Interim Report

as at June 30, 2005

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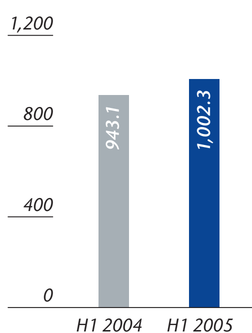
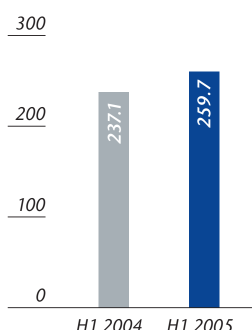
Highlights and Key Figures



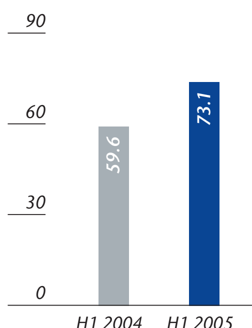
In the first half of 2005, the Fraport Group again increased earnings substantially over the same period of the previous year year. The positive ongoing development of the business is reflected in the development of the Fraport share price, too: for the first time, the final price on the last day of the period under review was higher than the issue price.

We are maintaining the forecasts made so far for the year as a whole.

The most important information about business development in the first half of 2005:
- 1.9 % more passengers than in the previous year at Frankfurt Airport and a reduction of 2.3 % in the Group because of the development in Antalya.
- Group revenues 6.3 % higher than in the previous year at € 1,002.3 million.
- EBITDA up 9.5 % at € 259.7 million.
- Increase of 22.7 % in Group profit to € 73.1 million.
- Improvement in earnings per share from € 0.65 to € 0.80.
- Rise of 12.9 % in the price of the Fraport share, final price of € 35.44 on June 30, 2005.



Key figures	Q2 2004 in € million	Q2 2005 in € million	Change in %
Group revenues	496.9	521.4	4.9
EBITDA	137.7	149.5	8.6
EBITDA margin (in %)	27.7	28.7	–
EBIT	80.6	94.2	16.9
EBT	78.2	81.4	4.1
Group profit	40.6	45.5	12.1
Earnings per € 10 share, basic, in €	0.44	0.50	13.6



	H1 2004 in € million	H1 2005 in € million	Change in %	2004
Group revenues	943.1	1,002.3	6.3	1,998.1
EBITDA	237.1	259.7	9.5	516.2
EBITDA margin (in %)	25.1	25.9	–	25.8
EBIT	127.5	154.1	20.9	281.1
EBT	115.6	135.1	16.9	265.9
Group profit	59.6	73.1	22.7	138.4
Earnings per € 10 share, basic, in €	0.65	0.80	23.1	1.51
Capital expenditures	112.7	283.4	251.5	279.4
Cash flow from operating activities	221.4	215.6	2.6	519.4
Shareholders' equity [1,2]	2,043.0	2,060.2	0.8	2,043.0
Total assets [1]	3,650.2	3,739.3	2.4	3,650.2
Average number of employees	23,544	25,146	6.8	24,182

[1] On December 31, 2004 and June 30, 2005.

[2] The structure of the Group balance sheet was changed in accordance with IAS 1 as at January 1, 2005; the figures for the previous year have been adjusted accordingly (Cf. Notes).

Editorial

Dear Sir or Madam,
dear Shareholders,

We launched a further cost-cutting and efficiency improvement program at the beginning of the year. There is nothing fundamentally new about the goals of the project "We're making Fraport fit"; our cost structures are reviewed on a regular basis. What is new is the focus on personnel expenses – a sensitive issue at any company, but also the biggest cost area for a service provider.

Why are our employees supposed to tighten their belts now of all times, when we set new revenue and earnings records in 2004? Because we need to act if Frankfurt Airport is to remain what it is. Competitive costs and high quality – this combination is essential for growth and additional jobs. Thanks to the successful system partnership with our main customer Lufthansa, Frankfurt has developed into one of the most important hubs in the world and the biggest job location in Germany. Partly because both of the partners involved have always been adept at producing better quality at reasonable cost.

The air transport industry is going through a process of profound change. The market is consolidating, with a shift towards low-cost airlines on the one hand and network carriers on the other. Intercontinental traffic will be concentrating on just a few mega-hubs to an increasing extent, too. We intend to remain one of these mega-hubs.

In line with our tradition of open co-operation, we discussed these general conditions with our staff at 30 interactive meetings. They exhibited a very realistic understanding of the situation and indicated basic acceptance of the need for counteraction in good time.

The overall picture was clear: what is most important is a safe job, followed by a stable income. There was definite willingness to make sacrifices in other areas: shift schemes, working times and holidays as well as company and collectively agreed bonuses. Numerous suggestions were also made about where we can economize on non-staff costs, too, or improve our performance.

We entered into negotiations with the works council on this basis and agreed on the *future contract 2010* in May. The central element of the agreement is the reduction or freezing of fringe benefits. Better adaptation of the shift schemes to the company requirements was also prepared and an increase in the deployment of external personnel was agreed. In return for this, Fraport AG committed itself in principle to terminate no employment contracts for operational reasons before 2010 and not to reduce employees' absolute wages and salaries. The staff are sharing in corporate success, too, via an innovative model. We are continuing our commitment to vocational training as well. The large number of apprenticeships is being maintained and we are guaranteeing a job for at least one year after successful completion of training, as has been the case in the past.

By concluding the *future contract 2010*, the employees, works council and management of Fraport AG have demonstrated their ability to act in the interests and for the benefit of the company. I would like to make a point of thanking everyone involved for this!

We are currently focussing on the second part of "We're making Fraport fit". This part relates to the flexibility that the new civil service collective agreement offers which applies from October onwards. We started negotiations about this with the trade unions in June, in order to discuss such issues as longer weekly working times and a pay structure that would make it possible to employ new staff at more favourable rates.

"We're making Fraport fit" will not be the last economy program in the company's history. A far-sighted and balanced approach will, however, continue to be our basis for remaining a successful and responsible employer in future as well.

