

Schiphol Group Annual Report 2006



Important Events

In 2006, Amsterdam Airport Schiphol celebrated its 90th anniversary, making it the world's oldest international airport that is still located on the same field where the first plane landed on 19 September 1916.

April

Amsterdam Airport Schiphol's ambition to be able to grow in steps, first to around 500,000 and then to around 600,000 air transport movements a year, with the company making efforts to limit hindrance as effectively as possible, receives government support. The conditions under which growth will be permitted will be the subject of consultation with central government and local representatives in 2007.

Schiphol Real Estate starts construction work on Cargo Building 9 at Schiphol-Zuidoost. The cargo handling agents Menzies Aviation and Skylink will rent 75% of this new building.

June

KLM and Schiphol Group open Europe's first fully self-serviced departure hall, increasing the check-in capacity of Departure Hall 2 by 66%.

The Upper House of the Dutch Parliament approves the Amendment to the Aviation Act governing the operation of Amsterdam Airport Schiphol, placing responsibility for regulating airport charges and the maximum permitted returns of the Aviation business area with the Netherlands Competition Authority (NMa). This move brings the privatisation of Schiphol Group a step closer.

July

Under the name *Fuel for Travel*, Amsterdam Airport Schiphol, Talpa Digital and Samsung launch a trial project in Departure lounges 1 and 2 enabling passengers to download travel information, music and films.

Schiphol Telematics, a Schiphol Group/KPN joint venture, is broken up, creating separate network and service businesses. Effective 1 January 2006, the network business becomes a wholly-owned Schiphol Group subsidiary, while the service business goes to KPN.

August

Following a thwarted terrorist plot in London, passengers destined for the United States were banned from carrying liquids, perfume and gels in their hand luggage. As of the end of August, passengers are once again permitted to take these products on board, provided they are handed to the passenger at the boarding gate in a sealed bag. On 6 November, new European rules come into force, restricting the carriage of liquids and gels in cabin luggage on flights to airports anywhere in the world.

September

Schiphol Real Estate BV sells a commercial building at Schiphol-Zuidoost to Credit Suisse Asset Management Immobilien Kapitalanlage GmbH.

At an Extraordinary General Meeting of Shareholders, the amendment of the Articles of Association required for the privatisation of Schiphol Group does not receive the required support of at least 80% of the shareholders. The City of Amsterdam (21.8%) does not support the amendment. In November, Amsterdam's decision is annulled by the Crown for being at odds with government policy. Subsequently, Amsterdam lodges an appeal with the Council of State, halting privatisation plans for the time being. The City of Amsterdam submits a request to the Enterprise Chamber of the Amsterdam Court of Appeal for an inquiry into the procedures pertaining to the intended privatisation.

October

Runway 18L-36R at Amsterdam Airport Schiphol, which was re-surfaced in September, is taken out of service after an aircraft landing on the runway was found to have been damaged by grit. In November, the runway is opened for takeoffs again, with landings recommencing at the beginning of December.

Schiphol Real Estate takes over Grontmij's interests in the Avioport and Villa Carmen business parks near Milan's Malpensa Airport.

Rotterdam Airport celebrates its 50th anniversary.

November

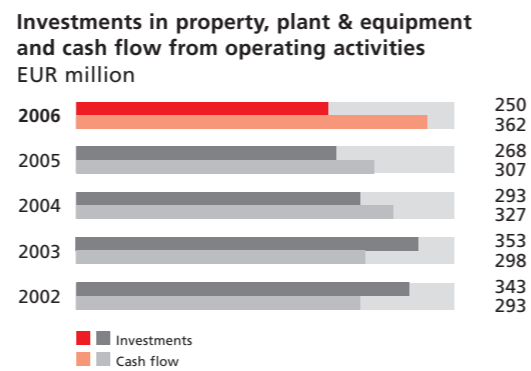
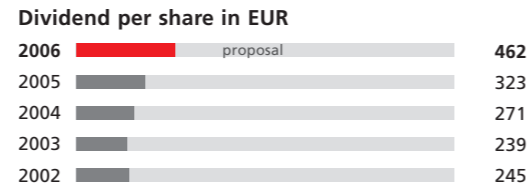
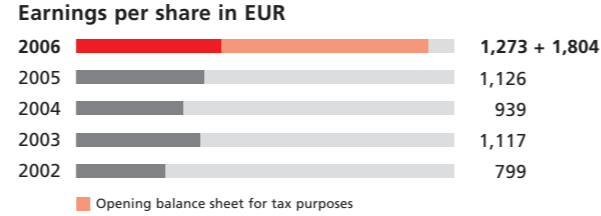
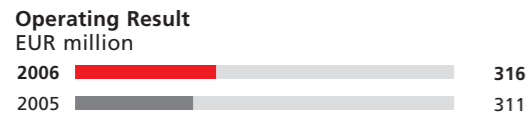
Schiphol Group and KLM Tax Free Services reach agreement on the takeover of the liquor and tobacco retailing activities in the See Buy Fly area by Amsterdam Airport Schiphol effective from 3 January 2007. The concession will be operated by Schiphol Airport Retail BV.

Schiphol Group reaches an agreement with the Tax Authorities on the 1 January 2002 opening balance sheet for tax purposes. The agreement results in non-recurring income and a deferred tax asset of EUR 309 million.

December

Schiphol Group announces financial support for a project designed to help people in the vicinity of Amsterdam Airport Schiphol who are seriously affected by air traffic, but fall outside all existing compensation schemes. Schiphol Group also contributes to the Mainport & Groen landscaping project.

Financial figures



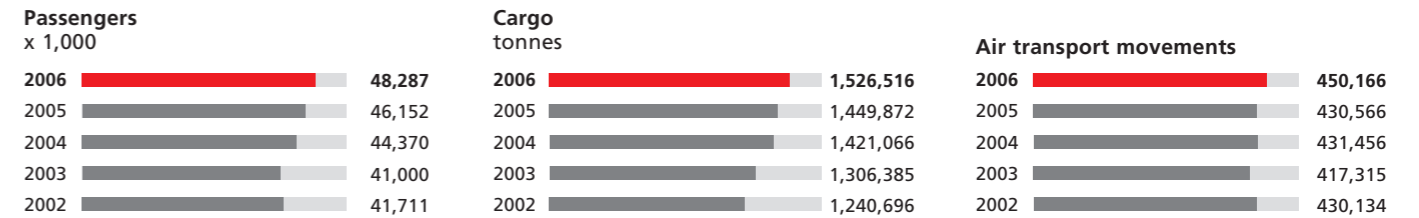
Key figures

EUR million unless stated otherwise	2006	2005	
Results			
Revenue	1,037	948	9.4%
Fair value gains on investment property	29	12	130.8%
Operating expenses	759	659	15.2%
Operating result	316	311	1.7%
Result before tax	291	279	4.6%
Net result excluding fair value gains on investment property and effect of opening balance sheet for tax purposes	198	184	7.2%
Net result (attributable to shareholders)	527	193	173.2%
Depreciation, amortisation and impairment	162	167	- 3.0%
Cash flow from operating activities	362	307	17.9%
Balance Sheet			
Total assets	4,165	3,681	12.9%
Shareholders' equity	2,722	2,245	21.2%
Average non-current assets (excl. deferred tax asset)	3,324	3,203	3.8%
Ratios			
Return on equity	21.2%	8.9%	
Interest-bearing debt / interest-bearing debt + shareholders equity	24.8%	29.4%	
FFO / total debt	35.9%	28.7%	
FFO / interest coverage ratio	8.1x	6.8x	
Personnel			
Average effective workforce in full-time equivalents	2,293	2,179	5.2%

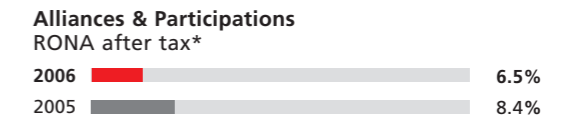
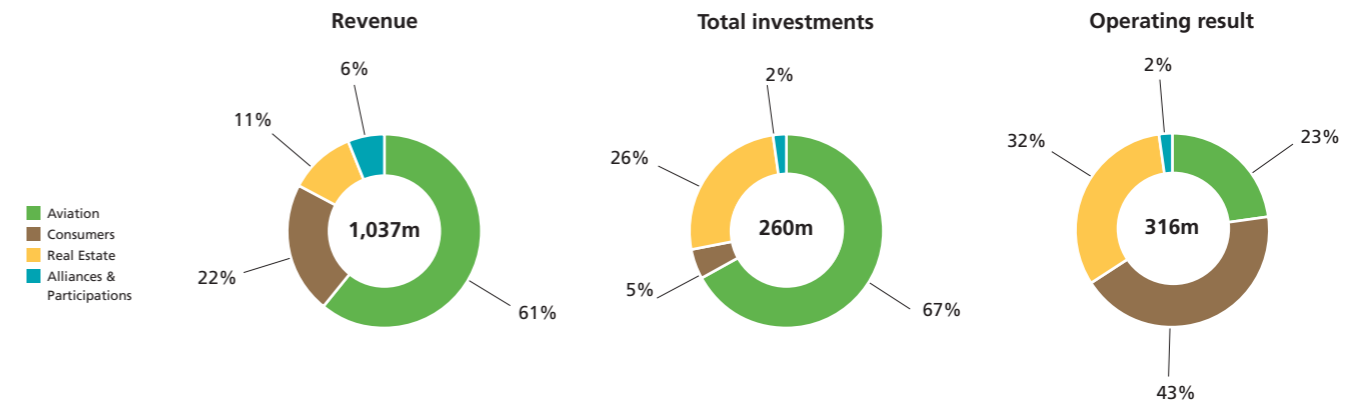
2002 and 2003 figures have not been adjusted for the transition to IFRS

Traffic Volume

Amsterdam Airport Schiphol, Rotterdam Airport & Eindhoven Airport combined



Business Area information



* incl. fair value gains on investment property and share in results of associates/interest income

Schiphol Group locations



- 1 Shareholder - Brisbane Airport
- 2 Shareholder - JFK International Terminal 4
- 3 Joint Venture - Angkasa Pura Schiphol Jakarta Indonesia
- 4 "Sapphire" programme, Indonesia
- 5 Real Estate - Tradeport Hong Kong
- 6 Management contract - Aruba Airport

- 1 Amsterdam Airport Schiphol
- 2 Rotterdam Airport
- 3 Eindhoven Airport
- 4 Airport Lelystad

- 1 Retail Joint Venture - Arlanda Stockholm
- 2 Shareholder - Vienna International Airport
- 3 Real Estate - Avioport Milan Malpensa
- 4 Real Estate - Villa Carmen Milan Malpensa

Schiphol Group Annual Report 2006



Contents

■ Schiphol Group at a glance	4
■ Foreword	6
■ Shareholder information	8
■ Objectives and Strategy	11
■ Report of the Board of Management	15
- Financial Performance	15
- Aviation business area	20
- Consumers business area	34
- Real Estate business area	42
- Alliances & Participations business area	52
- Business Risks	63
- Human Resource Management	68
- Prospects	70
■ Report of the Supervisory Board	72
■ Corporate Governance	76
■ Remuneration Report	79
■ Events after balance sheet date	83
■ The Board & Management	84
■ Financial Statements	88
■ Appendices	190
■ Glossary	194

Schiphol Group at a glance

Mission

It is our ambition to rank among the world's leading airports. Our aim is to create sustainable value for our stakeholders by developing AirportCities and by positioning Amsterdam Airport Schiphol as a leading, highly efficient air, rail and road transport hub offering its visitors and locally based businesses all the services they require on a 24/7 basis.

Profile

Schiphol Group* is an airport operator and, more particularly, an operator of AirportCities. A prime example of what we mean by an AirportCity is Amsterdam Airport Schiphol. In terms of passenger numbers, Amsterdam Airport Schiphol is the fourth-largest airport in Europe, and ranks in third position for cargo. Apart from our Dutch operations (Amsterdam Airport Schiphol, Rotterdam Airport, Eindhoven Airport and Lelystad Airport) we are active in the United States, Australia, Italy, Indonesia, Aruba and Sweden. We are not a listed company but we have clearly stated that this would be our preference.

A stock market listing will increase the professionalism and entrepreneurial drive that is vital to our continued success in the competitive aviation industry. It will give us increased access to the capital market, put us on a level playing field with our competitors, subject us to the scrutiny of the capital market and make it easier for us to recruit and retain talented staff.

In 2006, revenue totalled EUR 1,037 million, with a net result of EUR 527 million. Shareholders' equity as at year-end 2006 amounted to EUR 2,772 million.

Activities

The operation of airports and the development of AirportCities involve three inseparably linked business areas: Aviation, Consumers and Real Estate. The integrated activities of Aviation, Consumers and Real Estate are the core of the AirportCity formula, which is applied at other airports, either in part or as a whole, by the Alliances & Participations business area.

Our aim is to create sustainable value for our stakeholders by developing AirportCities and by

positioning Amsterdam Airport Schiphol as the world's leading AirportCity. Amsterdam Airport Schiphol is an important contributor to the Dutch economy. It serves as one of the home bases for Air France-KLM and its SkyTeam partners, from which these airlines fly to their European and inter-continental destinations. Amsterdam Airport Schiphol has a high-quality network serving 269 destinations. Our revenue is almost entirely made up of airport charges, concession fees, rents and leases and parking fees.

Stakeholders

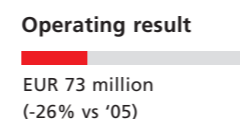
Schiphol Group has many stakeholders and their interests can be quite different. There is the government, in its role as shareholder, legislator and regulator, there are the airlines, passengers and other airport users, there are the local communities and municipal authorities and there are our employees and investors. Taking account of everyone's interests makes our work both challenging and complicated.



Aviation

The Aviation business area is active solely at Amsterdam Airport Schiphol. Aviation provides services and facilities to airlines, passengers and handling agents. The Netherlands Competition Authority (NMa) regulates the charges which are levied and sets limits on the returns generated.

Sources of revenue: airport charges (aircraft, passenger and security charges) and concession fees (paid by oil companies for the right to provide aircraft refuelling services).




Consumers

The activities of the Consumers business area concern the granting of concessions for airport shopping and cafe, bar and restaurant facilities, independent operation of car parks and the marketing of advertising opportunities at Amsterdam Airport Schiphol. The Consumers business area also has activities outside the Netherlands involving amongst others the operation of retail outlets via management contracts.

Sources of revenue: concession fees, parking charges, advertising and management fees.




Real Estate

The Real Estate business area develops, manages, operates and invests in property at and around airports at home and abroad. The greater part of the portfolio, comprising both airport buildings and commercial properties, is located on and around Amsterdam Airport Schiphol.

Sources of revenue: rents, including ground rents. The business area also makes a significant contribution to Schiphol Group results with the other property results (sales, release of land for development and the fair value gains or losses on property).




Alliances & Participations

The task of the Alliances & Participations business area is to roll out the AirportCity formula internationally. Alliances & Participations consists of Schiphol Group's interests in the regional airports in the Netherlands as well as its interests in airports abroad, and Utilities.

Sources of revenue: mainly airport charges. The various Schiphol Group associates also contribute to group results through performance fees and dividends as accounted for in share in results, and in the interest they pay on loans. Intellectual Property fees are also reflected in the revenue. The Utility activities generate revenue from the transport of electricity and gas and from the supply of water to third parties. By applying the equity accounting method, changes in the market value of the investments are not reflected in the results.



* NV Luchthaven Schiphol trades under the name of Schiphol Group. References in this report to Schiphol Group include the company's subsidiaries and joint ventures unless otherwise stated or clear from the context.

■ Foreword

We can look back with satisfaction on 2006 as a year in which we exceeded our published financial forecasts. The Aviation business area, active at Amsterdam Airport Schiphol, saw the number of passengers increase to 46.1 million, the number of air transport movements increase to more than 423,000 and the cargo volume increase to more than 1.5 million tonnes. With a growth of 4.3%, Amsterdam Airport Schiphol grew more strongly than both London Heathrow and Frankfurt and of the four most important airports in Europe, only Paris Charles de Gaulle reported a higher rate of growth in passenger numbers. We outperformed all three major competitors in both baggage handling and punctuality.

Because regulation places a ceiling on the return that the Aviation business area's activities generate, we are also reliant on the activities of the other business areas to achieve a reasonable return for Schiphol Group as a whole. In this regard, the AirportCity formula we have developed once again proved its worth during the year. The low return of the Aviation business area in 2006 (2.9%) was compensated for by the other activities, enabling the Schiphol Group to show an overall return of 6.7%. The business areas of Consumers and Real Estate together contributed 75% of the company's operating result. The response of Consumers to the implementation of the liquids & gels ban was effective in minimising the downside impact of this security measure on concession income. And successful marketing of the new product Smart Parking (online car park booking) produced a further increase in income from parking fees.

The Real Estate business area concluded various new leases, lifting occupancy levels to almost 93%. Once again the business area also reported fair value gains on the investment property portfolio.

Our involvement in Brisbane Airport in Australia proved the strength of the AirportCity format in an international context. The contribution from this Australian airport to group results showed a further increase. At home in the Netherlands, Eindhoven Airport distinguished itself with 20.9% growth to over 1.1 million passengers.

The increase in the net result of EUR 193 million in 2005 to EUR 527 million in 2006 was largely the effect of the agreement reached with the Dutch Tax Authorities in 2006 concerning the opening balance sheet for tax purposes as at 1 January 2002. Even without this non-recurring income of EUR 309 million, however, the good results posted by the various business areas combined to produce a profit in

excess of the 2005 figure. We had set ourselves the target of a result similar to the previous year's.

Main-port position retained

Our chief objective is to preserve and strengthen the competitive position of Amsterdam Airport Schiphol as a main port. In April 2006, the government published a policy document in favour of allowing Amsterdam Airport Schiphol to expand under certain conditions and in steps, initially to around 500,000 air transport movements a year and ultimately to around 600,000 flights. One of those conditions was that the aviation industry should enter into a covenant with the national government to reduce the nuisance levels in areas farther away from the airport and with the regional authorities to improve the quality of life in the vicinity of the airport. Another condition was that we produce an environmental impact report in which we explore, in conjunction with the Dutch air traffic control authority LVNL, various options for growth in the short and medium term together with the scope for mitigating the effects. We are currently working on this project together with other players in the industry through a consultation platform involving local and national authorities and representatives headed by the Queen's Commissioner in Groningen, Mr Alders.

We have every confidence that we shall achieve a successful outcome of this consultation process and that the new coalition government will recognise how important it is for the national and regional economy that Amsterdam Airport Schiphol, with its numerous connections, should continue to function as a main port and that accordingly we will honour the decisions of the previous government. We aim to achieve further growth which is vital to maintaining the network and the position of Amsterdam Airport Schiphol, through a policy of selectivity, which includes relocating certain traffic to, for example, Lelystad Airport and discouraging both the use of the noisier aircraft types and night flying by means of differentiated pricing. At the same time, we will be aiming to improve the quality of life in the region. In fact, we made funds available for this purpose during the year (EUR 18.5 million) and we are working closely with the Schiphol Airport Regional Consultation Committee (CROS) on a number of trials to develop runway and flight path utilisation patterns that will minimise aircraft noise problems.

We are making intensive efforts to further enhance our customer focus and the efficiency of our organisation for the benefit of our partners and our customers,

the main thrust of these efforts being to ensure competitive visit costs, adequate capacity on a reliable basis and improved connectivity. The amended Aviation Act governing the operation of Amsterdam Airport Schiphol which came into operation in 2006 represents a significant improvement as regards the transparency of our charging structure. The Netherlands Competition Authority (NMa) has been responsible for overseeing the fixing of airport charges since mid-2006 and, in so doing, safeguarding the interests of our users.

Increase in non-aviation revenues

Apart from our efforts to maintain and strengthen the main-port position of Amsterdam Airport Schiphol we are keen to continue expanding our non-aviation activities, and diversifying our risks. In this connection it is worth reporting that the Consumers business area took over the liquor and tobacco sales concession in the See Buy Fly area at Amsterdam Airport Schiphol from KLM with effect from 3 January 2007, thus widening the scope of its activities. Similarly, Real Estate is increasingly engaging in property development projects at other locations besides Amsterdam Airport Schiphol and immediate surroundings.

It is partly with a view to the further development of our commercial activities that the Supervisory Board and the Board of Management decided at the end of 2006 to appoint a commercial director as a fourth member of our Board of Management.

Sustainable development and the environment

In 2006 we decided to pursue a much more proactive policy with regard to sustainability.

Accordingly, in 2007, we shall develop a five-year programme, designed to make Amsterdam Airport Schiphol a more carbon-neutral airport. This will only be possible, however, with the cooperation of the other players involved in airport operations. In addition various studies have been initiated in conjunction with knowledge institutes to ascertain the possible impact of climate change on our airport processes. The results of these studies should indicate what action we need to take in the long term.

During the year we also established Schiphol College, the purpose of which is to improve employment opportunities for young people with poor employability. The strong growth in the number of jobs at Amsterdam Airport Schiphol in 2006 (6.4%) will be drawn upon to make a significant contribution towards reducing youth unemployment in the region.

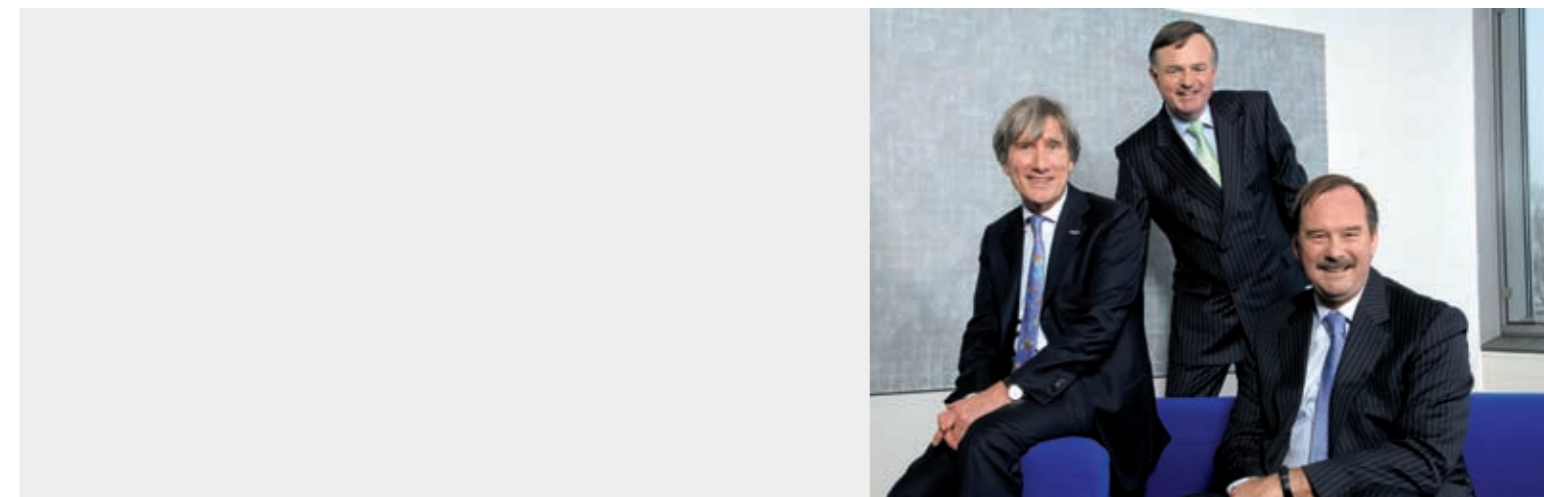
Privatisation

During the term of the new government headed by Prime Minister Balkenende there will be no stock market flotation. Together with the government and the City of Amsterdam we shall now be exploring the ways in which Amsterdam can help Amsterdam Airport Schiphol to retain its leading international position and the ways in which Schiphol Group can support Amsterdam's drive to sell itself as a 'Top-Class City'.

On behalf of the Board of Management I should like to thank our employees most sincerely for all their hard work in achieving our targets in 2006.

Gerlach Cerfontaine
President

From left to right Gerlach Cerfontaine, Pieter Verboom, Ad Rutten





Financial calendar

General Meeting of Shareholders	12 April 2007
Publication of 2007 interim results	23 August 2007
Publication of 2007 results	14 February 2008*
General Meeting of Shareholders	17 April 2008*

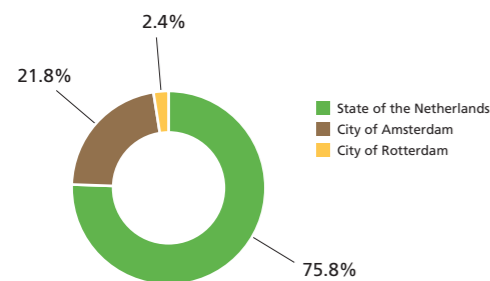
* Dates are subject to change

Shareholder information

Share capital

The authorised capital of Schiphol Group (NV Luchthaven Schiphol) amounts to EUR 136.1 million, divided into shares of EUR 453.78 nominal value. Of this share capital, 171,255 shares have been issued.

Schiphol Group shareholders



For more information on Investor Relations, please call: +31 (0)20 601 25 70,
email: Investor_Relations@schiphol.nl
or visit: www.schipholgroup.com

Dividend policy

Commencing in 2006, agreement has been reached with the shareholders to increase the dividend to 40% (had been 30% since 2003) of the result (attributable to shareholders), excluding the fair value gains on investment property after tax and excluding the non-recurring income from the finalisation of the opening balance sheet for tax purposes. The result of EUR 527 million gives earnings per share of EUR 3,077 (2005: EUR 1,126). The adjusted result for the purposes of the dividend calculation is EUR 198 million and the proposal is to declare a dividend of EUR 462 (2005: EUR 323) per share.

Credit rating

Schiphol Nederland BV has issued debt notes under a Euro Medium Term Note (EMTN) programme. The company's credit rating with both Standard & Poor's (AA-) and Moody's Investor Service (Aa3) remained unchanged in 2006. On 29 June, in anticipation of the intended privatisation, however, Standard & Poor's placed the credit rating on 'negative outlook' following the suggestion from shareholders that a substantial, non-recurring dividend should be made payable to the existing shareholders at the time of privatisation.

Privatisation

On 27 June 2006, the Upper House of the Dutch Parliament passed an Amendment to the Aviation Act. Since becoming effective on 19 July 2006, the aviation activities at Amsterdam Airport Schiphol have been subject to a new system of economic regulation. It also paved the way for a sale of a minority interest ('privatisation'). The Lower House had passed the amendment twelve months previously, on 30 June 2005.

A privatisation of NV Luchthaven Schiphol requires an amendment of the Articles of Association. At the Extraordinary General Meeting of Shareholders on 30 September 2006, a resolution, proposing application for admission to listing of the ordinary shares on Euronext Amsterdam, was carried by a majority vote. This resolution was supported by the State of the Netherlands as well as by the City of Rotterdam, together representing 78.2% of the shares. Despite of the support of 78.2% of the shareholders the necessary amendment of the Articles of Association was not adopted, since amending the Articles of Association requires at least four-fifths (80%) of the votes cast and the City of Amsterdam (holding 21.8% of the shares) did not support the amendment.

Following this shareholders' meeting, the State determined that the decision by the City of Amsterdam not to vote in favour of the proposed amendment to the Articles of Association was at odds with national government policy. Accordingly, the Crown annulled the City of Amsterdam's decision late November. At the end of December, the City of Amsterdam announced to lodge an appeal against the Crown's annulment with the Council of State. Both the State and Schiphol Group agreed to await the outcome of this procedure before proposing the amendments to the Articles of Association to the shareholders again. At the same time the City of Amsterdam petitioned the Enterprise Chamber of the Amsterdam Court of Appeal to order an inquiry into the procedures pertaining to the intended sale of a part of the State owned shares in NV Luchthaven Schiphol.

Further developments have taken place after 31 December 2006. Please refer to 'Events after Balance Sheet date' for more information.



■ Objectives and Strategy

The principal objectives Schiphol Group has set itself are to create sustainable value for its stakeholders, to position Amsterdam Airport Schiphol as the leading AirportCity and to rank among the world's leading airport companies.

The strategy employed for achieving these objectives has three main elements:

- Maintaining and strengthening the competitive position of Amsterdam Airport Schiphol as a main port;
- Increasing revenues from non-aviation activities;
- Diversifying risk by selectively developing activities at other airports at home and abroad.

Our business model, encompassing four business areas which reinforce each other in the creation of growth and value at the Schiphol site and elsewhere, plays a key role in the implementation of this strategy, which is aimed at the integrated development of aviation and non-aviation activities.

Maintaining and strengthening the competitive position of Amsterdam Airport Schiphol as main port

Amsterdam Airport Schiphol is our most important asset. Maintaining and strengthening the airport's main- port competitiveness is our most important objective. Passengers and cargo drive the financial results of the airport. For the airlines and for our hub carrier in particular, it is vital that Amsterdam Airport Schiphol can continue to grow. A well-equipped airport with adequate capacity is required to support and facilitate the network of connections.

- **Operational capacity of the airport:**
Runways, aprons and terminal space
Our ongoing investment programme ensures the availability of adequate operational capacity. Amsterdam Airport Schiphol's existing runway system has the capacity to handle around 600,000 air transport movements a year, which amply satisfies the demand. The statutory environmental limits, however, restrict the available capacity. The existing terminal space is sufficient for in excess of 60 million passengers a year, which again represents ample capacity for the demand. With operational improvements, the existing terminal could in fact handle around 65 million passengers per annum. Expanding the airport would allow us to grow to around 85 million passengers per annum.

- **Airspace and environmental capacity:** *Access through the air and the environmental limits*
For sufficient and reliable capacity in the air we are partly dependent on the government and on Air Traffic Control the Netherlands (LVNL). In order to make the best possible use of the scarce environmental capacity we encourage airlines to use quieter aircraft and to make selective use of night time capacity. This is accomplished through price differentiation in takeoff and landing fees and various operational measures. The available runway capacity is limited by statutory rules and regulations. To achieve sufficient environmental capacity we are therefore highly dependent on the national, regional and local authorities. Under the existing statutory framework, the environmental capacity is limited to around 440,000 air transport movements a year. Our ambition to be able to grow in steps to around 600,000 air transport movements in 2020 will necessitate changes in the existing statutory rules and regulations.

Besides through the provision of adequate capacity and the related investments, we foster the competitiveness of Amsterdam Airport Schiphol in various ways:

- **Efficient operation:** We are continuously striving to improve operational efficiency, safety and security and the quality of the products and services on offer to the airlines, passengers and handling agents using the airport.
- **Competitive charges:** In setting airport charges, the development of charges at comparable neighbouring airports is taken into consideration in order to remain competitive. The charges are regulated under the Amendment to the Aviation Act governing the operation of Amsterdam Airport Schiphol, which came into force in 2006, and the maximum return we are able to generate through them is capped to the level of the weighted average cost of capital (WACC) for the aviation activities. The ambitious cost control targets we have adopted are intended to make it possible to achieve the maximum permitted return in the years ahead while simultaneously improving the airport's competitive position.
- **Cost efficiency:** Our aim is to offer competitive visit costs. The measure we apply to the portion over which we have control is the cost per workload unit (WLU). In 2006, we introduced the Six Sigma methodology as a means to reduce aviation costs.



The successful development of the main-port status of Amsterdam Airport Schiphol is dependent on a number of factors, many of which are largely beyond our control.

- **Network:** This is the network of connections, involving direct flights or transfers, that makes Amsterdam Airport Schiphol a leading global hub for both passengers and cargo in Europe. As part of the alliances' dual hub strategy, Air France-KLM and its SkyTeam partners form a significant part of this network. Other airlines and low-cost carriers, which specialise in European point-to-point traffic, also contribute to this strong network. Air cargo is inseparably linked with passenger transport because a large share of the worldwide network of connections is only profitable through combined passenger and cargo services. This has made Amsterdam Airport Schiphol an interesting marketplace for logistics activities. Through targeted marketing we are attempting to further expand the network, but for this we are largely dependent on market developments and the decisions of the airlines.
- **Access to the airport by road and rail:** For optimum utilisation of airport capacity, it is vital to have good landside access from the Randstad – the urbanised area in the west of the Netherlands – and the wider catchment area. While we are responsible for the on-airport road system and can develop it as required, responsibility for the construction of rail links and the network of primary and secondary roads lies with others. In specific cases, however, we do make modest contributions to the investments needed to improve access to the airport.

- **Competitive region:** Both the network and Amsterdam Airport Schiphol form an inseparable part of the Amsterdam region and the Randstad area, which clearly benefit from their existence. This applies to international companies that locate here, to the annual influx of tourists and to the labour market which is partly dependent on our presence. Conversely, the Amsterdam region with its international orientation helps to generate an in-flow of passengers for the airlines. Amsterdam Airport Schiphol, in its capacity as main port and with its successful AirportCity formula, is of crucial importance to the Randstad; an area which needs to work hard to maintain its position as a successful, competitive economic region. The success of the region is, of course, also heavily dependent on the ability of national and local government to make and implement the right decisions, particularly with respect to improving the infrastructure, attracting investment, improving the quality of life, enhancing the knowledge base and improving training and educational facilities.

Maintaining and strengthening the competitiveness of Amsterdam Airport Schiphol as a main port has to be achieved in a complex environment with many stakeholders. We work closely with other players in the aviation industry, with public authorities and with other (local) stakeholders, in all kinds of forums and at all levels. We also take account of the environment in which we operate and the requirements imposed on us in terms of safety and the environment.

Increasing revenues from non-aviation activities

Our strategy is also directed at increasing revenues from non-aviation activities. In order to achieve sufficient profitability and to reduce our dependence on revenues from the regulated aviation business we have developed an extensive portfolio of non-aviation activities. In turn, the development of these activities benefits the aviation business. The development of logistics centres increases the demand for cargo transport and the development of offices, business parks and conference facilities boosts passenger volumes. The activities of the Aviation, Consumers and Real Estate business areas are mutually supportive and together inextricably create the AirportCity.

This part of our strategy is pursued by:

- Maximising revenues from the passenger and consumer flows by, among other things, offering an attractive shopping environment, using yield management to optimise the available parking spaces and creating additional advertising opportunities.
- Developing, operating, managing and, when the opportunity presents itself, selling investment property. In addition to the rental income generated by developing and leasing offices and cargo buildings at and around Amsterdam Airport Schiphol and other airports, our property activities make a strong contribution to results through the lease of land, the sale of buildings and appreciation of the value of the existing portfolio.

