Transfers	96.9	96.9
Write-ups	72.7	72.7
Disposals/remaining book value	-7,924.6	-7,924.6
Write-downs	-472.6	-472.6
Net book value as of 31.12.2006	87,586.9	87,586.9
Balance on 31.12.2006		
Acquisition costs	89,951.8	89,951.8
Accumulated write-ups /write-downs	-2,364.9	-2,364.9
Net book value	87,586.9	87,586.9

2005 in T€	Value of the company at equity	Total
Development from 1.1. to 31.12.2005		
Net book value as of 1.1.2005	30,882.6	30,882.6
Foreign currency translation	245.0	245.0
Additions	20,593.9	20,593.9
Write-ups	537.6	537.6
Write-downs	-569.9	-569.9
Net book value as of 31.12.2005	51,689.2	51,689.2
Balance on 31.12.2005		
Acquisition costs	53,654.3	53,654.3
Accumulated write-ups /write-downs	-1,965.1	-1,965.1
Net book value	51,689.2	51,689.2

Write-ups and write-downs include all changes in the value of companies consolidated at equity. The disposals in 2006 resulted from a capital decrease by Malta Mediterranean Link Consortium Ltd.

The following table presents selected data on the joint venture investments of Flughafen Wien AG: City Air Terminal Betriebsgesellschaft m.b.H. and Letisko Košice – Airport Košice, a.s. (beginning in 2006) as well as Malta Mediterranean Link Consortium Ltd. (value of the subsidiary group), which exercises a controlling influence over Malta International Airport plc.

in T€	2006	2005
Non-current assets	199,158.0	142,397.7
Current assets	20,420.3	20,650.8
Non-current liabilities	82,334.8	65,769.0
Current liabilities	14,781.3	10,717.4
Operating income	46,996.3	45,112.2
Profit before taxes	9,671.4	29,933.7

The market value of Malta International Airport plc. totalled T€ 216,543.2 as of 31 December 2006.

(13) Other financial assets**Investments in other companies**

2006 in T€	Shares in associates*	Shares in subsidiaries*	Other holdings	Total
Development from 1.1. to 31.12.2006				
Net book value as of 1.1.2006	16.3	3,890.8	0.0	3,907.1
Changes in consolidation range	0.0	-150.1	0.0	-150.1
Additions	0.0	96.9	0.4	97.3
Transfers	0.0	-96.9	0.0	-96.9
Disposals/remaining book value	-16.3	-1,941.7	0.0	-1,958.0
Write-downs	0.0	-500.0	0.0	-500.0
Net book value as of 31.12.2006	0.0	1,298.9	0.4	1,299.3

Balance on 31.12.2006

Acquisition price	0.0	2,286.6	0.4	2,287.0
Accumulated write-downs	0.0	-987.7	0.0	-987.7
Net book value	0.0	1,298.9	0.4	1,299.3

*Not consolidated

2005 in T€	Shares in associates*	Shares in subsidiaries*	Total
Development from 1.1. to 31.12.2005			
Net book value as of 1.1.2006	16.3	1,781.6	1,797.9
Additions	0.0	2,596.8	2,596.8
Write-downs	0.0	-487.7	-487.7
Net book value as of 31.12.2005	16.3	3,890.8	3,907.1

Balance on 31.12.2005

Acquisition price	49.0	4,378.4	4,427.4
Accumulated write-downs	-32.7	-487.7	-520.4
Net book value	16.3	3,890.8	3,907.1

*Not consolidated

This position includes the following shares in subsidiaries, which were not consolidated because they are immaterial at the present time:

Shares in non-consolidated subsidiaries (2006):

- Flughafen Wien/Berlin-Brandenburg International Entwicklungsbeteiligungsgesellschaft m.b.H.
- GetService Dienstleistungsgesellschaft m.b.H.
- “GetService”-Flughafen-Sicherheits- und Servicedienst GmbH
- Salzburger Flughafen Sicherheitsgesellschaft m.b.H.
- VIAS Hellas Security Air Transport Services Limited Liability Company in Liquidation
- VIE Shops Entwicklungs- und Betriebsges.m.b.H.

Securities and other loans granted

2006 in T€	Non-current securities and similar rights	Other loans granted	Total
Development from 1.1. to 31.12.2006			
Net book value as of 1.1.2006	36,396.7	157.7	36,554.4
Additions	1,097.0	0.0	1,097.0
Write-ups	341.8	0.0	341.8
Disposals/remaining book value	-34,162.1	-15.7	-34,177.8
Write-downs	-12.9	0.0	-12.9
Net book value as of 31.12.2006	3,660.4	142.0	3,802.4

Balance on 31.12.2006

Acquisition price	3,651.7	142.0	3,793.7
Accumulated write-ups/write-downs	8.8	0.0	8.8
Net book value	3,660.4	142.0	3,802.4

2005 in T€	Non-current securities and similar rights	Other loans granted	Total
Development from 1.1. to 31.12.2005			
Net book value as of 1.1.2005	34,245.1	69.7	34,314.8
Additions	747.6	100.0	847.6
Write-ups	1,403.9	5,741.2	7,145.1
Disposals/remaining book value	0.0	-5,753.1	-5,753.1
Net book value as of 31.12.2005	36,396.7	157.7	36,554.4

Balance on 31.12.2005

Acquisition price	38,262.5	157.7	38,420.2
Accumulated write-ups/write-downs	-1,865.9	0.0	-1,865.9
Net book value	36,396.7	157.7	36,554.4

Up to 2005, non-current securities were held primarily to fulfil coverage requirements for the severance compensation and pension provisions as defined by Austrian law. As of 31 December 2006, non-current securities and similar rights are comprised primarily of rights arising from reinsurance for direct pension commitments. Other loans granted in 2005 represented rights provided for Corvin Hotel Airport Plaza Errichtungs- und Betriebsgesellschaft m.b.H. these rights were divested at the end of 2005. The balance of other loans granted as of 31 December 2006 also includes a loan to Societe Internationale Telecommunications Aeronautiques SC (T€ 46.4) as well as a non-current receivable of T€ 95.7 for the receipt of a subsidy from the Austrian federal government environmental fund.

(14) Non-current receivables

Non-current receivables of T€ 852.4 consist of interest-bearing advance payments of wages and salaries to employees as well as a proportional share of profit on the repurchase value of reinsurance.

(15) Provision for deferred taxes

Development of deferred tax assets in T€	2006	2005
Balance on 1.1.	11,716.5	9,388.1
Changes recognised to the income statement	-3,664.4	-359.9
Changes not recognised to the income statement	-2,539.9	-1,290.8
Retrospective adjustment of actuarial differences as per IAS 19.93A	0.0	3,979.1
Balance on 31.12.	5,512.2	11,716.5

In accordance with IAS 12, the calculation of deferred taxes was based on the 25% corporate tax rate that took effect in Austria on 1 January 2005. Deferred tax assets and deferred tax liabilities held by the Austrian companies were netted out. The calculation of deferred taxes in foreign countries is based on the applicable local tax rates.

Development of provisions for deferred taxes in T€	2006	2005
Balance on 1.1.	0.0	0.0
Changes recognised to the income statement	364.3	0.0
Changes not recognised to the income statement	26.7	0.0
Balance on 31.12.	391.0	0.0

The provisions for deferred taxes include the deferred tax assets and deferred tax liabilities of the Slovakian subsidiaries, which were netted out. The Slovakian corporate tax rate of 19% was applied.