Sincerely,

Herbert Mai
Member of the Executive Board and Labor Relations Director

The Fraport Share

Key Figures and Share Price Development

Key figures

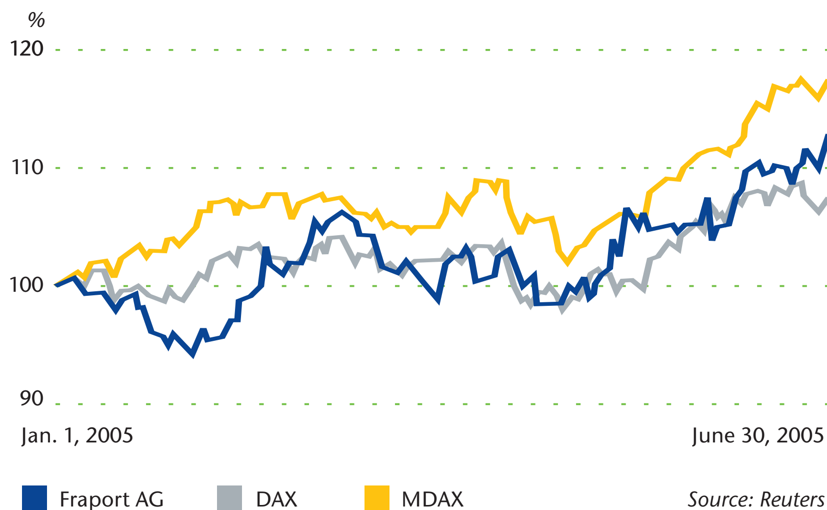
		H1 2004	H1 2005	2004
Capital stock (acc. to IFRS)	in € million	903.8	908.8	905.1
Absolute share of capital stock	per share, in €	10.00	10.00	10.00
Total number of shares		90,508,108	90,995,878	90,638,708
Number of floating shares [1]		90,384,440	90,881,953	90,515,040
Market capitalization [2]	in € million	2,073	3.221	2.841
Average trading volume per day		106,282	86,850	102,563
Share price at end of period [3]	in €	22.94	35.44	31.39
Highest price [4]	in €	26.50	35.44	31.39
Lowest price [5]	in €	22.20	29.59	22.20
Earnings per share (basic) [6]	in €	0.65	0.80	1.51
Earnings per share (diluted) [6]	in €	0.64	0.79	1.48

[1] Total number of shares excluding treasury shares.
[2] Share price at the end of the quarter, multiplied by the number of floating shares.
[3] XETRA share price at the end of the half-year/year.
[4] XETRA share price at the end of June 30, 2005 resp. January 26, 2004 resp. December 30, 2004.
[5] XETRA share price at the end of January 31, 2005 resp. May 18, 2004.
[6] In relation to the weighted average number of floating shares in the first half of the year.

The price of the Fraport share reached the highest closing price since the IPO on June 11, 2001 on June 30, 2005, when it was € 35.44. The share price was already € 31.39 at the beginning of the year and it increased in value by a further 12.9 % in the period under review. This means that the Fraport share exceeded the development of the DAX in the same period by 5.1 percentage points, although it fell short of the growth in the value of the MDAX by 4.7 percentage points.

Market capitalization on June 30, 2005 was € 3,221 million, which corresponds to an increase of about 55 % compared with the same time of the previous year.

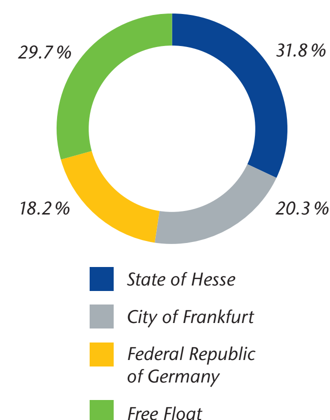
Share development of the Fraport share compared with the DAX and MDAX



Shareholder Structure

There has been no change in the shareholder structure compared with the previous year. The biggest individual shareholders continue to be the State of Hesse, followed by the City of Frankfurt and the Federal Republic of Germany. The free float, including the treasury shares and those owned by employees, amounts to about 27 million shares, which represents 29.7 % of the total number of shares.

Shareholder structure



Dividend Policy

The 2005 Annual General Meeting approved the proposal made by the Supervisory Board and the Executive Board of Fraport AG to distribute a total of € 68.0 million in dividends for fiscal 2004. This means that the dividend amounted to 75 cents per share and the dividend payout ratio increased to about 50.0 % of the Group profit for 2004. The dividend per share was therefore 70.5 % higher than the dividend of 44 cents paid for fiscal 2003, while the dividend payout ratio was 15.5 percentage points higher.

Investor Relations

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

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

A wide range of different information is available in the “Investor Relations“ section of our website (www.fraport.com). In addition to information about the share, it includes up-to-the-minute news, dates, events, information about the Annual General Meeting and financial as well as traffic figures.

Employee Investment Plan

Since the IPO in 2001, Fraport employees have been able to subscribe Fraport shares in 2004 in the context of the performance- and success-based compensation program “LEA“. Fraport AG buys back the shares for this program, making use of some of the authorized capital following a capital increase in return for the injection of cash, and passes them on to its employees. Fraport employees subscribed a total of 126,022 new shares accounting for € 10.00 of the capital stock each in the “LEA“ program in the period under review.

Business Development

Global Economy and Development of Air Traffic

In the course of the first half of 2005, the economic forecasts about the development of most regions in the year as a whole were reduced. The growth forecast for the real gross domestic product in Germany was cut from 1.6 % to 1 % and lower. The economies in the EU 25 states (1.8 %) and Euroland (1.4 %) are likely to grow somewhat more slowly than assumed at the beginning of the year, too. The same is true, albeit at a higher level, of the economies in the USA (3.5 %), China (8.5 %) and India (6.8 %). We continue to assume that these regions will be making large contributions to growth in intercontinental traffic volumes.

According to market observers, global trade volume, an important indicator for the development of air cargo volume, will be increasing by 7 % in 2005 – and thus also somewhat more moderately than still assumed at the beginning of the year.

According to provisional figures released by the Association of European Airlines, scheduled air traffic in Europe grew substantially in the first six months of 2005, in spite of the revised economic forecasts: on the basis of passenger traffic and passenger kilometers sold, the European airlines increased their traffic volume by 3.4 % and 5.9 % over the same period of the previous year. The seat kilometer capacity available rose somewhat more moderately by 4.3 %, so that the average aircraft utilization level went up by 1.1 percentage points to 74.4 %.

Traffic figures for Fraport Group

1st Half	Passengers [1]		Cargo *(airfreight + airmail in t)*		Movements	
	2005	Change to 2004 in %	2005	Change to 2004 in %	2005	Change to 2004 in %
Frankfurt Airport	24,753,549	1.9	935,042	6.4	239,780	3.3
Frankfurt-Hahn [2]	1,431,512	10.7	101,602	12.2	17,506	12.4
Hanover	2,512,683	7.8	8,058	4.7	42,513	3.8
Saarbrücken	202,726	3.3	37	48.4	6,654	– 1.4
Antalya [3]	2,565,752	– 41.4	n. a.	n. a.	16,660	– 38.3
Lima [4]	2,666,252	10.2	70,783	6.1	34,386	– 5.0
Group	**34,132,474**	**– 2.3**	**1,115,522**	**6.9**	**357,499**	**– 0.3**

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

Initial provisional figures for the 102 airports that belong to the ACI (Airports Council International) up to and including May reveal an increase of 8.4 % in passenger numbers and growth of 6.8 % in cargo tonnage.

The total number of passengers at the airports belonging to the Fraport Group in the first half of 2005 was 34.1 million, which represents a decrease of 2.3 %. Whereas passenger traffic at five Group locations increased, the opening of a second international terminal at Antalya in April 2005 led to considerably fewer passengers at the terminal we operate.