Diversifying risk by selectively developing activities at other airports at home and abroad

In the third pillar of our strategy, the success of the integrated development of Aviation, Consumers and Real Estate through the AirportCity concept is applied at other locations. The regional airports also have a supporting role to play for Amsterdam Airport Schiphol.

This part of our strategy is pursued by:

- Developing regional airports – to complement the AirportCity Schiphol. The regional airports of Rotterdam and Eindhoven function as airports in their own right, each serving its specific market. They are also able to take some of the pressure off Amsterdam Airport Schiphol by acting as alternatives for business flights, for holiday flights and for low-cost carriers. In the near future, Lelystad Airport may also be able to perform a similar function for Amsterdam Airport Schiphol.
- Exporting the 'Schiphol' brand name and the AirportCity know-how. Schiphol Group is active internationally through associates, alliances and management contracts. The greater part of the value created by these activities comes in the form of dividends and fees as well as indirectly from the appreciation of our investments in associates. This part of our strategy has been pursued with great success in recent years in Brisbane, Australia.



■ Report of the Board of Management

On the one hand, we are satisfied with the net results achieved for 2006, which, excluding extraordinary items is higher than we had expected at the beginning of the year under review. On the other hand, the return on our aviation activities dropped considerably due to higher costs and one-off contributions to projects in the environs of Amsterdam Airport Schiphol. By contrast, the Consumer and Real Estate business areas performed excellently, once again demonstrating the strength of the AirportCity formula.

■ Financial Performance

Revenue reported by Schiphol Group in 2006 amounted to EUR 1,037 million, representing an increase of 9.4% compared with the 2005 figure of EUR 948 million.

Fair value gains on the investment property portfolio in 2006 came in at EUR 29 million (2005: EUR 12 million).

Operating expenses rose by 15.2% to EUR 759 million (2005: EUR 659 million).

The operating result for 2006 amounted to EUR 316 million, representing an increase of 1.7% compared with the 2005 figure of EUR 311 million.

The net result (attributable to shareholders) for 2006 amounted to EUR 527 million, compared with EUR 193 million in 2005, the increase being largely accounted for by non-recurring income of EUR 309 million resulting from the settlement agreement reached with the Dutch Tax Authorities concerning the opening balance sheet for tax purposes as at 1 January 2002. Without this non-recurring income and without the fair value gains on our property, the net result was EUR 198 million, an increase of 7.2%.

The return on equity (ROE) came in at 21.2% (2005: 8.9%), partly on the strength of the non-recurring income referred to above. Excluding the latter income and the fair value gains and losses on investment property, the ROE amounted to 8.0% in 2006 (2005: 8.5%).

Revenue

Aviation, with EUR 630.9 million (2005: EUR 572.5 million), made the largest contribution to our combined revenue of EUR 1,037 million. Aviation revenue grew by 10.2% in 2006 (9.0% in 2005). Revenue generated by Consumers amounted to EUR 230.5 million (2005: EUR 207.3 million), an increase of 11.2% (7.1% in 2005), with Real Estate reporting revenue of EUR 109.1 million (2005: EUR 104.3 million), an increase of 4.6% (8.5% in 2005) and Alliances & Participations reporting EUR 66.2 million (2005: EUR 63.5 million), an increase of 4.3%

(2.6% in 2005). Full details of the revenue generated by the individual business areas can be found in the dedicated business area sections in this report.

Operating expenses

EUR million	2006	2005	%
Costs of outsourced work and other external charges	412.7	352.0	17.2%
Employee benefits	152.8	133.5	14.5%
Depreciation and amortisation	160.8	161.8	-0.6%
Impairment	1.0	4.9	-80.0%
Other operating expenses	32.0	6.9	361.6%
Total	759.3	659.1	15.2%

Operating expenses rose by 15.2% (EUR 100 million), from EUR 659 million to EUR 759 million, the increase being largely attributable to:

- the increase in security costs at Amsterdam Airport Schiphol by EUR 32 million;
- an increase of EUR 10 million in the cost of energy;
- an increase of EUR 7 million in consultancy and other professional fees, mostly associated with privatisation and the Six Sigma project;
- a contribution of EUR 10 million for the alleviation of 'distress cases' among residents suffering from aircraft noise in the vicinity of Amsterdam Airport Schiphol and a contribution of EUR 8.5 million to Stichting Mainport en Groen (for landscaping of the airport and environs);
- an increase of EUR 19 million in staff costs, following the release of various employee benefit provisions with a net amount of EUR 15 million in 2005;
- non-recurring environmental costs of EUR 5 million for aeration of drainage ditches when the oxygen levels in the water became depleted due to the effects of de-icing fluids;
- higher costs for cleaning (EUR 2 million), bus transport (EUR 2 million), maintenance (EUR 2 million) and rents and leasing (EUR 2 million).

Outsourcing and other external charges

The costs of outsourced work and other external charges were up by 17.2% in 2006, at EUR 413 million (2005: EUR 352 million), or an increase of EUR 61 million, more than half of which (EUR 32 million) was the result of an increase in security costs at Amsterdam Airport Schiphol. We had to take on more security personnel in connection with the transition from a central security system to a decentralised system. Security costs at Amsterdam Airport Schiphol now account for EUR 203 million, or 26.7% (25.6% in 2005), of the overall operating expenses. Security costs are included in various operating expense categories, but mainly in costs of outsourced work and other external charges, employee benefits and depreciation and amortisation.

In addition to security costs, the costs of outsourced work and other external charges include energy costs of EUR 24 million (2005: EUR 14 million), maintenance costs of EUR 54 million (2005: EUR 52 million), consultancy fees of EUR 17 million (2005: EUR 10 million) and environmental costs of EUR 5 million for drainage ditch aeration.

Employee benefits

The employee benefits expense in 2006 was up by 14.5% (11.9% down in 2005), at EUR 152.8 million (2005: EUR 133.5 million). This increase of EUR 19 million was partly due to non-recurring events in 2005 when a large part of the provision for post-employment allowances to cover the costs of healthcare insurance following changes to the healthcare system and part of the provision for long-service bonuses (together totalling EUR 22 million) were released, set against which was an extra addition of EUR 7 million to the provision for job-related early retirement as a result of changes in the tax rules as part of government policy making early retirement less attractive to employers. Eliminating the net effect of these exceptional items in 2005 leaves a 2.9% increase in employee benefits.

The number of full-time equivalent employees increased by 114 in 2006, from 2,179 to 2,293. The two main factors behind this increase were an increase in the activities of the Aviation business area (+60 FTEs) and the increase of our interest in Schiphol Telematics (+28 FTEs). The network operating business became a wholly-owned subsidiary of Schiphol Group effective from the beginning of 2006, the smaller service side of the business being taken over by KPN. The general pay rise, which came into effect on 1 January, was 2.3%. The combined effect of the increase in the number of employees and the increase in pay added EUR 6 million to the employee benefits expense. The pension chargers, however, were down by 14.3% in 2006, at EUR 16 million (2005: EUR 19 million).

Depreciation and amortisation

Depreciation and amortisation charges in 2006 were EUR 1 million lower, at EUR 161 million (2005: EUR 162 million), a drop of 0.6%, following incidental disposals of EUR 5 million overall in 2005. Eliminating the latter effect reveals an increase in depreciation and amortisation charges of 2.3% in 2006.

Impairment

Impairment losses in 2006 amounted to EUR 1 million (2005: EUR 5 million). In connection with the projected losses and negative cash flows from operations at Lelystad Airport, write-downs of EUR 0.2 million were taken on the property, plant and equipment of Lelystad Airport. With the break-up of Schiphol Telematics into a network business and a service business with effect from 1 January 2006, the assets were divided between the two businesses. The carrying amount of property, plant and equipment remaining with the network business, totalling EUR 17 million, was written down by EUR 0.8 million in respect of technological obsolescence.

Depreciation, amortisation and impairment

Year	EUR million
2006	162
2005	167
2004	160

Other operating expenses

Other operating expenses amounted to EUR 32 million (EUR 7 million in 2005). The increase of EUR 25 million was mainly accounted for by a contribution of EUR 10 million for the alleviation of distress cases among residents suffering from aircraft noise in the vicinity of Amsterdam Airport Schiphol. We also made EUR 8.5 million available to Stichting Mainport en Groen, a foundation responsible for the realisation of landscaping projects around the airport.

Corporate income tax

With effect from 1 January 2002, Schiphol Group has been subject to corporate income tax. An opening balance sheet for tax purposes as at 1 January 2002 was finally agreed on with the Dutch Tax Authorities in 2006, according to which the fiscal equity was EUR 1.3 billion higher than the reported equity as at that date, chiefly owing to a higher tax base for land. In the opening balance sheet for tax purposes, land is carried at fair value whereas the reported carrying amount was based on historical cost. Calculated according to the corporate income tax rate of 25.5% in force with effect from 1 January 2007, the higher tax base yields non-recurring tax income of EUR 309 million to be recognised in the profit and loss

account. This non-recurring income is largely in the form of a deferred tax asset and does not have an immediate impact on cash flow.

Results

The operating result for 2006 amounted to EUR 316 million (2005: EUR 311 million), an increase of 1.7%. The result before interest, tax, depreciation, amortisation and impairment (EBITDA) amounted to EUR 478 million, which was almost unchanged compared with 2005.

The net financial expense increased by EUR 2 million, from EUR 34 million to EUR 36 million, the increase being largely attributable to the interest due on the corporate income tax payable for the period 2002 through 2004, amounting to EUR 4.3 million, which was charged to 2006.

The share in the results of associates in 2006 mounted to EUR 10.7 million, compared with EUR 1.8 million in 2005. These increased profits flowed from both our international associates and our domestic associates. Our international associates produced income of EUR 5.8 million in 2006 (2005: EUR 2.4 million), including a contribution of EUR 4.6 million on the part of Brisbane and EUR 1.2 million from JFK IAT (New York). In the case of our associates in the Netherlands, the strong improvement in results on the Flight Forum Business Park at Eindhoven Airport came from the sale of land for the development of offices and industrial units. Our Dutch associates together contributed EUR 4.9 million to profits compared with a loss of EUR 0.6 million in 2005.

The corporate income tax rate was reduced from 31.5% to 29.6% in 2006, cutting our tax bill by EUR 5 million.

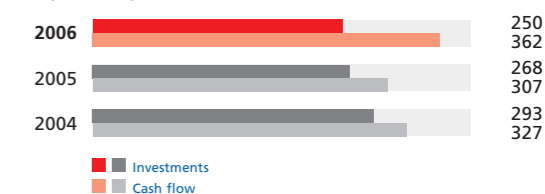
The return on net assets after tax (RONA) worked out at 6.7%, which is the same as in 2005. Excluding the fair value gains on investment property, RONA for the year amounted to 6.1% (2005: 6.4%).

Investments and finance

The cash flow from operating activities improved from EUR 307 million in 2005 to EUR 362 million in 2006. The main reason for this was that less corporate income tax was paid in 2006, namely EUR 63 million compared with EUR 114 million in 2005. The positive cash flow from operating activities and investing activities (free cash flow) of EUR 119 million plus the existing cash balances were sufficient to fund repayments on loans and lease payments of EUR 35 million and dividend payments of EUR 55 million. The net amount of cash balances and bank overdrafts rose by EUR 37 million, from EUR 262 million to EUR 299 million.

The investments in property, plant and equipment during the year amounted to EUR 250 million compared with EUR 268 million in 2005.

Investments in property, plant & equipment and cash flow from operating activities



The most important projects were the 70 MB baggage handling programme (EUR 33 million), the expansion of Hall D baggage facilities (EUR 16 million) and Apron J (EUR 17 million) and the construction of the Pier B–Pier C corridor (EUR 11 million), Phase 1 and 2 of the P22 office building development (EUR 13.9 million) and Cargo Terminal 9 (EUR 12 million). Offsetting these investments were disposals totalling EUR 40 million, mainly connected with the sale of property to third parties. The level of capital expenditure differed strongly from one business area to another. Aviation, with EUR 173 million, accounted for the largest share of the overall investments. Real Estate followed with EUR 69 million, then came Consumers with EUR 12 million and, finally, Alliances & Participations with EUR 6 million.

Ratios

We are introducing two new cash flow ratios designed to support better financing policy decisions. The debt market and credit rating agencies in particular look at the extent to which a business is capable of generating cash in relation to its funding requirements. This is typically reflected in the FFO/total debt ratio and the FFO interest coverage ratio. FFO – funds from operations – is the cash flow from operating activities before changes in working capital.

The FFO/total debt ratio in 2006 was 35.9%, an improvement on the 2005 figure of 28.7%. Total debt is the year-end balance of all borrowings. The FFO interest coverage ratio in 2006 was 8.1 times, improving on the figure of 6.8 times in 2005. This ratio is calculated by dividing FFO plus gross interest expense by gross interest expense. This ratio replaces the old interest coverage ratio.

The improvement in these two ratios is expected to have a positive influence on Schiphol Group's credit rating by Standard & Poor's (AA-) and Moody's (Aa3).

In addition to these two ratios, Schiphol Group will continue to report the leverage (ratio of interest-



bearing debt to total equity plus interest-bearing debt), which is a function of financing policy. The leverage remains important inasmuch as the Aviation Act uses an assumed leverage to calculate the weighted average cost of capital (WACC) for the regulated aviation activities. As at year-end, Schiphol Group's leverage was 25%, down 4 percentage points on the year before (2005: 29%). This drop is the combined effect of a reduction in interest-bearing debt and an increase in shareholders' equity.

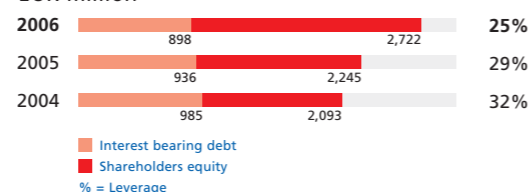
Financing policy

The total amount of loans outstanding and lease commitments (current and non-current) as at year end 2006 was EUR 951 million (2005: EUR 993 million). To derive the leverage, the total amount of loans outstanding and lease payments is adjusted by deducting non-interest bearing purchased long land leases and lease incentives, together worth EUR 53 million (2005: EUR 57 million).

The total amount of interest bearing debt outstanding and lease liabilities as at year-end 2006 was EUR 898 million (EUR 936 million in 2005). In 2006, new loans and lease liabilities totalling EUR 9 million were contracted and repayments totalling EUR 24.7 million were made. No new loans were issued under the Euro Medium Term Note (EMTN) programme in 2006.

Capital structure

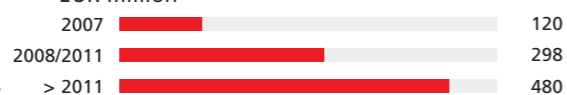
EUR million



In accordance with our financing policy we aim to reduce the refinancing risk. The remaining terms to maturity of the loans issued under the EMTN programme range from 0 to 11 years.

Loan maturity profile

EUR million



The average interest expense fell in 2006 from 5.05% in 2005 to 4.98%.

Our interest rate risk management policy favours fixed-interest loans, achieved either by contracting loans at fixed interest or by making use of standard interest rate derivatives.



Aviation

The Aviation business area is active solely at Amsterdam Airport Schiphol. Aviation provides services and facilities to airlines, passengers and handling agents. The Netherlands Competition Authority (NMa) regulates the charges which are levied and sets limits on the returns generated.

Sources of revenue: airport charges (aircraft, passenger and security charges) and concession fees (paid by oil companies for the right to provide aircraft refuelling services).

Aviation Business Area	2006	2005	
EUR million			
Revenue	631	573	10.2%
Operating expenses	558	473	17.8%
EBITDA	190	214	- 11.3%
Operating result	73	100	- 26.2%
Average non-current assets	1,754	1,675	6.6%
RONA before tax	4.2%	5.9%	
RONA after tax	2.9%	4.1%	
Investments in intangible assets and property, plant & equipment	173	187	-7.3%

Number of scheduled destinations
(summer timetable)



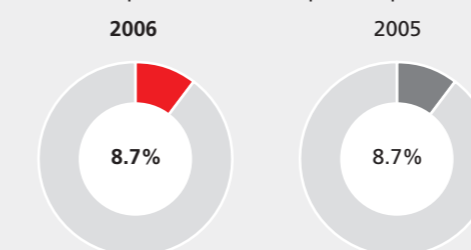
Punctuality of arrivals



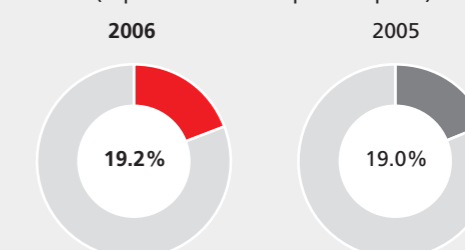
Punctuality of departures



Passenger market share
(top 12 selected European airports)



Cargo market share
(top 5 selected European airports)



- Revenue 10% higher at EUR 631 million
- Sharp drop in operating result to EUR 73 million due to increased costs, partly because of one-off contributions to projects in the surrounding area
- Continued growth in passenger numbers and cargo volume
- Government sanctions growth to 600,000 air transport movements per annum, on certain conditions
- Satisfaction with Amsterdam Airport Schiphol among airlines and handling agents increases sharply
- Baggage irregularity rate and punctuality better than competitors

Financial performance

Aviation revenue rose by 10.2% (9.0% in 2005), to EUR 631 million. Airport charges at Amsterdam Airport Schiphol make by far the greatest contribution to revenue. Concession fees from aircraft refuelling services and for other activities contribute less than 5%.

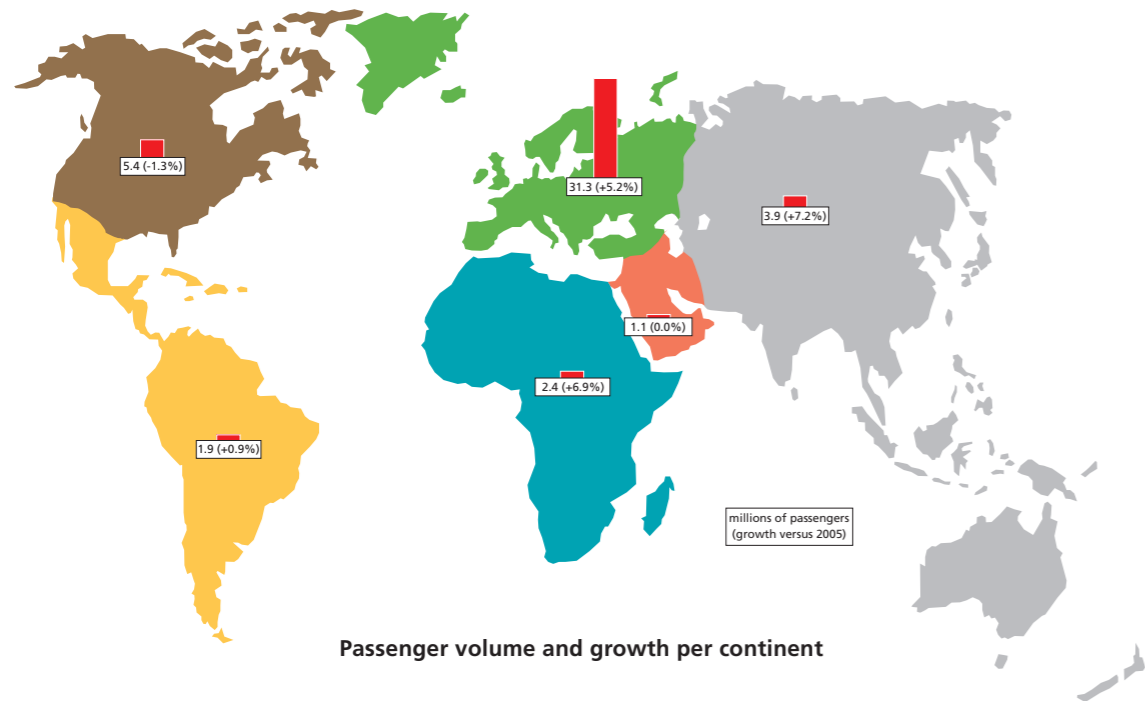
An increase of EUR 57.6 million in airport charge revenues was the effect of:

- Higher aircraft charges (EUR 5.0 million), as a combined result of 4.6% more air transport movements (EUR 7.5 million), an average increase in the charge rates of 2% (EUR 4.2 million) and a decrease in the average maximum takeoff weight (EUR 4.4 million), with other effects (specifically the fleet mix and the ratio of connected to disconnected handling) accounting for a decline of EUR 2.3 million).
- Higher passenger charges (EUR 52.6 million), owing to a 4.3% increase in the number of passengers (EUR 19.9 million) and increased charges (EUR 32.7 million). The Passenger Service Charge went up by 2% on 1 April and the Security Service Charge increased by 7.4%.

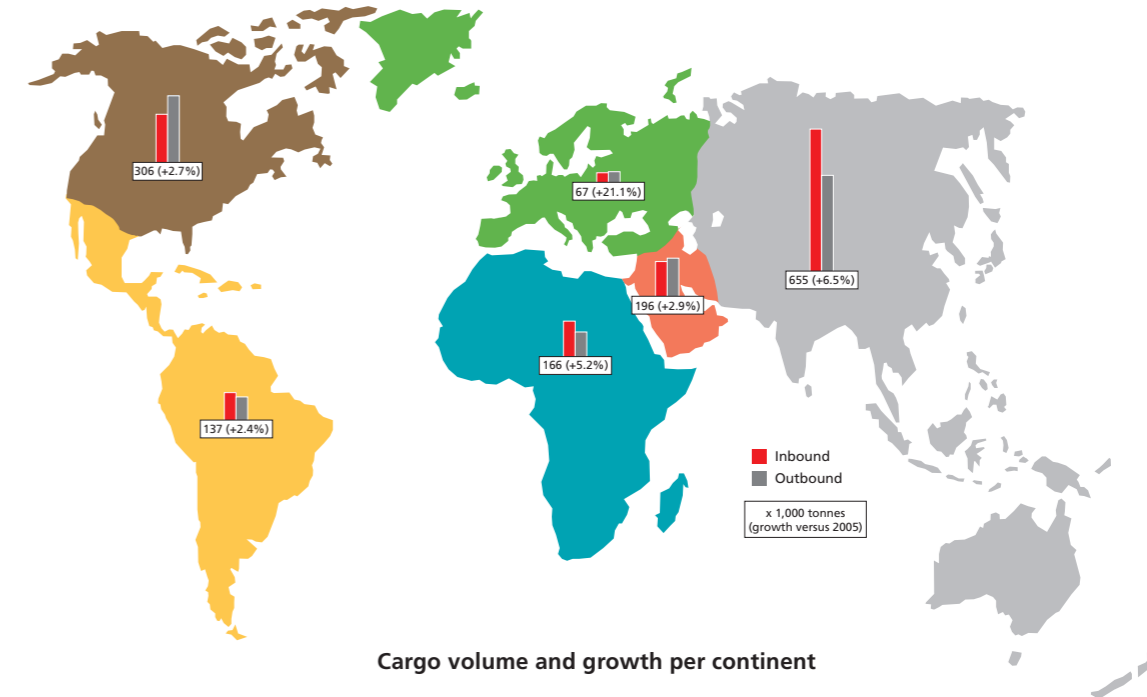
A drop of EUR 2.3 million in concession revenues is accounted for by the fact that catering companies were no longer required to pay for concessions with effect from the beginning of the year. Operating expenses for Aviation increased by 18.1% (10.7% in 2005), from EUR 473 million to EUR 558 million. The strong increase in security costs (EUR 32.0 million), mainly due to the switch to decentralised operations and for the security of the restricted area, higher staff costs (EUR 23.5 million), mainly the effect of provisions released in 2005, and environmental charges (EUR 4.7 million) accounted for the bulk of the increase in costs in 2006. The environmental charges related to the aeration of drainage ditches, where oxygen levels in the water fell below minimum standards owing to elevated concentrations of de-icing fluids. Contributions were also made to the alleviation of aircraft noise 'distress' cases and to the Stichting Mainport en Groen, together totalling EUR 18.5 million.

EBITDA for 2006 fell by 11.3% (8.8% increase in 2005), from EUR 214 million to EUR 190 million. The operating result for Aviation in 2006 was down by 26.2% (+2.5% in 2005), from EUR 100 million to EUR 73 million.

EUR million	Aviation		Security		Aviation Business Area	
	2006	2005	2006	2005	2006	2005
Revenue	423	404	208	169	631	573
Operating expenses	355	303	203	170	558	473
Operating result	68	101	5	- 1	73	100
Average non-current assets	1,632	1,545	122	130	1,754	1,675
RONA after tax	2.9%	4.4%	2.8%	- 0.5%	2.9%	4.1%



Passenger volume and growth per continent



Cargo volume and growth per continent

Capital expenditure in 2006 showed a further decline, to EUR 173 million (EUR 187 million in 2005). With the completion of megaprojects such as the construction of the new runway and the expansion of the terminal, capital expenditure will gradually decline to a desired level in the region of EUR 150 - 160 million for the next few years.

The RONA for the Aviation activities was down by 1.5 percentage points compared with 2005, the principal factors here being the higher environmental costs, the contributions to projects in the area surrounding the airport and the increased staff costs already mentioned.

The RONA for Security activities increased by 3.3 percentage points compared with 2005. In 2005, Security was still a loss-making activity, but it returned a positive operating result in 2006. Despite this, the return was lower than expected, mainly owing to the strong increase in costs due to the switch from centralised to decentralised security operations.

The number of passengers using Amsterdam Airport Schiphol increased by 1.9 million in 2006 to almost 46.1 million, equating to 4.3% growth, which slightly exceeds the 3.8% growth in 2005.

The number of passengers carried by our hub carrier Air France-KLM and partners grew by 3.7% (5.7% in 2005), increasing from 27.4 million to 28.4 million. A substantial proportion of the growth in the number of passengers in 2006 is attributable to the low-cost carriers, who reported 20.2% growth in passenger numbers (7.5% in 2005), up from 4.5 million to 5.4 million. The number of passengers carried by other airlines was down fractionally, by 0.1% (-1.4% in 2005), at 12.2 million.

Origin and destination traffic grew by 5.7% in 2006 (3.9% in 2005), to 26.9 million, which was a significantly larger increase than the 2.5% growth in transfer traffic (3.9% in 2005). The increase in the low-cost carrier passenger numbers is the main factor behind this.

The highest growth figures for passenger numbers were again recorded for Asia, with 7.2% (9.8% in 2005), and Africa, with 6.9% (11.7% in 2005). In the case of Asia, the increase was partly accounted for by the new destination of Hyderabad and, in the case of Africa, the new destination of Entebbe, both of which have been added to the routes flown by Air France-KLM with effect from November 2005. Within Europe, the most important region for Amsterdam Airport Schiphol, accounting for 68% of passengers, there was a 5.2% increase in passenger numbers on the back of the strong growth in the low-cost segment.

Cargo volume on the increase
Measured in terms of the cargo volume, Amsterdam Airport Schiphol strengthened its ranking in third position within Europe. Cargo volume grew by 5.3% in 2006 (2.0% in 2005), to 1,526,501 tonnes. Of the five most important airport cities in Europe, Amsterdam Airport Schiphol recorded above-average growth in 2006.

Growth in 2006 was greatest for full freighters. These cargo-only aircraft carried 6.8% more than in 2005, up from 829,135 tonnes in 2005 to 885,720 tonnes. For aircraft carrying both passengers and cargo, the increase in cargo volume was 3.2%, up from 620,720 tonnes in 2005 to 640,781 tonnes. Cargo traffic from and to all regions showed an increase in 2006.

Air transport movements

For the economic development of the Randstad area in general and for the competitiveness of the airport as a main port in particular, it is of vital importance for Amsterdam Airport Schiphol to be able to continue to grow. It is therefore gratifying that the government made the decision in April 2006 that the airport should be allowed to grow to around 600,000 air transport movements a year on certain conditions. One of those conditions is that an environmental impact report is produced recording various options that in the first instance permit growth to around 500,000 air transport movements a year. The aviation industry is also required to enter into a covenant with the regional authorities to improve the quality of life in the vicinity of the airport.

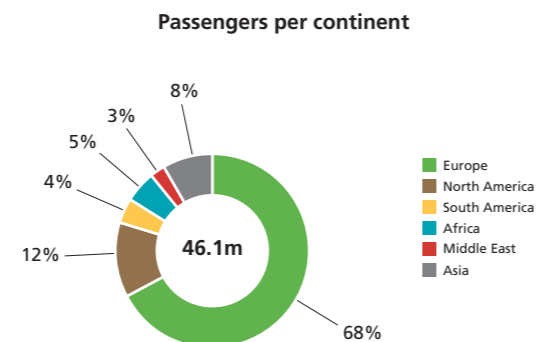
The number of air transport movements at Amsterdam Airport Schiphol increased by 4.6% in 2006 (0.5% in 2005), up from 404,594 to 423,122 movements. The average maximum takeoff weight (MTOW), however, was down by 2.2 tonnes, at 98.2 tonnes, owing to the use of more smaller, and therefore lighter, passenger aircraft coupled with the fact that the increase in the number of air transport movements was entirely accounted for by passenger flights.

Growth in passengers and cargo

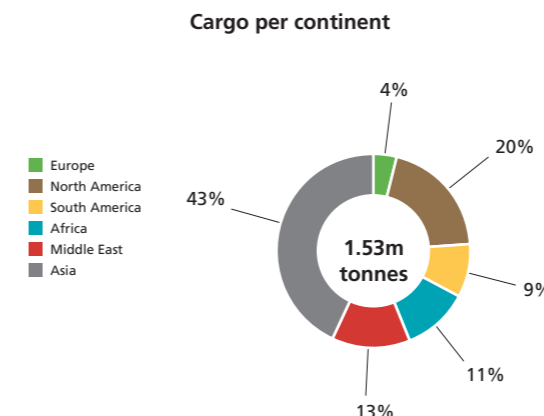
Maintaining and strengthening the competitiveness of Amsterdam Airport Schiphol as a main port is our most important objective. Passengers and cargo are the most important business drivers.

Further increase in number of passengers

Amsterdam Airport Schiphol continued to rank as the number four airport in Europe for passengers in 2006. Two new members, Madrid and Rome, were added in 2006 to the group of top-10 selected European airport cities which we use for benchmarking, making it a top-12 group.



* Amsterdam, Brussels, Frankfurt, Copenhagen, London, Manchester, Milan, Munich, Paris and Zurich.



+ Amsterdam, Brussel, Frankfurt, Londen and Parijs



Network

A main port must serve a network with a large number of destinations. Amsterdam Airport Schiphol does just that and the network expands every year. Once again in 2006, the number of destinations served by passenger and cargo flights from Amsterdam Airport Schiphol increased. The total number of destinations with scheduled services in the summer timetable was 269, made up of 155 European destinations and 114 intercontinental destinations. 2006 saw the addition of 20 new destinations – 13 in Europe and seven intercontinental – and 12 scheduled services were dropped – six European and six intercontinental. Overall, the number of European destinations increased by seven in 2006 and the number of intercontinental destinations by one.

Because we want to strengthen Amsterdam Airport Schiphol's position as one of Europe's major cargo hubs, we redefined our cargo strategy in 2006 giving greater priority to the intercontinental network of cargo routes to and from Amsterdam Airport Schiphol. The aim is for the airport's spatial and logistical concept to become 'best in class' compared with other European airports by favouring quieter aircraft and by highly selective accommodation of night flights.

Operating capacity

Ongoing investment ensures that Amsterdam Airport Schiphol has ample operating capacity. Capital expenditure on aviation facilities on and around the airport totalled EUR 173 million in 2006.

In March, work started in Schiphol-Centre on a new corridor linking Pier C and Pier B. Due to be completed early in 2007, it will replace the existing link between the two piers.

In June, after a three-year programme of alterations we opened the first entirely self-service departure hall in Europe (Departure Hall 2), in partnership with KLM. The new facility allows KLM passengers to check in using one of the 60 self-check-in kiosks, after which they drop off their bags at one of the 56 dedicated fast-drop baggage facilities. The new system increases check-in capacity by 66%.

Also in June, Amsterdam Airport Schiphol's new baggage reclaim area was brought into use, partly replacing the existing Baggage Basement-South. The new baggage reclaim area is connected to Baggage Reclaim Hall 1, in which all the carousels were replaced in 2006. In August, work started on the expansion of Baggage Hall D, with construction work scheduled for completion by mid-2007. Both projects form part of the 70 MB Programme designed to enable Amsterdam Airport Schiphol to handle 70 million bags in 2012, or around 20 million more than at present, at less cost and with a lower Irregularity Rate (IR-rate).

In October, work started on a project at Amsterdam Airport Schiphol aimed at upgrading the main airside service road to a ring-road. The work will involve constructing a new bridge across the A4 motorway. In the vicinity of the terminal, the road will also be widened from two lanes to four lanes.

November saw the completion of Phase I of a project for expanding and upgrading Apron J at Amsterdam Airport Schiphol, creating six new aircraft stands (including one for the A380) and two temporary de-icing positions. Phase II will be completed in September 2007. Ultimately, the apron, which originally had just four stands, will have eleven, two of which will be suitable for the A380, as well as four dedicated de-icing positions.

Re-surfacing was carried out on Runway 18C-36C and on Runway 18L-36R in 2006.

Finally, EUR 21.5 million was invested in security measures and EUR 14.5 million in fire safety in 2006.

Airspace and environmental capacity

The development and smooth operation of an airport involves an ongoing, careful balancing act of economic and environmental imperatives. We accept our responsibility in this and aim to minimise the environmental impact of our operations in the years ahead. Our separate Corporate Social Responsibility report devotes considerable attention to the way in which Amsterdam Airport Schiphol aims to lead the way as regards sustainability in Europe. As regards air quality – specifically the standards for particulates and nitrogen dioxide – Amsterdam Airport Schiphol remained within the national standards and European guidelines. The National Environmental Planning Agency (MNP) does not expect the airport to breach these standards in the future either.

For adequate and reliable airspace capacity we are partly reliant on the government and Air Traffic Control the Netherlands (LVNL). Obviously, we also have our own responsibilities. These are reflected, for example, in our selectivity policy, which is aimed at measures to encourage the use of quieter aircraft at Amsterdam Airport Schiphol and to discourage the use of noisy aircraft and operations during the night. One of the measures used involves a differentiated airport charge structure based on noise levels – the noisier the aircraft, the higher the airport charges. Another measure we favour is prioritising the allocation of departure and arrival slots for the quieter aircraft types and for airlines serving

destinations which strengthen our main-port position. Despite all these measures, we again came closer to the limits of our allotted noise capacity in 2006. In fact, we violated the sound level values at four measurement points over a 24-hour period (Lden noise metric). One of the factors behind this was the major overhaul of two runways. The violation was due, in particular, to the extended period in October when Runway 18L-36R had to be taken out of use because of problems with the new surface, which had been laid the previous month, necessitating greater use of Runway 09-27 than planned. On the date of publication of this annual report, the Transport, Public Works and Water Management Inspectorate (IVW) had not decided whether the airport should be held accountable for these violations.