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

Deferred tax assets in in T€	2006	2005
Non-current assets	338.7	752.7
Current assets	918.6	1,108.9
Provisions for severance compensation	4,006.4	5,320.1
Provisions for pensions	1,700.0	2,359.4
Provisions for service anniversary bonuses	879.4	1,045.5
Transfer of shares to employee fund	6,393.8	8,492.4
Other provisions	2,845.9	3,637.1
Tax loss carry-forwards	688.7	615.7
	17,771.6	23,331.9

Provisions for deferred taxes in T€		
Non-current assets	9,722.4	9,452.7
Current securities	969.6	202.7
Other current assets	441.0	0.0
Provision for taxes from consolidation	1,517.3	1,960.0
	12,650.3	11,615.4
Net deferred tax assets and provisions for deferred taxes	5,121.2	11,716.5

(16) Inventories

in T€	2006	2005
Raw materials and supplies	2,931.3	2,815.8
	2,931.3	2,815.8

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

(17) Current receivables and other current assets

in T€	2006	2005
Gross trade receivables	53,118.5	45,385.0
Valuation adjustments	-2,704.5	-2,814.7
Net trade receivables	50,414.0	42,570.3
Receivables due from subsidiaries (not consolidated)	209.9	33.9
Receivables due from associates	23,044.8	186.1
Receivables due from tax authorities	2,426.2	411.1
Other receivables and assets	5,638.5	1,503.9
Prepaid expenses and deferred charges	1,788.2	3,199.5
	83,521.6	47,904.9

The payment terms for trade receivable generally range from 8 to 30 days. Individual valuation adjustments were made to reflect possible bad debt losses. The book value of trade receivables approximates the fair value of these items.

(18) Cash and cash equivalents

in T€	2006	2005
Cash	184.3	177.2
Checks	0.0	294.1
Deposits with financial institutions	91,684.6	22,712.5
Securities held in fund	37,045.1	35,047.6
Total cash and cash equivalents	128,914.0	58,231.5
Other securities	54,128.5	0.0
	183,042.5	58,231.5

The book values of cash and cash equivalents approximates fair value. A security fund with a balance of T€ 34,162.1, which was required as coverage for the severance compensation and pension provisions in previous years and was therefore reported under non-current securities, is included under other securities beginning in 2006. This fund and Greek bonds held by the Group do not represent part of cash and cash equivalents as shown on the cash flow statement.

Detailed information on securities is provided under Point (31) on financial instruments.

(19) Share capital

in T€	31.12.2006	31.12.2005
Authorised capital	152,670.0	152,670.0
Issued and fully paid-in capital	152,670.0	152,670.0

Share capital is divided into 21,000,000 bearer shares of common stock.

The tenth (extraordinary) Annual General Meeting on 15 November 2000 approved the repurchase of 10% of capital stock for transfer to a private fund for employees. On 30 November 2000 a total of 2,100,000 shares, or 10% of share capital, was repurchased. These shares were transferred to “Flughafen Wien Mitarbeiterbeteiligung Privatstiftung” on 20 December 2000 (2,000,000 shares) and 2 February 2001 (100,000 shares). The shares held by this fund carry both voting and dividend rights. The foundation distributes dividends received from Flughafen Wien AG to employees.

(20) Share premium

in T€	2006	2005
Balance on 31.12.	117,657.3	117,657.3

Appropriated reserves consist of a T€ 92,221.8 premium received on the stock issue in 1992 and the T€ 25,435.5 premium realised on the share capital increase in 1995.

(21) Retained earnings and reserves**Overview of the development of retained earnings and reserves**

in T€	2006	2005
Balance on 1.1.	383,503.9	357,290.0
Revaluation reserve for securities	-1,855.6	1,722.3
Currency translation adjustments	6,148.2	138.8
Actuarial gains/losses arising from defined benefit plans	6,795.9	-8,672.9
Employee foundation	742.5	722.0
Dividends paid	-42,000.0	-42,000.0
Net profit for the period	76,785.4	74,303.8
Balance on 31.12.	430,120.4	383,503.9

Revaluation reserve for securities

in T€	2006	2005
Balance on 1.1.	-49.8	-1,772.1
Increase/decrease in fair value of available for sale securities	-2,474.1	2,214.8
Transfers to the income statement from the sale of available for sale securities	0.0	81.5
Deferred taxes	618.5	-574.1
Balance on 31.12.	-1,905.4	-49.8

Currency translation adjustment

in T€	2006	2005
Balance on 1.1.	-526.5	-665.3
Differences arising from the translation of foreign subsidiary financial statements	6,148.2	138.8
Balance on 31.12.	5,621.7	-526.5

Actuarial gains/losses arising from defined benefit plans

in T€	2006	2005
Balance on 1.1.	-11,937.2	-3,264.3
Actuarial gains/losses arising from defined benefit plans	9,061.3	-11,563.9
Deferred taxes	-2,265.3	2,891.0
Balance on 31.12.	-5,141.3	-11,937.2

Employee foundation

in T€	2006	2005
Balance on 1.1.	11,313.7	10,591.7
Partial release of provision for foundation expenses	1,380.0	1,356.0
Deferred taxes	-637.5	-634.0
Balance on 31.12.	12,056.2	11,313.7

The line item “employee fund” includes the tax impact of the transfer of treasury stock to the “Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung” (the employee fund) in 2000 and 2001.

(22) Minority interests

in T€	2006	2005
Balance on 1.1.	0.0	111.5
Changes in consolidation range	0.0	-470.5
Capital contribution by minority interests	37,982.7	0.0
Net profit for the period	766.0	358.9
Balance on 31.12.	38,748.7	0.0

Minority interests represent the proportional share of equity and profit or loss of the two co-shareholders, RZB Holding GmbH and Penta Investments Limited, in the Slovakian subsidiaries KSC Holding a.s. and BTS Holding a.s., which were consolidated for the first time.

(23) Non-current provisions

in T€	2006	2005
Severance compensation	53,372.9	59,366.2
Pensions	21,891.3	24,803.1
Service anniversary bonuses	10,285.4	10,876.3
Part-time work for older employees	9,056.9	7,813.1
Employee fund expenses (long-term portion)	4,521.0	7,071.0
Mediation process (long-term portion)	18,420.3	26,735.7
	117,547.8	136,665.4

Provisions for severance compensation, pensions and service anniversary bonuses

The calculation of obligations arising from severance compensation, pensions, and service anniversary bonuses as well as the expenses required to cover these requirements were based on the following factors.

Factors

	2006	2005
Discount rate	4.25%	3.5%
Wage and salary increases	3.5%	3.5%
Retirement trend (only for pensions)	1.5%	1.5%

Conversion in accordance with IAS 19.93A – Impact of the retrospective application of IAS 19.93A**Effect on the provisions for severance compensation and pensions**

in T€	Provision for severance compensation	Provision for pensions
Provision as per balance sheet on 1.1.2005	42,567.1	23,090.8
Actuarial differences recognised outside profit or loss as of 1.1.2005	5,745.5	-1,393.1
Provision as of 1.1.2005 after retrospective application of IAS 19.93A	48,312.6	21,697.7
Expenses arising from severance compensation obligations	5,686.7	1,324.6
Payments	-3,849.0	-1,298.6
Actuarial differences recognised outside profit or loss in 2005	9,215.8	3,079.4
Provision as of 31.12.2005 after retrospective application of IAS 19.93A	59,366.2	24,803.1

Effect on equity as of 1.1.2005

in T€	Provision for severance compensation	Provision for pensions	Total effect on equity
Provision as of 1.1.2005			
before retrospective application of IAS 19.93A	42,567.1	23,090.8	-
Provision as of 1.1.2005			
after retrospective application of IAS 19.93A	48,312.6	21,697.7	-
Adjustment to equity from retrospective			
adjustment of provisions pursuant to IAS 19.93A	-5,745.5	1,393.1	-4,352.4
Deferred taxes from retrospective application of IAS 19.93A	1,436.4	-348.3	1,088.1
Effect on equity as of 1.1.2005	-4,309.1	1,044.8	-3,264.3

Effect on equity as of 31.12.2005 including impact as of 1.1.2005

in T€	Provision for severance compensation	Provision for pensions	Total effect on equity
Provision as of 1.1.2005			
before retrospective application of IAS 19.93A	45,136.2	23,116.8	-
Provision as of 1.1.2005			
after retrospective application of IAS 19.93A	59,366.2	24,803.1	-
Adjustment to equity from retrospective			
adjustment of provisions pursuant to IAS 19.93A	-14,229.9	-1,686.4	-15,916.3
Deferred taxes from retrospective application of IAS 19.93A	3,557.5	421.6	3,979.1
Effect on equity as of 1.1.2005	-10,672.5	-1,264.8	-11,937.2

Provisions for severance compensation

Legal regulations and collective bargaining agreements grant employees who joined the Company before 1 January 2003 a lump-sum payment on termination or retirement. The amount of this severance compensation is based on the length of service with the company and compensation at the end of employment.