The number of passengers at **Frankfurt** Airport in the first six months was up 1.9 % at 24.8 million. The development in the first quarter was slowed primarily by the extra day in February in the 2004 leap year and the visit by the American President, so that passenger traffic was only 0.5 % higher than in the previous year. The second quarter brought more substantial growth again, particularly on the intercontinental routes to South Africa and South America. Within Europe, traffic to Eastern Europe as well as to holiday destinations in Turkey, Greece, the Balearic Islands and North Africa developed positively. The reduction in passenger traffic on routes inside Germany continued, on the other hand. This was attributable essentially to the switching of short-distance flights to the railway system.

A total of 2.6 million passengers used **Antalya** Airport in the first half of 2005 – 41.4 % fewer than in the same period of the previous year. The reason for this drop in passengers was the opening of the second international terminal in Antalya. According to oral information provided by the Turkish airport authorities DHMI, traffic is to be distributed more evenly between both terminals in future.

Traffic in **Lima** continued to increase. The number of passengers between January and June was 10.2 % higher. This growth was driven by tourist traffic on international routes.

Frankfurt-Hahn reported passenger growth of 10.7 % in the period under review. The main customer Ryanair extended its range to include connections to Klagenfurt and Dublin, while Wizz Air now flies to Katowice, Warsaw and Budapest, too, and Iceland Express added Reykjavik as a new destination.

Cargo traffic in the Fraport Group was 6.9 % higher than in the same period of the previous year at 1.1 million tonnes. The main reason for the increase was the large cargo volume at Frankfurt Airport. Following record growth in 2004, traffic in the first half of 2005 exceeded these figures again by 6.4 %. The routes to the Middle and Far East in particular recorded disproportionately high growth.

The total number of **aircraft movements** in the Fraport Group in the period under review was 0.3 % lower than in the same period of the previous year at 357,499. As was the case with passenger traffic, the opening of the second terminal in Antalya was the reason for this small reduction.

The **maximum takeoff weights** in Frankfurt totalled 13.7 million tonnes, which corresponds to a growth of 5.2 % over the same period of the previous year. Wide-body jets with two gangways in the passenger cabin accounted for 25.6 % of total aircraft movements in Frankfurt in the first six months of 2005, 0.7 percentage points more than in the previous year. The seat load factor rose slightly by 0.3 percentage points to 70.0 % in the same period.

Revenues and Earnings

The Fraport Group generated considerably higher earnings in the first half of 2005 than in the previous year. As in the first three months of the fiscal year, increases in productivity and the positive revenue development were the main reasons for this.

Revenues were 6.3 % higher than in the same period of the previous year at € 1,002.3 million. The substantial increase is attributable primarily to larger traffic fees in Frankfurt and more proceeds from security services. The **total revenues** of € 1,024.6 million were 6.1 % above the level reached in the previous year.

Operating expenses (non-staff costs and personnel expenses) increased by 5.0 %, which was lower than the growth in revenue. **Personnel expenses** were 5.2 % higher than in the same period of the previous year at € 512.4 million. ICTS Europe accounted for the largest proportion of this growth, with an increase of 14.0 % or 1,271 employees to a total of 10,343. The Fraport Group had an average of 25,146 employees in the first half of the year, 6.8 % more than in the same period of the previous year.

The **non-staff costs** were up 4.6 % at € 252.5 million. They include the cost of materials, which rose by 9.5 % to € 152.9 million. This cost increase was caused by the volume growth in air traffic and the security services that the Fraport Group provides; they were compensated for by appropriate increases in revenues. The maintenance expenses that were incurred in the thorough modernisation and partial extension of the terminal and – in particular – retail areas at Frankfurt Airport were also higher than in the previous year. The other operating expenses were 2.3 % lower than in the previous year at € 99.6 million.

Thanks to the sustained improvement in the efficiency and productivity of central business operations, the positive **EBITDA** development continued as well: the operating result increased by 9.5 % over the same period of the previous year to € 259.7 million in the first half of 2005. The EBITDA margin was 0.8 percentage point higher at 25.9 %.

Depreciation and amortization of tangible and intangible non-current assets, including an unscheduled depreciation charge of € 8.6 million relating to the investment in the company that operates Terminal 1 in Antalya, amounted to € 105.6 million. This was 3.6 % less than in the same period of the previous year, particularly because of the elimination of scheduled goodwill amortization at ICTS Europe [1]. The scheduled depreciation charge on property, plant and equipment in Frankfurt was lower, too.

The percentage increase in **EBIT** (operating profit), which totalled € 154.1 million, was therefore even higher than the EBITDA growth at 20.9 %.

The **financial result** was € – 19.0 million, which was a decrease of € 7.1 million over the previous year. Two unrealized items were mainly responsible for this: foreign currency losses that were € 3.3 million higher and a change in the value of securities in the non-current assets. The income from our investment in the Spanish ground handling service companies Ineuropa Handling UTE were lower than in the previous year, too. The interest results and the results of investments held at equity improved.

The **Group profit** of € 73.1 million was 22.7 % [2] higher than in the same period of the previous year. The basic earnings per share increased from € 0.65 to € 0.80.

Asset and Financial Situation

Capital expenditures

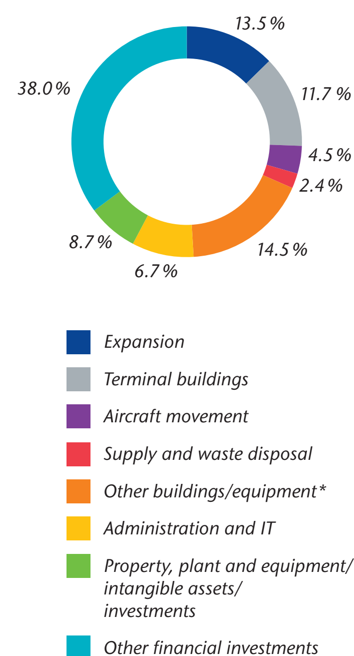
The capital expenditures by the Fraport Group in the first half of 2005 totalled € 283.4 million, which were € 170.7 million more than in the same period of the previous year. € 100.0 million were accounted for by a money investment. € 151.2 million related to capital expenditures at the Frankfurt location. The biggest individual items here were two purchases of land for the future “Airport City Mönchhof“ – what used to be the “Caltex“ site and the “Sanofi-aventis“ site. In accordance with the revised accounting standard IAS 40, this land is classified as “investment property“.

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

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

The planned expansion of Frankfurt Airport was another major emphasis in the capital expenditures. About € 38 million were invested in such preparatory measures as the relocation of the US Air Base and the zoning procedure. A total of about € 33 million was spent on the modernisation and partial expansion of the existing terminal buildings.

Capital expenditures: € 283.4 Mio.



**Including "investment property".*

Cash flow statement

The **net cash flow from operating activities** in the first half of 2005 amounted to € 215.6 million, which was € 5.8 million less than in the same period of the previous year. This small reduction was due primarily to the larger outflow of funds in financial activities because of higher prepayments of taxes on income. The inflow of funds from the operational activities was € 23.3 million higher than in the same period of the previous year, on the other hand.

There was a large increase in the **net cash flow used in investing activities**. It was €305.7 million higher than in the same period of the previous year at € 412.2 million. As part of the asset management program, € 100.0 million were put into a long-term money investment, while € 150.0 million went into a short-term money investment. Capital expenditures were higher, too (property, plant and equipment as well as two land purchases). The latter have to be shown as "investment property".