Conforming to the environmental limits imposed on us while maintaining and, if possible, strengthening the main-port position of Amsterdam Airport Schiphol will become increasingly difficult. Although we do not expect to violate the external safety standards or the standards for the overall noise volume, and although the probability of exceeding night-time noise limits is also small, there is a real chance that the Lden noise metric limit values (over a 24-hour period) could be exceeded. This is partly because these limit values are based on a 2001 scenario for the projected use in 2005 and 2010. In practice, aviation has developed differently and the actual pattern of use is not adequately reflected in the limit values. At some measurement points in the enforcement system, the limit value has almost been reached whereas, at other points, there is still excess capacity. The scheduled major overhaul Runway 06-24 in 2007 does not make it any easier for the airport to keep the noise footprint within the Lden noise metric contours. A satisfactory solution to this problem has not yet been found.

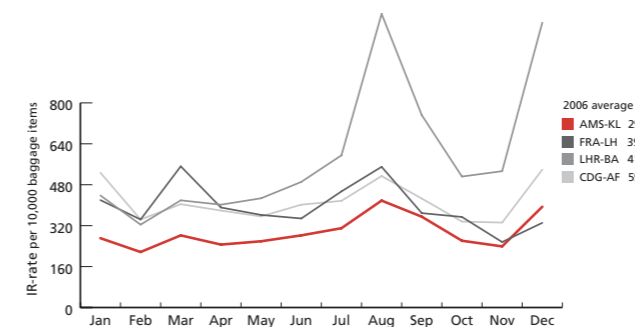


Efficient operation

We are constantly striving to improve operating efficiency, safety and security and the quality of the products and services we provide to airlines, passengers and handling agents.

Baggage handling

The improvement of the IR-rate first seen in 2005 continued in 2006. The lower the IR-rate, the better the baggage handling performance. KLM passengers using Amsterdam Airport Schiphol were more fortunate than BA passengers using London Heathrow, Air France passengers using Paris Charles de Gaulle and Lufthansa passengers using Frankfurt. Apart from December – when Frankfurt did slightly better – our IR-rate was better month by month than that of our major competitors. The more stringent European security measures, the liquids & gels ban imposed on 6 November and a greater volume of bags have had little influence on the improvement in the IR-rate which began in mid-2005.



Punctuality

Flight punctuality showed a further improvement in 2006. For arrivals, punctuality increased from 80.6% to 81.5% and the punctuality of departures increased from 71.5% to 73.3%.

Measures benefiting punctuality were the commissioning of Pier H and the introduction of a seven-wave system by KLM. Pier H was taken into use at the end of 2005 by several point-to-point carriers, who were thus able to achieve shorter turnaround times. When the summer timetable was introduced, KLM began operating a system of seven waves of connecting arriving and departing flights instead of six. This had the effect of spreading the peak loads more evenly over the day.

Of Europe's four largest airports, Amsterdam Airport Schiphol had the best punctuality in 2006. We already ranked first for punctuality of arrivals in 2005 and, in 2006, Amsterdam Airport Schiphol also had the best departure punctuality.

Safety, security and the environment

Safety and security are paramount at Amsterdam Airport Schiphol. This subject, too, is covered in detail in our 2006 Corporate Social Responsibility Report. The present annual report contains only a brief summary.

There are two aspects to airport safety and security. The safety aspect is concerned with aviation safety, fire safety, road safety and health & safety at work. The security aspect has to do with preventing malicious acts intended to harm passengers, employees, visitors and the airport itself.

As regards **aviation safety**, our main effort in 2006, in close collaboration with LVNL (air traffic control) and the airlines, was focused on further improving runway safety – in particular reducing the number of runway incursions, i.e. entry without clearance, by both aircraft and vehicles. A study by the Transport, Public Works and Water Management Inspectorate (IVW) in 2006 shows that the airport has made considerable progress in improving runway safety.

Amsterdam Airport Schiphol's location, in the Haarlemmermeer Polder, is very attractive to birds, so that each year we must again take action to minimise the risk of **bird strikes**. Our efforts again met with success in 2006. The number of bird strikes fell from an average of 2 per 10,000 air transport movements in 2005 to an average of 1.8 in 2006.

Our fire safety efforts concern both fire prevention and prevention of personal injury and damage to property. The buildings, including office buildings, are already subject to the fire safety regulations under the Buildings Decree but fire safety in the terminal requires additional efforts and special measures have been taken, including the installation of a completely new sprinkler system which to cover the entire terminal.

Road safety at Amsterdam Airport Schiphol applies to roads and parking facilities, both on airside as well as on landside. The number of airside collisions increased in 2006 to an average of 25 per month (18 in 2005). The increase is largely attributed to the heightened security levels and the many construction projects, which have created new traffic situations. As regards the landside of the airport, there was a fatal accident on the Elzenpad and bus lane crossing. The speed limit has since been reduced at this point and a stop sign has been placed at the crossing.



Economic regulation

On 19 July, the new Aviation Act governing the operation of Amsterdam Airport Schiphol came into operation. The Act lays down the terms of our operating licence and the way in which the aviation charges are calculated as well as their maximum amount. This applies to aircraft, passenger and security charges. The Act also contains provisions limiting the return generated. This must not exceed the weighted average cost of capital. Responsibility for overseeing our charges will henceforth rest with the Netherlands Competition Authority (NMa) and not the Ministry of Transport, Public Works and Water Management. If there is disagreement on the charges, the NMa will examine whether any complaints from the airlines are justified. If such complaints are upheld we will be under obligation to set new charges. This new economic regulation obliges the Aviation business area to keep totally segregated accounts for the aviation activities and the security activities. A separate annual report covering these activities in 2007 will be published in 2008. We are also required to publish a 'Main Port Report' once every three years, covering the efficiency of our operations and efforts to maintain Amsterdam Airport Schiphol's main-port status.

Security

Amsterdam Airport Schiphol aims to be a secure airport through which passengers, their baggage and cargo are able to pass as safely and securely as possible. Our modern and innovative security policy ensures that we continually comply with the relevant statutory and other rules and regulations. We are working together with various parties to make continuous improvements in the security process, at acceptable cost. Apart from deploying security personnel we also make use of new technology for this purpose. Extensive trials were conducted in 2006 using the new 'security scan' screening technology. Security scanning is expected to mean less need for body searches and less waiting at security control, making the process more customer friendly. The new security scan will not only be used for passengers but also for staff who regularly have to pass through security.

Introduction of the liquids & gels ban on 6 September (see the report on the Consumers business area on page 34), took place in close cooperation with the authorities and with KLM.

To strengthen our passenger, baggage, cargo, border passage and general security processes we shall continue to explore the scope for integrating activities in 2007. An important project in this regard is the proposed new network of CCTV cameras to be used by both public and private entities at the airport. The new system will enable all surveillance camera users at the airport to monitor, record and reconstruct their security processes.

Service levels

Good satisfaction ratings were recorded among users of Amsterdam Airport Schiphol in 2006. Customer satisfaction among airlines and handling agents (both passenger and cargo) was up by

18 percentage points, at 60%. Surveys produced significantly better figures for items rated as unsatisfactory in 2005. Scores for the perception of baggage handling, airport charges, customer focus, price/quality ratio and functioning of the Amsterdam Airport Schiphol organisation were all better than in previous years. The considerably higher scores for other matters such as check-in and transfer desks, the short turn around times and our cargo transshipment facilities recorded in 2005 were maintained.

Passenger satisfaction with the arrival and departure process at Schiphol Airport Amsterdam was also higher in 2006, with 93% of both arriving and departing passengers (91% and 92%, respectively, in 2005) rating their experience of the overall arrival and departure process as 'excellent' or 'good', especially as a consequence of the shorter waiting time at passport control.

Readers of the UK publication Business Traveller again gave Amsterdam Airport Schiphol the accolade of Best Airport in Europe in 2006. This is the 23rd time, since 1980, that we have been awarded this important prize.

In April, the Irish Chambers of Commerce Air Transport Users Council (ATUC) named us Best International Airport for the fifth consecutive year. In May, Cargonews Asia readers voted Amsterdam Airport Schiphol Best Airport in Europe and Best Air Cargo Terminal Operator in Europe for the seventh time in a row.

Environment

During the 2005/2006 winter period we failed to keep the oxygen content in the surface waters on the airport site up to the minimum standard. The problems arose due to frozen ditches, dry weather and heavy use of de-icing fluids. Extra aeration of the drainage ditches in the early months of the year

returned oxygen levels to normal. We have made changes in the drainage system and implemented operational measures to ensure that oxygen levels are not depleted in the future. Plans for two additional de-icing positions, which include systems for capturing the glycol so that it cannot find its way into the surface waters, were brought forward and the capacity of the drainage ponds was increased so that they can accept a larger volume of contaminated water.

Competitive charges

Takeoff and landing charges at Amsterdam Airport Schiphol were increased by an average of 2.0% on 1 April 2006 (3.2% in 2005).

It is unlikely that there will be any overall increase in the takeoff and landing charges on 1 November 2007, partly with a view to preserving the airport's competitiveness. It is, however, planned to introduce changes in the charging structure, resulting in a relative increase in the charges for noisy aircraft and operations during the night.

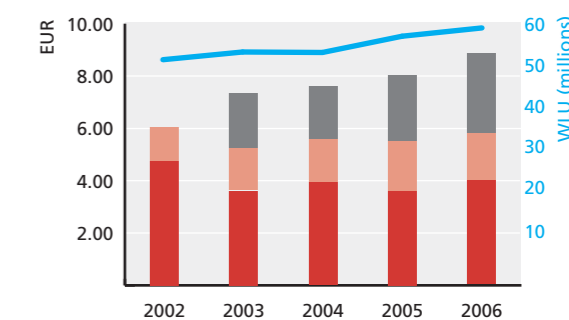
The Passenger Service Charge (for use of the airport facilities) was increased by an average of 2.0% on 1 April 2006 (3.2% in 2005), rising from EUR 12.96 to EUR 13.22 for origin/destination (O/D) passengers and from EUR 4.47 to EUR 4.56 for transfer passengers. The Security Service Charge was increased by 7.4% on 1 April 2006 (4.2% on 1 April 2005 and 8.3% on 1 November 2005). This increase was necessary, owing to the higher costs resulting from additional security measures mandated by the authorities. The charge went up from EUR 11.90 to EUR 12.78 for O/D passengers and from EUR 3.83 to EUR 4.11 for transfer passengers.

A survey undertaken by SEO Economisch Onderzoek on behalf of the Ministry of Transport, Public Works

and Water Management and published in August 2006 found that, with the exception of London Gatwick, Amsterdam Airport Schiphol had the lowest charges for airlines and passengers out of the five large airports in North-West Europe. The survey did, however, show that the strong rises in security costs were undermining the airport's competitiveness.

Cost efficiency

That part of the visit costs over which we have control is an important indicator for comparing our performance with other airports. The measure used is the cost per workload unit (WLU), with one WLU equating to 1 passenger or 100 kg of cargo. Costs per WLU rose 13% in 2006, to EUR 9.10, compared with EUR 8.04 in 2005. Eliminating depreciation and amortisation charges and security costs, the cost per WLU went up by EUR 0.58 to EUR 4.19. This increase was largely attributable to the increase in environmental costs (mitigation of surface water pollution and contributions to the alleviation of aircraft noise 'distress' cases and to the Stichting Mainport en Groen landscaping project).



	2002	2003	2004	2005	2006
Security	-	2.10	2.02	2.53	3.00
Depreciation	1.29	1.60	1.68	1.90	1.91
Other costs	4.75	3.62	3.93	3.61	4.19

Constraints

The successful development of Amsterdam Airport Schiphol as a main port is subject to various constraints which are largely outside our control.

Airport accessibility

Good access to the airport and region is very important for Amsterdam Airport Schiphol to be able to function efficiently. This applies to passengers, to our own employees and those of the various other employers on and around the airport and to the transport of goods. In partnership with other organisations and the authorities we are investing in improved accessibility for the region by working to upgrade the public transport network serving the airport and the road system on and around the airport.

In 2006, there was an increase in the number of passengers using public transport to travel to Amsterdam Airport Schiphol. The proportion of passengers travelling by train to the airport during the summer period increased by 1.7% to 36.7%. The number of passengers arriving by car over the same period fell from 32.3% to 29.7%. The new 'Utrecht Arc' railway line – providing a more rapid train connection between Utrecht and Amsterdam Airport Schiphol – has certainly been a factor in this.

As a consequence, the number of passengers from Brabant and Limburg travelling by train to the airport increased in 2006. We expect this trend to continue, especially as the new timetable introduced by Netherlands Railways at the end of 2006 includes more direct connections to Amsterdam Airport Schiphol. Major cities along the Hengelo – Berlin line are now directly connected to Amsterdam Airport Schiphol. In the evening rush-hour, there are also more trains on the Schiphol-Almere line.

To increase our catchment area we are exploring in partnership with Air France-KLM and High Speed Alliance the possibility of a special waiting lounge and check-in facility at Antwerp Station which would make flying from Amsterdam Airport Schiphol more attractive for our southern neighbours. The high-speed train will take them from Antwerp to the airport in less than an hour.

We were closely involved in the project management for the rerouting of the N201 provincial road.

This also applies to the rerouting of the A9 motorway near Badhoevedorp to follow a more southerly line. The new line of the road is expected to reduce traffic noise for local residents and simultaneously improve access to the airport.



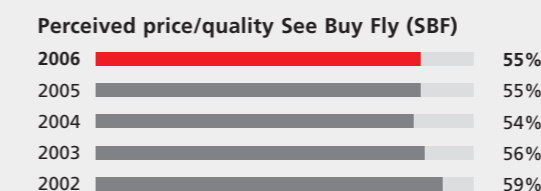
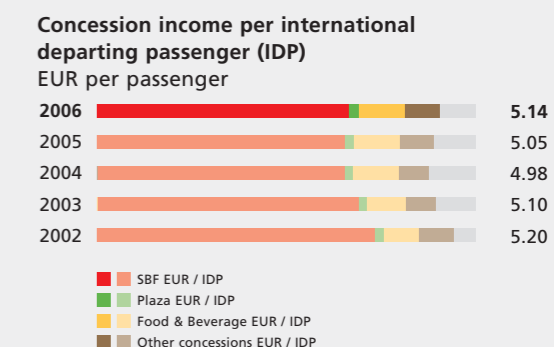
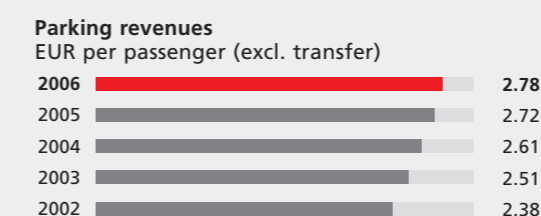


Consumers

The activities of the Consumers business area concern the granting of concessions for airport shopping and cafe, bar and restaurant facilities, independent operation of car parks and the marketing of advertising opportunities at Amsterdam Airport Schiphol. The Consumers business area also has activities outside the Netherlands involving amongst others the operation of retail outlets via management contracts.

Sources of revenue: concession fees, parking charges, advertising and management fees.

Consumers Business Area	2006	2005	
EUR million			
Revenue	231	207	11.2%
Operating expenses	94	83	13.7%
EBITDA	151	139	8.1%
Operating result	136	125	9.5%
Average non-current assets	198	209	- 5.2%
RONA before tax	68.8%	59.6%	
RONA after tax	48.5%	40.8%	
Investments in intangible assets and property, plant & equipment	12	16	- 24.8%





- Revenue up 11.2% at EUR 231 million and operating result up 9.5% at EUR 136 million
- Successful outcome of negotiations with KLM to take over liquor and tobacco retail concession: expanded retail activities with effect from 2007
- Effective response to liquids & gels ban: concession revenues higher
- Smart Parking product lends new dimension to airport parking: parking revenues increased

Financial performance

Revenues generated by Consumers were up 11.2% in 2006 (7.1% in 2005), at EUR 231 million, with concession income making the biggest contribution, followed by parking fees.

Revenue EUR million	2006	2005	%
Concessions and rents	133.4	123.6	7.9%
Car parking	74.7	69.2	7.9%
Advertising	13.7	10.6	29.6%
Other activities	8.7	3.8	131.5%
Total	230.5	207.2	11.2%

The strongest revenue growth, however, was seen in advertising. Thanks to several new contracts and a few major campaigns by financial institutions, advertising income increased 29.6% to EUR 13.7 million. The increase in concession income was attributable to growth in passenger numbers, a higher average spend per passenger than in 2005 and an increase in the average level of concession fees from the See Buy Fly shops and from the bars and restaurants. Car parking revenue was lifted by the increase in attractiveness of long-stay parking at Amsterdam Airport Schiphol due to the introduction of the Smart Parking online booking product and higher charges for short-stay parking.

Operating expenses were up by 13.7% (7.9% in 2005) from EUR 83 million to EUR 94 million. The increase was largely accounted for by the incidental release of various employee benefit provisions in 2005, higher costs associated with the gate delivery service, extra marketing campaigns and the acquisition costs concerned with the takeover of the KLM retail activities (which do not qualify for capitalisation).

EBITDA increased by 8.1% (15.7% in 2005) from EUR 139 million to EUR 151 million. The operating result for 2006 was up by 9.5% (17.9% in 2005), from EUR 125 million to EUR 136 million.

Capital expenditure of EUR 12 million (EUR 16 million in 2005) mainly concerned the acquisition of new flight information screens. The new screens carry advertising messages as well as operational information. By year-end 2007, all 2,000-plus old displays will have been replaced by 1,850 of the new Schiphol Dynamic Displays.

The average carrying amount of non-current assets in 2006 was EUR 198 million (EUR 209 million in 2005). The RONA before tax came in at 68.8% (59.6% in 2005). The RONA after tax amounted to 48.5% (40.8% in 2005).

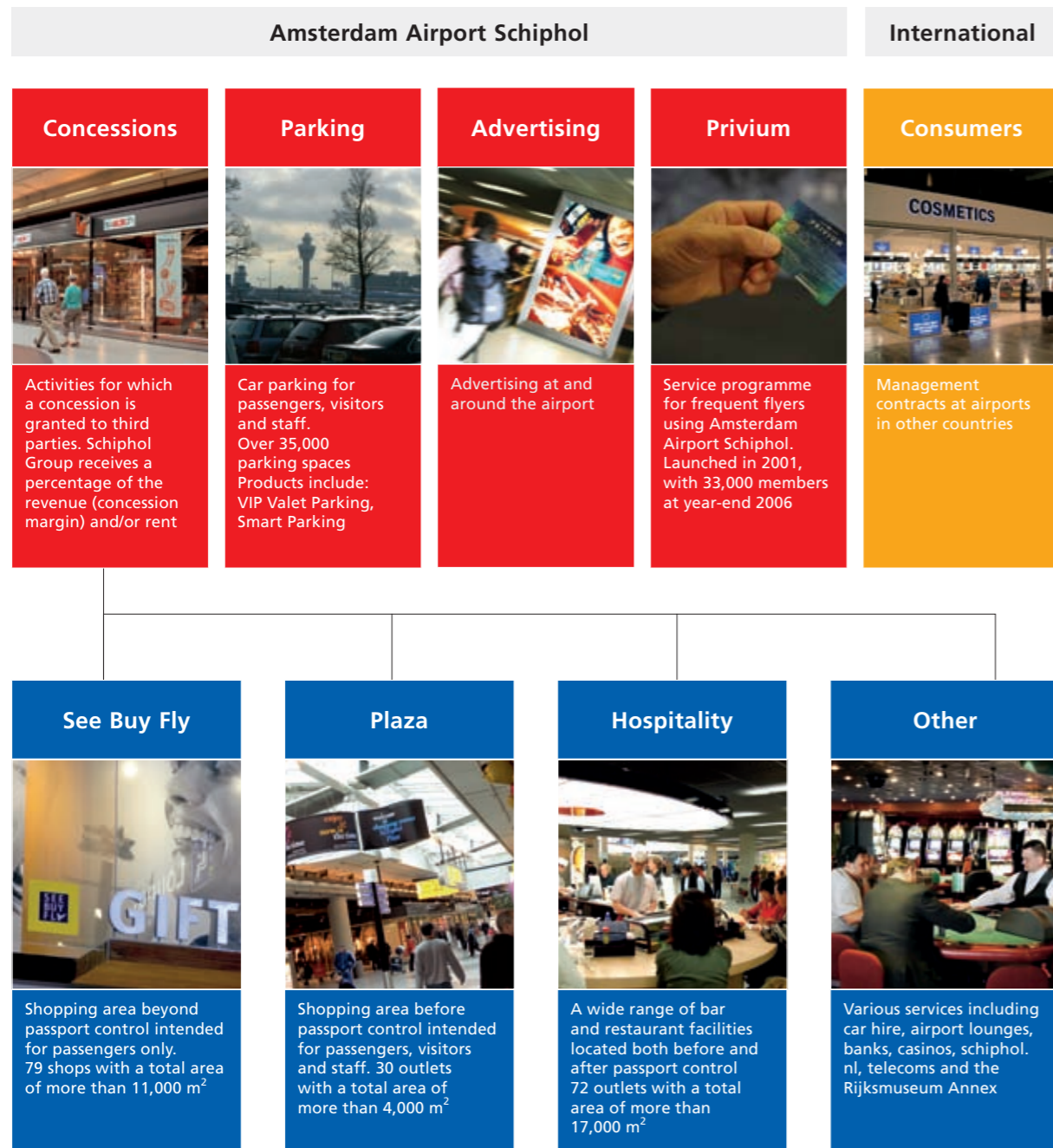
Concessions

New shops

Four new international brand-name shops opened in the area beyond passport control in 2006. Swatch, Mont Blanc, Rolex and the fashion chain Accessorize all opened shops in Departure Lounge 3. The Rolex boutique is the first to be located at an airport outside Switzerland.

Liquids & gels ban

Following a foiled terrorist attack in London on 10 August 2006, passengers travelling to the United States or flying with an American airline were banned from carrying any liquids, such as drinks, perfumes and gels, in their hand luggage. After three weeks, the restrictions were relaxed and passengers were able to take these products on board again, provided they had



Increasing revenues from non-aviation activities involves maximising the income generated from passenger and consumer flows. With this aim in mind we offer an attractive shopping ambiance coupled with good parking facilities and create interesting advertising opportunities for businesses.



been bought in the See Buy Fly shops, placed in sealed bags and delivered to the boarding gate (gate delivery service).

In response to the foiled attacks, the European Commission ruled that, with effect from the beginning of November, passengers from EU countries would only be permitted to have bottles or other packages containing liquids or gels in their hand luggage provided the contents were less than 100 millilitres and they were packed in a resealable, transparent plastic bag of 1 litre capacity. Bottles containing a larger volume of liquid could also be taken on board if they had been bought at the See Buy Fly shops and were packed in a sealed, transparent bag.

The cumulative effect of the liquids & gels restrictions imposed after 10 August in terms of lost sales for our concession holders amounted to EUR 4.6 million. The restrictions had the effect of depressing overall concession income for the business area by EUR 1.5 million.

However, effective marketing campaigns minimised the impact of the above restrictions and concession revenue for the whole of 2006 increased.

New look for Schiphol Plaza

In 2006 we launched a campaign to raise awareness of the Schiphol Plaza shopping centre as a shopping centre for anyone finding themselves at the airport: passengers, meeters and greeters, airport employees and leisure visitors. In August, a 'communication zone' was opened in Schiphol Plaza. This is a dedicated area with internet PC workstations and facilities for laptop or PDA users to go online. There are already several of such zones in the area beyond passport control. In 2006, Hennes & Mauritz and Suit Supply opened new shops in Schiphol Plaza.

Fuel for Travel

Since July, passengers have been able to download travel guides, music and movies at Fuel for Travel. This is a partnership with Talpa Digital and Samsung. Fuel for Travel is located beyond passport control in Departure Lounges 1 and 2. Here, passengers can download digital content to, for instance, MP3 players, portable media devices and smart phones and also purchase the latest devices from the shop.

Airport lounges

In May, two airport lounges were opened in the terminal at Amsterdam Airport Schiphol, one for ABN Amro Bank Preferred Banking customers and one for important clients of the travel agents BCD Travel. The airport lounges form an addition to the facilities provided by the business and first-class lounges of the airlines.

Parking

Airport parking has been an integral part of the Consumers business area portfolio since 1 January 2006. One of the main objectives is to encourage passengers to include parking at Amsterdam Airport Schiphol in the planning of their journey. Accordingly, the Smart Parking and Reserved Parking products are being marketed via media advertising. Both parking products are booked online. Around 61,000 passengers pre-booked their airport parking via www.schiphol.nl in 2006, an increase of more than 600% compared with 2005.

Advertising

Advertising revenues were up by around 29% in 2006, from EUR 10.6 million to EUR 13.7 million. Growing confidence in the economy is one of the factors behind the increase. However, the rise in income



from advertising was largely attributable to our marketing efforts, our success in securing many more campaigns and our keener pricing and discounting policy.

Privium

In October 2006, our Privium frequent-flyer service programme for passengers using Amsterdam Airport Schiphol celebrated its 5th anniversary. With 33,814 members as at year-end 2006 – representing 29% growth compared with 2005 – this Schiphol Group product has proven its success. Privium members' benefits include fast check-in, rapid and secure border passage using an iris recognition biometric security system and parking privileges.

New activities: retail operations

At the end of 2006, agreement was reached with KLM for Schiphol Group to take over the operation of the liquor and tobacco retail activities in the See Buy Fly area, previously operated by KLM, with effect from 3 January 2007. The takeover represents a significant expansion of our business model, with the addition of retail operations – the independent operation of airport shops by the newly established Schiphol Airport Retail BV – to the four principal activities already carried out by the Consumers business area at Amsterdam Airport Schiphol. This is entirely in line with the strategy of expanding our non-aviation activities. The takeover relates to six shops, together employing around 150 staff. The agreement with KLM includes the transfer of the staff to Schiphol Group.

Consumers International

June saw the launch of the Sapphire frequent-flyer service programme at Jakarta Airport. Like Privium at Amsterdam Airport Schiphol, the Sapphire programme offers members benefits such as rapid automated border passage based on iris recognition. The programme was developed by Angkasa Pura Schiphol (APS), a joint venture with Angkasa Pura II, the operator of Jakarta Airport. The technology was developed by our subsidiary Dartagnan. Until year-end 2006, the APS joint venture was part of the Alliances & Participations business area.

In the first half of 2006 we signed a memorandum of understanding with Guangdong Airport in Guangzhou, China. The MoU concerned exploring ways in which the commercial activities at this airport could be intensified and improved. The airport serving Guangzhou, in Southern China, currently handles 25 million passengers a year.

At Stockholm-Arlanda Airport, Arlanda Schiphol Development Company AB – our joint venture with Sweden's Luftfartsverket – opened new shops as well as bar and restaurant facilities. The average spend at Arlanda Airport was depressed in 2006 by the new EU security restrictions and competition from the duty-free arrivals shop in Oslo.

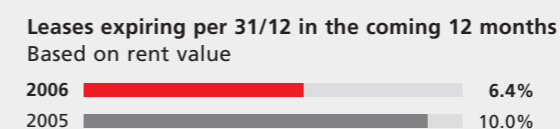
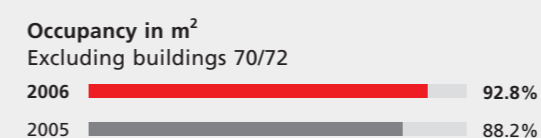


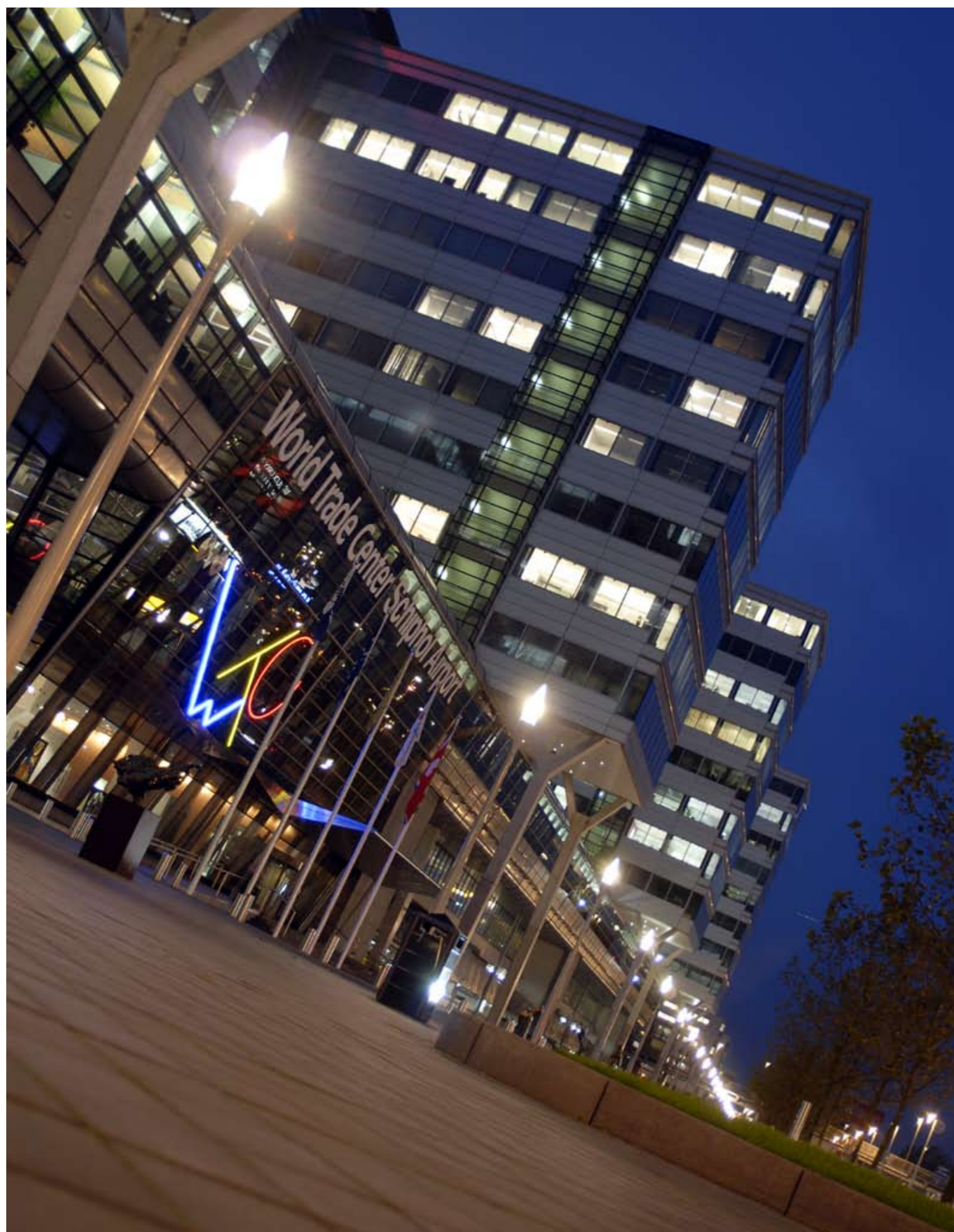
Real Estate

The Real Estate business area develops, manages, operates and invests in property at and around airports at home and abroad. The greater part of the portfolio, comprising both airport buildings and commercial properties is located on and around Amsterdam Airport Schiphol.

Sources of revenue: rents, including ground rents. The business area also makes a significant contribution to Schiphol Group results with the other property results (sales, release of land for development and the fair value gains or losses on property).

Real Estate Business Area	2006	2005	
EUR million			
Revenue	109	104	4.6%
Result on the sale of investment property	10	10	
Fair value gains on investment property	28	11	148.8%
Operating expenses	47	47	
EBITDA	120	102	17.8%
Operating result	101	78	28.6%
Average non-current assets	1,186	1,157	2.5%
RONA before tax	8.5%	6.8%	
RONA after tax	6.0%	4.6%	
RONA after tax, excluding fair value gains but including share in results of associates/interest income	4.6%	3.7%	
RONA after tax, including fair value gains and including share in results of associates/interest income	6.2%	4.3%	
Investments in intangible assets and property, plant & equipment	69	50	37.9%





- Improvement in revenue despite sales of properties
- Strong increase in operating result
- RONA (after tax, including fair value gains and share in results of associates/interest income) increased to 6.2%
- Property portfolio occupancy increased to 93%

Financial performance

Real Estate posted a 4.6% increase in revenue in 2006, from EUR 104 million to EUR 109 million.

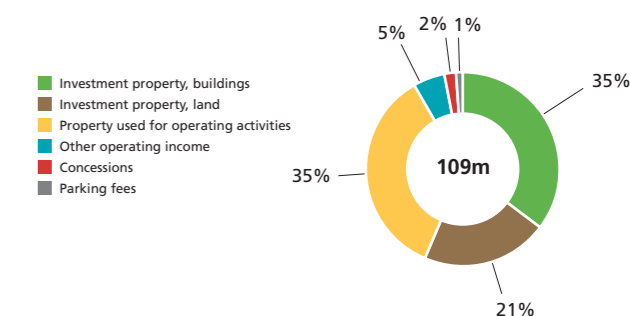
Revenue			
EUR million	2006	2005	%
Rents			
Investment property buildings	38.2	38.1	0.3%
Investment property land	23.4	23.1	1.5%
Property used for operating activities*	38.6	35.4	9.1%
Subtotal	100.2	96.6	3.7%
Other income			
Other operating income	5.8	4.9	17.5%
Concessions	2.0	1.8	12.9%
Parking fees	1.1	1.0	7.7%
Subtotal	8.9	7.7	15.1%
Total	109.1	104.3	4.6%

* Figures for 2005 have been restated for comparison purposes.