For employees who joined the Company after 1 January 2003, regular payments are made to a severance compensation fund. A provision was created to cover any additional severance payments required by collective bargaining agreements.

Development of provision for severance compensation obligations

in T€	2006	2005
Provision/present value as of 1.1.	59,366.2	48,312.6
Service cost	4,154.0	3,532.8
Interest expense	2,068.5	2,154.0
Expenses arising from severance compensation obligations	6,222.5	5,686.7
Actuarial differences recognised outside profit or loss	-6,475.2	9,215.8
Severance payments	-5,740.6	-3,849.0
Provision as of 31.12.	53,372.9	59,366.2

The provisions reflect the present value of the severance compensation obligations (DBO).

Provisions for pensions

Flughafen Wien AG has concluded individual agreements for pensions or supplementary retirement payments with active and retired key employees (supplementary defined benefit payments in accordance with IAS 19).

Employees who joined the Company before 1 September 1986 had a claim to pension subsidies based on special company agreements. These payments were dependent on the length of employment and final compensation. In autumn 2001 active employees were given the option of receiving a one-time settlement payment equal to 100% of the 2000 provision for pensions, as calculated in accordance with Austrian commercial law, and transferring to a contribution-based pension fund model with no requirement for subsequent contributions on the part of the employer. A total of 588 employees accepted this offer at the beginning of 2002.

Retired employees who did not accept the settlement offered in 2001 still have a claim to pension payments.

The calculation covers 10 active employees as well as 89 retirees or persons who hold rights to pensions.

For employees who joined the Company after 1 September 1986, Flughafen Wien AG has concluded a company agreement for retirement, invalidity and survivors' pensions through a contract with a pension fund. The Company makes payments equal to 2.5% of monthly wages and salaries for employees as long as their employment relationship remains in effect. In addition, employees can make additional contributions to the fund. The claims by employees to retirement and survivors' pensions arising from contributions made by the employer become vested after a period of five years beginning on the date of contributions by the employer for these claims and after 10 years of service at the latest.

Development of the provision for pension obligations

in T€	2006	2005
Provision/present value as of 1.1.	24,803.1	21,697.7
Service cost	411.7	366.8
Interest expense	854.6	957.8
Expenses arising from pension obligations	1,266.3	1,324.6
Actuarial differences recognised outside profit or loss	-2,586.1	3,079.4
Pension payments	-1,592.1	-1,298.6
Provision/present value as of 31.12.	21,891.3	24,803.1

The provisions reflect the fair value of the pension obligations (DBO).

Provisions for service anniversary bonuses

Employees of the Austrian companies are entitled to receive special bonuses for long years of service. The specific entitlement criteria and amount of the bonus are regulated by the collective bargaining agreements for employees of public airports in Austria.

Provisions for part-time employment for older employees

This item reflects mandatory payments to personnel who work part-time under special regulations governing employment for older members of the workforce, as well as the costs for time worked above and beyond the agreed number of hours.

Provision for fund expenses

This item includes the current and non-current portions of the obligation to cover tax expense for “Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung” (the employee fund).

in T€	Book value as of 1.1.2006	Use	Reversal	New creation	Book value as of 31.12.2006
Fund expenses	9,177.7	-2,107.9	-1,380.0	0.0	5,689.8
Thereof current					1,168.8
Thereof non-current					4,521.0

Provisions arising from the mediation process

This item covers current and non-current obligations arising from the mediation contract, which represent financing up to and including 2009 for environmental measures connected with the construction of a third runway at Vienna International Airport. The obligations as of 31 December 2006 were discounted at a rate of 4%.

in T€	Book value as of 1.1.2006	Use	Reversal	New creation	Book value as of 31.12.2006
Mediation process	39,328.6	-993.9	0.0	1,011.0	39,345.7
Thereof current					20,925.5
Thereof non-current					18,420.3

(24) Other non-current liabilities

in T€	2006	2005
Clean Water Fund	0.0	586.3
Amounts due to associated companies	1,380.7	0.0
Investment subsidies from public funds	6,138.7	7,632.5
	7,519.4	8,218.7

The loan from Clean Water Fund was taken over by Hypo Alpe Adria, and is therefore classified as a bank loan beginning in 2006.

From 1977 to 1985 Flughafen Wien AG received non-repayable subsidies from public authorities. In 1997, 1998 and 1999 Flughafen Wien AG received investment subsidies from the European Union. The investment allowances received from the Republic of Austria during the period from 2002 to 2004 were treated in a similar manner as the investment subsidies from public funds.

(25) Current provisions

in T€	2006	2005
Unused vacation	10,287.6	9,062.0
Other claims by employees	8,301.3	5,742.1
Taxes	5,522.4	6,251.4
Goods and services not invoiced	65,126.4	62,278.0
Outstanding discounts	19,237.7	16,490.0
Miscellaneous	6,849.6	4,658.5
Total	115,325.0	104,482.0
Fund expenses (current portion)	1,168.8	2,106.7
Mediation process (current portion)	20,925.5	12,592.9
	137,419.3	119,181.6

The provisions for other claims by employees include, among others, reorganisation measures (T€ 3,803.9) and performance bonuses (T€ 1,908.8).

Miscellaneous current provisions are comprised primarily of accruals to cover claims for damages as well as outstanding invoices for operating costs, the settlement of the security fee and liability insurance for 2006.

Development from 1.1. to 31.12.2006

in T€	Book value as of 1.1.2006	Use	Reversal	New creation	Book value as of 31.12.2006
Unused vacations	9,062.0	-1.8	0.0	1,227.4	10,287.6
Other claims by employees	5,742.1	-2,445.4	-40.5	5,045.1	8,301.3
Taxes	6,251.4	-6,083.2	-158.9	5,513.0	5,522.4
Goods and services not yet invoiced	62,278.0	-36,801.6	-1,682.1	41,332.1	65,126.4
Outstanding discounts	16,490.0	-15,998.9	-194.8	18,941.4	19,237.7
Other current provisions	4,658.5	-856.7	-261.1	3,308.9	6,849.6
	104,482.0	-62,187.5	-2,337.4	75,367.9	115,325.0

(26) Current and non-current financial liabilities

in T€	2006	2005
Current settlement accounts	0.0	170,700.0
Short-term bank loans	4,652.9	0.0
Current financial liabilities	4,652.9	170,700.0
Long-term bank loans	359,809.8	0.0
Financial liabilities	364,462.7	170,700.0

Flughafen Wien AG concluded agreements for bank loans in 2006 to finance the extensive expansion programme at Vienna International Airport and increase in investments in other companies. The largest loan totals T€ 300,000.0 and was granted by the European Investment Bank at a fixed interest rate of 4.63%. The loan has a term of 25 years, whereby there are no repayments of principal during the first nine years.

The settlement accounts and short-term credits are due within one year. The terms of the bank loans are as follows:

in T€	2006	2005
Up to one year	4,652.9	170,700.0
Over one year and up to five years	1,833.8	0.0
Over five years	357,976.1	0.0
	364,462.7	170,700.0

All financial liabilities were concluded in euros.