The **net cash outflow from the financing activities** of € 75.0 million was attributable to the repayment of bank loans and the dividend payment for 2004.

The total money investment of € 250.0 million reduced the **cash and cash equivalents**. They decreased from € 613.1 million in the same period of the previous year to € 392.6 million.

Asset and capital structure

Application of the revised IAS 1 is leading to a change in the structure of the Group balance sheet, which is being based on remaining terms in future. The change is explained in greater detail in the Notes; the figures for the previous year have been adjusted.

Balance sheet structure

Assets		Non-current assets	Current assets
	Dec. 31, 2004	75.0 %	25.0 %
	June 30, 2005	76.8 %	23.2 %

Liabilities and equity		Shareholders' equity	Non-current liabilities	Current liabilities
	Dec. 31, 2004	56.0 %	29.6 %	14.4 %
	June 30, 2005	55.1%	27.7 %	17.2 %

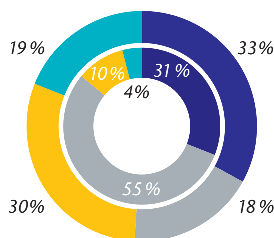
The **total assets** were 2.4 % higher than on December 31, 2004 at € 3,739.3 million. The change of € 89.1 million was due primarily to the increase in trade accounts receivable as well as current other receivables and financial assets.

There were only minor changes to the balance sheet structure: the non-current assets accounted for 76.8 % of the assets as at June 30, 2005. The small increase in the percentage at the expense of the current assets is the result of the use of cash and cash equivalents for money investments. The **equity ratio** [1] amounted to 54.7 % as at June 30, 2005 and therefore increased by 0.9 percentage point compared with the 2004 balance sheet date. The shift in the percentage of non-current to current liabilities is due to the fact that loan terms have decreased to less than one year since December 31, 2004.

The total non-current and current **financial liabilities** only changed slightly to € 650.4 million. The cash and cash equivalents decreased considerably, on the other hand, because € 150.0 million were put into short-term money investments and € 100.0 million went into long-term money investments. The **net financial liabilities** increased substantially as a result: they amounted to € 257.8 million as at June 30, 2005. The cash and cash equivalents had exceeded the financial liabilities by € 5.7 million as at December 31, 2004. **Gearing** was 12.6 % at the end of the first half of 2005.

Segment Reporting

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



The business operations of the Fraport Group are presented in the four segments “Aviation”, “Retail & Properties”, “Ground Handling” and “External Activities”.

The strategic business divisions of Fraport AG in Frankfurt – which continued to be flight and terminal operations, retail and rental management and ground handling services in the period under review – are assigned clearly to the Aviation, Retail & Properties and Ground Handling segments. These segments also include investments that are integrated in the business processes at the Frankfurt location. The internal information technology and telecommunications services and the real estate and facility management are included in the “Retail & Properties” segment.

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

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

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

Retail & Properties continues to be the most profitable segment, contributing about 55 % of Group EBITDA. The percentage it accounted for decreased, however, in favour of the Aviation and Ground Handling segments, which benefitted to a larger extent from the growth in air traffic volume and cost-cutting measures.

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

Aviation

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

Aviation

in € million	H1 2004	H1 2005	Change in %
Revenues	294.4	334.7	13.7
EBITDA	64.5	79.4	23.1
EBIT	38.0	53.8	41.6
Employees	3,278	3,525	7.5

Aviation generated revenues of € 334.7 million in the first half of 2005, essentially with airport fees and security services. This was an increase of 13.7 % over the same period of the previous year.

The airport fees rose with the traffic figures and due to the average price increase of 1.75 % that was made on January 1, 2005. Contrary to our expectations, the revenues from military traffic were still higher than in the previous year in the first six months of 2005, too. The larger proceeds from security services were attributable primarily to the steady increase in aviation security requirements at European airports; the increase in traffic volume boosted revenues, too.

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

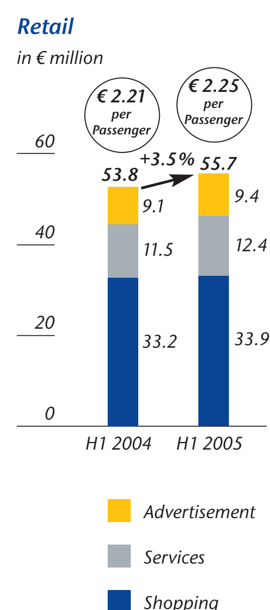
The segment EBITDA of € 79.4 million were 23.1 % higher than in the previous year, while EBIT were up € 15.8 million at € 53.8 million.

Retail & Properties

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

Retail & Properties

in € million	H1 2004	H1 2005	Change in %
Revenues	181.5	179.9	– 0.9
EBITDA	144.3	144.2	– 0.1
EBIT	96.8	96.0	– 0.8
Employees	3,038	3,034	– 0.1



Segment revenues decreased by 0.9 % over the same period of the previous year to € 179.9 million in the first half of 2005. The reduction was due to lower revenue-based airport access fees, especially those charged to oil companies.

Revenues from parking facility management and the retail business were increased. The latter benefitted in particular from higher income generated by services. Increases in demand and optimized catering concepts were the main reasons for this. The development in shopping revenues continues to be depressed by the impact on the relevant space of the terminal modernization exercise. All in all, the retail revenues per passenger increased from € 2.21 in the previous year to € 2.25.[1]

Personnel expenses and non-staff costs stagnated at roughly the same level as in the previous year, in spite of the ongoing activities to repair and modernize the terminals. EBITDA was at almost exactly the same level as in the previous year at € 144.2 million, while EBIT decreased slightly by € 0.8 million to € 96.0 million.

Ground Handling

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

In the first six months of the fiscal year, the Ground Handling segment generated revenues of € 302.8 million; this represents an increase of 2.9 % over the first half of 2004. The main reason for this was the positive development in traffic. A price increase in the infrastructure fees boosted revenues, too. The small losses in market share were more than compensated for substantially overall.

The operating expenses were reduced. This means that Ground Handling succeeded in continuing its steady improvements in productivity in the period under review. Personnel expenses were slightly lower in spite of the increase in traffic volume. Non-staff costs were slightly higher than in the same period of the previous year, in line with revenue development.

EBITDA was double the previous year's figure at € 26.5 million and EBIT improved from € 1.9 million to € 16.0 million.

Ground Handling

in € million	**H1 2004**	**H1 2005**	**Change** *in %*
Revenues	294.2	302.8	2.9
EBITDA	13.0	26.6	>100
EBIT	1.9	16.0	>100
Employees	6,964	6,975	0.2

[1] *Advertisement revenues are being shown differently from 2004. Taking the change into account, the comparable figure for the previous year would be € 2.18.*

External Activities

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

External Activities

in € million	H1 2004	H1 2005	Change *in %*
Revenues	173.0	184.9	6.9
EBITDA	15.3	9.6	– 37.3
EBIT	– 9.2	– 11.7	–
Employees	10,264	11,612	13.1

Segment revenues increased by 6.9 % in the first half of 2005 to € 184.9 million. ICTS Europe, which specializes in security services, made the largest contribution to this growth. Higher revenues from traffic fees were generated primarily by the Group airport Frankfurt-Hahn. The opening of a second, rival terminal at the Antalya location in April led, on the other hand, to a reduction in segment revenues of about € 7 million compared with the same period of the previous year.

