



**Annual Report 2010**

**VIE** Vienna International Airport  
Open For New Horizons.

# Key Data on the Flughafen Wien Group

## Financial Indicators (in € mill., excluding employees)

	Change				
	2010	in %	2009	2008	2007
Total revenue	533.8	6.4	501.7	548.1	521.4
Thereof Airport	260.0	14.8	226.5	250.8	242.2
Thereof Handling	165.2	-2.7	169.8	186.3	180.8
Thereof Retail & Properties	93.6	5.4	88.8	94.6	82.8
Thereof Other Segments	14.5	-10.8	16.2	15.8	15.6
EBIT	102.3	2.8	99.6	133.3	120.3
EBIT margin (in %) <sup>1)</sup>	19.2	–	19.9	24.3	23.1
EBITDA	168.1	1.0	166.5	201.9	191.0
EBITDA margin (in %) <sup>2)</sup>	31.5	–	33.2	36.8	36.6
ROCE (in %) <sup>3)</sup>	5.1	–	5.4	8.4	9.1
Net profit after non-controlling interests	75.7	3.2	73.4	91.1	87.7
Cash flow from operating activities	169.7	9.2	155.5	148.4	164.4
Equity	823.0	3.5	794.8	776.4	734.9
Balance sheet total	1,998.5	7.4	1,860.9	1,735.3	1,560.9
Capital expenditure <sup>4)</sup>	145.5	-34.9	223.6	298.1	193.8
Income taxes	23.0	1.5	22.7	27.8	26.5
Average employees for the year <sup>5)</sup>	4,266	2.8	4,148	4,266	4,087

## Industry Indicators

MTOW (in mill. tonnes) <sup>6)</sup>	8.0	9.9	7.3	7.8	7.3
Passengers (in mill.)	19.7	8.7	18.1	19.7	18.8
Thereof transfer passengers (in mill.)	5.9	8.6	5.5	5.9	6.0
Flight movements	246,146	1.1	243,430	266,402	254,870
Cargo (air cargo and trucking; in tonnes)	295,989	16.5	254,006	267,985	272,362
Seat occupancy (in %) <sup>7)</sup>	68.9	–	68.7	68.2	69.2

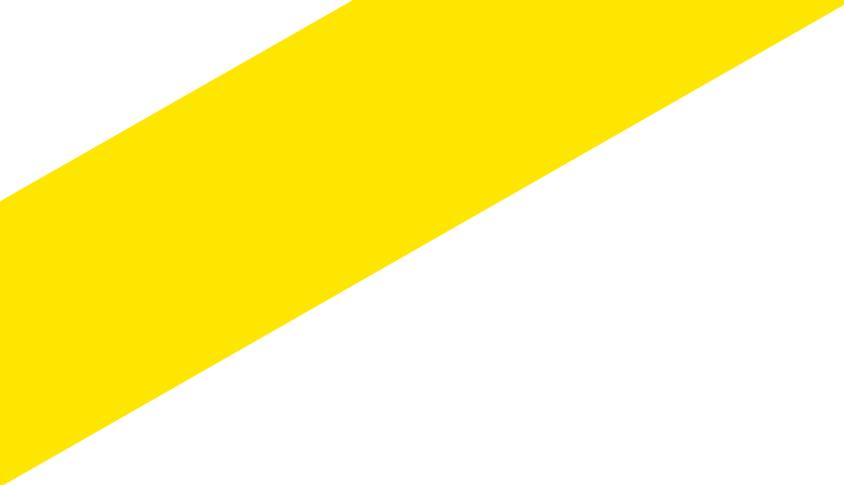
## Stock Market Indicators

Shares outstanding (in mill.)	21	0.0	21	21	21
P/E ratio (as of 31.12.)	14.2	42.7	10.0	7.3	18.9
Earnings per share (in €)	3.61	3.4	3.49	4.34	4.18
Dividend per share (in €) <sup>8)</sup>	2.00	-4.8	2.10	2.60	2.50
Dividend yield (as of 31.12.; in %)	3.9	–	6.0	8.2	3.2
Pay-out ratio (as a % of net profit)	55.5	–	60.1	59.9	59.9
Market capitalisation (as of 31.12.; in € mill.)	1,075.8	47.2	730.8	666.8	1,659.0
Stock price: high (in €)	51.23	31.9	38.84	81.69	82.50
Stock price: low (in €)	33.11	73.7	19.06	26.00	67.00
Stock price: as of 31.12. (in €)	51.23	47.2	34.80	31.75	79.00
Market weighting ATX (as of 31.12.; in %)	1.4	–	1.5	2.1	1.8

1) EBIT margin (earnings before interest and taxes) = EBIT / Operating income 2) EBITDA margin (earnings before interest, taxes, depreciation and amortisation) = EBIT + depreciation and amortisation / Operating income 3) ROCE (return on capital employed after tax) = (EBIT less allocated taxes) / Average capital employed 4) Intangible assets and property, plant and equipment incl. corrections to invoices from previous years 5) Weighted average number of employees including apprentices and employees on official non-paying leave (maternity, military, 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

# Content

2	—	<b>Statement by the Management Board</b>
6	—	<b>Flughafen Wien AG</b>
13	—	<b>Focus on Skylink</b>
16	—	<b>The Success Factors of Flughafen Wien</b>
24	—	<b>Strategy and Growth</b>
30	—	<b>Employees</b>
34	—	<b>Sustainable Management</b>
39	—	<b>Flughafen Wien Shares</b>
44	—	<b>Corporate Governance Report</b>
54	—	<b>Report of the Supervisory Board</b>
69	—	<b>Group Management Report</b>
103	—	<b>Segments of Business</b>
103	—	Airport
107	—	Handling
111	—	Retail and Properties
113	—	Other Segments
115	—	<b>Consolidated Financial Statements 2010</b>
116	—	Consolidated Income Statement
117	—	Consolidated Statement of Comprehensive Income
118	—	Consolidated Balance Sheet
119	—	Consolidated Cash Flow Statement
120	—	Consolidated Statement of Changes in Equity
122	—	Notes to the Consolidated Financial Statements
202	—	Statement by the Management Board
203	—	Audit Opinion
205	—	<b>Glossary and Service</b>



# Statement by the Management Board

## Dear Ladies and Gentlemen,

2010 was a challenging year, but a year in which we achieved a great deal: passenger volumes rose substantially; work on the new terminal VIE-Skylink continued; and we also set the course for the future development of Flughafen Wien.

After a decline in the previous year, passenger traffic rose significantly during 2010. Vienna outpaced many other European airports with an 8.7% increase in the number of passengers and – with a total of 19.7 million passengers handled – returned to the 2008 pre-crisis level. Several events that limited air travel, including the volcanic ash cloud in May and weather-related cancellations in December, caused us to fall slightly short of the 20 million-mark. As a result of the snowstorms before Christmas and the resulting flight cancellations across Europe, passengers at many airports were also unable to board their flights in Vienna. We were well equipped to master these unusually heavy snows and had no weather-related interruptions.

In July we set a new monthly record with over two million passengers handled at Vienna International Airport. The development of traffic to the Middle East was strong during the reporting year with a plus of 10.0%. Eastern Europe also remained on a sound growth course with an increase of 13.6%. Maximum take-off weight rose by 9.9% and flight movements by 1.1%, a trend that is explained by the airlines' increasing use of larger aircraft. The cargo sector (incl. trucking) reported a 16.5% higher volume for the year.

## **Progress on the terminal extension VIE-Skylink**

Activities in the VIE-Skylink resumed during February 2010. At the same time, the contracts for external services were renegotiated and subsequently concluded at more favourable overall conditions for Flughafen Wien. We are now working together with experienced international experts to prepare for the start of operations in the new terminal during the first half of 2012. Projections by project management indicate that the VIE-Skylink can be finalised within the forecasted budget of € 830 million. This amount includes provisions for risk, reserves and the possible commissioning of a general contractor for the entire project. However, the goal is to hold the total costs below this upper limit.

The start of operations in the VIE-Skylink will not only double the previous terminal space, but also allow us to offer our airline customers and passengers even better service and greater comfort. After the opening, we will have more than 9,600 m<sup>2</sup> of new retail and gastronomy areas. Discussions with the top-ranked candidates from the 2007/2008 tender were resumed during the second half of 2010 to select the operators for the shop and gastronomy facilities. The contracts were signed with the major operators of this new commercial space based on the centre mix and quality criteria defined by Flughafen Wien.

The VIE-Skylink project was the subject of an audit by the Austrian Federal Accounting Office that began at the end of October 2009. We received the final report on 31 January 2011 and analysed the conclusions in detail. Many of the valuable recommendations had already been implemented before and during the audit period.

Investigations by the public prosecutor are also currently in progress. Flughafen Wien has filed an appeal against a decision by the Austrian Financial Market Authority.

Other important investments in 2010 included the revitalisation of the Terminal 2 facade and the bus gates as well as the renovation of the terminal roof.

## **Improvement in revenue and earnings**

Revenue recorded by the Flughafen Wien Group rose by 6.4% to € 533.8 million in 2010. This increase was less than the 8.7% growth in traffic because of higher revenue deductions, among others from the extended increase in the transfer incentive and the agreements concluded with NIKI and the Austrian Airlines Group.

The Airport Segment generated external revenue of € 260.0 million for the reporting year (2009: € 226.5 million). The Handling Segment recorded external revenue of € 165.2 million, which represents a decline of € 4.6 million or 2.7%. Revenue recorded by the Retail & Properties Segment amounted to € 93.6 million in 2010, compared with € 88.8 million in the previous year. Parking revenue rose by 13.6% to € 34.8 million, but revenue from rentals declined 5.2% to € 31.8 million. Revenue from shopping and gastronomy facilities increased 9.7% to € 26.9 million, and exceeded the growth in traffic. External revenue in the Other Segments declined slightly from € 16.2 million to € 14.5 million.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) recorded by the Flughafen Wien Group rose by 1.0% to € 168.1 million in 2010 (2009: € 166.5 million). The reserved development of EBITDA resulted, above all, from an increase in personnel expenses

and other operating costs. This higher EBITDA combined with lower depreciation and amortisation led to a 2.8% improvement in EBIT, which rose to € 102.3 million.

Financial results remained nearly unchanged in year-on-year comparison at minus € 3.6 million. Net profit for 2010 amounted to € 75.7 million, compared with € 73.3 million in 2009.

We will make a recommendation to the annual general meeting on 29 April 2011, requesting the approval of a € 2.00 dividend per share. This represents a dividend yield of 3.9% based on the annual closing price of € 51.23.

## **Secured financing**

The protection of liquidity and long-term planning have become a central focus of our activities due to current and planned capital expenditures. Financing is secured by high operating cash flow as well as capital market sources. Net cash flow from operating activities rose by € 14.3 million to € 169.7 million in 2010. Flughafen Wien has concluded credit agreements for € 307.5 million that should also cover our external financing requirements in 2011. In addition, we have € 100 million of existing credit lines and a further € 350 million of committed credit lines.

## **Strategy and outlook**

Vienna International Airport positions itself as one of the most important hubs to the east. The growth in passenger traffic to Eastern Europe and the Middle East confirm Vienna's role as an attractive hub. An extensive offering of destinations throughout these regions and high-quality services are important to achieve and maintain this position. In addition to more than 14 million potential passengers in the catchment area, one of every three passengers is using Vienna as a transfer airport. We therefore intend to strengthen this transfer function through close partnerships with the airlines and by acquiring new airline customers, and will continue to position Vienna as an attractive hub within the Lufthansa Group. At the same time, we want to further improve the quality of our services and increase efficiency. A key element of this strategy is the expansion of the non-aviation sector. This business, which is not directly related to traditional airport services, as well as the new VIE-Skylink capacity will give us added potential to develop these opportunities.

Our activities in 2011 will concentrate on completing the VIE-Skylink and making the necessary preparations for the operational start-up. This capacity expansion – through a doubling of the terminal space – will protect our ability to provide high-quality, fast passenger handling against the backdrop of a continued increase in traffic. Positive economic forecasts lead us to expect further growth over the coming year. The number of passengers should rise by 5.0%, maximum take-off weight (MTOW) by 3.0% and flight movements by 2.0%. Our long-term forecasts indicate average growth of 4.2% in the number of passengers from 2011 to 2020.

In order to benefit from this growth and to protect our position as a driver for the Austrian economy and labour market, the construction of a third runway will be required in the future. Environmental impact proceedings are currently in progress, and a decision in the first instance is expected toward the end of 2011.

## Change on the Management Board

We would like to thank Herbert Kaufmann, who resigned as a member and the speaker of the Management Board as of 31 December, for his valuable contribution. He played an important role in the development of Flughafen Wien in recent years and will remain available in a consulting function to assist the company with its international investments. Christoph Herbst will serve as the chairman of the Management Board on an interim basis up to the end of 2011; his function on the Supervisory Board will be suspended during this time.

## Acknowledgment

We would like to thank our shareholders for their confidence and our business partners for their good cooperation. However, these many achievements in 2010 would not have been possible without the outstanding commitment and dedication of our many employees – our heartfelt thanks to you all!

Schwechat, 28 February 2011



A handwritten signature in black ink, appearing to read 'Ernest Gabmann' with a stylized flourish at the end.

**Ernest Gabmann**  
Member of the Board



A handwritten signature in black ink, appearing to read 'Christoph Herbst'.

**Christoph Herbst**  
Chairman of the Board  
and Speaker



A handwritten signature in black ink, appearing to read 'Gerhard Schmid'.

**Gerhard Schmid**  
Member of the Board

# Flughafen Wien AG

## In this chapter

Flughafen Wien provides its customers with a full range of services for airport operations – from handling to retail, gastronomy and property marketing. In 2010 the company successfully strengthened the position of Vienna International Airport as a hub to the east. With a plus of 8.7%, the growth in the total passenger volume clearly outpaced comparable airports.

Flughafen Wien AG – which has traded on the Vienna Stock Exchange since 1992 – is the developer, builder, and general operator of Vienna International Airport. Supported by an advantageous geographic location in the heart of Europe, the airport has successfully positioned itself as one of the key hubs to destinations in Central Europe, Eastern Europe and the Middle East. Forty destinations throughout Eastern Europe can be reached from Vienna, making this the most extensive offering of any airport in Europe. The VIE flight plan also includes connections to ten cities in the Middle East.

The catchment area of Vienna International Airport comprises nearly 14.3 million potential passengers from Austria and the surrounding regions. Of special note is the fact that every third passenger is using Vienna for transfers. Steady growth in passenger volume confirms the company's strategy, which is intended to strengthen the airport's function as a transfer hub by acquiring additional destinations and, at the same time, protect its strengths – short connecting times, reliable handling and high punctuality.

## Above-average growth

With an increase of 8.7% in the number of passengers to 19.7 million in 2010, Vienna International Airport far exceeded the European average of 4.2% (Source: ACI Airport Traffic Report, December 2010 – full year). Passenger traffic to the Middle East rose by 10.0%, and traffic to Eastern Europe was 13.6% higher. Maximum take-off weight increased 9.9%, flight movements 1.1% and cargo (incl. trucking) 16.5%.

### Top destinations and passenger traffic

Overall		Eastern Europe		Long-haul	
1. Frankfurt	479,450	Moscow	235,286	Bangkok	106,989
2. London	452,816	Bucharest	186,132	Tokyo	84,670
3. Zurich	390,369	Sofia	143,305	New York	81,350

### Key data on Vienna International Airport

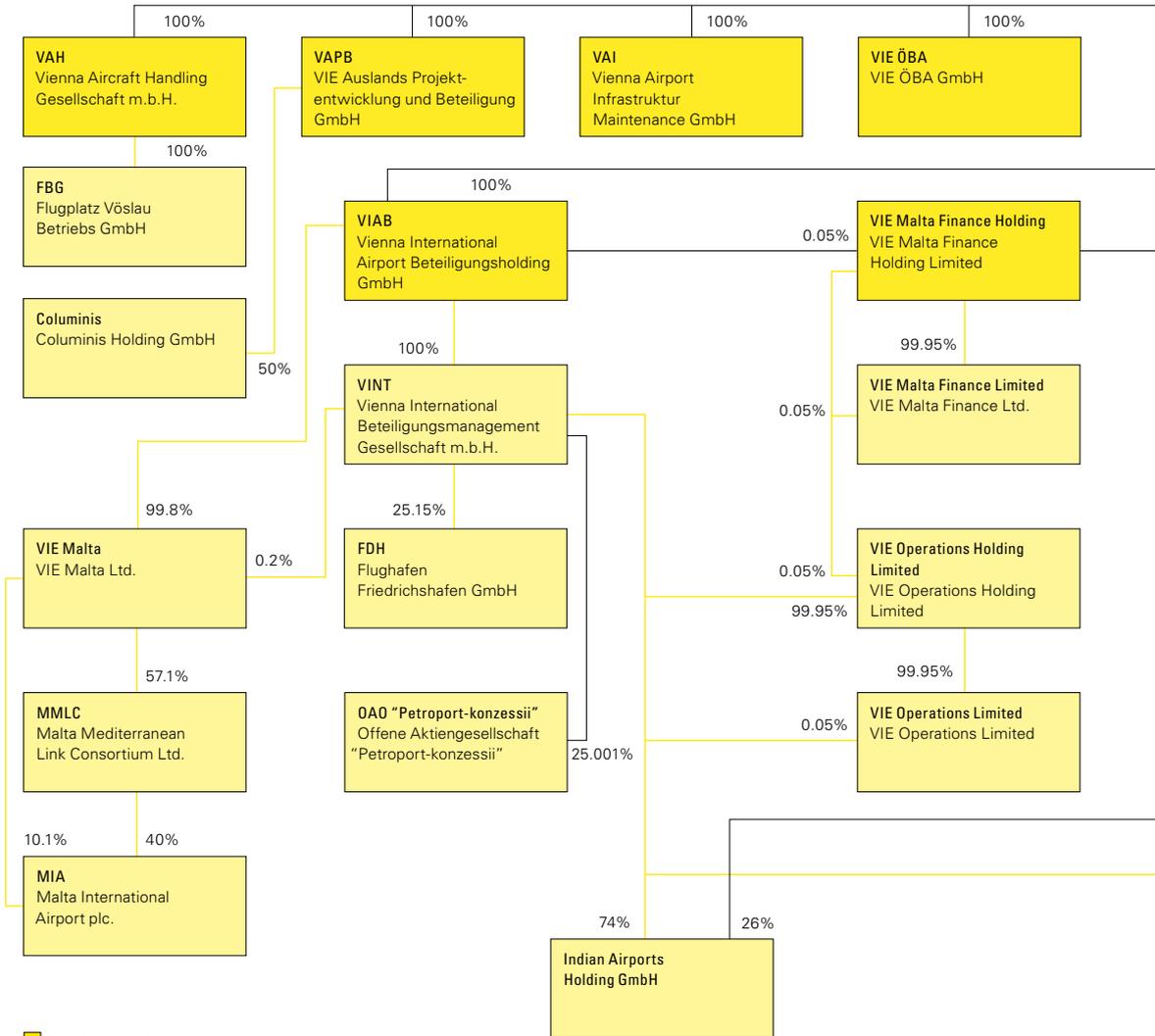
Companies on site	approx. 230
Airlines <sup>1)</sup>	70
Destinations <sup>1)</sup>	172
Employees in the Flughafen Wien Group <sup>2)</sup>	4,266
Total employees on site	approx. 19,000
Baggage handled (pcs. in mill.)	16.8
Check-in counters	116
Parking positions, maximum	96
Thereof docking positions	20
Rentable cargo space in m <sup>2</sup>	45,152
Rentable office space in m <sup>2</sup>	83,930
Selling space in shops in m <sup>2</sup>	7,383
Selling space for gastronomy in m <sup>2</sup>	4,810
Parking spaces, indoor	10,347
Parking spaces, outdoor	13,277

1) As of 31.12.2010

2) Average number of employees for the year

# Subsidiaries and Investments of Flughafen Wien AG

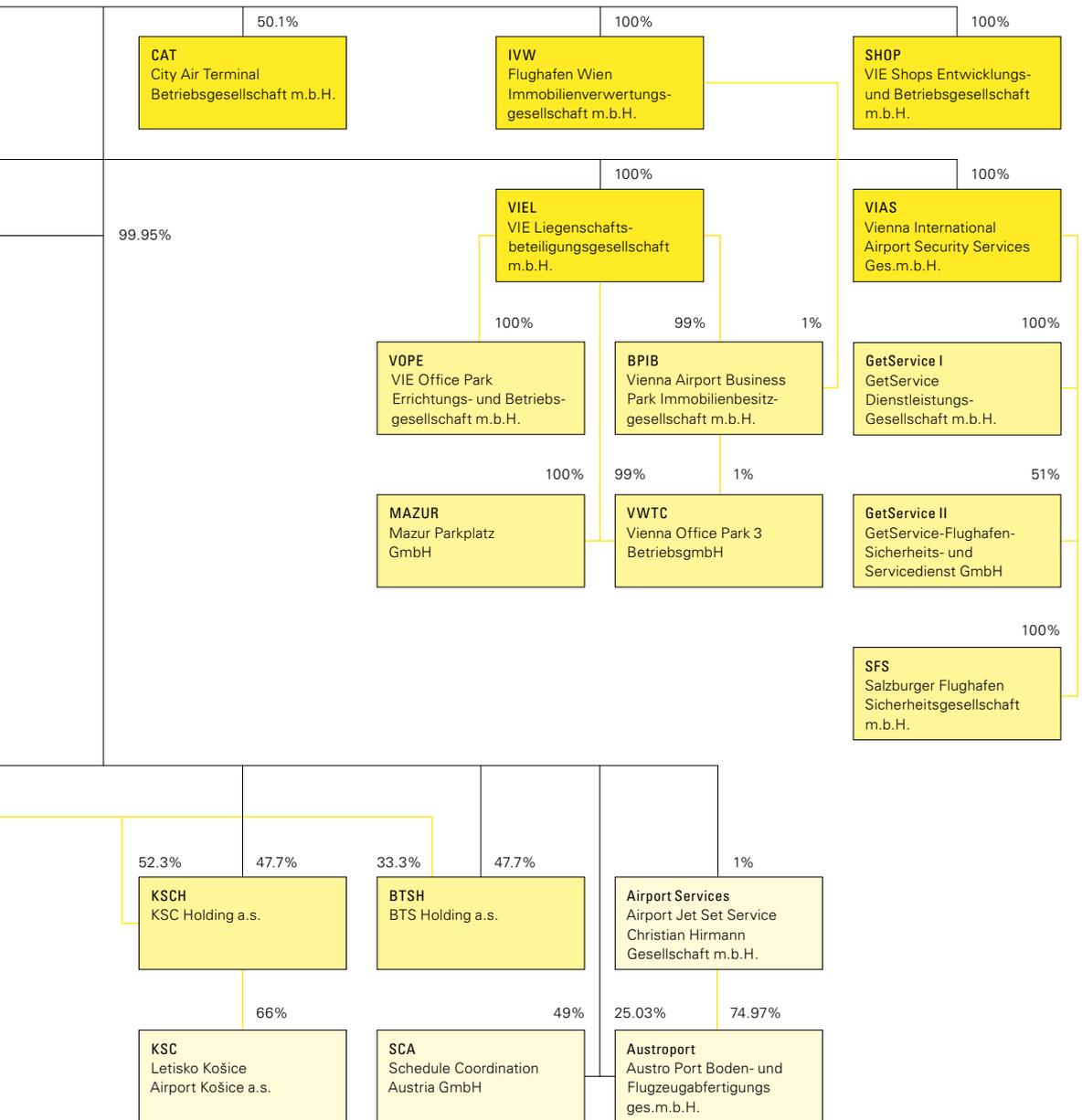
## FLUGHAFEN



- Subsidiary (> 50%)
- Indirect subsidiary/Investment
- Investment (≤50%)
- Direct subsidiary/investment
- Indirect subsidiary/investment

Percentages are based on the share of capital  
As of 31.12.2010

# WIEN AG



# Segment Overview

The business activities Flughafen Wien are assigned to the following four segments. Details on these areas of business are presented in the segment report beginning on page 103.

## Airport

- Operation and maintenance of the movement areas, terminal facilities and equipment required for passenger and baggage handling
- Airport operations
- Response to emergencies and service disruptions
- Security
- Operations at Vöslau Airport

## Handling

- Aircraft and passenger handling
- Loading and unloading of aircraft
- Transport of passengers, crews and catering material
- Cabin cleaning and sanitary services
- Handling for cargo and trucking
- Private aircraft handling
- Fuelling and parking for general aviation aircraft
- Security controls of persons and hand luggage
- Preparation of aircraft documents, incl. monitoring and management functions

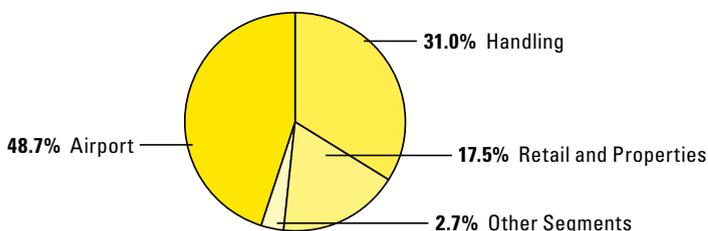
## Retail & Properties

- Retail and gastronomy
- Marketing of advertising space
- Real estate development and marketing
- Management of parking facilities and traffic connections
- VISITAIR Center

## Other Segments

- Technical services (building utilities, telecommunications, IT)
- Energy supply and waste disposal
- Construction management
- Consulting
- Foreign subsidiaries

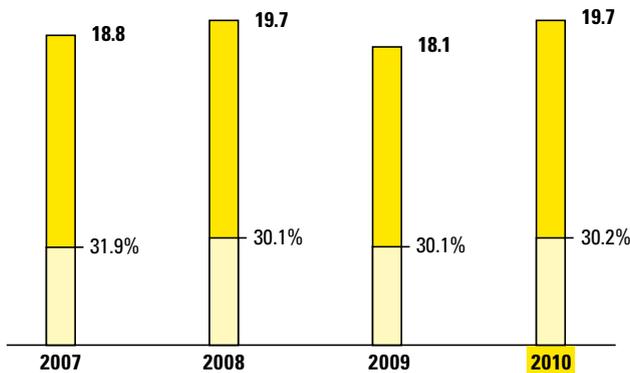
## Revenue 2010 by segment



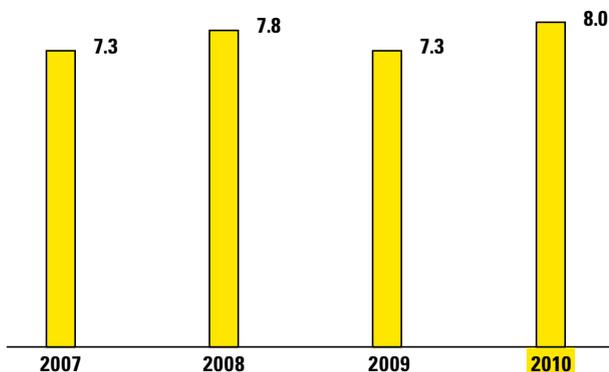
# Overview of the Airport Business

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 the revenues recorded by an airport. 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 high MTOW and passenger volume, coupled with a smaller increase in flight movements and the resulting optimal use of runway capacity. Developments in 2010 confirmed the trend toward the increasing use of larger aircraft: MTOW rose by 9.9%, but the number of flight movements was only 1.1% higher.

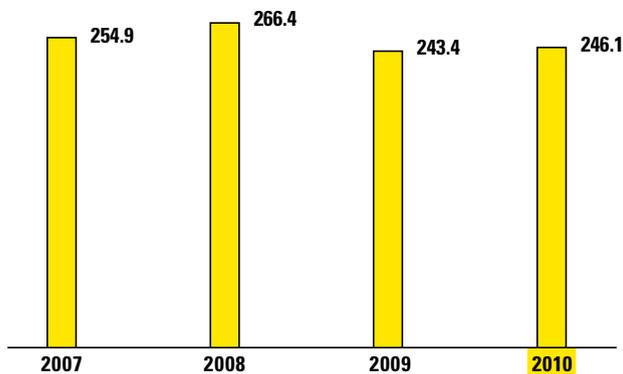
## Passengers in million (thereof transfer passengers in %)



## Maximum take-off weight in million tonnes



## Flight movements in thousands



## Competitive tariff and incentive policy

The tariff adjustments made by Flughafen Wien as of 1 January 2010 (landing, passenger, parking and infrastructure tariffs) were derived from the index formula that has been in effect for many years and was last modified in 2006. This formula is linked to the growth in traffic and the inflation rate. The landing, parking and airside infrastructure tariffs are based on maximum take-off weight, while the passenger and landside infrastructure tariffs are tied to the number of passengers. The infrastructure tariff for fuelling is calculated in line with the quantity of fuel purchased.

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 data. If the average traffic growth is negative, the maximum tariff adjustment equals the inflation rate. The average traffic indicator for 2009 was negative because of the sharp drop in air travel, and tariffs therefore increased by only 0.5%. This figure reflects the inflation rate published by the Austrian economic research institute WIFO.

Flughafen Wien also met the airlines' wish to transfer a higher share of the occupancy risk by reducing the landing tariff by roughly 13% and, in exchange, increasing the passenger tariff by 7.3%. As of 1 July 2010 the passenger tariff was raised by € 0.49 per departing passenger to meet increased security requirements defined by the European Union. One-half of the noise charges implemented in mid-2009 have been invoiced since 1 July 2010. These fees are structured in a manner that will not generate any additional income for Flughafen Wien.

The € 2.00 increase in the transfer incentive to € 10.21 per departing transfer passenger was extended past the originally planned deadline on 30 June 2010. Flughafen Wien has implemented a number of incentives to strengthen the position of Vienna International Airport as a bridgehead between west and east: the destination and frequency incentive as well as the frequency rate incentive – and also continued these incentives in 2010. The tariff adjustments and the incentive programme are designed to reduce specific costs for the airlines, and thereby promote strategically important intercontinental routes and traffic to destinations in Eastern and Central Europe.

# Focus on Skylink

## In this chapter

With the start of operations in the VIE-Skylink, Vienna International Airport will double the previous terminal space and be able to offer passengers better service and greater comfort. Work is proceeding rapidly following the reorganisation of the project, and the start of operations during the first half of 2012 is guaranteed.

## Progress on the VIE-Skylink

After the refocusing and reorganisation of the VIE-Skylink project and the interruption of construction in 2009, work was resumed during February 2010. Since the summer all firms have directed their full attention to completing construction on schedule, and the pace and scope of work have increased steadily. The progress of work at the construction site is satisfactory, and the volume of construction has since reached a significant level. Between 600 and 700 tradesmen are currently working in the VIE-Skylink. Activities and staffing at the site will be further increased during 2011 in order to ensure the completion of construction according to plan.

## Preparations for start-up

Parallel to construction, preparations are underway for the opening of the new terminal extension. Start-up concepts were prepared and the required organisation is in place. Regular workshops to prepare for the start-up have been held since last summer. Flughafen Wien is supported in these activities by international experts, who have had experience with the construction and start-up of terminals at other international airports. A number of functional

responsibilities were defined and working groups established to prepare the start of operations, whereby the continuous exchange of information with the construction team is designed to ensure the scheduled start-up. Test operations are planned from the fourth quarter of 2011 onwards.

The start of operations in the VIE-Skylink will not only double the previous terminal space, but also allow Flughafen Wien to offer airlines customers and passengers even better service and greater comfort. After the opening, Flughafen Wien will have more than 9,600 m<sup>2</sup> of new retail and gastronomy areas. Discussions with the top-ranked candidates from the 2007/2008 tender were resumed during the second half of 2010 to select the operators for the shop and gastronomy facilities. The contracts were signed with the major operators of this new commercial space based on the centre mix and quality criteria defined by Flughafen Wien.

### **Confirmation of cost and schedule targets**

The process timeline prepared by project management confirms the overall schedule with the completion of construction as planned in 2011, and also guarantees the start of operations during the first half of 2012; the project will be finalised within the forecasted budget of € 830 million. This amount includes provisions for risk, reserves and the possible commissioning of a general contractor for the entire project. However, the goal is to hold the total costs below the upper limit.

The tender to select a general contractor for the entire project proceeded at full speed during the reporting year. The final decision to award the contract will be based on the economic benefits for Flughafen Wien AG.

### **Modern terminal with more capacity**

The opening of the terminal extension VIE-Skylink will allow Flughafen Wien to meet the rising demands and expectations of passengers and airlines. This modern facility will offer passengers even more service and greater comfort. New shopping and gastronomy areas will be created on 9,600 m<sup>2</sup> of space. Security controls based on the latest technical standards promise the best possible security in the shortest possible time. The expansion of capacity – the terminal area will double in size – will ensure high-quality, efficient passenger handling, also against the backdrop of a further increase in air traffic. The VIE-Skylink will allow Vienna International Airport to react flexibly to actual traffic developments and varying peak periods, and also expand passenger handling capacity by a substantial margin.

The VIE-Skylink consist of two sections: the new Pier South with up to 17 aircraft positions (so-called "fingers") close to the building and the new terminal with additional check-in counters and modern baggage sorting equipment as well as generous and attractive shopping and gastronomy areas. The passenger flow concept over three levels with vertical connections will reduce transfer routes to manageable distances and safeguard Vienna's 25-minute minimum connecting time in the future. That places Vienna International Airport at the top of the international class. The one-roof concept will create a new and larger airport under a single roof. The terminal extension is connected directly to the existing facilities and will be accompanied by a new large centre with access to railway connections and car parks.

## VIE-Skylink in numbers

### Terminal dimensions

Length	270 m
Width	55 m
Height	20 m

### Pier dimensions

Length	450 m
Width	33 m
Height	20 m

### Gross floor space

Terminal	76,000 m <sup>2</sup>
Pier	71,000 m <sup>2</sup>

### Infrastructure

Check-in counters	64
Baggage carousels	10
Pier positions	17
Shopping areas	5,900 m <sup>2</sup>
Gastronomy areas	3,700 m <sup>2</sup>

The VIE-Skylink project has been the subject of an audit by the Austrian Federal Accounting Office since the end of October 2009. Flughafen Wien AG received the final report on 31 January 2011. This report was analysed in detail, but many of the recommendations had already been implemented before and during the audit period. Investigations by the public prosecutor are also currently in progress. Flughafen Wien AG has filed an appeal against a decision by the Austrian Financial Market Authority.

# The Success Factors of Flughafen Wien

## In this chapter

An ideal geographical location at the heart of Europe combined with an attractive offering of destinations makes Vienna International Airport the optimal hub for travel to Eastern Europe and the Middle East. For Flughafen Wien, the highest standards for service and security are a matter of course.

## Vienna as an attractive hub to the east

Vienna International Airport positions itself as one of the most important hubs to the east – for travel to Eastern Europe as well as the Middle East. An extensive offering of destinations throughout these regions plays a vital role in this positioning. In addition, top service standards, competitive punctuality and short transfer times ensure high customer satisfaction. The strong growth in passenger volume over recent years confirms the standing of Vienna International Airport as an attractive hub. Approx. 14.3 million potential passengers live in the catchment area of Vienna International Airport. One of every three passengers uses Vienna to change flights. Therefore, two key objectives for Flughafen Wien are to safeguard the position of Vienna as a transfer hub and to position Vienna as an attractive point-to-point destination.

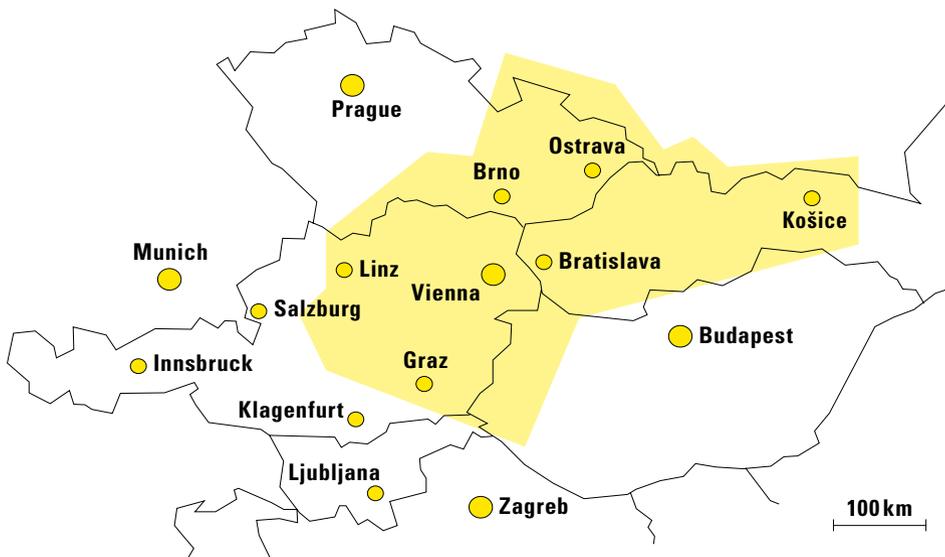
## Marketing for an even larger offering

Promotional activities were intensified in 2010 to support the marketing of Vienna International Airport as an efficient global transfer hub. New airlines, new destinations and additional frequencies are intended to strengthen the portfolio of Flughafen Wien. Accordingly, the aviation marketing & business development department takes part in major international aviation conferences, supports and acquires customers, and monitors the market continuously to utilise all opportunities for growth.

## Catchment area with added growth potential

The catchment area of Vienna International Airport has a population of roughly 14.3 million and can be characterised as an important growth market. Travel to and from Austria's eastern neighbours has increased, above all since the accession of these countries to the European Union. There is still substantial pent-up demand in this region. The economies of Eastern Europe are growing stronger than their western counterparts. New motorways as well as extensive bus and rail connections to cities across Central and Eastern Europe make Vienna International Airport easy to reach. Flughafen Wien works to develop the full potential of this catchment area with wide-ranging information and marketing activities.

### Catchment Area Flughafen Wien

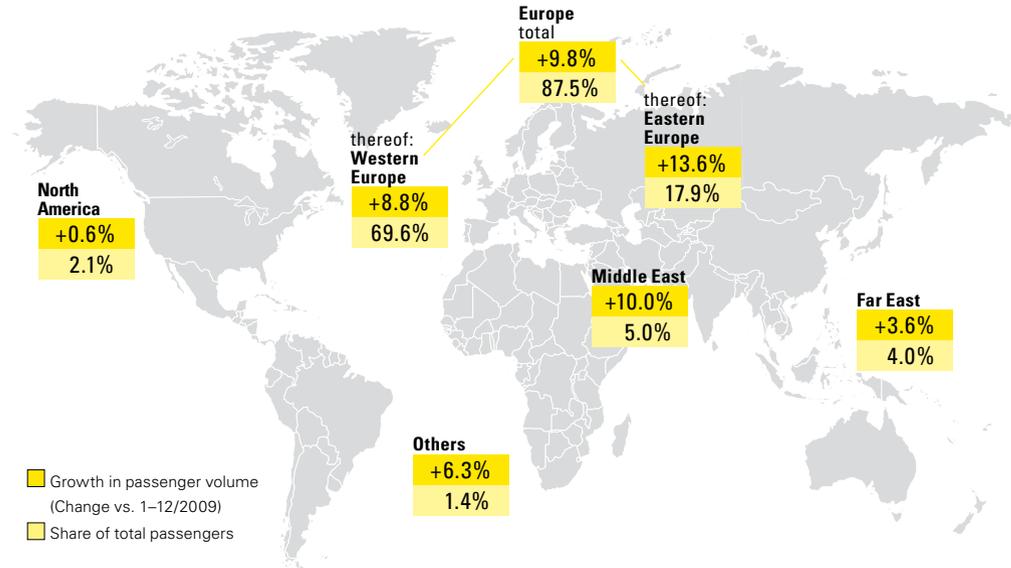


## Ideal transfer hub to Eastern Europe and the Middle East

Approximately one-third of all the passengers handled at Vienna – or roughly 5.9 million in 2010 – are using the airport for transfers. The number of transfer passengers has risen by nearly 77% since 2000. In order to develop this potential, Flughafen Wien not only works to increase the number of destinations and frequencies in the flight plan, but also to strengthen Vienna's function as a hub. A central location, short transfer times and a large number of connections to destinations across Eastern Europe make it possible for arriving passengers to reach their connecting flights quickly. Vienna is also the ideal transfer hub for incoming passengers from the Middle East who are travelling to destinations in Eastern Europe.

## Development and share of passengers by region

Departing passengers (scheduled flights)



### Eastern Europe

Vienna International Airport was the starting point for non-stop flights to 40 East European destinations in 2010. The number of destinations declined slightly during the reporting year, but still exceeds all other European airports. For example: Frankfurt and Munich offer direct flights to 37 and 33 East European destinations. The connections from Vienna to Lodz, Bucharest-Baneasa, Ekatarinburg and Suceava were discontinued during the past year. After the crisis-related slump in 2009, the number of passengers travelling to Eastern Europe rose by 13.6% during the reporting year. The strongest percentage development was recorded in traffic to Belgrade, Krakow, Minsk, Moscow and St. Petersburg. The growth opportunities in this region are still substantial because of the steady rise in demand by East European – and here above all Russian – tourists.

### Middle East

Traffic to the Middle East has risen steadily in recent years. The number of passengers increased 46.0% in a five-year comparison and 10.0% during the reporting year. Most of these passengers were destined for the booming metropolis Dubai, while the highest increase in passenger volume was recorded by Amman. Beirut and Kuwait were added to the route network in 2010, while flights to Aleppo were discontinued.

## Number of destinations in Eastern Europe<sup>1)</sup>

	2010	2009
Vienna (VIE)	40	43
Frankfurt (FRA)	37	38
Munich (MUC)	33	31
Prague (PRG)	30	29
Budapest (BUD)	18	21
Zurich (ZRH)	20	21

1) Source: OAG Max Historical, calendar week 46 (incl. Ekatarinburg)

## Scheduled traffic to Central and Eastern Europe

Destination	2010	2009	Change in %
1. Moscow (DME, SVO)	235,286	181,855	29.4
2. Bucharest (BBU, OPT)	186,132	156,676	18.8
3. Sofia	143,305	121,347	18.1
4. Belgrade	100,065	71,094	40.8
5. Warsaw	89,702	84,148	6.6
6. Zagreb	71,848	67,730	6.1
7. Kiev	69,767	67,045	4.1
8. Prague	57,511	55,687	3.3
9. Priština	56,600	53,023	6.7
10. Sarajevo	53,065	47,044	12.8

## Scheduled traffic to the Middle East

Destination	2010	2009	Change in %
1. Dubai	171,837	149,899	14.6
2. Tel Aviv	135,786	128,010	6.1
3. Damaskus	42,206	35,410	19.2
4. Doha	40,351	34,034	18.6
5. Amman	39,978	26,084	53.3
6. Teheran	26,614	25,736	3.4
7. Erbil	15,546	16,629	-6.5
8. Kuwait	3,925	0	n.a.
9. Beirut	374	0	n.a.
10. Aleppo	137	1,388	-90.1

## Scheduled traffic – long-haul

Destination	2010	2009	Change in %
1. Bangkok	106,989	110,455	-3.1
2. Tokyo	84,670	76,323	10.9
3. New York	81,350	77,919	4.4
4. Washington	59,476	62,297	-4.5
5. Toronto	57,726	57,063	1.2
6. Beijing	56,006	56,325	-0.6
7. Delhi	51,488	51,971	-0.9
8. Taipei	47,409	48,428	-2.1
9. Astana	12,284	9,134	34.5
10. Seoul	10,811	10,205	5.9

The number of passengers on long-haul flights rose slightly by 2.2% in 2010. Flights to Mumbai were resumed during the reporting year.

## Fast transfers and on-time service

The protection of Vienna's hub function and its success in competition with other airports are dependent on short boarding and transfer times because the total travel time frequently forms the basis for choosing a travel route and is an important selection criterion in international ticket reservation systems. After direct flights, these systems list other possible connections according to the total flight time – which means low transfer times are given priority ranking. The unique minimum connecting time of 25–30 minutes therefore gives Vienna International Airport a decisive competitive advantage. These fast transfers are made possible, above all, by Vienna's one-roof concept and excellent logistics system, which help passengers to move quickly from one gate to the next. This successful system will be continued in the terminal extension VIE-Skylink.

Minimum Connecting Time in Europe <sup>1)</sup>	Minutes
Vienna (VIE)	25–30
Munich (MUC)	30–35
Zurich (ZRH)	40
Copenhagen (CPH)	45
Frankfurt (FRA)	45
Amsterdam (AMS)	50
Brussels (BRU)	50
Paris (CDG)	60–90
London (LHR)	60–90

1) Source: OAG Flight Guide, August 2010

High quality handling services represent a further success factor for Flughafen Wien. Only in this way can the airport guarantee short boarding and transfer times. Continuous optimisation and state-of-the-art technology like the hub control centre provide for smooth transfer flows and, at the same time, ensure on-time service. In spite of the limitations caused by construction at the airport, the punctuality rating for handling services reached 99.6% in 2010 and matched the excellent prior year level (2009: 99.7%). These results make Vienna one of the best airports in Europe.

### **Baggage statistics at Vienna International Airport**

<b>Year</b>	<b>Number of items arrival/departure</b>	<b>Peak days</b>	<b>Number of items arrival/departure on peak days</b>
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
2007	17,218,314	29.6.2007	73,548
2008	17,371,496	4.7.2008	70,490
2009	15,872,504	10.7.2009	64,936
2010	16,825,154	2.7.2010	72,628

### **Close customers ties**

Flughafen Wien works closely with its customers and partners to expand Vienna's hub function. In particular, the wide variety of destinations represents a key success factor. The aviation marketing department therefore focuses on the acquisition of new airlines. In 2010 70 airlines served a total of 172 scheduled destinations from Vienna. In addition to three new airlines (British Midland, China Southern Airlines and Wataniya), one airline (Alitalia) resumed flights to Vienna. Three new destinations – Beirut, Kuwait and Mumbai – were also added in 2010. The Austrian Airlines Group remained the largest customer of Vienna International Airport with 50.9% of the total passenger volume (2009: 49.5%). The low-cost carrier NIKI, Vienna's second largest customer, continued its steady growth in 2010 with an increase of 27.7% in the number of passengers handled. The low-cost carriers had a market share of 22.1% for the reporting year (2009: 23.1%). In order to eliminate any competitive distortion, Flughafen Wien charges the same tariffs to both low-cost carriers and scheduled airlines.

In 2010 Flughafen Wien AG concluded an agreement with the Austrian Airlines Group and NIKI, which is intended to further improve the existing system partnerships. The agreement will support the development of joint growth perspectives and also strengthen the hub function of Vienna International Airport. It includes an extension of the transfer incentive as well as the continued optimisation of shared processes, whereby the resulting cost and service advantages will be allocated between the partners. This agreement is also linked to the implementation of measures to optimise the space in the Austrian Airlines base at Vienna International Airport. The costs to Flughafen Wien AG arising from the agreement with the Austrian Airlines Group and NIKI will amount to approx. € 17 million per year, but payment is contingent on the achievement of the agreed growth targets.