(27) Trade payables

in T€	2006	2005
To third parties	56,446.5	49,483.8
To subsidiaries	3,796.1	3,281.9
To associated companies	0.1	388.9
	60,242.7	53,154.6

(28) Other current liabilities

in T€	2006	2005
Other tax liabilities	9,647.8	5,009.6
Other social security liabilities	4,772.0	4,992.5
Investment subsidies from public funds	1,412.8	1,366.1
Liabilities to Clean Water Fund	0.0	274.7
Amounts due to associated companies	3,695.0	4,098.3
Customers with credit balances	986.5	584.1
Accruals for wages	6,433.0	5,619.0
Accrued income	30,426.1	28,430.5
Miscellaneous liabilities	1,251.7	1,276.8
	58,624.9	51,651.8

The loan from Clean Water Fund was taken over by Hypo Alpe Adria, and is therefore classified as a bank loan beginning in 2006.

The accrued income is comprised primarily of rental prepayments by Austro Control GmbH for the new air traffic control tower, which was completed in 2005.

Other Information

(29) Consolidated statement of cash flows

The indirect method was used to prepare the consolidated statement of cash flows.

Interest income and expense as well as dividend income are allocated to operating activities.

Dividends paid by Flughafen Wien AG are shown under cash flow from financing activities.

Cash and cash equivalents include cash and deposits with financial institutions as well as securities that are held to meet current payment obligations.

Payments totalling T€ 44,007.5 were made for the acquisition of shares in Letisko Košice – Airport Košice, a.s., Malta International Airport plc. and Austro Port Boden- und Flugzeugabfertigungsges.m.b.H.

(30) Segment reporting

Segment data is classified and presented according to business and geographical segments.

Inter-company turnover: Sales between member companies of the Group reflect standard rates or prices that are based on market levels and, in some cases, on the Group's cost.

Segments of business: The business activities of the Group can be classified into the following segments: Airport, Handling and Non-Aviation. The secondary segmentation of business is based on the country in which activities are conducted.

Airport: This primary activity of this segment is the provision of traditional airport services such as facilities for take-offs, landings and parking of aircraft, terminals, and passenger and baggage handling as well as the VIP centre and lounges. Fees for these services are generally subject to contractual limits.

Handling: This segment is responsible for services related to the handling of aircraft and passengers. In accordance with EU guidelines, this segment is not reserved for the airport operator (Flughafen Wien AG) alone; airlines and other third party companies may also offer handling services at Vienna International Airport. At the end of 2000 the German company Fraport Ground Services Austria GmbH, formerly VAS Flughafenbodenverkehrsdiene GmbH, commenced the provision of handling services at Vienna International Airport.

Non-Aviation: The Non-Aviation Segment comprises a range of airport-related services such as shopping, gastronomy, parking, security, the development and rental of real estate, traffic connections, technical infrastructure, cleaning, the supply of materials, the provision

of resources and disposal of waste, the construction and maintenance of infrastructure facilities, telecommunications, construction management and consulting services.

**Segment results for 2006 by area of business
in T€ (except employees)**

	Airport	Handling	Non- Aviation	Group
External segment turnover	211,272.7	139,641.3	112,779.5	463,693.5
Internal segment turnover	27,759.3	22,186.0	59,777.4	
Total segment turnover	239,032.0	161,827.2	172,556.9	
Other external turnover				195.0
Group turnover				463,888.5
Segment results	75,705.5	12,755.0	35,212.5	123,673.1
Other (not allocated)				-19,989.0
Group EBIT/operating profit				103,684.1
Segment depreciation	37,516.1	6,676.4	21,413.1	65,605.7
Other (not allocated)				358.8
Group depreciation				65,964.5
Segment investments	141,441.7	7,676.8	54,052.7	203,171.2
Other (not allocated)				186.5
Group investments				203,357.7
Segment assets	755,823.3	40,021.8	373,016.2	1,168,861.3
Other (not allocated)*				316,542.9
Group assets				1,485,404.2
Segment liabilities	133,362.7	61,368.7	129,329.4	324,060.7
Other (not allocated)*				422,147.0
Group liabilities				746,207.7
Segment employees (average)	382	2,020	1,278	3,681
Other (not allocated)				153
Group employees (average)				3,834

The share of profit generated by associated companies and joint ventures consolidated at equity as well as the book values of these companies were not shown because the related amounts are immaterial.

* Non-allocated assets and liabilities consist primarily of financial investments, cash and cash equivalents, deferred tax assets, provisions for taxes, financial liabilities and miscellaneous liabilities.

Segment results for 2005 by area of business
in T€ (except employees)

	Airport	Handling	Non- Aviation	Group
External segment turnover	188,592.4	132,229.3	89,232.0	410,053.8
Internal segment turnover	22,659.1	19,429.8	53,995.7	
Total segment turnover	211,251.5	151,659.2	143,227.7	
Other external turnover				284.9
Group turnover				410,338.7
Segment results	66,746.1	15,483.9	34,453.4	116,683.4
Other (not allocated)				-24,388.8
Group EBIT/operating profit				92,294.6
Segment depreciation	33,636.8	6,976.3	16,353.4	56,966.5
Other (not allocated)				418.9
Group depreciation				57,385.3
Segment investments	194,489.4	8,461.3	115,761.2	318,711.9
Other (not allocated)				384.3
Group investments				319,096.2
Segment assets	643,152.0	37,509.5	343,233.5	1,023,895.0
Other (not allocated)				169,508.3
Group assets				1,193,403.3
Segment liabilities	219,197.3	88,911.2	176,735.9	484,844.4
Other (not allocated)				54,727.7
Group liabilities				539,572.1
Segment employees (average)	378	1,943	1,018	3,339
Other (not allocated)				161
Group employees (average)				3,500

Segment results for 2006 by region

in T€ (except employees)	Austria	Malta	Slovakia	Group
Turnover	463,365.9	522.6	0.0	463,888.5
EBIT	103,488.9	389.3	-194.0	103,684.1
Assets	1,372,490.8	50,770.8	62,142.5	1,485,404.2
Liabilities	743,957.0	453.0	1,797.7	746,207.7
Employees (average)	3,834	0	0	3,834

The assets allocated to Malta and Slovakia also include the value of investments in other companies owned by these subsidiaries. The figures for the airport companies in Malta and Slovakia are not shown here.

Segment results for 2005 by region

in T€ (except employees)	Austria	Malta	Group
Turnover	409,823.8	514.9	410,338.7
EBIT	92,228.6	66.0	92,294.6
Assets	1,166,529.4	26,873.9	1,193,403.3
Liabilities	538,681.6	890.4	539,572.1
Employees (average)	3,500	0	3,500

The assets allocated to Malta also include the value of an investment in another company that is owned by this subsidiary.

(31) Financial instruments*Primary financial instruments*

This item includes financial investments, trade receivable and payables as well as financial receivables and payables. Information on primary financing instruments can be found on the balance sheet and related notes to the financial statements.

Market value

The market value of cash and cash equivalents, short-term investments, and current receivables and liabilities approximates book value because these items are due on demand or over the short-term.

Non-current securities and rights

in T€	Book value 2006	Market value 2006	Average effective interest rate in %	Book value 2005	Market value 2005	Average effective interest rate in %
R 63 Fund	0.0	0.0	n.a.	32,724.0	32,724.0	9.2
Stock	494.9	494.9	n.a.	494.9	494.9	n.a.
Others	3,165.5	3,165.5	n.a.	3,177.7	3,177.7	n.a.
	3,660.4	3,660.4		36,396.7	36,396.7	

The R 63 Fund, a fund of funds managed by Raiffeisen KAG, served in part to fulfil coverage requirements for the severance compensation and pension provisions as required by § 14 of the Austrian Income Tax Act. This requirement was no longer in effect as of 31 December 2006, and the R 63 Fund was therefore classified to current assets.

Stock is comprised of an investment in Wiener Börse AG. Other non-current securities represent T€ 2,677.2 of rights arising from reinsurance.

Current securities

in T€	Book value 2006	Market value 2006	Average effective interest rate in %	Book value 2005	Market value 2005	Average effective interest rate in %
R 63 Fund	34,162.1	34,162.1	3.9	0.0	0.0	n.a.
GF 7 Fund	37,045.1	37,045.1	6.5	35,047.6	35,047.6	5.9
Annuities	19,966.4	19,966.4	5.0	0.0	0.0	n.a.
	91,173.6	91,173.6		35,047.6	35,047.6	

The funds held by the R 63 Fund were invested as follows as of 31 December 2006: 66.0% in bonds, 9.0% in real estate funds, 20.8% in stocks and 4.2% in hedge funds.