It was only possible to respond to the abrupt drop in the passenger figures at the terminal we operate in Antalya to a limited extent by cutting costs. For this reason in particular, segment operating expenses increased to a disproportionate extent by comparison with revenues. EBITDA were therefore 37.3 % or € 5.7 million lower at € 9.6 million. Elimination of scheduled amortization of the goodwill of ICTS Europe in particular meant that EBIT decreased less; they were € 2.5 million lower than in the previous year at € – 11.7 million.

The segment results do not include the income from investments of € 2.7 million and from investments held at equity of € 2.2 million, which are shown in the financial result.

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

ICTS Europe – a wholly-owned subsidiary that specializes in security services – continued its expansion strategy in the first half of 2005. With additional commissions, for example in the Netherlands, Greece, Germany, Spain and Great Britain, and the expansion of existing contracts, it succeeded in increasing its revenues considerably to € 161.0 million, which represents growth of 14.9 %. The operating expenses increased in line with revenue development as well as due to higher advertising expenses. EBITDA stagnated at approximately the same level as in the previous year at € 10.0 million.

In **Antalya**, the opening of a second international terminal led to a reduction of 37.5 % to € 24.7 million in the revenues generated by the operating company in which Fraport holds an interest. EBITDA fell 48.6 % to € 14.7 million. We are expecting that passenger flows will be divided up more evenly between the two terminals in the second half of the year.

A positive development in traffic volume led to an increase in revenues of 26.1 % to € 17.4 million at **Frankfurt-Hahn**. Higher expenditure on winter services and individual write-downs depressed EBITDA. The loss that was made in the first quarter was, however, reduced in the course of the next three months; EBITDA improved by € 0.3 million over the same period of the previous year to € – 2.5 million.

The companies Hanover-Langenhagen and Lima are valued at equity in the Group. In line with traffic development, revenues in **Hanover** increased by 7.0 % to € 58.3 million. EBITDA were 6.3 % lower at € 16.0 million, on the other hand. The main reason for this was an increase in personnel expenses. In the period under review, they for the first time included allocations for payments that have to be made, such as holiday and Christmas bonuses. This factor will therefore be eliminated at the end of the year.

Exchange rate fluctuations again had a strong influence on revenues and earnings in **Lima**. Euro-based revenues increased by 9.9 % to € 32.3 million, while EBITDA were 22.0 % higher than in the previous year at € 7.2 million. Revenues on a US dollar basis were up 15.0 % at USD 41.5 million. EBITDA were 27.4 % higher than in the same period of the previous year at USD 9.3 million.

Employees

The Fraport Group had an average of 25,146 employees in the first six months of 2005, which represents an increase of 6.8 % or 1,602 more than in the same period a year ago. 12,250 employees worked in Frankfurt on average during this period.

The number of employees in the External Activities segment increased considerably over the beginning of 2005. The reason for this was the expansion of the subsidiary ICTS Europe's business. The Aviation segment increased the number of its employees by 7.5 % or 247 in the same period. There was practically no change in the number of employees in the Retail & Properties and Ground Handling segments by comparison with the previous year.

Segment	H1 2004	H1 2005	Change *in %*
Aviation	3,278	3,525	7.5
Retail & Properties	3,038	3,034	– 0.1
Ground Handling	6,964	6,975	0.2
External Activities	10,264	11,612	13.1

	H1 2004	H1 2005	Change *in %*
Fraport Group	23,544	25,146	6.8
of which in Frankfurt	12,205	12,250	0.4
Investments	11,339	12,896	13.7
of which ICTS	9,072	10,343	14.0

The figures given here do not include apprentices and employees on maternity leave or other leaves of absence. The number of employees included for joint ventures corresponds to the interest held.

Additional Information

Order situation

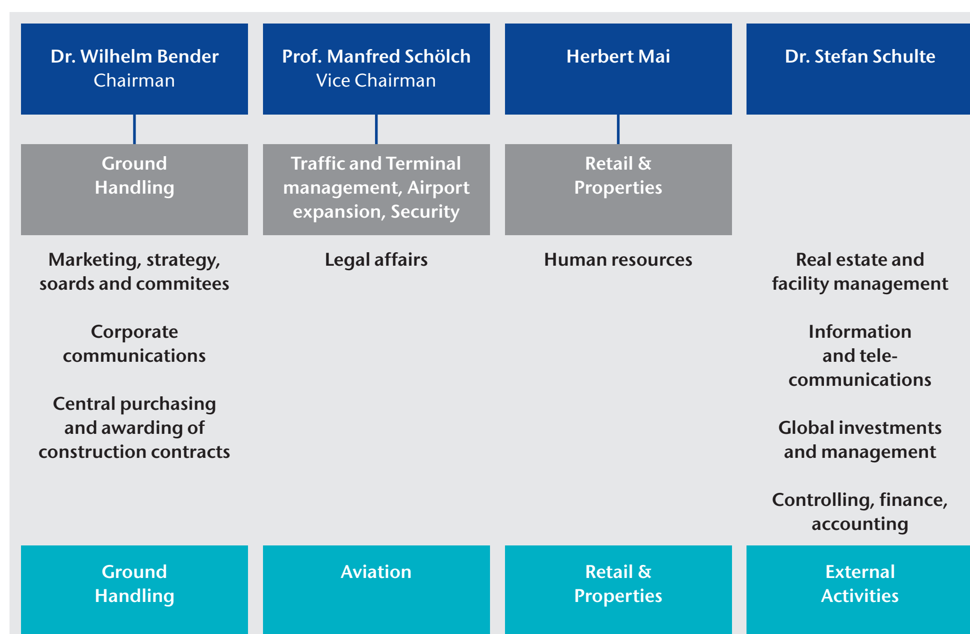
The summer flight schedule from March 27 to October 29, 2005 lists 109 airlines with passenger flights to 304 destinations in 110 countries. 4,404 takeoffs per week are expected on average, which is 4.4 % more than in the 2004 summer flight schedule. Growth is again being driven by intercontinental traffic.

Frankfurt Airport is one of the most important air traffic hubs in Europe and is Germany's biggest airport. Frankfurt accounts for 72.5 % of the passenger volume on intercontinental flights in the German market. A quarter of all the aircraft taking off and landing here are wide-body jets, with which the limited number of takeoff and landing slots can be used particularly productively.

Executive Board and Organisation

The Executive Board and the Supervisory Board of Fraport AG have agreed and implemented an optimized organisational structure. The changes in the organisation, took effect on June 1, 2005 and aim primarily to allocate operational responsibility to the individual members of the Executive Board more specifically.