The main source of revenue is rents from letting property and ground rents from land. The rental income increased by EUR 3.6 million, to EUR 100.2 million. The increase was largely accounted for by higher rental income from property used for operating activities (EUR 3.2 million), including an additional EUR 2 million in rent from the terminal complex. The income from the investment property portfolio (offices and industrial buildings) showed a slight increase in 2006, of 0.3%, to EUR 38.2 million. The level of income from this source was maintained despite the loss of revenue resulting from the sale of properties to ACRE Fund at the end of 2005 (EUR 3 million) and further loss of rental income

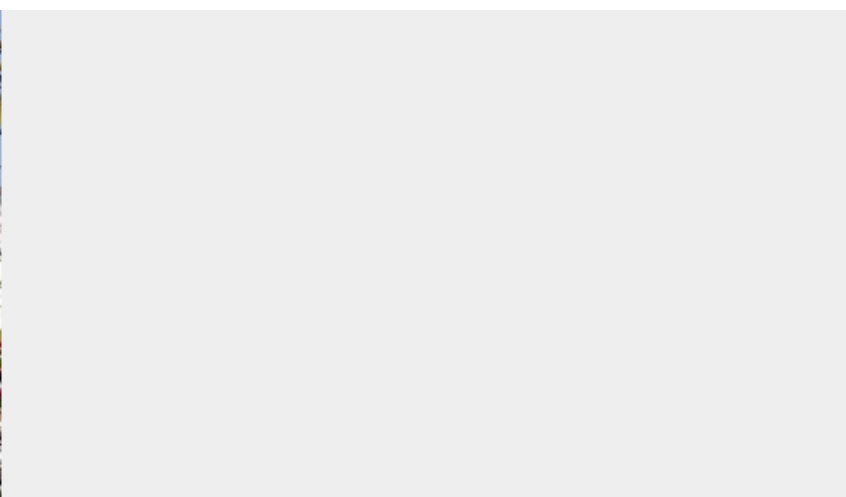
from properties sold to third parties (EUR 1 million). Improved occupancy levels for the investment property portfolio (EUR 1 million), an increase in service costs charged to tenants (EUR 1 million) and rents from new properties completed during the year (EUR 2 million) compensated the lost revenue.

Other operating income is largely generated by providing services to tenants. A relatively large amount of work was performed on behalf of third parties in the terminal during the year, increasing revenue from this source by EUR 0.9 million. Concession revenues relate to income based on the sales activities of tenants in our buildings. Parking fees are linked to the parking facilities forming an integral part of the buildings we let.



Of the total revenue, 97% is generated at Amsterdam Airport Schiphol, with the remaining 3% generated at other locations at or around airports in the Netherlands and abroad.

Sales of property yielded a profit of EUR 10 million (EUR 10 million in 2005). They concerned two



industrial buildings – Eagle Global Logistics (EGL) and a building on Prestwickweg. Profit was also recorded on the contribution of land to Schiphol Logistics Park CV, in which we now have an interest of almost 40%. In contrast to preceding years, no property was sold to ACRE Fund in 2006.

Other income, from property

EUR million	2006	2005	%
Result on sales of property	10	10	2.4%
Fair value gains and losses on property	28	11	148.8%
Total	38	21	85.7%

The fair value gains on the investment property in 2006 amounted to EUR 28 million (EUR 11 million in 2005). The appreciation of the portfolio resulted from the recognition of newly completed properties at fair value, the revaluation of parcels of land on which new long leases were granted and a net gain on existing properties.

Effective cost control in 2006 kept overall operating expenses at to the same level as the preceding year (EUR 47 million), despite the increased revenue.

The operating result for 2006 rose by EUR 23 million, from EUR 78 million to EUR 101 million, an increase of 28.6% (20.6% in 2005), with EUR 17 million of the improvement attributable to fair value gains on the portfolio and the result on sales of property. Excluding the latter effects, there was an 8% increase in the operating result for 2006, from EUR 68 million to EUR 73 million.

The RONA after tax, including fair value gains on the investment property and the share in results of associates, increased from 4.3% to 6.2%, based on average net assets. The improvement was the result

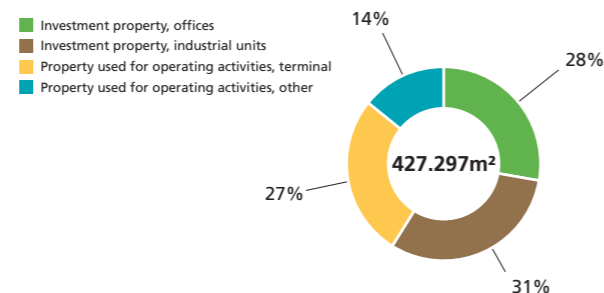
of higher fair value gains plus increased revenues coupled with effective cost control.

Capital expenditure in 2006 amounted to EUR 69 million, an increase of EUR 19 million on the figure of EUR 50 million in 2005. The main investments in 2006 concerned the construction of a combined office and industrial building at Amsterdam Airport Schiphol (EUR 23 million), the construction of an industrial building in Italy (EUR 6 million) and the purchase of the leasehold on land in Rotterdam (EUR 6.5 million).

Size of property portfolio

The total size of our property portfolio in terms of area as at year-end 2006 was 427,297 m², which was almost unchanged compared with the year-end 2005 figure of 431,911 m² (both figures including buildings owned by associates in proportion to our interest).

Out of the total portfolio, 90% is located at Amsterdam Airport Schiphol, 6% on and around the regional airports of Rotterdam and Eindhoven and 4% in Italy.



Occupancy

Year-end	2006	2005	Difference in % points
Investment property, offices	86.8%	77.9%	+ 8.9
Investment property, industrial buildings	96.7%	95.6%	+ 1.1
Property for operating activities	99.1%	97.9%	+ 1.2
Property for operating activities, terminal	93.2%	89.0%	+ 4.2
Total for business area	92.8%	88.2%	+ 4.6
Including buildings 70/72	86.9%	85.6%	+ 1.4

The occupancy figure at Amsterdam Airport Schiphol as at year-end 2006 was the same as for 2005, at 87%. Excluding buildings 70 and 72, (two dated properties, currently tenanted, for which a new use is being sought), there was in fact an increase in the level of occupancy by 4.2 percentage points, from 88.2% to 92.4%. In the course of 2006, several new leases were signed for space in the WTC complex (totalling approximately 7,000 m² NLA).

Compared with 2005, an additional net lettable area of 2,300 m² was tenanted in Italy and an additional 655 m² at Eindhoven.

In 2007, leases underlying 6.4% of the annual rental income are due to expire (10.0% in 2006). In the year under review, 94% of the expiring leases were renewed.

Analysis of returns

The RONA before tax, including fair value gains on investment property and share in results of associates, amounted to 8.9% in 2006, based on average net

assets. The returns generated by the constituent activities vary considerably, however, with the investment property (RONA before tax: 13.4%) and the property used for operating activities (RONA before tax: 9.1%) producing a positive return whereas the return on assets under construction and on other assets is negative.

Investment property

Our investment property (including the 50% interest in ACRE Fund and investments in other associates on a pro rata basis) comprises offices, industrial buildings and land on and around Amsterdam Airport Schiphol and the airports of Rotterdam, Eindhoven and Malpensa (Italy). We are independently responsible for the management of the properties in these portfolios. As at year-end 2006, the investment property accounted for 58% of our total property assets. The market value of these investments as at year-end 2006 amounted to EUR 707 million compared with EUR 635 million at the end of 2005. The average market value in 2006 amounted to EUR 696 million. The RONA before tax amounted to 13.4% compared with 11.0% in 2005. The improvement in the RONA was brought about by an improvement in the overall result (direct plus indirect results), which was stronger in relative terms than the increase in the average asset base.

Amsterdam Airport Schiphol: At Amsterdam Airport Schiphol, two buildings were added to the property portfolio in 2006 and were sold again during the course of the year. In Schiphol-Zuidoost, an industrial building, constructed on behalf of shipping agents EGL (10,225 m² NLA), was completed. Also in Schiphol-Zuidoost, an industrial building on Prestwickweg was purchased and sold on in 2006. In 2006, after standing unoccupied for some time, the Old Tower (the first control tower built at



EUR million	2006			2005		
	RONA	Average asset base	Operating result ****	RONA	Average asset base	Operating result ****
Investment property*	13.4%	695,854	93,184	11.0%	637,600	69,949
Assets under construction or development**	- 2.5%	110,502	- 2,760	- 2.0%	124,146	- 2,498
Assets used for operating activities**	9.1%	298,616	27,214	7.8%	308,690	24,047
Total property assets	10.6%	1,104,973	117,638	8.5%	1,070,436	91,498
Other assets (including overhead and allocations)**	- 20.6%	80,885	- 16,629	- 14.9%	87,070	- 12,956
RONA before tax	8.5%	1,185,857	101,009	6.8%	1,157,506	78,542
RONA after tax	6.0%			4.6%		
Share in results of associates***			4,198			- 3,619
RONA before tax, including associates	8.9%	1,185,857	105,207	6.5%	1,157,506	74,923
RONA after tax, including associates	6.2%			4.3%		

* Recognised at market value
 ** Recognised at the lower of cost and market value
 *** Value of Share in associates is included in other assets.
 **** Includes fair value gains on the investment property.

Amsterdam Airport Schiphol after World War II) was acquired. In November 2006, it became a Chinese-Indonesian restaurant.

Regional: In the Flight Forum Business Park in Eindhoven, land extending to approximately 6 ha was sold and a contract was signed for the sale of a further 4 ha to be completed in 2007.

In the business park at Rotterdam Airport, a land lease (sublet) was concluded with Mirates for the purpose of developing an office building of approximately 2,000 m² and a letter of intent was signed with Dura Vermeer for the construction of an office building of 12,000 m².

International: The occupancy level of our investment property near Milan's Malpensa Airport increased from 60% as at year-end 2005 to 86% at the end of 2006. In 2006, work also started on the construction of an industrial building (approximately 12,500 m²) and two office buildings (approximately 11,700 m²). The industrial building is already fully leased. No leases have yet been signed for the office buildings. With the acquisition of the share of Grontmij Real Estate Investments BV, our interest in Malpensa Real Estate BV and Malpensa Real Estate II BV has increased from 60% to 100%.

Assets under construction or development

The assets under construction or development are intended either as future investment property or as property used for operating activities. The asset category comprises development sites, landbank investments for the Aviation business area and

buildings under construction. These assets tie up capital for the duration of the development period. In 2006, the return on these sites was negative, owing to associated operating expenses, such as costs associated with planning procedures, surveys and taxes (which cannot be capitalised). From the moment of completion of the buildings concerned, however, such assets make a positive contribution to the RONA (in the form of fair value gains), which will be reflected in the return on the investment property portfolio.

The assets under construction or development are carried at cost. In 2006, industrial premises extending to a total of 10,225 m² NLA were completed. The leasehold on 16 ha of land was also acquired from the city of Rotterdam during the year. As at year-end 2006, the total carrying amount of the assets under construction and development was approximately EUR 124 million, compared with EUR 96 million at the end of 2005 (average carrying amount EUR 110 million (2005: EUR 124 million)).

At the end of 2005, construction of a new office at Schiphol-Centre began, which will house the Microsoft Nederland headquarters.

In 2006, work started on the development of a cargo building (approximately 31,200 m² NLA) at Schiphol-Zuidoost. 70% of this building is already leased to Menzies and Skylink.

Near Malpensa Airport, development has started on two office buildings and an industrial building, taking the total amount of property under develop-

Approved and current projects

Location	Category	Total net lettable area (NLA) in m ²	Total net lettable area pro rata to SRE interest in m ²		Pre-leased %	Estimated investment in EUR millions	Expected completion date
Schiphol-Centre	Office	16,000	16,000	69%	41	Q4 2007	
Schiphol-Centre	Office	16,500	16,500	0%	43	Q3 2008	
Schiphol-Zuidoost	Industrial	31,200	31,200	70%	24	Q2 2007	
Rotterdam	Office	4,600	4,600	0%	11	Q2 2008	
Malpensa, Italy	Office	3,500	2,450	0%	5	Q4 2007	
Malpensa, Italy	Office	8,200	3,890	0%	11	Q4 2007	
Malpensa, Italy	Industrial	12,500	8,750	100%	12	Q1 2007	
Total		92,500	83,390		147		

ment in Italy as at year-end 2006 to around 24,200 m² NLA. As at year-end 2006, the total net lettable area of assets under construction or development in our development portfolio was approximately 93,000 m².

Assets used for operating activities

The category of assets used for operating activities includes the office space in the terminal building which we manage and operate (terminal lettings) as well as the fire stations, the Schiphol Group head office, several industrial buildings located on sites earmarked for future operational use and the building occupied by the snow clearance fleet (other).

In the Amsterdam Airport Schiphol Terminal Building offices are leased to airlines and companies with airport-related activities. We manage and operate these offices. The return on these activities showed an improvement compared with 2005, mainly as a result of a higher return on the terminal complex. Compared with the return on the investment property portfolio, however, the return on the terminal complex remains relatively low because letting space in the terminal is marked by relatively high operating expenses.

The above assets represented an average carrying amount of EUR 299 million in 2006 (EUR 309 million in 2005) and generated a RONA before tax of 9.1% in 2006 (7.8% in 2005).

Other assets

Apart from investment property we have investments in various associates, which are carried at net asset value. These include a minority interest in the investment activities of Tradeport Hong Kong Ltd. The operation of the Tradeport Hong Kong Ltd logistics centre did not perform as well as expected in 2006. Tradeport Hong Kong Ltd is a joint venture between Schiphol Real Estate, Fraport, China National Aviation Company Limited and Hong Kong Land Investment Limited.

Our share in results of associates was lifted compared with the preceding year, owing to the release of land in the Flight Forum Business Park.

Also included in other assets are the infrastructure assets directly attributable to the activities of the Real Estate business area, including associated operating expenses and other Schiphol Group overheads (and including the separate Real Estate business area overhead).

The average carrying amount of these other assets in 2006 was EUR 81 million (EUR 87 million in 2005). The other assets generate a negative result overall and, therefore, reduce the RONA of the Real Estate business area.

Opening balance sheet for tax purposes

In 2006, agreement was reached with the tax authorities concerning the opening balance sheet for tax purposes as at 1 January 2002. The non-recurring income resulting from this settlement is partly attributable to the Real Estate business area. A positive cash flow effect will only be seen when land is actually released, sold or developed because of the lower net amount of corporate income tax then payable. The finalisation of the opening balance sheet for tax purposes does not, however, affect the RONA for 2006 and will not affect the RONA at the time of release, sale or development of the land since the calculation of the return is based on the operating result and not the net result. At the time of future development, there will only be a cash flow effect.



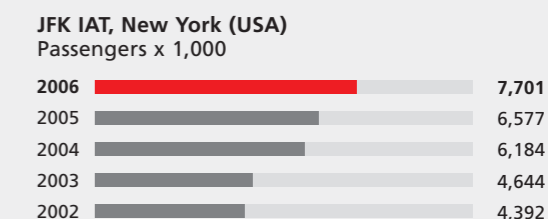
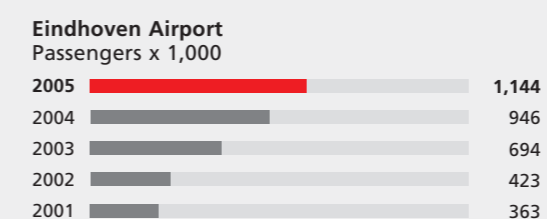
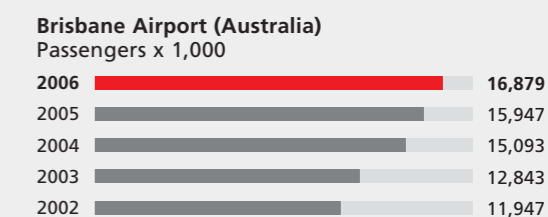
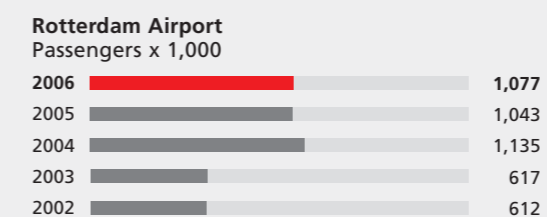


Alliances & Participations

The task of the Alliances & Participations business area is to roll out the AirportCity formula internationally. Alliances & Participations consists of Schiphol Group's interests in the regional airports in the Netherlands as well as its interests in airports abroad, and Utilities.

Sources of revenue: mainly airport charges. The various Schiphol Group associates also contribute to group results through performance fees and dividends as accounted for in share in results, and in the interest they pay on loans. Intellectual Property fees are also reflected in the revenue. The Utility activities generate revenue from the transport of electricity and gas and from the supply of water to third parties. By applying the equity accounting method, changes in the market value of the investments are not reflected in the results.

Alliances & Participations Business Area	2006	2005	
EUR million			
Revenue	66	64	4.3%
Fair value gains on investment property	0.3	1.0	- 73.4%
Operating expenses	61	56	8.9%
EBITDA	17	22	- 22.2%
Operating result	6	9	- 34.2%
Average non-current assets	185	162	14.2%
RONA before tax	3.1%	5.3%	
RONA after tax	2.2%	3.6%	
RONA after tax, excluding fair value gains but including share in results of associates/interest income	6.4%	8.0%	
RONA after tax, including fair value gains and including share in results of associates/interest income	6.5%	8.4%	
Investments in intangible assets and property, plant & equipment	6	24	- 76.5%





- Brisbane airport continues to grow, reporting sharp improvement in results for the year ending 30 June 2006
- Eindhoven grows to 1.1 million passengers, becoming the number two airport in the Netherlands
- Once again, strong growth in passengers using Terminal 4 at JFK Airport in New York
- Schiphol Telematics network business becomes a wholly-owned Schiphol Group subsidiary

Financial performance

Alliances & Participations saw revenues increase by 4.3% in 2006 (2.6% in 2005), from EUR 63.5 million to EUR 66.2 million.

The most important sources of income are airport charges at the airports of Rotterdam and Eindhoven and the revenues from other activities, the latter item being largely made up of revenue reported by Schiphol Telematics and from Utilities.

EBITDA for 2006 was down by 22.2%, from EUR 22.0 million to EUR 16.9 million.

The operating result for 2006 was down by 34.2%, from EUR 9.0 million to EUR 5.7 million.

Revenue	2006	2005	%
Airport charges	24.7	22.1	11.8%
Concessions	2.1	1.2	83.9%
Rents	2.2	2.4	- 7.3%
Parking fees	6.3	5.2	20.2%
Other activities	30.8	32.5	- 5.2%
Total	66.2	63.5	4.3%

	Airports in the Netherlands	Airports in other countries	Other investments	Allocation	Business area total
2006					
Revenue	39,198	2,574	23,571	874	66,217
Operating result	5,467	- 1,512	4,688	- 2,990	5,653
Share in results, interest income and results on other financial interests	-	11,480	- 566	-	10,914
Total	5,467	9,968	4,122	- 2,990	16,568
Average asset base	70,782	59,878	48,132	6,235	185,027
RONA after tax	5.4%	12.9%	6.0%		6.5%
2005					
Revenue	34,941	3,760	24,696	65	63,463
Operating result	4,904	- 1,107	6,455	- 1,653	8,598
Share in results, interest income and results on other financial interests	-	7,342	813	-	8,156
Total	4,904	6,253	7,268	- 1,653	16,754
Average asset base	61,390	54,043	41,056	5,495	161,985
RONA after tax	5.5%	12.2%	12.8%		8.4%



Airports in the Netherlands

EUR 1,000	Rotterdam	Eindhoven	Lelystad	Total
Revenue	22,225	14,254	2,719	39,198
Operating result	2,288	3,631	- 452	5,467
Asset base as at year-end 2006	18,857	44,634	8,859	72,350

The greater part of the results on our investments in the associated airports of Brisbane and JFK New York is accounted for as share in results and as financial income, together amounting to EUR 10.9 million (2005: EUR 8.2 million). This income is therefore not included in EBITDA and operating result.

Airports in the Netherlands

Rotterdam Airport

Rotterdam Airport received EUR 15.2 million in airport charges in 2006, an increase of 12.4%. The operating result, however, was down by 36.2%, at EUR 2.3 million (2005: EUR 3.6 million). The operating expenses for 2006 were up by EUR 3.3 million, owing to higher costs for security, for energy and for commercial activities. Employee benefits were also higher, by EUR 1.2 million, because of a non-recurring addition to the employee benefit provisions in 2006, whereas there was a release from provisions in 2005.

Noise capacity restrictions prevented complete recovery from the 8.1% decline in passenger numbers seen in 2005.

Nevertheless, over 1 million passengers made use of Rotterdam Airport in 2006 for the third year in succession. Improved capacity utilisation on the

scheduled services provided by VLM Airlines and transavia.com was the main factor behind the 3.2% increase in the number of passengers, to 1,077,114. The number of air transport movements rose by 2.4%, from 15,561 to 15,928.

The procedure started earlier to increase the noise capacity has not yet been completed, although the necessary environmental impact report was submitted in 2006. Expanding capacity is vital and is supported by the City of Rotterdam, not least to accommodate the traffic, including official flights, which now use Rotterdam, following the closure of the naval air base at Valkenburg.

New agreements were reached with the City of Rotterdam in February 2006 concerning the development of Rotterdam Airport. The aim is for Rotterdam to become a business airport, with scheduled services to 25 European destinations by 2020. Holiday flights will be transferred to other regional airports wherever possible. Rotterdam Airport will also be encouraging private business aircraft which are currently stationed at Schiphol-Oost, and which are important to the region's business community, to shift their base to Rotterdam. As part of these efforts, construction of a new hangar for KLM Jetcenter at Rotterdam Airport began in 2006. Facilities like this lie behind much of the rapidly growing private business aviation segment

of general aviation. Investment at Rotterdam Airport in 2006 totalled EUR 9.5 million. A large part of the expenditure concerned the purchase of the leasehold on a site adjacent to the airport, site preparation work and establishing the necessary infrastructure.

Eindhoven Airport

Eindhoven Airport received EUR 8.8 million in airport charges in 2006, an increase of 10.6%. The operating result rose by 85.6%, to EUR 3.6 million (EUR 2.0 million). The higher costs, for operating the new terminal and for security among other things, were more than matched by the increase in revenues. Growth in passenger numbers continued unabated in 2006, reaching the milestone of 1 million passengers on 15 November 2006. By the end of the year, the number of passengers had grown by 20.9% (36% in 2005) to 1,143,557, making Eindhoven, in terms of passenger numbers, the number two airport in the Netherlands. The airport is now approaching its noise capacity limits, however.

The number of air transport movements grew less strongly than the passenger numbers, the higher number of passengers being carried by 11,116 air transport movements, or 6.8% more than in 2005 (-1.3% in 2005).

The low-cost carriers accounted for most of the growth. Five new destinations were added to the network in this segment, most of them in the last quarter of 2006. The number of destinations served by direct flights from Eindhoven Airport has now increased to fifteen.

Capital expenditure totalled EUR 1.8 million. The main investments concerned improvements in airport parking facilities and new equipment needed to meet the more stringent security requirements.

Lelystad Airport

The operating result for 2006 was EUR 0.5 million negative, which was an improvement of EUR 0.1 million on 2005. The decline in the number of general aviation aircraft movements appears to have halted. In fact, the number of aircraft movements increased by 9.1% to 114,619, reflecting the improving economic situation.

In October 2006, Lelystad Airport conducted a survey of perceived aircraft noise nuisance in Flevoland Province. The study was part of the environmental impact report which the airport is required to produce in connection with the application for a licence to expand. The report is due for completion in 2007, when it will be submitted to the Minister of Transport, Public Works and Water Management. The Minister is expected to give approval for Lelystad Airport to extend the runway to 2,100 metres before the end of 2007. A runway of this length will allow the airport to form a good alternative for charter flights from Amsterdam Airport Schiphol to various European destinations.

Airports in other countries

Brisbane

Via Schiphol Australia we have an interest of 15.6% in Brisbane Airport Corporation Holdings (BACH). Brisbane Airport's pre-tax profit increased by 189%, to EUR 76 million. Over the next 10 years, Brisbane expects to grow to 25 million passengers annually. In July, work started on the construction of a multi-storey car park for 2,360 cars. This is the first part of a project costing AUD 300 million to expand the international terminal, which is in turn part of Brisbane Airport's overall investment programme of AUD 2 billion for the coming five to seven years. Adding



Airports in other countries

EUR 1,000	Brisbane	JFK IAT New York	Vienna	Other	Total
Revenue	1,610	–	–	964	2,574
Operating result	–	–	–	- 1,512	- 1,512
Share in results, interest income and results on other financial interests	9,957	1,208	315	–	11,480
Total	9,957	1,208	315	- 1,512	9,968
Asset base as at year-end 2006	45,628	–	15,624	179	61,431

to the facilities of Qantas, Virgin Blue and Australian Aerospace, in 2006 Boeing Australia also decided to locate a maintenance facility at Brisbane Airport.

In October, the world's largest express carrier FedEx commissioned a building for processing express air cargo consignments, located on the Brisbane Airport site. The new building offers twice the capacity of the old, off-airport FedEx building.

JFK New York – USA

Schiphol USA has a 40% interest in JFK IAT, which operates Terminal 4 at New York's JFK Airport. JFK IAT saw accelerated growth in the number of passengers using Terminal 4, from 6.6 million to 7.7 million, an increase of 17.1% (6.4% in 2005). The number of air transport movements increased by 18.6% (5.0% in 2005), to 45,789. The management fee produced a figure of EUR 1.2 million (EUR 1.3 million in 2005) for our share in the result of this associate.

There were two factors behind the strong growth in traffic. The first was that 10 new airlines began using Terminal 4 and the second was an increase in the number of flights by existing airlines. The addition of 10 new airlines minus the loss of three companies

means that 55 airlines are now using Terminal 4. With four flights a day to London, Virgin Atlantic is the most frequent visitor.

Vienna

Our interest of 1% in Flughafen Wien AG is accounted for at fair value, based on the quoted share price. In 2006, the fair value increased by EUR 2.9 million, from EUR 12.7 million to EUR 15.6 million. The fair value gain is included in the reserve for other financial interests.

Aruba

From Aruba Airport Authority (with which we have a strategic alliance until the end of 2007) we received EUR 0.5 million in management fees. The income is presented under the heading 'Other'.

The disappearance of an American teenage girl in mid-2005 continues to depress holiday traffic from the United States. The resultant drop in the number of passengers using the airport in 2006 was more than 1.6 million, representing a 4.5% decline compared with 2005. The number of air transport movements fell by 2%, to 33,088.

Other investments

EUR 1,000	Schiphol Telematics	Dartagnan	Utilities	Other	Total
Revenue	13,236	274	8,147	1,913	23,571
Operating result	4,394	- 909	1,167	36	4,688
Share in results, interest income and results on other financial interests	–	–	–	- 566	- 566
Total	4,394	- 909	1,167	- 530	4,122
Asset base as at year-end 2006	16,209	44	23,750	9,338	49,340

The projects begun in 2005 with the object of upgrading the infrastructure, improving the service to passengers and further increasing commercial revenues were completed in the course of 2006.

Other developments

We have so far been unsuccessful in gaining a foothold on Chinese soil. Despite an excellent bid and the many efforts, right up to ministerial level on official visits to China, we failed to acquire an interest in the equity of Nanjing Airport. We shall continue to pursue our international strategy in which China continues to figure prominently.

Other investments

Schiphol Telematics

In July, Schiphol Telematics, in which Schiphol Group had an interest of 50%, was split into a network business and a service business. The network business with the complete infrastructure of cabling, network and data communications equipment (landline as well as mobile) at Amsterdam Airport Schiphol was continued as a wholly-owned Schiphol Group

subsidiary. The service business has become part of KPN. The reason for the break-up was that Schiphol Telematics' customers want to be able to do business with a whole range of telecommunications providers.

The wireless local area network operated by Schiphol Telematics at Amsterdam Airport Schiphol is the largest wireless LAN in the Netherlands, covering an area of 35,000 m² with 550 antennas and 300 kilometres of optical fibre cable.

The operating result was considerably higher in 2006, increasing 80.4% to EUR 4.4 million (2005: EUR 2.4 million). Revenue increased by EUR 5.2 million, which was generated by a contract with KPN covering 2006. Also included in the operating result are costs associated with the division of the business. An amount of EUR 0.8 million was written off in 2006 on assets from EUR 17.0 million to EUR 16.2 million.

Dartagnan

Dartagnan BV, a wholly-owned Schiphol Group subsidiary, reported a loss of EUR 0.9 million in 2006. Dartagnan specialises in marketing biometric identification technology solutions for staff access control

and for automated border passage. The company developed the iris scanning system for our Privium service programme and the security system used for the Sapphire project (see the section on the Consumers business area).

In 2006, Dartagnan undertook a number of projects on behalf of banks, energy companies and Dutch public authorities. The projects all concerned access control systems, and form a good basis for further growth in 2007.

In September, Dartagnan teamed up with the IT service companies LogicaCMG and WCC Smart Search & Match with the object of offering state-of-the-art biometric security solutions for access control systems based on face, iris or fingerprint recognition worldwide.

In the field of automated border passage, Dartagnan is an active player in the development of international registered traveller programmes. One of the advantages of such programmes is that travellers can clear border passage and security controls more rapidly thanks to biometric identification. Working in partnership with the Dutch and American authorities, Dartagnan expects to launch such a programme on routes between airports in the United States and Amsterdam Airport Schiphol in 2007.

The results recorded by Dartagnan are modest in financial terms but there are a number of reasons for this. Dartagnan is working in an innovative field and innovation costs time and money. Marketing the company's products is also complex as introducing and using biometric border passage equipment requires official government approval and obtaining approval can be a lengthy process.

We attach great importance to Dartagnan. The company is very much our innovation centre. Airport border control and security operations, matters that concern all areas of our business, shall continue to play an increasingly important role. Through Dartagnan we remain closely involved in these developments and can play a significant role on an international level.

Utilities

Utilities covers the revenue generated from the transport of electricity, gas and water to third parties. The operating result reported for Utilities in 2006 was down by 81%, at EUR 1.2 million (2005: EUR 6.3 million). This drop was partly the effect of non-recurring income in 2005, when settlement of a dispute dating from 2003 resulted in the exceptional receipt of EUR 1.1 million. Another major factor in the reduced operating result in 2006 was the release of employee benefit provisions in 2005.





■ Business Risks

Schiphol Group is exposed to various risks associated with its business activities. These risks can be risks of a strategic nature, operational risks, financial risks and risks related to compliance with statutory rules and regulations. In view of the varied nature of the activities in the different business areas, the risks also differ from one business area to another. To manage these risks, a uniform policy has been developed, ensuring that risk management forms an integral part of day-to-day operations.

The philosophy underpinning our risk management policy is that:

1. the Board of Management and managers are responsible for developing and testing the operation of internal risk management and control systems which are aimed at identifying significant risks, monitoring the achievement of objectives and safeguarding compliance with the relevant statutory rules and regulations;

2. effective internal risk management and control systems reduce the probability of mistakes, of making incorrect decisions and of surprises due to unforeseen circumstances;
3. risk-taking is vital to a thriving enterprise, with the Board of Management bearing ultimate responsibility for determining the maximum acceptable level of risk.

The risks potentially affecting the achievement of objectives are identified as thoroughly as possible. The most significant strategic, operational, financial and compliance risks are itemised below, together with an indication of their relevance to the various Schiphol Group business areas or Schiphol Group as a whole. These risks should be taken into account when evaluating any statements relating to future developments contained in other parts of this annual report.