The funds held by the Capital Invest GF 7 Fund were invested as follows as of 31 December 2006: 12.7% in money market instruments, 0.5% in cash, 53.0% in annuities and 33.8% in stocks.

The annuities represent federal bonds issued by the Republic of Greece.

Financial liabilities

in T€	Book value 2006	Market value 2006	Average effective interest rate in %	Book value 2005	Market value 2005	Average effective interest rate in %
Overdrafts	0.0	0.0	n.a.	0.0	0.0	n.a.
Short-term credits	0.0	0.0	n.a.	170,700.0	170,700.0	2.5%
Bank loans	364,462.7	370,481.1	4.4%	0.0	0.0	n.a.
	364,462.7	370,481.1	4.4%	170,700.0	170,700.0	2.5%

As of 31 December 2006 bank loans totalling T€ 359,947.9 carried fixed interest rates. All other bank loans carry variable interest rates.

All financial liabilities were concluded in the reporting currency (€).

*Derivative financial instruments***Interest rate swaps**

in T€	Nominal	Fair	Nominal	Fair
	value	value	value	value
	2006	2006	2005	2005
EUR/CHF	25,920.0	266.0	0.0	0.0

In order to improve credit conditions, Flughafen Wien AG concluded an interest rate swap for T€ 25,920.0 during 2006. The term of this contract extends to 2016. Interest expense payments vary with the development of the CHF exchange rate, while interest income carries a fixed rate. The interest rate on interest expense payments is adjusted when the CHF reaches a certain level. The interest rate swap is valued in accordance with accepted mathematical procedures, based on market data available at the time of calculation. A negative fair value is reported under “provisions for derivative financial instruments” as part of non-current provisions; a positive fair value is recorded under “other receivables and assets” as part of current receivables and other current assets.

A change of T€ 266.0 in fair value was recognised as interest income on the consolidated income statement.

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

Business transactions between the parent company and fully consolidated subsidiaries are eliminated during the consolidation, and are not discussed under this point. Business transactions between Flughafen Wien AG and non-consolidated subsidiaries and associates are not reported here because they are immaterial. Business transactions with associates are discussed under point 12.

The Company has concluded electricity supply contracts at ordinary market conditions with Wien Energie, a company owned by the City of Vienna, which is a shareholder of Flughafen Wien AG.

Relations with bodies of the Company are described under point 37 – information on bodies of the corporation and employees.

(33) Risk management

Risk management is an integral part of operating and strategic business processes, and individual risks are managed by the responsible business segment. The risks arising from investments in subsidiaries are monitored primarily by local management, but also evaluated by the investment management and controlling departments of Flughafen Wien AG. The auditor of the annual financial statements has confirmed the effectiveness of the Company's risk management systems, and issued an appropriate report to the Management Board and Supervisory Board.

The risks associated with investments in other companies are dealt with by the Company's investment management department or by the representatives to the individual bodies of the corporation (Supervisory Board, Annual General Meeting).

The central unit for reporting is the strategy and controlling function, which is responsible for operational and strategic planning together with the operating segments of the Company.

This department prepares monthly internal reports for the members of the Management Board and first level of management based on data from the operating segments, service segments and subsidiaries. These reports identify and analyse variances from the Company's forecasts, and thereby ensure the early identification of risks and implementation of necessary measures. The Supervisory Board is involved in this process through regular reports provided at its meetings. Risk management is an integral component of all planning, operating and reporting procedures.

In order to limit or exclude the potential financial impact of risks, the Company has concluded insurance policies to cover specific damages and liabilities.

As an addition to the control system and management instruments, Flughafen Wien AG has established an internal audit department to regularly examine the correctness, reliability and efficiency of business operations and organisational processes.

Market risks

The development of business at Vienna International Airport is dependent to a significant degree on factors that influence international travel.

The dangers of a decline in traffic at Vienna International Airport as a consequence of terror, war or other external shocks (e.g., SARS) are extremely difficult for an individual company to control. Vienna International Airport works to counter the effects of such shocks, above all with high demands on the quality of security and proactive public relations. This involves close cooperation with the Austrian Federal Ministry of the Interior and the Federal Police Department in Schwechat as well as specially-designed security functions for customers. Flughafen Wien AG can also react to the intensity and impact of

such events through its flexible cost and price structures and corresponding modification to the Company's investment programme.

The Austrian Airlines Group is of key importance for Vienna International Airport because of its high market share. The long-term development of this carrier as a strong and independent airline and the network strategy of the Star Alliance, in which the Austrian Airlines Group is a partner, represent key factors for the success of Flughafen Wien AG. Therefore, developments in this area are monitored on a continuous basis.

Market risk is countered with appropriate marketing measures as well as flexible cost and price structures that benefit all airlines. Tariff reductions and adjustments to the tariff model and the resulting participation in the occupancy risk of the airlines as well as the expansion of incentive programmes led to a decrease in costs for the airlines. These measures also strengthened strategically important destinations in Continental, Eastern and Central Europe. Flughafen Wien AG also uses specially-designed marketing measures to present the advantages of Vienna International Airport to airlines and increase traffic to Vienna.

Competition by other service providers (for example, in the handling or security area) is countered by providing specially designed individual offers, with a special view toward pricing.

Development risks

Its position as the most important east-west hub in Europe exposes Vienna International Airport to a capacity risk. This risk is limited through an investment programme that is based on a master plan and realised in accordance with the actual development of traffic.

The potential risk associated with investment projects is reviewed in the planning stage and continuously evaluated during realisation through a special analysis procedure. The resulting risk profile forms an integral component of the decision-making process and the basis for developing measures to control risk. Monitoring forms a fundamental part of regular project controlling.

Planning for the increase in runway capacity represents a special situation. Such investments are subject to an approval procedure under environmental impact law. The risk associated with this procedure is countered through communications and agreement as part of a mediation process.

Damage risks

The risk of damages includes fire and other events that could result from natural disasters, accidents or terrorist activities as well as the theft of property. In addition to appropriate safety and fire protection measures and well-organised emergency plans, we cover these risks through insurance.

Financial risks

Credit risk: The amounts shown under assets represent the maximum credit and default risk, since there are no general offset agreements. The risk associated with receivables can be considered low, since all receivables are due and payable within a short period of time and are based on long-term relationships with clients and customers.

The risk of default associated with other primary financing instruments can also be classified as low. Cash and cash equivalents are placed chiefly in investment funds and short-term instruments, and investments are made only with institutions that have a sound credit rating.

Interest rate risk: Interest rate risk is associated principally with the investment of cash and cash equivalents, current and non-current securities, and bank loans.

Securities are held primarily through investment funds and can be sold at any time, and the risk arising from interest rate changes can therefore be classified as immaterial.

Liabilities include bank loans and short-term credits, which generally have fixed interest rates.

Foreign exchange risk: In principle, foreign exchange risk arises when receivables or liabilities are denominated in a currency other than the local currency of the company.

Invoices are generally issued in local currency, and 99.96% of trade payables are denominated in local currency. Trade receivables and payables are therefore subject to only a low degree of foreign exchange risk.

Deposits with and borrowings from financial institutions are made almost exclusively in the local currency of the relevant Group company. For this reason, the conclusion of an interest rate swap does not create a foreign exchange risk.

Other financial risks: The liquidity of Flughafen Wien AG is protected by short-term and long-term liquidity planning.

The value of investments in other companies is monitored through regular analysis, forecasts and the evaluation of compliance with the Group's strategy.

Investments in securities are selected to reflect an average degree of risk; these investments are monitored by the financial management department on a regular basis.

The risk resulting from uncollectible receivables is limited by short payment terms, deposits and bank guarantees, and the increased use of direct debit collection methods.