## Number of passengers by airline

	2010	Share in %	2009	Share in %	Change in %
1. Austrian Airlines Group	10,030,633	50.9	8,958,264	49.5	12.0
2. NIKI	2,124,476	10.8	1,663,381	9.2	27.7
3. Air Berlin	1,404,934	7.1	1,365,801	7.5	2.9
4. Lufthansa	935,205	4.7	1,019,542	5.6	-8.3
5. Germanwings	443,468	2.3	387,808	2.1	14.4
6. Swiss Intl.	315,943	1.6	344,749	1.9	-8.4
7. British Airways	313,880	1.6	333,063	1.8	-5.8
8. Air France	305,857	1.6	292,953	1.6	4.4
9. Turkish Airlines	237,552	1.2	219,309	1.2	8.3
10. KLM Royal Dutch Airlines	234,488	1.2	204,421	1.1	14.7
Other	3,344,770	17.0	3,324,812	18.4	0.6
Total	19,691,206	100.0	18,114,103	100.0	8.7
thereof low-cost carriers	4,356,707	22.1	4,188,868	23.1	4.0

## High security standards meet international guidelines

Maintaining security at the airport is the overriding objective for Flughafen Wien. In 2010 a process was carried out to certify Vienna International Airport in accordance with the International Civil Aviation Organization (ICAO) guidelines. This process was concluded with the presentation of the certification document at the end of December 2010. Plans call for the completion of this process by the Austrian Federal Ministry for Transport, Innovation and Technology (BMVIT), at all Austrian airports by the end of 2010. All airports must meet the new ICAO guidelines in the future, and compliance in Austria will be monitored by the BMVIT as the main civil aviation authority for this country. The ICAO guidelines will guarantee uniform security standards at airports throughout the world. It is important to note that Vienna International Airport currently meets all relevant standards.

Flughafen Wien is responsible for implementing and managing all security procedures and measures. Access and escape routes are monitored by the certified employees of the Flughafen Wien security department, while other security-related functions are the responsibility of the certified employees of Vienna International Airport Security Services GesmbH (VIAS), a wholly owned subsidiary of Flughafen Wien AG. The security controls at Vienna International Airport cover passengers, employees, baggage and cargo (on behalf of the airlines) as well as vehicles. Flughafen Wien therefore complies in full with all EU security directives and the Austrian Aviation Safety Act.

Security processes are examined during the course of regular audits and inspections by Flughafen Wien quality control as well as national and international authorities (BMVIT, BMI-SID, TSA, IATA, ICAO, ECAC) and the airlines. In order to meet the high requirements, the qualified staff utilises state-of-the-art control equipment that currently includes more than 50 security control points for passengers, 13 checkpoints for employees and three special handling lines in the cargo area.

All baggage and checked items are screened, and an unbreakable chain is created between passengers and their baggage. VIAS also uses x-ray equipment and explosives detectors to check air cargo and air mail. The examination of travel documents by VIAS on behalf of the airlines is extremely precise, since false documents may result in high penalties for an airline at the destination airport. Each month roughly 250 passengers are unable to board their flights because of incorrect travel documents. VIAS also provides various services for aircraft security and searches, assists passengers with limited mobility and carries out internal and external security training. Nearly 150 additional employees were hired during the reporting year. The introduction of a 40-hour workweek and changes in the duty roster have made these jobs more attractive. Additional hiring is planned for 2011 to meet the expected growth in passenger traffic. Internal quality controls and continuous process optimisation ensure the maintenance of high quality standards.

# Strategy and Growth

## In this chapter

The strengthening of the hub function and the expansion of the non-aviation business represent integral elements of the Flughafen Wien strategy. The increase in capacity will allow Flughafen Wien to meet the expected growth in traffic and, at the same time, maintain the airport's proven high service standards. Special attention is also paid to a balanced financing strategy.

## Above-average Traffic Growth

After a crisis-related decline during 2009, Vienna International Airport recorded an increase of 8.7% in passenger traffic for the reporting year. This growth ranked Vienna far above the average of other European airports (+4.2%<sup>1)</sup>) and also returned passenger volume to the 2008 level. Sound development was registered, above all, in traffic to Eastern Europe and the Middle East. A favourable location at the heart of Europe and a proven focus on quality underscore Vienna's reputation as a reliable transfer airport. Flughafen Wien works to strengthen this hub function by reinforcing its close partnerships with the airlines and by acquiring additional airline customers. The company's strategy also calls for a further improvement in quality above the current high level and an increase in efficiency.

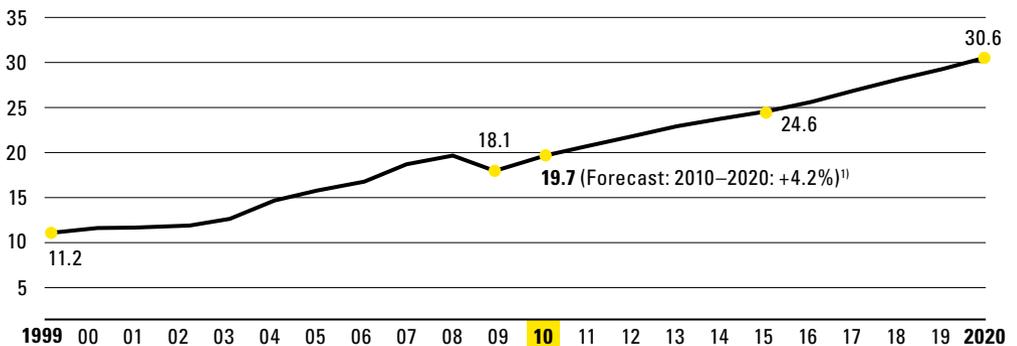
1) Source: ACI Airport Traffic Report, December 2010 – full year

## Forecasted increase in air travel

The demand for air travel is closely correlated with the economic development of a country. The forecasted global economic recovery is expected to drive the growth in air traffic by an average of 4.2% per year up to 2020. In order to effectively manage this growth and also maintain Vienna's proven high quality standards, an increase in capacity was and is necessary. An important milestone in meeting this objective was set with the VIE-Skylink project. After the start of operations in the first half of 2012, Vienna International Airport will have an enlarged terminal that reflects state-of-the-art standards. Additional information on the VIE-Skylink is provided in the section beginning on page 13.

## Analysis of traffic development at Vienna International Airport

Number of passengers in million



1) Source: Intraplan 2009

## Investments in Capacity Expansion

The current system of two intersecting runways allows for a maximum of 72 flight movements per hour. Statistics for 2010 show 68 flight movements in the peak hour, and estimates for 2011 indicate an increase to 71. Long-range forecasts point to further steady growth in air traffic. In order to profit from the increase in air travel and also safeguard the position of Vienna International Airport as a key factor for the economy and job creation in Austria, a third runway will be required in the near future. This type of investment must be viewed over the long-term, i.e. several decades. Planning must be farsighted and ensure sufficient infrastructure capacity to protect the competitive advantages of Vienna International Airport.

The environmental impact assessment for the third runway is currently in progress. The application for this project (parallel runway 11R/29L) was filed with the responsible authorities in the provincial government of the province of Lower Austria during March 2007. Following a public review of the submitted documents in summer 2008, 14 citizens' initiatives were recognised as parties to these proceedings. The relevant documents have been under examination by the authorities and their appointed experts since that time, and the first partial opinions were released at the end of 2010. The authorities' current schedule calls for a public hearing at the end of August/beginning of September 2011 and an official decision in the first instance during the second half of that year. A decision on the start of construction will be

made after receipt of the final ruling and an extensive analysis of the actual airport requirements.

### Development of peak hours<sup>1)</sup>

<b>30<sup>th</sup> (typical) peak hour</b>	<b>Flight movements</b>	<b>Passengers arrival/departure</b>
2001	52	3,922
2002	54	3,901
2003	54	3,864
2004	60	4,378
2005	61	4,763
2006	63	5,002
2007	67	5,338
2008	70	5,702
2009	65	5,229
2010	68	5,835

1) Hour with the most flight movements

### Other current or planned projects

A project was also launched in 2010 to revitalise the roof and facade of Terminal 2. Work is proceeding parallel to full operations and on schedule, and should be concluded in August 2011. The renovation of the B24–B42 bus gates has also started. This project will create a modern, clearly structured and open gate for wide-bodied aircraft.

An EU-wide tender to select a general contractor for the renovation of forwarding agent building no. 263 will begin in spring 2011, with the start of construction planned for the second half of 2011. Operations in the new rapid transit railway station began at the end 2008, and construction on the long-distance railway platforms will continue after the start-up of the VIE-Skylink.

## Opportunities in the Retail & Properties Segment

A key objective of the Flughafen Wien strategy is to expand the non-aviation business. In recent decades the market environment for airport operators has undergone a massive transformation. Cost pressure has intensified, also from airline customers, and the expensive expansion of airport capacity to keep pace with the market growth can no longer be financed solely from traditional airport revenues. These developments have led to an extension of the service portfolio. In addition to the “airline” as the classic airport customer, the passenger – in his role as a consumer – has become increasingly important. Strong customer ties and an attractive offering of services, above all in the shopping and gastronomy areas, are therefore crucial for the future development of an airport. Other new target groups include the tenants in office buildings and logistics warehouses, the sizeable workforce at the airport location and “meeters & greeters”. Hotels and conference facilities, modern office and logistics space and a landside shopping mall have become an integral part of the modern airport. Developments at Vienna International Airport are also following this trend. In 2010 the Retail & Properties Segment generated 17.5% of the revenues recorded by the Flughafen Wien Group.

### **Good occupancy in rented properties**

The real estate and centre management department is responsible for the rental of 83,930 m<sup>2</sup> of office space outside the terminals. The tenants in these buildings not only include firms whose business naturally draws them to the airport location, e.g. airlines, forwarding agents and air traffic control, but also a growing number of companies that utilise the advantages of this location even though their work is not concentrated here. The supply of space at Vienna International Airport has increased steadily in recent years and was successfully absorbed by the market. The only major vacancy is the Office Park 3.

### **Parking and public transportation connections**

The continuous expansion of the airport has reduced the space available for parking, while the demand for parking is increasing with the growth in passenger traffic. The company has met this demand by creating additional spaces in car parks. As an environmentally friendly alternative, Flughafen Wien is also investing to improve connections with the public transportation network: the new bus station opened in spring 2010.

### **Flexible leasing of cargo space**

The demand for office and warehouse space in the cargo area is heavily dependent on the development of the Airport Segment because cargo represents an add-on to passenger transport for the airlines. The cargo-only carriers – i.e. airlines that do not carry passengers, but only freight – are an exception in this business. However, the cargo-only carriers use wide-body jets with a load capacity of up to 100 tonnes and the number of these airlines therefore has a significant effect on the demand for cargo space. High fluctuations in cargo turnover are considered normal in this business and require highly flexibility in planning and developing the related areas.

### **Capacity limits on retail, gastronomy and advertising space**

The limited space in the terminal prevented any expansion of the retail, gastronomy and advertising areas in 2010. The necessary revitalisation of Terminal 2 (existing facility) and the section B gate also had a negative effect on the marketing of advertising space. This situation will only improve after the opening of the terminal extension, which will add approx. 9,600 m<sup>2</sup> of shopping and gastronomy areas and also create additional advertising space. A tender was held for the new shops and gastronomy facilities, and all major contracts were finalised by the end of 2010.

## **Growth Opportunities outside the Airport Site and Airport Holdings**

In addition to making optimal use of the value added chain at Vienna International Airport, the company's strategy calls for the development of new business opportunities that are independent of the airport location. These projects are centred on the airport business, and every expansion step must meet precisely formulated criteria. Investments in other companies are only acquired if Flughafen Wien AG can achieve a strategic influence over business operations and if an increase in value is possible. The liability and financing risks associated with all new projects must be clearly definable, and may not impair the financial strength needed for expansion and growth in Vienna. These projects can involve the development

and operation of airport facilities as well as the provision of related consulting services. For example, Flughafen Wien AG provides its know-how, among others, to Malta Airport through technical service agreements.

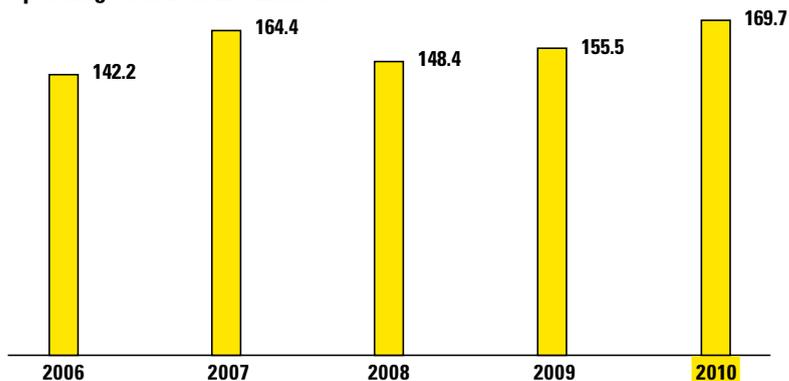
## Financial Management and Dividend Policy

### Goals: the protection of liquidity and limitation of risk

The goals of financial management include the safeguarding of liquidity and the limitation of financial risks. The related activities incorporate a special focus on the availability and protection of liquidity and on the financial structure in connection with long-term planning, above all because of the investments currently in progress or planned by the Flughafen Wien Group. Financing is provided through the strong cash flow generated by operations as well as external sources and the capital market. Operating cash flow amounted to € 169.7 million in 2010.

External financing needs are determined as part of the long-term financial planning process and secured through appropriate financing agreements. Credit agreements for € 307.5 million were signed during the reporting year, which should also cover the Group's external financing requirements for 2011. Furthermore, Flughafen Wien has existing credit lines of € 100 million as well as committed credit lines of € 350 million. In 2010 € 207.5 million were received from the above-mentioned € 307.5 million credit lines and the remaining € 100 million were transferred in January 2011.

### Operating cash flow in € million



### Strong credit rating

The term structure of financial liabilities was further optimised during the reporting year through the successive conversion of short-term positions to long-term positions. Financial liabilities totalled € 794.3 million as of 31 December 2010. The average interest rate for 2010 was approx. 3.7% and the average maturity at the end of 2010 approx. 10 years. Statistics for the reporting year show gearing (net debt to equity) of 81.0% (2009: 77.2%) and an equity ratio of 41.2% (2009: 42.7%). Flughafen Wien AG lies well within the investment grade range

with ratings between A– and BBB+, and was also able to obtain financing at favourable conditions in 2010 based on good credit assessments by the banks.

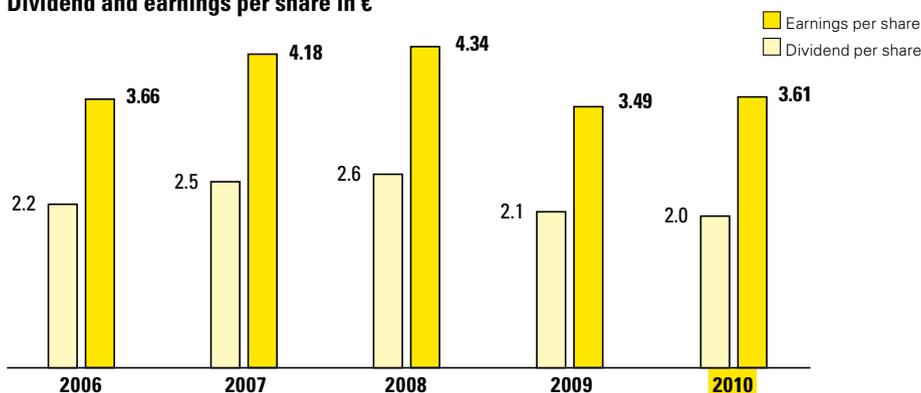
## Financial risk management

The management of financial risks such as liquidity and interest rate risk is regulated in the Flughafen Wien treasury guideline. These activities are carried out by the treasury department together with the individual corporate units. In addition to arranging for suitable financial instruments, future financing requirements are established on a regular basis and risk simulations are prepared to analyse the Group's overall position. The goals are to minimise interest expense and related costs as well as to optimise income from security and fund investments while, at the same time, limiting financial risks. The solid position of the Flughafen Wien Group combined with very good banking relationships makes it possible to obtain financing at favourable conditions. Further information on financial risks is presented on page 90.

## Capital market policy: balancing dividends and growth investments

Achieving and maintaining a sustainable increase in the value of the company represents an important objective for Flughafen Wien. Also important is the preservation of a stable balance sheet structure – a goal that is met by establishing a balance between growth investments and distributions to shareholders. With a payout ratio of 55.5% and a resulting dividend yield of 3.9% at year-end 2010, Flughafen Wien was one of the top companies in the Austrian ATX index in the year 2010. The protection of sustainable growth will also require investments in modern airport capacity. However, the company's earning power must be strengthened and debt must be limited to a moderate level at the same time. In order to safeguard future growth, an adjustment of the payout ratio may be required in the future.

### Dividend and earnings per share in €



# Employees

## In this chapter

As a responsible employer, Flughafen Wien AG uses a wide range of measures to create a rewarding working environment. Continuous investments in training are a key focus of these activities. Human resource management is also designed to support the international exchange of know-how and the development of future talents.

## Vienna International Airport as a major employer

With nearly 19,000 employees in 230 companies, Vienna International Airport is the largest employer in eastern Austria. A further 52,500 jobs in the country are directly or indirectly related to airport operations. The Flughafen Wien Group had an average workforce of 4,266 in 2010, whereby 3,238 men and women were employed directly by Flughafen Wien AG. This represents an increase of 2.8% in the Flughafen Wien Group compared with the previous year. Additional details on the workforce and relevant indicators are provided in the management report beginning on page 97.

The Flughafen Wien Group has a highly diverse working environment, which requires employees with varied qualifications. The many skilled specialists working at the airport include baggage handlers and terminal staff as well as construction technicians and administrative teams. The dedication of all these employees and their effective and efficient cooperation form the basis for safe and smooth airport operations.

## **Excellent image as an employer**

The Flughafen Wien Group recruited numerous employees during the past year. In order to be in a position to select the very best, a positive image as an employer is crucial. In 2010 the company received two awards for its special commitment – recognition that is viewed as an incentive to further improve the already high standards for human resource management. For its outstanding performance as an employer, Flughafen Wien AG was ranked second in the tourism/transportation/traffic branch by the CAREER'S BEST RECRUITER study in 2010. An overall rating of the 624 tested companies resulted in 39<sup>th</sup> place.

Flughafen Wien also received the best employer award from the Vienna multiple sclerosis society in acknowledgment of its exemplary efforts as an employer for people suffering from this disease. This award is given to companies that make it possible for multiple sclerosis patients to continue working in their chosen profession.

## **Focus on personnel development**

Qualified and well-trained employees form the basis for the high quality services provided at Vienna International Airport. This service level is maintained, in part, through the regular evaluation of training programmes and adjustments to meet the needs and requirements of employees. The extensive range of courses offered by Flughafen Wien is available for review in the Intranet and includes both internal and external modules. The training programmes are open to all employees with the approval of their supervisor.

A total of € 1,055,058.55 was invested in training during 2010 (excluding internal expenses). In addition to security controls, foreign languages and IT, the courses in 2010 focused on presentation techniques and public speaking. The management development programme also continued during the reporting year, with roughly 20 managers taking part in this modular series of courses.

## **International know-how exchange**

The exchange of know-how in the Flughafen Wien Group – also across international borders – is supported by three different curricula offered by the Vienna Airport Academy: an international trainee programme, international workshops and exchanges and the Airport Management Training Programme (AMTP).

A second group comprising 14 airport staff members from Košice, Friedrichshafen, Malta and Vienna successfully completed the AMTP in September 2010, and a third cycle has now started with 15 participants. This one-year programme covers six modules and gives participants an opportunity to broaden their specialised know-how and academic skills, and intensify their contacts within the corporation. In cooperation with international partners, Flughafen Wien employees have an opportunity to study alternative work methods during visits to other airports. This allows for the integration of opportunities for improvement in Vienna's processes and structures.

## **Extensive apprenticeship training**

Flughafen Wien AG had an average of six commercial and 46 technical apprentices during the reporting year. The number of female apprentices in the technical fields doubled from three to six, above all due to the special insight into these professions provided by the company's participation in the Vienna apprenticeship day for girls. The range of apprenticeship programmes offered by the company is extensive and includes office administrator, electrical technician, automobile mechanic, automobile mechanic/electrician, electrical equipment mechanic, agricultural machinery mechanic, sanitary/air conditioning/ventilation systems technician and machinist.

Internationality and personal development represent integral parts of the apprenticeship training programmes. In addition to technical training in a company workshop, these young men and women can attend seminars and courses to improve their specialist and personal skills such as IT, English or public speaking classes. The best apprentices in the English course are rewarded with a two-week language seminar in Malta. Contacts between the apprentices are supported by joint activities such as sport days and company-organised trips.

The three-week "Leonardo da Vinci" exchange programme with Munich Airport and an exchange programme with training institutions in Schleswig (Germany) give the apprentices an opportunity to gain work experience in a foreign country. Flughafen Wien also participated in the "Job Jet Fair" during the past year to inform schoolchildren of the many training opportunities available at Vienna International Airport.

## **Work-life balance**

The Flughafen Wien Group offers various working time models, which are available in accordance with the responsibilities of the various departments. The specific needs of the individual employees are taken into account as best as possible.

Flexible working hour models are used frequently in the company's administrative functions, and many units offer part-time employment. Different shift models have been developed, above all for traffic-related functions where full operations must be guaranteed around the clock and seven days per week.

Numerous health-oriented programmes – such as seminars and classes on nutrition and work safety – are also held to reduce the increased pressure on employees with shift jobs.

## **Equal opportunity and support for families**

Due to the structure of the workforce with roughly 80% of the employees working in physically demanding jobs, the share of female employees in the Flughafen Wien Group is currently low at 12.3%. All the same, the company recognises the value of women for the working world and intends to increase this ratio, above all in management positions.

Women were appointed to three management positions during the reporting year, including the cargo services group with its approx. 300 employees. In order to also position the Flughafen Wien Group as an attractive employer for women, specific measures have been taken to support the work-life balance and suitable career opportunities have been created.

The Flughafen Wien Group supports employees with children by operating day care facilities directly at the airport. Extended opening hours also provide employees in shift jobs with reliable supervision for their children. The airport day care centre has received numerous awards for its excellent offering and high standards for pedagogical services.

Employees on parental leave are kept up to date with regular information on important events to facilitate their return to work. Flexible part-time working models and the day care centre also support reintegration in the working world and help to improve the work-life balance. More and more men are taking advantage of Austria's parental leave regulations – in 2010 an average of eight fathers were on leave, or 14% more than in the previous year.

# Sustainable Management

## In this chapter

The activities of Flughafen Wien in the area of sustainability focus on environmental and climate protection, the needs of employees and the quality of life for neighbouring residents. In 2010 measures were implemented to support a further reduction in flight noise and the first CO<sub>2</sub> emissions balance was prepared.

## Commitment to Sustainability

Flughafen Wien is committed to careful and conscious interaction with the environment and to responsible corporate management. In addition to creating a sustainable increase in the value of the company while, at the same time, minimising negative effects on the environment, this commitment also includes respect for the needs of employees and neighbouring residents.

# The Largest Employer in eastern Austria

Vienna International Airport is the largest employer in the eastern region of Austria with nearly 19,000 employees in over 230 companies on site. Moreover, a further 52,500 jobs throughout the country are indirectly linked with the airport location. The Flughafen Wien Group has a total workforce of 4,266. Vienna International Airport is also an important economic driver for the entire region. Excellent connections make this an attractive place for many companies, above all when business activities are focused on Eastern Europe. With its numerous expansion projects, Flughafen Wien is also an important customer for the local economy.

## Responsible Environmental Policies

Flughafen Wien is committed to careful and conscious interaction with the environment, and implements a wide range of measures to ensure that all related goals are met. Measures are concentrated, above all, on reducing pollutant and noise emissions to minimise the airport's impact on the environment – and above all on neighbouring residents. A total of T€ 913.3 was invested in environmental protection during 2010 (2009: T€ 799.3).

### No connection between air traffic and air quality

A central environmental issue at Vienna International Airport is flight noise. The noise generated by air traffic is measured continuously by FANOMOS (Flight Track and Noise Monitoring System) at 14 stationary measurement points in and around the airport, and the flight path of every arriving and departing aircraft is recorded with the help of radar equipment. In addition to data from the stationary measurement stations, 48 mobile measurements were carried out in 2010 (2009: 47). The results of these measurements can be reviewed under [www.vie-umwelt.at](http://www.vie-umwelt.at).

The air quality at the airport is monitored by equipment that is integrated into the air quality measurement network of the province of Lower Austria and operated by the local environmental protection authorities. This measurement data can be reviewed under [www.numbis.at](http://www.numbis.at). In 2010 flight operations were suspended for several days due to the cloud of volcanic ash that had spread over Europe. Measurements during this period did not show any significant changes and reflected normal weekend statistics. Similar results were also observed at other European airports, indicating that air traffic does not have a direct effect on air quality.

### First CO<sub>2</sub> emissions report

A CO<sub>2</sub> emissions assessment for the Vienna airport location was prepared for the first time in 2010. The calculations were performed by the laboratory for environmental analysis ("Laboratorium für Umweltanalytik") based on data from 2008 and included all airport-related sources – air traffic, aircraft handling, stationary and infrastructure-related sources as well as landside traffic. The CO<sub>2</sub> emissions from each of these sources were subdivided into three areas in accordance with international norms. For example, the statistics showed the CO<sub>2</sub> emissions from the airport's own business activities, from energy supplies and from external companies. A differentiation was also made between factors that could be influenced directly and indirectly.

The results showed that air traffic was responsible for the largest share of CO<sub>2</sub> emissions with 78%. Approx. 15% of the CO<sub>2</sub> emissions can be directly influenced by Flughafen Wien, whereby the largest component is related to energy supplies. CO<sub>2</sub> emissions amounted to 340,451 tonnes in 2008, or 1.3% of the total emissions in Vienna and Lower Austria as well as 0.5% of the total emissions in this country. Plans call for the preparation of a CO<sub>2</sub> report every two years in the future in order to present developments and trends. The results of this study will flow into the preparation of emission reduction measures.

### **Slight increase in night flights**

The percentage of flight movements between 10 pm and 6 am increased from 6.5% in 2009 to 7.4% for the reporting year, which represents an absolute average of 50 (2009: 44) flight movements per night. In accordance with the agreement reached in the mediation process, the number of flight movements between 11.30 pm and 5.30 am should have remained constant at the 2009 level. Plans call for a step-by-step reduction in the number of flight movements starting in the third year before the third runway is placed into operation, in order to reach the target value of 3,000. Details on night flights at Vienna International Airport can be found in the evaluation report that will be released by the dialogue forum in June 2011.

### **Transparent flight paths**

Anyone interested in the air traffic around Vienna can now take a close look at flight paths in the Internet under [www.flugspuren.at](http://www.flugspuren.at). This service was introduced by Austro Control and Flughafen Wien AG in 2009 and shows flight paths for up to 14 days, with a delay of at least 24 hours to meet legal requirements for data protection. In particular, this allows neighbouring residents to monitor the implementation of agreed measures. A total of 15,977 visitors (2009 starting in May: 16,667) and 29,304 hits were registered in 2010, or roughly 80 hits per day (2009: 129). Particularly high interest was noted on the days Austrian air space was closed because of the volcanic ash cloud.

### **Waste separation on the ground and in the air**

Flughafen Wien utilises many different opportunities for efficient waste management and thereby far exceeds legal requirements. All waste is separated and designated for correct disposal. In the terminal areas, passengers are provided with special waste disposal points. The airlines also separate their waste: Flughafen Wien and the Austrian Airlines Group developed a logistics process for waste disposal that has since been expanded to cover all incoming airlines. Most of Vienna's gastronomy facilities are also integrated in the company's waste management system. The Austrian Airlines Group makes separate arrangements for the disposal of the waste from its hangars.

## Flughafen Wien waste statistics

	2010	2009
Residual waste – aircraft in kg	999,990	1,012,540
Residual waste – aircraft in kg per passenger	0.0508	0.0559
Waste paper VIE in kg	1,782,280	1,881,560
Waste paper VIE in kg per passenger	0.0905	0.1039
Aluminium/cans/metal VIE in kg	5,630	9,646
Aluminium/cans/metal VIE in kg per passenger	0.0003	0.0005
Glass VIE in kg	85,364	78,794
Glass VIE in kg per passenger	0.0043	0.0043
Plastic packaging VIE in kg	160,540	168,895
Plastic packaging VIE in kg per passenger	0.0082	0.0093
Share recycled in %	88.6	90.0

## Large natural gas fleet

Flughafen Wien is successively converting its motor pool to environmentally friendly natural gas autos. In addition to their positive impact on the environment through a reduction in CO<sub>2</sub> and NO<sub>x</sub> emissions, natural gas autos offer financial benefits in the form of lower operating costs. Flughafen Wien has constructed a separate natural gas fuelling station for these vehicles, which is also open to other users.

## Intensive Dialogue with Stakeholders

The dialogue forum at Vienna International Airport was founded after the conclusion of the mediation process in 2005 together with neighbouring residents, citizens' initiatives, Austro Control and Austrian Airlines as well as the provinces of Vienna, Lower Austria and Burgenland. This organisation is responsible for evaluating the agreements reached during the mediation contract, pursuing unresolved and newly arising issues and seeking consensus through dialogue.

The general conditions for the work of the dialogue forum have changed significantly in recent years. The increase in traffic during 2010 again made flight noise a subject of general interest. However, a number of technical improvements have been implemented to reduce noise levels since the conclusion of the mediation process. Among others, work continued on the noise protection programme. One provision of the mediation contract provides for the installation of noise protection windows to protect the health and quality of life for neighbouring residents, with at least partial financing by Flughafen Wien under certain conditions. The decision on the appropriate noise protection measures is dependent on the results of an expert assessment. Work had been completed or started on nearly 1,500 objects by the end of 2010, and engineering reports had been prepared for a further 2,800 buildings. A total of € 37 million has been allocated for the noise zones under a three-runway system and additional financing of

€ 10.1 million will be provided to expand the noise protection programme. This will ensure optimal noise protection for roughly 11,000 households.

In July 2010 Flughafen Wien introduced a so-called noise tariff, and the first positive shifts toward quieter aircraft have already been noted. These tariffs are calculated individually for each aircraft, with the charge dependent on the actual volume of noise produced by each plane. This system is revenue-neutral for Flughafen Wien.

The dialogue forum documents its activities in various publications and in the Internet under [www.dialogforum.at](http://www.dialogforum.at). It has become an international best-practice example for comprehensive citizens' participation processes.

## **VISITAIR Center and further Information**

The VISITAIR Center attracted 40,400 guests in 2010. In addition to an informative exhibit, visitors are also given an opportunity to tour the operational areas of the airport right up to the aprons. The display was enlarged in 2010 to include a runway lighting model and a mascot was created, especially for the younger guests.

The information hotline on the environment and aviation ("Umwelt und Luftfahrt") under the telephone number +43 810 22 33 40 is an important means of communicating with neighbouring residents and other interested parties. Flughafen Wien can also be contacted via its website under [www.vie-umwelt.at](http://www.vie-umwelt.at). The number of calls and e-mails to the environmental hotline rose by 6.6% to 9,727 in 2010 (2009: 9,126). An overview of the information provided by Flughafen Wien AG in the Internet can be found on page 208.

# Flughafen Wien Shares

## In this chapter

With annual performance of plus 47.2%, the Flughafen Wien share outperformed the Austrian ATX index in 2010. The Management Board recommends the distribution of a € 2.0 dividend per share from retained earnings for the reporting year.

## International capital markets record different developments

The various capital markets and industrial branches reported widely different development for 2010, with only a limited continuation of the general market recovery. The US Dow Jones Industrial (DJI) and the German DAX registered sound growth with an increase of 11.0% and 16.1%, respectively, but markets directly affected by the debt crisis were faced with share price declines. The Eurostoxx 50 closed the year 5.8% lower following weak performance by its blue chip components. The Japanese Nikkei 225 index was also negative at minus 3.0%. Despite high volatility, the East European markets recorded overall positive performance for the year. The East European CECE and CEESEG indexes rose by 15.7% and 9.0%. Austria's leading ATX index repeated its 2009 performance by clearly outpacing most of the international markets. After three quarters of extreme volatility, a steady upward trend took hold in September and the ATX closed the year with a plus of 16.4%.

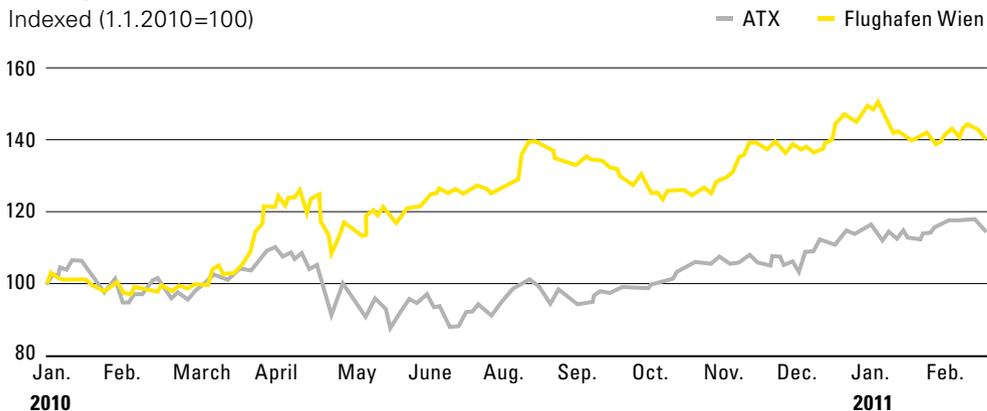
## Flughafen Wien share outpaces the ATX

With annual performance of 47.2% for 2010, the Flughafen Wien share clearly outdistanced the ATX. After closing 2009 at a price of € 34.80, the share rose sharply during the reporting year and topped the € 40-mark in April. At the end of 2010 the Flughafen Wien share traded at € 51.23. With a recommended dividend of € 2.00 per share, the dividend yield equals 3.9%

based on the closing price for the reporting year (2009: 6.0%). The stock market turnover of Flughafen Wien shares fell by 4.3% to € 463.1 million in 2010 (2009: € 483.9 million). On the Austrian Futures and Options Exchange, 17,081 (2009: 6,254) contracts with a volume of € 71.7 million (2009: € 18.3 million) were traded for Flughafen Wien shares. Based on the number of contracts traded, the share ranked ninth (2009: 15<sup>th</sup>) among the stocks traded in Vienna. Based on a new definition of the weighting factor by Wiener Börse AG, Flughafen Wien AG was weighted at 1.38% in the ATX at the end of 2010.

### The Flughafen Wien share

Indexed (1.1.2010=100)



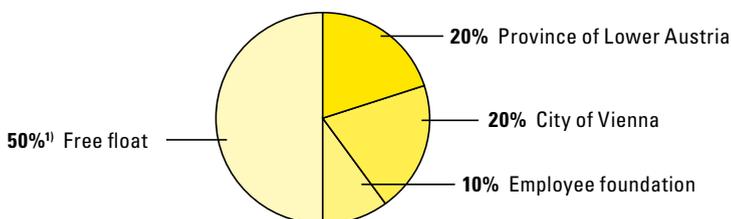
### Stock market listings

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. These shares can be purchased and sold in continuous trading on the Vienna Stock Exchange, and represent base values for the ATX and ATX Prime Market as well as the Austrian Futures and Options Exchange in the year 2010. The shares are also traded over-the-counter on exchanges in Berlin, Munich, Stuttgart, Frankfurt and Hamburg. In addition, the Flughafen Wien share has traded internationally in London's SEAQ over-the-counter market since October 1994. An ADR Programme was established in the USA at the end of 1994, where one share of Flughafen Wien stock corresponds to four American Depositary Receipts.

### Shareholder structure and voting rights

The shareholder structure for the 21,000,000 bearer shares issued by Flughafen Wien AG is as follows: 50% of the shares represent free float, while the two core shareholders, the city of Vienna and the province of Lower Austria, each hold a stake of 20% in syndication. The most important provisions of the syndicate agreement are described on page 99 of the management report. The remaining 10% of the shares are held by the employee foundation. Any changes in the shareholder structure that exceed the threshold defined in Austrian stock exchange law are disclosed in accordance with the relevant requirements. In 2010 Silchester International Investors LLP ("Silchester LLP"), London, reported the purchase of 1,615,126 shares of Flughafen Wien Aktiengesellschaft, which represents a 7.69% stake in the share capital of Flughafen Wien AG, from Silchester International Investors Limited ("Silchester Limited"), London.

## Shareholder structure



1) thereof 7.69% Silchester International Investors LLP, London

The exercise of voting rights is regulated by § 13 of the articles of association of Flughafen Wien AG, which ensures that the principle of “one share – one vote” is observed. The articles of association can be reviewed on the company’s website [ir.viennaairport.com](http://ir.viennaairport.com) under the menu point “The Flughafen Wien Group”, “articles of association”.

### 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

	2010	2009	2008
Share capital in € million	152.67	152.67	152.67
Number of shares in million	21	21	21
Share price on 31.12. in €	51.23	34.80	31.75
Annual high in €	51.23	38.84	81.69
Annual low in €	33.11	19.06	26.00
Market capitalisation as of 31.12. in € million	1,075.8	730.8	666.8
Earnings per share in €	3.61	3.49	4.34
Price/earnings ratio <sup>1)</sup>	14.2	10.0	7.3
Price/cash flow ratio <sup>1)</sup>	6.3	4.7	4.5
Dividend yield in % <sup>1)</sup>	3.9	6.0	8.2
Pay-out ratio	55.5	60.1	59.9

1) Based on price at year-end

### Transparent communications with the capital market

Flughafen Wien AG pursues an active and transparent information policy to facilitate the correct valuation of the company’s share by capital market participants. All new developments are communicated to all stakeholders in a detailed, timely and accurate manner. In addition to quarterly reports, Flughafen Wien AG issues monthly announcements on traffic results.

Regular presentations are held for analysts and institutional investors, and subsequently made available to the general public on the company's website.

In 2010 Flughafen Wien management took part in events for investors in Austria (Kitzbühel and Bad Stegersbach) and also attended investor conferences in Paris, London, Amsterdam, Frankfurt and the USA where the latest corporate developments were presented.

The following financial institutions published analyses on the Flughafen Wien share during the reporting year: Cheuvreux (Vienna), Citigroup Global Markets (London), Commerzbank (Frankfurt), Deutsche Bank (Frankfurt), ERSTE Bank (Vienna), Goldman Sachs (London), GSC Research (Düsseldorf), Macquarie Research (London), Morgan Stanley (London), Nomura (London), Raiffeisen Centrobank (Vienna), Sal. Oppenheim (Frankfurt), Sylvia Quandt Research GmbH (Frankfurt) and Unicredit (Vienna).

Private shareholders of Flughafen Wien AG were given an opportunity to take a first-hand look behind the scenes at Vienna International Airport in November 2010. The company was also represented at the "Gewinnmesse" in 2010, which is the most important trade fair for the general investing public in Austria.

### **Annual General Meeting**

The 21<sup>st</sup> Annual General Meeting of Flughafen Wien AG was held on 23 April 2010 at the Austria Center in Vienna. A total of 168 shareholders representing 10,532,775 voting shares attended. In addition to the presentation of results for 2009, the agenda also covered voting on the use of retained earnings, the release of the Supervisory Board and Management Board from liability for the 2009 financial year and the remuneration of the Supervisory Board for the 2009 financial year. An auditor was also selected for the 2010 financial statements and an amendment to the articles of association was approved.

The 22<sup>nd</sup> Annual General Meeting of Flughafen Wien AG is scheduled for 29 April 2011. Further information and reports on this meeting can be reviewed on the website [ir.viennaairport.com](http://ir.viennaairport.com) under the menu point "22<sup>nd</sup> Annual General Meeting".

### **Contacts and additional information**

Additional information on Flughafen Wien AG and Vienna International Airport as well as an interactive version of this annual report can be found in the Internet under [gb2010.viennaairport.com](http://gb2010.viennaairport.com). The Flughafen Wien shareholder service (see the registration card at the end of this annual report) also provides a wide range of printed information on the company.

Contact: Mario Santi

Tel.: +43/1/7007/22826

E-Mail: [m.santi@viennaairport.com](mailto:m.santi@viennaairport.com) or [investor-relations@viennaairport.com](mailto:investor-relations@viennaairport.com)

### **Announcement of traffic results for 2011**

April	12 May 2011
May	15 June 2011
June	12 July 2011
July	11 August 2011
August	13 September 2011
September	11 October 2011
October	10 November 2011
November	13 December 2011

### **Financial calendar 2011**

Annual general meeting	29 April 2011
Ex-dividend day	4 May 2011
Payment date	6 May 2011
First quarter results for 2011	26 May 2011
Interim financial report for 2011	25 August 2011
Third quarter results for 2011	24 November 2011

### **Dividend policy and recommendation for the distribution of profit**

In order to meet the principal strategic goal to realise a sustainable increase in the value of the company, a reasonable balance must be maintained between growth investments and distributions to shareholders. The 2010 financial year closed with distributable profit of € 42,004,250.90.

The Management Board of Flughafen Wien AG recommends payment of a dividend of € 2.0 per share, for a total distribution of € 42,000,000 and the carryforward of the remaining € 4,250.90.

Schwechat, 28 February 2011

The Management Board



**Ernest Gabmann**  
Member of the Board



**Christoph Herbst**  
Chairman of the Board  
and Speaker



**Gerhard Schmid**  
Member of the Board

# Corporate Governance Report

(in acc. with § 243b of the Austrian Commercial Code)

## In this chapter

The foremost goal of Flughafen Wien AG is to create and maintain a sustainable increase in the value of the company. The actions to reach this goal include responsible corporate management as well as a commitment to the Austrian Corporate Governance Code that has been in place since 2003.

## Commitment to Responsible Management

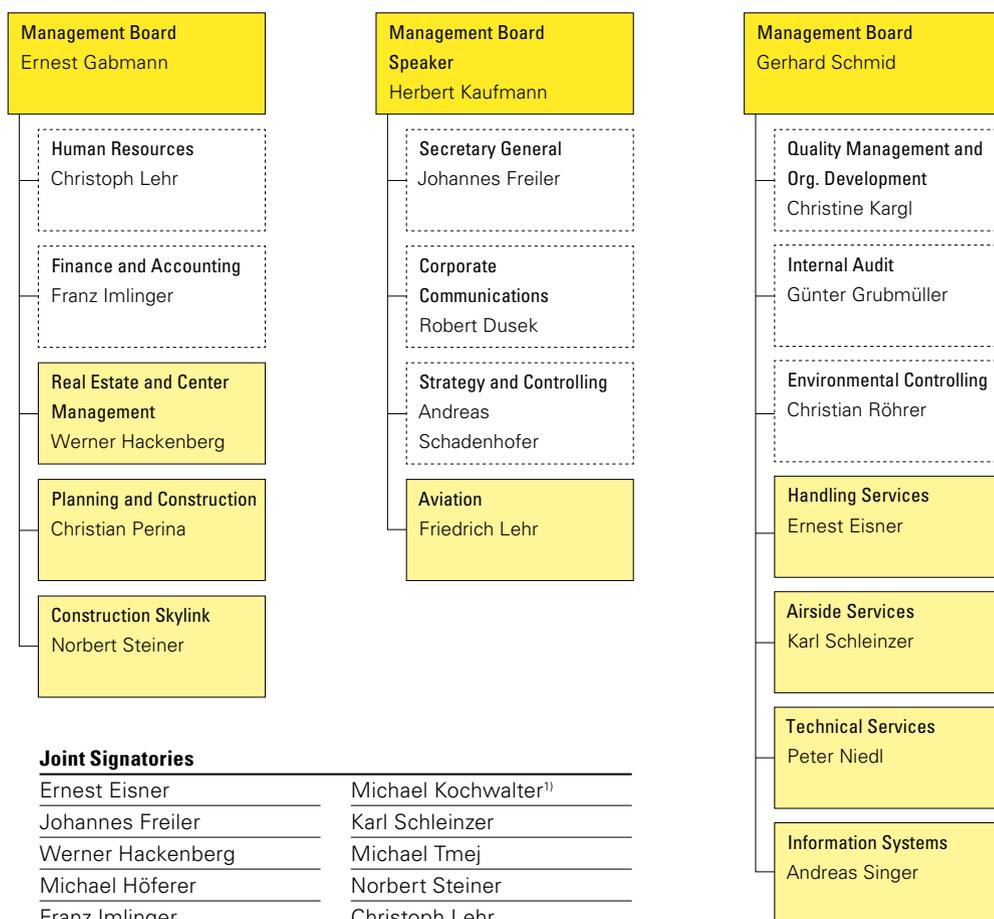
Flughafen Wien AG declared its intent to comply with the Austrian Corporate Governance Code in 2003, and hereby confirms its continued compliance with the latest version of the code (January 2010). The code is available for review under [www.corporate-governance.at](http://www.corporate-governance.at). The Austrian Corporate Governance Code includes, among others, so-called comply-or-explain rules that require the explanation of any non-compliance. Flughafen Wien AG meets all regulations in the January 2010 version of the code with the exception of Article 16, and explains this deviation as follows: a chairman was not appointed for the Management Board in 2010, but one member of this body was designated as speaker. This ensured 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 voting. The previous speaker of the Management Board resigned as of 31 December 2010: A new member was appointed to the Management Board as of 1 January 2011, who now also serves as the chairman of this body.

## Management

In 2010 the members of the Management Board of Flughafen Wien AG were Ernest Gabmann, Herbert Kaufmann and Gerhard Schmid. Mr. Kaufmann resigned as a member and the speaker of the Management Board as of 31 December 2010. The Supervisory Board subsequently appointed its chairman, Christoph Herbst, as an interim replacement in accordance with § 90 (2) of the Austrian Stock Corporation Act. Mr. Herbst will serve as a member and the chairman of the Management Board up to 31 December 2011 at the latest. The terms of office for Ernest Gabmann and Gerhard Schmid will end on 31 December 2011.

### Organisational structure by function in 2010



#### Joint Signatories

Ernest Eisner	Michael Kochwalter <sup>1)</sup>
Johannes Freiler	Karl Schleinzer
Werner Hackenberg	Michael Tmej
Michael Höferer	Norbert Steiner
Franz Imlinger	Christoph Lehr
Friedrich Lehr	Andreas Schadenhofer

1) resigned as of 19 February 2010

# The Management Board

## **Member of the Board: Ernest Gabmann**

Born 1949, after completing commercial school in Vienna, he joined his father's building materials and mineral oil company, where he served as managing partner from 1984 up to his entry into the government of the province of Lower Austria. In 1983 he was appointed to head the organisation of young businesspeople in this province; five years later he was elected to the provincial parliament of Lower Austria where he served, among others, as the administrator for commerce, technology and tourism. He was named deputy governor of Lower Austria in 2004. On 1 March 2009, he was appointed to the Management Board of Flughafen Wien AG; his contract will end on 31 December 2011.

## **Member and Speaker of the Board: Herbert Kaufmann (up to 31 December 2010)**

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 on 1 October 1999. Mr. Kaufmann resigned from these positions as of 31 December 2010.