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



** Excluding staff positions*

To this end, each of the strategic business divisions in which the business operations at Frankfurt Airport are organized was in an initial stage assigned directly to a member of the Executive Board. The strategic business division "ground handling" is now the responsibility of the Chairman of the Executive Board, while the Labor Relations Director is responsible for "retail and properties management" and the newly established strategic business division "flight and terminal opera-

tions, expansion and security“ is assigned to the member of the Executive Board responsible for infrastructure and legal affairs. This new division includes what used to be the “flight and terminal operations“ and the central “airport expansion program“ function. It is headed by the Executive Vice Presidents Volker Zintel and Christian Häfner.

The “real estate and facility management“ service department is the responsibility of the Financial Director in future. The “property development function“ is therefore included here, which is reflected in the renaming of this position as “Finance and Property Development Director“, too. In accordance with the principle of shared responsibility, the Chairman of the Executive Board has at the same time taken over “central purchasing and the awarding of construction contracts“.

The “real estate and facility management“ service department is being controlled by an Executive Vice President in future, too. Mr Martin Schlegel, took over this assignment on July 1.

The Executive Board has been reduced to four members, Professor Barbara Jakubeit left the Executive Board of Fraport AG on July 31, 2005.

Another of the changes is that each member of the Executive Board has held reporting responsibility for one Group segment since July 1: the Chairman of the Executive Board, Dr Wilhelm Bender, for Ground Handling, the member of the Executive Board responsible for infrastructure and legal affairs, Professor Manfred Schölch, for Aviation and the Labor Relations Director, Herbert Mai, for Retail & Properties. The Finance and Property Management Director, Dr Stefan Schulte, continues to be responsible for the Group segment External Activities.

Significant Events After the Balance Sheet Date

On July 26, 2005, we agreed with our Turkish partner, Bayindir Insaat Turizm Ticaret ve Sanayi A.S., to increase our interest in the company that operates the International Terminal 1 in Antalya from 50 to 100 %. The transaction still has to be approved by the responsible Turkish authorities.

Changes in Risk Reporting

An EU regulation from the summer of 2004 about aviation security defines security areas at European airports (“critical parts“), where even stricter security rules are to apply in future. It is planned to extend the relevant critical areas gradually.

There is a risk that it will not be possible to recover the costs completely in the fees charged.

Share Option Plan

The Annual General Meeting of Fraport AG that was held on June 1, 2005 passed a resolution about a new share option plan (“Fraport Management Share Option Plan 2005“/Fraport MSOP 2005). The provisions of the new share option plan satisfy the more exacting requirements made on the arrangements for variable compensation for management staff. In contrast to the previous plan, it contains not just an absolute but also a relative exercise threshold, requires personal investment and includes a profit limit. The waiting period has also been extended by one year, while the exercise deadline has been shortened accordingly. Under the terms of the Fraport MSOP 2005, share options can be issued to members of the Executive Board of Fraport AG, to members of the management of affiliated companies and to further selected managers of Fraport AG and the

companies affiliated with it. In accordance with the rules of the new share option plan, Fraport AG has issued 198,300 share options for the whole of fiscal 2005. Since the Fraport MSOP 2005 has replaced the share option plan of March 14, 2001, no more new options are being issued under the old plan for fiscal 2005.

The number of share options issued under the terms of both share option plans amounted in total to 1,071,350 on June 30, 2005. Since the beginning of the year, the number of options issued in the context of the 2001 share option plan has decreased from 656,100 to 422,952 by being exercised or by expiring; a total of 198,300 share options were issued in the first half of 2005 under the Fraport MSOP 2005, none of which have been exercised or have expired.

Treasury Shares

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

Other Financial Commitments

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

Outlook

Airport expansion

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

Fraport AG submitted the necessary zoning procedure application in September 2003. The deadline for filing comments about the expansion plan and the relevant documents passed in April 2005. A total of 127,000 objections were submitted to the authorities responsible (Darmstadt District President) by private persons, companies, associations and local authorities. After they had been reviewed, the objections were passed on to Fraport for its comments.

The public hearing about the zoning application and the objections is to begin on September 12, 2005 and will last at least five months. Fraport is expecting the Hessian Ministry of Economics, Transport and Regional Development to issue its zoning decision in 2007.

A380 maintenance facility

The zoning procedure for approval of a maintenance facility under aviation law, including approval under construction law of a Lufthansa hangar and the associated warehouse building for the maintenance of wide-body aircraft, particularly the new Airbus A380, was completed successfully in November 2004. Numerous law suits were submitted against the decision taken in the zoning procedure and urgent applications were submitted to suspend immediate enforceability. The Hessian Higher Administrative Court confirmed the decision taken in the zoning procedure on

June 28, 2005, so that clearing of the land on which the facility is to be built should begin in September 2005 and Lufthansa can complete the maintenance facility in good time for when the A380 is supposed to be coming into service in 2007.

Prospects

In view of the development of the business in the first six months of 2005, we are maintaining our forecasts for the year as a whole.

Group revenues

We are expecting revenues to increase by more than 3 %, particularly because of higher traffic volume, the increase in the airport fees at the Frankfurt location and higher proceeds from security services.

We anticipate lower revenues in the fees charged for military traffic, in the revenue-based airport access fees and at the Antalya location. The US Air Force is planning to relocate from Frankfurt to Ramstein and Spangdahlem at the end of 2005. The fees charged for military traffic will therefore be decreasing substantially, particularly in the fourth quarter of 2005. We are expecting the revenue-based airport access fees to decrease, too – especially those charged to oil companies – because a ruling by the European Court of Justice requires a change to be made to cost-based charges for use. Even assuming the purchase of additional shares, revenues in Antalya will in addition be lower than in the previous year, because a second international terminal was opened in April, which is in competition with the terminal we operate. Our concession to operate Terminal 1 ends in July 2007.

EBITDA and Group profit

On the basis of continuation of the policy of strict cost management, we aim to achieve an increase in EBITDA in 2005 that is slightly larger than the revenue growth, taking into account higher expenses for modernization projects and the remodelling of the terminal to make it suitable for the A380 as well as the revenue shortfalls outlined above. The Group profit for the year should increase considerably.

Cost management

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

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

Capital expenditures

Capital expenditures in 2005 will probably be higher than in the previous year. This is due to a large extent to, for example, the ongoing modernization of the terminals and aircraft movement areas at Frankfurt Airport. This includes the necessary remodelling exercises, as a result of which the terminals are being prepared to meet the requirements of the wide-body Airbus A380 jet, which is to be landing in Frankfurt from 2006/07 onwards, and the additional EU-security requirements. The capital expenditures scheduled for 2005 in the context of the planned capacity expansion include land purchases.

Where the statements made in this document relate to the future rather than the past, these statements are based on a number of assumptions about future events and are subject to a number of uncertainties and other factors, many of which are outside the control of Fraport AG Frankfurt Airport Services Worldwide and could have the effect that the actual results differ materially from the statements.These factors include not only but among other things the competitive environment in liberalized markets, regulatory changes, the success of the business operations as well as considerably less favorable general economic conditions on the markets in which Fraport AG Frankfurt Airport Services Worldwide and its investments operate. Readers are cautioned not to rely to an inappropriately large extent on these statements about the future.