Legal risks: Legal risks arise in connection with the requirements of public authorities, above all with relation to environmental regulations (e.g. noise and emissions). Flughafen Wien AG works to counter these risks, above all, with information and the involvement of local citizens in the mediation process (e.g. third runway) or neighbourhood advisory boards.

Changes in tariffs are subject to approval by the Austrian civil aviation authority. Flughafen Wien AG and this authority have agreed on an index model that applies up to the end of 2009. If this scheme is not extended, the provisions of the Austrian Aviation Act will take effect.

(34) Operating leases

Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H., which is a 100% subsidiary of the Flughafen Wien Group, concluded a lease agreement with HERMIONE Raiffeisen-Immobilien-Leasing GmbH in December 2005 that covers the use of buildings at Vienna International Airport. This agreement is classified as an operating lease.

in T€	2006
Lease expense during the current year	6,452.6

Future lease payments:

Within one year	6,452.6
Two to five years	25,810.5
After five years	96,789.4

A sub-lease agreement was concluded for the leased objects to covers future lease payments.

(35) Other obligations

Flughafen Wien AG is required to assume the costs of the “Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung” (the employee fund), which consist primarily of corporate income tax, in the form of subsequent contributions.

In accordance with § 7 Par. 4 of the charter of the Schwechat Waste Water Association dated 10 December 2003, Flughafen Wien AG is liable as a member of this organisation for T€ 5,542.5 in loans related to the construction and expansion of sewage treatment facilities.

Outstanding obligations arising from the purchase of tangible assets totalled approximately € 207 million as of 31 December 2006.

(36) Significant events occurring after the balance sheet date

No significant events occurred after the balance sheet date.

(37) Information on bodies of the corporation and employees

The following table shows the average number of employees in the Flughafen Wien Group:

Employees (excluding Management Board and managing directors)	2006	2005
Workers	2,821	2,516
Staff	1,013	985
	3,834	3,500

The members of the Management Board of Flughafen Wien AG received the following remuneration for the 2006 and 2005 Business Years:

in T€	2006	2006	2006	2006	2005
	Fixed	Variable	Non-cash	Total	Total
	compen-	compen-	remuner-	compen-	compen-
	sation	sation	ation	sation	sation
Christian Domany	224.6	200.5	7.2	432.3	263.5
Herbert Kaufmann	224.6	200.5	7.5	432.6	334.6
Gerhard Schmid	224.6	200.5	7.5	432.6	334.6
	673.8	601.6	22.1	1,297.5	932.8

The remuneration system for the members of the Management Board and first level of management is comprised of fixed and variable components. There are no stock option plans for management. The Company carries reinsurance to cover pension claims by the members of the Management Board.

Exceptional performance and the realisation of targeted goals by employees are rewarded in the form of bonuses.

Compensation paid to former members of the Management Board totalled T€ 636.9 for the reporting year (2005: T€ 620.0).

Expenses for key management

Key management includes the members of the Management Board, the joint signatories of Flughafen Wien AG and the managing directors of subsidiaries as well as the Supervisory Board of Flughafen Wien AG. In accordance with IAS 24, the recognised expenses are shown below:

in T€	2006	2005
Current payments due	2,675.7	2,422.3
Payments due after the end of employment	115.5	494.9
Other payments due over the long-term	10.1	9.6
Payments due at the end of employment	423.1	80.7
Total	3,224.3	3,007.5

Remuneration, attendance allowances and travel expenses of T€ 112.4 were paid to the members of the Supervisory Board of Flughafen Wien AG in 2006 (2005: T€ 138.0) and are reported under current obligations to key management.

Schwechat, 20 February 2007

The Management Board

Christian Domany
Member of the Board

Herbert Kaufmann
Member of the Board
and Speaker

Gerhard Schmid
Member of the Board

Subsidiaries of Flughafen Wien AG

Appendix 1 to the Notes

Company	Abbreviation	Parent company	Country	Share owned by the Group	Type of consolidation	Note
Flughafen Wien AG	VIE		Austria		VK	
Flughafen Wien Immobilienverwertungsgesellschaft m.b.H.	IVW	VIE	Austria	100%	VK	
Vienna Aircraft Handling Gesellschaft m.b.H.	VAH	VIE	Austria	100%	VK	
Vienna Airport Infrastruktur Maintenance GmbH	VAI	VIE	Austria	100%	VK	
Vienna International Airport Security Services Ges.m.b.H.	VIAS	VIE	Austria	100%	VK	
Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H.	BPIB	VIEL	Austria	100%	VK	
VIE Liegenschaftsbeteiligungsgesellschaft m.b.H.	VIEL	VIE	Austria	100%	VK	
Vienna International Beteiligungsmanagement Gesellschaft m.b.H.	VINT	VIE	Austria	100%	VK	
VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H.	VOPE	VIEL	Austria	100%	VK	
BTS Holding a.s.	BTSH	VIE	Slovakia	47.7%	VK	
KSC Holding a.s.	KSCH	VIE	Slovakia	47.7%	VK	
VIE Malta Ltd.	VIE Malta	VINT	Malta	100%	VK	
Austro Port Boden- und Flugzeugabfertigungsges.m.b.H.	APBF	VIE	Austria	25%	EQ	
City Air Terminal Betriebsgesellschaft m.b.H.	CAT	VIE	Austria	50.1%	EQ	
SCA Schedule Coordination Austria GmbH	SCA	VIE	Austria	40%	EQ	
Letisko Košice – Airport Košice, a.s.	KSC	KSCH	Slovakia	66%	EQ	
Malta International Airport plc.	MIA	MMLC	Malta	40%*	EQ	
Malta International Airport plc.	MIA	VIE Malta	Malta	10.1%	EQ	
Malta Mediterranean Link Consortium Ltd.	MMLC	VIE Malta	Malta	57.1%	EQ	
GetService Dienstleistungsgesellschaft m.b.H.	GetService I	VIAS	Austria	100%	NK	a)
GetService-Flughafen-Sicherheits- und Servicedienst GmbH	GetService II	VIAS	Austria	51%	NK	a)
Salzburger Flughafen						
Sicherheitsgesellschaft m.b.H.	SFS	VIAS	Austria	100%	NK	a)
VIE Shops Entwicklungs- und Betriebsges.m.b.H.	Shops	VIE	Austria	100%	NK	a)
VIAS Hellas Security Air Transport Services Limited Liability						
Company in Liquidation	VIAS Hellas	VIAS	Greece	100%	NK	a)
Flughafen Wien / Berlin-Brandenburg International						
Entwicklungsbeteiligungsgesellschaft m.b.H.	VIE BBI	VIE	Germany	100%	NK	a)

* In the prior year, the indirect stake held by Flughafen Wien AG was shown.

Type of consolidation:

VK = full consolidation, QK = quote consolidation, EQ = equity valuation, NK = not consolidated

Note: a) not consolidated for reasons of immateriality

Audit Report and Opinion

To the Supervisory Board and shareholders of Flughafen Wien Aktiengesellschaft:

“We have audited the consolidated financial statements of Flughafen Wien Aktiengesellschaft, Schwechat, for the business year from 1 January 2006 to 31 December 2006. The legal representatives of the Company are responsible for the preparation and content of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) that were issued by the International Accounting Standards Board and adopted by the European Union as well as the Group management report that was prepared in keeping with the provisions of Austrian commercial law. Our responsibility is to express an opinion on these statements based on our audit and to issue a statement as to whether the Group management report agrees with the consolidated financial statements.

We conducted our audit in accordance with the legal requirements for audits in Austria, in keeping with the International Standards on Auditing (ISA) that were issued by the International Federation of Accountants (IFAC). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements and also allow us to state whether the Group management report agrees with the consolidated financial statements. The determination of audit procedures incorporates knowledge of the business activities and economic and legal environment of the Company as well as expectations of possible errors. The audit includes an examination of evidence supporting the amounts and disclosures in the consolidated financial statements, which is based primarily on sampling. The audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit provided no grounds for objections. Based on the results of our audit, we believe the consolidated financial statements comply with legal requirements and present fairly in all material respects the asset and financial position of the Company as of 31 December 2006 as well as the results of operations and cash flows for the business year from 1 January 2006 to 31 December 2006 in agreement with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union. The Group management report agrees with the consolidated financial statements.”