Member of the supervisory board or comparable function in external corporations:

- AMZ Arbeits- und Sozialmedizinisches Zentrum Mödling Gesellschaft m.b.H.
- Austro Control Österreichische Gesellschaft für Zivilluftfahrt mit beschränkter Haftung
- FIMBAG Finanzmarkteteiligung Aktiengesellschaft des Bundes
- VERBUND AG
- Rail Cargo Austria Aktiengesellschaft (up to 14 August 2010)

## **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. Schmid was named head of technical services in 1997, and appointed to the Management Board of Flughafen Wien AG on 1 October 1999; his contract will end on 31 December 2011.

Member of the Supervisory Board or comparable function in external corporations:

- Wiener Linien GmbH
- Wiener Hafen Management GmbH
- Wiener Stadtentwicklungsgesellschaft m.b.H.
- Wiener Städtische Wechselseitige Versicherungsverein – Vermögensverwaltung Vienna Insurance Group

## Work Processes in the Management Board

Rules of procedure regulate the allocation of operational responsibilities and the cooperation between the members of the Management Board. This directive also defines the information and reporting requirements of the Management Board and includes a catalogue of measures that require the express approval of the Supervisory Board. The Management Board holds weekly meetings to discuss the development of business and, in these meetings, makes decisions that are subsequently submitted to the Supervisory Board for approval. The members of the Management Board also exchange information on important activities and events on a regular basis.

## Remuneration of the Management Board

The remuneration of the Management Board includes a fixed and a performance-based component as well as compensation in kind. The variable component is tied to specific targets that are defined each year together with the Supervisory Board based on corporate goals. In accordance with rule 27 of the Austrian Corporate Governance Code, 50% of variable remuneration is dependent on completion of the terminal extension VIE-Skylink within the planned budget and time schedule and can therefore only be paid out after the completion of this project. The remaining 50% of variable remuneration are dependent on meeting the 2010 budget and achieving a sustainable cost reduction in 2011. Details on the remuneration paid to the individual board members are provided in the following table and on page 185 of the notes to the consolidated financial statements. The pension claims by Herbert Kaufmann and Gerhard Schmid were outsourced to an external pension fund in 2010. The members of the Management Board have no further pension claims on the company.

The employment contract with Herbert Kaufmann, which extended up to 30 September 2014, was prematurely terminated as of 31 December 2010. Mr. Kaufmann will receive a settlement payment equal to one year's salary. The terms of the employment contracts for Ernest Gabmann and Gerhard Schmid were reduced from the original termination date on 30 September 2014 to 31 December 2011. In accordance with Austrian labour law, these persons are entitled to severance compensation. There are no special agreements that would take effect in the event of a public takeover offer, and no stock options were granted. The company has arranged for D&O insurance and carries the related costs

### Management Board remuneration in 2009 and 2010 in T€

in T€	2010	2010	2010	2010	2010	2010	2010	2009
	Fixed compensation	Share of total	Performance-based compensation	Share of total	Non-cash remuneration	Share of total	Total remuneration	Total remuneration
Ernest Gabmann	254.1	76.56%	70.5	21.27%	7.2	2.17%	331.9	217.2
Herbert Kaufmann	254.1	73.40%	84.6	24.44%	7.5	2.16%	346.2	406.4
Gerhard Schmid	254.1	73.40%	84.6	24.44%	7.5	2.16%	346.2	406.4

# The Supervisory Board

The Supervisory Board is comprised of nine shareholder representatives and five delegates from the Works Committee. The shareholder representatives were elected by the annual general meeting (AGM), and have terms of office extending up to the AGM that will vote on the release from liability for the 2012 financial year. Christoph Herbst served as the chairman of the Supervisory Board during the reporting year. Concurrent to his temporary appointment to the Management Board as of 1 January 2011 (for a maximum of one year), he suspended his function as chairman of the Supervisory Board from 1 January 2011 to 31 December 2011 at the latest in accordance with § 90 (2) of the Austrian Stock Corporation Act. All members of the Supervisory Board of Flughafen Wien AG have declared their independence in keeping with the guidelines defined by the Supervisory Board pursuant to the requirements of the Austrian Corporate Governance Code (see page 51). The company therefore complies with rules 39 and 53 of the Austrian Corporate Governance Code.

## Members of the Supervisory Board

<b>Name, year of birth</b>	<b>Profession</b>	<b>First appointed on</b>	<b>Positions on other supervisory boards and comparable functions</b>
<b>Shareholder representatives</b>			
Christoph Herbst, Chairman up to 31.12.2010, function suspended up to 31.12.2011, 1960	Attorney-at-law	25.4.2002	–
Karl Samstag, Deputy, 1944	(Former) General Director of Bank Austria Creditanstalt AG	22.4.2004	Member of the Supervisory Boards of: Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft, BKS Bank AG, Bank für Tirol und Vorarlberg Aktiengesellschaft, Schoeller-Bleckmann Oilfield Equipment Aktiengesellschaft, Oberbank AG
Alfred Reiter, Deputy, 1939	Chairman of the Board of Investkredit Bank AG (ret.)	11.5.2001	–
Johannes Coreth, 1942	(Former) Deputy General Director of Niederöster- reichische Versicherung		–
Burkhard Hofer, 1944	General Director of EVN AG	20.8.2009	Member of the Supervisory Boards of: Burgenland Holding Aktiengesellschaft, VERBUND AG
Franz Lauer, 1939	General Director of Wiener Städtische Versicherung AG (ret.)	7.5.1998	–

<b>Name, year of birth</b>	<b>Profession</b>	<b>First appointed on</b>	<b>Positions on other supervisory boards and comparable functions</b>
<b>Shareholder representatives</b>			
Hans-Jürgen Manstein, 1944	Manstein Zeitschriften-verlag GesmbH	24.4.2003	–
Alfons Metzger, 1941	Metzger Realitäten Group	25.4.2002	–
Karl Skyba, 1939	(Former) General Director of Wiener Stadtwerke Holding AG	22.4.2004	Member of the Supervisory Board of: Vienna Insurance Group Wiener Versicherung Gruppe

#### **Delegated by the Works Committee**

Manfred Biegler, 1956	Chairman of the Salaried Employees' Works Committee		–
Dieter Rozboril, 1973	Chairman of the Waged Employees' Works Committee		–
Thomas Schäffer, 1983	Vice-Chairman of the Salaried Employees' Works Committee		–
Karl Hromadka, 1954	Vice-Chairman of the Waged Employees' Works Committee		–
Heinz Wessely, 1971	Waged Employees' Works Committee		–

### **Representative of the Supervisory Authorities**

Rolf A. Neidhart served as the representative of the supervisory authorities on the Supervisory Board of Flughafen Wien AG up to 31 December 2010. As of 1 January 2011 Christine Rose took over these duties on an interim basis.

### **Representatives of free float shareholders**

The 18<sup>th</sup> Annual General Meeting of Flughafen Wien AG on 29 April 2008 elected the following persons as representatives of free float shareholders: Franz Lauer and Alfons Metzger as well as Hans-Jürgen Manstein, in particular as a representative for small shareholders. Burkhard Hofer was elected as a representative of free float shareholders by the 20<sup>th</sup> Extraordinary General Meeting on 20 August 2009.

### **Committees of the Supervisory Board**

The committees have consultative functions, which are intended to improve the efficiency of Supervisory Board work processes and also deal with complex issues. The chairmen of these committees report regularly to the Supervisory Board on their work. The Supervisory Board is required to designate one committee to make decisions in urgent cases. Irrespective of their

assigned duties, the committees can also be charged with other tasks involving analysis, advising and the preparation of recommendations to the Supervisory Board for voting.

### **Presidium and Personnel Committee**

The Presidium and Personnel Committee is responsible for personnel issues related to the members of the Management Board, including succession planning, and deals with the content of employment contracts and remuneration for the board members. This committee also evaluates the acceptability of additional activities by the Management Board members and assists the chairman, above all in preparing the Supervisory Board meetings. Moreover, the Presidium and Personnel Committee serves as a committee for urgent issues in accordance with rule 39 of the Austrian Corporate Governance Code, performs the functions of a nominating committee as defined in rule 41 of the Austrian Corporate Governance Code and also serves as a remuneration committee in accordance with rule 43 of the Austrian Corporate Governance Code.

### **Members of the Presidium and Personnel Committee**

Christoph Herbst (Chairman up to 31.12.2010)	Manfred Biegler
Karl Samstag	Dieter Rozboril
Alfred Reiter	

### **Strategy Committee**

The Strategy Committee works on strategic issues together with the Management Board and, if necessary, also with other experts. The related decisions are made by the full Supervisory Board.

### **Members of the Strategy Committee**

Christoph Herbst (Chairman up to 31.12.2010)	Manfred Biegler
Karl Samstag	Dieter Rozboril
Alfred Reiter	Heinz Wessely
Alfons Metzger	

### **Audit Committee**

The Audit Committee deals with accounting issues as well as the audit of the company and the group. It evaluates the report by the auditor on the examination of the annual financial statements, and informs the Supervisory Board of the results of this analysis. This committee is responsible for examining and preparing decisions for the Supervisory Board on the following subjects: the annual financial statements, the recommendation for the distribution of profit and the management report; the audit of the consolidated financial statements; the audit of accounting systems; the corporate governance report; the monitoring and effectiveness of the internal control system, the internal audit system and risk management. The Audit Committee also makes a recommendation to the Supervisory Board for the nomination of an auditor, monitors the independence of this firm and deals with the content of the management letter and the report on the effectiveness of risk management. Karl Samstag, chairman of the Audit Committee, was designated as the financial expert for this committee based on his professional experience.

### **Members of the Audit Committee**

Karl Samstag	Franz Lauer
Christoph Herbst (Chairman up to 31.12.2010)	Manfred Biegler
Alfred Reiter	Dieter Rozboril
Burkhard Hofer	Heinz Wessely

### **Frequency of meetings and key issues**

The Supervisory Board held eight meetings during the reporting year. In addition, the Presidium and Personnel Committee held three meetings and the Audit Committee two meetings. The Strategy Committee held one meeting during 2010.

The issues dealt with by the Supervisory Board and its committees in 2010 included the following: key questions related to the development of the company; the possible acquisition of or investment in other airports; the expansion of infrastructure facilities at the airport location, above all in connection with the terminal extension VIE-Skylink; the results of the audit by the Austrian Federal Accounting Agency; opportunities to optimise the corporate organisation and reduce costs; and the remuneration of the Management Board. The results of these consultations were subsequently reported to the full Supervisory Board. The Management Board provided the Supervisory Board with regular information on the development of business and the position of the individual group companies. Therefore, the Supervisory Board was able to monitor the performance of the company on a continuous basis and support the Management Board on decisions of fundamental importance.

The report of the Supervisory Board can be found on page 54.

### **Remuneration of the Supervisory Board in 2010**

The remuneration scheme for the Supervisory Board calls for graduated annual payments to the chairman, vice-chairmen and ordinary members as well as a standard attendance fee of € 300 per meeting. Detailed information on the remuneration paid to the individual members of the Supervisory Board is provided in the following table.

Christoph Herbst	€ 14,046.56	Burkhard Hofer	€ 5,011.11
Alfred Reiter	€ 13,900.00	Manfred Biegler	€ 3,600.00
Karl Samstag	€ 13,900.00	Thomas Schäffer	€ 2,100.00
Johannes Coreth	€ 13,244.44	Karl Hromadka	€ 2,100.00
Franz Lauer	€ 11,000.00	Dieter Rozboril	€ 3,900.00
Karl Skyba	€ 10,100.00	Heinz Wessely	€ 3,000.00
Hans-Jörgen Manstein	€ 10,100.00	Rolf Neidhart	€ 2,700.00
Alfons Metzger	€ 9,800.00	Erwin Hameseder	€ 3,088.89

### **Internal Audit and Risk Management**

The internal audit department 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 financial year, which are submitted to the Management Board and discussed with the Audit Committee of the Supervisory Board. The effectiveness of risk management is evaluated by the auditor based on these documents and other available information. The resulting report is submitted to the Management Board and the chairman of the Supervisory Board, and subsequently presented to the full Supervisory Board.

### **Guidelines for the Independence of the Supervisory Board Members**

Rule 53 of the Austrian Corporate Governance Code defines a general standard for the independence of members of supervisory boards. All members of the Supervisory Board of Flughafen Wien AG meet the independence criteria defined in the following guidelines:

- A member of the Supervisory Board is considered to be independent when he/she has no business or personal relations with the company or its management board that may lead to a material conflict of interest and are therefore capable of influencing the actions of the board member.
- The Supervisory Board member may not have served on the management board or as a key employee of the company or a subsidiary of the company during the previous five years.
- The Supervisory Board member may not have – or in recent years had – any business relations with the company or a subsidiary of the company that are considered to be material for this member. The same applies to business relations with companies in which the member of the Supervisory Board holds a significant economic interest. The approval of individual transactions by the Supervisory Board as defined in L-Rule 48 does not automatically lead to qualification as not independent.
- The Supervisory Board member may not have worked on the audit of the company during the past three years and may not have owned an interest in or been employed by the public accounting firm during this period.
- The Supervisory Board member may not serve on the management board of another firm in which a member of the company’s management board holds a position on the supervisory board.
- The Supervisory Board member may not be closely related (son or daughter, husband or wife, companion, parent, uncle, aunt, sister or brother, niece or nephew) to a member of the management board or a person serving in one of the positions described above.

## **External Evaluation**

An external evaluation of compliance with the provisions of the Austrian Corporate Governance Code during the 2010 financial year was prepared by Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH. The results of this analysis are available for review on the website [ir.viennaairport.com](http://ir.viennaairport.com) under the menu point “Corporate Governance”.

## **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 can also order copies by e-mail under [investor-relations@viennaairport.com](mailto:investor-relations@viennaairport.com) or by calling 01/7007/22826. These financial statements are also published on [ir.viennaairport.com](http://ir.viennaairport.com) under the menu point “Publications” / “Other Publications”.

## **Financial Report pursuant to the Austrian Stock Exchange Act**

The annual financial report and the quarterly reports are available on [ir.viennaairport.com](http://ir.viennaairport.com) under the menu point “Publications”.

## **Auditor**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 1090 Vienna, Porzellangasse 51, was appointed as the auditor by the 21<sup>st</sup> Annual General Meeting of Flughafen Wien AG and commissioned to perform this engagement. Prior to its election as the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft submitted a written report to the Audit Committee that covered the following points:

- Authorisation to audit a stock corporation as well as proof that there are no grounds for exclusion from such engagements;

- A listing by type of service of the total fees received from the company for the previous financial year;
- Inclusion in a legal quality assurance system;
- Disclosure of any circumstances that could give reason for concern over possible bias;
- Measures taken to ensure the independence of the audit.

In 2010 the auditor's fees totalled T€ 258.6 for the audit of the consolidated financial statements, T€ 53.5 for other assurance services and T€ 102.1 for miscellaneous services.

## Compliance Rules

Flughafen Wien AG implemented the Issuer Compliance Regulations (version dated 1 November 2007) through 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 any 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 discusses his activities with the Supervisory Board each year, and also prepares a written report that is submitted to the Austrian Financial Market Authority.

## Ad-hoc Publications and Directors' Dealings

Ad-hoc publication requirements are met through disclosure on the company's website. During the reporting year there were no purchases or sales of Flughafen Wien shares by members of corporate bodies or managers (directors' dealings) that would be subject to the reporting requirements of the Austrian Stock Exchange Act.

## Equal Opportunity

Due to the structure of the workforce with roughly 80% of the employees working in physically demanding jobs, the share of female employees in the Flughafen Wien Group is currently low at 12.3%. All the same, the company recognises the value of women for the working world and intends to increase this ratio, above all in management positions. Women were appointed to three management positions during the reporting year, including the cargo services group with its approx. 300 employees. In order to also position the Flughafen Wien Group as an attractive employer for women, specific measures have been implemented to support the work-life balance and suitable career opportunities have been created.

Schwechat, 28 February 2011

The Management Board



**Ernest Gabmann**  
Member of the Board



**Christof Herbst**  
Chairman of the Board  
and Speaker



**Gerhard Schmid**  
Member of the Board

# Report of the Supervisory Board



## Frequency of meetings and key issues

The Supervisory Board held eight meetings during the reporting year. In addition, the Presidium and Personnel Committee held three meetings and the Audit Committee two meetings. The Strategy Committee held one meeting during 2010. The issues dealt with by the Supervisory Board and its committees in 2010 included the following topics: key questions related to the development of the company; the possible acquisition of or investment in other airports; the expansion of infrastructure facilities at the airport location, above all in connection with the terminal extension VIE-Skylink; the results of the audit by the Austrian Federal Accounting Agency; opportunities to optimise the corporate organisation and reduce costs; and the remuneration of the Management Board. The results of these consultations were subsequently reported to the full Supervisory Board. The Management Board provided the Supervisory Board with regular information on the development of business and the position of the individual group companies. Therefore, the Supervisory Board was able to monitor the performance of the company on a continuous basis and support the Management Board on decisions of fundamental importance.

Activities by the Supervisory Board in 2011 will concentrate on the following issues: the completion of construction and preparations for the start of operations in the terminal extension VIE-Skylink; the further expansion of infrastructure to strengthen Vienna's hub function and support continued growth by Flughafen Wien; the realisation of opportunities for cost reduction; the evaluation and implementation of recommendations from the report by the Austrian Federal Accounting Agency; the implementation of a new corporate organisation; and succession planning for the Management Board.

## **Commitment to the Corporate Governance Code**

Flughafen Wien AG has been committed to compliance with the Austrian Corporate Governance Code since 2003. Accordingly, the Supervisory Board fulfils the duties and responsibilities set forth in this code. Compliance with the rules of the code is reviewed each year by an external firm. The corporate governance report of Flughafen Wien AG was evaluated by Univ. Prof. DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH and did not provide grounds for any major objections.

## **Audit**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 1090 Vienna, Porzellangasse 51, were elected auditors of the 2009 annual financial statements at the 21st 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 2010 and the related management reports for the company and the group, which were prepared by the Management Board, and awarded these financial statements unqualified opinions. The Management 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 management reports for the company and the group.

## **Audit of the annual and consolidated financial statements**

The Audit Committee reviewed the following documents at its meetings in the presence and with the support of the auditor: the annual financial statements and consolidated financial statements as well as the company and group management reports for Flughafen Wien AG on the 2010 financial year. The effectiveness of the internal control and risk management systems was also discussed at these meetings. This analysis was based in part on the management letter and the auditor's report on the risk management system. The Audit Committee then informed the Supervisory Board of the results of its work, which formed the basis for the evaluation of the annual and consolidated financial statements by the Supervisory Board.

## **Approval of the annual financial statements**

The Supervisory Board accepted the annual financial statements and the management report of Flughafen Wien AG for the 2010 financial year in the presence of the auditor. The annual financial statements of Flughafen Wien AG for the 2010 financial year were therefore approved.

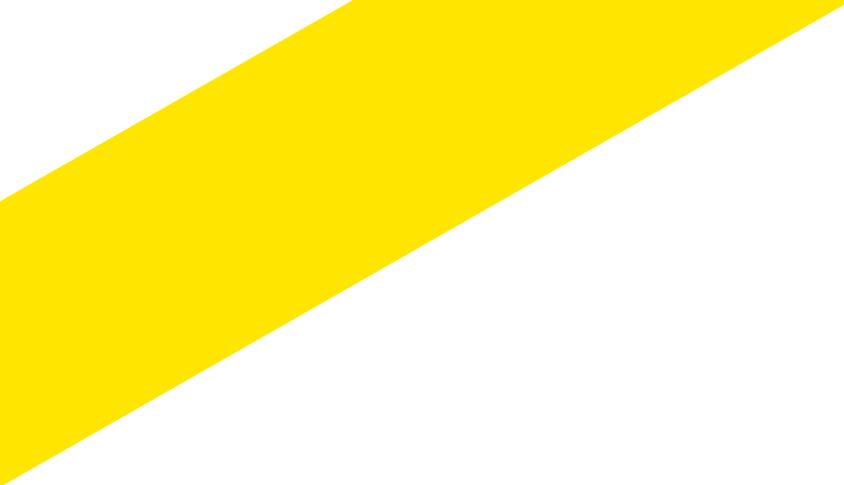
## **Recommendation for the distribution of profit**

The Supervisory Board agrees with the recommendation of the Management Board to distribute a dividend of € 2.0 per share, for a total of € 42,004,250.90, from distributable net profit of € 42,000,000 for 2010 and to carry forward the remainder of € 4,250.90.

## **Acknowledgment**

The Supervisory Board would like to express its thanks to the members of the Management Board, key managers and all employees for their commitment and performance in 2010.

Karl Samstag, Vice-Chairman of the Supervisory Board  
Schwechat, March 2011



# Top Quality Service

High-quality service and an extensive offering of destinations make Vienna International Airport an attractive hub for travel to Eastern Europe and the Middle East. This superior quality – and accordingly also the success of Flughafen Wien – is guaranteed by the over 4,200 employees in the Flughafen Wien Group. The excellent cooperation between these men and women ensures short connecting times, competitive punctuality and high customer satisfaction.

The Flughafen Wien Group has a highly diverse working environment, which requires employees with varied qualifications. The many skilled specialists working at the airport include baggage handlers and terminal staff as well as construction technicians and administrative teams. The dedication of all these employees and their effective and efficient cooperation form the basis for safe and smooth airport operations.

The high motivation of Flughafen Wien employees and their efficient teamwork form the basis for safe and smooth airport operations. Only with the strong commitment of the entire team can Flughafen Wien maintain its high service level. In addition, the expansion of capacity and the creation of state-of-the-art infrastructure will further improve service and comfort for passengers and airline customers.





Good occupancy levels in airport properties







Sound growth in cargo during 2010



Wide-ranging services for airline customers



More than 3,000 employees in the Handling Segment





A wide variety of professions



Each and every contribution is equally important





Maximum efforts to ensure smooth operations



Vienna is one of the most punctual airports in Europe





Asian cargo carriers are key customers of Flughafen Wien

# Group Management Report

## The Business Environment

The success of an airport is significantly influenced by external factors that include the development of the economy and the purchasing power of private households which, in turn, have an effect on travel behaviour. After the severe global recession caused by the international financial crisis, the first signs of a turnaround appeared in mid-2009. Economic growth has since been driven by strong exports and, not least, by expansive monetary and fiscal policies. According to statistics published by the International Monetary Fund, the global economy grew by approx. 5.0% in 2010. A Eurostat report shows GDP growth of 1.7% for the euro zone, while the Austrian economy generated a plus of 2.0%.

### Forecasts for 2011

Economic forecasters expect a continuation of this upward trend in 2011, but global growth will most likely be paralleled by weakness in the Austrian economy through mid-year. In the euro zone, the slowing momentum in worldwide trade and the consolidation of government budgets have had a subduing effect on recovery. Market developments reflect two speeds: Germany and countries closely related to the German economy – like Austria – will continue to expand as a result of worldwide growth, while the outlook for Southern Europe and Ireland is less optimistic due to drastic government austerity programmes and lower competitive ability. Consequently, the upturn in the euro zone should be less dynamic than the rest of the world over the coming years. Only the EU member states in Central-East Europe are expected to generate significant growth.

According to the economic research institute WIFO, growth in Austria should reach 2.2% in 2011 and 2.0% in 2012. The economic stimulus measures implemented during 2009 and 2010 (tax reform, increase in transfer incomes, short-time work) provided support for real disposable personal income and stabilised the overall development of the economy through an increase in private consumption. Consumer spending is expected to rise by an average of 1.2% annually from 2011 to 2015. The global economy – above all the economies in the largest emerging markets of Asia and South America – mastered the consequences of the crisis faster than expected and should generate average growth of 4.5% per year during the period from 2011 to 2015.

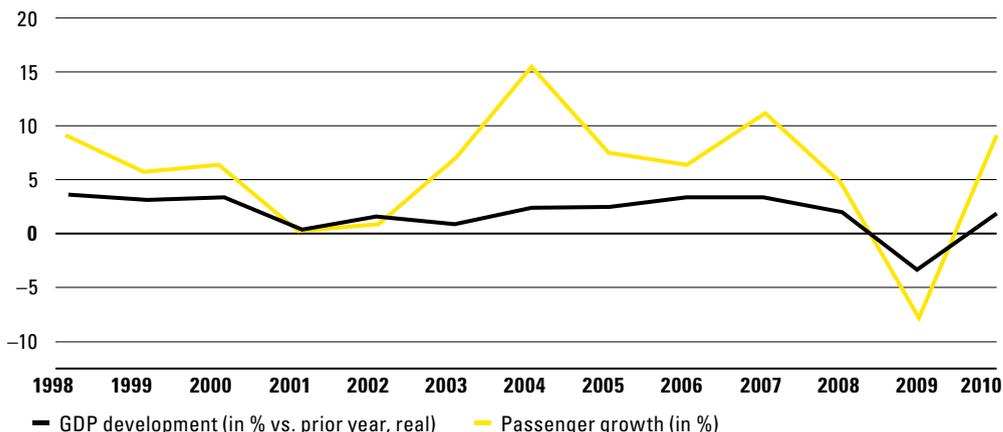
## Tourism in Austria

The decline in overnight stays during 2009 was followed by a slight increase in the reporting year. According to Statistik Austria, the number of overnight stays rose by 0.4% year-on-year to 124.8 million in 2010 (2009: 124.3 million). Vienna set a new record with a plus of 10.3% to 10.86 million overnight stays. An analysis of the key countries of origin for visitors to Vienna shows the strongest increase in the number of overnight stays from Russia at 35%, followed by Austria (+14%), Italy and France (each +12%), Germany and the USA (each +11%). Sound growth was also recorded in overnight stays by guests from Turkey (+34%), the Arabian countries in Asia and Brazil (each +21%) as well as China (+28%).

## Economic growth and air travel

Numerous studies confirm the close correlation between the economic success of a country and the demand for air travel, whereby passenger volumes tend to fluctuate significantly more than economic growth. Experts are forecasting an average increase in air traffic above the mean increase in global GDP by 2030. However, this development differs substantially by region, with China and India representing the largest growth markets. The following graph shows the development of passenger volumes at Vienna International Airport compared with GDP growth in Austria and illustrates this correlation. With the exception of 2001 and 2002, when the pulmonary disease SARS led to a sharp drop in the number of passengers and the “crisis year” 2009, the increase in the number of passengers has always outpaced the Austrian economy.

### Correlation between the economy and passenger volume



# Traffic at Vienna International Airport

## Vienna International Airport in European Comparison

2010 was a period of significant recovery for the European aviation industry. However, the year was influenced by the effects of the volcanic ash cloud and severe winter weather that, in both cases, led to numerous flight cancellations. The European airports recorded an average increase of 4.2%<sup>1)</sup> in passengers for the year, but the growth in Vienna was more than double this level with a plus of 8.7%. With a total of 19,691,206 passengers, Vienna International Airport nearly reached the pre-crisis level and missed the 9.0% traffic forecast by only a slight margin. Many European airports reported a decline in flight movements for 2010 due to the numerous cancellations. The European average, with a decline of 1.1% in flight movements for the year, is contrasted by a 1.1% increase in flight movements to 246,146 at Vienna International Airport.

### Traffic at European Airports

	Passengers in thous.	Change vs. 2009 in %	Flight movements	Change vs. 2009 in %
London <sup>1)</sup>	115,837.0	-2.2	826,207	-4.1
Frankfurt	53,009.2	4.1	453,228	0.2
Paris <sup>2)</sup>	83,369.3	0.4	707,578	-4.2
Amsterdam	45,211.7	3.8	386,316	-1.3
Madrid	49,768.2	2.8	432,430	-0.3
Rome	36,228.5	7.4	323,326	1.4
Munich	34,721.6	6.2	367,760	-2.4
Milan	18,947.8	8.0	189,580	3.5
Zurich	22,826.9	4.3	227,819	2.0
Vienna	19,691.2	8.7	246,146	1.1
Prague	11,556.9	-0.7	152,805	-4.8
Budapest	8,179.4	1.2	100,408	-3.6

1) London Heathrow, Gatwick and Stansted

2) Paris Charles de Gaulle, Paris Orly

Source: ACI Europe Traffic Report December 2010

### Traffic at Vienna International Airport

Vienna International Airport recorded an increase of 8.7% in the number of passengers to 19,691,206 in 2010, thereby nearly reaching the traffic forecast of 9.0%. Growth was limited by the eruption of the Icelandic volcano Eyjafjallajökull in April and the severe winter weather, which resulted in numerous flight cancellations. Despite the negative effects of the volcanic ash cloud on air traffic, flight movements increased – above all during the third and fourth quarter – by a total of 1.1% to 246,146 for the year. Maximum take-off weight (MTOW) rose by 9.9% to 7,975,333 tonnes, in comparison with a forecast of 10.0%. The average seat occupancy equalled 68.9% versus 68.7% in the previous year.

1) Source: ACI Airport Traffic Report, December 2010 – full year

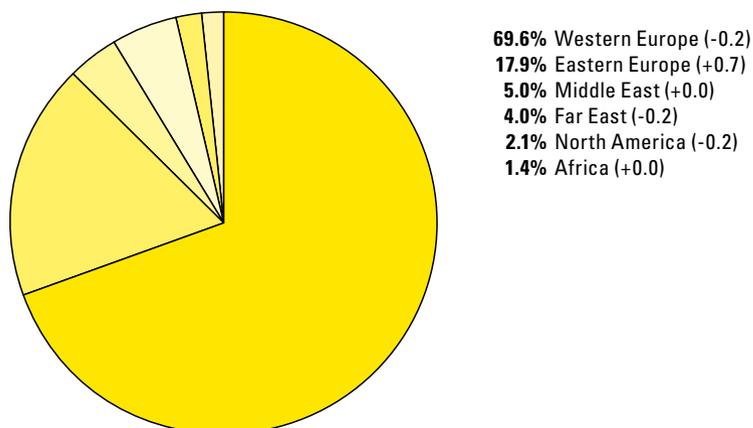
Cargo turnover at Vienna International Airport rose by 16.5% to 295,989 tonnes. This strong development resulted, above all, from increased air cargo traffic to and from the Far East and Middle East as well as the rapid economic recovery. Air cargo was 18.1% higher at 219,334 tonnes, while trucking grew 12.3% to 76,655 tonnes.

Vienna International Airport offered flights to a total of 172 destinations in 2010, including 40 cities in Eastern Europe. This extensive flight plan allowed Vienna to maintain its standing as the leading east-west hub in European comparison. Traffic to Eastern Europe increased by an above-average 13.6% in 2010, after a sharp 14.6% drop in the previous year. Travel to the Middle East also grew by a sound 10.0%, while the Far East increased 3.6%.

There were no major year-on-year shifts in the regional distribution of scheduled passenger traffic during 2010. Western Europe remained the most popular destination with 69.6%, with Frankfurt, London, Zurich and Paris as the strongest destinations.

### Passenger traffic – scheduled flights

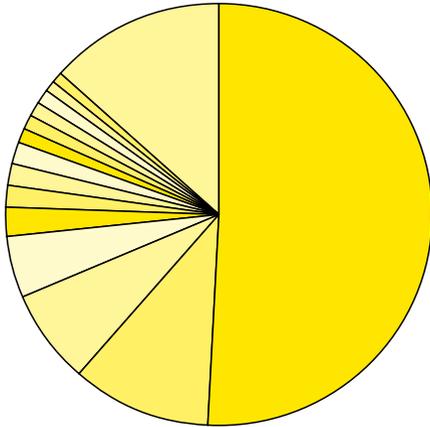
Departing passengers (change vs. prior year in percentage points)



### The Major Airlines at Vienna International Airport

The Austrian Airlines Group, as the home carrier at Vienna International Airport, recorded 12.0% growth in the number of passengers handled during 2010, which raised its share of the total passenger volume from 49.5% in the previous year to 50.9%. With an increase of 27.7% in passengers and a share of 10.8% (2009: 9.2%), the low-cost carrier NIKI was able to expand its position as Vienna's second largest carrier. Eight other low-cost carriers also served Vienna on a regular basis during 2010 (2009: 11). The termination of flights by SkyEurope, Tuifly.com and Myair.com reduced the market share of the low-cost carriers by one percentage point to 22.1%. The low-cost carriers handled 4,356,707 passengers during the reporting year, for a plus of 4.0% (2009: -9.0%). Four new airlines (Alitalia, British Midland, China Southern Airlines and Wataniya Airlines) added Vienna International Airport to their flight schedules in 2010, while four airlines terminated services to and from Vienna.

## Passengers in 2010 by airline



<b>50.9%</b>	<b>Austrian Airlines Group</b>
<b>10.8%</b>	<b>NIKI</b>
<b>7.1%</b>	<b>Air Berlin</b>
<b>4.8%</b>	<b>Lufthansa</b>
<b>2.3%</b>	<b>Germanwings</b>
<b>1.6%</b>	<b>Swiss Intl.</b>
<b>1.6%</b>	<b>British Airways</b>
<b>1.6%</b>	<b>Air France</b>
<b>1.2%</b>	<b>Turkish Airlines</b>
<b>1.2%</b>	<b>KLM Royal Dutch Airlines</b>
<b>1.1%</b>	<b>Emirates</b>
<b>0.9%</b>	<b>Iberia</b>
<b>0.9%</b>	<b>Brussels Airlines</b>
<b>0.8%</b>	<b>easy Jet</b>
<b>13.2%</b>	<b>Other</b>

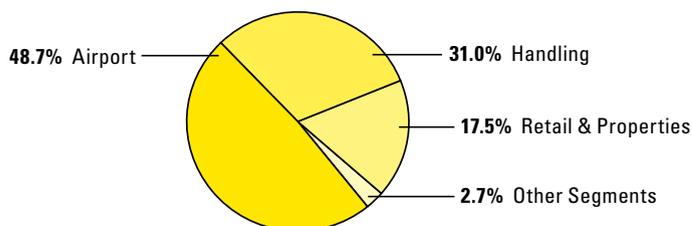
## Tariff and Incentive Policy

The tariff adjustments implemented by Flughafen Wien as of 1 January 2010 (landing, passenger, parking and infrastructure tariffs) were determined using the index formula that has been in effect for many years. Accordingly, these tariffs were increased by the consumer price index of 0.5%. Revenue-neutral changes involved a 13.0% reduction in the landing tariff and a 7.3% increase in the passenger tariff. These adjustments still give Flughafen Wien a highly competitive tariff structure. Applications for tariff changes are subject to the approval of the Austrian civil aviation authority, which has authorised the use of the index-based formula for adjustments up to the end of 2011.

# Revenue

Revenue recorded by the Flughafen Wien Group rose by 6.4% to € 533.8 million in 2010. This increase was less than the 8.7% growth in traffic because of higher revenue deductions, among others from the extension of the increase in the transfer incentive and the agreements<sup>1)</sup> concluded with NIKI and the Austrian Airlines Group.

## Group Revenue 2010 by Segment



The Airport Segment generated external revenue of € 260.0 million for the reporting year (2009: € 226.5 million). The increase resulted, above all, from a € 29.6 million change in the allocation of revenue from passenger and baggage controls. In 2009 this revenue was assigned to the Handling Segment. The 13.0% reduction in the landing tariff and the 7.3% increase in the passenger tariff resulted in a neutral shift in revenue. Revenue from the MTOW-related landing tariff therefore fell by 8.5%, while revenue from the passenger tariff rose 4.2%. With a share of 48.7%, the Airport Segment again made the largest contribution to group revenue in 2010 (2009: 45.1%).

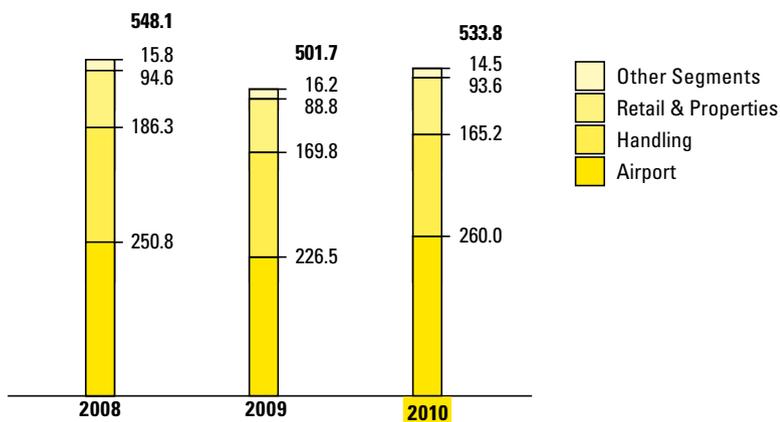
The Handling Segment reported external revenue of € 165.2 million, which represents a decline of € 4.6 million or 2.7%. This development reflected a change from the prior year through the reclassification of € 27.3 million from passenger and baggage controls to internal revenue. Therefore, external revenue from security controls and other services provided by VIAS amounted to € 3.4 million, or € 23.7 million less than in 2009. Revenue from apron handling services totalled € 109.2 million (2009: € 97.4 million) and represented the largest component of external revenue in this segment. This development was also related to a year-on-year increase in individual services. Higher cargo volumes supported a € 6.9 million rise in cargo handling to € 34.7 million. The market share of VIE-Handling in the cargo segment rose by an average of 0.4 percentage points to 94.0%. The Handling Segment generated 31.0% of group revenue in 2010 (2009: 33.8%).

Revenue recorded by the Retail & Properties Segment amounted to € 93.6 million in 2010, compared with € 88.8 million in the previous year. Parking revenue rose by 13.6% to € 34.8 million, but revenue from rentals declined 5.2% to € 31.8 million. This change reflected lower income from the rental of advertising space (€ -0.4 million) as well as a decrease in revenue from the rental of the AUA base (€ -1.1 million). Revenue from shopping and gastronomy facilities increased slightly more than the growth in traffic, rising 9.7% to € 26.9 million. Primary revenues from retail and gastronomy space totalled € 153.6 million, compared with € 144.8 million in 2009.

1) Details on the agreements are provided on page 88.

The reporting segment "Other Segments" recorded a slight decline in revenues from € 16.2 million to € 14.5 million. This revenue consists primarily of energy supply and waste disposal services totalling € 6.1 million (2009: € 7.5 million), telecommunications and IT services of € 3.3 million (2009: € 3.7 million) and material supplies of € 1.7 million (2009: € 1.5 million). The services provided by facility management, the workshops and external revenue from the fully consolidated foreign subsidiaries generally reflect the respective prior year levels (€ +0.3 million).

### Group revenue in € million



### Seasonality of the Airport Business

Flughafen Wien AG generally records the highest revenues during the second and third quarters of the year because of the vacation season in Europe. The largest share of revenue in 2010 was recorded during the third quarter with 27.1%. In contrast to the usual pattern, this was followed by the fourth quarter with 25.5% of annual revenue due to strong growth in passenger traffic. The second and first quarters were responsible for 24.4% and 23.0% of annual revenue, respectively.

## Earnings

The development of earnings in the Flughafen Wien Group during 2010 can be summarised as follows:

- Revenue: plus 6.4% to € 533.8 million
- Operating income: plus 6.4% to € 550.2 million
- Operating expenses, excl. depreciation and amortisation: plus 9.0% to € 382.1 million
- Earnings before interest, taxes, depreciation and amortisation (EBITDA): plus 1.0% to € 168.1 million
- Depreciation and amortisation: minus € 1.1 million to € 65.8 million
- Earnings before interest and taxes (EBIT): plus 2.8% to € 102.3 million
- Financial results: minus € 0.1 million to minus € 3.6 million
- Earnings before taxes (EBT): plus 2.8% to € 98.7 million
- Net profit before non-controlling interests: plus 3.2% to € 75.7 million
- Share of Flughafen Wien AG in annual profit: plus € 2.3 million to € 75.7 million

## Income statement, summary, in € million

Consolidated Income Statement	2010	Change	2009	2008
		in %		
Revenue	533.8	6.4	501.7	548.1
Other operating income	16.4	6.4	15.4	13.2
Operating income	550.2	6.4	517.1	561.3
Operating expenses, excl. depreciation and amortisation	382.1	9.0	350.6	359.4
EBITDA	168.1	1.0	166.5	201.9
Depreciation and amortisation	65.8	-1.6	66.9	68.7
EBIT	102.3	2.8	99.6	133.3
Financial results	-3.6	-2.3	-3.6	-14.3
EBT	98.7	2.8	96.0	119.0
Income taxes	23.0	1.5	22.7	27.8
Net profit for the period	75.7	3.2	73.3	91.1
Thereof attributable to non-controlling interests	0.0	-	0.0	0.0
Thereof attributable to equity holders of the parent	75.7	3.2	73.4	91.1
Earnings per share in EUR	3.61	3.4	3.49	4.34

## Segment results for 2010 in € million

	Airport	Handling	Retail & Properties	Other Segments	Not allocated	Group
Operating income	305.0	221.3	110.7	95.3	8.1	550.2
Operating expenses	226.1	206.2	72.7	98.7	34.3	447.9
EBIT	78.9	15.1	38.0	-3.4	-26.3	102.3

Other operating income rose by € 1.0 million to € 16.4 million in 2010. The high volume of capital expenditure at Vienna International Airport was reflected a € 1.0 million increase in own work capitalised, which is provided not only by Flughafen Wien AG but also by the subsidiaries VIE-ÖBA GmbH and Vienna Airport Infrastruktur Maintenance GmbH. Operating income amounted to € 550.2 million for the reporting year (2009: € 517.1 million).

## Operating expenses

	2010	2009	2008	2007
Consumables and services used	42.3	37.5	40.0	37.0
Personnel expenses	238.1	215.4	220.2	213.4
Depreciation and amortisation	65.8	66.9	68.7	70.6
Other operating expenses	101.6	97.7	99.2	94.4

The cost of consumables and services totalled € 42.3 million and was 13.0% higher than 2009. This difference reflected the increased use of de-icing materials (€ +2.3 million) as a result of the severe winter weather. Electricity costs amounted to € 10.8 million, which is € 1.9 million lower than the previous year, while expenses for long-distance heating rose by € 2.2 million due to higher prices and consumption. The cost of other materials increased € 2.0 million to € 11.4 million.

Traffic growth during the reporting year led to additional hiring. The average number of employees equalled 4,266, which reflects a year-on-year increase of 2.8% and a return to the 2008 level. The average workforce declined 2.7% in the Airport Segment, but rose by 3.7% in the Handling Segment. Personnel expenses were 10.5% higher at € 238.1 million in part due to the higher average number of employees, but also as the result of additional overtime work (e.g. winter services), wage and salary increases mandated by collective bargaining agreements and higher costs for severance compensation and pensions.

Other operating expenses (excluding depreciation and amortisation) rose by 4.0% or € 3.9 million to € 101.6 million. Additions to the valuation allowances for receivables were € 4.4 million lower, and a € 2.0 million provision created in 2009 was released during the reporting year. In 2009 costs of € 8.4 million for the VIE-Skylink were recognised as expenses. This was contrasted by an increase of € 6.9 million in marketing and market communication costs and € 3.3 million in legal and consulting fees during 2010. Increases were also recorded in leasing and rental expenses (€ +1.1 million), maintenance (€ +2.4 million) and third party services (€ +1.7 million).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) recorded by the Flughafen Wien Group rose by 1.0% to € 168.1 million (2009: € 166.5 million). The Airport Segment generated the largest share of group EBITDA with € 112.4 million (2009: € 113.3 million) or 66.9%, followed by the Retail & Properties Segment with € 52.6 million (2009: € 57.0 million) or 31.3%. EBITDA in the Handling Segment amounted to € 22.0 million (2009: € 20.8 million) or 13.1% of the group total, while the Other Segments generated EBITDA of € 7.1 million (2009: € 4.1 million) or 4.2%. The non-allocated, negative EBITDA is related above all to personnel expenses and other operating expenses in the administrative area.

#### EBITDA by segment in € million

	2010	2009	2008
Airport	112.4	113.3	134.4
Handling	22.0	20.8	25.0
Retail & Properties	52.6	57.0	58.9
Other Segments	7.1	4.1	10.5
Group EBITDA	168.1	166.5	201.9
Not allocated	-26.0	-28.7	-26.8

## Group EBITDA by segment in %

	2010	2009	2008
Airport	66.9	68.1	66.6
Handling	13.1	12.5	12.4
Retail & Properties	31.3	34.2	29.1
Other Segments	4.2	2.4	5.2
Group EBITDA	100.0	100.0	100.0
Not allocated	-15.5	-17.3	-13.4

Despite the high level of capital expenditure, depreciation and amortisation fell by € 1.1 million to € 65.8 million, since prepayments and assets under construction are only written down after completion.

## Capital expenditure and depreciation in € million

	2010	2009	2008
Capital expenditure	146.9	224.7	299.0
Depreciation and amortisation	65.8	66.9	68.7

The improvement in EBITDA and the decline in depreciation led to an increase of 2.8% or € 2.8 million in EBIT to € 102.3 million. The Airport Segment made the largest contribution to EBIT at € 78.9 million (2009: € 78.7 million), followed by the Retail & Properties Segment with € 38.0 million (2009: € 42.8 million). The Handling Segment recorded EBIT of € 15.1 million (2009: € 13.7 million), which represents the largest increase for the reporting year. The Other Segments reported EBIT of minus € 3.4 million (2009: € -6.5 million).

## EBIT by segment in € million

	2010	2009	2008
Airport	78.9	78.7	97.3
Handling	15.1	13.7	16.9
Retail & Properties	38.0	42.8	46.5
Other Segments	-3.4	-6.5	-0.2
Group EBIT	102.3	99.6	133.3
Not allocated	-26.3	-29.1	-27.2

## Group EBIT by segment in %

	2010	2009	2008
Airport	77.1	79.1	73.0
Handling	14.8	13.7	12.7
Retail & Properties	37.2	43.0	34.9
Other Segments	-3.4	-6.5	-0.2
Group EBIT	100.0	100.0	100.0
Not allocated	-25.7	-29.3	-20.4

Financial results remained nearly unchanged in year-on-year comparison at minus € 3.6 million. Lower distributions from short-term securities led to a decline in interest income from securities and other interest income to € 3.4 million (2009: € 3.6 million). The increase in

financial liabilities resulted in higher interest expense, which rose by 5.4% to € 11.0 million. This reflected the mandatory capitalisation of € 17.2 million (2009: € 15.9 million) in borrowing costs on assets under construction, but also led to a reduction in interest expense. Excluding the capitalisation of these borrowing costs, interest expense would have risen from € 26.4 million to € 28.2 million.

Other financial results (excluding companies consolidated at equity) improved from minus € 0.3 million to plus € 0.1 million. This development reflected the write-off of € 0.3 million in loans granted during 2009, which were contrasted by write-ups of € 0.1 million to financial assets in the reporting year.

Associates consolidated at equity and joint ventures generated income of € 3.6 million (2009: € 3.4 million). The investments in Malta Airport and Košice Airport were responsible for income of € 3.4 million (2009: € 2.7 million) and € 0.8 million (2009: € 1.3 million), respectively. The investment in Friedrichshafen Airport produced a loss of € 0.8 million (2009: € -0.7 million). Additional income of T€ 114.5 (2009: T€ 40.0) was attributable to the investment in City Air Terminalbetriebsgesellschaft m.b.H. and T€ 25.5 (2009: T€ 66.0) to the investment in Schedule Coordination Austria GmbH. Profit before taxes (EBT) amounted to € 98.7 million for the reporting year (2009: € 96.0 million).