Consolidated Income Statements as at June 30, 2005

Consolidated Income Statement

in € million	Q2 2004	Q2 2005	H1 2004	H1 2005
Revenues	**496.9**	**521.4**	**943.1**	**1,002.3**
Change in work-in-process	0.0	0.0	0.0	0.0
Other internal costs capitalized	5.4	4.6	9.2	8.7
Other operating income	7.0	7.0	13.2	13.6
Total revenues	**509.3**	**533.0**	**965.5**	**1,024.6**
Cost of materials	– 68.4	– 75.9	– 139.6	– 152.9
Personnel expenses	– 246.7	– 260.0	– 486.9	– 512.4
Other operating expenses	– 56.5	– 47.6	– 101.9	– 99.6
EBITDA	**137.7**	**149.5**	**237.1**	**259.7**
Depreciation and amortization of tangible and intangible non-current assets	– 57.1	55.3	– 109.6	– 105.6
EBIT (Operating profit)	**80.6**	**94.2**	**127.5**	**154.1**
Interest results	– 5.7	– 6.8	– 13.5	– 12.6
Results of investments held at equity	1.5	2.0	1.9	2.2
Income from investments	1.8	1.0	3.7	2.7
Write downs of financial assets	– 1.0	– 1.1	– 1.2	– 1.1
Other financial results	1.0	– 7.9	– 2.8	– 10.2
Financial result	**– 2.4**	**– 12.8**	**– 11.9**	**– 19.0**
EBT (Result from ordinary operations)	**78.2**	**81.4**	**115.6**	**135.1**
Taxes on income	– 36.0	– 36.8	– 52.9	– 59.8
Other taxes	– 1.6	0.9	– 3.1	– 2.2
Group profit	**40.6**	**45.5**	**59.6**	**73.1**
Share of results attributable to shareholders of Fraport AG	40.1	45.1	59.0	72.8
Share of results attributable to minority shareholders	0.5	0.4	0.6	0.3
Earnings per €10 share in € (basic)	**0.44**	**0.50**	**0.65**	**0.80**
Earnings per €10 share in € (diluted)	**0.44**	**0.49**	**0.64**	**0.79**

Consolidated Balance Sheet

Assets

in € million	Balance at December 31, 2004	Balance at June 30, 2005
Non-current assets		
Goodwill	116.8	110.6
Other intangible assets	52.5	54.9
Property, plant and equipment	2,381.5	2,398.2
Real estate held as financial investment	0.0	33.0
Investments held at equity	46.9	51.4
Other financial assets	52.6	152.8
Other receivables and other assets	75.2	56.0
Deferred tax assets	13.4	14.0
	2,738.9	**2,870.9**
Current assets		
Inventories	12.1	13.0
Trade accounts receivable	168.6	194.5
Other receivables and other assets	64.2	268.3
Liquid funds	666.4	392.6
	911.3	**868.4**
	3,650.2	**3,739.3**

Liabilities and equity

in € million	Balance at December 31, 2004	Balance at June 30, 2005
Shareholders' equity		
Subscribed capital	905.1	908.8
Capital reserves	537.6	544.0
Revenue reserves	520.1	520.8
Group retained earnings 2004	68.0	–
Group profit Jan. 1 – June 30, 2005	–	72.8
Equity attributable to shareholders of Fraport AG	2,030.8	2,046.4
(Equity attributable to minority shareholders)	–	18.6
(Liability of shareholders for uncalled capital)	–	– 4.8
Equity attributable to minority shareholders (net)	12.2	13.8
	2,043.0	**2,060.2**
Non-current liabilities		
Financial liabilities	574.1	528.9
Other liabilities	102.9	107.7
Deferred tax liabilities	129.8	126.6
Provisions for pensions and similar obligations	25.5	26.1
Provisions for income taxes	151.7	153.0
Other provisions	95.3	93.4
	1,079.3	**1,035.7**
Current liabilities		
Financial liabilities	86.6	121.5
Trade accounts payable	100.4	125.7
Other liabilities	111.7	179.2
Provisions for income taxes	43.5	22.6
Other provisions	185.7	194.4
	527.9	**643.4**
	3,650.2	**3,739.3**

Consolidated Cash Flow Statement

in € million	H1 2004	H1 2005	2004
Share of results attributable to shareholders of Fraport AG	**59.0**	**72.8**	**136.4**
Taxes on income	52.9	59.8	120.9
Share of results attributable to minority shareholders	0.6	0.3	2.0
Adjustments for			
Depreciation/write-ups (non-current assets)	110.8	109.3	240.8
Interest results	13.5	12.6	23.1
Income from investments	– 3.7	– 2.7	– 13.7
Gains/losses from disposals of non-current assets	1.4	0.3	4.6
Unrealized foreign currency results	9.7	7.1	0.3
Changes in investments held at equity	– 1.9	– 2.2	– 1.0
Changes in inventories	0.7	– 0.9	5.0
Changes in receivables and other financial assets	– 44.7	– 62.0	42.7
Changes in provisions	38.1	– 7.6	52.8
Changes in liabilities (w/o financial liabilities and provisions)	33.4	106.3	19.8
Operational activities	*269.8*	*293.1*	*633.7*
Financial activities			
Interest paid	– 21.3	– 21.4	– 43.0
Interest received	7.8	8.8	19.9
Dividends received	3.7	2.7	13.7
Taxes on income paid	– 38.6	– 67.6	– 104.9
Net cash from operating activities	**221.4**	**215.6**	**519.4**
Capital expenditure for intangible assets	– 2.8	– 3.0	– 5.0
Capital expenditure for property, plant and equipment	– 104.5	– 138.1	– 232.1
Capital expenditure for investments held at equity	–	– 0.1	– 1.3
Real estate held as financial investment	–	– 32.8	–
Acquisition of subsidiaries	–	– 2.4	–
Other financial investments (long-term)	– 3.2	– 105.0	– 36.4
Other financial investments (short-term)	–	– 150.0	–
Proceeds from disposal of non-current assets	4.0	19.2	14.0
Net cash flow used in investing activities	**– 106.5**	**– 412.2**	**– 260.8**
Distribution	– 31.3	– 70.0	– 39.7
Capital increase	3.2	8.6	6.6
Change in financial liabilities	– 83.4	– 13.6	–167.5
Net cash flow used in financing activities	**– 111.5**	**– 75.0**	**– 200.6**
Foreign currency translation effect on cash and cash equivalents	– 1.1	– 2.2	– 2.4
Change in cash and cash equivalents	**2.3**	**– 273.8**	**55.6**
Cash and cash equivalents at January 1	610.8	666.4	610.8
Cash and cash equivalents at June 30 resp. Dec. 31	**613.1**	**392.6**	**666.4**