Vienna, 20 February 2007

CONFIDA
WIRTSCHAFTSTREUHANDGESELLSCHAFT M.B.H.
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

Christoph Luger, m.p.
 Certified Public Accountant



Andreas Nußgruber, m.p.
 Certified Public Accountant

The publication or distribution of these consolidated financial statements in any version other than the certified form shall require a new opinion in advance if our audit opinion is cited or reference is made to our audit.

Investments of Flughafen Wien AG

1. Subsidiaries fully consolidated in the Group financial statements:

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

Principal activities: purchase and marketing of property. Share owned: 99% VIEL;
1% IVW

in T€	2006	2005
Equity	4,881.7	6,646.5
Turnover	6,811.6	284.4
Loss for the year	-41.6	-140.6

Flughafen Wien Immobilienverwertungsgesellschaft m.b.H. (IVW)

Principal activities: the commercial leasing of assets, in particular real estate, and acquisition of property and buildings at Vienna International Airport. Share owned: 100%

in T€	2006	2005
Equity	83,820.7	77,312.6
Turnover	14,733.3	14,380.7
Profit for the year	6,508.1	6,384.5

Vienna Aircraft Handling Gesellschaft m.b.H. (VAH)

Principal activities: provision of a full range of services for general aviation and, in particular, for business aviation; major revenue generators are private aircraft handling and aircraft handling services provided on behalf of Flughafen Wien AG in the general aviation sector (incl. fuelling and provision of hangar space). Share owned: 100%

in T€	2006	2005
Equity	56.0	56.0
Turnover	12,470.4	9,344.7
Profit for the year	1,228.6	1,180.2

Vienna Airport Infrastruktur Maintenance GmbH (VAI)

Principal activities: provision of services for electrical facilities and equipment as well as the construction of electrical and supply facilities, in particular technical equipment for airports, and the installation of electrical infrastructure. Share owned: 100%

in T€	2006	2005
Equity	2,264.3	2,023.0
Turnover	7,693.9	13,402.1
Profit for the year	1,563.4	1,322.8

Vienna International Airport Security Services Ges.m.b.H. (VIAS)

Principal activities: provision of security controls (persons and hand luggage) on behalf of the Austrian Ministry of the Interior, and various other services for aviation customers (wheelchair transport, control of oversize baggage, etc); the company also participates in tenders for the provision of security services at other airports through its Austrian and foreign subsidiaries. Share owned: 100%

in T€	2006	2005
Equity	6,283.8	4,105.5
Turnover	28,798.3	18,721.3
Profit for the year	2,178.4	470.5

VIE Liegenschaftsbeteiligungsgesellschaft m.b.H. (VIEL)

Principal activities: holding company for the BPIB & VOPE subsidiaries, which are active in the purchase, development, and marketing of property owned by Flughafen Wien AG. Share owned: 100%

in T€	2006	2005
Equity	16,272.8	7,422.0
Turnover	0.0	0.0
Profit/loss for the year	35.8	-55.6

Vienna International Beteiligungsmanagement Gesellschaft m.b.H. (VINT)

Principal activities: founding and management of local project companies for international acquisitions; consulting and project management. Share owned: 100%

in T€	2006	2005
Equity	27,219.6	27,219.6
Turnover	47.0	22.8
Loss/profit for the year	-722.8	41.6

VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H. (VOPE)

Principal activities: development of real estate, in particular Phase II of the Office Park.
Share owned: 100%

in T€	2006	2005
Equity	8,588.3	26.2
Turnover	140.4	0.0
Loss for the year	-252.9	-8.8

BTS Holding a.s.

Principal activities: provision of services and consulting for airports. In addition, plans called for the company to hold the intended investment in Bratislava Airport. Share owned: 47.7%

in T€	2006	2005
Equity	49,597.0	0.0
Turnover	0.0	0.0
Loss for the year	1,557.6	0.0

KSC Holding a.s.

Principal activities: holding company for the 66% investment in Košice Airport as well as the provision of consulting services. Share owned: 47.7%

in T€	2006	2005
Equity	32,146.7	0.0
Turnover	0.0	0.0
Loss for the year	-92.7	0.0

VIE-Malta Ltd.

Principal activities: provision of services and consulting for airports. The financial statements for the VIE-Malta Ltd. include the at equity valuation of the consolidated financial statements, which are comprised of Malta Mediterranean Link Consortium Ltd. and Malta International Airport plc. Share owned: VINT 99.8%; VIE-BBI 0.2%

in T€	2006	2005
Equity	29,056.1	27,555.4
Turnover	522.6	514.9
Profit for the year	1,756.3	1,383.2

2. Subsidiaries included in the consolidated financial statements at equity

Austro Port Boden- und Flugzeugabfertigungsges.m.b.H.

Principal activities: provision of ground handling services at Vienna International Airport. Share owned: 25% + 1 share

in T€	2006	2005
Equity	-190.8	0.0
Turnover	2,763.9	1,392.8
Loss for the year	-209.3	-486.3

City Air Terminal Betriebsgesellschaft m.b.H. (CAT)

Principal activities: operation of the City Airport Express as a railway operator from the “Wien-Mitte” transit centre to and from Vienna International Airport; the operation of check-in facilities at the “Wien-Mitte” transit centre combined with baggage logistics for airport passengers; consulting for third parties on the organisation and development of traffic connections between cities and airports. Share owned: 50.1%

in T€	2006	2005
Equity	11,584.9	12,696.3
Turnover	6,892.3	6,072.2
Loss for the year	-1,111.5	-1,515.5

Letisko Kosice – Airport Kosice, a.s.

Principal activities: operation of Kosice Airport. Share owned: 66%

SCA Schedule Coordination Austria GmbH

Principal activities: schedule coordinator for airports in Austria, e.g. the company allocates time slots to aircraft in accordance with EU law, principles defined by the IATA and applicable legal regulations, and also carries out other activities that are directly or indirectly related to the business of the company. Share owned: 40%

in T€	2006	2005
Equity	226.4	90.0
Turnover	884.5	715.1
Profit for the year	136.4	7.1

3. Investments not included in the consolidated financial statements

GetService Dienstleistungsgesellschaft m.b.H.

Principal activities: provision of all types of security services related to airport operations.

Share owned: 100%

in T€	2006	2005
Equity	544.4	446.6
Turnover	1,572.1	1,299.8
Profit for the year	254.7	156.6

“GetService”-Flughafen-Sicherheits- und Servicedienst GmbH

Principal activities: provision of security services, personnel leasing, cleaning services, including snow removal, etc. Share owned: 51%

in T€	2006	2005
Equity	1,042.5	866.0
Turnover	3,082.3	2,362.0
Profit for the year	176.5	407.5

Salzburger Flughafen Sicherheitsgesellschaft m.b.H. (SFS)

Principal activities: provision of security services; the company is not active at the present time. Share owned: 100%

in T€	2006	2005
Equity	59.0	57.0
Turnover	1.1	16.3
Profit for the year	2.0	12.4

VIAS Hellas Security Air Transport Services Limited Liability Company (VIAS Hellas Ltd.) in Liquidation

Principal activities: provision of security services for airports, and companies commissioned by airports or airlines; this company was founded to enable VIAS to participate in tenders for the provision of security services at airports in Greece. Share owned: 100%

in T€	2005
Equity	11.7
Turnover	0.0
Loss for the year	-2.6

Flughafen Wien / Berlin-Brandenburg International**Entwicklungsbeteiligungsgesellschaft m.b.H. (VIE-BBI)**

Principal activities: investment in BBIP Berlin-Brandenburg International Partner GmbH & CoKG, a company that was to develop the Berlin Airport project. Share owned: 100%

in T€	2006	2005
Equity	1,126.4	1,688.1
Turnover	0.0	0.0
Loss/profit for the year	-564.7	22.5

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

Principal activities: planning, development, marketing and operation of shops at airports in Austria and other countries. Share owned: 100%

in T€	2006	2005
Equity	27.9	30.5
Turnover	0.0	0.0
Loss for the year	-2.6	-4.5

Report to the Supervisory Board



Meetings

The Supervisory Board met ten times during the 2006 Business Year: on 27 January, 22 February, 22 March, 17 May, 25 July, 3 August, 14 August, 21 August, 15 November and 13 December. The Presidium and Personnel Committee held seven meetings, the Audit Committee held three meetings and the Strategy Committee held two meetings.