The income from the companies included in the consolidated financial statements was taxed almost exclusively in Austria. The tax rate equalled 23.3% in 2010, compared with 23.6% in the previous year. Net profit of € 75.7 million for the 2010 financial year (2009: € 73.3 million) includes minus € 30,781.85 that is attributable to non-controlling interests. Therefore, the share of net profit attributable to the equity holders of the parent company amounted to € 75.7 million in 2010 (2009: € 73.4 million). Based on an unchanged number of shares outstanding, earnings per share equalled € 3.61, compared with € 3.49 in 2009.

## **Financial and Capital Management**

The financial management of the Flughafen Wien Group is supported by a system of indicators that is based on selected and closely synchronised ratios. These indicators define the scope of development, profitability and financial security within which the Flughafen Wien Group moves in the pursuit of its primary goal to realise profitable growth.

Depreciation, which will rise over the coming years due to the high level of capital expenditure at the airport, has a significant influence on the earnings indicators used by the Flughafen Wien Group. In order to permit an independent evaluation of the operating strength and performance of the individual business segments, EBITDA – which equals operating profit plus depreciation and amortisation – is defined as the key indicator. The group also uses the EBITDA margin, which shows the relationship of EBITDA to revenue. The EBITDA margin equalled 31.5% in 2010, compared with 33.2% in the previous year. The defence of high profitability is a stated goal of management.

The optimisation of the financial structure has top priority for Flughafen Wien. This financial security is measured by the gearing ratio, which compares net financial liabilities with the carrying amount of equity. Financial liabilities rose by € 112.1 million during the reporting year, above all through financing for the capital expenditure programme. Cash and cash

equivalents increased € 58.2 million, which resulted in a year-on-year increase of € 52.4 million in net debt as of 31 December 2010. Based on equity of € 823.0 million at year-end 2010, gearing equalled 81.0% (2009: 77.2%).

In addition to the EBIT margin, the return on equity (ROE) is also used to evaluate the group's profitability. ROE compares net profit for the period with the average capital employed during the financial year. It is the objective of the Flughafen Wien Group to exceed the return required by investors and lenders on the capital market. The standard for this return is the cost of capital, which represents a weighted average of the cost of equity and debt (weighted average cost of capital; WACC).

### Profitability indicators in %

	2010	2009	2008
EBITDA margin	31.5	33.2	36.8
EBIT margin	19.2	19.9	24.3
ROE	9.4	9.3	12.1
ROCE	5.1	5.4	8.4

### Financial indicators

	2010	2009	2008
Net debt in € million	666.3	613.9	507.3
Equity ratio in %	41.2	42.7	44.7
Gearing in %	81.0	77.2	65.3
Equity in € million	823.0	794.8	776.4
Working capital in € million	-153.0	-158.2	-142.1
Fixed assets / balance sheet total in %	90.3	92.6	90.1
Asset coverage II in %	98.6	89.5	89.7

### Value added in € million

Source	2010	Change in %	2009	2008
Operating income	550.2	6.4	517.1	561.3
Less cost of consumables and services	-202.0	3.7	-194.8	-207.9
<b>Value added</b>	<b>348.2</b>	<b>8.1</b>	<b>322.3</b>	<b>353.4</b>

### Use

Employees	233.2	10.6	210.8	215.4
Shareholders	42.0	-4.8	44.1	54.6
Company	33.7	15.2	29.3	36.5
Creditors (interest)	11.0	5.4	10.5	13.8
Public authorities (taxes)	28.4	2.5	27.7	33.1
Non-controlling interests	0.0	-	0.0	0.0
<b>Value added</b>	<b>348.2</b>	<b>8.1</b>	<b>322.3</b>	<b>353.4</b>

# Financial, Asset and Capital Structure

## Assets

Non-current assets rose by 4.7% during the reporting year to € 1,804.1 million as of 31 December 2010. The carrying amount of intangible assets declined 3.5% to € 12.5 million. Goodwill remained unchanged at the prior year level of € 4.4 million. The major additions – primarily software – amounted to € 1.1 million in 2010 and were contrasted by amortisation of € 1.8 million. Property, plant and equipment with a combined carrying amount of € 1,538.6 million represented the largest component of non-current assets. Additions of € 143.7 million were contrasted by depreciation of € 57.2 million. The majority of these additions (€ 126.4 million) represent prepayments and construction in progress relating to the terminal extension VIE-Skylink, the third runway and the revitalisation of the bus gates. Land and buildings declined € 33.9 million, whereby additions of € 2.9 million were contrasted by depreciation of € 21.3 million. The changes in investment property are related primarily to depreciation of € 4.4 million and reclassifications of € 16.2 million. The carrying amount of companies consolidated at equity rose by € 1.1 million in 2010 following the recognition of the proportional share of results due to Flughafen Wien for the reporting year.

Current assets rose by 40.4% to € 194.4 million, chiefly due to short-term investments of € 51.0 million that are reported under cash and cash equivalents. Receivables and other assets declined 7.4% to € 61.9 million, whereby the major component of this position represents trade receivables of € 45.5 million (2009: € 44.0 million). Receivables due from taxation authorities were 38.7% lower at € 8.6 million, and consist chiefly of value added tax on investments and income tax receivables. Cash and cash equivalents rose by € 58.2 million to € 63.6 million, primarily due to short-term investments. Inventories increased 36.1% to € 4.5 million due to higher stocks of de-icing materials and other items. Securities totalling € 34.4 million were pledged to Austrian banks to improve refinancing conditions.

Cash and cash equivalents rose by a higher amount than property, plant and equipment in 2010 and, in turn, led to a decrease in non-current assets as a per cent of total assets from 92.6% in the prior year to 90.3%. The balance sheet total increased 7.4% to € 1,998.5 million as of 31 December 2010.

## Equity and Liabilities

Equity recorded by the Flughafen Wien Group rose by 3.5% to € 823.0 million as of 31 December 2010. Net profit of € 75.7 million for the reporting year was contrasted by the dividend payment of € 44.1 million for 2009. The fair value measurement of securities and hedging instruments increased equity by € 1.2 million, while actuarial losses on employee-related provisions reduced equity by € 6.7 million. The acquisition of the remaining 19.05% stake in KSC Holding a.s. led to a € 2.1 million increase in equity. Non-controlling interests as of 31 December 2010 represent the stake held by RZB Holding GmbH in the Slovakian subsidiary BTS Holding a.s., Bratislava. The increase in financial liabilities as a result of the capital expenditure programme at Vienna International Airport led to a decline in the equity ratio, which fell by 1.5 percentage points to 41.2%.

Non-current liabilities rose by 27.9% to € 955.9 million, primarily due to a € 200.0 million loan that was concluded in connection with an Austrian law to strengthen liquidity

(“Unternehmensliquiditätsstärkungsgesetz”). The increase in long-term bank loans is intended to secure medium-term financing for the expansion plans of the Flughafen Wien Group. Non-current provisions rose by € 11.4 million to € 104.3 million. This increase reflected higher provisions for severance compensation (€ +8.2 million) and service anniversary bonuses (€ +2.4 million) as well as additions of € 0.8 million to other provisions for employee-related items (pensions and part-time work for older employees).

Miscellaneous non-current liabilities declined 19.3% to € 40.4 million. This decrease reflected the repayment of a € 1.6 million loan to the owners of non-controlling interests as well as a decrease of € 6.5 million on a liability due to the environmental fund, which was established in connection with the mediation process. Additions of € 5.8 million were made during the reporting year without recognition through profit or loss, and € 10.5 million were reclassified to other current liabilities based on the expected payment date. Non-current deferred tax liabilities increased € 4.5 million over the level on 31 December 2009.

Current liabilities were reduced by € 99.3 million to € 219.6 million. The increased use of long-term loans was reflected in a € 90.5 million decline in current financial liabilities. Miscellaneous current provisions rose by 20.4% to € 109.4 million, chiefly due to a higher volume of goods and services not yet invoiced (€ +8.8 million) and provisions for discounts to airlines (€ +10.3 million). Trade payables were reduced by 36.2% to € 66.3 million, while miscellaneous current liabilities increased by € 10.0 million. The net change in miscellaneous current liabilities resulted from the following items: the current portion of the liability to the environmental fund (€ +10.5 million), accruals for other liabilities to social security carriers (€ +2.6 million), the repayment of a loan due to the owners of non-controlling interests (€ -8.2 million), liabilities to companies included at equity (€ -1.4 million), accruals for customers with credit balances (€ +3.6 million) and other accruals (€ +2.3 million).

### Balance sheet structure, summary

	2010	2010	2009	2009
		as a % of the balance sheet total		as a % of the balance sheet total
<b>Assets</b>	<b>in € million</b>		<b>in € million</b>	
Non-current assets	1,804.1	90.3	1,722.5	92.6
Current assets	194.4	9.7	138.4	7.4
Thereof liquid funds	63.6	3.2	5.4	0.3
<b>Balance sheet total</b>	<b>1,998.5</b>	<b>100.0</b>	<b>1,860.9</b>	<b>100.0</b>
		as a % of the balance sheet total		as a % of the balance sheet total
<b>Equity and liabilities</b>	<b>in € million</b>		<b>in € million</b>	
Equity	823.0	41.2	794.8	42.7
Non-current liabilities	955.9	47.8	747.2	40.2
Current liabilities	219.6	11.0	318.9	17.1
<b>Balance sheet total</b>	<b>1,998.5</b>	<b>100.0</b>	<b>1,860.9</b>	<b>100.0</b>

## Cash Flow Statement

Net cash flow from operating activities rose by € 14.3 million to € 169.7 million, chiefly due to the € 2.7 million increase in profit before taxes to € 98.7 million. The net total of write-ups and depreciation and amortisation led to an increase of € 0.1 million. An increase of € 1.2 million in inventories and € 21.0 million in provisions was contrasted by a reduction of € 5.1 million in receivables. Income tax payments were € 0.8 million higher.

Net cash flow from investing activities amounted to minus € 173.5 million in 2010, compared with minus € 176.0 million in the previous year. Payments of € 173.7 million for the purchase of property, plant and equipment and intangible assets were contrasted by proceeds of € 0.2 million on the disposal of non-current assets. In 2009 payments of € 32.2 million were received on the sale of securities.

A dividend of € 44.1 million was distributed to the shareholders of the parent company in 2010 (2009: € 54.6 million). The purchase of the RZB stake in KSC Holding a.s. resulted in payments of € 6.0 million to the owners of non-controlling interests. Current and non-current borrowings rose by € 112.1 million. In total, cash and cash equivalents increased € 58.2 million to € 63.6 million as of 31 December 2010.

### Cash flow statement, summary in € million

	2010	Change in %	2009	2008
Cash and cash equivalents as of 1 January	5.4	-18.3	6.6	29.3
Net cash flow from operating activities	169.7	9.2	155.5	148.4
Net cash flow from investing activities	-173.5	-1.4	-176.0	-234.7
Net cash flow from financing activities	61.9	221.1	19.3	63.5
Currency translation adjustments	0.0	0.0	0.0	0.1
Cash and cash equivalents as of 31 December	63.6	1.072.2	5.4	6.6

# Corporate Spending

Investments in intangible assets, property, plant and equipment and financial assets fell by 34.6% to € 146.9 million in 2010. The expenditures comprise € 144.4 million for property, plant and equipment, € 1.1 million for intangible assets and € 1.3 million for financial assets.

## Terminal extension VIE-Skylink

Investments for the reporting year focused primarily on the terminal extension VIE-Skylink at € 95.2 million. The VIE-Skylink includes a new pier that will house up to 17 aircraft positions (so-called "fingers") close to the building as well as a new terminal with additional check-in counters, modern baggage sorting equipment and large attractive shopping and gastronomy areas. The passenger flow concept over three levels with vertical connections will reduce transfer routes to manageable distances and safeguard Vienna's 25-minute minimum connecting time in the future. It will also separate departing and arriving passengers. In accordance with the one-roof concept, the terminal extension VIE-Skylink is connected directly to the existing facilities and will be accompanied by a new large centre with access to railway connections and car parks.

After the refocusing and reorganisation of the VIE-Skylink project and the interruption of construction in 2009, work was resumed during February 2010. Since the summer all firms have directed their full attention to completing construction on schedule, and the pace and scope of work have increased steadily. The progress of work at the construction site is satisfactory.

Parallel to construction, preparations are underway for the opening of the new terminal extension. Start-up concepts were developed and the required organisation is in place. Regular workshops to prepare for the opening have been held since last summer. Flughafen Wien is supported in these activities by international experts, who have had experience with the construction and start-up of terminals at other international airports. A number of functional responsibilities were defined and working groups established to prepare for the start of operations, whereby the continuous exchange of information with the construction team is designed to ensure compliance with the agreed schedule. Test operations are planned for the fourth quarter of 2011.

Following the reorganisation of the project, all prerequisites are now in place to complete the terminal extension on schedule and within budget. The process timeline prepared by project management confirms the overall schedule with the completion of construction as planned in 2011 and also guarantees the start of operations during the first half of 2012. Projections by the new project management also indicate that the project can be finalised within the forecasted budget of € 830 million. This amount includes provisions for risk, reserves and the possible commissioning of a general contractor for the entire project. However, the goal is to hold the total costs below the upper limit.

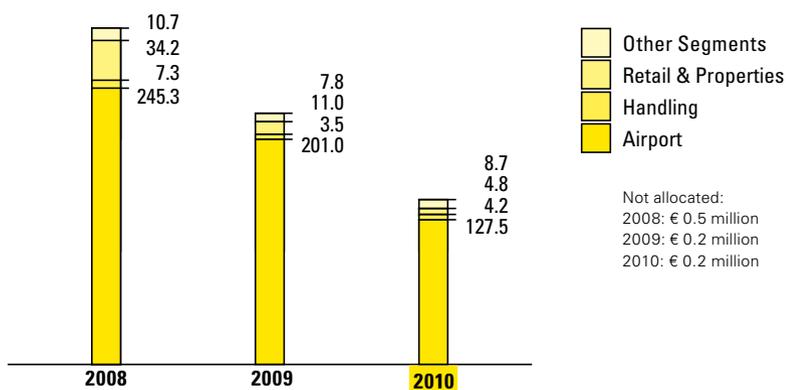
The tender to select a general contractor for the entire project proceeded at full speed during the reporting year. The final decision to award the contract will be based on the economic benefits for Flughafen Wien.

With respect to the shop and gastronomy areas, discussions with the top-ranked candidates from the 2007/2008 tender were resumed in the second half of 2010. The contracts for the commercial space were signed by the major operators, and reflect the centre mix and quality criteria defined by Flughafen Wien.

### Other investments

Other major investments during the reporting year included technical noise protection and the environmental fund (€ 10.1 million), security systems (€ 6.7 million), infrastructure extensions for the west expansion (€ 2.6 million), security control lines (€ 2.1 million) and the revitalisation of the bus gates (€ 2.1 million). A total of € 1.9 million was invested in advertising space, € 1.0 million in software, € 1.2 million in lifting platforms, € 1.0 million in towing vehicles and € 1.0 million in land.

### Investments in intangible assets and property, plant and equipment by segment in € million



## Major projects in 2010 in € million

(including capitalised borrowing costs)

### Intangible assets

Software	1.0
----------	-----

### Property, plant and equipment

Terminal extension VIE-Skylink	95.2
Third runway	11.3
Security systems	6.7
Special, towing and loading vehicles	3.3
Furniture, fixtures and office equipment	3.1
Infrastructure extensions for west expansion	2.6
Security control lines	2.1
Revitalisation of bus gates	2.1
Advertising space	1.9
IT equipment	1.6
Land	1.0
Plaza in front of the terminal building	0.9

### Financial assets

Licenses	1.2
----------	-----

## Major projects in 2009 in € million

(including capitalised borrowing costs)

### Intangible assets

Software	1.7
----------	-----

### Property, plant and equipment

Terminal extension VIE-Skylink	115.4
Third runway	13.3
Plaza in front of the terminal building	13.0
Security systems	9.1
Construction of new fire department building and checkpoints	8.7
Austrian Federal Railway station	6.7
Land	6.0
Taxiways and aprons	4.9
Guidance system	4.4
Baggage sorting equipment	4.0
Gate equipment for car parks and parking areas	2.2
Forwarding agent building	2.1

### Financial assets

Loans granted	1.1
---------------	-----

## Investments and financing in € million

	2010	Change in %	2009	2008
<b>Investments</b>				
Intangible assets	1.1	-47.7	2.2	5.2
Property, plant and equipment	144.4	-34.8	221.4	292.9
Financial assets	1.3	20.5	1.1	0.9
Total investments	146.9	-34.6	224.7	299.0
<b>Financing</b>				
Net cash flow from operating activities	169.7	9.2	155.5	148.4
Depreciation and amortisation	66.9	-1.4	67.8	70.3

## Financial Instruments

Information on the financial instruments used by the Flughafen Wien Group is provided in the notes to the financial statements.

# Branch Offices

The Flughafen Wien Group had no branch offices in 2010 or 2009.

## Development Risks

### Risk management

A specific guideline defines and regulates risk management in the Flughafen Wien Group. The risk management process is designed to systematically identify and assess the risks to which the company is exposed and to take appropriate measures to minimise these risks. The related procedures cover all operating and strategic business processes. Responsibility lies with the individual business unit managers or subsidiary directors. The risk management group in the general secretariat of Flughafen Wien supports this process as a consulting and coordination partner. The investment management and controlling departments are also involved in risk management.

The identified risks are documented in a separate database as a risk environment. This application is regularly optimised to ensure effective and efficient utilisation. Appropriate steps to strengthen the integration of the risk environment in the database are currently under evaluation.

The company has concluded insurance policies to cover specific damages and liability risks, which allow for the minimisation of possible financial losses. In addition to various control systems and instruments, Flughafen Wien has established an internal audit department that regularly evaluates business practices and organisational processes for compliance with group guidelines, security and efficiency. The Management Board has therefore created the necessary instruments and structures to identify risks at an early point in time and to subsequently implement appropriate countermeasures or otherwise minimise these risks. The existing systems will be further developed and evaluated as part of projects that are currently in progress.

### Economic risks

The development of business at Flughafen Wien is significantly influenced by global trends in air travel which, in turn, are heavily dependent on general economic conditions. External factors such as terror, war or other external shocks (e.g. the pulmonary disease SARS or the volcanic ash cloud) trigger a decline in traffic, but are extremely difficult for an individual company to control. In addition to emergency plans, 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 measures for customers. Flughafen Wien AG can also react to the intensity and impact of such events with flexible cost and price structures as well as the modification of its capital expenditure programme.

## Branch risks

A key success factor for the Flughafen Wien Group is the positioning of Vienna International Airport as an east-west hub, whereby this function is used above all by the Austrian Airlines Group as Vienna's largest airline customer. In 2010 this carrier recorded a 12.0% increase in the number of passengers handled and a 15.8% increase in passenger traffic to Eastern Europe. The future role of the Austrian Airlines Group within the Lufthansa organisation is therefore a significant factor for the future development of Flughafen Wien. The route adjustments resulting from the corporate integration were largely completed in 2010. Since the East European destinations flown by Lufthansa, Swiss and the Austrian Airlines Group overlap to only a limited extent, Flughafen Wien assumes the Austrian Airlines Group will continue its growth strategy with a focus on Eastern Europe. Vienna International Airport also intends to increase its positioning as a leading east-west hub for travel to the emerging economic regions of Central and Eastern Europe over the coming years.

Under the name "Austrian Next Generation", the Austrian Airlines Group is implementing a concept that will refocus and restructure the company. This concept comprises three elements: 1) A new active market strategy with a concentration on top quality service and a larger offering of flights at lower costs; 2) Cost reduction through leaner corporate structures; and 3) Synergies with the Lufthansa Group in sales and marketing.

Flughafen Wien works to strengthen the financial position of Vienna International Airport by creating sustainable incentives for airlines that generate long-term growth in Vienna and thereby improve the hub system. One of the measures implemented by Flughafen Wien to achieve this goal is the conclusion of agreements with Austrian Airlines and NIKI to further improve the existing system partnerships.

The costs to Flughafen Wien AG arising from these agreements will amount to approx. € 17.0 million per year during the period from 2010 to 2012. However, payment is contingent on the achievement of the agreed growth targets.

The new agreements are designed to support the development of joint growth perspectives. They extend the increase in the transfer incentive, which was raised to € 10.21 per passenger in 2009 and would have expired at the end of June 2010. The agreement with the Austrian Airlines Group also includes measures to optimise the space in the AUA base at Vienna International Airport. Cooperation within the framework of the system partnership will be strengthened to improve joint core processes, with the goal of sharing the resulting cost and performance benefits.

In connection with the enactment of the 2011 Austrian budget law ("Budgetbegleitgesetz 2011"), a new charge for airline passengers will take effect on 31 March 2011 ("Flugabgabegesetz"). The airlines will be required to collect this additional duty for passengers departing from Austrian airports on behalf of the Austrian Finance Ministry. The amount of the duty is dependent on the destination, and equals € 8 for domestic and short-haul flights, € 20 for mid-haul flights and € 35 for long-haul flights. The possible effects of this duty on the development of passenger volumes are to be monitored.

## **Market and customer structure risks**

Mergers and takeovers as well as the growing concentration in aviation alliances are strengthening the power of the airlines.

The Austrian Airlines Group is the largest customer of Flughafen Wien with a 50.9% share of passenger volume. The long-term development of this airline as a strong and independent home carrier and the network strategy of the Star Alliance, in which the Austrian Airlines Group is a partner, represent key factors for the success of the Flughafen Wien Group. Therefore, developments in this area are monitored on a continuous basis. The strategic positioning of Austrian Airlines within the Lufthansa Group and the implementation of the "Austrian Next Generation" strategy will create interesting growth opportunities for AUA, but are also connected with incalculable factors and uncertainty that could have an effect on Vienna's hub function.

The low-cost carriers are a further growth driver for Flughafen Wien. However, past events have shown that these airlines are not always solid financial partners. The share of the low-cost carriers in the total passenger volume at Vienna rose by 4.0% in 2010, with NIKI recording the strongest growth at 27.7%. These above-average growth rates increase the cost pressure on traditional carriers.

Flughafen Wien AG counters market risk with marketing programmes as well as attractive tariff and incentive models that benefit all airlines. A key goal of these measures is to share the airlines' occupancy risk and also support key intercontinental flights as well as destinations throughout Eastern and Central Europe. Including the incentives offered by Flughafen Wien AG, the duties charged by Vienna International Airport are below the European average.

The handling services provided by Flughafen Wien are the subject of growing pressure on prices as well as demands for higher quality services from the airlines. Service level agreements that include penalties for the failure to reach specific targets are becoming standard practice. Flughafen Wien counters competition from other service providers with individualised service offers and high quality standards. That minimises the risk of losing market shares to competing firms like Fraport (ramp handling) or Swissport (cargo). The ability to meet these quality demands is dependent on sufficient capacity and, consequently, on the continuous expansion of the airport's infrastructure. The loss of key customers in the handling segment would have a negative effect on earnings. The limited number of airlines and forward agents operating in the cargo area, above all the Asian carriers Korean and Asiana as well as ALC (Austrian Lufthansa Cargo), also represent a risk through their collective market power. This risk is reduced as far as possible through the continuous monitoring of the airlines and the acquisition of new customers.

## **Development risks for international business**

The foreign airport investments of Flughafen Wien (Malta, Košice and Friedrichshafen) are basically exposed to the above-mentioned risks. A bankruptcy or other far-reaching developments involving the respective home carrier as well as a change in external factors could have a negative influence on traffic growth at the respective airport. Political and regulatory risks are monitored continuously, e.g. the taxation of air travel, air traffic restrictions by public authorities, changes in applicable laws and requirements by public authorities that

result in additional costs. These types of factors can influence medium-term planning and create a risk that a specific investment may become impaired.

## **Financial risks**

The capital expenditure programme of the Flughafen Wien Group is financed primarily by operating cash flow as well as long-term, fixed interest or variable interest borrowings. In order to protect liquidity and to cover the peaks of the investment programme, the Flughafen Wien Group arranged for additional borrowings of € 200.0 million during 2010 in accordance with an Austrian law for the protection of liquidity (“Unternehmensliquiditätsstärkungsgesetzes”). A further € 100.0 million were transferred in January 2011. This, in connection with the issue of a € 103.5 million multi-tranche promissory note in 2009, will ensure sufficient medium-term financing for future expansion and possible airport acquisitions at favourable conditions. Detailed information on financial instruments, strategies and financial risks – including liquidity risk, credit risk, interest rate risk and foreign exchange risk – is provided in notes (33) to (35) of the financial statements.

## **Investment risks**

The expansion projects carried out by the Flughafen Wien Group are defined in a master plan, which is modified regularly to meet actual developments. These projects are exposed to a variety of risks – including the loss of suppliers, higher construction costs or changes in planning – that could increase the planned expenditures. A special analysis procedure is therefore used to evaluate the potential risk associated with investment projects in the planning stage, while regular risk monitoring is based on an analysis and evaluation process that is part of project controlling. Any special risks identified by the project managers (e.g. contaminated soil) are incorporated in the respective calculations.

Expansion projects are developed in close coordination with the airlines based on the expected development of traffic. Expert forecasts for the growth in passenger volumes over the medium- and long-term reduce the financial risk of these investments, which will ensure that sufficient capacity is available to meet the forecasted demand.

The expansion of airport capacity is connected with risks, above all in connection with the terminal extension VIE-Skylink. Work on the terminal extension VIE-Skylink was resumed in mid-February 2010, and operations in this facility are scheduled to start during the first half of 2012. If this start-up is delayed, capacity in the existing terminal buildings may not be sufficient to handle traffic and growth in Vienna may stagnate. A delay in the start-up of the VIE-Skylink may also cause delays in other investment projects.

Another challenge is formed by the environmental impact study for the construction of a third runway. Flughafen Wien AG filed an application with the responsible authorities in the provincial government of the province of Lower Austria for the approval of the project “parallel runway 11R/29L (third runway)” in accordance with the Austrian environmental impact assessment act. A decision on the start of construction will be made after receipt of the final ruling and an extensive analysis of the airport’s long-range requirements. A negative ruling on this application would have far-reaching consequences for Flughafen Wien because previously incurred and capitalised costs, including the noise protection programme, would have to be expensed immediately as impairment charges.

The valuation of all assets reflects the assumption that Vienna International Airport will continue to operate as an east-west hub that is focused on the east.

## **Legal risks**

The requirements of public authorities, above all in the area of environmental protection (e.g. noise and emissions) can create legal risks. 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 through neighbourhood advisory boards.

The tariffs charged by Vienna International Airport are subject to approval by the Austrian civil aviation authority. Flughafen Wien AG and this agency have agreed to an index model that covers tariffs up to the end of 2011. If this agreement is not extended, the provisions of the Austrian Civil Aviation Act will take effect.

The implementation of EU Directive 2009/12/EC dated 11 March 2009 on airport charges into national law should be completed during the first months of 2011.

This directive permits, among others, the inclusion of non-aviation revenues in the calculation of tariffs, the recognition of users as parties to tariff approval procedures and the implementation of a new price-cap rule.

The implementation of this directive could have a lasting effect on the tariff system currently used by Flughafen Wien.

Flughafen Wien AG has refused to recognise certain invoices for work on the terminal extension VIE-Skylink. Due to the cancellation of contracts for the VIE-Skylink project and based on current information, the initiation of court proceedings by individual suppliers against Flughafen Wien cannot be excluded. However, these claims cannot be quantified at the present time.

Flughafen Wien AG has commissioned a legal evaluation of the possibility to file claims against the respective contracting firms for damages in connection with the terminal extension and an assessment of the possible consequences.

## **Personnel risks**

Motivated and committed employees play an important role in the success of the Flughafen Wien Group. In order to counteract the loss of know-how through turnover, numerous measures have been implemented to strengthen employee ties. Steps have also been taken to increase occupational safety and to minimise illness-related absences.

The short-term expansion of security controls to keep pace with the strong development of traffic could lead to bottlenecks, since the required employees must first be recruited and trained.

## **Operating risks**

The major operating risks in the area of information and communications technology are considered to lie in the possible breakdown of a core system or service (e.g. network

infrastructure) that would directly interfere with flight operations or lead to flight delays or cancellations if a restart does not take place within the tolerance period. Flughafen Wien uses redundant systems, infrastructure and staff as the primary measures to prevent breakdowns wherever possible. The company has also implemented an effective second-level data backup concept that will permit the fast recovery of data and systems in an emergency. Both scenarios are rehearsed regularly in training programmes and the related activities are continuously improved. For example, the redundancy and system stability of the network and data storage units was strengthened in 2010.

A widespread system breakdown could also be caused by physical impairment or the destruction of the central IT infrastructure, for example due to vandalism, environmental damage or terrorism. Special security measures for the building infrastructure, access controls and monitoring support the prevention or early identification of intentional or unplanned failure in critical system rooms as well as damage by external environmental factors and allow for the timely implementation of emergency measures. Activities in 2010 included the installation of access control equipment in the IT centres and other system and engineering areas and the implementation of stricter access procedures for external persons (maintenance) through a dual-control process as well as emergency training.

The failure to comply with legal regulations for the operation of information and communications infrastructure could lead to the suspension of operations or costly requirements by the responsible authorities that could also result in the short-term interruption or cancellation of services. Flughafen Wien addresses this risk through the use of a specially audited internal control system in the IT area, which ensures compliance with all relevant legal requirements. The internal control system was expanded horizontally in 2010 to include new information and communications services and vertically through the implementation of additional controls.

### **Damage risks**

The risk of damages includes fire and other events that could result from natural disasters, accidents or terror as well as the theft of property. In addition to appropriate safety and fire protection measures and emergency plans that are rehearsed on a regular basis, these risks are covered by insurance.

### **General risk assessment**

A general evaluation of the risk situation concluded that the continued existence of the Flughafen Wien Group is protected for the foreseeable future and did not identify any risks that could endanger this continued existence. The Flughafen Wien Group has sufficient liquidity reserves to pursue the airport expansion without delay.

# Report on the Key Features of the Internal Control and Risk Management Systems for Accounting Processes

In accordance with § 82 of the Austrian Stock Corporation Act, the Management Board is responsible for the development and implementation of an internal control and risk management system for accounting processes that meets the company's requirements. The following section explains the organisation of the internal controls related to accounting processes at Flughafen Wien AG.

## Introduction

The objective of the internal control system (ICS) is to support management in implementing – and continuously improving – effective internal controls for accounting. The internal control system is designed to ensure compliance with guidelines and directives, and to also create favourable conditions for specific control activities in key accounting processes.

The description of the major features of these internal controls is based on the structure defined by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The internal control system comprises the control environment, risk assessment, control activities, information and communication and monitoring. The relevant processes involve the identification and assessment of the financial and accounting risks to which the company is exposed as well as the implementation of appropriate controls. These controls are recorded in an ICS database, which – in addition to other analyses – supports group-wide inquiries on the effectiveness of all ICS controls in the company. The internal audit department carries out independent and regular reviews of compliance with corporate policies for the accounting area. This department reports directly to the Management Board.

## Control environment

The corporate culture within which management and employees operate has a significant influence on the control environment. Flughafen Wien works actively to improve communications and to convey its principal values as a means of anchoring moral standards, ethics and integrity in the company and in interaction with other parties.

The implementation of the internal control system for accounting processes is regulated in internal guidelines and directives. The related responsibilities were adjusted to meet the needs of the company and thereby create a satisfactory control environment.

## Risk assessment

The risks associated with accounting processes are identified by management and monitored by the Supervisory Board. Attention is focused on risks that are normally considered to be material. The annual financial statements form the main criterion for the identification of the major ICS risks. A change in the volume of business processes or the underlying accounts can lead to changes in the identifiable ICS risks and controls.

A risk-oriented model is used to evaluate the internal control activities carried out by the relevant Flughafen Wien functions. The risk arising from erroneous financial reporting is assessed according to different criteria. For example, complex accounting policies can lead to

an increased risk of error. Different principles for the valuation of assets and a complex or changing business environment can also lead to material errors in financial reporting. The continuous evaluation of risks and reporting to the Supervisory Board are based on a risk management database that was created especially for this purpose.

The preparation of the annual financial statements involves the use of estimates, which carry an inherent risk of deviation from actual future developments. In particular, the following circumstances or positions in the annual financial statements are involved: employee-related provisions, the results of legal disputes, the collectability of receivables and the valuation of investments in other companies and property, plant and equipment. The company draws on external experts or publicly available sources whenever necessary, in order to minimise the risk of inaccurate estimates.

## **Control activities**

In addition to the Supervisory Board and Management Board, mid-level management (e.g. department heads and senior managers) carry out control activities for ongoing business processes to ensure that potential errors or variances in financial reporting are prevented, discovered and corrected. These controls range from the review of results for the various accounting periods by management and the controlling department to the specific transition of accounts and the analysis of routine accounting processes.

The Management Board is responsible for defining hierarchy levels to ensure that activities are not carried out and controlled by the same person.

Control activities to guarantee IT security represent an integral part of the internal control system. Access to sensitive functions and data is restricted. SAP and PC Konsol enterprise reporting software are used for accounting and financial reporting purposes. The functionality of the accounting system is guaranteed, among others, by automated IT controls.

In the subsidiaries, the respective managers are responsible for the development and implementation of an internal control and risk management system for accounting processes that meets the needs of their particular company. These managers also represent the final authority for ensuring compliance with all related group guidelines and directives.

The further development of the internal control system involves the systematic recording of the required controls, which are subsequently entered in the ICS database where they are classified under various categories and characteristics. Each risk is recorded, among others, in accordance with a definition of the controls, the type of controls, the frequency of controls, the control criterion and the control effectiveness.

## **Information and communications**

The guidelines and directives for financial reporting are updated regularly by management, and communicated to all involved employees via the Intranet or internal announcements. Moreover, financial reporting and the related guidelines and directives are regularly discussed

by various corporate bodies, e.g. at meetings of the department heads, senior managers and management. These corporate bodies include management as well as department heads and key accounting managers. The work of these corporate bodies is intended to ensure compliance with all accounting guidelines and directives, and to also identify and communicate weak points and opportunities for the improvement of accounting processes. The accounting staff also attends regular training courses that cover changes in international accounting policies and practices, in order to minimise the risk of unintended errors.

## **Monitoring**

Management, the controlling department and the Supervisory Board are responsible for monitoring internal control systems throughout the group. In addition, the individual department heads and senior managers are responsible for monitoring activities in their individual areas. Controls and plausibility checks are carried out at regular intervals, and the internal control system is also reviewed by the internal audit department. In addition, the internal control system includes a self-monitoring and supervisory function.

The results of monitoring activities are reported to management and the Supervisory Board. Top management receives regular financial reports, e.g. monthly reports on the development of revenue and earnings in the individual segments of business as well as reports on the development of net debt and receivables. The Supervisory Board is also provided with regular information on the financing of the Flughafen Wien Group. Financial statements intended for publication are reviewed by key accounting employees and the Management Board, and then by the Audit Committee of the Supervisory Board, before they are passed on to the responsible corporate bodies.

## **Research and Development**

Flughafen Wien is a service provider and, as such, does not carry out traditional research activities. However, the aviation services unit was involved in a research project during 2010. The AsaP (Airport Security and Productivity) project was initiated to further optimise productivity without endangering security levels. It was carried out jointly by Institut für empirische Sozialforschung GmbH (IFES), Alcatel-Lucent Austria AG and the Austrian Institute of Technology GmbH (AIT).

In addition, the Flughafen Wien IT department started work on the CDM-ISP (Collaboration Decision Making-Information Sharing Platform) project in 2010. CDM-ISP involves the development of an information sharing platform that will create the basis for introducing the CDM process in the Flughafen Wien Group. This tool will allow for more exact planning, better analysis and the optimisation of resources in a large number of cases. In summary, CDM will improve the coordination and joint data collection between Austro Control AG, the various airlines (e.g. Austrian Airlines AG) and Flughafen Wien as well as the handling agents. Costs of € 0.3 million were associated with this project in 2010. Other investments focused on the improvement of individual programme modules for the airport operating software that was developed by Flughafen Wien.

# Environmental and Labour Issues

## The Environment

Flughafen Wien AG is committed to careful and conscious interaction with the environment as well as sustainable management. A total of T€ 913.3 was invested in environmental protection during the reporting year (2009: T€ 799.3). Activities focused on the reduction of pollutant and noise emissions in order to minimise the impact of the airport on its surrounding environment – and above all on neighbouring residents. The noise protection programme defined in the mediation contract also continued during 2010. Nearly 11,000 households are entitled to participate in this programme, and the preparation of expert opinions and renovations are currently in process. The noise protection programme is intended to improve the quality of life for neighbouring residents under both the current two-runway system and a possible three-runway system.

### Environmental indicators for Flughafen Wien AG

	2010	2009
Number of passengers	19,691,206	18,114,103
Electricity consumption per year in kWh	128,187,468	129,536,376
Electricity consumption in kWh per year and passenger	6.51	7.15
Heat consumption per year in MWh	131,218,40	117,943,00
Heat consumption in MWh per year and passenger	0.0067	0.0065
Water consumption per year in m <sup>3</sup>	745,771	604,650
Water consumption in m <sup>3</sup> per year and passenger	0.038	0.033
Waste water disposal per year in m <sup>3</sup>	683,876	581,434
Waste water disposal in m <sup>3</sup> per year and passenger	0.035	0.032
Residual waste aircraft in kg	999,990	1,012,540
Residual waste aircraft in kg per passenger	0.051	0.056
Waste paper VIE in kg	1,782,280	1,881,560
Waste paper VIE in kg per passenger	0.09	0.10
Aluminium/cans/metal VIE in kg	5,630	9,646
Aluminium/cans/metal VIE in kg per passenger	0.0003	0.0005
Biogenic waste VIE in kg	195,160	202,440
Biogenic waste VIE in kg per passenger	0.010	0.011
Glass VIE in kg	85,364	78,794
Glass VIE in kg per passenger	0.004	0.004
Plastic packaging VIE in kg	160,540	168,895
Plastic packaging VIE in kg per passenger	0.008	0.009
Hazardous waste VIE in kg	118,733	186,079
Hazardous waste VIE in kg per passenger	0.006	0.010
Share recycled in %	88.6%	90.0%

## Workforce Issues

Traffic growth during the reporting year led to additional hiring by the Flughafen Wien Group. The average number of employees rose by 118 to 4,266, which generally reflects the 2008 level. The Handling Segment reported the largest increase in handling and security services, where added personnel were required to deal with higher volumes, peak hour shifts and the increased work connected with larger aircraft. The Other Segments also hired employees for the technical area, information systems and the VIE-Skylink.

As a result of the strong development of traffic, the number of traffic units per employee increased 7.9% to 6.686 units.

### Employees

	2010	Change in %	2009	2008
Number of employees	4,266	2.8	4,148	4,266
Thereof wage employees	3,101	3.6	2,993	3,119
Thereof salaried employees	1,165	0.8	1,156	1,146
Apprentices	52	20.1	43	36
Traffic units per employee <sup>1)</sup>	6,686	7.9	6,194	6,624
Average age in years <sup>1)</sup>	39.2	0.0	39.2	38.6
Length of service in years <sup>1)</sup>	10.3	-1.0	10.4	9.8
Share of women in % <sup>1)</sup>	12.3	-5.4	13.0	12.7
Training expenditures in EUR <sup>1)</sup>	1,055,000	8.4	973,000	1,072,000
Reportable accidents <sup>1)</sup>	165	34.1	123	149
Accidents per 1.000 employees	49.6	32.3	37.5	44.9

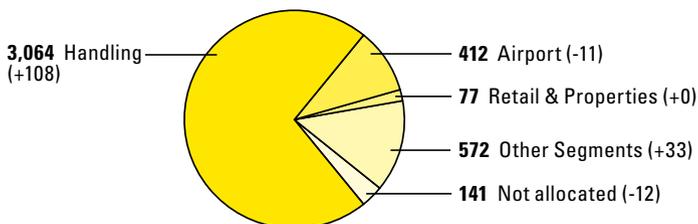
1) Based on Flughafen Wien AG

### Employees by segment

	2010	Change in %	2009	2008
Airport	412	-2.7	423	399
Handling	3,064	3.7	2,955	3,132
Retail & Properties	77	0.1	77	79
Other Segments	572	6.1	539	502
Not allocated	141	-7.8	153	154

### Employees by segment

(change vs. prior year)



## **Motivation and Corporate Identification**

Flughafen Wien provides a variety of voluntary benefits for its workforce to strengthen identification with the company and to increase motivation. As a supplement to legal pension schemes and private pension planning, the company transfers 2.5% of monthly salaries and wages for its employees to a company pension fund and gives employees the option of making a matching contribution. Flughafen Wien also provides financial assistance for supplementary accident, health and pension insurance.

Employees may also utilise free-of-charge transportation to their workplaces at the airport with the City Airport Train (CAT) or bus connections to the neighbouring communities. A total of € 785,000 was invested in these benefits during 2010. The company also provides meal subsidies of € 1 per employee and working day, for a total of € 544,000 in the past year. Recreational and sporting activities with selected partners are also supported by the company's cultural and sport association.

The creativity of employees is an important factor for Flughafen Wien, and a continuous improvement programme was therefore started as a platform for the evaluation of ideas and suggestions for change. A special commission grants an award for every implemented suggestion. Information for employees on developments and news from the company is provided in the quarterly magazine "Blockzeit". Information on job openings, airport-related topics and special offers for employees are also published in the Intranet.

## **Performance-based Compensation**

The compensation system for the members of the Management Board and the first two levels of management includes a performance-based component. This variable compensation is based on the fulfilment of financial and qualitative goals – for example, variable payments to the department heads are also dependent on the results of the customer survey. Flughafen Wien does not have a stock option programme.

## **Labour Trust**

Flughafen Wien has been a member of the Steyr labour trust since 2009. This organisation was founded in 1993 and comprises well-known Austrian companies. This public trust provides goal-oriented support for the professional reintegration of employees who lose their jobs in economically difficult times. Flughafen Wien views this participation not only as a strategic personnel measure, but also as an expression of its responsibility toward former employees. Five employees entered the Steyr labour trust in 2010.

## **Employee Foundation**

An independent private foundation was established in 2000 to give Flughafen Wien employees an opportunity to participate in the success of the company. This foundation holds 10% of the shares in Flughafen Wien AG and distributes the dividends received on these shares to company employees. A total of € 4.41 million was dispersed during the reporting year – which represents the dividend payment for 2009 – and corresponds to 60.72% 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.

## Workplace Safety and Health

The preventive services unit, which is part of the airport services department, deals with industrial medicine and workplace safety. Its responsibilities include providing advice and support for the prevention of work accidents, job-related illnesses and work-related disorders. Specific measures include regular workplace inspections as well as discussions with individual employees and/or groups. Activities in 2010 focused on the successful safety campaign "Sicherheit an 1. Stelle – Safety Karl", mobile beverage supplies, a "healthy back" seminar and programmes to help employees stop smoking. Preventive health examinations, basic and refresher courses for first aid and vaccination campaigns were also well received.

Despite the many initiatives launched by Flughafen Wien, 2010 was not a good year from the viewpoint of workplace safety. The number of reportable accidents rose for the first time since 2000. This increase was triggered by various factors that included working conditions during the extremely high temperatures in July as well as the early start of winter at the end of November/beginning of December. Flughafen Wien takes this development very seriously and is undertaking all possible measures to prevent or reduce accidents. The causes of all accidents are analysed in detail by area to permit the implementation of the necessary technical, organisational and personnel improvement measures.

### Work accidents

	2010	Change in %	2009	2008	2007
Reportable work accidents	165	34.1	123	149	161
Per 1,000 employees	49.6	32.3	37.5	44.9	50.6

## Disclosures required by § 243a of the Austrian Commercial Code

### 1. Share capital and shares

The share capital of Flughafen Wien AG totals € 152,670,000 and is fully paid in. It is divided into 21,000,000 shares of bearer stock. All shares carry the same rights and obligations ("one share = one vote").

### 2. Syndication agreement

Two core shareholders – the province of Lower Austria (4.2 million shares) and the city of Vienna (4.2 million shares) – hold 40% of the company's shares in a syndicate. The syndication agreement was concluded in 1999 and has remained unchanged since that time. It calls for the joint exercise of voting rights on the syndicated shares at the annual general meeting. Any amendments to the syndication agreement, the dissolution of the syndicate and resolutions to admit a new partner to the syndicate require unanimous approval. The syndication agreement provides for reciprocal rights of purchase if one party intends to sell its syndicated shares to a buyer outside the syndicate (third party) through a legal transaction in exchange for return compensation. This reciprocal right of purchase does not apply if the syndicated shares are transferred to a holding company in which the transferring syndicate partner owns at least a majority stake. The company is not aware of any other limitations on voting rights or the transfer of shares.

### **3. Investments of over 10% in the company**

The city of Vienna and the province of Lower Austria each hold an investment of 20% in Flughafen Wien AG. In addition, Flughafen Wien Mitarbeiterbeteiligung Privatstiftung (the employee fund) holds 10% of the share capital of Flughafen Wien AG. The company is not aware of any other shareholders with a stake of 10% or more in share capital.

### **4. Shares with special control rights**

The company is not aware of any special control rights on the part of shareholders.

### **5. Control of voting rights for the shares held by the employee fund**

The voting rights for the shares held by the Flughafen Wien employee fund are exercised by the managing board of this entity. The appointment to or dismissal of members from the fund's managing board requires the approval of the advisory board of the Flughafen Wien employee fund, whereby a simple majority is required for such decisions. The advisory board is comprised of five members, with two members each delegated by employees and the employer. These four members unanimously elect a fifth person to serve as the chairman of the advisory board.

### **6. Appointment and dismissal of members of the Management and Supervisory Boards**

In accordance with the Austrian Corporate Governance Code, the company's articles of association permit the appointment of a person to the Management Board for the last time in the calendar year in which the candidate reaches his/her 65th birthday. Election to the Supervisory Board is possible for the last time in the calendar year in which the candidate reaches his/her 70th birthday. There are no other provisions governing the appointment or dismissal of members of the Management or Supervisory Boards or the amendment of the company's articles of association that are not derived directly from Austrian law.

### **7. Share buyback and authorised capital**

The Management Board has been granted no explicit rights that are not derived directly from Austrian law, in particular with respect to the issue or repurchase of shares in the company. The company has no authorised capital at the present time.