	Aviation	Consumers	Real Estate	A&P	Schiphol Group
Strategic risks					
Political uncertainty surrounding privatisation					•
Political uncertainty with regard to the realisation of the airport's planned growth	•	•	•		
Large (unexpected) changes in demand	•	•	•		
Incorrect investment decisions					•
International expansion		•	•	•	
Operational risks					
Insufficient safety and security					•
Unexpected business interruptions					•
Dependence on third parties					•
Failure to have the right people in key positions and poor labour relations					•
Financial risks					
Insufficient insurance coverage					•
Funding of post-retirement benefit obligations					•
Market risk, credit risk and liquidity risk					•
Compliance risks					
Non-compliance with noise and environmental standards	•	•	•		
Economic regulation of Aviation and Security activities	•				
Legal action and disputes					•

Strategic risks	Risk management action
Risk associated with political uncertainty surrounding privatisation	
<p>Privatisation (in the form of stock market flotation) is, we believe, crucial to the successful implementation of our growth strategy. A listing:</p> <ul style="list-style-type: none"> will give us access to the capital market to finance capital expenditure programmes and acquisitions while maintaining a prudent financial structure; will subject Schiphol Group to the scrutiny of the capital market, leading to greater transparency and greater scope for benchmarking with competitors; will create a level playing field for Schiphol Group on which to compete with its immediate rivals, which are all privatised and listed companies; will enhance the perception of a favourable investment climate, attracting new businesses, and therefore simultaneously strengthening Schiphol's main port function; will increase our ability to attract and retain talented employees at all levels. 	<p>The decision to privatise Schiphol Group is in the hands of the shareholders. Besides making the necessary preparations in anticipation of such a decision, Schiphol Group can do little more than attempt to convince those involved of the need for the privatisation.</p>
Risk associated with political uncertainty with regard the realisation of the airport's planned growth	
<p>The present government supports Amsterdam Airport Schiphol's ambition to grow to a greater number of flights per annum subject to certain conditions. This will require an amendment of the existing statutory rules and regulations. Political willingness to make these amendments will depend partly on the level of local support for expansion. It is also uncertain whether the conditions that may be imposed on further growth will be in line with Schiphol Group's strategic plans. These conditions, which are being discussed between the national government and the local authorities in 2007, will determine the manner and the timing of any permitted further growth and the associated investments.</p>	<p>Schiphol Group participates in various consultative bodies concerned with this matter (CROS, BRS, and the 'Alders consultation process') and has commissioned environmental impact reports together with LVNL, the Dutch air traffic control organisation. Support for further development of the airport is fostered by such things as a constructive dialogue and better communication with the people living in the immediate vicinity. As from 2007, Schiphol Group, in conjunction with LVNL, will assume responsibility for recording and following up all noise complaints. Previously, this was the responsibility of CROS. Finally, Schiphol Group has made one-off financial contributions for the alleviation of 'distressed cases' among residents living in Amsterdam Airport Schiphol's environs suffering from aircraft noise and for landscaping projects in the vicinity of the airport.</p>
Risk associated with large (unexpected) changes in demand	
<p>The risk of unexpected changes in the demand for our services could result in either under capacity or overcapacity. Such changes could be brought about by political, economic, regulatory or competitive developments or by developments in the aviation industry itself. Additionally, developments surrounding Air France-KLM's hub concept have a major impact on our overall activities.</p>	<p>To manage these risks we use short-term and long-term scenarios of the demand for our services and the matching capacity, coupled with stringent investment approval procedures. Air France has also given guarantees to the Dutch government and to KLM for a specific period concerning the position of Amsterdam Airport Schiphol as a hub airport.</p>
Risk associated with incorrect investment decisions	
<p>Major investments will be required in the years ahead, particularly in the baggage handling systems, security, the terminal, infrastructure and the investment property portfolio. Innovation will be an important aspect. Changes in the statutory rules and regulations, project delays, technological developments and developments in the aviation industry could all affect the magnitude of these investments.</p>	<p>We manage these risks by using medium-term scenario-based planning and by imposing stringent requirements with regard to the preparation of investment decisions. Professional project management by a specialised business unit oversees all major investment projects to ensure timely and cost-efficient completion.</p>
Risk associated with international expansion	
<p>Our business strategy is based partly on rolling out the AirportCity concept in other countries. A thorough knowledge of local conditions is vital to the success of this endeavour, as is the internal coordination of the various activities.</p>	<p>Economic, political and legal risks relating to international activities are managed through intensive involvement in these activities by members of the relevant Schiphol Group line and functional staff as well as local advisers and by means of producing management reports on our international activities.</p>

Operational risks	Risk management action
Risk associated with insufficient safety and security	
<p>A safety or security failure (also related to information) increases the risk of accidents, transmission of infectious diseases or terrorist attacks. Any such event could have serious repercussions for people and could disrupt operations for some considerable time. The concentration of a large share of our activities in one location (Amsterdam Airport Schiphol) works to our disadvantage in this regard.</p>	<p>There are extensive risk management procedures in place relating to safety and security and we have formal security management systems to monitor compliance with procedures. We apply a systematic approach to the implementation of the rapidly changing statutory rules and regulations regarding safety and security and work closely together with the various authorities.</p>
Risk associated with unexpected business interruptions	
<p>Our operations are exposed to the risks of fire, flood, extreme weather, power failure, technical breakdown and explosion. Any such emergency, singly, or together, as well as the resulting legal implications, could have a serious impact on our operations, our results and our prospects.</p>	<p>We systematically keep our systems and procedures up-to-date with respect to these risks, including our corporate emergency plan. Where necessary, we make the appropriate investments, in things such as backup systems. Furthermore, we carry insurance to protect us from the financial consequences</p>
Risk associated with dependence on third parties	
<p>The smooth operation of Amsterdam Airport Schiphol depends to a large extent on the efforts of third parties, such as air traffic control (use of the runway system), airlines (decisions with regard to destinations served), central government and national authorities (changes in legislation), local government (e.g. for planning approvals that will affect airport access and property development) and Customs and the Border Police (e.g. staffing at peak times).</p>	<p>We are not responsible for the activities of these various parties and have only limited influence on them. Against this background we are constantly working to ensure that agreements and covenants with these parties are kept up-to-date and to foster good relations.</p>
Risk associated with failure to have the right people in key positions plus poor labour relations	
<p>In our ability to achieve our objectives, an important factor for success is that we are able to have the right people in the right places in the organisation both nationally and internationally now and in the future.</p>	<p>We are constantly working to nurture good labour relations and to recruit and retain, train and develop key managers. An important aspect of this effort is succession planning.</p>
Financial risks	
Risk associated with insufficient insurance coverage	
<p>The insurance market for airports is not particularly competitive, and therefore it could be difficult for Schiphol Group to obtain adequate insurance cover in the future at terms comparable to those of current contracts. This is especially true of the terrorism risk, which is currently largely covered by the government of the Netherlands. The relevant contract is still waiting to be cleared by the European Union. If approval is not given, Schiphol Group may be unable to insure terrorism risk elsewhere.</p>	<p>It is Schiphol Group policy to, in principle, insure all risks that can be insured on reasonable terms, including business interruptions. For each policy taken out, an evaluation is made of the acceptable level of deductible, depending on the associated saving in the premium. The insurance policies do not offer any cover for damage to Schiphol Group's reputation which might ensue from certain events.</p>
Risk associated with funding of post-retirement benefit obligations	
<p>Pension arrangements for the majority of Schiphol Group staff are insured with ABP. Schiphol Group (together with the employees themselves) is liable for the risk associated with the funding of the post-retirement benefit obligations. The amount of these liabilities depends to some extent on developments largely- and sometimes entirely - outside Schiphol Group's control (e.g. mandatory funding ratios and the return achieved on plan assets).</p>	<p>The ABP pension scheme does not provide for the possibility for members to make compulsory top-up payments into the pension fund. Under the existing rules, therefore, the effect of underfunding as far as Schiphol Group is concerned is limited to changes in the amount of the contributions payable in the future, depending on the current financial position of the pension fund, current and expected.</p>
Risk associated with market risk, credit risk and liquidity risk	
<p>Due to the nature of its activities, Schiphol Group contends a variety of other financial risks, viz. market risk, credit risk and liquidity risk.</p>	<p>For a more detailed description of the market risk, credit risk and liquidity risk and the actions taken to manage those risks, reference is made to page 114 of the financial statements.</p>

Compliance risks	Risk management action
Risk associated with non-compliance with noise and environmental standards	
The airports we operate have to meet certain noise and environmental standards. There is a whole raft of national and international regulations, the drafting of which lies mostly outside Schiphol Group's sphere of influence. These regulations in many cases effectively place restrictions on the conduct of our business. Breaches of the standards could result in sanctions with adverse financial and operational consequences.	We work closely with project teams in these fields in order to ensure that we continue to abide by the various statutory rules and regulations. We cultivate good working relations with the regulatory authorities to optimise the scope for the development of the main port status of Amsterdam Airport Schiphol wherever possible. In order to stay within the pre-set environmental restrictions we are a proponent of the introduction of quieter aircraft and selective admission of night time operations. This is accomplished through, amongst other things, differentiated fees and operational measures.
Risk associated with economic regulation of Aviation and Security activities	
Our Aviation and Security activities are regulated. Among other things, this means that the return we are permitted to generate on these activities is capped and, that changes in airport charges can only be implemented after consultation with the industry. The industry has the right to lodge objections with the Netherlands Competition Authority (NMa), which will then assess whether the charges have been arrived at in accordance with the rules. Much of the current regulation is of recent origin and therefore there is only limited experience with the application of the new rules and with the regulation of our activities by the NMa.	We have implemented suitable organisational arrangements and systems to ensure compliance with the regulations. For instance, as required by the regulations, Schiphol Group has transparent charges, separate accounting for aviation-related and security-related activities and a system of allocating the costs and revenues associated with these activities, that satisfies the standards laid down. It is the intention of the NMa to approve the allocation system early in 2007 on completion of the consultation process with the industry. Any ambiguities regarding the implementation of the regulations will be referred to the NMa at the earliest possible stage.
Risk associated with legal action and disputes	
Legal actions and disputes could jeopardise the achievement of our objectives. A more detailed description is given on page 148 of the financial statements.	It is our constant endeavour to comply with the statutory rules and regulations, to avoid legal action and, where necessary, to resolve disputes.

System of internal risk management and control

Our internal risk management and control systems are designed to reduce the probability of mistakes, of making incorrect decisions and of being taken by surprise out by unforeseen circumstances as far as possible. No such system can guarantee complete protection, however. It is possible that we are exposed to risks which we are currently unaware of, or which are not considered important at this time. No internal risk management and control system can provide an absolute safeguard against failure to achieve corporate objectives nor can they prevent every single mistake, loss, fraud or transgression of rules and regulations.

To perform our duties with regard to internal risk management and control we use a coordinated range of instruments:

- Risk management: the identification and analysis of strategic, operational, financial and compliance risks and the implementation and monitoring of control measures to mitigate those risks. We have set up a risk management system based on the recommendations of the reports entitled 'Internal Control – Integrated Framework' (COSO – IC) and 'Enterprise Risk Management – Integrated Framework' (COSO – ERM). Responsibility for risk management lies with line management. The line managers are all expected to identify the risks affecting their specific field of activity and to implement appropriate control measures to manage them. They report on this to the Risk Committee, including submission of 'in control' statements for each business area, service unit and corporate staff department. Making up the Risk Committee are the three members of the Board of Management, the Corporate Auditor and the Corporate Controller;
- A formal planning and control cycle, including the preparation and approval of a long-term business plan, budgeting and monthly management information reports (financial and operational);
- Procedure manuals and an integrated, detailed description of the accounting policies;
- Quality management systems including the Environmental Management System, the security

- management systems such as the Airside Security System and the Terminal Security System;
- The Security & Environment Board, chaired by the Chief Operations Officer, which measures the progress and results of the security and environmental management systems and which provides the basis for the Board of Management's appraisal of these systems;
- Codes of conduct and a whistleblowers' scheme;
- Periodic follow-up meetings held by the Chief Financial Officer with operational and commercial managers and their controllers to discuss the audit findings reported by the internal and external auditors;
- Internal letters of representation from the Business Area Managers and Business Area Controllers to the Board of Management;
- Follow-up of the recommendations contained in the external auditors' management letter.

The Board of Management reports on and accounts for the system of internal risk management and control to the Supervisory Board after discussion in the Supervisory Board's Audit Committee. The corporate auditor plays an important role in providing an objective view and ongoing confirmation of the effectiveness of the entire system of internal risk management and control.

In view of the above and in line with the best practice guidelines of the Commissie Frijns we believe, as regards the financial reporting risks, that the internal risk management and control systems offer a reasonable degree of certainty that the financial reporting does not contain any material misstatements, that regarding the financial reporting risks, the systems of internal risk management and control functioned properly during the year under review and that there are no indications that the systems of internal risk management and control will not function properly in 2007.

The principal strategic, operational, financial and compliance risks and uncertainties could lead to the actual results differing from the results which we have described in forward looking statements in this document.



The number of employees at Schiphol Group in 2006 averaged 2,293 full-time equivalents (2005: 2,179 FTEs). The rise is largely accounted for by the increased activities on the part of the Aviation business area and the break-up of Schiphol Telematics into a network business and a service business, with the network business and its staff becoming a wholly-owned subsidiary. Of our employees, 31% are female, with almost a quarter of all managerial positions held by women.

Staff satisfaction and commitment is regularly surveyed. In 2006, the satisfaction score increased to 86% (2004: 77%) and commitment increased to 82% (2004: 76%). The response rate was 70%, seven percentage points higher than for the previous poll in 2004. Sick leave was down in 2006, from 5.4% to 4.4% (excluding maternity leave). We attribute the drop mainly to the absence of extended periods of flu.

In 2006, 0.1% of our employees were off work long enough to qualify for disability benefit (WAO). This figure is the same as in 2005.

■ Human Resource Management

We have a long tradition as a people-orientated organisation with concern for the wider world. Amsterdam Airport Schiphol is one of the largest employers in the northern arm of the urbanised area in the west of the Netherlands known as the Randstad. A total of almost 62,000 people work at the airport, employed by 578 different companies, which is an increase of 6.4% on last year (compared with a national average growth in employment of 2.6%). At our own company, Schiphol Group, the number of employees in 2006 averaged 2,293 on a full-time equivalent basis, an increase of 5.2%, with the majority of the workforce active at the Schiphol site.

Schiphol College

The fact that Amsterdam Airport Schiphol is the engine for so much job creation gives us a huge amount of responsibility – responsibility which we take very seriously. In November 2006, for instance, we announced the establishment of the Schiphol College, which brings together new and existing initiatives relating to education, the job market and special groups of new entrants to the job market. Through this business school, in which our partners are educational establishments, municipal authorities and other companies located at the airport, we aim to offer a regional platform for employment and training initiatives.

In connection with the establishment of this college, twenty work experience places will be created by Schiphol Group at the Schiphol site in 2007 and we shall be offering a number of trainee positions.

The work experience project is aimed particularly at young people with little or no qualifications or work experience. Subsidiaries such as Rotterdam Airport, where similar initiatives have already met with success in 2005 and 2006, will also be involved in the college in 2007.

We are not only keen to see growth in employment, with the widest possible labour force participation, but also to work hard to offer quality jobs and create a good working environment. To this end we deploy various instruments, including the Working Conditions Management System, developed in 2006, and the Personnel Monitor, a staff questionnaire used to poll attitudes to work and job satisfaction among our employees.

The Personnel Monitor provides us with valuable insights which form the basis of targeted improvements designed to meet the needs of the organisation and our workforce – with the ultimate goal of further improving our organisation, our efficiency and our customer focus.

The ongoing consolidation in the aviation industry and the success of the low-cost airlines make it even more important for us to support the competitiveness of our customers. We must continue to offer them first-rate service on a 24/7 basis. Reinforcing the commercial, customer-oriented way of thinking and acting in our organisation – enhancing our 'entrepreneurial competency' if you like – is seen as a key success factor in the years ahead. The further development of a transparent, flexible, effective and

cost-efficient internal organisation in combination with a strong market and customer-oriented approach will give us an important competitive advantage. This realisation is deliberately reflected in our HRM policy, specifically in an enhanced performance management system which takes into account both financial and non-financial performance indicators. Considerations like competitive remuneration are also important. We aim to develop a flexible remuneration policy reflecting the various markets in which we are active while at the same time taking account of the need not to allow wage costs to out-strip productivity. With the prospect of a tighter labour market, such an approach is vital in order to remain an attractive employer. It is also appropriate to the development of a flexible cost structure, which reflects the developments in the aviation sector and the cost of the services we provide.

Staff turnover

We are proud of our employees and they in turn are proud of Schiphol Group. That is borne out not only by the high scores returned by the previously mentioned employee satisfaction survey (Personnel

Monitor) – particularly when compared with national averages – but also, for example, by the relatively low staff turnover of 5.2% compared with a national average of around 11%. Average job tenure with Schiphol Group is 12.4 years, while the national average is around 10.2 years.

Even so, in the period 2007–2011 we face losing around 230 experienced staff (10%) as they reach retirement. Given an increasingly tight labour market, recruiting and retaining staff presents us with a major challenge. At the same time, we want to keep our employees fit and healthy. Targeted initiatives will be developed and implemented in 2007 to address all these challenges.

We are absolutely convinced that a key success factor for the organisation lies in the quality and motivation of a workforce that feels a collective loyalty to the company. The high-profile celebration of our 90th anniversary last year was not merely a sign of appreciation of the contribution and dedication of our employees over the years, it simultaneously underscored the importance of the workforce to the future of Schiphol Group.

■ Prospects

Our financial results are largely determined by the growth in passenger numbers and cargo volumes and the associated developments in air transport movements. At Amsterdam Airport Schiphol, the largest and most important airport within Schiphol Group, we expect passenger numbers to rise by almost 2 million (approximately 4% growth) to almost 48 million in 2007 and cargo volume to rise to 1.6 million tonnes. This forecast is made on the assumption that the world economy and the Dutch economy will continue to improve and that the aviation industry will not be hit by crises of the kind we have seen in the past.

The number of employees will be higher in 2007, partly owing to the takeover of the liquor and tobacco retail activities.

We expect capital expenditure in 2007 to be around EUR 370 million, slightly less than half of which will concern aviation facilities at Amsterdam Airport Schiphol. Financing charges will consequently increase. The repayment commitments plus the required funding of the capital expenditure compared with the available cash resources and the forecast cash flow from operating activities indicates a limited borrowing requirement.

We expect the net result for 2007, excluding fair value gains and losses on property, to be slightly higher than the 2006 net result of EUR 198 million, excluding fair value gains on property and excluding the non-recurring income resulting from the finalisation of the opening balance sheet for tax purposes.

Schiphol, 14 February 2007

Board of Management
Gerlach Cerfontaine
Pieter Verboom
Ad Rutten



**Supervisory Board**

1) W.F.C. Stevens
2) A. Ruys
3) F.J.G.M. Cremers

4) H. Van den Broek
5) T.A. Maas – de Brouwer
6) T.H. Woltman
7) P.J. Kalff

Committees

	Privatisation	Audit	Remuneration	Public Affairs	Selection and Appointments*
Number of meetings in 2006	4	3	4	3	1
Mr P.J. Kalff	• (c)	•			• (c)
Mr H. Van den Broek			•		
Mr F.J.G.M. Cremers	•	• (c)			
Mrs T.A. Maas – de Brouwer			•	• (c)	•
Mr A. Ruys					
Mr W.F.C. Stevens	•	•		•	•
Mr T.H. Woltman			• (c)		
President	•	•		•	
Chief Financial Officer	•	•		•	
Director, Corporate Legal	• (s)				
Corporate Controller		• (s)			
Director, Corporate Affairs				• (s)	
Director, Human Resources			• (s)		

C = chairman

S = secretary

* The secretary of the Selection and Appointments Committee has yet to be appointed.

■ Report of the Supervisory Board

The Supervisory Board's activities

General

The Supervisory Board is made up of seven supervisory directors. Chairman of the Supervisory Board is Mr Kalff, vice-chairman is Mr Ruys. Members of the Supervisory Board are Mrs Maas – de Brouwer and Messrs Van den Broek, Cremers, Ruys, Stevens and Woltman.

The Supervisory Board met six times in 2006. All the members were present each time, except for one occasion, when two members of the Supervisory Board were unable to attend. The Supervisory Board held several meetings without the Board of Management present, at which its own performance was reviewed, as well as the performance of the Board of Management as a whole, and the Board of Management members individually. The minutes of these meetings were reported in the Supervisory Board's regular meetings. As a general rule, the minutes of the meetings held by the various Committees were reported in a regular Supervisory Board meeting, with decisions being taken accordingly by the entire Supervisory Board. There were no transactions during the year involving conflicts of interest on the part of Board of Management members, Supervisory Board members, shareholders and/or the external auditors that were of material significance for the company, Supervisory Board members, shareholders and/or auditors.

To gain a better appreciation of the various operations, Supervisory Board members Mrs Maas – de Brouwer and Mr Van den Broek made a company visit on 12 May 2006. Messrs Kalff, Stevens and Woltman paid the company a visit on 20 June 2006. As new members of the Supervisory Board, Messrs Cremers and Ruys took part in an introductory programme in September 2006.

The Supervisory Board considered a broad range of topics in 2006, such as the financial developments, the market share, operation of the baggage handling, punctuality, noise disturbance issues, security, the business plan, the 2007 budget, the privatisation (including the Extraordinary General Meeting of Shareholders), the portfolios of the members of the Board of Management and Six Sigma. Six Sigma is a project designed to bring a structural, customer-orientated approach to the company together with process improvements and cost control measures. On the recommendation of the Audit Committee, the Supervisory Board approved the NV Luchthaven

Schiphol (NVLS) financial statements for 2005 and the interim results for 2006.

Financial reporting and development of profitability

The Supervisory Board received monthly reports from the Board of Management comparing the latest results with the Corporate Budget 2006 and with the 2005 figures. The company's performance was explained by the Board of Management and discussed by the Supervisory Board at each meeting. The development of the company's operating and commercial results and its financial and cash flow position, as well as the settlement agreement reached with the Dutch Tax Authorities on the opening balance sheet for tax purposes as per 1 January 2002 were dealt with extensively. Effective cost control, a prudent investment policy and sound growth in revenues meant that Schiphol Group did not need to raise any additional finance in 2006.

Aviation business area

The Supervisory Board devoted considerable time to the implications for Amsterdam Airport Schiphol of the new Aviation Act (particularly the provisions concerning the economic regulation), to capacity and environmental planning, to the cargo strategy, to security and to disaster management. Also, various investment decisions were approved relating to the baggage handling system and to the construction and extension of the apron and the cargo facilities. In addition, the Supervisory Board approved two one-off financial contributions: to Stichting Mainport & Groen and for mitigating the 'distress cases' (aircraft noise related) in the vicinity of the airport.

Consumers business area

The Supervisory Board discussed the effects of the liquids and gels ban following the foiled terrorist attack at London Heathrow and the measures taken by the business area. The Supervisory Board also approved the takeover of the liquor and tobacco concession from KLM NV by Schiphol Group.

Real Estate business area

The Board of Management submitted various investment decisions that were discussed and approved by the Supervisory Board. Projects approved include the construction of the Microsoft Building, the development of the new cargo warehouse in Schiphol Southeast (Cargo Building 9) and the acquisition by Schiphol Group of Grontmij's share in the property development projects near Malpensa Airport (Italy).

The Supervisory Board also approved the sale of a building at the Schiphol Southeast business park.

Alliances & Participations business area

The continued improvement in the performance of the most important investments and the proposed investment in Nanjing Lukou International Airport (China) were discussed.

Privatisation

Last year, the shareholders were invited to pass a resolution amending the company's Articles of Association to reflect changes in the Netherlands Civil Code concerning the rules governing large companies and to permit the sale of the shares to private 'entities'. Both the State of the Netherlands and the City of Rotterdam, together representing 78.2% of the shares, supported the resolution. However, this was not enough for the required statutory majority of 80%, necessary for an amendment of the Articles of Association.

Privatisation Committee

The Privatisation Committee, established in 2005, met on four occasions to consider the progress of the intention on the part of the State of the Netherlands (and possibly other shareholders) to sell off a minority interest in Schiphol Group by way of an initial public offering and private placement of the shares held by the State of the Netherlands (and possibly other shareholders) in NV Luchthaven Schiphol. On each occasion, the Committee prepared a recommendation regarding the Supervisory Board's position on the government's plans (and possibly those of other shareholders). The debates about the issue in the Upper House of the Dutch Parliament and among the shareholders were also discussed at length on several occasions. The Supervisory Board continues to be in favour of a (partial) privatisation of Schiphol Group through a stock market listing.

The Supervisory Board and the Management Board share the view that the difference in opinion between the State of the Netherlands and the City of Amsterdam is a matter of public law which, if need be, should be determined by the Council of State. The Supervisory Board notes that the dispute does not impact the day to day operation of the company.

Audit Committee

The Audit Committee met on three occasions. The matters discussed at length were broadly the 2005 financial statements, the 2005 directors' report, the 2005 management letter, the 2006 interim report, the associated press releases and the 2006 internal

and external audit plan, with the external auditors, PricewaterhouseCoopers Accountants NV, present on each occasion. More specifically, the Audit Committee meetings covered various matters extensively, such as the capital structure, opening balance sheet for tax purposes, dividend policy, currency risks, risk management, the auditors' report, actions to be taken pursuant to the management letter and the outstanding lawsuits.

Remuneration Committee

The Remuneration Committee met on four occasions. During the meetings, the remuneration policy as a whole, the targets for 2007 and the pension policy for new members of the Board of Management were discussed extensively. Furthermore, at the beginning of the financial year, the Committee and the Board of Management agreed on the targets for 2006 and at the end of that same year, the Committee established that the agreed upon targets had been reached by the members of the Board of Management. The outcome of the Committee's deliberations and a further explanation of the Remuneration policy in greater detail is provided in the Remuneration Report.

Public Affairs & Corporate Responsibility Committee

In 2006, the Supervisory Board appointed a new Public Affairs & Corporate Responsibility Committee. Mrs Maas – de Brouwer (as its chairman) and Mr Stevens are a member of this Committee. The Committee met on three occasions in 2006. The Committee began by drawing up its own regulations, which were subsequently adopted by the Supervisory Board and published on 20 October 2006. The Committee then discussed, among others, the proposal by the government for a quality-of-life covenant to be agreed with decision makers in the surrounding region (Cabinet Position Paper on Schiphol, October 2006) as a prelude to the debate on the ways in which Amsterdam Airport Schiphol can be allowed to grow to 600,000 air transport movements a year.

Selection and Appointments Committee

On behalf of the Supervisory Board, the members Mrs Maas – de Brouwer, Mr Kalff and Mr Stevens took a permanent seat in the Selection and Appointments committee. At the end of 2006, an ad hoc selection and appointments committee was set up after the Supervisory Board, in consultation with the Board of Management, had decided to add a fourth member to the Board of Management. The person that will be

appointed to the new post of Commercial Director will be responsible for the Consumers business area as well as the Real Estate business area. The members of this ad hoc committee are Messrs Kalff, Cremers, Ruys and Woltman.

Composition of the Supervisory Board

Having served three four-year terms of office, Mr Hessels retired as member of the NV Luchthaven Schiphol Supervisory Board in April 2006. Mr Ruys, former chairman of the Management Board of Heineken NV, is his successor. He was appointed at the Annual General Meeting of Shareholders in April 2006. The main reasons for appointing Mr Ruys were his broad national and international commercial experience and expertise. In the same General Meeting of Shareholders Messrs Stevens and Woltman were appointed to serve a further four-year term of office as members of the Supervisory Board of NV Luchthaven Schiphol. In this meeting Mr Patijn was also reappointed as member of the Supervisory Board until such time as a successor with a financial profile could be found and put forward. In June 2006, he stepped down after Mr Cremers, former Chief Financial Officer and member of the Board of Management of VNU NV, was appointed to the NV Luchthaven Schiphol Supervisory Board. He was appointed with the approval of all shareholders. The main reasons for appointing Mr Cremers were his broad experience and expertise in the financial field.

The existing Supervisory Board thanks Messrs Hessels and Patijn once again for their dedication and enthusiasm in the Supervisory Board's meetings and those of its subcommittees during the 12 years which each of them served.

All the members of the Supervisory Board are independent within the meaning of the Corporate Governance Code and all of them have the Dutch nationality. The appointment (and reappointment) of Mrs Maas – de Brouwer and Mr Woltman was on the recommendation of the Central Works Council. Messrs Kalff and Cremers qualify as financial experts within the meaning of the Corporate Governance Code. Company Secretary is Mr Backer.

Central Works Council

Members of the Supervisory Board attended the consultative meetings with the Central Works Council on each occasion. We found these meetings to be both constructive and informative, and greatly appreciated them.

Financial statements for 2006

An amount of EUR 24 million will be added to the statutory reserves. Given the positive outcome of 2006, the Supervisory Board concurs with the Board of Management's proposal to distribute a dividend of EUR 79 million on the paid-up share capital, calculated on the basis of 40% of the result (attributable to shareholders) excluding recognised fair value gains on investment property. As such, the Supervisory Board takes into consideration that the non-recurring income in 2006 of EUR 309 million, due to the settlement agreement reached with the Dutch Tax Authorities, is excluded from the distribution of dividends. It is excluded because this income consists almost completely of items that might be realised in the future and is, as a consequence, almost completely an extraordinary profit which did not result in a cash flow in 2006. The remaining portion of the net result, amounting to EUR 424 million will be added to retained profits.

PricewaterhouseCoopers Accountants NV have audited the financial statements and issued an unqualified report on them (see page 187 of this report).

The Board of Management will present the financial statements to the General Meeting of Shareholders to be held on 12 April 2007. We will propose to the shareholders to discharge the Board of Management from liability in respect of the management carried out by them, and the Supervisory Board for the supervision exercised.

Finally, we would like to take the opportunity to express our appreciation of the hard work on the part of the management and staff of NV Luchthaven Schiphol and its associates and for the results that have been achieved.

Schiphol, 14 February 2007

Supervisory Board

■ Corporate Governance

Governance structure

Schiphol Group is a large company within the meaning of the Netherlands Civil Code.

Corporate Governance Code

In 2004 and 2005, Schiphol Group implemented the principles and best practices of the Dutch Corporate Governance Code, as drawn up by the Tabaksblat Committee, in the company's various internal rules and regulations almost without exception. The principles and best practices implemented by Schiphol remained effective through 2006. A document describing the ways in which the various provisions are reflected in internal rules and regulations (such as, for example, the Regulations governing inside information and the holding of securities and securities transactions and the Whistleblowers' Rules) has been posted on our website www.schipholgroup.com, where one will also find the internal rules governing the Supervisory Board, its subcommittees and the Board of Management. As an unlisted company, Schiphol Group cannot effectively apply a number of the Corporate Governance Code's provisions. The provisions concerned are essentially II.2 (options as a component of remuneration), IV.2 (issue of depositary receipts for shares), and IV.1.3 (public response to a private bid for part of the company). Due to the very small number of shareholders, the Corporate Governance Code's provision V.2.1 (presence of an external accountant at a General Meeting of Shareholders) was applied narrowly with only a delegation of the Supervisory Board and the Board of Management attending the General Meeting of Shareholders. The contracts of employment of Messrs Cerfontaine and Verboom are not completely in accordance with the Corporate Governance Code. In 2004, when the Corporate Governance Code was first implemented, the Supervisory Board decided to honour the existing contracts of employment of these Board of Management members. The contract of employment of Ad Rutten, which was entered into in the course of 2005, complies with the provisions of the Corporate Governance Code. A more detailed explanation of above mentioned points has been posted on our website www.schipholgroup.com under the heading Investor Relations.

Last year, the shareholders were invited to pass a resolution amending the company's Articles of Association to reflect the changes in the Netherlands Civil Code concerning the rules governing large companies and to permit the sale of the shares to private 'entities'. Both the State of the Netherlands and the City of Rotterdam, together representing

78.2% of the shares, supported this proposal. The required majority of 80% in favour for this amendment was not obtained.

Transactions in securities

Despite the fact that Schiphol Group shares are not listed on a stock exchange, a limited set of Regulations governing inside information and the holding of securities and securities transactions has been adopted. The company has issued bonds under the EMTN Programme. Members of the Board of Management and Supervisory Board refrain from buying and selling these securities. The Corporate Auditor has been nominated as the central officer referred to in the Regulations governing inside information and the holding of securities and securities transactions.

Supervisory Board

As permanent subcommittees, the Supervisory Board has an Audit Committee, a Remuneration Committee and a Selection and Appointments Committee. In the latter half of 2006, the Supervisory Board decided to establish a fourth permanent committee, the Public Affairs & Corporate Responsibility Committee.

In 2005, a Privatisation Committee was established to consider the proposed intentions on the part of one of the shareholders (and possibly more than one shareholder) to sell shares in Schiphol Group. This committee is a temporary committee. The Supervisory Board has drawn up rules for each permanent committee.

Privatisation Committee

The ad hoc Privatisation Committee consists of three members and meets as often as is deemed necessary. The committee advises the Supervisory Board regarding the progress of the sale of shares of NV Luchthaven Schiphol by the State of the Netherlands (and possibly other shareholders). Secretary to the Privatisation Committee is the Director Corporate Legal.

Audit Committee

The Audit Committee has three members. It meets at least twice a year and produces an annual report of its deliberations and findings. Two of the present members possess financial expertise, as required by the profile of the Supervisory Board. Secretary to the Audit Committee is the Corporate Controller.

Remuneration Committee

The Remuneration Committee has three members. It meets at least twice a year and produces an annual report of its deliberations and findings. It advises the Supervisory Board on the formulation of remuneration policy and the actual remuneration of the individual members of the Board of Management. It also prepares a remuneration report each year. The Director Human Resources is secretary to the Remuneration Committee.

Public Affairs & Corporate Responsibility Committee

The Public Affairs & Corporate Responsibility Committee has two members and advises the Supervisory Board about reputation, public affairs and corporate responsibility policy. It meets at least twice a year and produces a report on its deliberations and findings. Secretary to the Public Affairs and Corporate Responsibility Committee is the Director Corporate Communications & Public Affairs.

Selection and Appointments Committee

This Committee has a minimum of three members. It advises the Supervisory Board by drawing up selection criteria and appointment procedures for members of the Supervisory Board and members of the Board of Management, as well as advising on the company's management and development policy. Each time, the committee produces a report of its

deliberations and findings. Additionally, in support of the Supervisory Board's decision-making process, an ad hoc committee can be set up in case of actual vacancies. An ad hoc selection and appointments committee was set up at the end of 2006 after the Supervisory Board, in consultation with the Board of Management, decided to expand the management team with a Commercial Management Board member. As soon as the process has been completed, this ad hoc committee will be disbanded.

Board of Management

The members of the Board of Management direct the operations of Schiphol Group under the supervision of the Supervisory Board. The Supervisory Board has the power to appoint, suspend and dismiss members of the Board of Management. The Board of Management is made up of Mr Cerfontaine, President, Mr Pieter Verboom, Chief Financial Officer and, Mr Rutten, Chief Operations Officer. The segregation of duties for members of the Board of Management is contained in the Board of Management Rules, as published. Responsibility for the commercial portfolio Consumers currently rests temporarily with Mr Verboom.

Schiphol, 14 February 2007

Board of Management
Supervisory Board



■ Remuneration Report

The General Meeting of Shareholders approved the current remuneration policy for the Board of Management on 13 April 2006. There will be no material change in the remuneration policy for the members of the Board of Management in 2007. The General Meeting of Shareholders approved the remuneration for the members of the Supervisory Board on 14 April 2005. The General Meeting of Shareholders to be held on 12 April 2007 will be requested to approve a structural remuneration for the Supervisory Board members sitting on the Public Affairs & Corporate Responsibility Committee, which was established in 2006.

General remuneration policy for the Board of Management

Procedure

In accordance with the Corporate Governance Code, the Supervisory Board draws up the remuneration policy for the members of the Board of Management of Schiphol Group based upon the recommendations of the Remuneration Committee. The General Meeting of Shareholders of Schiphol Group ratifies the remuneration policy. Within the adopted remuneration policy, the Supervisory Board, again acting on the advice of the Remuneration Committee then determines the fixed and the variable salary components.

For the variable salary component, the Supervisory Board and the members of the Board of Management set a performance contract at the beginning of each year. This contract lays down specific, challenging, measurable and controllable targets that need to be achieved for the short-term bonus and the long-term bonus for that year. After having examined the performance of the previous year, the Supervisory Board assesses whether the members of the Board of Management have attained their collective and individual targets. The Supervisory Board also examines whether the fixed salary component is in line with the market.

General

Basic principle of the remuneration policy is that the reward should be competitive and that Schiphol Group should be able to attract, retain and motivate good managers on the basis of the agreed benefits package. The policy must also foster the achievement of the company's short-term and long-term objectives. To achieve the above goals, the levels of remunera-

tion should be comparable to those of other, mainly Dutch companies. For that purpose, a reference group of comparable companies was compiled in 2002, based on aspects such as revenue, number of employees and complexity and nature of operations. At the end of 2006, external remuneration consultants carried out a market analysis to maintain an alignment with this reference group. Included in the reference group are the logistics sector (including Netherlands Railways and Fraport), the real estate sector (including Corio) and the retail sector (including OPG Groep and Macintosh Retail Group). Other general information about Dutch companies with similar revenues, complexity and numbers of employees was also considered in this respect. Final calculation of the total value of the remuneration package for members of the Board of Management is based on information obtained from remuneration consultants and the insights and experience of the Remuneration Committee. The basic principle of the present remuneration policy is that, in the case of on-target performance, the total remuneration package should not exceed the median level of the reference group. In the case of excellent performance, the total remuneration package can exceed the reference group median. The purpose of having a variable salary component includes providing an incentive for the management to focus on safeguarding the continuity of the business and value creation by Schiphol Group in general. The variable component of the remuneration package is intended to strengthen the bond the members of the Board of Management have with the company and to foster the company's objectives.