The committees dealt with major issues concerning the development of the Company, in particular with the strategic positioning of the Flughafen Wien Group over the mid-term and the possible acquisition of or investment in other airports, and reported to the full Supervisory Board on these subjects.

The Management Board provided the Supervisory Board with regular information on the development of business and the position of the individual Group companies. The Supervisory Board was therefore able to monitor the performance of the Company on a continual basis and provide support for the Management Board on decisions of fundamental importance.

Corporate Governance Code

A unanimous resolution of the Supervisory Board on 2 April 2003, which was passed on the recommendation of the Management Board, committed Flughafen Wien AG to compliance with the rules of the Austrian Corporate Governance Code. The Supervisory Board has fulfilled the duties and responsibilities set forth in this code.

In 2006 the Supervisory Board commissioned the auditor to conduct an extensive review of risk management. The auditor's report was discussed in detail by the Accounting Committee. There were no major objections to the handling of risk management by Flughafen Wien AG.

Audit

CONFIDA, Wirtschaftstreuhandgesellschaft m.b.H., Wirtschaftsprüfungsgesellschaft, 1191 Vienna, were elected auditors of the annual financial statements at the 16th Annual General Meeting of Flughafen Wien AG and were commissioned to perform this audit. This firm audited the annual and consolidated financial statements as of 31 December 2006 and the related status reports for the Group and Company, which were prepared by the Management Board, and awarded both financial statements unqualified opinions.

The Managing Board presented the following documents to the Supervisory Board and reported in detail thereon: the annual financial statements of Flughafen Wien AG, which were prepared in accordance with Austrian accounting principles, the consolidated financial statements for the Flughafen Wien Group, which were prepared in accordance with International Financial Reporting Standards (IFRS), and the status reports on the 2006 Business Year for the Company and the Group.

Approval of Financial Statements

During its meetings the Audit Committee reviewed and examined the annual financial statements and status report of Flughafen Wien AG for the 2006 Business Year in the presence and with the support of the auditors, and reported to the Supervisory Board on these discussions. The Supervisory Board approved the annual financial statements and status report of Flughafen Wien AG for the 2006 Business Year in the presence of the auditors. The annual financial statements of Flughafen Wien AG for the 2006 Business Year are therefore approved.

Recommendation for the Distribution of Profits

The Supervisory Board agrees with the recommendation of the Management Board to distribute a dividend of € 2.20 per share or a total of € 46,200,000.00 from 2006 net profit of € 46,205,836.41 and to carry forward the remainder of € 5,836.41.

Acknowledgment

The Supervisory Board would like to express its thanks to the members of the Management Board, key managers and all employees for their dedication and efforts during the 2006 Business Year.

Johannes Coreth

Chairman of the Supervisory Board

Schwechat, 21 March 2007

INTERPRET THE HIERO- GLYPHICS!

You won't always be able to avoid technical terms, but you can explain them. And if there are any open questions, answer them personally.



Glossary

Technical Terms

AEA: Association of European Airlines

Apron: “Parking space” for aircraft

Baggage Reconciliation System (BRS): Computer-supported system that scans all baggage at a collection point; BRS guarantees that baggage is only loaded when passengers have actually boarded and allows items to be located quickly

Brokerage: Provision of aircraft in exchange for compensation

Cargo North: Expansion area for cargo facilities that is located north of the B9 motorway and the Austrian crew building

Catchment Area: Geographical region where passengers can reach Vienna International Airport within a two-hour drive, or where the travelling time to Vienna is shorter than to any other comparable airport

Flight Movements: Take-offs and landings

Hold Baggage Screening (HBS): Each piece of baggage that will be placed in the storage area (“hold”) of an airplane is screened at an x-ray control point before loading

Home Carrier: Domestic airline

Hub: Connecting point for air traffic

IATA: International Air Transport Association (organisation of airline companies)

Incentive: Promotional measure that uses tariffs to encourage airlines to add new flight connections and increase frequencies

Low-Cost Carrier: Airline that offers low-price flights

Maximum Take-Off Weight (MTOW): Maximum allowable take-off weight determined by manufacturer for each type of aircraft

Minimum Connecting Time: The minimum amount of time needed for passengers and their baggage to make their connecting flights without difficulty

Noise Zone: Sector in which a specific noise level is exceeded

One-Roof Concept: Inclusion of all building functions under a single roof

Point-to-point traffic: Direct flights without a stop-over

Push-back: The repositioning of an airplane that is parked with its nose to the gate

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

Secondary Destinations: Destinations not scheduled every day

Trucking: Air cargo transported by lorries (substitute means of transportation)

Turnaround: Time required by ground handling to ready an aircraft for the next take-off

VIE-Skylink: A new terminal that will be constructed in stages and connected with the existing terminals on the northeast side

Calculation of financial indicators

Asset Coverage 2: (Equity + long-term borrowings) / fixed assets

Capital Employed: Property, plant and equipment + intangible assets + non-current receivables + working capital

EBITDA Margin: (EBIT + amortisation and depreciation) / operating income

EBIT Margin: EBIT / operating income

Equity Ratio: Equity / balance sheet total

Gearing: Net debt / equity

Net Debt: (Current and non-current financial liabilities) – cash and cash equivalents

ROE (Return on Equity after Tax): Net profit for the period / average equity

ROCE (Return on Capital Employed after Tax): EBIT after taxes / averaged capital employed

ROS (Return on Sales): EBIT / turnover

Working Capital: Inventories + current receivables and other assets – current tax provisions – other current provisions – trade payables – other current liabilities

WACC (Weighted Average Cost of Capital): (Cost of equity * equity as a % of the balance sheet total) + (after-tax cost of debt * debt as a % of the balance sheet total). The cost of equity is based on the interest rate for long-term bonds at year-end, which is increased to include a risk premium of 3% and then multiplied by a beta coefficient of 1. The cost of debt is derived from the average interest rate on loans held by the company at the end of the year. The market value of the company is used to determine equity.

Reply card

- Yes, I would like to receive information on Flughafen Wien AG.
Please send me your shareholder letters and annual reports.
- I would prefer to receive current information via e-mail.
My e-mail address is: _____@_____
- Please send me an invitation to your tours of Vienna International Airport
and other information events.
- Please delete my name from your shareholder database. I have no further
interest in receiving information on Flughafen Wien AG.

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Disclaimer

This annual report contains assumptions and forecasts, which were based on information available up to the copy deadline on 6 March 2007. If the premises for these forecasts do not occur or risks indicated in the risk report do arise, actual results may vary from present forecasts. Although the greatest caution was exercised in preparing data, all information related to the future is provided without guarantee.

The Annual Report 2006 of Flughafen Wien AG is also available on-line on our homepage
www.viennaairport.com under
<http://ar2006.viennaairport.com>

ABOUT THE PUBLISHER

Flughafen Wien AG is one of the few listed airport operators in Europe. As the developer, builder and operator of Vienna International Airport, it provides a full range of related services. Supported by an excellent geographical location in the heart of Europe, Vienna International Airport has positioned itself as one of the most important hubs for connections to the rapidly developing regions of Central and Eastern Europe. The company's growth strategy is also based on the positive development of demand for flights to the Far East and Near East as well as the above-average growth of the low-cost carriers. In 2006 16.9 million passengers started or ended their trip at Vienna International Airport, which represents an increase of 6.3% over the previous year.