### **8. Change of control**

Change of control clauses are included in the agreements for the € 400 million EIB (European Investment Bank) loan, the € 103.5 million promissory note and the € 300 million loan concluded pursuant to an Austrian law to strengthen liquidity ("Unternehmensliquiditätsstärkungsgesetz"). These financing agreements with a total volume of € 803.5 million were concluded with Austrian and international financial institutions. In the event of an actual, impending or justifiably assumed change of control (in accordance with the following definition), these financial liabilities could be called prematurely and related collateral may be cancelled if there are reasons to assume the change will or could have a negative impact on the future fulfilment of the financial liability and Flughafen Wien AG does not take actions within a certain period of time to provide this contract partner with collateral that is deemed acceptable. A change of control is defined as an event that leads to (i) a direct or indirect reduction in the investment held jointly by the province of Lower Austria and the city of Vienna in Flughafen Wien AG to less than 40% of the total number of voting shares or (ii) a natural

person or legal entity that currently does not exercise control over Flughafen Wien AG gains control over Flughafen Wien AG (e.g. either directly or indirectly, through the ownership of shares, economic circumstances or in another manner, and either alone or together with third parties (i) acquires more than 50% of the voting shares in Flughafen Wien AG or (ii) the right to nominate the majority of members to the decision-making bodies of Flughafen Wien AG or exercises a controlling influence over these persons). For financing of € 653.5 million, a change of control does not include the direct or indirect reduction in the joint investment held by the province of Lower Austria and the city of Vienna to less than 40% but more than 30% of the voting shares in Flughafen AG in conjunction with a capital increase by the company without the full or partial exercise of subscription rights by these two shareholders, unless a natural person or legal entity that does not currently exercise control over Flughafen Wien AG gains control over the company at the same time.

## **9. Compensation agreements in the event of a public takeover bid**

There are no agreements for compensation between the company and the members of its Management Board, Supervisory Board or employees that would take effect if a public takeover bid is made.

## **Outlook**

Economic researchers are forecasting a continuation of the upward trend in 2011. However, the various markets are expected to develop at different speeds and recovery in the euro zone is likely to lag behind the rest of the world. Average GDP growth per year is predicted to reach 2.2% in Austria, 3.7% in the "new" EU states and 4.5% for the global economy by 2015. This economic development should also support further growth in air travel, but at a slower pace than 2010. Experts are expecting an annual increase of 4.2% in the number of passengers up to 2020.

For 2011 Flughafen Wien is forecasting an increase of 5.0% in the number of passengers, 3.0% in maximum take-off weight (MTOW) and 2.0% in flight movements.

The project plan of the Flughafen Wien Group calls for a total investment volume of € 344.6 million in 2011. This amount also includes € 14.9 million of expenses that cannot be capitalised and, accordingly, the pure investment volume totals € 329.7 million (excluding borrowing costs during construction).

## **Subsequent Events**

The positive development of traffic continued during January 2011. The number of passengers rose by 6.7% year-on-year to 1,282,574. Increases were also recorded in flight movements with plus 0.7%, maximum take-off weight (MTOW) with plus 12.8% and cargo with plus 0.6%. The number of transfer passengers was 4.6% higher.

As of 1 January 2011, the tariffs were adjusted as follows based on the tariff formula:

- Landing tariff, infrastructure tariff airside, parking tariff: +1.29%
- Passenger tariff, infrastructure tariff landside: +1.68%
- Infrastructure tariff fuelling: +1.80%

The tariff structure of Flughafen Wien remains competitive, even with these adjustments.

In January 2011 € 100 million were transferred to Flughafen Wien from the financing concluded in 2010 pursuant to the Austrian law to strengthen liquidity ("Unternehmensliquiditätsstärkungsgesetz").

Schwechat, 28 February 2011

The Management Board



**Ernest Gabmann**  
Member of the Board



**Christoph Herbst**  
Chairman and Speaker  
of the Board



**Gerhard Schmid**  
Member of the Board

# Segment Reporting

## Airport Segment

The business activities of the Airport Segment remain unchanged from prior years, and comprise the operation and maintenance of the terminal, aprons and all facilities involved in passenger and baggage handling. This segment also serves as the principal contracting party for the terminal extension project (VIE-Skylink). In addition, the Airport Segment is responsible for the following: assisting existing airline customers and acquiring new carriers, the management of the VIP & Business Center and lounges, the rental of facilities to airlines, airport operations, the fire department, medical services, access controls and winter services. 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

Financial Data in € million	2010	Change in %	2009	2008 <sup>1)</sup>
Revenue	260.0	14.8	226.5	250.8
EBITDA	112.4	-0.8	113.3	134.4
EBITDA margin in %	37.6	–	44.4	48.2
Depreciation and amortisation	33.5	-3.0	34.6	37.2
EBIT	78.9	0.2	78.7	97.3
EBIT margin in %	26.4	–	30.8	34.9
Segment assets	1,279.3	8.2	1,182.6	1,023.9
Capital expenditure	127.5	-36.6	201.0	245.3
Average number of employees	412	-2.7	423	399

1) Adjusted

## Developments in 2010

The Airport Segment remained the largest operating segment in the Flughafen Wien Group during the reporting year, generating 48.7% of total revenue. Revenue in this segment – which is comprised primarily of airport tariffs (landing, passenger and infrastructure tariffs as well as the PRM (passengers with reduced mobility) tariff) – rose by 14.8% year-on-year to € 260.0 million. This increase resulted, above all, from the growth in traffic and higher income from security controls.

The tariffs collected by Flughafen Wien AG are adjusted each year according to an index formula that is based on the development of traffic and the inflation rate. Tariff changes are subject to approval by the Austrian federal aviation authority, which extended the use of the current index formula to year-end 2011. The following changes were made as of 1 January 2010: The landing, parking and airside infrastructure tariffs, the passenger tariff and the landside infrastructure tariff as well as the infrastructure tariff for fuelling were raised by 0.5%. The PRM tariff remained unchanged at € 0.34/per departing passenger. The fixed landing tariff was reduced to € 253.0 for passenger aircraft and to € 256.79 for cargo aircraft. The passenger tariff for scheduled and charter flights was increased by € 1.03 per departing passenger. This tariff was raised by an additional € 0.49 per departing passenger to meet the added security measures defined by the European Union in numerous directives<sup>1)</sup>. However, Flughafen Wien only implemented this higher charge as of 1 July 2010.

Following the extensive exchange of information with Vienna's airline customers, only 50.0% of the announced noise tariff has been charged since 1 July 2010. The planned € 2.00 increase in the transfer incentive to € 10.21 per departing transfer passenger until June 2010 was extended to 31 December 2010.

The Airport Segment recorded revenue of € 61.6 million from landing fees in 2010 (2009: € 67.3 million), whereby the 8.5% decline resulted from the reduction in the landing tariff. Revenue from the passenger tariff rose by 4.2% to € 112.3 million, primarily due to the stronger development of traffic and the higher passenger tariff. This increase was less than the growth in traffic because of higher revenue deductions, e.g. through an increase in the transfer incentive and the agreement concluded with the Austrian Airlines Group. The infrastructure tariff produced revenue of € 25.6 million (2009: € 23.7 million). Revenue from passenger and baggage controls rose by € 27.6 million year-on-year. This shift resulted chiefly from a change in the allocation of this revenue, which represented external revenue for the Handling Segment in previous years. The airport operator has been directly responsible for security controls since 1 December 2009, and a fixed fee per departing passenger is charged for these services. Security controls are provided by Vienna International Airport Security Services Ges.m.b.H. (VIAS), a subsidiary of Flughafen Wien AG, whose results are reported as internal revenue under the Handling Segment.

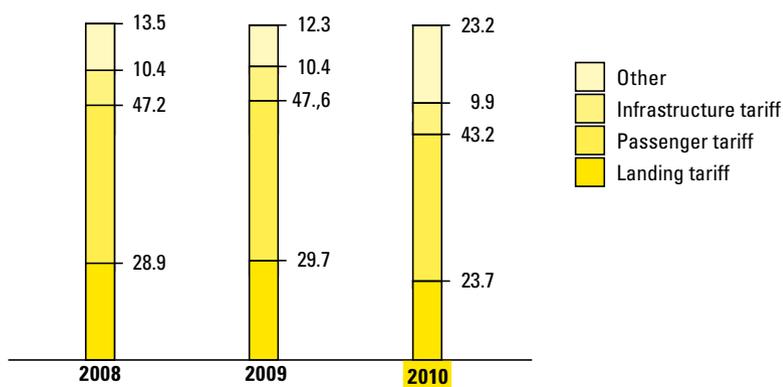
Higher costs for winter services led to an increase in expenditures for consumables, which rose by € 1.7 million to € 6.3 million. The security controls provided by VIAS were connected with costs of € 27.3 million, which also increased internal expenses. The € 3.0 million rise in personnel expenses to € 31.0 million resulted from extended overtime work, salary and wage

1) In accordance with EU Aviation Security Regulation No. 300/2008 and the respective executive orders, especially Commission Regulation No. 272/2009 and Commission Regulation No. 185/2010, effective as of 29 April 2010.

increases mandated by collective bargaining agreements and higher expenses for severance compensation and pensions. The average number of employees fell by 11 to 412. Other operating expense rose by 32.6% to € 48.9 million (2009: € 36.9 million) due to higher expenses for market communication (€ +5.0 million), maintenance (€ +2.0 million), rentals (€ +0.9 million), legal, auditing and consulting fees (€ +1.5 million) and transport (€ +0.5 million).

The Airport Segment generated EBITDA of € 112.4 million for the reporting year (2009: € 113.3 million). The EBITDA margin equalled 37.6%, compared with 44.4% in the prior year. Despite the high volume of investment, depreciation fell by € 1.1 million to € 33.5 million. This development reflected the fact that the majority of capital expenditure represents prepayments or construction in progress, and scheduled depreciation does not yet apply. EBIT amounted to € 78.9 million in 2010, which represents a 0.2% increase over 2009. The resulting EBIT margin equalled 26.4% (2009: 30.8%).

### Revenue Structure in the Airport Segment in %



### Traffic Development

Vienna recorded strong traffic growth in 2010, which nearly returned the airport to the pre-crisis level. The number of passengers handled by Vienna International Airport rose by 8.7% to 19,691,206, and clearly outpaced the European average. Flight movements increased 1.1% to 246,146, and maximum take-off weight (MTOW) grew by 9.9%. The volume of cargo handled in Vienna was 16.5% higher.

Structural changes in the Austrian Airlines Group were followed by an increase of 12.0% in the number of passengers. NIKI carried 27% more passengers than in 2009, which gave the low-cost carriers a market share of 22.1%. With 40 destinations in Eastern Europe, Vienna International Airport successfully defended its position as a leading hub to the east. Above-average growth was also recorded in traffic to the Middle East with a plus of 10.0%.

### Capital Expenditure

Capital expenditure in the Airport Segment totalled € 127.5 million for the reporting year. The largest project was the terminal extension VIE-Skylink at € 95.2 million. Other projects included the third runway at € 11.3 million, security systems at € 6.7 million, security control

lines at € 2.1 million, the revitalisation of the bus gates at € 2.1 million, operating and office equipment at € 1.5 million and the purchase of land for € 1.0 million.

## **Marketing Activities**

Flughafen Wien pursues an active acquisition and growth strategy that is directed to increasing the number of airline customers, both in point-to-point traffic and transfers, and adding new destinations and frequencies. The airline marketing department participates in the major international aviation conferences, supports Vienna's airline customers and monitors the market continuously.

## **Outlook**

The Airport Segment is expected to record higher revenues in 2011, whereby this growth will be driven by the forecasted positive development of traffic and the resulting increase in tariffs. Flughafen Wien forecasts for 2011 call for growth of 2.0% in flight movements, 3.0% in maximum take-off weight (MTOW) and 5.0% in the number of passengers.

Construction on the terminal extension VIE-Skylink should be completed during the second half of 2011. Activities in that year will also concentrate on the planned start of operations in the VIE-Skylink during the first half of 2012. Other projects for 2011 include improvements and replacement investments on the bus gates in section B, the roof and facade of terminal 2 as well as sanitary facilities and waiting areas.

Plans call for the construction of new positions for cargo and general aviation aircraft as well as the installation of new fencing. Other projects for 2011 include investments in technical noise protection and security systems as well as the purchase of land.

# Handling Segment

As a ground and cargo handling agent, the Handling Segment provides a broad range of services for aircraft and passengers on scheduled, charter and general aviation flights, and is also responsible for the management of the General Aviation Center. This segment performs security controls for persons and hand luggage through the Flughafen Wien subsidiary Vienna International Airport Security Services Ges.m.b.H. Following a change in legal regulations, revenue from baggage and passenger controls was classified as internal revenue in 2011.

## Key Data on the Handling Segment

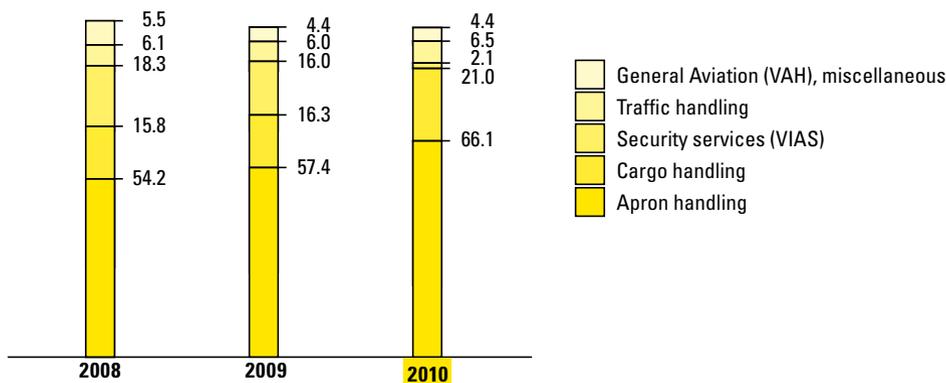
Financial Data in € million	2010	Change in %	2009	2008 <sup>1)</sup>
Revenue	165.2	-2.7	169.8	186.3
EBITDA	22.0	5.7	20.8	25.0
EBITDA margin in %	10.0		10.5	11.7
Depreciation and amortisation	6.9	-3.7	7.1	8.0
EBIT	15.1	10.6	13.7	16.9
EBIT margin in %	6.9		6.9	7.9
Segment assets	37.9	-7.2	40.8	50.3
Capital expenditure	4.2	18.9	3.5	7.3
Average number of employees	3,064	3.7	2,955	3,132

1) Adjusted

## Developments in 2010

The Handling Segment recorded external revenue of € 165.2 million in 2010, compared with € 169.8 million in the previous year. This represents a 31.0% share of group revenue (2009: 33.8%).

## Revenue Structure in the Handling Segment in %



## **Apron, Traffic and Cargo Handling (in short, VIE Handling)**

VIE Handling is responsible for the loading and unloading of aircraft, passenger and crew transport, catering transport, cabin cleaning and sanitary services, aircraft towing and de-icing, the preparation of aircraft documents including monitoring and management services, handling services for air cargo and trucking and the operation of the import-export warehouse. Revenue from apron handling services totalled € 109.2 million in 2010 (2009: € 97.4 million), while traffic handling generated € 10.7 million (2009: € 10.1 million). Cargo handling produced revenue of € 34.7 million (2009: € 27.7 million). VIE Handling was able to maintain its excellent position over the competing Fraport Ground Services Austria GmbH with a stable average market share of 89.3% in 2010 (2009: 90.1%). Statistics for the reporting year show a total of 219,912 flight movements (+0.3%) for scheduled and charter traffic as well as 19,004 flight movements in the general aviation sector (+3.7%) and approx. 16.8 million pieces of baggage handled. This confirms the success of Flughafen Wien in countering special effects such as flight cancellations or restrictions due to the volcanic ash cloud or the extreme weather conditions in December as well as the SkyEurope bankruptcy in 2009.

Handling services for the Austrian Airlines Group fell by a slight 1.7% year-on-year, but the conversion of the operating fleet to larger aircraft brought a substantial increase in revenue. The Austrian Airlines Group amended its schedule with the winter flight plan, but VIE Handling was able to manage the additional peak periods and in part shorter turnaround times without difficulty. In order to optimise interfaces and improve efficiency, Austrian Airlines transferred additional services (e.g. aircraft towing) to VIE Handling at the beginning of 2010.

NIKI added new routes during the reporting year and strengthened its charter offering in the summer, which led to a 40.3% rise in handling activity. Germanwings increased departures by almost 25%. Air Berlin recorded growth during the first half-year, but volumes declined year-on-year in the second six months – with a number of flights taken over by NIKI. Cargo carriers such as Korean and Asiana increased flights by 16.4% in 2010. In addition, new airlines like China Southern Cargo and an EVA Air cargo carrier introduced flights to and from Vienna.

Short ground time, streamlined service packages and continuing pressure on prices characterised the demands of the airlines – and agreements on quality targets in the form of service level contracts are becoming more and more important. VIE Handling successfully supports the hub function of Vienna International Airport by guaranteeing short transfer times and high punctuality rates and offering competitive products and high quality to all customers. This strategy formed the basis for the extension of existing agreements, among others with Lufthansa, Asiana Airlines, Jade Cargo, Korean Cargo and Easy Jet. VIE Handling also acquired new customers that include China Southern, Polet and British Midland.

The Handling Segment maintained its outstanding punctuality with a 99.6% rating in 2010 and thereby strengthened Vienna's position as one of the best European hubs. This development confirms the efficiency of the hub control centre, which is operated in cooperation with the Austrian Airlines Group and allows for the proactive management of departing flights based on the real-time measurement of handling processes. The successful management of extraordinary events like the volcanic ash cloud or the extreme weather conditions in December also underscores the expertise, reliability and quality of Vienna's handling services.

In the cargo handling sector Swissport started operations as a second service provider during the second quarter of 2008, but VIE Cargo was able to maintain an excellent position with an average market share of 94.0% in 2010. Vienna International Airport handled 278,317 tonnes of cargo during the reporting year. Air cargo rose by 18.1% to 219,334 tonnes, and trucking increased 13.1% to 58,983 tonnes. The massive crisis-related decline in cargo volumes from 2009 to mid-2010 was followed by strong signs of recovery and growth. This was true especially for imports from the Far East. Vienna has played an important role as a supply hub for the East European plants operated by Asian manufacturers like KIA, Hyundai, Samsung and LG for many years. This growth has been strengthened by new cargo carriers that include Eva Air and China Southern. Major customers, such as the Asian carriers or Austrian Lufthansa Cargo, are placing increasing demands on the quality of cargo handling (cargo supervision services, weighing). This business has also become the subject of stricter security regulations. Vienna was able to defend its successful positioning as a cargo hub in 2010, for example during the volcanic ash cloud when goods from Amsterdam, Brussels and Frankfurt were transferred via Vienna International Airport and also through special transports for Korean.

Additional hiring throughout the year and flexible overtime scheduling allowed VIE Handling to manage the extra work connected with larger aircraft, AUA's changeover to a more extensive flight plan beginning in the winter, rising quality demands, above all in the cargo sector, more stringent security requirements and the insourcing of services. The average number of employees in VIE Handling increased 2.7% to 2,127 in 2010. Various employee-related provisions were also recognised in 2010 (expenses for pensions and severance compensation). Personnel expenses in this segment consequently rose by 10.5% to € 11.1 million. The cost of consumables rose by 31.5% to € 9.9 million in 2010, above all due to the increased use of de-icing materials.

### **Private Aircraft Handling**

Revenue recorded by Vienna Aircraft Handling GmbH, which provides a complete range of services for general aviation, declined from € 7.4 million to € 7.2 million in 2010. The number of flight movements in the general aviation sector increased 3.7% to 19,004, but the number of passengers handled was 0.1% lower. Revenue from private aircraft handling services decreased 8.5% and charter revenue (brokerage) dropped 74.1%. Fuel consumption was 10.0% higher at approx. 15.8 million litres. Revenue from hangar services fell by a slight 0.2%, and rental revenue declined 2.2%.

Declines in the charter segment (brokerage) led to a 21.9% drop in expenditures for consumables to € 1.3 million. The average number of employees in Vienna Aircraft Handling GmbH was 1.2% lower, but personnel expenses rose by 2.8% to € 1.9 million.

### **Security Services**

Security services at Vienna International Airport are provided by Vienna International Airport Security Services Ges.m.b.H., a subsidiary of Flughafen Wien AG. These services comprise controls for passengers, hand luggage and large-sized baggage as well as the control of employees and vehicles. The unit also provides security services for aircraft on the aprons as well as mail and cargo screening, and assists passengers with limited mobility (PRM).

External revenue from security services totalled € 3.4 million in 2010 (2009: € 27.1 million). The year-on-year decline resulted, above all, from the transfer of security controls to Flughafen

Wien as of 1 December 2009 following a change in the Austrian aviation security act and the subsequent reporting of this revenue as internal revenue under the Handling Segment. Personnel expenses rose by € 2.1 million to € 30.9 million following a 6.2% increase in the average number of employees to 899 and additional overtime work. Other operating expenses were reduced by 56.9%.

## Earnings

The Handling Segment recorded an increase of € 2.1 million to € 11.4 million in the cost of consumables and € 13.3 million to € 149.0 million in personnel expenses. The average number of employees totalled 3,064, compared with 2,955 in 2009. Depreciation and amortisation were 3.7% lower, while other operating expenses were € 0.2 million higher than 2009. EBITDA in the Handling Segment amounted to € 22.0 million for the reporting year (2009: € 20.8 million) and the EBITDA margin equalled 10.0% (2009: 10.5%). After the deduction of € 6.9 million in depreciation and amortisation, EBIT amounted to € 15.1 million (2009: € 13.7 million) and the EBIT margin 6.9% (2009: 6.9%).

## Capital Expenditure

Capital expenditure in the Handling Segment totalled € 4.2 million, and consisted primarily of replacement investments. Most of the items were equipment and vehicles for handling functions, e.g. towing vehicles, conveyor belts and lifting platforms. Investments were also made to overhaul seven catering vehicles and to continue the conversion of the fleet to vehicles with alternative energy drives.

## Outlook

The current regulations governing the ground handling sector are expected to remain in effect during the coming years and, for this reason, new competitors are not expected to enter this area of business. Flight movements, which are managed by VIE Handling, should rise by 2.5% in 2011, with a market share of approx. 90% forecasted for Vienna. Business in the cargo area is dependent on the Asian carriers (who now transport nearly 40% of the total tonnage) as well as the development of Austrian Lufthansa Cargo. After the recovery effects in 2010, cargo volume should stabilise in 2011. The trend toward special product handling (perishable products, refrigerated goods and valuable transport (VAL) deliveries) will continue.

As part of the airport-wide "go4mach2" project, the most important IT systems will be gradually replaced by new, modern systems, whereby two elements of this software will involve the Handling Segment. The "MACH Dispo" personnel and equipment disposition management system for ramp handling is scheduled to come on line in the second half of 2011 and will permit the faster and more efficient management of handling processes. The second element is a complete conversion to the new "MACH Cargo" system, which will record, administer and distribute data on cargo handling, warehouse management and customs processing as well as invoicing and quality monitoring. This project should be completed by the end of 2011.

In order to effectively meet the strong pressure on prices from airline customers, measures to optimise processes and reduce costs will continue in 2011. The Handling Segment will, if necessary, react to a temporary shortage of infrastructure at the airport with appropriate quality assurance measures. The private aircraft handling sector expects the economic recovery in 2011 will support traffic growth of 8.2%.

# Retail & Properties Segment

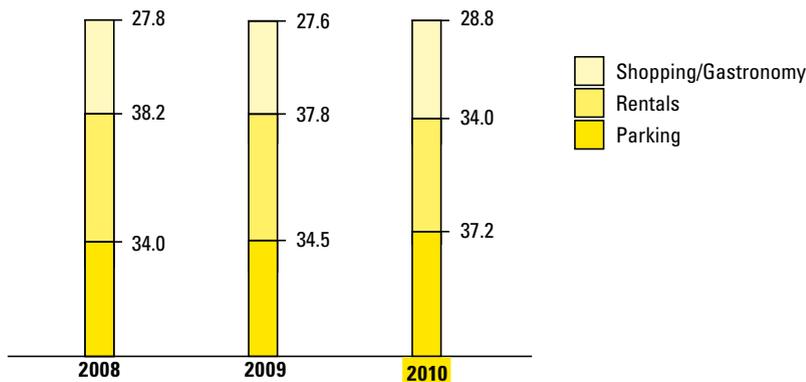
The Retail & Properties Segment comprises shopping, gastronomy and parking services as well as the development and marketing of real estate, the operation of the VisitAir Center and the organisation of airport tours. The provision of security services was reassigned to the Handling Segment in 2009. The other areas of business – above all various services provided for other segments as well as external customers – were transferred to the newly created “Other Segments” beginning with the 2009 financial year.

## Key Data on the Retail & Properties Segment

Financial Data in € million	2010	Change in %	2009	2008 <sup>1)</sup>
Revenue	93.6	5.4	88.8	94.6
EBITDA	52.6	-7.8	57.0	58.9
EBITDA margin in %	48.0		54.6	54.9
Depreciation and amortisation	14.5	2.1	14.2	12.3
EBIT	38.0	-11.1	42.8	46.5
EBIT margin in %	34.7		41.0	43.5
Segment assets	346.9	-2.8	356.7	358.9
Capital expenditure	4.8	-56.0	11.0	34.2
Average number of employees	77	0.1	77	78

1) Adjusted

## Revenue Structure in the Retail & Properties Segment in %



## Developments in 2010

The Retail & Properties Segment generated external revenue of € 93.6 million in 2010 (2009: € 88.8 million). The 5.4% increase resulted primarily from higher revenue on parking as well as shopping and gastronomy. Parking revenue amounted to € 34.8 million (2009: € 30.7 million) and reflected the growth in traffic as well as price increases. Revenue from the rental of buildings, space and advertising areas declined 5.2% to € 31.8 million due to lower revenue from the rental of advertising space (€ -0.4 million) and hangar space (€ -1.1 million). Revenue from the rental of cargo and forwarding agent buildings nearly matched the previous year at € 14.9 million (2009: € 15.1 million). The development of revenue from shopping and

gastronomy paralleled traffic growth, rising by 9.7% to € 26.9 million. The following table provides an overview of selling space, tenant revenues and rental revenue.

### Shopping

	2010	Change in %	2009	2008
Selling space in m <sup>2</sup> (excl. ancillary space)	7,383	2.7	7,188	7,212
Shop revenue in € million	118.7	3.8	114.3	130.2
Revenue in € million	20.4	6.9	19.1	21.1

### Gastronomy

	2010	Change in %	2009	2008
Selling space in m <sup>2</sup> (excl. ancillary space)	4,810	1.2	4,752	4,105
Facility revenue in € million	34.9	14.4	30.5	29.3
Revenue in € million	6.4	17.9	5.4	5.2

### Primary revenues per passenger in €

	2010	Change in %	2009	2008
Shopping	6.03	-4.8	6.33	6.59
Gastronomy	1.77	4.9	1.69	1.46
<b>Total</b>	<b>7.80</b>	<b>-2.7</b>	<b>8.02</b>	<b>8.04</b>

The cost of consumables rose by 7.2% or € 0.1 million to € 1.2 million. This increase was caused primarily by the higher use of other materials as well as office supplies. Expenses of € 0.7 million charged to other parties represents the largest component of consumables, but is contrasted by appropriate revenue.

Personnel expenses rose by 6.9% to € 5.4 million due to wage and salary increases mandated by collective bargaining agreements as well as higher expenses for pensions and severance compensation. The average number of employees reflected the prior year level at 77. Other operating expenses increased € 2.1 million to € 19.4 million, chiefly due to higher expenses for third party services (€ +0.4 million) and market communication (€ +2.0 million). Leasing costs were reduced by € 0.8 million and consulting fees by € 0.1 million. Internal operating costs were € 6.5 million higher at € 32.2 million. The Retail & Properties Segment recorded a 7.8% decline in EBITDA to € 52.6 million, which represented an EBITDA margin of 48.0% (2009: 54.6%).

Additions to non-current assets led to a 2.1% increase in depreciation and amortisation to € 14.5 million. EBIT declined € 4.7 million to € 38.0 million, and the EBIT margin equalled 34.7% (2009: 41.0%).

### Capital Expenditure

Capital expenditure in the Retail & Properties Segment was directed to the renovation of the bus station (€ 0.5 million), investments in advertising space (€ 1.9 million) and adaptations for tenants in airport buildings (€ 0.7 million). Additions to property, plant and equipment in this segment amounted to € 4.8 million in 2010.

## Outlook

An EU-wide tender to select a general contractor for the renovation of forwarding agent building no. 263 will begin in spring 2011, and construction is expected to start during the second half of 2011.

## Other Segments

The reporting segment "Other Segments" provides a wide range of services for the other operating segments as well as external customers, and also includes the subsidiaries of Flughafen Wien AG that directly or indirectly hold shares in foreign associates and joint ventures and have no other operating activities. The services provided by this segment include technical services and repairs, infrastructure maintenance, energy supply and waste disposal, telecommunications and information technology, electromechanical and building services, the construction and maintenance of infrastructure facilities, construction management and consulting.

### Key Data on the Other Segments

Financial Data in € million	2010	Change in %	2009	2008 <sup>1)</sup>
Revenue	14.5	-10.8	16.2	15.8
EBITDA	7.1	75.7	4.1	10.5
EBITDA margin in %	8.0	–	4.7	12.2
Depreciation and amortisation	10.6	0.4	10.5	10.7
EBIT	-3.4	-46.9	-6.5	-0.2
EBIT margin in %	-3.8	–	-7.5	-0.3
Segment assets	184.1	-0.4	185.0	172.5
Capital expenditure	8.7	12.1	7.8	10.7
Average number of employees	572	6.1	539	502

1) Adjusted

### Developments in 2010

The external revenue recorded by this reporting segment declined from € 16.2 million in 2009 to € 14.5 million for the reporting year. This revenue was generated chiefly from energy supply and waste disposal (€ 6.1 million; 2009: € 7.5 million), telecommunications and IT services (€ 3.3 million; 2009: € 3.7 million) and material supplies (€ 1.7 million; 2009: € 1.5 million). Revenue from the services provided by facility management and the airport workshops as well as external revenue from the fully consolidated foreign investments slightly exceeded the previous year (€ 2.8 million) at € 3.1 million for 2010. Other internal revenue rose by € 4.5 million, while other internal and external income increased € 0.5 million to € 5.7 million.

The cost of consumables and services rose by € 0.7 million to € 22.5 million. Lower expenditures for electricity (€ -1.9 million) were contrasted by higher costs for long-distance heating (€ +2.2 million) that reflected higher prices and consumption. The increased use of other materials (€ +0.8 million) was related to work by the subsidiary Vienna Airport Infrastruktur Maintenance GmbH. Expenditures for fuel and work clothing were € 0.6 million less in 2010. An increase of 33 employees in the average workforce to 572 as well as

additional overtime work and higher expenses for severance compensation and pensions led to a 14.8% rise in personnel expenses to € 38.3 million. A decline of € 5.7 million in other operating expenses to € 18.4 million had a positive effect on segment earnings. In the prior year, other expenses included € 8.4 million of costs attributable to the terminal extension VIE-Skylink. These costs were contrasted by an increase of € 1.3 million in legal and consulting fees, € 0.9 million in third party services and € 0.5 million in maintenance expenditures for the reporting year.

The Other Segments recorded EBITDA of € 7.1 million in 2010 (2009: € 4.1 million). The EBITDA margin equalled 8.0%, compared with 4.7% in the previous year. Depreciation and amortisation rose by € 0.1 million to € 10.6 million, and resulted in EBIT of minus € 3.4 million for the reporting year (2009: € -6.5 million). As in the prior year, the EBIT margin was negative in 2010.

### **Capital Expenditure**

Capital expenditure in the Other Segments focused on infrastructure for the west expansion (€ 2.0 million), the purchase of IT hardware (€ 1.6 million) and software (€ 1.0 million) as well as the purchase of operating and office equipment (€ 1.1 million).

### **Outlook**

No major changes are expected for the Other Segments in 2010, and revenue should remain stable. Depreciation and amortisation will increase slightly due to the start of operations with the new infrastructure in the western sector of the airport and investments in IT systems.

# Consolidated Financial Statements 2010 of Flughafen Wien AG

116	—	<b>Consolidated Income Statement</b>
117	—	<b>Consolidated Statement of Comprehensive Income</b>
118	—	<b>Consolidated Balance Sheet</b>
119	—	<b>Consolidated Cash Flow Statement</b>
120	—	<b>Consolidated Statement of Changes in Equity</b>
122	—	<b>Notes to the Consolidated Financial Statements</b>
		122 — General Information and Methods
		128 — Significant Accounting Policies
		139 — Notes to the Consolidated Income Statement
		151 — Notes to the Consolidated Balance Sheet
		167 — Other Disclosures
		187 — Subsidiaries of Flughafen Wien AG
		189 — Investments of Flughafen Wien AG
202	—	<b>Statement of the Management Board</b>
203	—	<b>Auditor's Report</b>

# Consolidated Income Statement

for the period from 1 January to 31 December 2010

in T€	Notes	2010	2009
Revenue	(1)	533,834.7	501,687.5
Other operating income	(2)	16,376.8	15,386.8
Operating income		550,211.5	517,074.3
Consumables and services used	(3)	-42,341.2	-37,474.3
Personnel expenses	(4)	-238,108.2	-215,394.2
Other operating expenses	(5)	-101,625.9	-97,731.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		168,136.1	166,474.1
Depreciation and amortisation	(6)	-65,811.1	-66,908.9
Earnings before interest and taxes (EBIT)		102,325.1	99,565.2
Income from investments, excl. companies at equity	(8)	325.1	225.0
Interest income	(9)	3,368.5	3,570.3
Interest expense	(9)	-11,031.7	-10,470.9
Other financial expense/income	(10)	83.1	-302.8
Financial results, excl. companies at equity		-7,255.0	-6,978.3
Income from companies at equity	(7)	3,611.6	3,417.4
Financial results		-3,643.5	-3,560.9
Profit before taxes (EBT)		98,681.6	96,004.3
Income taxes	(11)	-22,994.9	-22,657.3
Net profit for the period		75,686.7	73,346.9
Thereof attributable to:			
Equity holders of the parent		75,717.5	73,360.9
Non-controlling interests		-30.8	-13.9
Number of shares outstanding (weighted average)	(21)	21,000,000	21,000,000
Earnings per share (in €, basic = diluted)		3.61	3.49
Recommended/paid dividend per share (in €)		2.00	2.10
Recommended/paid dividend (in T€)		42,000.0	44,100.0

# Consolidated Statement of Comprehensive Income

for the period from 1 January to 31 December 2010

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Net profit for the period	75,686.7	73,346.9
Income and expenses recognised directly in equity (gross)		
Change in fair value of available-for-sale securities	1,467.5	664.0
Cash flow hedge	82.9	-164.2
Actuarial gains and losses	-8,940.2	-1,939.6
Employee foundation	0.0	1,288.0
Deferred taxes on items recognised directly in equity	1,847.5	38.0
Other comprehensive income	-5,542.4	-113.9
Total comprehensive income	70,144.3	73,233.0
Thereof attributable to:		
Equity holders of the parent	70,175.1	73,247.0
Non-controlling interests	-30.8	-13.9

# Consolidated Balance Sheet

as of 31 December 2010

## ASSETS

in T€	Notes	31.12.2010	31.12.2009
<b>Non-current assets</b>			
Intangible assets	(12)	12,523.2	12,977.6
Property, plant and equipment	(13)	1,538,593.1	1,471,339.5
Investment property	(14)	139,366.2	126,896.0
Investments accounted for using the equity method	(15)	108,485.8	107,368.9
Other financial assets	(16)	5,151.8	3,923.3
		1,804,120.2	1,722,505.4
<b>Current assets</b>			
Inventories	(17)	4,504.4	3,310.8
Securities	(18)	64,351.0	62,884.7
Receivables and other assets	(19)	61,887.5	66,802.0
Cash and cash equivalents	(20)	63,632.7	5,428.6
		194,375.6	138,426.2
Total Assets		1,998,495.7	1,860,931.6

## EQUITY AND LIABILITIES

in T€	Notes	31.12.2010	31.12.2009
<b>Equity</b>			
Share capital	(21)	152,670.0	152,670.0
Capital reserves	(22)	117,657.3	117,657.3
Other reserves	(23)	-895.5	4,646.9
Retained earnings	(24)	553,294.3	519,554.7
Attributable to the equity holders of the parent		822,726.1	794,528.9
Non-controlling interests	(25)	232.8	263.6
		822,958.9	794,792.4
<b>Non-current liabilities</b>			
Provisions	(26)	104,342.5	92,943.0
Financial liabilities	(27)	794,112.9	591,551.6
Other liabilities	(28)	40,441.1	50,137.6
Deferred tax liabilities	(11)	17,037.4	12,567.8
		955,934.0	747,199.9
<b>Current liabilities</b>			
Provisions for taxation	(29)	951.6	835.0
Other provisions	(29)	109,375.4	90,863.2
Financial liabilities	(27)	204.0	90,671.6
Trade payables	(30)	66,267.4	103,804.1
Other liabilities	(31)	42,804.5	32,765.3
		219,602.9	318,939.3
Total Equity and Liabilities		1,998,495.7	1,860,931.6

# Consolidated Cash Flow Statement

for the period from 1 January to 31 December 2010

in T€	2010	2009
Profit before taxes	98,681.6	96,004.3
+ Depreciation / - revaluation of non-current assets	64,683.4	64,599.2
+ Losses / - gains on the disposal of non-current assets	374.2	734.6
+ Losses / - gains on the disposal of securities	0.0	33.8
- Reversal of investment subsidies from public funds	-1,024.0	-1,354.8
- Other non-cash transactions	82.9	-164.2
- Increase / + decrease in inventories	-1,193.6	225.1
- Increase / + decrease in receivables	5,101.9	555.7
+ Increase / - decrease in provisions	20,971.5	-14,027.0
+ Increase / - decrease in liabilities	-1,190.4	24,793.6
Net cash flows from ordinary operating activities	186,487.5	171,400.4
- Income taxes paid	-16,744.1	-15,926.7
Net cash flow from operating activities	169,743.4	155,473.7
+ Payments received on the disposal of non-current assets	182.9	1,140.9
- Payments made for the purchase of non-current assets	-173,668.1	-209,274.2
+ Payments received on the disposal of securities	0.0	32,152.6
Net cash flow from investing activities	-173,485.2	-175,980.7
- Dividend	-44,100.0	-54,600.0
- Payments made for the acquisition of non-controlling interests	-6,047.9	0.0
Change in financial liabilities	112,093.7	73,892.8
Net cash flow from financing activities	61,945.8	19,292.8
Change in cash and cash equivalents	58,204.1	-1,214.3
+ Cash and cash equivalents at the beginning of the period	5,428.6	6,642.8
Cash and cash equivalents at the end of the period	63,632.6	5,428.6

# Consolidated Statement of Changes in Equity

in T€	Share capital	Capital reserves	Available- for-sale reserve	Hedging reserve
Balance on 1.1.2009	152,670.0	117,657.3	-194.0	-282.1
Market valuation of securities			498.0	
Cash flow hedge				-123.2
Actuarial gains and losses				
Employee foundation				
Other comprehensive income	0.0	0.0	498.0	-123.2
Net profit for the period				
Total comprehensive income	0.0	0.0	498.0	-123.2
Market valuation of non-controlling interests put option				
Dividend				
Balance on 31.12.2009	152,670.0	117,657.3	304.1	-405.2
Balance on 1.1.2010	152,670.0	117,657.3	304.1	-405.2
Market valuation of securities			1,100.6	
Cash flow hedge				62.2
Actuarial gains and losses				
Other comprehensive income	0.0	0.0	1,100.6	62.2
Net profit for the period				
Total comprehensive income	0.0	0.0	1,100.6	62.2
Acquisition of non-controlling interests put option				
Dividend				
Balance on 31.12.2010	152,670.0	117,657.3	1,404.7	-343.1

Attributable to equity holders of the parent					Non-controlling interests	
Actuarial gains/losses	Currency translation reserve	Total other reserves	Retained earnings	Total		Total
-1,430.0	7,632.9	5,726.8	500,052.7	776,106.8	277.5	776,384.3
		498.0		498.0		498.0
		-123.2		-123.2		-123.2
-1,454.7		-1,454.7		-1,454.7		-1,454.7
		0.0	966.0	966.0		966.0
-1,454.7	0.0	-1,079.9	966.0	-113.9	0.0	-113.9
			73,360.9	73,360.9	-13.9	73,346.9
-1,454.7	0.0	-1,079.9	74,326.9	73,247.0	-13.9	73,233.0
		0.0	-224.9	-224.9		-224.9
			-54,600.0	-54,600.0		-54,600.0
-2,884.8	7,632.9	4,646.9	519,554.7	794,528.9	263.6	794,792.4
-2,884.8	7,632.9	4,646.9	519,554.7	794,528.9	263.6	794,792.4
		1,100.6		1,100.6		1,100.6
		62.2		62.2		62.2
-6,705.2		-6,705.2		-6,705.2		-6,705.2
-6,705.2	0.0	-5,542.4	0.0	-5,542.4	0.0	-5,542.4
			75,717.5	75,717.5	-30.8	75,686.7
-6,705.2	0.0	-5,542.4	75,717.5	70,175.1	-30.8	70,144.3
		0.0	2,122.1	2,122.1		2,122.1
			-44,100.0	-44,100.0		-44,100.0
-9,589.9	7,632.9	-895.5	553,294.3	822,726.1	232.8	822,958.9

# Notes to the Consolidated Financial Statements

## General Information and Methods

### Information on the company

Flughafen Wien Aktiengesellschaft (AG), the parent company of the group, and its subsidiaries are service companies that are active in the construction and operation of civil airports and related facilities. As a civil airport operator, the company manages Vienna International Airport. Vöslau-Kottingbrunn Airport is operated by the subsidiary Flugplatz Vöslau BetriebsGmbH. The company's headquarters are located in Schwechat, Austria. The address is: Flughafen Wien AG, P.O. Box 1, A-1300 Wien-Flughafen. Flughafen Wien AG is listed in the company register of the provincial and commercial court of Korneuburg under number FN 42984 m.

### Basis of preparation

The consolidated financial statements of Flughafen Wien AG as of 31 December 2010 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), as well as the requirements of § 245a of the Austrian Commercial Code.

The financial year represents the calendar year. The structure of the balance sheet distinguishes between non-current and current assets and liabilities, which are in part

classified by term in the notes. The income statement is prepared in accordance with the nature of expense method under which “total costs” are shown.

The consolidated financial statements are generally prepared at historical acquisition and production cost. In contrast to this procedure, derivative financial instruments and available-for-sale financial assets are stated at fair value. Plan assets that are deducted from the present value of pension obligations are also carried at fair value.

The financial statements of Flughafen Wien AG and its subsidiaries are consolidated on the basis of uniform accounting and valuation principles. The financial statements of all subsidiaries included in the consolidation are prepared as of the balance sheet date for the consolidated financial statements.

The consolidated financial statements are prepared in euros. 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. The same applies to other information such as the number of employees, traffic data etc.

### **Application of new and revised standards and interpretations**

The group applied all new or revised standards and interpretations that were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of the IASB and adopted by the EU, if these standards and interpretations were relevant for the business activities of the group and required mandatory application during the reporting year. In particular, the following announcements by the IASB were applied for the first time in 2010:

Improvements to individual IFRS (improvement project) from April 2009	Applicable to financial years beginning on or after 1 January 2010
Amendments to IFRS 2 concerning share-based payments that are settled in cash	Applicable to financial years beginning on or after 1 January 2010
Amendments to IFRS 1 concerning additional exceptions for first-time adopters	Applicable to financial years beginning on or after 1 January 2010
IFRIC 18 “Transfers of Assets from Customers”	Applicable to transactions taking place on or after 1 November 2009
IFRIC 17 “Distributions of Non-cash Assets to Owners”	Applicable to financial years beginning on or after 31 October 2009
Amendment to IAS 27 “Consolidated and Separate Financial Statements”	Applicable to financial years beginning on or after 1 July 2009
Amendment to IFRS 3 “Business Combinations”	Applicable to financial years beginning on or after 1 July 2009
Amendment to IAS 39 “Financial Instruments: Recognition and Measurement” concerning qualified hedging instruments	Applicable to financial years beginning on or after 1 July 2009

## IAS 27 and IFRS 3

The amendment of IFRS 3 “Business Combinations” introduced a transaction-based option for valuing the shares attributable to non-controlling interests. These shares may be measured at fair value or at an amount equal to the share of the non-controlling interests in the fair value of the acquired net assets of the acquiree. IFRS 3 (2008) also requires the accounting for acquisition-related costs separate from the business combination, and therefore generally leads to the recognition of these costs through profit or loss. The Flughafen Wien Group applied IFRS 3 (2008) prospectively to all business combinations beginning on 1 January 2010. IAS 27 (2008) “Consolidated and Separate Financial Statements under IFRS” requires the recognition of transactions with non-controlling interests under equity when there is no change of control. This standard also defines the method to be used in accounting for a loss of control. Any remaining share in the subsidiary is restated at fair value, and any resulting gain or loss is recognised to profit or loss. These changes had no effect on the asset, financial or earnings position, financial performance or cash flows of the group in 2010.

The application of the new or revised standards and interpretations had no effect on the asset, financial or earnings position, financial performance or cash flows of the group.

The following standards and interpretations have been announced, but did not require mandatory application during the reporting year:

Amendments to IAS 24 “Related Party Disclosures” and amendments to IFRS 8	Applicable to financial years beginning on or after 1 January 2011
Amendments to IFRIC 14 concerning voluntary payments in connection with minimum funding requirements	Applicable to financial years beginning on or after 1 January 2011
IFRS 9 “Financial Instruments”	Applicable to financial years beginning on or after 1 January 2013; not adopted by the EU into European law as of the balance sheet date <sup>1)</sup>
Amendments to IFRS 1 and IFRS 7 concerning limited exemptions for presentation of comparative information by first-time adopters under IFRS 7	Applicable to financial years beginning on or after 1 July 2010
Improvements to individual IFRS (improvement project) from May 2010	Applicable to financial years beginning on or after 1 July 2011; not adopted by the EU into European law as of the balance sheet date <sup>1)</sup>
IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”	Applicable to financial years beginning on or after 1 July 2010
Amendments to IAS 32 concerning the classification of issued rights	Applicable to financial years beginning on or after 1 February 2010

Amendments to IFRS 7 concerning the transfer of financial assets	Applicable to financial years beginning on or after 1 July 2011; not adopted by the EU into European law as of the balance sheet date <sup>1)</sup>
Amendments to IFRS 1 concerning fixed transition dates and hyperinflation	Applicable to financial years beginning on or after 1 July 2011; not adopted by the EU into European law as of the balance sheet date <sup>1)</sup>
Amendments to IAS 12 concerning deferred taxes: recovery of underlying assets	Applicable to financial years beginning on or after 1 January 2012; not adopted by the EU into European law as of the balance sheet date <sup>1)</sup>

1) The effective date as stated in the relevant EU directive can vary from the effective date defined by the International Accounting Standards Board.

The effects of the future application of the above standards and interpretations on the consolidated financial statements of Flughafen Wien AG cannot be estimated in advance. The application of these standards and interpretations at an earlier date on a voluntary basis is not planned.

## Consolidation range

The consolidated financial statements include all subsidiaries, joint ventures and associated companies of Flughafen Wien AG (with the exception of seven subsidiaries and one associated company). Subsidiaries are companies under the direct or indirect control of the Flughafen Wien Group.