Structure of the remuneration package

The Supervisory Board considers the variable remuneration component to be an important part of the overall package. The performance criteria governing the short-term and long-term bonus are derived from the main parameters used for the management of the company. This is reflected in the type and structure of the adopted benefits package and, for this reason, a significant part of the overall remuneration (40–50%) is variable.

Fixed salary

In order to guarantee that Schiphol Group is able to attract, retain and motivate good managers, the Supervisory Board regularly compares the fixed salary component of the Board of Management members' with the reference group. The fixed salary component is not the same for all of the Board of Management

members, the ordinary members receiving a salary of approximately 80% of that received by the President.

Short-term bonus

The annual bonus arrangements depend on the achievement of financial targets, a number of personal performance targets and the Supervisory Board's assessment regarding general performance. The financial target is given by the net result divided by the average total shareholders' equity (ROE) according to the budget for the year approved by the Supervisory Board. The personal performance targets may vary from year to year. The on-target level of the short-term bonus is 35% of the fixed salary, with achievement of the financial target accounting for approximately two-thirds of the total short-term variable remuneration. If the financial targets are exceeded, the bonus payable can be up to one-and-a-half times the on-target level for that component, making the maximum short-term bonus for the president 47.5% of the fixed salary in the event of exceptional performance and with a limit of 45% for the other members of the Board of Management. The extent to which the targets have been achieved is determined partly on the basis of the audited financial statements.

As a percentage of fixed salary:

President	on target		above target	
ROE target	25.0%	<i>Swing factor 1.5</i>	37.5%	
Portfolio-linked	5.0%		5.0%	
General performance	5.0%		5.0%	
Total	35.0%		47.5%	

Other members of the Board of Management

	on target		above target	
ROE target	20.0%	<i>Swing factor 1.5</i>	30.0%	
Portfolio-linked 1	5.0%		5.0%	
Portfolio-linked 2	5.0%		5.0%	
General performance	5.0%		5.0%	
Total	35.0%		45.0%	

Long-term bonus

Schiphol Group is not a listed company and it is therefore not possible to grant Schiphol Group shares and/or share options. Instead, to foster the achievement of Schiphol Group's long-term objectives, a long-term bonus scheme which rolls forward over a three-year period has been agreed. The long-term bonus is a remuneration component payable each year with an on-target level of 35% of the fixed salary, depending on the cumulative economic profit achieved over a period of three successive years, based on the medium-term business plan approved by the Supervisory Board. If the company performs

exceptionally well, the bonus may be increased up to a maximum of approximately 52.5% of the fixed salary. The performance criteria applicable to the long-term bonus payable for 2006 relate to the economic profit achieved over the three-year period 2006, 2007 and 2008, with payment being made in 2009. At the end of each year, an estimate is made of the amount of the bonus payable after the three years and a pro-rata share of the amount thus calculated is accounted for in the year concerned. Payment will only be made on condition that the Board of Management member is still employed by the company at the end of the three-year period. If the contract of employment is terminated by mutual agreement, pro rata allocation is made. It is also possible in such cases to calculate and pay out the amount of any future award.

Pension arrangements

Pension is arranged according to an average-pay scheme plan, valid since 1 January 2004 and in accordance with the standard Algemeen Burgerlijk Pensioenfonds rules. For Mr Gerlach Cerfontaine and Mr Pieter Verboom, the new arrangements do not materially alter their existing pension rights, as it has been decided to honour the contractual rights previously agreed with them. Mr Gerlach Cerfontaine is to retire on attaining the age of 62 with defined retirement benefits amounting to 70% of his fixed salary. Mr Pieter Verboom and Mr Ad Rutten have the option of retiring at age 62 with defined retirement benefits of 70% of their total fixed salary. The amount of the contribution payable for the plan is calculated each year by ABP and is paid by the company. Contributions for a 'partner plus' pension and flexible retirement benefits arrangements ('FPU' plan) are entirely payable by the individual Board of Management member concerned.

Other benefits

The secondary part of the benefits package comprises appropriate expense allowances, a company car and allowances for healthcare insurance costs and telephone costs. The company has also contracted personal accident insurance and directors' liability insurance on behalf of the Board of Management members. No loans, advances or guarantees have been or will be granted to members of the Board of Management and the company operates a restrictive policy with regard to holding other offices; acceptance of other offices requires the explicit approval of the Supervisory Board.

Contracts of employment

The principle of the employment contract is that members of the Board of Management will be appointed, in accordance with the Corporate Governance Code, for an initial term of office of not more than four years, with subsequent reappointment for periods again not exceeding four years. In

case of a member being made redundant, we shall carefully follow current practice. Relevant legislation and the influence of the 'sub district court judgment formula' shall be taken into consideration. Basically, we shall be adhering to the best-practice provisions of the Corporate Governance Code on this matter. The existing contracts of employment, as agreed prior to 1 January 2004, will be honoured. In the case of Mr Cerfontaine, the contract of employment was for an indefinite period with an agreed redundancy payment of three times the fixed salary as paid in the preceding year. Mr Verboom's contract of employment was also entered into for an indefinite period with an agreed redundancy payment of one-and-a-half times the fixed salary as paid in the preceding year. The contract with Mr Rutten was entered into with effect from 1 September 2005 for a period of four years with the option of reappointment. The redundancy payment has been agreed at one year's fixed salary.

Remuneration of the Board of Management for 2006

Fixed salary for 2006

With effect from 1 January 2006, the fixed salaries of the Board of Management members were increased by 2.3%, reflecting current salary increases for employees covered by the CLA.

EUR	2006	2005
Gerlach Cerfontaine	355,630	347,635
Pieter Verboom	277,796	271,551
Ad Rutten	277,796	90,517*

* Mr Rutten joined the Board of Management on 1 September 2005.

Short-term bonus for 2006

The members of the Board of Management fully met the ROE target. The personal performance targets for 2006 were also achieved. These included the achievement of adequate environmental capacity within the existing operating capacity, tough targets for improving customer satisfaction among airlines, handling agents and passengers, targets for improving the baggage handling process and targets for reducing the risk of bird strikes. Further requirements concerned the preparation of a dedicated annual report for Aviation with clear accountability regarding investments, cost allocation and associated charges and the general performance of the individual directors. Mr Verboom was awarded a one-off extra bonus of EUR 50,000 because he has temporarily been responsible for managing the Consumers business area, in addition to his usual portfolio, since 1 January 2005.

EUR	2006	2005
Gerlach Cerfontaine	168,924	165,127
Pieter Verboom	175,008*	122,198
Ad Rutten	125,008	31,681**

* This amount includes the one-off extra bonus of EUR 50,000 awarded because of temporary responsibility for managing the Consumers business area

** Mr Rutten joined the Board of Management 1 September 2005.

Long-term bonus for 2006

The members of the Board of Management fully met the Economic Profit targets contained in the Business plan.

EUR	2006	2005
Gerlach Cerfontaine	183,454	181,602
Pieter Verboom	143,303	141,857
Ad Rutten	48,614	–*

* Mr Rutten joined the Board of Management on 1 September 2005.

No payments were made to former members of the Board of Management in 2006.

Remuneration of the Board of Management for 2007

The Supervisory Board has decided to increase the fixed salaries, with effect from 1 January 2007 in line with the as yet to be agreed upon CLA, as it will apply to employees covered by the CLA. On the basis of the reference group benchmark which will be updated at the beginning of 2007, the Supervising Board will determine whether there will be an additional adjustment in the fixed salaries. Based on this benchmark it has already become clear that a minor adjustment in the structure of the short-term bonus will be required in order to remain in line with the reference group. On the recommendation of the Remuneration Committee, the Supervisory Board subsequently decided that the structure of the short-term bonus for 2007 should be as follows (as a percentage of fixed salary):

President	on target		above target	
ROE target	20.0%	<i>Swing factor 1.5</i>	30.0%	
Portfolio-linked	7.5%	<i>Swing factor 1.5</i>	11.25%	
General performance	7.5%	<i>Swing factor 1.5</i>	11.25%	
Total	35.0%		52.5%	

Other members of the Board of Management

	on target		above target	
ROE target	15.0%	<i>Swing factor 1.5</i>	22.5%	
Portfolio-linked 1	7.5%	<i>Swing factor 1.5</i>	11.25%	
Portfolio-linked 2	7.5%	<i>Swing factor 1.5</i>	11.25%	
General performance	5.0%		5.0%	
Total	35.0%		50.0%	

The personal performance targets and respective portfolio related targets for 2007 comprises aspects such as, pursuit of CO₂ neutral operations, customer satisfaction – both business to business as well as business to consumer -, compliance to statutory rules and regulations based on external audits which will be held in 2007, improvement of the results of parking activities and improvement of the performance management process as expressed in an objective Six Sigma score.

Remuneration of the Supervisory Board

General

The Chairman of the Supervisory Board's remuneration amounts to EUR 33,000 per annum. The ordinary members' remuneration is EUR 24,000 per annum. All the members of the Supervisory Board also receive an expense allowance of EUR 1,600 per annum. Members of a Supervisory Board committee are entitled to an additional fee. A member of the Audit Committee receives EUR 6,000 per annum, a member of the Privatisation Committee receives EUR 6,000 per annum and a member of the Remuneration Committee receives EUR 5,000 per annum. A member of the Selection and Appointments committee receives a fee of EUR 5,000 per annum. Since the latter committee met infrequently in 2006, no fee was allocated for the fiscal year 2006. The additional fee for a member of the Public Affairs & Corporate Responsibility

Committee has yet to be decided and approved. No shares, options, loans, advances or guarantees have been or will be granted to members of the Supervisory Board.

Remuneration of the Supervisory Board for 2006

EUR 1.000	2006	2005
Mr Jan Kalff (Chairman)	46.6	51.6
Mr Hans van den Broek	30.6	30.6
Mr Frans Cremers**	21.9	n/a
Mrs Trude Maas – de Brouwer	30.6	35.6
Mr Anthony Ruys*	19.2	n/a
Mr Willem Stevens	37.6	37.6
Mr Toon Woltman	30.6	35.6

Former Supervisory Board members

Mr Jan Michiel Hessels*	12.5	37.6
Mr Schelto Patijn**	12.8	25.6

* In April 2006, Mr Hessels retired as member of the Supervisory Board and Mr Ruys was appointed member of the Supervisory Board.

** In June 2006, Mr Patijn retired as member of the Supervisory Board and Mr Cremers was appointed member of the Supervisory Board.

Schiphol, 14 February 2007

Supervisory Board

■ Events after balance sheet date

Takeover of liquor and tobacco activities from KLM Tax Free Services

In 2006, Schiphol Group reached a final agreement with KLM NV on the takeover with effect from 3 January 2007 of the liquor and tobacco retailing activities in the See Buy Fly area. The activities were previously carried out by KLM Tax Free Services. The takeover is in line with the strategy of Schiphol Group's Consumers business area to strengthen its retail activities. The date of the acquisition means that the transaction does not affect the figures included in these financial statements. The newly acquired activities will be fully consolidated by Schiphol Group with effect from 3 January 2007.

Oxygen levels in drainage ditches

At the end of January it was found that the water quality standards of the Rijnland Polder Board were not being met in various respects. The Polder Board has announced its intention to impose a fine on Schiphol Group for this violation.

Privatisation

During the term of the new government coalition headed by Premier Balkenende there will be no stock market flotation. This decision was contained in the coalition government policy published on 7 February 2007. It is expected that the new coalition will reverse the move by the previous government to annul the decision of the City of Amsterdam to vote against amendment of the Articles of Association. The request before the Enterprise Chamber (Ondernemingskamer) of the Amsterdam Court of Appeal for an inquiry into the affairs surrounding the privatisation plans has been suspended.

The Board & Management

Supervisory Board



P.J. Kalff
(1937, Dutch nationality)

Chairman of the Supervisory Board
First appointed in 1997; third and last term of office expires in 2009

- Member of the Supervisory Board of Stork NV
- Member of the Supervisory Board of Royal Volker Wessels Stevin NV
- Member of the Supervisory Board of HAL Holding NV
- Member of the Board of Directors of Aon Corporation
- Former Chairman of the Board of Management of ABN Amro Holding NV



A. Ruys
(1947, Dutch nationality)

Vice Chairman of the Supervisory Board
First appointed in 2006; first term of office expires in 2010

- Member of the Board of Management of Lottomatica SpA
- Member of the Supervisory Board of Sara Lee International BV
- Member of the Supervisory Board of ABN Amro NV
- Member of the Supervisory Board of British American Tobacco plc
- Former Chairman of the Board of Management Heineken NV



F.J.G.M. Cremers
(1952, Dutch nationality)

First appointed in 2006;
first term of office expires in 2010

- Vice-Chairman of the Supervisory Board of Fugro NV
- Member of the Supervisory Board of NV Netherlands Railways
- Member of the Supervisory Board of Royal Vopak NV
- Member of the Supervisory Board of Rodamco Europa NV
- Member of the Commission of Kapitaalmarkt AFM
- Former CFO and Member of the Board of Management of VNU NV



W.F.C. Stevens
(1938, Dutch Nationality)

First appointed in 2002;
second term of office expires in 2010

- Member of the Supervisory Board of Aegon NV
- Member of the Supervisory Board of TBI Holding
- Member of the Supervisory Board of Nederlandse Staatsloterij
- Former Senior Counsel of Baker & McKenzie
- Former Member of the Dutch Upper House (First Chamber)



H. van den Broek
(1936, Dutch nationality)

First appointed in 2000;
second term of office expires in 2008

- Minister of State
- Chairman of the Calamiteiten Commissie van de Stichting Calamiteiten Fonds
- Chairman of the Board of Management Netherlands Institute of International Relations Clingendael
- Chairman of the Board of Management Carnegie Foundation and the Board of Governors The Hague Academy of International Law
- Chairman of the Board of Management Radio Nederlandse Wereldomroep
- Member of the Board of Advisors of Stuart Lammert&Co
- Member of the Board of Advisors of University of Utrecht
- Former Member of the European Commission
- Former Secretary of State for Foreign Affairs



T.A. Maas – de Brouwer
(1946, Dutch nationality)

First appointed in 2001;
second term of office expires in 2009

- Member of the Supervisory Board of ABN Amro NV
- Member of the Supervisory Board of Royal Philips Electronics Nederland BV
- Member of the Supervisory Board of Arbo Unie
- Member of the Supervisory Board of Twynstra Gudde
- Member of the Governing Counsel of Van Leer Group Foundation
- Former President HayVision Society



T.H. Woltman
(1937, Dutch Nationality)

First appointed in 1998;
third and also last term of office expires in 2010

- Member of the Supervisory Board of BCD Holding NV
- Member of the Supervisory Board of Royal Saan BV
- Member of the Supervisory Board of Royal Porcelain Fles NV
- Former Chairman of the Chamber of Commerce of Amsterdam
- Former Senior Vice President of KLM North America

Board of Management



G.J. Cerfontaine
(1946, Dutch Nationality)

President
since 1 August 1998

- Member of the Supervisory Board of Rüttchen Group BV
- Member of the Board of Advisors of Gilde Investments NV
- Chairman of the Society of Friends of the Concertgebouw and the Royal Concertgebouw Orchestra
- Chairman of the Peace Foundation of Utrecht



A.P.J.M. Rutten
(1951, Dutch Nationality)

Member of the Board of Management and Chief Operations Officer since 1 September 2005

- Member of the Board of Advisors of NIVR
- Member of the Executive Committee of ACI Europe
- Member of the Board of Advisors of the ROC Amsterdam, werkmaatschappij Airport
- Member of the Board of Advisors of Aviation Studies - Hogeschool van Amsterdam
- Member of the Board of Advisors of National Aerospace Laboratory- NLR
- Director of the Foundation of Flight Safety Netherlands



P.M. Verboom
(1950, Dutch Nationality)

Member of the Board of Management and Chief Financial Officer since 1 September 1997

- Member of the Supervisory Board of VastNed Retail NV



Management Business Areas & Staff Departments

Business Areas

Ad Rutten	Business Area Aviation
Dick Flink	Business Area Consumers
Ad Mast	Business Area Real Estate
Pieter Verboom	Business Area Alliances & Participations

Regional and International activities

Jacques Greitemann	Schiphol International
Roland Wondolleck	Rotterdam Airport
Bart de Boer	Eindhoven Airport
Lex Oude Weernink	Lelystad Airport
Koen Rooijmans	Brisbane Airport Corporation
Alain Maca	JFK IAT
Peter Steinmetz	Aruba Airport Authority
Gert-Jan de Graaff	Arlanda Schiphol Development Company
Jonas van Stekelenburg	Angkasa Pura Schiphol
Frits Bosch	Dartagnan Biometric Solutions

Staff & support

Paul Luijten	Corporate Communications & Public Affairs
Jan Stringer	Corporate Auditor (and also Central Officer)
Charles Evers	Corporate Controller
Joris Backer	Corporate Legal (and also Company Secretary)
Dirk Klokke	Corporate Procurement
Gerard Ellermann	Corporate Treasury
Wim Mul	Human Resources
Joop Krul	Airport Development
Gert Eerkens	Project Management Schiphol
Kees Jans	Information & Communication Technology

Central Works Council

Theo van Heijningen	<i>Chairman</i>	Gijs Hasselman
Marcel van den Berg	Member of the Executive Committee	Rabia Karahan
Hans Fritzsche	Member of the Executive Committee	Remon Mersmann
Frans Sam,	Secretary	Nasser Ouf
Caroline Frenken		Wim Roozendaal
Manfred Funke		Rob van der Zee
Rabia Gaffar		Joop Zorn

Schiphol Group Financial Statements 2006

Consolidated financial statements

Consolidated balance sheet as at 31 December 2006	90
Consolidated profit and loss account for 2006	92
Consolidated statement of changes in shareholders' equity	93
Consolidated cash flow statement for 2006	95
Notes to the consolidated financial statements	96
■ General information	96
■ Accounting policies	96
■ Judgement regarding application of accounting policies	109
■ Key assumptions and estimates	111
■ Financial risk management	114
■ Segment information	118
■ Notes to the consolidated balance sheet	120
■ Notes to the consolidated profit and loss account	151
■ Notes to the consolidated cash flow statement	162
■ Events after the balance sheet date	164
■ Related party disclosures	165

Corporate financial statements

Corporate balance sheet as at 31 December 2006	177
Corporate profit and loss account for 2006	178
Notes to the corporate financial statements	179

Consolidated Balance Sheet as at 31 December 2006

Activa

(in thousands of euros)	Note	31 December 2006	31 December 2005 ¹⁾
Non-current assets			
Intangible assets	1	22,938	17,865
Assets used for operating activities	2	2,068,640	2,175,388
Assets under construction or development	3	483,896	289,975
Investment property	4	690,057	665,271
Deferred tax	5	283,231	–
Investments in associates	6	45,654	17,842
Loans to associates	7	45,628	45,520
Other financial interests	8	15,624	12,703
Lease receivables	9	21,077	20,015
Other loans	10	4,142	4,519
Derivative financial instruments	18	459	300
		<u>3,681,346</u>	<u>3,249,398</u>
Current assets			
Lease receivables	9	2,715	2,384
Other loans	10	327	292
Assets held for sale	11	15,851	25,277
Trade and other receivables	12	156,776	142,082
Cash and cash equivalents	13	307,577	261,942
		<u>483,246</u>	<u>431,977</u>
		<u>4,164,592</u>	<u>3,681,375</u>

Passiva

(in thousands of euros)	Note	31 December 2006	31 December 2005
Share capital and reserves attributable to shareholders			
Issued share capital	14	77,712	77,712
Retained profits	15	2,611,841	2,140,230
Other reserves	16	14,322	4,710
		<u>2,703,875</u>	<u>2,222,652</u>
Minority interests	17	18,489	22,658
Total equity		<u>2,722,364</u>	<u>2,245,310</u>
Non-current liabilities			
Borrowings	18	652,737	775,252
Lease liabilities	19	176,116	182,486
Employee benefits	20	52,751	54,944
Deferred tax	5	–	18,915
Other provisions	21	10,000	10,000
Derivative financial instruments	18	16,031	48,231
Other non-current liabilities	22	20,290	–
		<u>927,925</u>	<u>1,089,828</u>
Current liabilities			
Borrowings	18	116,860	28,359
Lease liabilities	19	5,141	7,222
Derivative financial instruments	18	40,858	–
Corporate income tax	23	93,519	91,240
Trade and other payables	24	257,925	219,416
		<u>514,303</u>	<u>346,237</u>
		<u>4,164,592</u>	<u>3,681,375</u>

¹⁾ Restated for comparison purposes

(in thousands of euros)	Note	2006	2005	(in thousands of euros)	Attributable to shareholders					
					Note	Issued share capital	Retained profits	Other reserves	Minority interests	Total
Revenue	26	1,036,705	947,567							
Sales of property		40,465	85,024	Balance as at 1 January 2005		77,712	1,993,732	2,624	20,962	2,095,030
Cost of sales of property		30,021	74,828	Exchange differences	16	-	-	846	-	846
Result on sales of property	27	10,444	10,196	Fair value gains and losses on hedge transactions	16	-	-	234	-	234
Fair value gains and losses on property	28	28,570	12,377	Fair value gains and losses on other financial interests	16	-	-	1,006	-	1,006
Other income, from property		39,014	22,573	Gains and losses recognised directly in equity		-	-	2,086	-	2,086
Costs of outsourced work and other external charges	29	412,713	352,009	Result		-	192,900	-	1,259	194,159
Employee benefits	30	152,824	133,500	Sum of the result and gains and losses recognised directly in equity		-	192,900	2,086	1,259	196,245
Depreciation and amortisation	31	160,771	161,803	Dividend paid	15	-	- 46,400	-	- 111	- 46,511
Impairment	32	982	4,903	Minority contributions of share capital to subsidiaries		-	-	-	550	550
Other operating expenses	33	32,026	6,938	Other movements		-	- 2	-	- 2	- 4
Total operating expenses		- 759,316	- 659,153	Balance as at 31 December 2005		77,712	2,140,230	4,710	22,658	2,245,310
Operating result		316,403	310,987	Exchange differences	16	-	-	89	-	89
Financial income and expenses	34	- 35,668	- 34,098	Fair value gains and losses on hedge transactions	16	-	-	6,602	-	6,602
Share in results of associates	35	10,714	1,777	Fair value gains and losses on other financial interests	16	-	-	2,921	-	2,921
Result before tax		291,449	278,666	Gains and losses recognised directly in equity		-	-	9,612	-	9,612
Corporate income tax	36	236,686	- 84,507	Result		-	526,909	-	1,226	528,135
Result		528,135	194,159	Sum of the result and gains and losses recognised directly in equity		-	526,909	9,612	1,226	537,747
Attributable to:				Dividend paid	15	-	- 55,300	-	- 111	- 55,411
Minority interests	37	1,226	1,259	Increase of share in subsidiaries	40	-	-	-	- 5,284	- 5,284
Shareholders (net result)		526,909	192,900	Other movements		-	2	-	-	2
Earnings per share (in euros)	38	3,077	1,126	Balance as at 31 December 2006		77,712	2,611,841	14,322	18,489	2,722,364
Diluted earnings per share (in euros)	38	3,077	1,126							

Consolidated Cash Flow Statement for 2006

The dividend per share paid in 2006 and 2005 can be calculated as follows:

	2006	2005
Dividend attributable to shareholders (in euros)	55,300,000	46,400,000
Average number of shares in issue during the year	171,255	171,255
Dividend per share (in euros)	323	271

The cash flow statement has been prepared on the basis that the balance of cash and cash equivalents is equal to the net amount of cash and cash equivalents and bank overdrafts, the latter item being presented in the balance sheet as part of trade and other payables.

	2006	2005
Cash and cash equivalents	307,577	261,942
Bank overdrafts	- 8,322	- 82
	<u>299,255</u>	<u>261,860</u>

(in thousands of euros)	Note	2006	2005 ¹⁾
Cash flow from operating activities:			
Cash flow from operations	39	450,154	454,165
■ Corporate income tax paid		- 63,071	- 113,808
■ Interest paid		- 44,644	- 48,234
■ Interest received		12,581	9,974
■ Dividend received		6,935	5,023
		<u>- 88,199</u>	<u>- 147,045</u>
Cash flow from operating activities		361,955	307,120
Cash flow from investing activities:			
■ Investment in intangible assets	1	- 9,927	- 8,943
■ Investment in property, plant and equipment	3	- 234,397	- 268,052
■ Proceeds from disposals of investment property	27	21,347	80,024
■ Proceeds from disposals of property, plant and equipment	2	246	545
■ Acquisitions of subsidiaries and interests in joint ventures	40	- 19,292	- 14,378
■ Minority contributions of share capital to subsidiaries	17	-	250
■ New other loans	10	-	- 1,728
■ Repayments on other loans	10	38	-
■ New long leases purchased	9	- 3,993	-
■ Finance lease instalments received	9	2,737	2,737
		<u>- 243,241</u>	<u>- 209,545</u>
Cash flow from investing activities		- 243,241	- 209,545
Free cash flow		118,714	97,575
Cash flow from financing activities:			
■ New borrowings	18	9,136	67,002
■ Repayment of borrowings	18	- 21,604	- 80,264
■ Dividend paid	15	- 55,411	- 46,511
■ New long leases purchased	19	-	2,106
■ Finance lease instalments paid	19	- 13,242	- 14,256
		<u>- 81,121</u>	<u>- 71,923</u>
Cash flow from financing activities		- 81,121	- 71,923
Net cash flow		37,593	25,652
Opening balance of cash and cash equivalents	13	261,860	236,204
Net cash flow		37,593	25,652
Exchange differences	33	- 198	4
		<u>299,255</u>	<u>261,860</u>
Closing balance of cash and cash equivalents	13	299,255	261,860

¹⁾ Restated for comparison purposes

General information

NV Luchthaven Schiphol is a public limited liability company (NV – a large company within the meaning of the Netherlands Civil Code), based at Schiphol in the municipality of Haarlemmermeer. The address of the company's registered office is Evert van der Beekstraat 202, 1118 CP, Schiphol, Netherlands. NV Luchthaven Schiphol trades under the name of Schiphol Group.

Schiphol Group is an airport operator and, more particularly, an operator of AirportCities. It is our ambition to rank among the world's leading airport companies. The company's aim is to create sustainable value for its stakeholders by developing AirportCities and by positioning Amsterdam Airport Schiphol as the most prominent and efficient of transport hubs for air, rail and road links, offering its visitors and locally-based businesses all the services they require on a 24/7 basis.

At the Supervisory Board Meeting held on 14 February 2007, the Supervisory Board agreed the financial statements as prepared by the Board of Management. The Board of Management will present the financial statements for adoption to the General Meeting of Shareholders to be held on 12 April 2007.

Accounting policies

Set forth below are the accounting policies providing the basis of consolidation, valuation of assets, equity and liabilities and determination of results for Schiphol Group. These policies are in accordance with IFRS, as endorsed for use in the EU, and are applied consistently to all the information presented unless otherwise indicated.

All standards published by the IASB in finalised form have been endorsed in full by the EU without amendment except for IAS 39 Financial Instruments: Recognition and Measurement, certain requirements of which have not been adopted by the EU ('carve-out' version). This difference between 'IFRS' and 'IFRS as endorsed for use in the EU' has no practical implications for Schiphol Group.

New standards and amended standards that are mandatory with effect from 2006

The application of the IAS 19 (Amendment) Employee Benefits is mandatory with effect from the 2006 financial statements. Firstly, the amendment introduces a new, alternative method of recognising actuarial gains and losses. Schiphol Group will not be making use of this alternative method. Secondly, the amendment of the standard can lead to the recognition of a liability on the face of the balance sheet in the situation of a defined benefit plan where insufficient information is available to apply the proper method of accounting for defined benefit plans. Despite the fact that this situation applies to the pension scheme for Schiphol Group employees, the change to the standard will not lead to the recognition of a liability. Thirdly, the amended standard requires more detailed disclosures in the notes. This has been taken into account in the present financial statements.

The other amendments of existing standards and new standards (IAS 21, IAS 39, IFRS 1 and IFRS 4) and interpretations of existing standards (IFRS 6, IFRIC 4, IFRIC 5 and IFRIC 6) which are mandatory with effect from the 2006 financial statements are not relevant to Schiphol Group.

New standards and amended standards that are mandatory with effect from 2007

IFRS 7 Financial Instruments: Disclosures introduces new requirements for the disclosures relating to financial instruments, which also apply to Schiphol Group. Application of the standard is mandatory with effect from the 2007 financial statements. Schiphol Group has opted not to apply the standard ahead of time to 2006. The standard will, incidentally, have no implications for the classification and valuation of Schiphol Group's financial instruments.

IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal at year-end of impairment losses recognised in respect of certain assets in interim reports. Application of the interpretation is mandatory with effect from the 2007 financial statements. Schiphol Group has opted not to apply the interpretation ahead of time to 2006. The effect which this interpretation will have in the case of Schiphol Group is, however, not expected to be material.

Other new standards or interpretations of existing standards (IFRIC 7, IFRIC 8 and IFRIC 9) which become mandatory with effect from the 2007 financial statements are not relevant to Schiphol Group.

New standards and amended standards that are mandatory with effect from 2008 or later

IFRIC 12 Service Concession Arrangements is mandatory with effect from the 2008 financial year and IFRS 8 Operating Segments is mandatory with effect from the 2009 financial year. In the case of both standards, the possible implications for Schiphol Group are currently being examined. IFRIC 11 Group and Treasury Share Transactions is not relevant to Schiphol Group.

Where applicable, the statutory provisions relating to annual reporting contained in Part 9, Book 2, of the Netherlands Civil Code have also been complied with.

Schiphol Group adheres to the historical cost convention except for buildings and land in the investment property portfolio, derivative financial instruments and other financial interests, which are stated at fair value.

Consolidation

(a) General

Where necessary, appropriate adjustments are made to the accounting policies of subsidiaries, joint ventures and associates so that they comply with the Schiphol Group accounting policies.

(b) Subsidiaries

The financial information of NV Luchthaven Schiphol and its subsidiaries is fully consolidated. Subsidiaries are those companies in which NV Luchthaven Schiphol has control over operating and financial policy.

The share of the other shareholders in consolidated equity and consolidated results is presented in the balance sheet as minority interests (part of total equity) and in the profit and loss account as result attributable to minority interests.

(c) Joint ventures

The financial information of joint ventures is consolidated in proportion to the size of the interest. A joint venture is an activity performed by either a legal entity or a partnership in which there is contractually agreed sharing of control by a limited number of venturers, with decisions requiring their unanimous consent.

The results of subsidiaries and interests in joint ventures acquired in the course of the year are consolidated as from the date on which the company gains sole or joint control of them. The financial information relating to subsidiaries and interests in joint ventures disposed of in the course of the year continues to be included in the consolidation up to the date on which sole or joint control ceases.

(d) Associates

An associate is an entity over which the company has significant influence. Investments in associates are accounted for by applying the equity method, i.e. the investment is initially recognised at cost and adjusted thereafter for the company's post-acquisition share in the change in the associate's net assets. The carrying amount of these investments in associates includes the goodwill arising on their acquisition. The company's share in the results of associates over which the company has significant influence is recognised in the profit and loss account (share in results of associates). The cumulative changes in the net assets of associates are accounted for in proportion to the company's interest under the heading of investments in associates. The company ceases to recognise its share in the result of an associate in the profit and loss account and its share of the net asset value of that associate immediately if recognition would cause the carrying amount of the investment to become negative and the company has not entered into any commitments or made any payments on behalf of the associate. Investments in associates are accounted for as other financial interests with effect from the date on which the company ceases to have significant influence or control.

(e) Acquisition of subsidiaries, joint ventures and associates

An acquisition of a subsidiary, an interest in a joint venture or an investment in an associate is accounted for according to the purchase method. Under this method, the cost of such an acquisition is the aggregate of: the fair values of assets given, liabilities incurred or assumed and equity instruments issued plus any costs directly attributable to the acquisition. The identifiable assets, liabilities and contingent liabilities acquired are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the company's interest in the net fair value of the acquired assets, equity and liabilities is recognised as goodwill in the consolidated financial statements and included under intangible assets (in the case of subsidiaries and joint ventures) or as part of the carrying amount in the case of associates. If the net fair value exceeds cost, the difference is recognised immediately in the profit and loss account.

(f) Eliminations

Transactions between the company and its subsidiaries, associates and joint ventures are eliminated, in the case of joint ventures and associates in proportion to the company's interest in those entities, along with any unrealised gains and assets and liabilities arising out of them. Unrealised losses are also eliminated unless there are indications of impairment of the assets concerned.

Corporate profit and loss account

Use has been made of the option of presenting the corporate profit and loss account in abridged form provided by Section 402, Book 2, of the Netherlands Civil Code.

Cash flow statement

The cash flow statement has been prepared using the indirect method.

Segment information

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. Schiphol Group recognises four separate business segments (Business Areas), viz. Aviation, Consumers, Real Estate and Alliances & Participations. The Board of Management's direction of activities reflects this segmentation, as does the financial information received by the Board of Management for that purpose. Group overheads are apportioned to the business segments on the basis of their relative shares of Schiphol Group's assets, revenue and staff costs.

Since Schiphol Group's current activities are largely concentrated in the Netherlands, there is no geographical segmentation.

Foreign currency

(a) Functional currency and presentation currency

The primary economic environment of Schiphol Group is the Netherlands. Both the functional currency and the presentation currency of Schiphol Group therefore are the euro. Financial information is presented in thousands of euros unless otherwise indicated.

(b) Transactions, assets and liabilities

Transactions (investments, income and expenses) in foreign currencies are accounted for at the settlement rate of exchange. Monetary assets and liabilities (receivables, payables and cash) in foreign currencies are translated at the rate prevailing on the balance sheet date. The exchange differences arising on translation and on settlement of these items are recognised in the profit and loss account under financial income and expenses. The same applies to exchange differences on non-monetary assets and liabilities unless these items are included directly in equity, in which case the exchange differences are also accounted for in equity.