Movements in Consolidated Shareholders' Equity

in € million	Subscribed Capital	Capital reserves	Legal reserves	Other revenue reserves	Group retained reserves	Share of results attributable to Fraport AG shareholders	Share of results attributable to minority shareholders	Total
Balance at Jan. 1, 2004	**902.2**	**533.2**	**36.5**	**408.5**	**39.7**	**1,920.1**	**11.6**	**1,931.7**
Capital increase against deposits	1.5	1.7	–	–	–	3.2	–	3.2
Transfer of treasury shares	0.1	0.1	–	–	–	0.2	–	0.2
Distribution	–	–	–	–	– 39.7	– 39.7	– 1.0	– 40.7
Group profit Jan. 1 – June 30. 2004	–	–	–	–	59.0	59.0	0.6	59.6
Share options	–	–	–	0.3	–	0.3	–	0.3
Foreign currency translation differences	–	–	–	4.1	–	4.1	–	4.1
Fair values changes of derivatives	–	–	–	0.5	–	0.5	–	0.5
Consolidation activity/ other changes	–	–	–	0.2	–	0.2	– 0.3	– 0.1
Balance at June 30, 2004	**903.8**	**535.0**	**36.5**	**413.6**	**59.0**	**1,947.9**	**10.9**	**1,958.8**
Balance at Jan. 1, 2005	**905.1**	**537.6**	**36.5**	**483.6**	**68.0**	**2,030.8**	**12.2**	**2,043.0**
Capital increase against deposits	3.6	5.0	–	–	–	8.6	4.5	13.1
Transfer of treasury shares	0.1	0.1	–	–	–	0.2	–	0.2
Distribution	–	–	–	–	– 68.0	– 68.0	– 2.0	– 70.0
Group profit Jan. 1 – June 30, 2005	–	–	–	–	72.8	72.8	0.3	73.1
Share options	–	1.3	–	–	–	1.3	–	1.3
Foreign currency translation differences	–	–	–	6.6	–	6.6	–	6.6
Fair value changes for financial assets available for sale	–	–	–	0.2	–	0.2	–	0.2
Fair values changes of derivates	–	–	–	– 6.4	–	– 6.4	– 0.7	– 7.1
Consolidation activity/ other changes	–	–	–	0.3	–	0.3	– 0.5	– 0.2
Balance at June 30, 2005	**908.8**	**544.0**	**36.5**	**484.3**	**72.8**	**2,046.4**	**13.8**	**2,060.2**

Group Segments

Primary Segment Reporting

in € million	H1	Aviation	Retail & Properties	Ground Handling	External Activities	Group
Revenues	2005	334.7	179.9	302.8	184.9	1,002.3
	2004	294.4	181.5	294.2	173.0	943.1
Personnel expenses	2005	90.8	82.3	176.7	162.6	512.4
	2004	85.3	81.4	178.2	142.0	486.9
EBITDA	2005	79.4	144.2	26.5	9.6	259.7
	2004	64.5	144.3	13.0	15.3	237.1
Depreciation and amortization	2005	25.6	48.2	10.5	21.3	105.6
	2004	26.5	47.5	11.1	24.5	109.6
EBIT	2005	53.8	96.0	16.0	– 11.7	154.1
	2004	38.0	96.8	1.9	– 9.2	127.5

Consolidated Income Statement, Quarterly Results

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

Notes

Accounting Policies

This interim report about the Fraport Group as at June 30, 2005 has been prepared in accordance with IAS 34, the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of them by the International Financial Reporting Interpretations Committee (IFRIC). All the publications by the IASB that have to be applied from January 1, 2005 onwards have been taken into account. Major changes are outlined below.

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

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

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

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

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

In February 2004, the IASB published IFRS 2 (Share-based Payment). This standard covers accounting for such share-based payment systems as the granting of share options to employees. IFRS 2 specifies the accounting and valuation principles for share-based payments and commits companies to include the financial effects of such share-based payments – including expenditure on transactions in which share options are granted to employees – in their income statement. IFRS 2 applies for fiscal years that begin on or after January 1, 2005 and must be applied retroactively. The adjustment to the opening balance sheet value of the reserves – which has no impact on income – amounts to about € 1.4 million. Fraport has not included an adjustment to the comparative information in the income statement due to its immaterial nature. The comparative figure in the first half of the previous year is therefore shown € 0.2 million, too low. Application of IFRS 2 in the first half of 2005 depressed earnings by € 0.6 million.

In March 2004, the IASB issued IFRS 3 (Business Combinations). IFRS 3 specifies the acquisition method for presenting business combinations. All the identifiable assets, liabilities and contingent liabilities must be included in the financial statements with their fair value at the time of acquisition. Scheduled amortization of goodwill is not longer allowed; instead of this, goodwill must be subjected to an impairment test at least once a year.

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

The suspension of scheduled amortization of goodwill in the first half of 2005 improved earnings by € 4.4 million.

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

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

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

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

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

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

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

Entities Included in Consolidation

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

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

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

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

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

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

The corporate group operates in the maritime consulting field. The services involve in particular maritime security, maritime insurance, the laying of sea cables underwater in shallow water, the production of training manuals and security plans for ships and port facilities. The acquisition costs of Underwater Security Consultants Ltd., London, amounted to GBP 1.8 million (about € 2.5 million). The corporate group was consolidated for the first time at the time of acquisition

(January 1, 2005). When the business combination was included in the financial statements for the first time, provisional goodwill of € 2.3 million was taken into account initially in accordance with IFRS 3.62 (Provisional Specification of Initial Accounting). The provisional figures have to be adjusted within 12 months of the time of acquisition.

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

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

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

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

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

Explanatory Notes About Selected Balance Sheet and Income Statement Items

Interest results

in € million	H1 2004	H1 2005
Interest income	7.8	8.8
Interest expenses	21.3	21.4
	– 13.5	**– 12.6**

Results of investments held at equity

in € million	H1 2004	H1 2005
Flughafen Hannover-Langenhagen GmbH	0.3	0.7
LAP Lima Airport Partners S. R. L.	1.1	1.1
ACF Airmail Center Frankfurt GmbH	0.1	–
ASG Airport Service Gesellschaft mbH	0.5	0.6
Portway-Handling de Portugal S.A.	– 0.1	–
Grundstücksgesellschaft Gateway Gardens GmbH	–	– 0.2
	1.9	**2.2**

Income from investments

in € million	H1 2004	H1 2005
Antalya Havalimani Uluslararasi Terminal Isletmeciligi Anomin Sirketi	–	–
Ineuropa Handling UTE	3.7	2.7
	3.7	**2.7**

Write downs of financial assets

in € million	H1 2004	H1 2005
Loans	1.2	1.1

Other financial results

in € million	H1 2004	H1 2005
Income from securities and loans	0.7	1.1
Fair values of securities in non-current assets	–	– 3.0
Foreign currency gains	0.7	0.2
Foreign currency losses	4.2	7.2
Fair values of derivatives	–	– 1.3
	– 2.8	**– 10.2**

Frankfurt am Main, August 8, 2005

Fraport AG
Frankfurt Airport Services Worldwide
The Executive Board

Dr Bender   Professor Schölch   Mai   Dr Schulte

Financial Calendar

November 9, 2005 . . . . Interim report on the 3rd quarter of 2005

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

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

May 31, 2006 . . . . Annual General Meeting

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

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

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