Seven subsidiaries and one associated company were not included in the consolidated financial statements in 2010 or 2009 because their economic significance and influence on the asset, financial and earnings position of the group are immaterial. The combined consolidated revenues of these companies equalled less than 1.0% of group revenue for the reporting year (2009: less than 1.0%).

The existence and effects of potential voting rights that can be exercised or converted at the present time are included in determining whether control exists. Control is considered to exist when the parent company is directly or indirectly able to govern the financial and operating policies of an entity. A subsidiary is initially consolidated when control begins and deconsolidated when control ends.

Joint ventures are companies in which control is exercised together with other entities. Associated companies are entities over which Flughafen Wien AG can exercise significant influence but do not qualify for classification as a subsidiary or joint venture. Associated companies and joint ventures are included in the consolidated financial statements using the equity method.

The 2010 consolidated financial statements include Flughafen Wien AG as well as 14 domestic (2009: 12) and 7 foreign (2009: 5) subsidiaries that are controlled by Flughafen Wien AG. In addition, 4 domestic companies (2009: 3) and 4 foreign companies (2009: 4) were included at equity.

The companies included in the consolidated financial statements and the respective consolidation methods are listed in an appendix to the notes.

An additional stake in SCA Schedule Coordination Austria GmbH was acquired for € 68,400 through a contract of assignment dated 22 October 2009; this stake represents a fully paid-in share with a nominal value of € 6,750. In accordance with point six of the assignment contract, all rights and obligations connected with this investment were transferred to the new shareholder as of 31 December 2009. Goodwill of € 8,536.20 is attributed to the acquired stake; this goodwill is included in the carrying amount of the investment in accordance with IAS 28.23 and is not shown separately.

A 19.05% stake in KSC Holding a.s. was acquired through a contract of assignment dated 18 June 2010. The Flughafen Wien Group now holds 100% of the shares in this company which, in turn, owns 66% of Košice Airport. The results of the fair value measurement of the related put option held by the non-controlling interests were recognised directly in equity during the reporting period.

City Air Terminal Betriebsgesellschaft m.b.H., Malta Mediterranean Link Consortium Ltd. and Letisko Košice – Airport Košice, a.s. are included in the consolidated financial statements using the equity method, even though Flughafen Wien AG directly or indirectly controls the majority of voting rights. These companies are considered to be under joint control because key decisions on corporate policies are made in cooperation with the co-shareholders.

### Changes in the consolidation range during 2010

The following companies were included in the consolidated financial statements for the first time in 2010:

<b>Company</b>	<b>Date of consolidation</b>	<b>Type of consolidation</b>	<b>Share of capital</b>	<b>Description</b>
VIE ÖBA GmbH	6.5.2010	Full consolidation	100.0%	Founding
VIE Auslands Projektentwicklung und Beteiligung GmbH	27.4.2010	Full consolidation	100.0%	Founding
VIE Operations Holding Limited	27.12.2010	Full consolidation	100.0%	Founding
VIE Operations Limited	27.12.2010	Full consolidation	100.0%	Founding
Columinis Holding GmbH	30.7.2010	At equity	50.0%	Founding

Flughafen Wien AG founded VIE ÖBA GmbH with share capital of T€ 35.0. The business activities of this company comprise the provision of all types of construction and construction services, among others for projects by Flughafen Wien AG and other clients.

VIE Auslands Projektentwicklung und Beteiligung GmbH was founded as a wholly owned subsidiary of Flughafen Wien AG with share capital of T€ 35.0. The activities of this company cover the acquisition of international subsidiaries and investments for the Flughafen Wien Group.

Columnis Holding GmbH was founded as a joint venture by VIE Auslands Projektentwicklung und Beteiligung GmbH and ATUST Holding GmbH. The capital contribution by each shareholder amounted to T€ 17.5. This joint venture will acquire investments in other companies, and is included in the consolidated financial statements of Flughafen Wien AG at equity.

Vienna International Airport Beteiligungsholding GmbH and Vienna International Beteiligungsmanagement Gesellschaft.m.b.H founded VIE Operations Holding Limited with share capital of T€ 2.0. VIE Operations Holding Limited and Vienna International Beteiligungsmanagement Gesellschaft.m.b.H subsequently founded VIE Operations Limited with share capital of T€ 2.0. The registered headquarters of the newly founded companies are located in Luqa, Malta. Their business activities involve the provision of support, service and consulting for the operation and management of international airports.

There were no deconsolidations during the 2010 financial year.

### **Changes in the consolidation range during 2009**

The following companies were included in the consolidated financial statements for the first time in 2009:

<b>Company</b>	<b>Date of consolidation</b>	<b>Type of consolidation</b>	<b>Share of capital</b>	<b>Description</b>
VIE Malta Finance Holding Ltd.	1.6.2009	Full consolidation	100.0%	Founding
VIE Malta Finance Ltd.	1.6.2009	Full consolidation	100.0%	Founding

In 2009 Flughafen Wien AG and Vienna International Airport Beteiligungsholding GmbH founded VIE Malta Finance Holding Ltd. with share capital of T€ 2.0. VIE Malta Finance Holding Ltd. and Vienna International Airport Beteiligungsholding GmbH subsequently founded VIE Malta Finance Ltd. with share capital of T€ 2.0. The registered headquarters of these companies are located in Luqa, Malta, and their areas of business cover financing activities for the Flughafen Wien Group.

There were no deconsolidations during the 2009 financial year.

# Significant Accounting Policies

## Consolidation principles

In accordance with IFRS, acquired subsidiaries are accounted for using the acquisition method. The cost of the acquisition represents the fair value of the surrendered assets and issued equity instruments as well as any liabilities arising or assumed as of the transaction date. The acquisition cost also includes the fair value of recognised assets or liabilities resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. In connection with the initial consolidation, the identifiable assets, liabilities and contingent liabilities resulting from the business combination are measured at fair value as of the acquisition date.

For each business combination, the group decides on an individual basis whether to recognise non-controlling interests in the acquired company at fair value or on the basis of the proportional share of net assets in the acquired company.

Goodwill represents the excess of the fair value of return compensation, the fair value of any non-controlling interest in the acquired company and the fair value of any previously held equity interests as of the acquisition date over group's share of net assets measured at fair value. If an acquisition takes place below market value – i.e. the acquisition cost is lower than the net assets of the acquired company measured at fair value – this negative amount is again reviewed and subsequently recognised to profit or loss.

Non-controlling interests are reported separately on the consolidated balance sheet under equity.

All intercompany balances, business transactions, income and expenses are eliminated. Any gains or losses resulting from intercompany transactions that are included in the carrying amount of assets such as inventories or property, plant and equipment are also eliminated.

The accounting and valuation methods used by the subsidiaries were changed, where necessary, to ensure the application of uniform policies throughout the group.

Changes in the investment that do not lead to a loss of control over the subsidiary are accounted for as transactions with shareholders of the parent company. If the acquisition of a non-controlling interest results in a difference between the return compensation and the respective share of the carrying amount of the net assets in the subsidiary, this difference is recognised directly in equity. Gains or losses on the sale of non-controlling interests are also recognised directly in equity.

Investments in associated companies and joint ventures that are included in the consolidated financial statements using the equity method are recognised at cost as of the acquisition date. This carrying amount is subsequently increased or decreased by the share of profit or loss attributable to the Flughafen Wien Group and by any distributions, capital contributions or capital withdrawals. Goodwill related to an associated company or joint venture is included in the carrying amount of the investment and is not amortised on a scheduled basis. In the periods following the initial recognition of a business combination, any realised differences

between the carrying amount and the fair value of assets and liabilities are adjusted, amortised or reversed in accordance with the treatment of the corresponding items. If the application of IAS 39 indicates that the investment could be impaired, the full carrying amount is tested for impairment. The 10.1% stake directly held in MIA is classified as an associate because – together with the shares held through MMLC – significant influence can be exercised over the company’s business and financial policies.

### **Foreign currency translation**

Foreign currency transactions in the individual company financial statements are translated into the functional currency 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. Differences arising from foreign currency translation are basically recognised to profit and loss as a net amount.

The reporting currency and functional currency of all group companies is the euro.

### **Intangible assets**

Intangible assets with a finite useful life are recognised at cost and amortised on a straight-line basis over a useful life of four to ten years. If there are signs of impairment and the recoverable amount – which is the higher of fair value less costs to sell and the value in use of the asset – is less than the carrying amount, an impairment loss is recognised.

Internally generated intangible assets are recognised at production cost when the relevant criteria have been met, and amortised over their expected useful life. The useful life of these assets equals eight years.

Borrowing costs and development expenses are capitalised if the relevant requirements have been met, and amortised over the relevant useful life.

Intangible assets with indefinite useful lives are valued at cost, and are immaterial in the Flughafen Wien Group. These assets are not amortised on a systematic basis, but are tested for impairment each year and reduced to the recoverable amount if necessary. If the reasons for a previously recognised impairment loss cease to exist, the carrying amount of the relevant asset is increased accordingly; this procedure is not applied to goodwill.

Goodwill is not amortised on a systematic basis; but is tested for impairment by evaluating the recoverable amount of the cash-generating unit to which the goodwill was allocated (“impairment only approach”). Cash-generating units are created by combining assets at the lowest level that generate independent cash flows or form the basis of monitoring by management. An impairment test must be carried out each year and also when there are signs that the cash-generating unit may be impaired. If the carrying amount of a cash-generating unit exceeds its recoverable amount, the relevant goodwill must be written down by the difference. Impairment losses recognised to goodwill may never be reversed. If the impairment of a cash-generating unit exceeds the carrying amount of allocated goodwill, the remaining impairment loss is recognised through a proportional reduction in the carrying amounts of the assets belonging to the cash-generating unit.

The recoverable amount of a cash-generating unit is generally determined by calculating the value in use according to the discounted cash flow (DCF) method. These DCF calculations are based on financial plans covering several years, which were approved by management and are also used for internal reporting. The designated planning periods reflect the assumptions for market developments over the short- to medium-term. Cash flows after the detailed planning period are computed using the expected long-term growth rates. The risk-adjusted cost of capital represents the weighted average cost of capital for equity and debt.

### **Property, plant and equipment**

Property, plant and equipment are carried at acquisition or production cost, which is reduced by straight-line depreciation. The production cost for internally generated assets comprises direct costs and an appropriate share of material and production overheads as well as production-based administrative expenses. Acquisition and production cost includes the purchase price as well as any direct costs that are required to bring the asset to the intended location and operating condition. Borrowing costs that are directly related to the acquisition, construction or production of qualified assets are capitalised as part of acquisition or production cost.

The depreciation period is determined on the basis of the presumed economic useful life, whereby ordinary depreciation is based on the following useful lives:

	<b>Years</b>
Operational buildings	33.3
Other buildings	10–50
Take-off and landing runways, taxiways, aprons	20
Other facilities	7–20
Technical equipment and machinery	5–20
Motor vehicles	5–10
Other equipment, furniture, fixtures and office equipment	4–15

The Flughafen Wien Group holds no non-current assets that would qualify for classification as non-current assets available for sale.

### **Impairment of intangible assets and property, plant and equipment**

Intangible assets and property, plant and equipment that show signs of impairment are tested by comparing the respective carrying amount with the recoverable amount. If it is not possible to associate the asset with future cash flows that are independent of other assets, the impairment test is performed on the next higher group of assets. If the recoverable amount is less than the carrying amount, an impairment loss is recognised to reduce the asset or cash-generating unit to this lower amount. In cases where the reasons for previously recognised impairment losses cease to exist, the impairment loss is accordingly reversed.

The recoverable amount of a cash-generating unit is generally determined by calculating the value in use according to the discounted cash flow (DCF) method. This involves the preparation of cash flow forecasts that extend beyond the expected useful life of the asset or cash-generating unit. The (pre-tax) discount rate used for the calculation reflects the risk associated with the asset or cash-generating unit.

## **Leased and rented assets**

The economic ownership of a leased asset is attributable to the contract partner that carries the major opportunities and risks arising from the lease. If the lessor carries the major opportunities and risks (operating lease), the leased asset remains on the lessor's balance sheet and is measured in accordance with the accounting regulations applicable to the relevant asset. In an operating lease, both the lessor and lessee recognise the lease payment through profit and loss.

If the lessee carries the major opportunities and risks connected with a leased asset (finance lease), the asset is recognised by the lessee at fair value or the lower present value of future minimum lease payments at the time of acquisition and subsequently depreciated over the economic useful life or shorter contract term. At the same time, a lease obligation is recorded equal to the carrying amount of the leased asset. The lessor records a receivable equal to the net investment value of the lease. The lease expense and income are apportioned between a finance charge / finance income and a reduction of the outstanding liability / receivable. The Flughafen Wien Group did not serve as the lessor or lessee in a finance lease as of 31 December 2010 or 31 December 2009.

## **Investment property**

Investment property comprises all property that is held to generate rental income and/or for capital appreciation, and is not used for production or administrative purposes. It also includes land held for a future use that cannot be determined at the present time. If the property is used in part for business operations, the relevant share is allocated to this category of use. Investment property is carried at depreciated cost. Borrowing costs are capitalised as part of acquisition or production cost. Depreciation is calculated over a period of 33.3 to 50 years based on the straight line method. The fair value of investment property is determined independent of measurement based on the amortised purchase or production cost. If prices on an active market are not available, fair value is not supported by market evidence but is determined internally by applying the capitalised income method as of the balance sheet date.

## **Inventories**

Inventories are stated at the lower of cost and net selling value, whereby the determination of cost is based on the moving average price method. Net selling value represents the estimated proceeds on sale in a normal business transaction less the estimated costs of completion and estimated selling expenses. Net selling value also includes any impairment that could result from reduced usability.

## **Provisions for severance compensation, pensions and service anniversary bonuses**

The provisions for severance compensation, pensions and service anniversary bonuses are accounted for as obligations resulting from defined benefit plans, whereby the calculations are based on actuarial principles and the projected unit credit method. The recognised liabilities represent the defined benefit obligation. For the severance compensation and pension provisions, actuarial gains and losses arising from adjustments to reflect past history or changes in actuarial assumptions are recognised to equity in the period incurred without recognition to profit and loss; for the service anniversary bonus provisions, these items are expensed as incurred. All other changes in the provisions for severance compensation, pensions and service anniversary bonuses – such as service cost or interest expense – are reported under personnel expenses.

The determination of the present value of future claims incorporates future wage and salary increases as well as a discount for employee turnover that is based on the length of service with the company. The discount rate is based on the yields in effect as of the respective 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 F.W. Pagler AVÖ 2008-P life expectancy tables for salaried employees form the biometric basis for the calculation of the pension provision.

The obligations for severance compensation, pensions and service anniversary bonuses were calculated on the basis of the following parameters:

	<b>2010</b>	<b>2009</b>
Discount rate	4.50%	5.30%
Wage and salary increases	3.77%	3.70%
Pension increases (only for pensions)	1.50%–2.14%	2.12%
Expected return on insurance (only for pensions) <sup>1)</sup>	3.60%	3.26%
Discount for employee turnover (graduated)	0.00%–12.00%	0.00%–12.00%

1) The expected income is based on the returns generated in the previous financial year.

Payments required by defined contribution plans (contributions to pension plans and legally required employee severance compensation funds) are recognised to profit or loss in the appropriate period, and shown under personnel expenses.

## **Other provisions**

Other provisions include legal or constructive obligations to third parties, which are based on past transactions or events and are expected to lead to an outflow or resources that can be reliably estimated. These provisions reflect all recognisable risks related to the assumed settlement amount and are based on the best possible estimate. A provision is not created if it is not possible to reliably estimate the amount of the obligation. Provisions are discounted if the resulting effect is material. Expenses resulting from the discounting of provisions are recorded under financial results, with the exception of the provisions for severance compensation, pensions and service anniversary bonuses.

## **Government grants**

Government grants are recognised at fair value when it is reasonably certain that the group will meet the relevant conditions attached to the grants and it is reasonably certain the grants will actually be received.

Government grants for costs are recognised as income over the periods required to match them with the costs they are intended to compensate.

Government grants for the purchase of property, plant and equipment (“investment subsidies”) are recorded under current or non-current liabilities and recognised as income on a straight-line basis over the useful life of the related asset. The special investment allowances granted by the Republic of Austria are treated as investment subsidies.

## **Financial instruments**

A financial instrument is a contract that simultaneously creates a financial asset in one entity and a financial liability or equity instrument in another entity. In particular, financial assets include financial investments such as non-consolidated and other holdings, securities, trade receivables, credits granted and other receivables, non-derivative and derivative financial assets held for trading, and cash and cash equivalents. Financial liabilities generally represent an obligation to deliver cash or other financial assets to a creditor, and are comprised above all of amounts due to credit institutions, trade payables and derivative financial liabilities. The initial recognition and derecognition of financial instruments generally takes place as of the settlement date, which is the day on which the asset is delivered to or by the group. Financial assets and financial liabilities are normally not offset for presentation, except in cases where there is a legally enforceable right to offset the amounts and settlement will take place on a net basis.

Financial assets are initially recognised at fair value. The fair values shown on the balance sheet generally represent the market prices of the financial assets. In cases where market prices are not readily available, fair value is determined using accepted valuation models and current market parameters. For this calculation, the cash flows previously fixed or determined by way of forward rates based on the current yield curve are discounted as of the measurement date using the discount factors calculated from the yield curve applicable to the reporting date.

The Flughafen Wien Group has not elected to use the option that permits, under certain conditions, the designation of financial assets and financial liabilities upon initial recognition as financial assets or financial liabilities at fair value through profit or loss (fair value option).

## **Non-derivative financial assets (securities)**

Securitized receivables for which there is no active market are assigned to the category of “loans and receivables” and carried at amortised cost. Non-interest bearing financial assets and low-interest financial assets are carried at fair value. Any material difference between cost and the repayment amount is accrued over the term of the loan in accordance with the effective interest rate method and reported under financial results. In the event of impairment, the carrying amount of the financial asset is reduced to the present value of the expected repayments with recognition through profit and loss. If the reasons for previously recognised impairment losses cease to exist, the impairment loss is appropriately reversed.

Investments in securities that are classified as “financial assets held for trading” are measured at fair value, if this figure can be reliably determined. Any gains and losses resulting from subsequent measurement are recognised to profit or loss in the period incurred.

Shares in non-consolidated subsidiaries and other securities as well as associated companies and other investments that are not recorded at equity are classified as “available-for-sale financial assets” and generally measured at fair value, if this figure can be reliably determined.

If the fair value of non-listed equity instruments cannot be reliably determined, the shares are carried at cost after the deduction of any necessary impairment losses.

Gains and losses resulting from changes in fair value are basically recognised directly in equity (fair value reserve) after the deduction of deferred taxes. Impairment losses that reflect a lasting and significant decline in fair value are recognised to profit or loss and removed from the fair value reserve. If circumstances at a later measurement date indicate that fair value has increased as a result of events which occurred after the recognition of the impairment loss, a corresponding reversal of the impairment loss is generally recognised to profit or loss. Impairment losses recognised to profit or loss for available-for-sale equity instruments may only be reversed without recognition to profit or loss. Impairment losses to equity instruments that are measured at cost may neither be reversed to profit or loss nor recognised directly in equity.

Any accumulated gains and losses recognised to equity on the measurement of financial assets at fair value are transferred to the income statement when the relevant asset expires or is sold.

Purchases and sales are recognised as of the settlement date.

## **Receivables**

Trade receivables and other current receivables are measured at the initially recognised value less impairment losses. Individual valuation allowances are recorded to reflect the expected credit risk. The conclusion of bankruptcy proceedings leads to derecognition of the involved receivables, whereby previously recognised valuation adjustments are used when a receivable is derecognised. The creation of individual valuation allowances also involves the aggregation of potentially impaired receivables based on similar credit risk characteristics and the subsequent recognition of valuation allowances in accordance with past experience. Impairment losses on trade receivables are recorded to separate allowance accounts. Other non-current receivables are measured at amortised cost and, if material, payment at a later date is reflected through discounting.

## **Cash and cash equivalents**

Cash and cash equivalents, which include bank accounts and short-term deposits with credit institutions, have a remaining term of up to three months at the date of acquisition. These items are measured at fair value, which generally reflects the nominal value.

## **Liabilities**

Financial liabilities are recognised at an amount equal to the actual funds received, which generally reflects fair value. Any material difference between the amount received and the repayment amount is distributed over the term of the liability according to the effective interest rate method, and reported under financial results. Trade payables and other liabilities are carried at amortised cost.

## **Derivative financial assets and liabilities**

The Flughafen Wien Group uses selected derivative financial instruments (interest rate swaps) to hedge the potential effect of interest rate fluctuations on investments and financing transactions. Derivative financial instruments – which are not embedded in an effective hedge as defined in IAS 39 and must therefore be classified as “held for trading” – are recognised at fair value (which generally represents cost) as of the contract date. Subsequent measurement is also based on fair value, which represents the market price for traded derivatives. Instruments that are not quoted on an exchange are valued on the basis of comparable transactions or settlement offers by the relevant business partners. For interest rate swaps, fair value reflects the amount the group would receive or be required to pay on the settlement date. This amount is calculated using the interest rates and interest rate structure curves that are relevant for the settlement date. Changes in fair value are generally recognised through profit and loss, unless the derivative financial instrument is qualified as an effective hedge in accordance with IAS 39.

Positive fair values are recorded under receivables and other assets, while negative fair values are recorded under other liabilities.

The group applies the requirements for hedge accounting as defined in IAS 39 (“Hedge Accounting”) to instruments that are concluded to hedge future cash flows. This reduces the volatility of the income statement. Cash flow hedges are used as protection against fluctuations in the cash flows generated by recognised assets and liabilities or highly probable planned transactions. If an instrument is classified as a cash flow hedge, the effective portion of the change in the value of the hedge is recorded under equity (hedging reserve) without recognition through profit and loss until the results of the underlying transaction are recognised; the ineffective portion of the change in the value of the hedge is recognised to profit and loss.

## **Income taxes**

Income taxes include the taxes due and payable on taxable income as well as deferred taxes. The provisions for taxation are generally comprised of obligations for domestic and foreign income taxes, and cover the reporting year as well as any obligations from previous years. The liabilities are calculated in accordance with the tax regulations of the countries where the group conducts its business activities. Flughafen Wien AG is the group parent under the definition provided by § 9 (8) of the Austrian Corporate Income Tax Act of 1988. In this function, the group parent apportions and charges the applicable share of taxes to the member companies of the group; if a group company generates a loss, the relevant credit is only made when this company again records taxable profit. This settlement of tax charges leads to a reduction in the tax expense shown on the income statement of the group parent. If there are any subsequent variances, the tax settlements with group companies are adjusted accordingly. In accordance with the liability approach, deferred tax assets and deferred tax liabilities are recognised for temporary differences between the carrying amounts on the consolidated balance sheet and the balance sheet prepared for tax purposes as well as for tax loss carryforwards. Deferred tax assets are recognised when it is probable that sufficient taxable profit will be available to utilise a deductible temporary difference. Deferred taxes are only created for temporary differences arising from shares in subsidiaries and companies recorded at equity in cases where there is an intention to sell the investment and the gain on sale will be taxable. Deferred taxes are valued in accordance with the tax regulations that are valid or were enacted as of the balance sheet date for the financial statements. Therefore, the tax rates expected in the future are applied to the reversal of temporary differences.

## **Realisation of income**

Revenue and other operating income is realised when services are provided or the risks and opportunities associated with these services have been transferred to the buyer, under the assumption that a probable economic benefit will flow and this benefit can be reliably estimated.

## **Income from investments**

This position includes the share of profit or loss from companies valued at equity as well as impairment charges, write-ups, sale proceeds and dividends. Dividends are recognised when the relevant resolution for distribution has been passed.

## **Discretionary judgment and estimation uncertainty**

The presentation of the group's asset, financial and earnings position in the consolidated financial statements requires discretionary judgment concerning the measurement and valuation methods applied as well as the assumptions and estimates made by management. Actual results may differ from these estimates. The following key estimates and related assumptions as well as the uncertainties connected with the accounting and valuation methods applied by the group are decisive for an understanding of the underlying risks of financial reporting and the possible effects on the consolidated financial statements in future financial years.

The valuation of intangible assets, property, plant and equipment as well as investments accounted for at equity is connected with estimates related to the determination of fair value on the acquisition date. The stakes in companies recorded at equity have a total carrying amount of T€ 108,485.8 (2009: T€ 107,368.9).

Accounting for business combinations involves estimates to determine the fair value of acquired assets, liabilities and contingent liabilities. Properties are measured on the basis of appraisals by experts. Identifiable intangible assets are measured in accordance with appropriate valuation methods that reflect the type of asset and the availability of information. The use of a market approach for the valuation of intangible assets is generally not possible due to a lack of comparable market prices, and an income approach is therefore used. Customer relationships are measured in accordance with the multi-period excess earnings method, which determines the present value of income from the existing customer base. Under the assumption that an intangible asset will only generate cash flows in connection with other tangible and intangible assets, the determination of the relevant cash surpluses also includes operating expenses and calculatory usage fees (contributory asset charges) for these "supporting" assets. This valuation incorporates a decline in the planned income stream over time based on an appropriate churn rate for customers.

The impairment testing of intangible assets (carrying amount: T€ 8,128.9, 2009: T€ 8,583.3), goodwill (carrying amount: T€ 4,394.4, 2009: T€ 4,394.4), property, plant and equipment (carrying amount: T€ 1,538,593.1, 2009: T€ 1,471,339.5), investment property (carrying amount: T€ 139,366.2, 2009: T€ 126,896.0) and financial assets (carrying amount: T€ 113,637.6, 2009: T€ 111,292.3) involves estimates for the cause, timing and amount of impairment. Impairment can be caused by a number of factors, such as changes in the current competitive situation, expectations for the development of passenger volume, increases in the cost of capital, changes in the future availability of financing, technological obsolescence, the termination of services, current replacement costs, the purchase prices paid for comparable transactions or other changes in the operating environment. The recoverable amount of a specific asset or cash-generating unit is normally determined in accordance with the discounted cash flow method, which also makes use of assumptions by management for future cash flows, risk-adjusted discount rates and appropriate useful lives. For this reason, the calculation of the present value of expected future cash flows and the classification of an asset as impaired depend on management's judgment and evaluation of future development opportunities.

The determination of the acquisition and production cost of construction in progress is connected with uncertainty because of the ongoing construction activity and associated examination requirements. This uncertainty reflects the fact that the services provided by third parties for construction in progress were still under examination when these financial statements were prepared. Any disputes over the services performed could lead to an adjustment of the capitalised amounts.

The Flughafen Wien Group created valuation allowances of T€ 4,284.6 (2009: T€ 10,409.3) for doubtful receivables to reflect expected losses arising from the unwillingness or inability of customers to meet their payment obligations. Management evaluates the appropriateness of these valuation allowances based on the term structure of receivable balances and past experience with the derecognition of receivables, also considering the credit standing of customers and changes in payment conditions. If the financial position of customers deteriorates, actual write-offs could exceed the scope of the expected derecognition.

The valuation of provisions for severance compensation, pensions and service anniversary bonuses with a combined carrying amount of T€ 91,502.0 (2009: T€ 81,770.1) is based on assumptions for the discount rate, retirement age and life expectancy as well as future increases in wages, salaries and pensions.

The provisions for pending legal proceedings and other outstanding claims arising from settlement, arbitration or government proceedings total T€ 2,303.1 (2009: T€ 2,906.4). The recognition and measurement of these provisions are connected to a significant degree with estimates made by management. The evaluation of the probability that pending legal proceedings will be successful and lead to a liability as well as the quantification of the possible amount of a related payment obligation are dependent to a significant degree on an assessment of the respective situation. As a result of the uncertainties connected with this assessment, actual losses may differ from the original estimates and the amount of the provision.

Income taxes are computed for every tax jurisdiction in which the group operates. This involves the calculation of actual expected taxes for each tax subject as well as an evaluation of the temporary differences between the carrying amounts of certain balance sheet items in the consolidated financial statements and the financial statements prepared for tax purposes. Deferred tax assets of T€ 12,106.1 (2009: T€ 11,086.3) were recognised since it is probable that the group will be able to utilise them in the future. The use of deferred tax assets is dependent on the ability to generate sufficient income in the individual tax jurisdictions. Various factors are used to evaluate the probability of the future use of deferred tax assets, which may include past earnings, operating forecasts and/or tax planning strategies. If actual earnings differ from these estimates or the estimates must be adjusted in future periods, this may have a negative effect on the asset, financial and earnings position of the group. The impairment of a deferred tax asset leads to derecognition of the relevant item through profit or loss.

# Notes to the Consolidated Income Statement

## **(1) Revenue and segment reporting**

Revenue includes all income generated by the ordinary business activities of the Flughafen Wien Group. Revenue is presented excluding value added tax as well as other taxes that are collected from customers and passed on to taxation authorities.

The Flughafen Wien Group has applied IFRS 8 since 1 January 2009. IFRS 8 calls for segment reporting that is based solely on the internal organisation and reporting structure as well as the internal measurement indicators used by the company.

IFRS 8 identifies operating segments as components of a company: that engage in business activities from which they can earn revenues and incur expenses (also together with and from other segments); and whose operating results are regularly reviewed by the company's chief operating decision-makers to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

The starting point is formed by the operating segments that meet the quantitative thresholds defined in IFRS 8.13 and are therefore reportable. Operating segments that exhibit similar characteristics as defined in IFRS 8.12 and are also similar to the other factors described in IFRS 8.12 are aggregated together with these reportable segments into a single operating segment. Activities that are not reportable in their own right and cannot be aggregated with other reportable segments are combined into the category "Other Segments" in agreement with IFRS 8.16:

### **Airport**

The business segments aviation and airport services are combined into the reportable operating segment "Airport". The activities of the Aviation Segment consist primarily of the traditional services performed by an airport operator. These services include the operation and maintenance of all aircraft movement areas and the terminals as well as all equipment and facilities involved in passenger and baggage handling, including the VIP Center and VIP lounges. The fees for these services are generally subject to tariff regulations. The airport services unit provides a wide range of services to support airport operations, to deal with emergencies and disruptions and to ensure security. Vöslau Airport is also allocated to the Airport Segment.

### **Handling**

The Handling Segment supplies a variety of services for the handling of aircraft and passengers on scheduled and charter flights. It is also responsible for the handling of general aviation aircraft and passengers as well as the operation of the General Aviation Center. In addition, security controls for persons and hand luggage are performed by the Handling Segment.

## **Retail & Properties**

The Retail & Properties Segment provides various services to support airport operations, including shopping, gastronomy and parking. Activities for the development and marketing of real estate are also included here.

## **Other Segments**

This segment comprises various services that are provided to other operating segments as well as external customers, e.g. technical services and repairs, infrastructure maintenance, energy supply and waste disposal, telecommunications and information technology, electromechanical and building services, the construction and maintenance of infrastructure facilities, construction management and consulting.

Also allocated to this segment are the subsidiaries of Flughafen Wien AG that hold shares in associates or joint ventures and have no other operating activities.

## **Explanation of the amounts shown**

The accounting principles used to develop the segment data are the same as the accounting principles applied in preparing the IFRS consolidated financial statements. The criteria used by the Flughafen Wien Group to evaluate segment performance include, among others, earnings before interest and taxes (EBIT). Depreciation is split into scheduled depreciation and impairment losses, and is derived from the assets allocated to the individual segments. The underlying prices for inter-segment revenues and services reflect market-based standard costs or rates, which are generally based on internal costs.

In accordance with internal reporting, separate information is provided on internal and external revenues as well as scheduled depreciation and amortisation. Other items such as the financial results or tax expense attributable to the individual operating segments are not included under segment information because internal reporting only covers these positions down to and including EBIT and this information is not monitored on a regular basis by the main decision-makers.

Segment assets and liabilities comprise all assets and liabilities that can be allocated to the operating business. In particular, segment assets include intangible assets, property, plant and equipment, trade receivables and other receivables as well as inventories. The Flughafen Wien Group does not show segment liabilities for each reportable operating segment because these liabilities are not monitored on a regular basis by the key decision-maker. Segment assets do not include the assets shown under "Other (not allocated)" in the reconciliation of segment assets to group assets. The group assets designated as not allocated consist primarily of intangible assets and property, plant and equipment used by administrative functions as well as financial assets, non-current receivables, current securities, inventories, trade receivables, receivables due from subsidiaries, receivables due from investments recorded at equity, receivables due from taxation authorities, other receivables and assets, prepaid expenses and deferred charges, and cash and cash equivalents.

Segment investments include additions to intangible assets and property, plant and equipment.

The information provided by geographic area also includes the revenue generated with external customers as well as the amounts recognised for non-current assets (excluding financial instruments, deferred tax assets, post-employment benefits and rights arising from insurance contracts). This data is presented for Austria, the home country of Flughafen Wien AG, and in total for all other countries. If the revenue or non-current assets in a third country reach a material level, these amounts are presented separately.

The number of employees at the segment level is based on the average number of employees for the financial year, weighted by the scope of employment.

Companies included in the consolidated financial statements using the equity method are included under "Other segments" if the respective parent company is not assigned to one of the operating segments.

### Segment results for 2010

<b>in T€ (except employees)</b>	<b>Airport</b>	<b>Handling</b>	<b>Retail &amp; Properties</b>	<b>Other Segments</b>	<b>Group</b>
External segment revenue	259,996.5	165,223.6	93,616.2	14,478.3	533,314.5
Internal segment revenue	38,581.8	54,760.9	15,951.9	75,111.3	
Segment revenue	298,578.3	219,984.5	109,568.1	89,589.6	
Other external revenue <sup>1)</sup>					520.2
Group revenue					533,834.7
Segment results	78,869.7	15,126.5	38,035.7	-3,437.5	128,594.4
Other (not allocated)					-26,269.3
Group EBIT					102,325.1
Segment depreciation and amortisation	33,539.0	6,887.1	14,515.3	10,582.9	65,524.2
Other (not allocated)					286.8
Group depreciation					65,811.1
Segment investments	127,527.4	4,195.2	4,846.9	8,708.3	145,277.7
Other (not allocated)					242.1
Group investments					145,519.8
Segment assets	1,279,343.4	37,878.5	346,884.9	184,122.5	1,848,229.3
Thereof investments recorded at equity and joint ventures				108,485.8	
Other (not allocated)					150,266.4
Group assets					1,998,495.7
Segment employees (average)	412	3,064	77	572	4,124
Other (not allocated)					141
Group employees (average)					4,266

1) Other external revenue is related solely to the administrative area.

## Segment results for 2009

<b>in T€ (except employees)</b>	<b>Airport</b>	<b>Handling</b>	<b>Retail &amp; Properties</b>	<b>Other Segments</b>	<b>Group</b>
External segment revenue	226,468.5	169,787.7	88,826.6	16,225.4	501,308.2
Internal segment revenue	28,741.8	28,377.7	15,501.7	70,593.9	
Segment revenue	255,210.3	198,165.4	104,328.3	86,819.3	
Other external revenue <sup>1)</sup>					379.3
Group revenue					501,687.5
Segment results	78,723.0	13,673.4	42,785.6	-6,471.3	128,710.8
Other (not allocated)					-29,145.6
Group EBIT					99,565.2
Segment depreciation and amortisation	34,591.8	7,149.5	14,216.7	10,538.9	66,496.9
Other (not allocated)					412.1
Group depreciation					66,908.9
Segment investments	201,026.6	3,526.9	11,020.6	7,769.7	223,343.8
Other (not allocated)					241.6
Group investments					223,585.3
Segment assets	1,182,614.6	40,832.8	356,738.1	184,953.6	1,765,139.0
Thereof investments recorded at equity and joint ventures				107,368.9	
Other (not allocated)					95,792.6
Group assets					1,860,931.6
Segment employees (average)	423	2,955	77	539	3,995
Other (not allocated)					153
Group employees (average)					4,148

1) Other external revenue is related solely to the administrative area.

## Reconciliation of reportable segment results to group EBIT

in T€	2010	2009
Total reported segment results (EBIT)	128,594.4	128,710.8
<b>Administration</b>		
Revenue	6,286.4	6,220.7
Other operating income	1,793.3	1,881.5
Consumables	-893.1	-575.8
Personnel expenses	-14,363.5	-13,179.0
Other operating expenses	-18,805.6	-23,080.9
Depreciation and amortisation	-286.8	-412.1
Total not allocated	-26,269.3	-29,145.6
Group EBIT	102,325.1	99,565.2

The non-allocated items shown in the reconciliation are related solely to the administrative area.

## Reconciliation of segment assets to group assets

in T€	31.12.2010	31.12.2009
<b>Assets by segment</b>		
Airport	1,279,343.4	1,182,614.6
Handling	37,878.5	40,832.8
Retail & Properties	346,884.9	356,738.1
Other Segments	184,122.5	184,953.6
Total assets in reportable segments	1,848,229.3	1,765,139.0

## Assets not allocated to a specific segment

Intangible assets and property, plant and equipment used in administration	1,010.0	1,084.5
Other financial assets	4,564.5	3,310.4
Non-current receivables	106.8	111.3
Current securities	64,351.0	62,884.7
Inventories	175.2	113.3
Trade receivables	44.3	33.3
Receivables due from subsidiaries	348.8	456.1
Receivables due from investments recorded at equity	128.9	140.3
Receivables due from taxation authorities	8,609.5	14,040.0
Other receivables and assets	3,931.8	5,315.6
Prepaid expenses and deferred charges	3,362.8	2,874.6
Cash and cash equivalents	63,632.7	5,428.6
Total not allocated	150,266.4	95,792.6
Group assets	1,998,495.7	1,860,931.6

### Disclosures for 2010 by region

in T€	Austria	Malta	Slovakia	Group
External revenue	533,104.4	730.3	0.0	533,834.7
Non-current assets	1,708,767.9	48,315.6	47,036.6	1,804,120.2

### Disclosures for 2009 by region

in T€	Austria	Malta	Slovakia	Group
External revenue	501,040.4	647.1	0.0	501,687.5
Non-current assets	1,629,031.9	46,326.9	47,146.6	1,722,505.4

The assets allocated to Malta and Slovakia also include the value of investments in other companies owned by these fully consolidated subsidiaries. The investments in Malta Airport generated net profit of € 3.4 million in 2010 (2009: € 2.7 million) and the investment in Košice Airport net profit of € 0.8 million (2009: € 1.3 million). The values of the investments in the airport corporations in Malta and Slovakia are not shown here.

### Information on key customers

The Flughafen Wien Group recorded revenue of € 183.4 million with its major customer in 2010 (2009: € 184.5 million). This revenue was generated in all segments.

### (2) Other operating income

in T€	2010	2009
Own work capitalised	9,437.8	8,470.0
Income from the disposal of property, plant and equipment	64.1	65.3
Income from the reversal of provisions	3,433.4	3,899.1
Income from the reversal of investment subsidies from public funds	1,024.0	1,354.8
Income from rights granted	694.7	818.0
Income from insurance	247.6	122.8
Miscellaneous	1,475.0	656.8
	16,376.8	15,386.8

The increase in own work capitalised during the reporting year resulted, above all, from the capitalisation of services provided by group companies on construction projects.

### (3) Consumables and services used

in T€	2010	2009
Consumables	22,455.3	17,615.2
Energy	16,833.2	16,548.4
Services	3,052.8	3,310.8
	42,341.2	37,474.3

The cost of consumables and services rose by € 4.9 million or 13.0% to € 42.3 million. This increase resulted, above all, from the higher use of de-icing materials (€ +2.3 million), but also included higher costs of € 0.5 million and € 2.0 million, respectively, for fuel and other materials. Energy costs remained at the prior year level in total, and reflected lower expenses for electricity and higher expenses for long-distance heating. The cost of services was lower, primarily due to a decline in brokerage.

#### **(4) Personnel expenses**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Wages	105,229.6	95,133.9
Salaries	66,557.8	62,468.3
Expenses for severance compensation	9,350.2	7,434.8
Thereof contributions to severance fund	3,044.8	1,073.6
Expenses for pensions	7,096.3	3,542.9
Thereof contributions to pension funds	5,929.8	1,540.0
Expenses for legally required duties and contributions	47,667.4	44,543.8
Other employee benefits	2,206.9	2,270.4
	238,108.2	215,394.2

The average number of employees increased 2.8% to 4,266 in 2010. The largest increase was recorded in the Handling Segment (plus 108 employees), followed by the Other Segments (plus 33 employees). The average workforce in the Airport Segment declined 2.7%. As of 31 December 2010 the Flughafen Wien Group had 4,337 employees, which represents a year-on-year increase of 10.5%. Personnel expenses rose by 10.5% to € 238.1 million for the reporting year. This development reflected the higher average number of employees as well as an increase in overtime work (e.g. winter services), wage and salary increases mandated by collective bargaining agreements, higher costs for severance compensation as well as higher additions to the provision for pensions and contributions to pension funds in comparison with 2009.

#### **(5) Other operating expenses**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Other taxes (excluding income taxes)	409.8	410.0
Maintenance	19,035.0	16,622.4
Third party services	16,590.8	14,852.1
Consulting expenses	12,244.2	8,971.5
Marketing and market communication	26,208.0	19,280.9
Postage and telecommunications	1,520.9	1,633.1
Rental and lease payments	9,390.8	8,307.6
Insurance	3,503.4	3,571.5
Travel and training	1,922.7	1,774.8
Damages	284.4	78.6
Valuation allowances to and derecognition of receivables	-160.8	4,156.1
Losses on the disposal of property, plant and equipment	424.8	800.1
Exchange rate differences	512.8	426.3
Miscellaneous operating expenses	9,739.0	16,846.7
	101,625.9	97,731.6

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 consist 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 the subsidiary Vienna Airport Infrastruktur Maintenance GmbH.

Consulting expenses include fees paid to attorneys, notaries public, tax advisors and the auditors of the annual financial statements as well as miscellaneous consulting fees.

The following services were provided by auditors of the annual financial statements during the reporting year:

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Audit of the annual financial statements	258.6	251.2
Other assurance services	53.5	3.5
Other services	102.1	0.0
	414.3	254.7

The expenses incurred for marketing and market communications were related chiefly to marketing measures, above all to strengthen Vienna's hub function, and to traditional public relations activities.

In 2009 miscellaneous operating expenses included € 8.4 million that were directly related to the terminal extension VIE-Skylink.

#### **(6) Amortisation and depreciation**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
<b>Amortisation of intangible assets</b>		
Scheduled amortisation	1,790.4	1,930.6
	1,790.4	1,930.6
<b>Depreciation of property, plant and equipment</b>		
Scheduled depreciation	64,020.7	64,978.3
	64,020.7	64,978.3
	65,811.1	66,908.9

#### **(7) Income from investments recorded at equity**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Income	4,699.9	4,073.3
Expenses	-1,088.3	-655.9
	3,611.6	3,417.4

A pro rata share of gains totalling T€ 101.8 was not recognised during the reporting year (2009: T€ 21.2). The cumulative total of unrecognised losses equals T€ 40.1 (2009: T€ 141.9).

**(8) Income from investments, excluding investments recorded at equity**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Income from subsidiaries not included in the consolidation	255.1	225.0
Income from investments in other companies	70.0	0.0
	325.1	225.0

**(9) Interest income/expense**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Interest and similar income	3,368.5	3,570.3
Interest and similar expenses	-11,031.7	-10,470.9
	-7,663.2	-6,900.6

**(10) Other financial income/expense**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Income from the write-up of financial assets	83.1	0.0
Income from the disposal of securities	0.0	4.3
Losses on the disposal of securities	0.0	-38.0
Impairment losses on securities and other financial instruments	0.0	-269.1
	83.1	-302.8

**(11) Income taxes**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Current tax expense	16,675.8	15,520.7
Current tax expense relating to prior periods	2.0	-1.9
Change in deferred income taxes	6,317.1	7,138.5
	22,994.9	22,657.3

The increase of T€ 4,531.5 in deferred taxes (2009: T€ 7,349.4) is the result of temporary differences. The change of T€ -61.8 (2009: T€ -248.8) resulted from the use of tax loss carryforwards.

The total tax expense of T€ 22,994.9 (2009: T€ 22,657.3) is T€ 1,675.5 (2009: T€ 1,343.7) lower than the calculated tax expense of T€ 24,670.4 (2009: T€ 24,001.1) that would result from the application of the Austrian corporate tax rate (25.0%) to profit before tax of T€ 98,681.6 (2009: T€ 96,004.3).

The difference between the calculated tax rate and the effective tax rate shown in the financial statements is explained by the following table:

### Tax reconciliation

in T€	2010	2009
Profit before taxes	98,681.6	96,004.3
Calculated income tax	24,670.4	24,001.1
<b>Decreases in taxes based on</b>		
Adjustments for foreign tax rates	-15.5	-72.3
Tax effects of reductions for local taxes	-1,247.0	-620.6
Permanent differences	-8.7	0.0
At equity valuations	-1,092.8	-1,018.3
	-2,364.1	-1,711.2
<b>Increase in taxes based on</b>		
Adjustments for foreign tax rates	58.1	48.7
Tax effects of additions for local taxes	438.5	68.4
Permanent differences	0.0	21.0
At equity valuations	189.9	231.2
	686.5	369.4
Income tax expense for the period	22,992.9	22,659.2
Income tax expense from prior periods	2.0	-1.9
Income tax expense as reported on the income statement	22,994.9	22,657.3
Effective tax rate	23.3%	23.6%

The differences between the carrying amounts in the IFRS financial statements and the financial statements prepared for tax purposes as well as the loss carryforwards recognised as of the balance sheet date have the following effect on deferred tax liabilities as shown on the balance sheet:

**Deferred taxes**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
<b>Deferred tax assets</b>		
Intangible assets and property, plant and equipment	118.1	153.7
Financial assets	315.6	358.9
Provisions for severance compensation	5,022.7	4,017.9
Provisions for pensions	1,357.5	1,610.6
Provisions for service anniversary bonuses	1,186.6	798.9
Transfer of shares to employee foundation	0.0	98.1
Other provisions	2,393.8	2,274.6
Tax loss carryforwards	1,711.8	1,773.7
	12,106.1	11,086.3
<b>Deferred tax liabilities</b>		
Intangible assets and property, plant and equipment	26,833.6	21,492.9
Securities	746.7	379.9
Other assets and liabilities	822.1	886.7
Tax provisions from consolidation entries	741.0	894.6
	29,143.5	23,654.1
Total provisions for taxation (net)	-17,037.4	-12,567.8

The following tables show the development and allocation of the total change in the provision for deferred taxes into the components recognised to profit or loss and the components recognised directly in equity:

#### Development of deferred tax assets

in T€	2010	2009
Balance on 1.1.	11,086.3	12,095.2
<b>Changes recognised to profit or loss</b>	-1,215.3	-1,171.9
<b>Changes recognised directly in equity</b>		
Actuarial differences	2,235.1	484.9
Employee foundation	0.0	-322.0
Total changes recognised directly in equity	2,235.1	162.9
Balance on 31.12.	12,106.1	11,086.3

#### Development of deferred tax liabilities

in T€	2010	2009
Balance on 1.1.	23,654.1	17,562.4
<b>Changes recognised to profit or loss</b>	5,101.8	5,966.7
<b>Changes recognised directly in equity</b>		
Non-current securities	0.3	2.9
Current securities	366.6	163.2
Cash flow hedge	20.7	-41.1
Total changes recognised directly in equity	387.6	124.9
Balance on 31.12.	29,143.5	23,654.1

The calculation of deferred tax assets for the Austrian companies is based on the applicable corporate income rate (25.0%). The deferred tax assets and deferred tax liabilities held by the Austrian companies were netted out. The calculation of taxes in foreign countries is based on the applicable tax rates (32.5%/35.0% for Malta and 19.0% for Slovakia).