An exception to the above concerns exchange differences on financial instruments denominated in foreign currencies against which derivatives are held with the object of hedging exchange risks on future cash flows. The exchange differences on these financial instruments are recognised directly in shareholders' equity provided the hedge is determined to be highly effective. The ineffective portion is recognised in the profit and loss account under financial income and expenses.

(c) Subsidiaries, joint ventures and associates

Income and expenses denominated in foreign currencies are translated at average rates. Assets and equity and liabilities are translated at the rate prevailing on the balance sheet date. Goodwill and fair value adjustments arising on the acquisition of investments in associates are treated as assets and liabilities of the entity concerned and are likewise translated at the rate prevailing on the balance sheet date. Exchange differences arising on the translation of balance sheets and profit and loss accounts of subsidiaries, joint ventures and associates outside the eurozone are recognised directly in equity under the translation differences reserve. On disposal of subsidiaries, joint ventures and associates outside the eurozone, the accumulated translation differences initially recognised in the translation differences reserve are recognised in the profit and loss account as part of the result on disposal.

Intangible assets

Intangible assets relates to the cost of goodwill purchased from third parties and the cost of software.

Goodwill arising on the acquisition of subsidiaries and interests in joint ventures is included in intangible assets. Goodwill arising on the acquisition of investments in associates is included in the carrying amount of the investments concerned. Goodwill is initially recognised at cost, this being the difference between the cost of acquisition and the company's share in the fair value of the acquired assets and liabilities. The carrying amount of goodwill is subsequently reduced by accumulated impairment losses. Goodwill is not amortised. The above impairment losses are identified by an impairment test performed annually, comparing the carrying amount with the recoverable amount. In order to perform this test, goodwill is allocated to the cash-generating unit (subsidiary, joint venture or associate) to which it relates. This allocation is described in greater detail in the note to the balance sheet item of intangible assets. Reversal of goodwill impairment losses is not permitted.

Software concerns both purchased and internally developed software. In the case of internally developed software, both internal and external hours involved in the development and implementation stages of ICT projects are capitalised according to records of hours charged. Internal and external hours charged in the initiative and definition stages are not capitalised. Software is amortised on a straight-line basis over its useful life.

Assets under construction or development

All capital expenditure except for that relating to intangible assets is initially recognised as assets under construction or development, falling into one of two categories:

- assets under construction for operating activities; and
- assets under construction or development as future investment property.

Assets under construction or development are carried at historical cost including:

- interest during construction in the case of major capital projects, i.e. interest payable to third parties on borrowed capital attributable to the project; and
- hours charged at cost to capital projects by Schiphol Group employees during the construction stage.

Assets under construction or development are not depreciated, although it may be necessary to recognise impairment losses.

On completion or commissioning, the assets are transferred to either investment property (at fair value) or assets used for operating activities (at historical cost). In the latter case, straight-line depreciation charged to the profit and loss account commences on the same date. The criteria for the recognition of initial capital expenditure as assets used for operating activities, as well as the addition of subsequent expenditure to existing assets, are that it is probable that future economic benefits will flow to the company and the amount can be measured reliably. For the other accounting policies relating to investment property, reference is made to the separate note under this heading.

Assets used for operating activities

Assets used for operating activities include runways, taxiways, aprons, car parks, roads, buildings, installations and other assets. These assets are carried at historical cost less investment grants received, straight-line depreciation and impairment losses.

Assets used for operating activities, with the exception of land, are depreciated by the straight-line method over the useful life of the assets concerned, which depends on the nature of the asset and the components into which each asset can be divided for depreciation purposes. Useful lives and residual values are reappraised each year-end.

The net result on the disposal of assets used for operating activities is recognised in the profit and loss account as part of revenue from other activities.

Depreciation and amortisation

The intangible assets and assets used for operating activities are amortised and depreciated on a straight-line basis according to the schedule below, depending in part on the nature of the asset. Goodwill is not amortised and no depreciation is charged on investment property, assets under construction or land.

The amortisation and depreciation periods applied by Schiphol Group are as follows:

Intangible assets

- ICT hours charged to application development 3 years
- Software licences 3 years

Assets used for operating activities

- Runways and taxiways 15-60 years
- Aprons 30-60 years
- Paved areas etc.
 - Car parks 30 years
 - Roads 30 years
 - Tunnels and viaducts 40 years
 - Drainage systems 20-40 years
- Buildings 20-40 years
- Installations 5-30 years
- Other assets 3-20 years

Impairment

The carrying amounts of non-current assets are periodically compared with their recoverable amounts if there are indications of impairment. In the case of goodwill, the impairment test is performed annually, regardless of any such indications. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The above test is performed at cash-generating unit level.

If the recoverable amount is lower than the carrying amount, the difference is recognised as an impairment loss in the profit and loss account and the carrying amount of the asset is reduced by the same amount. Also, where applicable, the straight-line depreciation over the remaining useful life of the asset concerned is adjusted accordingly. In certain circumstances, it may also be appropriate to reverse an impairment loss. Reversal of impairment losses on goodwill, however, is not permitted.

Investment property

While still included in assets under construction or development, investment property is carried at cost. On completion, however, it is transferred, at internally appraised fair value, to investment property, the difference between fair value and cost being recognised in the profit and loss account under fair value gains and losses on property at that time. Property purchased from outside the Group is initially recognised at cost, including transaction costs. Expenditure after property has been commissioned is capitalised if it can be measured reliably and it is probable that future economic benefits will flow to the Group. Other expenditure is recognised immediately in the profit and loss account.

The buildings classified as investment property are carried at fair value, i.e. their market value as let property. At least 50% of the properties in the portfolio are appraised each year by independent surveyors, the remaining properties being appraised internally. This means that each property is independently appraised at least once every two years. To prevent double counting, the fair value of investment property as presented in the balance sheet takes account of the lease incentives included in the balance sheet.

Land in the investment property portfolio is also carried at fair value, subject to internal appraisal only. The market value of land leased out on a long lease is calculated by discounting the value of the future annual ground rents under the contracts concerned (DCF method), using a discount rate based on the interest rate on Dutch government bonds plus a risk mark-up.

In view of the long-term nature of the contracts, the use to which the land will be put on expiry of the lease is uncertain. A reliable measurement of residual values is therefore only possible where the lease expires within 20 years. No residual value is recognised in the case of contracts where the lease has longer than 20 years to run.

Fair value gains and losses on investment property are recognised in the profit and loss account in the year in which the change occurs. On disposal of assets, realised gains or losses, i.e. differences between carrying amount and net selling price, are taken to the profit and loss account.

Investment property is not depreciated.

Deferred tax

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amount of assets and liabilities according to tax rules and according to the accounting policies used in preparing these financial statements.

Deferred tax assets, including those arising from tax loss carry-forwards, are recognised when it is probable that there will be sufficient future taxable profits against which tax losses can be set off, allowing the assets to be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except to the extent that Schiphol Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets and liabilities are calculated at the tax rates expected to be applicable to the period in which an asset is realised or a liability is settled, based on the tax rates (and tax legislation) in respect of which the legislative process has been concluded (or materially so) on the balance sheet date.

Leases

(a) Classification

Assets where the company or one of its subsidiaries has economic ownership under a lease contract are classified as finance leases. The company, or a subsidiary, has economic ownership if substantially all the risks and rewards incidental to ownership are transferred to it. Contracts where economic ownership remains with third parties are classified as operating leases. Whether a lease is a finance lease or an operating lease depends on the economic reality (substance of the transaction rather than the form of the contract).

(b) Schiphol Group as lessee in a finance lease

These assets are recognised as either assets used for operating activities or investment property. The borrowings associated with such lease contracts are accounted for as lease liabilities. The assets and liabilities concerned are initially recognised at the lower of the amount equal to the fair value of the leased assets and the present value of the minimum lease payments at the inception of the lease. The assets are depreciated, using a method consistent with that used for identical assets owned by the company. The depreciation period may be shorter if the lease term is shorter, if it cannot be extended and if ownership will not be obtained. The lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to present a constant periodic effective rate of interest on the remaining balance.

(c) Schiphol Group as lessee in an operating lease

In the case of leases where economic ownership is in the hands of third parties, recognition is restricted to presenting the lease payments in equal instalments, allowing for lease incentives, as expenses in the profit and loss account. In the case of prepaid ground rents, the amount paid to acquire the leasehold is included as a lease asset in the balance sheet and recognised as an expense in the profit and loss account in equal instalments over the lease term.

(d) Schiphol Group as lessor in a finance lease

Assets leased out on a contract that qualifies as a finance lease are included in the balance sheet as a lease receivable and carried at the present value of the minimum lease payments receivable at the inception of the lease. The lease payments receivable are apportioned between the finance income and the reduction of the outstanding receivable so as to present a constant periodic effective rate of interest on the remaining balance.

(e) Schiphol Group as lessor in an operating lease

Assets leased out on a contract that qualifies as an operating lease are recognised in the balance sheet and accounted for according to the type of asset. The lease payments receivable under such leases are recognised as income in equal instalments, allowing for lease incentives, in the profit and loss account. In the case of prepaid ground rents, the amount paid to acquire the leasehold is included as a lease liability in the balance sheet and recognised as income in the profit and loss account in equal instalments over the lease term.

Loans to associates and other loans

Loans to associates and other loans are recognised initially at cost, representing the fair value of the loans granted. Transaction costs are deducted from this amount. Loans to associates and other loans are subsequently carried at amortised cost, with differences between the redemption value and the fair value less transaction costs at the time of issue amortised over the remaining term to maturity using the effective interest method.

Other financial interests

In the case of other financial interests, the company has neither control nor significant influence. This generally concerns interests of less than 20%. Such interests are carried at fair value, derived from quoted share prices or, if the entity is not listed, other valuation methods. If it is not possible to estimate the fair value reliably using valuation methods, owing to a lack of information or up-to-date information, other investments are carried at cost. Movements in the fair value of these other financial interests are recognised in the reserve for other financial interests included in equity in the year in which the movement occurs. The dividend received from these interests and, in the event of disposal of such interests, the difference between net selling price and carrying amount are recognised in the profit and loss account in financial income and expenses.

Derivatives

The company makes use of derivative financial instruments exclusively to hedge the risk of changes in future cash flows connected with periodic interest payments and repayments on loans as a result of movements in market interest rates and exchange rates. The instruments used to hedge these risks are interest rate swaps, interest rate caps and currency swaps. In view of their specific use, hedge accounting is applicable in the case of all these hedging instruments, with all the hedging transactions being treated as cash flow hedges.

Derivatives are initially recognised at cost and subsequently carried at fair value, based either on quoted prices or a model for valuing derivative financial instruments. Movements in the fair value are recognised in the reserve for hedging transactions (part of equity), provided the hedge is highly effective. The ineffective portion of the hedges is recognised in the profit and loss account under financial income and expenses.

At the inception of a hedge, the contract is formally documented. The parameters (maturity, face value and so on) of the underlying instrument and the hedge will correspond exactly. The effectiveness of hedging transactions is nevertheless measured periodically to determine whether the hedge has been effective over the preceding period and whether it is probable that it will be effective over the period ahead.

If a hedging instrument expires or is sold, ends or is exercised or the hedge ceases to satisfy the hedge accounting criteria, hedge accounting is discontinued immediately. The fair value gains and losses accumulated up to that date continue to be carried in the hedging transactions reserve and are subsequently recognised in the profit and loss account simultaneously with the realisation of the hedged cash flow.

Assets held for sale

Non-current assets are presented as held for sale if it is clear that the carrying amount will be recovered principally through sale. Land falling into this category is carried at the lower of cost and fair value less costs to sell. The historical cost also includes the costs associated with acquiring the land and site preparation costs. Investment property which from the outset is intended to be sold is also accounted for as being held for sale. Assets held for sale are not depreciated.

Trade and other receivables

Trade and other receivables are included at fair value, normally face value, less a provision for credit risks. Amounts added to and released from this provision are recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents comprise current account credit balances with banks and deposits with original maturities of less than three months. Bank overdrafts are accounted for in trade and other payables. Cash and cash equivalents are carried at fair value, which is normally the same as face value.

Equity

(a) Issued share capital

Issued share capital comprises amounts paid in on issued shares.

(b) Retained profits

Retained profits refers to net results (i.e. that part of the result which is attributable to shareholders) accumulated in previous years.

(c) Other reserves

Other reserves comprise the reserve for hedging transactions, the reserve for other financial interests and the reserve for translation differences.

The reserve for other financial interests is increased or reduced in respect of movements in the fair value of Schiphol Group's other financial interests. On disposal of other financial interests the accumulated fair value gains and losses are recognised in the profit and loss account as part of the result on disposal.

The policies with respect to the reserve for hedging transactions are discussed under the heading of derivatives. The policies with respect to the reserve for translation differences are discussed under (c) under the heading of foreign currency.

Borrowings

This item relates to bonds, private placements and bank loans. Borrowings are initially carried at cost, i.e. the amount raised, allowing for any premium or discount and net of transaction costs. Subsequently borrowings are carried at amortised cost, with differences between the redemption value and the fair value less transaction costs at the time of issue amortised over the remaining term to maturity using the effective interest method.

Borrowings expected to be repaid within twelve months of balance sheet date are presented under current liabilities.

Employee benefits

There are four categories of employee benefits:

- a) short-term employee benefits;
- b) post-employment benefits;
- c) other long-term employee benefits; and
- d) termination benefits.

Definitions of these categories and brief descriptions of the Schiphol Group employee benefits falling into them are given below.

(a) Short-term employee benefits

Short-term employee benefits are benefits payable for current employees within twelve months of the end of the year in which the service is rendered. Within Schiphol Group, this category includes wages and salaries (including paid annual leave and holiday allowances) and other fixed and variable allowances, social security contributions, paid sick leave, profit sharing and variable remuneration components (other than long-term bonuses). The costs in respect of these employee benefits are recognised in the profit and loss account at the time when the service is rendered or the rights to benefits are accrued (e.g. holiday entitlements).

(b) Post-employment benefits

This category of benefits covers employee benefits that may be due following termination of employment. They include pensions and other retirement benefits, job-related early retirement benefit, payment of healthcare insurance costs for pensioners and supplementary incapacity benefit.

Schiphol Group's pension scheme is administered by ABP. The pension scheme is treated as a group scheme involving more than one employer. Based on the formal terms of the pension scheme, it qualifies as a defined benefit plan. However, Schiphol Group does not have access to sufficient information to apply the proper method of accounting for defined benefit plans. According to information from ABP, ABP is currently not in a position to supply the information necessary in order to account for the pension scheme as a defined benefit plan. Consequently, the scheme is provisionally accounted for as a defined contribution plan.

Accordingly, in measuring the obligations arising from the pension scheme, Schiphol Group merely recognises the pension contributions payable as an expense in the profit and loss account.

For the defined benefit pension schemes of several subsidiaries and joint ventures, however, the information needed in order to account for a defined benefit plan is available. In those cases, a net asset or liability is recognised in the balance sheet, comprising:

1. the present value of the defined benefit obligation at the balance sheet date measured using the projected unit credit method, under which the present value of the pension obligations is determined on the basis of the number of active years of service prior to the balance sheet date, the estimated salary level at the expected date of retirement and the market interest rate;
2. plus any actuarial gains (less any actuarial losses) not yet recognised in the profit and loss account. Actuarial gains and losses are not recognised in the profit and loss account unless the total amount of the accumulated gains and losses falls outside a band of 10% of the higher of the maximum obligation under the scheme and the fair value of the associated investments. That part which falls outside the band is credited or debited to the profit and loss account over the remaining years of service of the plan members (corridor approach);
3. minus any past service cost not yet recognised. If, owing to changes in the pension schemes, the expected obligations based on future salary levels with respect to prior years of service (past service

costs) increase, the amount of the increase is not recognised in full in the period in which the rights are granted but is charged to the profit and loss account over the remaining years of service; and

4. minus the fair value at the balance sheet date of plan assets (if any) out of which the obligations are to be settled directly.

The other provisions for employee benefits falling into this category (job-related early retirement benefit, payment of healthcare insurance costs for pensioners and supplementary incapacity benefit) are also calculated according to actuarial principles and accounted for using the method as described under 1–4 above.

(c) Other long-term employee benefits

This category concerns employee benefits payable twelve months or more after the end of the period in which the service is rendered by the employee. At Schiphol Group, this includes long-term bonuses for the members of the Board of Management and senior executives in charge of corporate staff departments and the business areas, long-service bonuses, supplementary income for employees in receipt of incapacity benefit (long-term paid sick leave) and paid sabbatical leave.

The long-term bonus is a performance-related remuneration component which is conditional on the executives concerned having satisfied certain performance criteria (economic profit) cumulatively over a period of three years (the reference period) from the time of award of the bonus. Payment is only made if the executive is still employed by the company at the end of that period. If it is mutually agreed that the contract of employment should be ended, the award is made pro rata. At each year-end, an estimate is made of the bonus payable at the end of the three-year period. During the reference period a pro rata part thereof is charged each year to the result for the relevant year.

The expected costs of supplementary income for employees in receipt of incapacity benefit are recognised in full in the profit and loss account effective on the date on which an employee is declared wholly or partially incapacitated. A provision for paid sabbatical leave entitlements is recognised in the balance sheet, the costs being accounted for in the year in which the leave entitlements are granted.

The long-service bonus provisions are recognised at the present value of the obligation. Other long-term employee benefit obligations are not discounted.

(d) Termination benefits

Termination benefits are employee benefits payable as a result of either a decision by Schiphol Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. The scheme supplementing the statutory amount of unemployment benefit is an example of a termination benefit. The costs are recognised in full in the profit and loss account as soon as such a decision is taken.

Termination benefits are recognised at the present value of the obligation.

Other provisions

Provisions are made for legally enforceable or constructive obligations existing on the balance sheet date when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Other provisions are included at the present value of the obligation, if the effect of the time value of money is material.

Trade and other payables

Trade and other payables are carried at fair value, which is normally the same as face value.

Revenue

Schiphol Group's activities generate revenues (airport charges, concessions, rents & leases and parking fees) which very largely qualify as income from the supply of services. This income is recognised in proportion to the service performed as at balance sheet date and to the extent that the result can be reliably estimated.

Revenue represents the income from the supply of services less discounts and value added tax. Costs are recognised in the profit and loss account in the year in which the related revenue is recognised.

Financial income and expenses

Interest income and expense is recognised on a time proportion basis that takes into account the effective yield on the asset. Royalties are recognised on an accrual basis. Dividends are recognised when Schiphol Group's right to receive payment is established.

Earnings per share

The undiluted earnings per share are calculated by dividing the profit attributable to holders of ordinary shares by the weighted average number of ordinary shares in issue during the year. The diluted earnings per share are in fact equal to the undiluted earnings per share since there are currently no shares to be issued, in connection with options or convertible bonds, that could potentially lead to dilution of the earnings per share.

Judgement regarding application of accounting policies

The preceding pages provide a comprehensive description of Schiphol Group's accounting policies. In certain situations, management's judgement will be decisive in determining the way in which the accounting policies are applied. This is particularly true of the following.

Control, joint control and significant influence

Control is the power to govern an entity's financial and operating policies so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). The existence of a contractual arrangement distinguishes interests that involve joint control from investments in associates in which the investor has significant influence. Activities that have no contractual arrangement to establish joint control are not joint ventures. The contractual arrangement establishes joint control over the joint venture. Such a requirement ensures that no single venturer is in a position to control the activity unilaterally.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. If an investor holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds, directly or indirectly (e.g. through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event. In assessing whether potential voting rights contribute to control, Schiphol Group examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential voting rights, except the intention of management and the financial ability to exercise or convert.

Distinction between assets used for operating activities and investment property

Investment property is distinguished from operating property on the basis of the following criteria:

- investment property is held to earn rentals, for growth or for a combination of the two;
- investment property generates cash flows that are largely independent of the other assets held by the company.

The above assessment is made for each individual property.

Some properties comprise a portion that is used for operating activities and another portion that is investment property. If these portions could be sold separately or leased out separately, the portions are accounted for separately as assets used for operating activities and as investment property. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in connection with operating activities.

Investment property does not include property for immediate or future use by the company or property under construction or development intended for future use as investment property.

Key assumptions and estimates

In applying the accounting policies, management in some cases inevitably has to make use of estimates and assumptions that could affect the amounts presented, the disclosures and the other information contained in the financial statements. Actual figures may differ from the estimates and assumptions used. This is particularly true of the following.

Impairment of goodwill and other non-current assets

Impairment tests are performed on non-current assets comparing their carrying amounts with the recoverable amounts, should there be evidence of impairment. For non-current assets where the carrying amount is not amortised (goodwill), an impairment test is performed at least once a year. The need to recognise an impairment loss may be indicated if, in management's estimation, there has been, for example, a more rapid decline in the market value of an asset than would result from the passage of time or normal use, a significant change in the use of an asset or in the business strategy, performance falling well below forecast levels, a significant deterioration in the sector or in the economy as a whole, accelerated obsolescence of an asset or damage to an asset. It is also possible for circumstances, in management's estimation, to indicate the need to reverse a previously recognised impairment loss. Reversal of impairment losses on goodwill, however, is not permitted.

Deciding whether impairment losses should indeed be recognised, or reversed, in the above circumstances involves determining the recoverable amount. To do this, management makes use of estimates and assumptions with regard to defining cash-flow-generating units, the future cash flows and the discount rate. The assessments underpinning such estimates and assumptions may differ from year to year, depending on the state of the economy, market conditions, changes in the business or regulatory environment or other factors outside the company's control. If the projected recoverable amounts need revising, it may be necessary to recognise impairment losses or (except in the case of goodwill) to reverse existing impairment losses.

Useful life and residual value of assets used for operating activities

Assets used for operating activities constitute a significant part of the company's total assets and the scheduled straight-line depreciation charges form a significant part of the annual operating expenses. The useful lives and residual values arrived at on the basis of management's estimates and assumptions have a major impact on the valuation of assets used for operating activities. The useful life of assets used for operating activities is estimated on the basis of design life, experience with similar assets, an asset's maintenance history and the period for which economic benefits will flow to Schiphol Group from the operation of the asset. Existing estimates and assumptions are reviewed each year-end for any changes warranting adjustment of an asset's useful life and/or residual value. Such adjustments are applied prospectively.

Valuation of investment property at fair value

As previously mentioned, the annual measurement of the fair value of part of the investment property portfolio depends on internal appraisal and, in that context, the following estimates and assumptions are important. The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, Schiphol Group determines the amount within a range of reasonable fair value estimates. In making its judgement, Schiphol Group considers information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessment of the uncertainty in the amount and timing of the cash flows.

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rents, expected future market rentals, vacancy levels, maintenance requirements and appropriate discount rates. These valuations are regularly compared with actual market yield data and actual transactions by Schiphol Group and those reported by the market.

Deferred tax assets

Deferred tax assets, including tax loss carry-forwards, are recognised if it is probable that sufficient taxable profits will be available in the future against which the losses can be set, enabling the deferred tax assets to be utilised. In its assessment of this probability, management makes use of estimates and assumptions which also affect the carrying amount of the asset.

Actuarial assumptions with regard to employee benefit provisions

Provisions relating to employee benefit schemes as well as the net assets or liabilities in respect of pension schemes of associates are measured actuarially, based on assumptions relating to future trends in pay levels, mortality rates, staff turnover, returns on plan assets and other factors. Changes in these estimates and assumptions can result in actuarial gains and losses which, if they fall outside a band of 10% of the greater of the obligations under the plan and the fair value of the plan assets, are credited or debited to the profit and loss account over the average remaining years of service of the plan members (corridor approach).

Assets and liabilities with regard to claims and disputes

A receivable in respect of a claim or dispute is recognised in the balance sheet as soon as there is a high degree of certainty that an inflow of resources embodying economic benefits will occur. If such an inflow of resources is merely probable, the receivable is disclosed in the notes as a contingent asset. A provision is recognised for present obligations when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent obligations are disclosed in the note on contingent assets and liabilities.

Management periodically reviews all claims and disputes. The outcome of this review determines which claims and disputes should give rise to the recognition of assets or liabilities and which merely require disclosure as contingent assets or obligations. Where an asset or liability is recognised, estimating the probability and amount of any inflow or outflow of resources to a large extent involves arbitrary decisions. In arriving at these decisions, management also draws on legal opinion.

Financial risk management

Financial risk factors

The activities of Schiphol Group expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The financial risk management programme (which is part of the overall Schiphol Group Risk Management Programme) focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Schiphol Group's financial performance. Schiphol Group uses derivative financial instruments to hedge certain risk exposures. Financial risk management is carried out by a central treasury department (Corporate Treasury) under policies approved by the Board of Management. The Board provides written guidelines for financial risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing cash surpluses.

Market risk

Market risk includes three types of risk: currency risk, price risk and interest rate risk.

(a) Currency risk

Currency risk arises when future commercial transactions, recognised assets and liabilities and net investments in operations in countries outside the eurozone are denominated in a currency that is not the entity's functional currency, which for Schiphol Group is the euro. Schiphol Group operates internationally and faces currency risk from various currency exposures, primarily with respect to the Japanese yen (borrowings), US dollar (net investments in non-eurozone operations and borrowings) and the Australian dollar (net investments in non-eurozone operations). To manage currency risk on its borrowings Schiphol Group uses forward contracts. The Group's financial risk management policy is to hedge close to 100% of anticipated cash flows. Schiphol Group has certain strategic investments in non-eurozone operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of Schiphol Group's non-eurozone operations is not hedged, except in the case of the redeemable preference shares of Brisbane Airport Corporation Holdings Pty Ltd held by Schiphol Group.

Corporate Treasury is responsible for managing the net position in each foreign currency by using external forward currency contracts.

(b) Price risk

Price risk concerns the risk that the value of assets and liabilities will fluctuate as a result of changes in market prices. The main price risk to which Schiphol Group is exposed is that relating to buildings and land, presented by Schiphol Group as investment property and measured at fair value. This fair value is affected by developments in supply and demand and in interest rates. Schiphol Group also holds shares (presented at fair value in other financial interests) on which there is also a price risk.

(c) Interest rate risk

Interest rate risk is divided into fair value interest rate risk and cash flow interest rate risk.

Fair value interest rate risk

Fair value interest rate risk concerns the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Schiphol Group has no significant financial assets with an exposure to fair value interest rate risk. Debt issued at fixed rates exposes Schiphol Group to fair value interest rate risk. It is Schiphol Group's policy to contract at least 75% of its debt at a fixed interest rate, if necessary making use of derivatives. However, at the same time, it is management's intention that loans should be held to maturity. They are therefore recognised at amortised cost. As a consequence, neither the financial position nor results are materially affected by interim fair value fluctuations.

Cash flow interest rate risk

Cash flow interest rate risk concerns the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Schiphol Group has no significant financial assets other than its cash and cash equivalents with an exposure to cash flow interest rate risk. The cash flow interest rate risk to which Schiphol Group is exposed arises from floating-rate long-term debt. The exposure is restricted by Schiphol Group's policy of contracting a maximum 25% of its debt at a floating rate, if necessary making use of derivatives. Schiphol Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting debt from floating rates to fixed rates. Under the interest rate swaps, Schiphol Group agrees with counterparties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk concerns the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Counterparties of Schiphol Group for both derivative and cash transactions are limited to financial institutions with high credit ratings. Schiphol Group assesses the creditworthiness of parties before it provides its services. Depending on the assessment outcome, some form of security may be demanded (such as bank guarantees or security deposit) to limit counterparty risk.

Liquidity risk

Liquidity risk concerns the risk that Schiphol Group will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of adequate funding, in the form of agreed (preferably committed) credit facilities and the EMTN programme. It is also an aim of Schiphol Group's financing policy to minimise the refinancing risk.

The remaining terms of the net liabilities in respect of lease contracts, borrowings and derivative financial instruments as at the balance sheet date can be analysed as follows:

(in thousands of euros)	Total	> 1 year but			
		≤ 1 year	> 1 year	≤ 5 years	> 5 years
Borrowings	769,597	116,860	652,737	282,157	370,580
Finance lease liabilities	128,274	3,247	125,027	15,670	109,357
Finance lease receivables	- 12,134	- 1,363	- 10,771	- 7,471	- 3,300
Derivative financial instrument liabilities	56,889	40,858	16,031	16,031	-
Derivative financial instrument receivables	- 459	-	- 459	- 459	-
	942,167	159,602	782,565	305,928	476,637

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by Schiphol Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Schiphol Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. The face values of trade payables and trade receivables (less estimated credit adjustments) are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Schiphol Group for similar financial instruments.

Segment Information

Schiphol Group recognises four separate areas of business, namely Aviation, Consumers, Real Estate and Alliances & Participations.

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances & participations	2005 ^{*)}
Profit and loss account					
Total revenue	591,942	232,297	206,247	90,900	1,121,386
Elimination of internal revenue	- 19,414	- 25,010	- 101,958	- 27,437	- 173,819
Revenue	572,528	207,287	104,289	63,463	947,567
Fair value gains and losses on investment property	-	-	11,375	1,002	12,377
Depreciation and amortisation	- 115,148	- 14,873	- 22,995	- 8,787	- 161,803
Impairment	-	-	- 588	- 4,315	- 4,903
Other non-monetary expenses	- 2,032	- 2,275	- 3,330	- 2,713	- 10,350
Operating result	99,224	124,623	78,542	8,598	310,987
Share in results of associates**	-	-	- 3,619	8,156	4,537
Balance sheet					
Total assets	1,972,615	298,963	1,207,811	201,986	3,681,375
Total non-current assets (excluding corporate income tax)	1,711,611	209,910	1,154,822	173,055	3,249,398
Investments in associates and other financial interests	-	-	6,237	24,308	30,545
Total liabilities (excluding corporate income tax)	691,321	65,166	475,551	93,872	1,325,910
Capital expenditure	186,924	16,306	49,860	23,905	276,995

^{*)} Restated for comparison purposes.

The Aviation business area is Amsterdam Airport Schiphol. Aviation provides services and facilities to airlines, passengers and handling agents. The Netherlands Competition Authority (NMa) regulates the charges which are levied and sets limits on the returns generated.

The activities of the Consumers business area concern the granting of concessions for airport shopping and cafe, bar and restaurant facilities, independent operation of car parks and the marketing of advertising opportunities at Amsterdam Airport Schiphol. Consumers also has activities outside the Netherlands concerned with retail activity management contracts.

The Real Estate business area develops, manages, operates and invests in property at and around airports at home and abroad. The greater part of the portfolio, comprising both airport buildings and commercial properties together with the land they stand on is located on and around Amsterdam Airport Schiphol.

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances & participations	2006
Profit and loss account					
Total revenue	641,399	232,314	157,724	91,645	1,123,082
Elimination of internal revenue	- 10,471	- 1,842	- 48,636	- 25,428	- 86,377
Revenue	630,928	230,472	109,088	66,217	1,036,705
Fair value gains and losses on investment property	-	-	28,303	267	28,570
Depreciation and amortisation	- 116,936	- 14,340	- 19,246	- 10,249	- 160,771
Impairment	-	-	-	- 982	- 982
Other non-monetary expenses	- 20,726	- 248	- 341	- 94	- 21,409
Operating result	73,240	136,487	101,024	5,652	316,403
Share in results of associates**	1,311	-	4,198	10,915	16,424
Balance sheet					
Total assets	2,188,209	241,738	1,505,203	229,442	4,164,592
Total non-current assets (excluding corporate income tax)	1,785,478	197,247	1,228,176	187,214	3,398,115
Investments in associates and other financial interests	2,573	25	34,170	24,510	61,278
Total liabilities (excluding corporate income tax)	672,743	46,450	520,604	108,912	1,348,709
Capital expenditure	173,370	12,269	68,758	5,627	260,024

^{**)} The share in results of associates shown here is the sum of the share in results of associates presented as such in the profit and loss account and the share of interest income and dividends presented as part of financial income and expenses that is attributable to investments in associates and other financial interests.

The task of the Alliances & Participations business area is to roll out and market the AirportCity business format internationally. Alliances & Participations is also responsible for managing the regional airports in the Netherlands and the Schiphol Group interests in airports abroad and Utilities.

Information relating to alliances specifically associated with a particular business area is presented under the business area of Aviation, Consumers or Real Estate. The information relating to other alliances is presented under the Alliances & Participations business area. Group overheads are apportioned to the business segments on the basis of their relative shares of Schiphol Group's assets, revenue and staff costs.

Since Schiphol Group's current activities are largely concentrated in the Netherlands (99.3% of the consolidated revenue in 2006), there is no geographical segmentation.

Notes to the Consolidated Balance Sheet

1. Intangible assets

The analysis and movements were as follows:

(in thousands of euros)	Automated application		Software	Software under	Total
	Goodwill	development	licences	development	
Analysis as at 31 December 2004					
Cost	2,096	1,435	442	3,278	7,251
Cumulative amortisation and impairment	- 940	- 271	- 88	-	- 1,299
Carrying amount	1,156	1,164	354	3,278	5,952
Movements in 2005					
Additions	-	-	-	8,943	8,943
Completions	-	4,668	1,813	- 6,481	-
Acquisitions	5,502	-	-	-	5,502
Amortisation	-	- 1,647	- 622	-	- 2,269
Impairment	- 307	-	-	-	- 307
Reclassification	-	-	43	-	43
Total movements in the year	5,195	3,021	1,234	2,462	11,912
Analysis as at 31 December 2005					
Cost	7,598	6,103	2,298	5,740	21,739
Cumulative amortisation and impairment	- 1,247	- 1,918	- 709	-	- 3,874
Carrying amount	6,351	4,185	1,589	5,740	17,865
Movements in 2006					
Additions	-	-	-	9,927	9,927
Completions	- 7	6,542	3,547	- 10,082	-
Acquisitions	-	-	38	-	38
Amortisation	-	- 3,306	- 1,854	-	- 5,160
Reclassification	-	- 153	421	-	268
Total movements in the year	- 7	3,083	2,152	- 155	5,073
Analysis as at 31 December 2006					
Cost	7,591	12,474	6,304	5,585	31,954
Cumulative amortisation and impairment	- 1,247	- 5,206	- 2,563	-	- 9,016
Carrying amount	6,344	7,268	3,741	5,585	22,938

The goodwill recognised as at 31 December 2006 consists of an amount of EUR 0.8 million that relates to Schiphol Telematics BV and an amount of EUR 5.5 million that relates to Villa Carmen BV.