The changes recognised directly in equity are related to gains and losses on available-for-sale financial instruments, cash flow hedges and the employee fund as well as actuarial gains and losses not affecting net income.

Deferred tax assets of T€ 699.2 had not been recognised as of 31 December 2010 (2009: T€ 699.2). These amounts are related primarily to deferred tax assets on loss carryforwards, which were not recognised due to the uncertainty connected with their acceptance by the taxation authorities. If the loss carryforwards are accepted, there would be no time limit on their utilisation.

# Notes to the Consolidated Balance Sheet

## Non-current assets

### (12) Intangible assets

Intangible assets include goodwill, concessions, industrial property rights, software and related licenses.

in T€	Concessions and rights	Goodwill	Total
<b>Development from 1.1. to 31.12.2010</b>			
Net carrying amount as of 1.1.2010	8,583.3	4,394.4	12,977.6
Additions	1,146.5	0.0	1,146.5
Transfers	191.0	0.0	191.0
Disposals	-1.6	0.0	-1.6
Amortisation	-1,790.4	0.0	-1,790.4
Net carrying amount as of 31.12.2010	8,128.9	4,394.4	12,523.2

### Balance on 31.12.2010

Acquisition cost	30,297.7	4,394.4	34,692.0
Accumulated amortisation	-22,168.8	0.0	-22,168.8
Net carrying amount	8,128.9	4,394.4	12,523.2

in T€	Concessions and rights	Goodwill	Total
<b>Development from 1.1. to 31.12.2009</b>			
Net carrying amount as of 1.1.2009	8,321.3	4,394.4	12,715.7
Additions	2,192.6	0.0	2,192.6
Amortisation	-1,930.6	0.0	-1,930.6
Net carrying amount as of 31.12.2009	8,583.3	4,394.4	12,977.6

### Balance on 31.12.2009

Acquisition cost	30,328.6	4,394.4	34,723.0
Accumulated amortisation	-21,745.3	0.0	-21,745.3
Net carrying amount	8,583.3	4,394.4	12,977.6

The major additions for the reporting year represent purchased software. Expenditures of T€ 2,585.8 for the development of individual modules for an internally generated airport operations software programme were recognised as expenses in 2010 (2009: T€ 1,491.8).

### (13) Property, plant and equipment

in T€	Land and buildings	Technical equipment and machinery	Other equipment, furniture, fixtures and office equipment	Pre-payments and construction in progress	Total
<b>Development from 1.1. to 31.12.2010</b>					
Net carrying amount					
as of 1.1.2010	512,346.7	256,180.4	45,323.2	657,489.3	1,471,339.5
Additions <sup>1)</sup>	2,934.6	2,988.9	11,396.7	126,370.0	143,690.2
Transfers	-15,429.0	2,366.0	66.4	-3,351.0	-16,347.5
Disposals	-43.1	-200.9	-107.7	-86.1	-437.8
Depreciation	-21,347.9	-25,058.3	-13,245.1	0.0	-59,651.3
Net carrying amount					
as of 31.12.2010	478,461.5	236,276.0	43,433.4	780,422.2	1,538,593.1
<b>Balance on 31.12.2010</b>					
Acquisition cost	776,752.6	657,204.0	180,100.5	780,937.1	2,394,994.2
Accumulated depreciation	-298,291.2	-420,928.0	-136,667.1	-514.9	-856,401.0
Net carrying amount	478,461.5	236,276.0	43,433.4	780,422.2	1,538,593.1

1) The additions include invoice corrections of T € 13.666,9, which are accounted for as negative additions.

in T€	Land and buildings	Technical equipment and machinery	Other equipment, furniture, fixtures and office equipment	Pre-payments and construction in progress	Total
<b>Development from 1.1. to 31.12.2009</b>					
Net carrying amount					
as of 1.1.2009	488,352.2	254,868.4	49,444.8	528,322.6	1,320,988.0
Additions	14,672.8	12,163.4	8,215.2	185,246.0	220,297.3
Transfers	32,267.3	14,744.0	1,455.0	-55,383.1	-6,916.8
Disposals	-1,055.5	-9.0	-96.4	-696.1	-1,857.0
Depreciation	-21,890.1	-25,586.4	-13,695.5	0.0	-61,172.0
Net carrying amount					
as of 31.12.2009	512,346.7	256,180.4	45,323.2	657,489.3	1,471,339.5
<b>Balance on 31.12.2009</b>					
Acquisition cost	794,465.2	655,681.8	178,528.1	658,004.2	2,286,679.3
Accumulated depreciation	-282,118.4	-399,501.4	-133,205.0	-514.9	-815,339.7
Net carrying amount	512,346.7	256,180.4	45,323.2	657,489.3	1,471,339.5

Borrowing costs of T€ 17,160.3 were capitalised in 2010 (2009: T€ 15,939.3). The average interest rate on financing for the reporting year was 3.6% (2009: 4.1%).

The following table shows the major additions to property, plant and equipment in 2010 and 2009, including capitalised interest expense on debt:

<b>Airport Segment in T€</b>	<b>2010</b>
VIE-Skylink	95,160.7
Third runway	11,260.1
Security systems	6,664.2
Security control lines	2,107.4
Revitalisation of bus gates	2,085.3
Fixtures and operating equipment	1,529.8
Land	1,039.5
Ramp in front of the airport building	925.3
Revitalisation of Terminal 2	490.7
Infrastructure west expansion	468.3
Fire department building and checkpoints	287.0
<b>Handling Segment in T€</b>	<b>2010</b>
Lifting and loading vehicles	1,191.6
Special vehicles	1,007.7
Towing vehicles	966.5
Fixtures and operating equipment	427.4
Automobiles, busses, vans, delivery trucks	380.5
<b>Retail &amp; Properties Segment in T€</b>	<b>2010</b>
Advertising space VIE-Skylink	1,884.6
Expansion of Office Park 3	682.9
Bus station (old) arrivals	467.1
K3 car park	285.3
Infrastructure west expansion	153.0
<b>Other Segments in T€</b>	<b>2010</b>
Infrastructure west expansion	2,023.6
IT hardware	1,578.4
Fixtures and operating equipment	1,131.4
Software	1,044.6
Aircraft de-icing equipment	499.0
Automobiles, busses, vans, delivery trucks	402.7
Replacement of network equipment	380.7
Special vehicles	117.2

<b>Airport Segment in T€</b>	<b>2009</b>
VIE-Skylink	115,371.6
Third runway	13,295.0
Ramp in front of the airport building	13,011.2
Security systems	9,089.2
Fire department building and checkpoints	8,373.3
Austrian Federal Railway station	6,722.3
Land	5,966.8
Taxiways and aprons	4,868.8
Guidance system	4,378.6
Baggage sorting equipment	3,988.1

<b>Handling Segment in T€</b>	<b>2009</b>
Special vehicles	2,180.4
Operating equipment	1,107.8

<b>Retail &amp; Properties Segment in T€</b>	<b>2009</b>
Gate equipment for car parks and parking areas	2,208.4
Forwarding agent building	2,087.3
Office Park I	1,257.9

<b>Other Segments in T€</b>	<b>2009</b>
Software	1,681.4
IT hardware	1,086.3
Infrastructure west expansion	1,091.1
Fixtures and operating equipment	895.9
Transformer station	663.2

#### **(14) Investment property**

<b>in T€</b>	<b>2010</b>	<b>2009</b>
<b>Development from 1.1. to 31.12.</b>		
Net carrying amount as of 1.1.	126,896.0	122,690.1
Additions	683.1	1,095.4
Transfers	16,156.5	6,916.8
Depreciation	-4,369.4	-3,806.3
Net carrying amount as of 31.12.	139,366.2	126,896.0
<b>Balance on 31.12.</b>		
Acquisition cost	177,279.8	158,573.8
Accumulated depreciation	-37,913.6	-31,677.8
Net carrying amount	139,366.2	126,896.0

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Rental income	13,604.6	14,161.3
Operating expenses for rented properties	7,102.3	4,651.3
Operating expenses for vacant properties	638.2	677.3

Investment property is comprised primarily of buildings that are held to generate rental income. The operating expenses for vacant properties are related to the Office Park 3, which is currently undergoing a general renovation and is therefore not occupied.

Transfers consist primarily of a forwarding agent building, which was reclassified to investment property as of 31 December 2010.

According to internal calculations that are based on an earnings valuation, the group's investment property had a fair value of T€ 164,609.4 as of 31 December 2010.

#### **(15) Investments accounted for using the equity method**

<b>At Equity in T€</b>	<b>2010</b>	<b>2009</b>
<b>Development from 1.1. to 31.12.</b>		
Net carrying amount as of 1.1.	107,368.9	104,790.1
Acquisition of shares	85.9	0.0
Transfer of profits	4,371.2	4,043.3
Transfer of losses	-744.4	-640.6
Depreciation of identifiable assets	-15.3	-15.3
Dividends	-2,580.6	-808.6
Net carrying amount as of 31.12.	108,485.8	107,368.9
<b>Balance on 31.12.</b>		
Acquisition cost	108,490.6	107,373.6
Accumulated results	-4.7	-4.7
Net carrying amount	108,485.8	107,368.9

#### **(16) Other financial assets**

<b>in T€</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Loans and receivables (LaR)	1,608.2	1,614.0
Thereof loans granted to employees	106.8	111.3
Thereof other originated loans and receivables	1,501.3	1,502.7
Available-for-sale assets (AfS)	3,543.7	2,309.3
Thereof investments in non-consolidated subsidiaries	1,323.3	1,323.3
Thereof long-term investment funds and securities	2,220.4	986.0
	5,151.8	3,923.3

Definition of valuation categories:

LaR – Loans and receivables,

AfS – Financial instruments available for sale

The originated loans and receivables include a loan of T€ 70.0 (2009: T€ 59.0) to Société Internationale Télécommunications Aéronautiques SC, a loan of T€ 450.0 (2009: T€ 500.0) to Austro Port Boden- und Flugzeugabfertigungsges.m.b.H and loans of T€ 106.8 (2009: T€ 111.3) to employees as well as a receivable of T€ 129.5 (2009: T€ 135.0) related to the granting of an investment subsidy by the Austrian Environmental Fund.

Available-for-sale financial assets consist chiefly of T€ 2,220.4 (2009: T€ 986.0) in investment fund shares that have been held for a longer period of time as well as shares in non-consolidated subsidiaries totalling T€ 1,323.3 (2009: T€ 1,323.3), which were not included in the consolidated financial statements because the related amounts are immaterial at the present time:

#### **Shares in non-consolidated subsidiaries (2010):**

- Flughafen Wien / Berlin-Brandenburg International Entwicklungsbeteiligungsgesellschaft mbH, in liquidation
- 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.
- Indian Airports Holding GmbH

#### **Shares in non-consolidated associated companies (2010):**

- OAO "Petroport-konzessii" Open Stock Company

## **Current assets**

### **(17) Inventories**

<b>in T€</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Consumables and supplies	4,504.4	3,310.8
	4,504.4	3,310.8

Consumables and supplies are comprised above all of de-icing materials, fuel, spare parts and other materials used in airport operations. As of 31 December 2010 and 31 December 2009, no inventories were valued at the net selling price.

### **(18) Securities**

<b>in T€</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Investment funds <sup>1)</sup>	34,401.0	33,984.7
Fixed-interest securities	29,950.0	28,900.0
Thereof AfS	9,950.0	8,900.0
Thereof LaR	20,000.0	20,000.0
	64,351.0	62,884.7

<sup>1)</sup> Definition of valuation categories: LaR – loans and receivables, AfS – financial instruments available for sale

As of 31 December 2010, securities totalling T€ 34,401.0 (2009: T€ 33,984.7) were pledged to Austrian financial institutions to obtain better conditions on short-term lines of credit.

#### **(19) Receivables and other assets**

<b>in T€</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Gross trade receivables	49,790.2	54,384.8
Less valuation allowances	-4,284.6	-10,409.3
Net trade receivables	45,505.7	43,975.5
Receivables due from non-consolidated subsidiaries	348.8	456.1
Subtotal	45,854.5	44,431.6
Receivables due from investments recorded at equity	128.9	140.3
Receivables due from taxation authorities	8,609.5	14,040.0
Other receivables and assets	3,931.8	5,315.6
Prepaid expenses and deferred charges	3,362.8	2,874.6
	61,887.5	66,802.0

The payment terms for trade receivable generally range from 8 to 30 days. Individual valuation allowances were recognised to reflect possible bad debt losses. The carrying amount of trade receivables approximates the fair value of these items. The receivables due from taxation authorities represent advance payments on corporate income taxes as well as VAT tax credits.

#### **(20) Cash and cash equivalents**

<b>in T€</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Cash	140.8	130.4
Deposits with financial institutions	12,491.9	5,298.1
Short-term investments (time deposits)	51,000.0	0.0
	63,632.7	5,428.6

The commitment period for all short-term investments was less than three months at the time the investment was made. The average interest rate on deposits with financial institutions equalled 1.35% as of 31 December 2010 (2009: 0.35%). The carrying amount of cash and cash equivalents approximates fair value.

# Equity

## (21) Share capital

The share capital of Flughafen Wien AG is fully paid in and totals T€ 152,670.0. It is divided into 21,000,000 shares of bearer stock, which carry voting and dividend rights. All shares carry the same rights and obligations (“one share – one vote”). There were 21,000,000 shares outstanding as of 31 December 2010, which reflects the same number as in the prior year.

Earnings per share as shown on the income statement are calculated by dividing the share of net profit for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding for the financial year. There are no option rights for the issue of new shares. Therefore, basis earnings per share equal diluted earnings per share.

The recommended dividend is dependent on the approval of the annual general meeting, and was therefore not recognised as a liability in the consolidated financial statements. The recommended dividend for the 2010 financial year equals € 2.00 (2009: € 2.10) per share.

## (22) Capital reserves

Capital reserves comprise a T€ 92,221.8 premium generated by the stock issue in 1992 and a T€ 25,435.5 premium realised on the capital increase in 1995. These items were recognised in the individual accounts of Flughafen Wien AG.

## (23) Other reserves

The component items of other reserves are described below. The development of these reserves is shown on the statement of changes in equity.

- a) Available-for-sale reserve: The revaluation reserve for financial investments comprises the accumulated gains or losses on the revaluation of available-for-sale financial assets. These amounts are recognised in other comprehensive income after the addition or deduction of any transfers to profit or loss in connection with a sale or an impairment charge.
- b) Hedging reserve: This reserve includes gains and losses on the effective portion of cash flow hedges. The gains and/or losses accumulated in the reserve are only transferred to profit or loss if the hedged transaction also influences earnings or, in the case of non-financial underlying transactions, if the hedged transaction leads to an adjustment of the carrying amount in accordance with the applied accounting policy.
- c) Actuarial gains and losses: Actuarial gains and losses on the provisions for severance compensation and pensions, which result from experience-based adjustments or changes in actuarial assumptions, are recognised directly in equity (other comprehensive income) during the period incurred.
- d) Currency translation reserve: This reserve covers all differences resulting from the translation of foreign subsidiary financial statements from the functional currency to the group’s reporting currency.

## **(24) Retained earnings**

Retained earnings comprise the profits generated by the group after the deduction of dividends. The maximum amount available for distribution to the shareholders of the parent company equals the amount shown as “total profit” on the individual financial statements of Flughafen Wien AG as of 31 December 2010, which were prepared in accordance with Austrian generally accepted accounting principles.

### **Income and expenses related to the employee foundation**

The tenth (extraordinary) annual general meeting on 15 November 2000 authorised the repurchase of Flughafen Wien shares at an amount equal to 10% of share capital for subsequent transfer to an employee foundation. A total of 2,100,000 shares (10% of share capital) were repurchased on 30 November 2000. These shares were transferred to Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung (the employee foundation) on 20 December 2000 (2,000,000 shares) and on 2 February 2001 (100,000 shares). The shares owned by the foundation carry voting and dividend rights, whereby the foundation distributes the dividends received from Flughafen Wien AG directly to employees with no deductions.

This share-based payment to employees of the Flughafen Wien Group was granted prior to the enactment of IFRS 2 “Share-based Payment”. The relevant effects are recognised directly in equity under retained earnings. Apart from the transfer of treasury stock in 2000 and 2001, the effects of the group’s acceptance of corporate tax obligations on behalf of the employee fund are as follows:

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Balance on 1.1.	14,012.4	13,046.4
Partial release of provision for foundation expenses	0.0	1,288.0
Deferred taxes	0.0	-322.0
Balance on 31.12.	14,012.4	14,012.4

## **(25) Non-controlling interests**

Non-controlling interests represent shares held by third parties in the equity of consolidated subsidiaries. As of the balance sheet date, non-controlling interests reflected the stake held by RZB Holding GmbH in the Slovakian subsidiary BTS Holding a.s.

The development of non-controlling interests is shown on the statement of changes in equity.

# Non-current liabilities

## (26) Non-current provisions

in T€	31.12.2010	31.12.2009
Severance compensation	61,040.7	52,806.6
Pensions	16,748.4	17,646.1
Service anniversary bonuses	13,713.0	11,317.5
Part-time work for older employees	12,840.5	11,172.8
	104,342.5	92,943.0

### 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. Employees who joined the company after 31 December 2002 no longer have a direct claim to legal severance compensation from their employer. For these employment contracts, severance compensation obligations are met through regular payments to an employee benefit fund. This severance compensation model only requires the employer to make regular contributions. In cases where collective bargaining agreements call for higher severance compensation payments to certain employees, provisions were created to cover the relevant amounts.

### Development of the provision for severance compensation obligations

in T€	2010	2009
Provision recognised as of 1.1. = present value (DBO) of obligations	52,806.6	49,910.1
Net expense recognised to profit or loss	6,305.4	6,361.3
Actuarial gains(-)/losses(+) not recognised to profit or loss	8,027.3	1,879.5
Severance compensation payments	-6,098.6	-5,344.3
Provision recognised as of 31.12. = present value (DBO) of obligations	61,040.7	52,806.6

The cumulative actuarial losses on the provisions for severance compensation that were recognised directly in equity amounted to T€ 9,670.8 as of 31 December 2010 (2009: T€ 3,650.3).

### Personnel expenses include the following

in T€	2010	2009
Service cost	3,606.9	3,673.9
Interest cost	2,698.5	2,687.4
Severance compensation expense recorded under personnel expenses	6,305.4	6,361.3

<b>in T€</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Present value (DBO) of obligations on 31.12.	61,040.7	52,806.6	49,910.1	50,734.1
Adjustments (+) gains / (-) losses based on experience	-1,504.1	630.0	-2,365.1	-1,216.4
As a % of the present value of the obligation (DBO) at the end of the period	-2.5	1.2	-4.7	-2.4

Experienced-based adjustments represent the actuarial gains and losses caused by differences between the assumptions for individual employee-related parameters and parameters applicable to the entire workforce. Among others, these parameters include the development of wages and salaries, the number of deaths, early retirement and resignations.

Severance compensation payments are expected to equal T€ 2,670.2 in 2011 (prior year T€ 3,140.9).

### **Provisions for pensions**

Flughafen Wien AG has concluded individual agreements for the payment of supplementary defined benefit payments to certain active and retired key employees. These commitments are covered in part by reinsurance policies, which represent plan assets as defined in IAS 19. The amount of the provision was reduced by the amount of the insurance. No contributions to plan assets are expected in 2011.

Employees who joined the company before 1 September 1986 had a claim to defined benefit 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

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 (defined contribution plan).

The company makes payments equal to 2.5% of monthly wages and salaries for all employees covered by the company pension agreement, as long as their employment relationship remains in effect. In addition, employees can make additional contributions to the fund. Employees' claims to retirement and survivors' pensions arising from contributions made by the employer are transferred to the pension fund five years after the start of contribution payments. These amounts become vested after a further five years.

## Reconciliation to the provision for pensions on the balance sheet

in T€	2010	2009
Present value (DBO) of the obligation as of 31.12.	19,254.8	22,735.6
Pension plan assets at fair value as of 31.12.	-2,506.4	-5,089.5
Provision recognised as of 31.12.	16,748.4	17,646.1

## Development of the present value of the obligation (DBO)

in T€	2010	2009
Present value (DBO) of the obligation as of 1.1.	22,735.6	22,068.6
Service cost	256.6	966.5
Interest cost	909.9	1,036.3
Actuarial gains(-) / losses(+) not recognised to profit or loss	912.9	-81.1
Pension payments <sup>1)</sup>	-5,560.2	-1,254.7
Present value (DBO) of the obligation as of 31.12.	19,254.8	22,735.6

1) Thereof transfer to pension fund T€ -4,326.7

The cumulative actuarial gains on the provisions for pensions that were recognised directly in equity amounted to T€ 80.9 as of 31 December 2010 (2009: T€ 765.6).

## Development of plan assets

in T€	2010	2009
Plan assets at fair value as of 1.1.	5,089.5	4,940.0
Actual return on plan assets	209.9	149.5
Plan settlements <sup>1)</sup>	-2,792.9	0.0
Plan assets at fair value as of 31.12.	2,506.4	5,089.5

1) Thereof transfer to plan assets T€ -2,744.9

The pension plan assets represent qualified reinsurance policies.

## Personnel expenses include the following

in T€	2010	2009
Service cost	256.6	966.5
Interest cost	909.9	1,036.3
Actual return on plan assets	-209.9	-149.5
Pension expenses recorded under personnel expenses	956.6	1,853.4

### Historical information on pension obligations

in T€	2010	2009	2008	2007
Present value (DBO) of obligations on 31.12.	19,254.8	22,735.6	22,068.6	22,230.6
Plan assets at fair value	-2,506.4	-5,089.5	-4,940.0	-3,320.9
Deficit (+) / surplus (-)	16,748.4	17,646.1	17,128.6	18,909.6
Adjustments (+) gains / (-) losses based on experience	-1,719.1	-1,196.3	-570.3	-1,651.6
As a % of the present value of the obligation (DBO) at the end of the period	-8.9	-5.3	-2.6	-7.4
As a % of pension plan assets at the end of the period	-68.6	-23.5	-11.5	-49.7

Pension payments are expected to total T€ 1,321.6 in 2011 (prior year: T€ 1,411.8).

### Provision for service anniversary bonuses

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

### Development of the provision for service anniversary bonuses

in T€	2010	2009
Provision recognised as of 1.1. = present value (DBO) of obligations	11,317.5	10,637.1
Net expense recognised to profit or loss	2,812.1	1,140.2
Service anniversary bonus payments	-416.6	-459.8
Provision recognised as of 31.12. = present value (DBO) of obligations	13,713.0	11,317.5

### Personnel expenses include the following:

in T€	2010	2009
Service cost	841.7	589.6
Interest cost	586.4	573.1
Actuarial gains(-) / losses (+) recognised to profit or loss	1,384.0	-22.5
Service anniversary bonuses recorded under personnel expenses	2,812.1	1,140.2

### Provisions for part-time work 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.

in T€	1.1.2010	Use	New creation	31.12.2010
Part-time work for older employees	11,172.8	-2,423.1	4,090.8	12,840.5

### Provision for foundation expenses

This item includes the current and non-current portions of the obligation to cover tax expense for “Flughafen Wien Mitarbeiterbeteiligung Privatstiftung” (the employee foundation). Increases or decreases in the provision are credited or charged to equity, without recognition to profit or loss.

<b>in T€</b>	<b>1.1.2010 = 31.12.2010</b>
Employee foundation expenses	906.3
Thereof current	906.3

### (27) Non-current and current financial liabilities

<b>in T€</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Current financial liabilities	204.0	90,671.6
Long-term bank loans	794,112.9	591,551.6
Financial liabilities	794,316.9	682,223.2

The bank loans were concluded to finance the extensive capital expenditure programme at Vienna International Airport.

In 2010 VIE Malta Finance Ltd., a subsidiary of Flughafen Wien AG, arranged for a € 300.0 million loan within the framework of an Austrian law to strengthen liquidity (“Unternehmensliquiditätsstärkungsgesetz”). Of the total principal, € 200.0 million were received during the reporting year. This financing has a five-year term, with an average nominal interest rate of 2.2% at year-end 2010.

In 2009 the subsidiary VIE Malta Finance Ltd. issued a € 103.5 million promissory note, which has a term of four to six years and an average interest rate of 3.6%. The credit volume with the European Investment Bank remained at the prior year level of € 400.0 million; both segments of this loan have fixed interest rates averaging 4.5%. The terms of these loans extend to June 2031, with no principal repayments scheduled during the first nine years.

The conclusion of the loan pursuant to the Austrian law to strengthen liquidity reduced current financial liabilities from € 90.7 million to € 0.2 million.

The remaining terms of the bank loans are as follows:

	<b>31.12.2010</b>	<b>31.12.2009</b>
Up to one year	204.0	90,671.6
More than one year and up to five years	334,361.9	59,561.6
More than five years	459,751.0	531,990.0
	794,316.9	682,223.2

All financial liabilities were concluded in euros.

## (28) Other non-current liabilities

<b>in T€</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Amounts arising from non-controlling interests	0.0	1,585.7
Environmental fund (non-current portion)	10,489.3	17,017.3
Subtotal financial liabilities	10,489.3	18,603.0
Accruals	28,524.8	29,083.6
Government grants	1,427.0	2,451.0
	40,441.1	50,137.6

The liabilities to the environmental fund represent obligations arising from the mediation process. Based on the assumption that the payout requirements for one-half of the liability will be met in 2011, T€ 10,489.3 each was reported under other non-current liabilities and other current liabilities.

The accruals consist primarily of rental prepayments by Austro Control GmbH for the air traffic control tower, which was completed in 2005. The lease has a term of 33 years ending in April 2038.

Flughafen Wien AG received non-repayable investment subsidies from public authorities during the period from 1977 to 1985. In 1997, 1998 and 1999 Flughafen Wien AG also received investment subsidies from the European Union. The investment allowances received from the Republic of Austria from 2002 to 2004 are accounted for as government grants and reversed to profit or loss over the useful life of the relevant assets.

## Current liabilities

### (29) Current provisions

<b>in T€</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
Unused vacation	9,948.9	10,295.7
Other claims by employees	5,649.6	5,446.1
Income taxes	951.6	835.0
Foundation expenses	906.3	906.3
Goods and services not yet invoiced	66,919.0	58,070.5
Outstanding discounts	17,812.3	7,531.1
Miscellaneous provisions	8,139.2	8,613.4
	110,326.9	91,698.3

## Development from 1.1. to 31.12.2010

in T€	Carrying	Use	Reversal	New	Carrying
	amount as				amount as of
	of 1.1.2010			creation	31.12.2010
Unused vacation	10,295.7	-1,027.7	0.0	680.9	9,948.9
Other claims by employees	5,446.1	-3,255.7	-387.0	3,846.0	5,649.6
Income taxes	835.0	-833.7	0.0	950.2	951.6
Foundation expenses	906.3	0.0	0.0	0.0	906.3
Goods and services not yet invoiced	58,070.5	-29,143.1	-3,113.8	41,105.5	66,919.0
Outstanding discounts	7,531.1	-6,710.5	-820.6	17,812.3	17,812.3
Miscellaneous provisions	8,613.4	-1,850.5	-2,538.9	3,915.2	8,139.2
	91,698.3	-42,821.2	-6,860.2	68,310.1	110,326.9

The provisions for other claims by employees consist primarily of overtime pay and performance bonuses.

Miscellaneous current provisions consist chiefly of accruals to cover claims for damages, a provision for security services and liability insurance for 2010.

### (30) Trade payables

in T€	31.12.2010	31.12.2009 <sup>1)</sup>
To third parties	59,650.9	97,512.1
To non-consolidated subsidiaries	6,600.7	6,232.0
To companies recorded at equity	15.8	60.0
	66,267.4	103,804.1

### (31) Other current liabilities

in T€	31.12.2010	31.12.2009 <sup>1)</sup>
Amounts due to companies recorded at equity	4,409.0	5,775.1
Customers with credit balances	4,801.0	1,225.8
Environmental fund (current portion)	10,489.3	0.0
Miscellaneous liabilities	1,758.7	1,555.9
Subtotal financial liabilities (FLAC)	21,458.0	8,556.8
Derivative financial instruments	457.4	540.3
Other tax liabilities	1,826.6	1,412.0
Other accruals (deferred income)	1,914.5	2,210.7
Other social security liabilities	7,093.8	4,522.4
Government grants	1,024.0	1,024.0
Amounts due to non-controlling interests	0.0	8,170.0
Miscellaneous liabilities (excl. financial liabilities)	185.4	50.2
Payroll accruals	8,844.8	6,278.8
	42,804.5	32,765.3

1) Adjusted

The amount due to non-controlling interests in 2009 represented a put option held by the non-controlling shareholders of the Slovakian subsidiary KSC Holding a.s. for the sale of their investment. In June 2010 19.05% of the remaining shares in KSC Holding a.s. were acquired. Therefore, there were no obligations arising from non-controlling interests based on this put option as of 31 December 2010.

The other accruals consist primarily of the current portion of rental prepayments by Austro Control GmbH for the air traffic control tower.

Amounts due to the environmental fund were reclassified from non-current to current liabilities to reflect the expected payment date.

## Other Disclosures

### (32) Cash flow statement

The indirect method was used to prepare the consolidated cash flow statement. Information on the components of cash and cash equivalents is provided under note (20).

Interest payments and dividends received are included under cash flow from operating activities. Of this amount, T€ 2,179.9 (2009: T€ 4,739.1) represent interest income and T€ 25,732.6 (2009: T€ 22,089.8) interest expense. Dividends received totalled T€ 1,476.3 (2009: T€ 1,063.6). The dividend paid by Flughafen Wien AG is included under cash flow from financing activities.

Purchases of property, plant and equipment for which payment had not been made by the end of the reporting year were eliminated from the cash flow statement as a non-cash transaction. Including payments made and eliminated in prior years, the elimination totalled T€ +26,809.5 (2009: T€ -15,422.6).

### (33) Additional disclosures on financial instruments

#### Receivables, originated loans and other financial assets

The following tables show the term structure of receivables, originated loans and other financial assets as well as the development of valuation allowances:

2010 in T€	Carrying amount after valuation allowance 31.12.2010	Thereof neither adjusted nor overdue	Thereof not adjusted but overdue during the following periods				
			Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	Over 360 days
Remaining term up to							
1 year	49,915.2	40,089.0	5,434.3	1,482.7	344.4	876.2	540.1
Remaining term over							
1 year	21,501.3	21,501.3	0.0	0.0	0.0	0.0	0.0
	71,416.5	61,590.3	5,434.3	1,482.7	344.4	876.2	540.1

2009 in T€	Carrying amount after valuation allowance 31.12.2009	Thereof neither adjusted nor overdue	Thereof not adjusted but overdue during the following periods				Over 360 days
			Up to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	
Remaining term up to 1 year	49,683.4	35,971.8	3,217.9	7,333.0	619.2	925.0	97.4
Remaining term over 1 year	21,614.0	21,614.0	0.0	0.0	0.0	0.0	0.0
	71,297.4	57,585.8	3,217.9	7,333.0	619.2	925.0	97.4

There were no indications as of the balance sheet date that the debtors would be unable to meet their obligations for the payment of receivables or originated loans that were neither adjusted nor overdue.

The valuation allowances relate primarily to trade and other receivables, and developed as follows in 2010 and 2009:

2010 in T€	Valuation allowances	Change <sup>1)</sup>	Valuation allowances
	1.1.2010		31.12.2010
Individual valuation allowances	12,200.3	-6,095.0	6,105.4
Collective valuation allowances	108.5	-29.8	78.7
	12,308.8	-6,124.8	6,184.1

1) Net sum of addition, reversal and use

2009 in T€	Valuation allowances	Change <sup>1)</sup>	Valuation allowances
	1.1.2009		31.12.2009
Individual valuation allowances	8,210.8	3,989.6	12,200.3
Collective valuation allowances	49.6	58.9	108.5
	8,260.4	4,048.5	12,308.8

1) Net sum of addition, reversal and use

Expenses for the derecognition of receivables (primarily trade receivables) totalled T€ 138.4 in 2010 (2009: T€ 43.0).

An analysis of the receivables adjusted as of the balance sheet date according to the period overdue is shown below:

2010 in T€	Carrying amount before valuation allowance	Individual valuation allowance	Collective valuation allowance	Carrying amount after valuation allowance
	31.12.2010	31.12.2010	31.12.2010	31.12.2010
Overdue < 1 year	1,068.7	848.4	16.2	204.1
Overdue > 1 year	6,239.5	5,257.0	62.5	920.0
	7,308.2	6,105.4	78.7	1,124.1

	<b>Carrying amount before valuation allowance 31.12.2009</b>	<b>Individual valuation allowance 31.12.2009</b>	<b>Collective valuation allowance 31.12.2009</b>	<b>Carrying amount after valuation allowance 31.12.2009</b>
<b>2009 in T€</b>				
Overdue < 1 year	5,706.3	5,357.4	108.4	240.6
Overdue > 1 year	7,276.0	6,808.0	0.1	467.9
	12,982.4	12,165.4	108.5	708.5

### Financial liabilities – term structure

The following tables show the contractually agreed (undiscounted) interest and principal payments on the non-derivative financial liabilities held by the Flughafen Wien Group:

<b>2010 in T€</b>	<b>Carrying amount 31.12.2010</b>	<b>Gross cash flows as of 31.12.2010</b>	<b>Cash flows</b>		
			<b>&lt; 1 year</b>	<b>1–5 years</b>	<b>&gt; 5 years</b>
Fixed-interest bank loans	473,411.6	737,747.1	21,285.7	129,774.1	586,687.3
Variable interest bank loans	320,905.3	271,332.9	28,308.5	243,024.3	0.0
Trade payables	66,267.4	66,267.4	66,267.4	0.0	0.0
Other liabilities	31,947.3	31,947.3	31,947.3	0.0	0.0
Derivative liabilities	457.4	474.9	304.5	170.4	0.0
			148,113.5	372,968.9	586,687.3

<b>2009<sup>1)</sup> in T€</b>	<b>Carrying amount 31.12.2009</b>	<b>Gross cash flows as of 31.12.2009</b>	<b>Cash flows</b>		
			<b>&lt; 1 year</b>	<b>1–5 years</b>	<b>&gt; 5 years</b>
Fixed-interest bank loans	558,059.2	845,907.5	111,535.6	124,455.8	609,916.2
Variable interest bank loans	124,164.0	119,963.5	19,963.5	44,800.0	55,200.0
Trade payables	103,804.1	103,804.1	103,804.1	0.0	0.0
Other liabilities <sup>1)</sup>	27,159.8	27,165.5	25,583.3	0.0	1,582.2
Derivative liabilities	540.3	572.3	158.6	413.7	0.0
			261,045.0	169,669.5	666,698.4

1) Adjusted

This listing includes all instruments held by the Group as of 31 December 2010 for which payments have been contractually agreed. The variable interest payments on financial instruments were based on the interest rates established as of 31 December 2010. Financial liabilities that can be repaid at any time are always allocated to the earliest repayment period.

### Carrying amounts, amounts recognised and fair values by valuation category

Management assumes that – with the exception of the items listed below – the carrying amounts of financial assets and financial liabilities stated at cost generally reflect fair value.

**Carrying amounts, amounts recognised and fair values by valuation category**

2010 in T€	Valuation category	Carrying amount as of 31.12.2010	Nominal value = fair value
<b>ASSETS</b>			
Cash and cash equivalents	Cash reserve	63,632.7	63,632.7
Trade receivables	LaR	45,854.5	
Originated loans and other receivables <sup>1)</sup>	LaR	25,562.0	
Thereof fixed-interest securities	LaR	20,000.0	
Thereof receivables due from associated companies	LaR	128.9	
Thereof other receivables	LaR	3,931.8	
Thereof originated loans	LaR	1,501.3	
Total	LaR	71,416.5	
<b>Other non-derivative financial assets</b>			
Investments in other companies (not consolidated)	AfS	1,323.3	
Available-for-sale securities	AfS	46,571.4	
Thereof long-term investment funds and securities	AfS	2,220.4	
Thereof short-term investment funds	AfS	34,401.0	
Thereof fixed-interest securities	AfS	9,950.0	
Total	AfS	47,894.7	
<b>LIABILITIES</b>			
Trade payables	FLAC	66,267.4	
Financial liabilities <sup>2)</sup>	FLAC	794,316.9	
Other liabilities	FLAC	31,947.3	
Thereof miscellaneous non-current financial liabilities	FLAC	10,489.3	
Thereof miscellaneous current financial liabilities	FLAC	21,458.0	
Total	FLAC	892,531.7	
<b>Derivative financial liabilities</b>			
Derivatives with hedges	Hedging	457.4	

Abbreviations:

LaR – Loans and receivables

AfS – Available-for-sale financial instruments

HfT – Held-for-trading financial instruments, Hedging – hedging agreements

FLAC – Financial liabilities measured at amortised cost

- 1) Fair value could not be reliably determined due to the lack of market values for all assets; for reasons of simplicity, these items are therefore shown at amortised cost.
- 2) The high share of long-term, fixed-interest borrowings and a substantial increase in the risk premium for financing (credit spreads) since 2009 led to a significant difference between fair value and amortised cost.

**Carrying amount as per IAS 39**

<b>Amortised cost</b>	<b>Cost</b>	<b>Fair value not recognised in profit or loss</b>	<b>Fair value recognised in profit or loss</b>	<b>Fair value as of 31.12.2010</b>	<b>Notes</b>
				63,632.7	(20)
45,854.5				45,854.5	(19)
25,562.0				25,562.0	
20,000.0				20,000.0	(18)
128.9				128.9	(19)
3,931.8				3,931.8	(19)
1,501.3				1,501.3	(16)
71,416.5				71,416.5	
1,129.9	193.4			1,323.3	(16)
	632.6	45,938.8		46,571.4	
	632.6	1,587.7		2,220.4	(16)
		34,401.0		34,401.0	(18)
		9,950.0		9,950.0	(18)
1,129.9	826.0	45,938.8		47,894.7	
66,267.4				66,267.4	(30)
794,316.9				623,249.2	(27)
31,947.3				31,947.3	
10,489.3				10,489.3	(28)
21,458.0				21,458.0	(31)
892,531.7				721,464.0	
		457.4		457.4	(31)

**Carrying amounts, amounts recognised and fair values by valuation category**

2009 in T€	Valuation category	Carrying amount as of 31.12.2009	Nominal value = fair value
<b>ASSETS</b>			
Cash and cash equivalents	Liquid funds	5,428.6	5,428.6
Trade receivables	LaR	44,431.6	
Originated loans and other receivables <sup>1)</sup>	LaR	26,958.5	
Thereof bonds	LaR	20,000.0	
Thereof receivables due from associated companies	LaR	140.3	
Thereof other receivables	LaR	5,315.6	
Thereof originated loans	LaR	1,502.7	
Total	LaR	71,390.1	
<b>Other non-derivative financial assets</b>			
Investments in other companies (not consolidated)	AfS	1,323.3	
Available-for-sale securities	AfS	43,870.8	
Thereof long-term investment funds and securities	AfS	986.0	
Thereof short-term investment funds	AfS	33,984.7	
Thereof bonds	AfS	8,900.0	
Total	AfS	45,194.1	
<b>LIABILITIES</b>			
Trade payables	FLAC	103,804.1	
Financial liabilities <sup>2)</sup>	FLAC	682,223.2	
Other liabilities	FLAC	27,159.8	
Thereof miscellaneous long-term liabilities	FLAC	18,603.0	
Thereof miscellaneous short-term liabilities	FLAC	8,556.8	
Total	FLAC	813,187.1	
<b>Derivative financial liabilities</b>			
Derivatives with hedges	Hedging	540.3	

Abbreviations:

LaR – Loans and receivables

AfS – Available-for-sale financial instruments

HfT – Held-for-trading financial instruments, Hedging – hedging agreements

FLAC – Financial liabilities measured at amortised cost

- 1) Fair value could not be reliably determined due to the lack of market values for all assets; for reasons of simplicity, these items are therefore shown at amortised cost.
- 2) The high share of long-term, fixed-interest borrowings and a substantial increase in the risk premium for financing (credit spreads) in 2009 led to a significant difference between fair value and amortised cost.

**Carrying amount as per IAS 39**

<b>Amortised cost</b>	<b>Cost</b>	<b>Fair value not recog- nised in profit or loss</b>	<b>Fair value recognised in profit or loss</b>	<b>Fair value as of 31.12.2009</b>	<b>Notes</b>
				5,428.6	(20)
44,431.6				44,431.6	(19)
26,958.5				26,958.5	
20,000.0				20,000.0	(18)
140.3				140.3	(19)
5,315.6				5,315.6	(19)
1,502.7				1,502.7	(16)
71,390.1				71,390.1	
1,129.9	193.4			1,323.3	(16)
	632.6	43,238.1		43,870.8	
	632.6	353.4		986.0	(16)
				33,984.7	(18)
				8,900.0	(18)
1,129.9	826.0	43,238.1		45,194.1	
103,804.1				103,804.1	(30)
682,223.2				433,661.6	(27)
27,159.8				27,159.8	
18,603.0				18,603.0	(28)
8,556.8				8,556.8	(31)
813,187.1				564,625.5	
			540.3	540.3	(31)

Trade receivables, originated loans and other receivables generally have short remaining terms. Therefore, the carrying amounts of these items approximate fair value as of the balance sheet date.

Non-consolidated investments in other companies that are classified as available-for-sale financial assets (AfS) represent unlisted equity instruments, whose fair value cannot be reliably determined. These instruments are consequently measured at cost or amortised cost.

Trade payables and other liabilities normally have short remaining terms, and the carrying amounts of these items approximate fair value as of the balance sheet date.

The fair values of financial liabilities due to financial institutions (bank loans) and other financial liabilities are generally determined using the present value of the payments related to these obligations and in accordance with the applicable yield curve and credit spread appropriate for Flughafen Wien AG.

### **Valuation methods and assumptions for the determination of fair value**

The fair value of financial assets and financial liabilities is determined as follows: the market price represents the fair value for financial assets and financial liabilities that are traded on active liquid markets at standardised terms and conditions. This method is also applied to listed redeemable obligations, bills of exchange, promissory notes and perpetual bonds (Level 1).

The securities classified under level two are not listed directly, but include stocks and bonds that are traded on public exchanges. The fair value of these securities is derived from the market value of the listed stocks and bonds.

The fair value of the other financial assets and financial liabilities (with the exception of derivatives) is determined by applying recognised valuation models that rely on current market parameters (Level 3). This procedure involves discounting the relevant cash flows – that were defined at an earlier point in time or determined by applying the current interest rate curve through forward rates – back to the balance sheet date using the discount rates derived from the applicable interest rate curve.

The fair value of derivatives is based on market prices. The fair value of non-listed transactions is based on the price of comparable transactions or a settlement offer by the relevant business partner. For interest rate swaps, fair value represents the amount the group would receive or be required to pay if the financial instrument were settled as of the balance sheet date. This amount is calculated by applying the interest rates and interest rate curves applicable to the balance sheet date.

## Financial instruments carried at fair value

The following section provides an overview of financial instruments that are measured at fair value after initial recognition. These financial instruments are classified in three levels of disclosure that reflect the significance of the factors used for measurement:

- The prices listed for identical assets or liabilities on active markets (applied without change) (Level 1),
- Input factors that do not include listed prices as defined for Level 1, but which can be monitored directly (e.g. prices) or indirectly (e.g. derived from prices) for the relevant asset or liability (Level 2), and
- Factors not based on monitored market data that are used to measure the relevant asset or liability (non-observable input factors) (Level 3).

				<b>31.12.2010</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Financial assets carried at fair value</b>				
Available-for-sale securities	10,304.6	35,634.2	0.0	45,938.8
Available-for-sale financial assets – total	10,304.6	35,634.2	0.0	45,938.8

## LIABILITIES

### Financial liabilities at fair value

Derivatives with hedges	0.0	457.4	0.0	457.4
Total derivatives	0.0	457.4	0.0	457.4

				<b>31.12.2009</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Financial assets carried at fair value</b>				
Available-for-sale securities	9,253.4	33,984.7	0.0	43,238.1
Available-for-sale financial assets – total	9,253.4	33,984.7	0.0	43,238.1

## LIABILITIES

### Financial liabilities at fair value

Derivatives with hedges	0.0	540.3	0.0	540.3
Total derivatives	0.0	540.3	0.0	540.3

No items were reclassified between Levels 1 and 2 during the reporting year.

## Major assumptions for the determination of fair value

### Available-for-sale securities

The fair value of available-for-sale securities classified under Level 1 is based on the market price (stock exchange listings) on the respective balance sheet date. The securities classified under Level 2 are not traded directly on a stock exchange, but represent shares and bonds that

are listed on public exchanges. The fair value of these securities is derived from the market values of the listed shares and bonds.

### Derivatives with hedges

For interest rate swaps, fair value represents the amount the group would receive or be required to pay if the financial instrument were settled as of the balance sheet date. This amount is calculated by applying the interest rates and interest rate curves applicable to the balance sheet date.

### Net results by valuation category

2010 in T€	From interest income	From interest expense	From subsequent measurement		Foreign currency translation	Impairment	From derecognition	Net results
			At fair value through profit or loss	At fair value not through profit or loss				
Cash reserves	38.9				-0.9			-0.9
Loans and receivables (LaR)	1,525.6				2.3	243.9		246.2
Available-for-sale financial assets (AfS)	1,873.9			1,100.6				1,100.6
Financial liabilities at amortised cost (FLAC)		-10,668.0						0.0
Hedging		-304.9		82.9				82.9
<b>Total</b>	<b>3,438.3</b>	<b>-10,972.9</b>	<b>0.0</b>	<b>1,183.5</b>	<b>1.4</b>	<b>243.9</b>	<b>0.0</b>	<b>1,428.8</b>

### Net results by valuation category

2009 in T€	From interest income	From interest expense	From subsequent measurement		Foreign currency translation	Impairment	From derecognition	Net results
			At fair value through profit or loss	At fair value not through profit or loss				
Cash reserves	39.6				-1.0			-1.0
Loans and receivables (LaR)	2,073.1				-0.8	-4,425.0		-4,425.8
Available-for-sale financial assets (AfS)	2,261.3			500.3			-33.7	466.6
Financial liabilities at amortised cost (FLAC)		-9,454.3						0.0
Hedging		-212.7		-164.2				-164.2
<b>Total</b>	<b>4,374.0</b>	<b>-9,667.1</b>	<b>0.0</b>	<b>336.0</b>	<b>-1.8</b>	<b>-4,425.0</b>	<b>-33.7</b>	<b>-4,124.5</b>

The interest received on financial instruments is included under net financing costs. The other components of net results are recorded under other financial results, with the exception of the valuation allowances to trade and other receivables that are classified under loans and receivables. These valuation allowances are shown under other operating expenses.

Results from the subsequent measurement of financial instruments that are classified as held-for-trading also include interest rate and fair value measurement effects.

Net financing costs of T€ 10,668.0 (2009: T€ 9,454.3) for financial liabilities measured at amortised cost consist primarily of interest expense on bank loans. This item also includes the interest added to and discounted from other financial liabilities. A further component of this position is the interest income on an interest rate derivative, which was used by Flughafen Wien AG during the reporting year as part of a cash flow hedge to hedge the risk of cash flows related to financial liabilities.

In connection with the recording of changes in the fair value of available-for-sale financial assets without recognition to profit or loss, net valuation gains of T€ 1,100.6 were recognised directly in equity during the reporting year (2009: net valuation gains of T€ 500.3).

### **(34) Derivative financial instruments**

#### **Interest rate swaps**

In 2007 Flughafen Wien AG concluded an interest rate swap (pay fixed – receive variable) to hedge the risk of cash flows related to a variable interest financial liability. The variable interest financial liability was designated as the hedged item at an amount reflecting the nominal value of the interest rate swap. Changes in the cash flows of the hedged item, which result from changes in the variable interest rate, are offset by the changes in the cash flows of the interest rate swap. This hedging is designed to transform a variable interest bank loan into a fixed-interest financial liability, and thereby hedge the cash flow related to the financial liability. The Flughafen Wien Group does not use hedges to offset credit risks.

#### **Structured interest rate swaps**

	<b>31.12.2010</b>	<b>31.12.2009</b>
Nominal value in T€	10,000.0	10,000.0
Fair value	-457.4	-540.3
Average interest rate received	0.77%	0.72%
Average interest rate paid	3.76%	3.76%
Remaining term in years	1.9	2.9

This calculation reflects market data as of the valuation date and is based on generally accepted valuation models (Black-Scholes, Heath-Jarrow-Morton). The average variable interest rates, which could be subject to significant changes during the term of the swap, reflect the interest rates in effect as of the balance sheet date.

The recognition directly in equity of the change in the fair value of the hedging instrument resulted in the recording of a T€ 62.2 gain to the hedging reserve during 2010 (2009: loss of T€ 123.2).

## **(35) Risk management**

### **Financial risks**

The financial assets, liabilities and planned transactions of the Flughafen Wien Group are exposed to a variety of market risks that include the risks resulting from changes in interest rates, exchange rates and stock market prices. The goal of financial risk management is to limit these market risks through the steady optimisation of operating and financial activities. Measures to achieve these objectives depend on the expected risk, and include the selected use of derivative and non-derivative hedging instruments. Hedging generally involves only those risks that could have an impact on the group's cash flows. Derivative financial instruments are used exclusively for hedging purposes, and never for trading or other speculative reasons. In order to minimise credit risk, hedges are basically concluded with leading financial institutions that have a first-class credit rating.

The basic principles of the group's financial policy are defined each year by the Management Board, and monitored by the Supervisory Board. The group treasury department is responsible for the implementation of financial policy and ongoing risk management. Certain transactions require the prior approval of the business unit manager and, if specific limits are exceeded, the approval of the Management Board, which is also provided with regular information on the scope and volume of the group's current risk exposure. The treasury department views the effective management of liquidity risk and market risk as one of their primary duties.

### **Liquidity risk**

The objective of liquidity management is to ensure that the group is able to meet its payment obligations at all times. Liquidity management is based on short-term and long-term liquidity forecasts, which are subject to variance analyses and adjusted if necessary. The group's operating segments provide the treasury department with information that is used to develop a liquidity profile, and the active management of payment flows is used to optimise net financing costs. Certain components of financial investments are held in the form of securities (investment funds, bonds) that serve as a liquidity reserve and can generally be sold at any time.

Additional quantitative information is provided under note (33).

### **Credit risk**

The Flughafen Wien Group is exposed to risks arising from its business operations as well as the risk of default that is connected with certain investment and financing activities. In the investment and financing area, transactions are concluded almost exclusively with partners that have at least an A credit rating (S&P, Moody's). Contract partners that are not rated by these agencies must also have an excellent credit standing. The group only acquires shares in investment funds that are directed by recognised international asset management companies. In the operating business, outstanding receivables are monitored continuously on a centralised basis. The risk resulting from default is minimised by short payment periods, agreements for the provision of collateral such as deposits or bank guarantees, and the increased use of direct

debit and automatic collection procedures. The risk of default is countered by individual and collective valuation allowances. The credit risk associated with receivables can generally be considered low, since the majority of receivables are due and payable within a short period of time and are based on long-term relationships with customers.

The carrying amount of financial assets (including derivative financial instruments with a positive market value) represents the maximum default and credit risk, since there were no major agreements (e.g. settlement agreements) as of 31 December 2010 that could reduce the maximum risk of default.

Additional quantitative information is provided under note (33). Information on other financial obligations and risks is included in note (37).

### **Interest rate risk**

Interest rate risk represents the risk that the fair value or the future payment flows generated by a financial instrument could fluctuate because of changes in interest rate levels. Interest rate risk includes the present value risk of fixed interest financial instruments as well as the risk associated with cash flows from variable interest financial instruments, and is related above all to long-term financial instruments. These longer terms are less important in the operating area, but can be material for financial assets, securities and financial liabilities.

The Flughafen Wien Group is exposed to interest rate risk above all in the euro zone. In accordance with the current and forecasted debt structure, the treasury department selectively uses interest rate derivatives to adjust the interest rates on financial liabilities to meet the composition defined by management and thereby reduce the potential impact of interest rate fluctuations.

In order to depict market risks, IFRS 7 requires the disclosure of sensitivity analyses that demonstrate the effects of hypothetical changes in relevant risk variables on earnings and equity. The Flughafen Wien Group is not only exposed to interest rate risks, but also to foreign exchange risks and price risks arising from investments in other companies. The periodic effects are determined by evaluating the hypothetical changes in risk variables on financial instruments as of the balance sheet date for the financial statements. This procedure assumes that the amount determined as of this date is representative of the entire year.

Interest rate risks are presented in the form of sensitivity analyses as required by IFRS 7. These analyses show the effects of changes in interest rate levels on financing costs, interest income and expenses as well as other components of earnings and equity. The interest rate sensitivity analyses are based on the following assumptions:

- Changes in the interest rates of non-derivative financial instruments with fixed interest rates only affect earnings that are measured at fair value. Therefore, fixed-interest financial instruments carried at amortised cost are not exposed to interest rate risk as defined in IFRS 7.
- Changes in the interest rates of financial instruments that serve as cash flow hedges to provide protection against interest-related fluctuations in payments have an effect on the hedging reserve in equity, and are therefore included in the relevant sensitivity calculations.

- Changes in interest rates have an impact on the financing cost of non-derivative variable interest financial instruments if the related interest payments are not designated as the underlying financial instrument for a cash flow hedge. In such cases, they are included in the sensitivity calculations for earnings.
- Changes in the interest rates of interest rate derivatives (interest rate swaps) that are not included in a hedge as defined in IAS 39 have an effect on other financial results (valuation adjustments concerning financial assets to reflect fair value) and are therefore included in the sensitivity calculations for earnings.

If market interest rates had been 100 basis points higher/lower as of 31 December 2010, earnings would have been T€ 2,076.9 lower/higher (2009: T€ 657.0 higher/lower). The theoretical impact of T€ 2,076.9 (2009: T€ 657.0) on earnings results from the potential effect of variable interest securities and financial liabilities. If market interest rates had been 100 basis points higher/lower on 31 December 2010, equity – including tax effects – would have been T€ 1,557.7 lower/higher (2009: T€ 492.7 higher/lower). This analysis assumes that other factors, e.g. foreign exchange rates, will remain constant.

### **Foreign exchange risk**

Foreign exchange risks arise in connection with financial instruments that are denominated in a currency other than the functional currency of the group company for which they are measured. For the purposes of IFRS, there is no foreign exchange risk on financial instruments that are denominated in the functional currency. Differences resulting from the translation of financial statements from a foreign currency into the group currency are not affected by the provisions of IFRS 7.

The Flughafen Wien Group is exposed to foreign exchange risks in connection with investments, financing measures and operating activities. Foreign exchange risks in the investment area arise primarily in connection with the purchase and sale of stakes in foreign companies. As of the balance sheet date for the 2010 financial statements, the group was not exposed to any material risks from transactions denominated in a foreign currency.

Foreign exchange risks in the financing area are related to financial liabilities that are denominated in foreign currencies as well as foreign currency loans that were concluded as financing for group companies. The Flughafen Wien Group was not exposed to any material foreign exchange risks in the financing area as of 31 December 2010.

The individual group companies carry out their business activities almost entirely in their relevant functional currency (euro), which is generally the same as the reporting currency of the Flughafen Wien Group. For this reason, the group's foreign exchange risk in the operating area is considered to be low.

In accordance with IFRS 7, foreign exchange risks are generally presented in the form of a sensitivity analysis. The relevant risk variables are generally non-functional currencies in which the group holds financial instruments. The foreign exchange sensitivity analysis is based on the following assumptions:

The major non-derivative monetary financial instruments – which include receivables, interest-bearing securities and debt instruments, cash and cash equivalents, and interest-bearing liabilities – are denominated primarily in the functional currency. Therefore, changes in foreign exchange rates have no material effect on earnings or equity.

Interest income from and expenses for financial instruments are recognised primarily in the functional currency. As a result, changes in the foreign exchange rates relating to these items have no effect on earnings or equity.

The non-interest bearing securities and equity instruments held by the group are non-monetary and, consequently, do not carry any foreign exchange risk as defined in IFRS 7.

In summary, the risks to the Flughafen Wien Group arising from changes in foreign exchange rates were considered to be low as of the closing date for the 2010 financial statements. A quantitative foreign exchange sensitivity analysis was therefore not prepared.

### **Other price risks**

In connection with the analysis of market risks, IFRS 7 also requires the disclosure of information on the effects of hypothetical changes in risk variables on the price of financial instruments. The relevant risk variables include, above all, stock market prices or indexes. As of 31 December 2010 and 2009, the Flughafen Wien Group held no investments that would be categorised as available for sale – with the exception of shares in subsidiaries not included in the consolidation.

### **Capital management**

Financial management in the Flughafen Wien Group is designed to support a sustainable increase in the value of the company and also maintain a capital structure that will ensure an excellent credit rating.

Gearing represents the most important indicator for financial management. It is defined as the ratio of net financial liabilities (non-current and current financial liabilities less liquid funds and current securities) to equity as shown on the consolidated balance sheet. The main instruments used to manage gearing are an increase or decrease in financial liabilities as well as the strengthening of the equity base through the retention of earnings or the adjustment of dividend payments. Management has not defined a specific target for gearing, but has set a limit of two-thirds for the debt ratio as a secondary indicator. This goal remains unchanged from the previous year. The following table shows the development of gearing:

<b>in T€</b>	<b>2010</b>	<b>2009</b>
Financial liabilities	794,316.9	682,223.2
- Liquid funds	-63,632.7	-5,428.6
- Current securities	-64,351.0	-62,884.7
= Net financial liabilities	666,333.2	613,909.9
./. Carrying amount of equity	822,958.9	794,792.4
= Gearing	81.0%	77.2%

Gearing rose during the reporting year, above all due to a € 112.1 million increase in borrowings (2009: € 73.9 million). The higher level of borrowings is contrasted by an increase of € 58.2 million in cash and cash equivalents.

Neither Flughafen Wien AG nor its subsidiaries are subject to minimum capital requirements defined by external sources.

### (36) Operating leases

#### Flughafen Wien as the lessor

The following table shows the lease payments arising from non-cancellable rental and lease contracts in which the Flughafen Wien Group serves as the lessor. In particular, the related objects represent operating and commercial buildings at Vienna International Airport (including investment property).

in T€	2010	2009
Lease payments recognised as income of the reporting period	116,150.2	109,092.9
Thereof conditional payments from revenue-based rents	7,149.3	5,996.1

#### Future minimum lease payments

Up to one year	57,139.0	53,724.5
More than one and up to five years	93,348.7	90,386.9
More than five years	193,994.9	230,429.7

#### Flughafen Wien as the lessee

Major non-cancellable leases in which the Flughafen Wien Group serves as the lessee have been concluded with HERMIONE Raiffeisen-Immobilien-Leasing GmbH for the rental of operating buildings at Vienna International Airport and with SITA Information Networking Computing Inc., USA, for the rental of operating equipment and furnishings, including operating software, for the check-in counters in the terminals. The following table shows the lease payments arising from these contracts:

in T€	2010	2009
Lease payments recognised as expense of the reporting period	7,879.9	8,101.9
Thereof conditional payments from expense-based rents	1,659.4	3,217.4

#### Future minimum lease payments

Up to one year	8,579.6	6,861.7
More than one and up to five years	27,677.7	22,965.4
More than five years	54,644.2	57,206.5

The conditional lease payments recognised as expenses during the reporting period are linked to a fixed reference interest rate (6-month EURIBOR).

### **(37) Other obligations and risks**

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

In accordance with § 7 (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€ 4,316.2 (2009: T€ 4,672.9) of loans related to the construction and expansion of sewage treatment facilities.

The Malta Mediterranean Link Consortium Group (MMLC) entered into a loan with a term ending in mid-2018 and an outstanding balance of € 15.3 million as of 31 December 2010. Flughafen Wien AG has agreed not to sell its investment in MMLC during the term of this loan. Furthermore, Flughafen Wien AG has confirmed the following to the lending institution: all necessary steps will be undertaken to ensure that the group's investments maintain a healthy financial position at all times; the corporate policies of Flughafen Wien AG include the fulfilment of financial obligations by MMLC at all times; and MMLC will be equipped with a financial basis that enables the company to meet its obligations at any time.

A tax audit of the Austrian companies was started in 2009. This audit covers the years from 2004 to 2007 (corporate income tax and value added tax) and also includes a review of 2008 and 2009 in accordance with § 144 of the Austrian Fiscal Code. The audit had not been concluded by the time these consolidated financial statements were prepared. The potential obligations resulting from these events could not be reliably estimated as of the balance sheet date on 31 December 2010.

Information on obligations arising from obligations to make pension and pension subsidy payments is provided under note (26).

Information on the pledging of current securities is provided under note (18).

As of 31 December 2010, obligations for the purchase of intangible assets amounted to € 4.1 million (2009: € 1.1 million) and obligations for the purchase of property, plant and equipment to € 184.0 million (2009 € 103.3 million).

### **(38) Information on business associations with related companies and persons**

The province of Lower Austria and the city of Vienna each hold 20% of the shares in Flughafen Wien AG. Both shareholders have a significant influence on Flughafen Wien AG because of the size of these stakes, and are therefore classified as related parties of Flughafen Wien AG. There were no material business relationships with either the province of Lower Austria or the city of Vienna during the reporting year.

Moreover, all subsidiaries, joint ventures and associated companies as well as key managers and the members of the Supervisory Board of Flughafen Wien AG are considered to be related parties or persons. The business relationships between Flughafen Wien AG and non-consolidated subsidiaries are immaterial. Information on the receivables and liabilities due from/to related companies and persons is provided under the relevant position in the notes.

The services provided by non-consolidated subsidiaries led to expenses of T€ 5,636.4 in 2010 (2009: T€ 5,637.1).

The Flughafen Wien Group recorded revenue of T€ 1,153.5 in 2010 (2009: T€ 1,017.9) with the joint venture City Air Terminal Betriebsgesellschaft m.b.H. and revenue of T€ 492.9 (2009: T€ 490.5) with the associated company Schedule Coordination Austria GmbH. The revenue recorded from transactions with City Air Terminal Betriebsgesellschaft.m.b.H consists chiefly of services provided by Flughafen Wien AG and its subsidiaries for railway operations (baggage handling, station operations, IT services etc.). The revenue generated by Schedule Coordination Austria GmbH represents charges by Flughafen Wien AG for the provision of personnel as well as IT and other services. As of 31 December 2010 T€ 534.9 (2009: T€ 525.7) of receivables and originated loans were due from joint ventures recorded at equity and T€ 43.9 (2009: T€ 85.9) were due from associated companies recorded at equity.

The valuation adjustments to these items amounted to T€ 332.0 (2009: T€ 372.0).

As of 31 December 2010 liabilities to joint ventures recorded at equity totalled T€ 4,409.0 (2009: T€ 5,775.1) and liabilities to associated companies recorded at equity equalled T€ 15.8 (2009: T€ 60.0).

#### **Natural related parties**

No material transactions were conducted in 2010 between the Flughafen Wien Group and persons in key management positions or their close family members. Relations with bodies of the company are described under note (39).

#### **(39) Information on bodies of the corporation and employees**

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

<b>Employees (excluding Management Board and managing directors)</b>	<b>2010</b>	<b>2009</b>
Workers	3,101	2,993
Staff	1,165	1,156
	4,266	4,148

The members of the Management Board of Flughafen Wien AG received the following remuneration for the 2010 and 2009 financial years:

<b>in T€</b>	<b>2010</b>		<b>2010</b>	<b>2010</b>
	<b>Fixed compensation</b>	<b>Performance based compensation 2009</b>	<b>Non- cash remuneration</b>	<b>Total remuneration</b>
Christian Domany	0.0	0.0	0.0	0.0
Herbert Kaufmann	254.1	84.6	7.5	346.2
Gerhard Schmid	254.1	84.6	7.5	346.2
Ernest Gabmann	254.1	70.5	7.2	331.9
	762.4	239.8	22.1	1,024.3

<b>in T€</b>	<b>2009</b>		<b>2009</b>	<b>2009</b>
	<b>Fixed compensation</b>	<b>Performance based compensation 2008</b>	<b>Non- cash remuneration</b>	<b>Total remuneration</b>
Christian Domany	190.3	145.1	5.4	340.8
Herbert Kaufmann	253.8	145.1	7.5	406.4
Gerhard Schmid	253.8	145.1	7.5	406.4
Ernest Gabmann	211.7	0.0	5.6	217.2
	909.5	435.3	25.9	1,370.7

The remuneration system for the members of the Management Board and first level of management is comprised of fixed and performance-based components. The performance-based remuneration represents bonuses for the 2009 financial year that were paid out during 2010. There are no stock option plans for management. The company carries reinsurance to cover pension claims by the members of the Management Board. In 2010 pension obligations amounting to € 4.0 million were transferred to a pension fund.

For other employees, exceptional performance and the realisation of targeted goals are rewarded in the form of bonuses.

Remuneration paid to former members of the Management Board amounted to T€ 630.8 in 2010 (2009: T€ 675.6).

### **Expenses for persons in key management positions**

Key management includes the members of the Management Board, the authorised officers of Flughafen Wien AG and the members of the Supervisory Board of Flughafen Wien AG. The following table shows the remuneration paid to these persons in 2010 and 2009, including the changes in provisions:

## 2010 Financial Year

in T€	Supervisory Board	Management Board	Key employees
Current payments	121.6	1,123.5	2,112.4
Post-employment benefits	0.0	981.4	896.7
Other long-term benefits	0.0	4.0	31.3
Benefits due at the end of employment	0.0	882.3	172.0
	121.6	2,991.3	3,212.3

## 2009 Financial Year

in T€	Supervisory Board	Management Board	Key employees
Current payments	160.4	1,370.7	1,923.5
Post-employment benefits	0.0	1,012.4	66.9
Other long-term benefits	0.0	3.5	12.8
Benefits due at the end of employment	0.0	83.9	82.6
	160.4	2,470.5	2,085.8

### (40) Significant events occurring after the balance sheet date

The positive development of traffic continued during January 2011. The number of passengers rose by 6.7% year-on-year to 1,282,574. Increases were also recorded in flight movements with plus 0.7%, maximum take-off weight (MTOW) with plus 12.8% and cargo with plus 0.6%. The number of transfer passengers was 4.6% higher.

In January 2011 € 100 million were transferred to Flughafen Wien from the financing concluded in 2010 pursuant to the Austrian law to strengthen liquidity ("Unternehmensliquiditätsstärkungsgesetz").

All events occurring after the balance sheet date that are important for valuation and measurement as of 31 December 2010 – such as outstanding legal proceedings or claims for damages and other obligations or impending losses that must be recognised or disclosed in accordance with IAS 10 – are included in these consolidated financial statements or are not known.

Schwechat, 28 February 2011

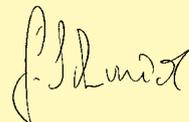
The Management Board



**Ernest Gabmann**  
Member of the Board



**Christoph Herbst**  
Chairman of the  
Board and Speaker



**Gerhard Schmid**  
Member of the Board

# Subsidiaries of Flughafen Wien AG

Company	Abbreviation	Parent company	Country	Share owned by the group	Type of consolidation
Flughafen Wien AG	VIE		Austria		VK
Flughafen Wien Immobilienverwertungsgesellschaft m.b.H.	IVW	VIE	Austria	100.0%	VK
Flugplatz Vöslau BetriebsGmbH	LOAV	VAH	Austria	100.0%	VK
Mazur Parkplatz GmbH	MAZU	VIEL	Austria	100.0%	VK
VIE International Beteiligungsmanagement Gesellschaft m.b.H.	VINT	VIAB	Austria	100.0%	VK
VIE Liegenschaftsbeteiligungsgesellschaft m.b.H.	VIEL	VIE	Austria	100.0%	VK
VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H.	VOPE	VIEL	Austria	100.0%	VK
Vienna Aircraft Handling Gesellschaft m.b.H.	VAH	VIE	Austria	100.0%	VK
Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H.	BPIB	VIEL	Austria	100.0%	VK
Vienna Airport Infrastruktur Maintenance GmbH	VAI	VIE	Austria	100.0%	VK
Vienna International Airport Beteiligungsholding GmbH	VIAB	VIE	Austria	100.0%	VK
Vienna International Airport Security Services Ges.m.b.H.	VIAS	VIE	Austria	100.0%	VK
VIE Office Park 3 BetriebsGmbH	VWTC	VIEL	Austria	100.0%	VK
BTS Holding, a.s.	BTSH	VIE	Slovakia	80.95%	VK
KSC Holding, a.s.	KSCH	VIE	Slovakia	100.0%	VK
VIE (Malta) Limited	VIE Malta	VINT	Malta	100.0%	VK
VIE Malta Finance Holding Ltd.	VIE MFH	VIE	Malta	100.0%	VK
VIE Malta Finance Ltd.	VIE MF	VIE MFH	Malta	100.0%	VK
VIE Operations Holding Limited	VIE OPH	VINT	Malta	100.0%	VK
VIE Operations Limited	VIE OP	VIE OPH	Malta	100.0%	VK
VIE ÖBA GmbH	OEBA	VIE	Austria	100.0%	VK
Vienna Auslands Projektentwicklung und Beteiligung GmbH	VAPB	VIE	Austria	100.0%	VK
Austro Port Boden- und Flugzeugabfertigungsges.m.b.H.	APBF	VIE	Austria	25.0%	EQ
City Air Terminal Betriebsgesellschaft m.b.H.	CAT	VIE	Austria	50.1%	EQ
SCA Schedule Coordination Austria GmbH	SCA	VIE	Austria	49.0%	EQ
Flughafen Friedrichshafen GmbH	FDH	VINT	Germany	25.15%	EQ
Letisko Košice – Airport Košice, a.s.	KSC	KSCH	Slovakia	66.0%	EQ
Malta International Airport p.l.c.	MIA	VIE Malta	Malta	10.1%	EQ
Malta Mediterranean Link Consortium Limited (subgroup with Malta International Airport p.l.c.)	MMLC	VIE Malta	Malta	57.1%	EQ
Columinis Holding GmbH	CMIS	VAPB	Austria	50.0%	EQ
GetService Dienstleistungsgesellschaft m.b.H.	GETS	VIAS	Austria	100.0%	NK
“GetService“-Flughafen-Sicherheits- und Servicedienst GmbH	GET2	VIAS	Austria	51.0%	NK

## Continued: Subsidiaries of Flughafen Wien AG

Company	Abbreviation	Parent company	Country	Share owned by the group	Type of consolidation
Salzburger Flughafen Sicherheitsgesellschaft m.b.H.	SFS	VIAS	Austria	100.0%	NK
VIE Shops Entwicklungs- und Betriebsges.m.b.H.	SHOP	VIE	Austria	100.0%	NK
Indian Airports Holding GmbH	VIND	VINT	Austria	100.0%	NK
Flughafen Wien / Berlin-Brandenburg International Entwicklungsbeteiligungsgesellschaft mbH. in liquidation	VIE BBI	VIE	Germany	100.0%	NK
OAO "Petroport-konzessii" Offene Aktiengesellschaft	PETR	VINT	Russia	25.0%	NK
VIAS Hellas Security Air Transport Services Limited Liability Company, in Liquidation	VIAS Hellas	VIAS	Greece	100.0%	NK

Type of consolidation :

VK = full consolidation, EQ = equity method, NK = not consolidated for reasons of immateriality

# Investments of Flughafen Wien AG

All amounts were determined in accordance with national law, unless IFRS data were available.

## 1. Subsidiaries fully consolidated in the group financial statements

### Flughafen Wien Immobilienverwertungsgesellschaft m.b.H. (IWV)

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIE

The commercial leasing of assets, in particular real estate, as well as the acquisition of property and buildings at Vienna International Airport.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	107,990.4	110,940.3
Liabilities	20,982.0	23,932.7
Equity	87,008.4	87,007.5
Revenue	15,774.3	15,748.5
Net profit for the period	7,496.8	7,495.8

### Flugplatz Vöslau BetriebsGmbH (LOAV)

Headquarters: 2540 Bad Vöslau – Flugplatz

Share owned: 100% VAH

Operation and development of Vöslau Airport as well as the planning, construction and operation of buildings and equipment.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	5,942.6	5,965.5
Liabilities	415.3	320.5
Equity	5,527.3	5,645.0
Revenue	819.6	761.5
Loss for the period	-117.0	-364.2

### **Mazur Parkplatz GmbH (MAZU)**

Headquarters: 2320 Schwechat

Share owned: 100% VIEL

Operation of the Mazur car park and parking facilities.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	6,128.9	5,358.2
Liabilities	1,038.0	525.4
Equity	5,091.0	4,832.8
Revenue	1,731.7	1,329.6
Net profit for the period	739.7	468.7

### **VIE International Beteiligungsmanagement Gesellschaft m.b.H. (VINT)**

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIAB

Founding and management of local project companies for international acquisitions; consulting and project management.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	65,091.9	61,240.8
Liabilities	8,542.7	2,430.6
Equity	56,549.2	58,810.3
Revenue	1,837.7	2,172.3
Net profit/loss for the period	-206.2	1,990.4

### **VIE Liegenschaftsbeteiligungsgesellschaft m.b.H. (VIEL)**

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIE

Holding company for the BPIB, VOPE, MAZUR and VWTC subsidiaries, which are active in the purchase, development and marketing of property under their ownership.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	57,928.8	57,179.9
Liabilities	7,146.5	7,777.7
Equity	50,782.3	49,402.2
Revenue	0.0	0.0
Net profit for the period	1,380.1	1,042.4

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

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIEL

Development of real estate, in particular the Office Park 2.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	44,897.1	45,986.6
Liabilities	25,870.7	27,000.1
Equity	19,026.3	18,986.5
Revenue	3,148.5	3,148.3
Net profit for the period	1,010.8	952.2

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

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIE

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 the provision of hangar space).

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	7,305.4	7,441.8
Liabilities	1,196.4	1,357.0
Equity	6,109.0	6,084.7
Revenue	11,354.9	11,260.0
Net profit for the period	1,686.4	1,434.8

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

Headquarters: 1300 Flughafen Wien

Share owned: 99% VIEL, 1% IVW

Purchase and marketing of property.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	8,524.5	6,111.4
Liabilities	2,487.6	321.6
Equity	6,036.9	5,789.8
Revenue	6,100.6	7,225.9
Net profit for the period	247.1	995.3

### Vienna Airport Infrastruktur Maintenance GmbH (VAI)

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIE

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.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	4,276.5	5,100.7
Liabilities	1,874.9	3,279.6
Equity	2,401.6	1,821.1
Revenue	10,993.8	9,913.3
Net profit for the period	1,089.2	493.7

### Vienna International Airport Beteiligungsholding GmbH (VIAB)

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIE

Acquisition and investment in international subsidiaries and other companies; participation in international airport privatisation programmes; this company serves as the holding company for the VINT subsidiary.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	59,569.7	57,468.0
Liabilities	2,022.2	0.0
Equity	57,547.5	57,468.0
Revenue	0.0	0.0
Net profit for the period	2,092.5	2,006.7

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

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIE

Provision of security services (persons and hand luggage) on behalf of Flughafen Wien AG, and various other services for aviation customers (wheelchair transport, control of oversize baggage, document control etc.); the company also participates in tenders for the provision of security services at other airports through its Austrian and foreign subsidiaries.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	19,115.1	16,567.4
Liabilities	9,792.1	7,213.4
Equity	9,323.0	9,354.0
Revenue	34,533.8	32,748.0
Net profit for the period	1,610.7	1,518.6

**VIE Office Park 3 BetriebsGmbH (VWTC)**

Headquarters:	1300 Flughafen Wien
---------------	---------------------

Share owned:	99% VIEL, 1% BPIB
--------------	-------------------

Rental and development of real estate, in particular the Office Park 3.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	22,932.8	23,758.7
Liabilities	2,408.4	2,611.9
Equity	20,524.4	21,146.8
Revenue	2,104.3	1,874.8
Loss for the period	-622.3	-1,435.4

**BTS Holding a.s. (BTSH)**

Headquarters:	811 03 Bratislava, Slovakia
---------------	-----------------------------

Share owned:	47.7% VIE 33.25% VINT
--------------	-----------------------

Provision of services and consulting for airports; plans also call for the company to hold the intended investment in Bratislava Airport.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	1,245.7	1,403.8
Liabilities	23.6	20.2
Equity	1,222.0	1,383.6
Revenue	0.0	0.0
Loss for the period	-161.6	-73.1

**KSC Holding a.s. (KSCH)**

Headquarters:	811 03 Bratislava, Slovakia
---------------	-----------------------------

Share owned:	47.7% VIE, 52.3% VINT
--------------	-----------------------

Holding company for the 66% investment in Košice Airport as well as the provision of consulting services.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	47,866.1	47,190.1
Liabilities	5,572.2	5,668.5
Equity	42,293.9	41,521.5
Revenue	0.0	0.0
Net profit for the period	772.4	1,228.2

### VIE (Malta) Limited (VIE Malta)

Headquarters: Malta

Share owned: 99.8% VINT, 0.2% VIAB

Provision of services and consulting for airports; the financial statements of VIE (Malta) Limited include the at equity valuation of the subgroup financial statements of Malta Mediterranean Link Consortium Ltd. and Malta International Airport plc.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009</b>
Assets	48,742.6	48,600.4
Liabilities	16,003.7	18,737.9
Equity	32,738.9	29,862.5
Revenue	730.3	647.1
Net profit for the period	3,476.5	2,338.4

### VIE Malta Finance Holding Ltd. (VIE MFH)

Headquarters: Malta

Share owned: 99.95% VIE, 0.05% VIAB

Holding company for the subsidiary VIE Malta Finance Ltd.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009<sup>1)</sup></b>
Assets	978.9	10.9
Liabilities	0.0	32.5
Equity	978.9	-21.6
Revenue	0.0	0.0
Net profit/loss for the period	1,575.4	-23.6

1) Abbreviated financial year, founded in 2009

### VIE Malta Finance Ltd. (VIE MF)

Headquarters: Malta

Share owned: 99.95% VIE MFH, 0.05% VIAB

Purchase and sale, investment and trading in financial instruments.

<b>IFRS value in T€</b>	<b>2010</b>	<b>2009<sup>1)</sup></b>
Assets	306,811.9	106,486.6
Liabilities	306,809.9	105,914.6
Equity	2.0	572.0
Revenue	0.0	0.0
Net profit for the period	959.0	570.0

1) Abbreviated financial year, founded in 2009

### **VIE ÖBA GmbH (OEBA)**

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIE

Provision of all types of construction and construction-related services, among others for construction projects realised by Flughafen Wien AG or other companies.

<b>IFRS value in T€</b>	<b>2010</b>
Assets	2,086.4
Liabilities	2,081.8
Equity	4.5
Revenue	1,870.0
Loss for the period	-30.5

### **Vienna Auslands Projektentwicklung und Beteiligung GmbH (VAPB)**

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIE

Acquisition of international subsidiaries and investments in other companies.

<b>IFRS value in T€</b>	<b>2010</b>
Assets	318.2
Liabilities	284.8
Equity	33.4
Revenue	353.3
Loss for the period	-1.6

### **VIE Operations Holding Limited (VIE OPH)**

Headquarters: Malta

Share owned: 99.95% VINT, 0.05% VIAB

Holding company for VIE Operations Limited.

<b>IFRS value in T€</b>	<b>2010</b>
Assets	4.0
Liabilities	2.0
Equity	2.0
Revenue	0.0
Net profit for the period	0.0

### **VIE Operations Limited (VIE OP)**

Headquarters: Malta

Share owned: 99.95% VIE OPH, 0.05% VINT

Provision of support, services and consultancy for international airports.

<b>IFRS value in T€</b>	<b>2010</b>
Assets	2.0
Liabilities	0.0
Equity	2.0
Revenue	0.0
Net profit for the period	0.0

## 2. Subsidiaries and investments included in the consolidated financial statements at equity

### Austro Port Boden- und Flugzeugabfertigungsges.m.b.H. (APBF)

Type of holding:	Associated company
Headquarters:	1300 Flughafen Wien
Share owned:	25% + 1 share VIE

Provision of ground handling services at Vienna International Airport.

Values in acc. with Austrian Commercial Code in T€	2010 <sup>1)</sup>	2009 <sup>2)</sup>
Assets	1,392.1	1,183.8
Liabilities	1,549.3	1,694.3
Equity	-157.1	-510.5
Revenue	6,184.5	5,298.8
Net profit for the period	353.9	132.7

1) Preliminary values, 2) Adjusted to reflect final values

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

Type of holding:	Joint venture
Headquarters:	1300 Flughafen Wien
Share owned:	50.1% VIE

Operation of the City Airport Express as a railway operator from the "Wien-Mitte" transit centre to and from Vienna International Airport; 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 airports and cities.

IFRS values in T€	2010	2009
Non-current assets	11,668.9	12,496.3
Current assets	4,833.2	6,325.2
Non-current liabilities	431.4	462.2
Current liabilities	2,571.4	5,088.6
Equity	13,499.3	13,270.8
Revenue	9,309.6	9,052.6
Net profit for the period	228.6	79.5

### SCA Schedule Coordination Austria GmbH (SCA)

Type of holding:	Associated company
Headquarters:	1300 Flughafen Wien
Share owned:	49% VIE

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.

<b>Values in acc. with Austrian Commercial Code in T€</b>	<b>2010<sup>1)</sup></b>	<b>2009<sup>2)</sup></b>
Assets	826.8	802.9
Liabilities	133.2	137.7
Equity	693.6	665.2
Revenue	874.5	966.5
Net profit for the period	52.0	164.7

1) Preliminary values, 2) Adjusted to reflect final values

### Flughafen Friedrichshafen GmbH (FDH)

Type of holding:	Associated company
Headquarters:	Friedrichshafen, Germany
Share owned:	25.15% VINT

Operation of Friedrichshafen Airport.

<b>IFRS values in T€</b>	<b>2010</b>	<b>2009</b>
Assets	49,893.5	44,230.0
Liabilities	34,526.3	25,924.6
Equity	15,367.1	18,305.4
Revenue	10,659.7	9,330.2
Loss for the period	-2,938.3	-2,547.2

### Letisko Košice – Airport Košice, a.s. (KSC)

Type of holding:	Joint venture
Headquarters:	Košice, Slovakia
Share owned:	66% KSCH

Operation of Košice Airport.

	<b>2010</b>	<b>2009</b>
Non-current assets	56,728.9	53,972.3
Current assets	15,458.9	16,219.7
Non-current liabilities	3,353.2	674.8
Current liabilities	691.4	767.9
Equity	68,143.2	68,749.3
Revenue	8,943.2	10,802.5
Net profit for the period	1,188.7	1,986.4

## Malta International Airport plc. (MIA)

Type of holding:	Joint venture
Headquarters:	Malta
Share owned:	10.1% VIE Malta, 40% MMLC

Operation of Malta International Airport.

<b>IFRS value in T€</b>	<b>2010<sup>1)</sup></b>	<b>2009<sup>2)</sup></b>
Non-current assets	109,591.3	108,531.4
Current assets	24,398.5	18,345.4
Non-current liabilities	65,064.5	63,822.5
Current liabilities	12,735.6	9,677.2
Equity	56,189.6	53,377.0
Revenue	51,342.1	46,446.1
Net profit for the period	10,691.2	8,842.5

1) Preliminary values, 2) Adjusted to reflect final values

The company is listed on the Malta Stock Exchange. The market price per share equalled € 1.66 as of the balance sheet date (translated value for 2009: € 2.45) and the market value of the shares owned T€ 11,342.19 (2009: T€ 16,740.0).

## Malta Mediterranean Link Consortium Ltd. (MMLC) Group

Type of holding:	Joint venture
Headquarters:	Malta
Share owned:	57.1% VIE Malta

Holding company for the investment in Malta International Airport.

<b>IFRS value in T€</b>	<b>2010<sup>1)</sup></b>	<b>2009<sup>2)</sup></b>
Non-current assets	136,032.2	135,346.2
Current assets	26,517.8	19,671.8
Non-current liabilities	77,371.6	79,132.5
Current liabilities	16,465.8	11,852.2
Equity	68,712.7	64,033.3
Revenue	51,343.6	46,446.1
Net profit for the period <sup>3)</sup>	4,077.2	3,116.0

1) Preliminary values, 2) Adjusted to reflect final values 3) Only proportional share of net profit for the period

## Columinis Holding GmbH (CMIS)

Type of holding:	Joint venture
Headquarters:	Austria
Share owned:	50% VAPB

Joint venture to acquire investments in other companies.

<b>IFRS value in T€</b>	<b>2010</b>
Non-current assets	0.0
Current assets	33.3
Non-current liabilities	0.0
Current liabilities	9.0
Equity	24.2
Revenue	0.0
Net profit for the period	-10.8

### 3. Investments not included in the consolidated financial statements

#### GetService Dienstleistungsgesellschaft m.b.H. (GETS)

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIAS

Provision of all types of security services related to airport operations.

<b>Values in acc. with Austrian Commercial Code in T€</b>	<b>2010</b>	<b>2009</b>
Assets	967.9	1,111.0
Liabilities	345.0	431.6
Equity	622.9	679.4
Revenue	2,483.9	2,504.6
Net profit for the period	161.7	218.7

#### “GetService”-Flughafen-Sicherheits- und Servicedienst GmbH (GET2)

Headquarters: 1300 Flughafen Wien

Share owned: 51% VIAS

Provision of security services, personnel leasing, cleaning including snow removal etc.

<b>Values in acc. with Austrian Commercial Code in T€</b>	<b>2010</b>	<b>2009</b>
Assets	4,730.9	4,109.9
Liabilities	1,202.9	1,220.1
Equity	3,528.0	2,889.9
Revenue	5,202.5	5,001.4
Net profit for the period	639.8	716.3

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

Headquarters: 5020 Salzburg

Share owned: 100% VIAS

Provision of security services; the company is not active at the present time.

<b>Values in acc. with Austrian Commercial Code in T€</b>	<b>2010</b>	<b>2009</b>
Assets	55.1	56.8
Liabilities	0.0	0.0
Equity	55.1	56.8
Revenue	0.0	0.0
Loss for the period	-1.6	-0.6

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

Headquarters: 1300 Flughafen Wien

Share owned: 100% VIE

Planning, development, marketing and operation of shops at airports in Austria and other countries.

<b>Values in acc. with Austrian Commercial Code in T€</b>	<b>2010</b>	<b>2009</b>
Assets	12.3	17.9
Liabilities	0.0	0.1
Equity	12.3	17.8
Revenue	0.0	0.0
Loss for the period	-5.6	-3.1

### **Indian Airports Holding GmbH (VIND)**

Headquarters: 1300 Flughafen Wien

Share owned: 74% VINT, 26% VIE

Acquisition of international subsidiaries and investments in airport projects, above all in India.

<b>Values in acc. with Austrian Commercial Code in T€</b>	<b>2010</b>	<b>2009</b>
Assets	54.3	88.4
Liabilities	12.6	19.9
Equity	41.6	68.5
Revenue	0.0	68.2
Net profit for the period	-3.3	31.4

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

Headquarters: 12529 Schönefeld, Germany

Share owned: 100% VIE

Holding company for an investment in BBIP Berlin-Brandenburg International Partner GmbH & CoKG, which was to develop the Berlin Airport project; the company has been in liquidation since September 2008.

<b>in T€</b>	<b>2009</b>
Assets	2,207.8
Liabilities	867.8
Equity	1,340.0
Revenue	0.0
Loss for the period	-0.5

**VIAS Hellas Security Air Transport Services Limited Liability Company (VIAS Hellas), in liquidation**

Headquarters: Athens, Greece

Share owned: 100% VIAS

Provision of security services for airports; the company was founded to enable VIAS to participate in tenders for the provision of security services at airports in Greece.

<b>in T€</b>	<b>2005</b>
Equity	11.7
Revenue	0.0
Loss for the period	-2.6

**OAO "Petroport-konzessii" Offene Aktiengesellschaft**

Headquarters: Russia

Share owned: 25% VINT

Airport consulting (special purpose vehicle to pursue the bid for Pulkovo Airport)

<b>in T€</b>	<b>2010<sup>1)</sup></b>	<b>2009</b>
Assets	279.2	508.9
Liabilities	1,330.4	1,507.5
Equity	-1,051.2	-998.7
Revenue	0.0	0.0
Loss for the period	5.1	-994.0

1) Preliminary results

Translated at the exchange rate in effect on 31.12.2009: € 1 = 43.154 RUB, the official rate issued by the Austrian National Bank

Translated at the exchange rate in effect on 31.12.2010: € 1 = 40,820 RUB, the official rate issued by the Austrian National Bank

# Statement by the Members of the Management Board

In accordance with § 82 Austrian Stock Corporation Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

Schwechat, 28 February 2011

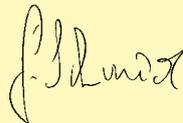
The Management Board



**Ernest Gabmann**  
Member of the Board



**Christoph Herbst**  
Chairman of the Board  
and speaker



**Gerhard Schmid**  
Member of the Board

# Auditor's Report

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

**Flughafen Wien Aktiengesellschaft,  
Schwechat,**

for the **year from 1 January 2010 to 31 December 2010**. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2010 and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Consolidated Financial Statements and for the Accounting System**

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility and Description of Type and Scope of the Statutory Audit**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and as well as in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2010 and of its financial performance and its cash flows for the year from 1 January to 31 December 2010 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

### **Report on the Management Report for the Group**

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 28 February 2011

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Walter Reiffenstuhl

Martin Wagner

(Austrian Chartered Accountants)

# Glossary

## Technical Terms

**Austro Control:** Agency responsible for safe and economical air traffic operations in Austrian air space

**CAT:** City Airport Train

**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

**Handling:** Various services required by aircraft before and after flights

**Home carrier:** Domestic airline

**Hub:** Transfer airport

**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

**Issuer Compliance Guideline:** Directive that establishes principles for the distribution of information in a company and related organisational measures to prevent the misuse of insider information; effective as of 1 November 2007

**Noise tariff:** A fee that is based on the amount of noise produced by aircraft; part of this fee has been charged since July 2010

**Noise protection programme:** Agreement reached as part of the mediation contract; under certain conditions, the installation of noise protection windows to protect the health and living quality of neighbouring residents is financed at least in part by Flughafen Wien

**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

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

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

**VIE-Skylink:** An extension of the existing terminal constructed in stages and connected with the existing Terminal 2 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) / revenue

**EBIT Margin:** EBIT / revenue

**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 / average capital employed

**ROS (Return on Sales):** EBIT / turnover

**Weighted Average Cost of Capital (WACC):** Weighted average cost of equity and debt

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

## Abbreviations

**ACI:** Airports Council International

**CO<sub>2</sub>:** Carbon dioxide

**ECAC:** European Civil Aviation Conference

**IATA:** International Air Transport Association (umbrella organisation of the airlines)

**ICAO:** International Civil Aviation Organization

**NO<sub>x</sub>:** Nitrogen oxide

**OAG:** Official Airline Guide

**PAX:** Passenger

**TSA:** Transportation Security Administration (agency of the US Department of Homeland Security)

**VIAS:** Vienna International Airport Security Services GesmbH

## 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.

Name/Company: \_\_\_\_\_

Street: \_\_\_\_\_

Postal Code/City: \_\_\_\_\_

Postage  
paid by  
recipient

**FLUGHAFEN WIEN AG**  
**Communications Dept.**  
**P.O. Box 1**  
**1300 Wien-Flughafen**  
**Austria**

# Imprint

Flughafen Wien Aktiengesellschaft  
P.O. Box 1  
1300 Wien-Flughafen  
Austria  
Telephone: +43/1/7007/0  
Telefax: +43/1/7007/23001  
[www.viennaairport.com](http://www.viennaairport.com)

Data Registry Nr.: 008613  
Corporate Register Nr.: FN 42984 m  
Court of Registry:  
Provincial Court in Korneuburg

---

## Investor Relations

Mario Santi  
Telephone: +43/1/7007/ 22826  
e-mail: [m.santi@viennaairport.com](mailto:m.santi@viennaairport.com)

## Corporate Communications

Peter Kleemann  
Telephone: +43/1/7007/23000  
e-mail: [p.kleemann@viennaairport.com](mailto:p.kleemann@viennaairport.com)

## Press Office

Peter Kleemann  
Telephone: +43/1/7007/23000  
e-mail: [p.kleemann@viennaairport.com](mailto:p.kleemann@viennaairport.com)

## The Flughafen Wien Group provides the following information in the Internet:

**Flughafen Wien AG website:** [www.viennaairport.com](http://www.viennaairport.com)

**Noise protection programme at Vienna International Airport:** [www.laermschutzprogramm.at](http://www.laermschutzprogramm.at)

**The environment and aviation:** [www.vie-umwelt.at](http://www.vie-umwelt.at)

**Facts & figures on the third runway:**  
[www.drittepiste.viennaairport.com](http://www.drittepiste.viennaairport.com)

**Dialogue forum at Vienna International Airport:**  
[www.dialogforum.at](http://www.dialogforum.at)

**Mediation process (archive):** [www.viemediation.at](http://www.viemediation.at)

## Disclaimer:

This annual report contains assumptions and forecasts, which were based on information available up to the copy deadline on 28 February 2011. If the premises for these forecasts do not occur or risks indicated in the risk report arise, actual results may vary from these estimates. Although the greatest caution was exercised in preparing data, all information related to the future is provided without guarantee.

The Annual Report 2010 of Flughafen Wien AG is also available online on our homepage [www.viennaairport.com](http://www.viennaairport.com) under <http://ar2010.viennaairport.com>

## This is a Mensalia report.





 **VIE** Vienna  
International  
Airport  
Open For New Horizons.

[www.viennaairport.com](http://www.viennaairport.com)