Schiphol Group acquired an additional interest of 16.66% in Schiphol Telematics BV in 2001. At year-end 2006, an impairment test was performed on the carrying amount of the related goodwill, comparing it with the value in use of the related cash-generating unit (Schiphol Telematics BV) calculated on the basis of information taken from its 2007–2009 business plan using a discount rate of 6.7%. The test did not indicate any need to recognise an impairment loss.

Malpensa Real Estate II BV (MRE II BV, a subsidiary of Schiphol Group) acquired an interest of 47.44% in Villa Carmen BV in 2005. The goodwill this created is derived from the appreciation of the land contributed by MRE II BV on acquisition of its share. On the basis of a recent external appraisal of the Villa Carmen BV real estate project in its entirety, the fair value of the land increased in 2006 so there was no cause to recognise an impairment loss on the goodwill.

The impairment loss of EUR 0.3 million recognised in 2005 concerns the food and beverage facilities taken over by Rotterdam Airport BV in 2002.

Automated application development relates to internal and external hours charged to ICT projects in the implementation and completion phases. Software licences relates to third-party packages.

2. Assets used for operating activities

The analysis and movements were as follows:

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
Analysis as at 31 december 2004						
Cost	544,379	497,790	925,660	1,046,641	235,945	3,250,415
Cumulative depreciation and impairment	- 193,666	- 95,507	- 310,214	- 491,984	- 135,901	- 1,227,272
Carrying amount	350,713	402,283	615,446	554,657	100,044	2,023,143
Movements in 2005						
Completions	40,107	31,873	143,915	83,612	21,721	321,228
Depreciation	- 17,563	- 9,419	- 32,601	- 70,980	- 22,266	- 152,829
Impairment	- 229	300	- 1,138	- 626	- 77	- 1,770
Sales	-	-	- 4,891	- 1,008	- 584	- 6,483
Disposals	295	- 722	- 3,156	- 3,013	- 110	- 6,706
Reclassification	-	- 847	- 1	175	- 249	- 922
Transferred to property under construction	-	- 242	-	- 44	-	- 286
Exchange differences	-	-	-	-	13	13
Total movements in the year	22,610	20,943	102,128	8,116	- 1,552	152,245
Analysis as at 31 december 2005						
Cost	564,332	527,991	1,056,266	1,109,159	268,480	3,526,228
Cumulative depreciation and impairment	- 191,009	- 104,765	- 338,692	- 546,386	- 169,988	- 1,350,840
Carrying amount	373,323	423,226	717,574	562,773	98,492	2,175,388
Movements in 2006						
Completions	26,292	7,095	- 58,616	49,324	19,970	44,065
Depreciation	- 19,580	- 9,527	- 29,208	- 72,011	- 23,241	- 153,567
Impairment	-	- 22	-	- 751	- 147	- 920
Sales	-	- 39	-	-	- 58	- 97
Acquisitions	-	-	-	9,718	544	10,262
Changes in the consolidation	-	-	-	- 3,774	-	- 3,774
Disposals	- 1,066	- 348	- 117	- 392	- 121	- 2,044
Reclassification	3,109	- 2,037	364	- 1,362	- 742	- 668
Exchange differences	-	-	-	-	- 5	- 5
Total movements in the year	8,755	- 4,878	- 87,577	- 19,248	- 3,800	- 106,748
Analysis as at 31 december 2006						
Cost	591,097	531,959	997,140	1,153,117	269,678	3,542,991
Cumulative depreciation and impairment	- 209,018	- 113,612	- 367,143	- 609,592	- 174,986	- 1,474,351
Carrying amount	382,079	418,347	629,997	543,525	94,692	2,068,640

Included under the heading of buildings in the assets used for operating activities is an amount of EUR 43.9 million relating to the carrying amount of assets (P1 car park/walkway) to which the company does not have legal title (finance lease). The related liabilities are included in lease liabilities.

For an explanation of the impairment losses, see note 32 in the notes to the consolidated profit and loss account.

3. Assets under construction or development

The analysis and movements were as follows:

(in thousands of euros)	Assets under construction for operating activities	Assets under construction for investment property	Total
Carrying amount as at 31 December 2004	247,985	111,652	359,637
Movements in 2005			
Capital expenditure	229,894	38,157	268,051
Construction period borrowing cost capitalised	2,209	78	2,287
Completed assets and investment property	- 321,229	- 36,968	- 358,197
Impairment	- 188	- 574	- 762
Acquisitions	-	15,287	15,287
Transferred from lease receivables	-	4,654	4,654
Reclassification	- 5,324	4,342	- 982
Total movements in the year	- 94,638	24,976	- 69,662
Carrying amount as at 31 December 2005	153,347	136,628	289,975
Movements in 2006			
Capital expenditure	201,103	48,994	250,097
Construction period borrowing cost capitalised	3,386	161	3,547
Completed assets and investment property	- 44,065	- 13,964	- 58,029
Impairment	- 62	-	- 62
Sales	- 1,765	-	- 1,765
Acquisitions	1,316	-	1,316
Changes in the consolidation	- 1,582	-	- 1,582
Reclassification	400	- 1	399
Total movements in the year	158,731	35,190	193,921
Carrying amount as at 31 December 2006	312,078	171,818	483,896

The capital expenditure of EUR 250.1 million includes an investment of EUR 15.7 million which, while recognised as a liability in the balance sheet as at 31 December 2006 under the heading of other non-current liabilities, did not result in a cash outflow in 2006. The amount shown in the consolidated cash flow statement in respect of investments in property, plant and equipment is therefore EUR 234.4 million.

The above investment of EUR 15.7 million is connected with a contract signed by SRE BV and Martinair Holland NV at the end of 2006 for the construction of a new head office for Martinair Holland NV with a floor area of approximately 13,000 m² in Schiphol-East. With the premature cancellation of its existing leasehold, which was not due to expire until 2042, and relocation from Schiphol Centre to Schiphol-East, Martinair Holland NV is making room for a possible future expansion of the terminal. The investment relates to the acquisition by Schiphol Group of the beneficial ownership of the land concerned. The land will be handed over to Schiphol Group by Martinair Holland NV (cleared of buildings) as soon as Martinair has been able to move into its new head office and demolish the old one. The amount of

EUR 15.7 million has been added to the carrying amount of the land under the assets under construction for operating activities.

The capitalisation of borrowing costs during the construction period is calculated by applying a percentage that is determined on a quarterly basis according to the current ratio of equity to borrowed capital. In 2005, the rate varied between 1.2% and 1.6% per annum.

As at 31 December 2006, Schiphol Group was committed to investments in assets under construction or development totalling EUR 107 million, of which EUR 56 million concerned property (31 December 2005: EUR 50 million, including EUR 6 million in property).

4. Investment property

The analysis and movements were as follows:

(in thousands of euros)	Buildings	Sites	Total
Carrying amount as at 31 December 2004	441,423	227,344	668,767
Movements in 2005			
Completions	36,469	500	36,969
Fair value gains and losses	- 1,393	13,770	12,377
Sales	- 54,704	-	- 54,704
Reclassification	-	1,862	1,862
Total movements in the year	- 19,628	16,132	- 3,496
Carrying amount as at 31 December 2005	421,795	243,476	665,271
Movements in 2006			
Completions	13,532	432	13,964
Fair value gains and losses	24,533	4,037	28,570
Sales	- 17,748	-	- 17,748
Reclassification	1,029	- 1,029	-
Total movements in the year	21,346	3,440	24,786
Carrying amount as at 31 December 2006	443,141	246,916	690,057

Airport Real Estate Basisfonds CV (AREB CV) has encumbered 15 of its investment properties with liens in favour of ING Bank NV and Fortis Bank NV for a combined amount of EUR 152.8 million. The proportionate consolidation of AREB CV means that half of this amount in respect of investment property is reflected in the Schiphol Group balance sheet.

Buildings includes an amount of EUR 97.5 million in respect of the fair value of assets (Triport) where the company has the risks and rewards incidental to ownership but not legal title (finance lease). Land includes land leased under long-lease contracts.

The calculation of the cash flows (which are a factor in determining the fair value at which investment property is presented in the balance sheet) takes into account the existence of deferred lease incentives. For an explanation of the sales and fair value gains and losses, see notes 27 and 28, respectively, in the notes to the consolidated profit and loss account.

All the long-lease, ground rent and rental contracts relating to buildings or parts thereof contain a clause covering the use of the land, the building or both. Schiphol Group has the right to cancel these contracts at any time if the land and/or buildings or parts thereof are needed for airport activities.

It is Schiphol Group policy to grant rights to all sites solely on either a long-lease or a ground rent basis except for those sites which management intends to sell. This concerns sites away from Amsterdam Airport Schiphol, which are presented in the balance sheet as assets held for sale.

5. Deferred tax

With effect from 1 January 2002, Schiphol Group has been subject to corporate income tax. In 2003, Schiphol Group prepared the opening balance sheet for tax purposes and a tax return was filed for 2002. Following an investigation by the Dutch Tax Authorities into the submitted opening balance sheet as at 1 January 2002 and the tax return for the 2002, a settlement agreement was signed by Schiphol Group and the Tax Authorities on 8 September 2006. The agreement included the finalised opening balance sheet for tax purposes and several other arrangements regarding the determination of Schiphol Group's taxable profit.

According to the opening balance sheet for tax purposes in the settlement agreement, there is a total difference of EUR 1.3 billion between the fiscal equity as at 1 January 2002, which amounted to EUR 3.2 billion, and the reported equity of EUR 1.9 billion as at that date. If the differences between the carrying amounts and tax bases of assets and equity and liabilities were still present as at 31 December 2006, it is necessary to recognise a deferred tax asset and a non-recurring tax credit of the same amount in the profit and loss account for 2006, provided it is probable that sufficient taxable profits will be available to allow offsetting. This leads to non-recurring income in 2006 totalling EUR 309.2 million. This tax credit has been included in the corporate income tax line of the profit and loss account and concerns:

- Differences between carrying amounts and tax bases totalling EUR 1,123 million leading to the recognition of a deferred tax asset of EUR 286.2 million and a tax credit of the same amount in the profit and loss account for 2006. This concerns differences in the valuation of assets which, in the balance sheet for tax purposes, have been included at a cost equal to the value in use as at 1 January 2002 whereas they were reported at the lower carrying amount of historical cost. Assets in this category mainly concern construction sites, car parks and other land used for operating activities. Of the total difference, EUR 158.7 million relates to assets used for operating activities, EUR 76.2 million relates to assets under construction and EUR 51.3 million relates to assets for investment property activities.
- Differences between carrying amounts and tax bases totalling EUR 90.1 million leading to the release to the profit and loss account for 2006 of deferred tax liabilities recognised in the past amounting to EUR 23.0 million. This difference mainly concerns projects (construction sites and assets under construction) completed prior to the submission of the opening balance sheet for tax purposes in 2003. In the opening balance sheet for tax purposes as at 1 January 2002, these projects have been included at fair value whereas they were reported as at that date at historical cost and only restated at fair value on actual completion. On completion, a revaluation was applied and a deferred tax liability was recognised, part of which has now been released in view of the agreed higher initial tax base.

Both carrying amount and tax base of investment property as at 1 January 2002 were the same as the fair value as at that date. However, because investment property is subsequently included at cost less depreciation for tax purposes (taking into account a residual value of 25% incidentally) and is reported at fair value without applying any depreciation, a twofold difference in valuation arises, on the one hand due to revaluation for reporting purposes and on the other hand due to depreciation for tax purposes. In respect of the former difference, Schiphol group already recognises a deferred tax liability. In respect of the latter difference, a transfer must now be made (and repeated in the ensuing years) from current corporate income tax liabilities to deferred tax liabilities. The depreciation of property for tax purposes in respect of 2002 and 2003, totalling EUR 16.4 million, leads to a transfer of EUR 5.7 million from current tax liabilities to deferred tax liabilities. Similar transfers will be made in respect of the years 2004–2006 but they have not yet been effected pending the submission of a revised corporate income tax return for those years.

The deferred tax assets and liabilities arise from the following balance sheet items:

(in thousands of euros)	2006	2005
Deferred tax assets		
Assets used for operating activities	158,709	–
Assets under construction or development	76,201	–
Investment property	33,973	–
Derivative financial instruments	14,348	14,277
Deferred tax liabilities		
Investment property	–	- 33,192
	283,231	- 18,915
Non-current (settlement is not expected)	84,939	–
Non-current (expected to be recovered or settled after longer than 12 months)	187,873	- 18,915
Current (expected to be recovered or settled within 12 months)	10,419	–
	283,231	- 18,915

The deferred tax assets and liabilities are presented as a net amount since the assets and liabilities are carried within the same fiscal entity and the company at the head of this fiscal entity has a legally enforceable right of set-off.

IAS 12 Income Taxes requires a deferred tax asset to be recognised if it is probable that sufficient future taxable profits will be available to allow offsetting. Actual realisation of the deferred tax assets in relation to part of the assets used for operating activities (EUR 84.9 million) is, however, unlikely. The difference between carrying amounts and tax bases will only be realised in the event of disposal (leading to lower taxable profits and a lower corporate income tax liability), in the event of impairment losses (leading to higher deductible expenses and a lower corporate income tax liability) or in the event of discontinuation of the airport activities (leading to higher deductible expenses since the proceeds will only reflect the reported book value). Schiphol Group does not have the right to sell the land used for operating activities. Expectations with regard to future cash flows do not indicate any need to recognise impairment losses. And discontinuation of the activities is not a probability.

The movements in the deferred tax assets and deferred tax liabilities during the year were as follows:

(in thousands of euros)	Assets used for operating purposes	Assets under construction or development	Investment property	Derivative financial instruments	Total
Carrying amount as at 1 January 2005	–	–	- 32,253	19,446	- 12,807
Movements in 2005					
Deferred tax on fair value gains recognised in the profit and loss account	–	–	- 3,470	–	- 3,470
Deferred tax on fair value gains recognised in equity	–	–	–	- 4,253	- 4,253
Adjustment due to the reduction in the tax rate	–	–	2,079	- 916	1,163
Other movements	–	–	452	–	452
Total movements in the year	–	–	- 939	- 5,169	- 6,108
Carrying amount as at 31 December 2005	–	–	- 33,192	14,277	- 18,915
Movements in 2006					
Impact due to the agreement on the opening balance sheet for tax purposes:					
■ Recognition of deferred tax assets	158,709	76,201	51,268	–	286,178
■ Release from deferred tax liabilities	–	–	22,975	–	22,975
Deferred tax on depreciation for tax purposes on investment property	–	–	- 5,667	–	- 5,667
Deferred tax on fair value gains recognised in the profit and loss account	–	–	- 8,457	–	- 8,457
Deferred tax on fair value gains recognised in equity	–	–	–	2,382	2,382
Adjustment due to the reduction in the tax rate	–	–	7,247	- 2,311	4,936
Other movements	–	–	- 201	–	- 201
Total movements in the year	158,709	76,201	67,165	71	302,146
Carrying amount as at 31 December 2006	158,709	76,201	33,973	14,348	283,231

As at 31 December 2006 there were deductible temporary differences and tax loss carry-forwards relating to Schiphol Belgium NV and Tradeport Hong Kong Ltd totalling EUR 8.0 million and EUR 2.2 million (Schiphol Group share), respectively, for which no deferred tax assets were recognised, owing to uncertainty regarding the availability of future taxable profits allowing such assets to be utilised by offsetting deductible temporary differences and tax losses. Otherwise, there are no deductible temporary differences or tax loss carry-forwards for which deferred tax assets have not been recognised.

6. Investments in associates

The movements were as follows:

(in thousands of euros)	2006	2005
Carrying amount as at 1 January	17,842	22,549
Movements in the year		
Investments	23,708	–
Share in results	10,714	1,777
Dividend	- 6,620	- 4,708
Impairment	–	- 2,063
Exchange differences	10	369
Other movements	–	- 82
Total movements in the year	27,812	- 4,707
Carrying amount as at 31 December	45,654	17,842

In 2006 the shareholders of Schiphol Logistics Park CV contributed land (Air France-KLM and the wholly-owned Schiphol Group subsidiary SRE BV) and cash (SADC) with a view to the further development of a logistics park. The investments of EUR 23.7 million in the above analysis of movements concern the fair value of the land contributed by SRE BV previously recognised in assets held for sale at an amount of EUR 9.5 million and in assets under construction at an amount of EUR 1.7 million. The individual shareholdings in Schiphol Logistics Park CV have been calculated on the basis of the fair value of each shareholder's contribution. The contribution made by SRE BV gives it an interest in excess of 38%.

The impairment loss recognised in respect of the investments of associates in 2005 concerned the goodwill relating to Schiphol Group's interest in Schiphol Area Development Company NV (SADC).

For more details of Schiphol Group's associates, see the related party disclosures section.

7. Loans to associates

The movements were as follows:

(in thousands of euros)	2006	2005
Carrying amount as at 1 January	45,520	42,049
Movements in the year		
Exchange differences before the hedge	- 1,727	3,471
Exchange differences after the hedge	112	-
Accrued interest	1,723	-
Total movements in the year	108	3,471
Carrying amount as at 31 December	45,628	45,520

The loans to associates exclusively concern the redeemable preference shares of Brisbane Airport Corporation Holdings Pty Ltd (BACH), which confer a cumulative right to dividends. The nominal value of these shares is also repayable to the shareholders within a period of not more than 10 years (by 2014 at the latest). On the basis of these features, the redeemable preference shares, amounting to AUD 73.5 million (EUR 45.6 million), are classified as a long-term loan to an associate and the dividend on these shares is treated as interest income.

The accrued interest in 2006 exclusively concerns an adjustment in the carrying amount of the redeemable preference shares from nominal value to amortised cost. Measuring the carrying amount at amortised cost means that, if BACH should decide to exercise its option of early redemption, Schiphol Group would then have to recognise a loss equal to the difference between the amortised cost and the nominal value. As at 31 December 2006, this difference amounted to EUR 1.7 million.

The currency risk on this long-term receivable has been hedged using a forward exchange contract with effect from September 2006, hedging the position in Australian dollars against the euro. The hedge has been recognised as a cash flow hedge. The exchange differences accruing in the period prior to the hedge have been recognised in the profit and loss account and those in the subsequent period have been included in the hedging transactions reserve.

The fair value of the loans to associates as at 31 December 2006 amounted to EUR 43.5 million (AUD 72.8 million). The effective interest rate was 5.6%. The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments.

8. Other financial interests

Other financial interests as at 31 December 2006 concerns the 1% interest in Flughafen Wien A.G. The investment is recognised at fair value, derived from the quoted price of the shares. In 2006, the fair value increased by EUR 2.9 million from EUR 12.7 million to EUR 15.6 million. The fair value gain has been recognised in the other financial interests reserve.

9. Lease receivables

The movements were as follows:

(in thousands of euros)	Finance lease receivables	Purchased long leases	Lease incentives	Total
Carrying amount as at 31 December 2004	14,409	4,236	5,301	23,946
Movements in 2005				
New lease incentives granted	-	-	4,359	4,359
Accrued interest on lease receivables	1,669	-	-	1,669
Lease instalments received	- 2,737	-	-	- 2,737
Amortisation charged to the profit and loss account	-	132	- 766	- 634
Transferred to investment property under construction	-	- 4,368	-	- 4,368
Other movements	164	-	-	164
Total movements in the year	- 904	- 4,236	3,593	- 1,547
Carrying amount as at 31 december 2005	13,505	-	8,894	22,399
Movements in 2006				
New lease incentives granted	-	-	823	823
New long leases purchased	-	3,993	-	3,993
Accrued interest on lease receivables	1,607	-	-	1,607
Lease instalments received	- 2,737	-	-	- 2,737
Amortisation charged to the profit and loss account	-	- 53	- 1,999	- 2,052
Other movements	- 241	-	-	- 241
Total movements in the year	- 1,371	3,940	- 1,176	1,393
Carrying amount as at 31 december 2006	12,134	3,940	7,718	23,792

The current portion of the lease receivables as at 31 December 2006, amounting to EUR 2.7 million (31 December 2005: EUR 2.4 million), is presented under current assets.

Beheer- en beleggingsmaatschappij Balnag BV (Balnag – a wholly-owned subsidiary of Schiphol Group) took out a 20-year lease on the air traffic control tower at the centre of the airport from a financing company, Abinton BV, in 1992. The control tower was in turn leased to Air Traffic Control the Netherlands (LVNL) for a similar period. Both contracts qualify as finance leases, resulting in the recognition of a lease receivable under the lease to LVNL and a lease liability to Abinton BV. On expiry of the lease, both parties, Balnag and LVNL, have the option of purchasing the control tower for a payment of EUR 2.1 million. The effective interest rate of the lease contract between Balnag and LVNL is 13.0%.

Calculation of the cash flows underlying the measurement of the fair value of property takes into account the existence of lease incentives.

The remaining terms of the lease receivables as at 31 December 2006 can be analysed as follows. The portion of the lease receivables due within one year is presented under current assets (trade and other receivables).

(in thousands of euros)	Total	> 1 year but			
		≤ 1 year	> 1 year	≤ 5 years	> 5 years
Face value of finance lease instalments	17,175	2,737	14,438	10,948	3,490
Interest component in finance lease instalments	- 5,041	- 1,374	- 3,667	- 3,477	- 190
Carrying amount of finance lease receivables	12,134	1,363	10,771	7,471	3,300
Purchased long leases	3,940	80	3,860	319	3,541
Lease incentives	7,718	1,272	6,446	6,446	-
Total lease receivables	23,792	2,715	21,077	14,236	6,841

10. Other loans

The movements were as follows:

(in thousands of euros)	2006	2005
Carrying amount as at 1 January	4,811	4,200
Movements in the year		
New loans granted	-	1,184
Accrued interest	143	187
Changes in the consolidation	- 220	- 760
Repayments	- 38	-
Write-off	- 227	-
Total movements in the year	- 342	611
Carrying amount as at 31 December	4,469	4,811

The current portion of the other loans as at 31 December 2006, amounting to EUR 0.3 million (31 December 2005: EUR 0.3 million) is presented under current assets.

The other loans include two loans to the Ministry of Transport, Public Works and Water Management with a combined redemption value of EUR 2.7 million at an interest rate of 0% and with a remaining term to maturity of 6 years. The carrying amount of the loans as at 31 December 2006 amounted to EUR 1.6 million. The fair value amounted to EUR 2.1 million and the effective interest rate was 3.0%.

Also included in other loans is a loan to the aviation museum Aviodrome with a redemption value of EUR 1.6 million at an interest rate of 5.03% and with a remaining term to maturity of 9 years. The fair value is not materially different from the amortised cost since the interest rate is revised on each balance sheet date according to current market rates.

11. Assets held for sale

Land which is intended to be sold is presented as held for sale.

The item concerns the A4 Zone East and West, with a carrying amount of EUR 15.8 million. Schiphol Group does not have legal title to this land. The land will be contributed by Schiphol Group to the new partnership agreement with SADC and the other SADC shareholders (further details of the relevant agreement can be found in the related party disclosures section).

As at 31 December 2005, the item also included the Schiphol Logistics Park site, with a carrying amount of EUR 9.5 million. In 2006, SRE BV contributed this site to Schiphol Logistics Park BV, a partnership of Schiphol Group and Air France-KLM. For the sake of brevity, reference is made to note 6 concerning investments in associates.

12. Trade and other receivables

The analysis is as follows:

(in thousands of euros)	2006	2005
Trade receivables	84,891	79,931
Accrued income	21,176	26,477
Prepayments	19,404	13,744
Value-added tax reclaimable	18,920	8,443
Receivable from shareholders and associates	1	1,255
Other receivables	12,384	12,232
	156,776	142,082

The trade and other receivables are included at the fair value of the consideration receivable, which is usually the face value, less a provision for bad debts.

Trade receivables as at 31 December 2006 takes account of bad debt provisions of EUR 2.9 million (31 December 2005: EUR 3.0 million). With respect to these provisions, an amount of EUR 0.9 million was utilised for bad debts in 2006 and an amount of EUR 0.8 million was added and charged to the profit and loss account.

13. Cash and cash equivalents

Cash includes EUR 257.1 million (2005: EUR 236.6 million) in the form of deposits with original terms ranging from 0.5 to 4.0 months (average: 1.5 months). The average interest rate on these deposits is 3.6%. The cash is freely available.

Cash is included at fair value, which is usually face value.

14. Issued share capital

The authorised capital is EUR 136,134,065 and is divided into three hundred thousand shares of EUR 453.78. As at 31 December 2006, with no change compared with 31 December 2005, the number of shares in issue and fully paid was 171,255. The shareholders' interests are as follows:

(in thousands of euros)	Issued share capital	In percentage
Shareholder:		
State of the Netherlands	58,937	75.8%
City of Amsterdam	16,915	21.8%
City of Rotterdam	1,860	2.4%
	77,712	100.0%

15. Retained profits

On a resolution proposed by the Board of Management and following Supervisory Board agreement, the General Meeting of Shareholders voted to declare a dividend of EUR 55.3 million for 2005. This amount, paid in 2006, was deducted from retained profits. The dividend for 2004, which amounted to EUR 46.4 million, was paid out in 2005 and deducted from retained profits.

The entire amount of the net result for 2006 has been added to retained profits so that retained profits as at 31 December 2006 still includes the proposed dividend distribution for 2006, as detailed in the other information section.

16. Other reserves

The movements were as follows:

(in thousands of euros)	Exchange differences reserve	Other financial interests reserve	Hedging transactions reserve	Total
Balance as at 1 January 2005	- 1,474	4,639	- 541	2,624
Movements in 2005				
Exchange differences	846	-	-	846
Fair value gains and losses	-	1,006	-	1,006
Exchange differences on hedged borrowings	-	-	- 8,100	- 8,100
Fair value gains and losses on derivative financial instruments	-	-	13,503	13,503
Deferred tax on this movement	-	-	- 4,253	- 4,253
Effect of change in the tax rate	-	-	- 916	- 916
Total movements in the year	846	1,006	234	2,086
Balance as at 31 December 2005	- 628	5,645	- 307	4,710
Movements in 2006				
Exchange differences	89	-	-	89
Fair value gains and losses	-	2,921	-	2,921
Exchange differences on hedged borrowings	-	-	14,603	14,603
Exchange differences on hedged loans to associates	-	-	112	112
Fair value gains and losses on derivative financial instruments	-	-	- 8,499	- 8,499
Of which are reported through the profit and loss account	-	-	315	315
Deferred tax on this movement	-	-	2,382	2,382
Effect of change in the tax rate	-	-	- 2,311	- 2,311
Total movements in the year	89	2,921	6,602	9,612
Balance as at 31 December 2006	- 539	8,566	6,295	14,322

Exchange differences reserve

The exchange differences reserve is made up of exchange differences arising on the translation of the net investments in subsidiaries, joint ventures and associates outside the eurozone.

Other financial interests reserve

This concerns movements in the fair value of financial interests in which Schiphol Group does not have either control or significant influence.

Hedging transactions reserve

This comprises the movements in the fair value of derivatives, net of deferred tax assets and liabilities. Also included in the hedging transactions reserve are the exchange differences arising on the translation of loans at closing rates. In both cases, for recognition in the hedging transactions reserve, the hedge must be determined actually to have been highly effective.

Further details of the restrictions on the distribution of reserves can be found in the notes on shareholders' equity included in the corporate financial statements.

17. Minority interests

Minority interests as at 31 December 2006 represents the shares of third parties in the net assets of the group companies Eindhoven Airport NV and Avioport SpA.

The takeover with effect from 18 October 2006 of the 40% interest of Grontmij Real Estate International BV in Malpensa Real Estate BV and Malpensa Real Estate II BV means that a minority interest is no longer recognised in the case of these companies as at 31 December 2006 in contrast to 31 December 2005.

18. Borrowings

The analysis is as follows:

(in thousands of euros)				Nominal amount	Hedging		
Year redeemable	Interest rate	Currency	(X 1000)	reference	2006	2005	
ISIN898	2007	0.67%	JPY	5,000,000	a	31,823	35,863
ISIN798	2009	1.08%	JPY	5,000,000	b	31,823	35,863
ISIN052	2009	Euribor+mark-up	EUR	27,000	c	27,000	27,000
ISIN238	2007	USDlibor+mark-up	USD	75,000	d	56,827	63,350
ISIN245	2018	5.16%	EUR	30,000		29,918	29,911
ISIN610	2010	Euribor+mark-up	EUR	30,000		30,000	30,000
ISIN269	2013	4.38%	EUR	300,000		298,941	298,778
EMTN programma						506,332	520,765
ING Bank	2011	Euribor+mark-up	EUR	21,715	e, g, h	21,715	21,715
Fortis Bank	2011	Euribor+mark-up	EUR	10,463	i	10,463	10,463
ING Bank	2011	Euribor+mark-up	EUR	4,727		4,727	4,727
ING Bank	2011	Euribor+mark-up	EUR	11,927		11,927	11,927
ING Bank	2011	Euribor+mark-up	EUR	12,448	j	12,448	12,448
Fortis Bank	2011	Euribor+mark-up	EUR	15,135	f	15,135	15,135
AREB CV loans						76,415	76,415
European Investment Bank	2006-2011	3.75%	EUR	150,000		136,222	150,000
Other borrowings						50,628	56,431
Total loans						769,597	803,611

The current portion of the borrowings as at 31 December 2006, amounting to EUR 116.9 million (31 December 2005: EUR 28.4 million), is presented under current liabilities.

Schiphol Group launched a Euro Medium Term Note (EMTN) programme in 1999, making it possible to raise funds as required in the years ahead up to a maximum of EUR 1,000 million, provided the prospectus is updated annually. The current prospectus dates from 2005 and will be updated early in 2007. As at year-end 2006, borrowings under the programme totalled EUR 506.3 million. Schiphol Group could be obliged to redeem the notes prematurely in the event of specific circumstances commonly stipulated for this type of instrument. No such circumstances arose in 2006.

In addition, in 2002, the company contracted a facility of EUR 150 million with the European Investment Bank. This amount was drawn down in 2003. Repayment commenced in August 2006, involving ten six-monthly instalments. Schiphol Group could be obliged to repay the loan prematurely if (in addition to the usual circumstances) other loans are repaid early or shareholders' equity falls below 30% of total assets. These conditions did not occur in 2006. Additional security may be demanded if the company's credit rating falls below A (S&P's) or A2 (Moody's). As in 2004 and 2005, the debt notes issued under the EMTN programme by NV Luchthaven Schiphol and Schiphol Nederland BV were given a credit rating of AA- by S&P and Aa3 by Moody's in 2006. In anticipation of the privatisation, however, Standard & Poor's gave the credit rating a 'negative outlook' in view of the suggestion from shareholders that a substantial, non-recurring dividend should be made payable to the existing shareholders at the time of privatisation.

The loans drawn down under the EMTN programme and under the European Investment Bank facility are not subordinated to any other liabilities and voluntary early repayment is possible in both cases.

Augmenting the scope for borrowing provided by the EMTN programme, Schiphol Group has three other credit lines, with ABN AMRO Bank and ING Bank, together amounting to EUR 234 million including EUR 200 million to which the banks are committed, which are currently unutilised.

All of AREB CV's borrowings are mortgage loans. For all these loans, there is an obligation to make early repayments of 0.5% per quarter if the amount of the loan exceeds 55% of the appraised value of the individual properties financed by each loan. For the mortgage loans granted by Fortis, there is a further obligation to make early repayments of 0.75% and 1% per quarter if the amount of the loan exceeds 65% or 75% of the appraised value, respectively. To provide collateral security for the repayment, AREB CV has granted the banks a lien on the receivables relating to the leasehold and rental rights enjoyed by the property company vis-à-vis the tenants of the properties in its portfolio as at balance sheet date. AREB CV has also pledged all existing and future rent receivables relating to the properties that are already available for pledging.

Other loans includes a loan of EUR 3.2 million (Schiphol Group share) contracted by Flight Square CV secured on the Flight Square Hoogbouw building and a loan of EUR 26.3 million contracted by Avioport SpA. secured on the land owned by that company. The obligation incumbent on shareholders to make a capital contribution of EUR 3.2 million (Schiphol Group share) in connection with the latter loan has been largely met. Finally, other loans includes a loan of EUR 7.0 million contracted by Malpensa Real Estate BV and guaranteed by Schiphol Group.

Of the total amount of the loans, EUR 56.8 million has been contracted in American dollars (USD 75 million) and EUR 63.6 million in Japanese yen (JPY 10 billion). EUR 228.4 million of the loans has been contracted at floating interest rates. In line with financial risk management policy, interest rate swaps, interest rate caps, currency swaps and, in some cases, combined currency and interest rate swaps have been contracted on the loans to hedge the risks inherent in exposure to movements in interest rates and exchange rates. The transactions concerned correspond exactly to the underlying loans in all

relevant characteristics, such as maturity, amount and so on, and hedge the positions with respect to the euro or to either fixed or capped interest rates, or both. All hedging transactions are accounted for as cash flow hedges.

The derivatives comprise the following contracts, with the references relating to various loans in the analysis of borrowings.

Reference	Counterparty	Type	Interest rate	Currency	Notional amount	Maturity date	Fair value in thousands of euros	
							31 December 2006	31 December 2005
a	UBS AG	Currency swap	5.27%	JPY	5,000,000	2007	13,152	9,906
b	UBS AG	Currency swap	5.59%	JPY	5,000,000	2009	14,499	11,796
c	UBS AG	Rate swap	5.63%	EUR	27,000	2009	1,488	2,656
d	ABN AMRO	Currency/rate swap	5.26%	USD	75,000	2007	27,228	22,732
e	ING	Rate swap	4.84%	EUR	10,858	2011	11	512
f	ING	Rate swap	4.12%	EUR	12,600	2011	33	629
g	ING	Rate cap	4.25%	EUR	7,250	2011	- 81	- 67
h	ING	Rate cap	4.12%	EUR	3,600	2011	- 47	- 37
i	ING	Rate cap	4.12%	EUR	900	2011	- 12	- 9
j	ING	Rate cap	3.50%	EUR	10,800	2011	- 319	- 187
k	ABN AMRO	Forward	n.v.t.	AUD	73,500	2007	478	-
Totaal							56,430	47,931
Recognised in the balance sheet under:								
Non-current assets							- 459	- 300
Non-current liabilities							16,031	48,231
Current liabilities							40,858	-
							56,430	47,931

Reference k concerns the hedging instrument for the translation differences on the redeemable preference shares presented in loans to associates.

The interest rates shown against the various currency swaps and interest rate swaps and the combined currency and interest rate swap are the fixed rates at which interest is payable to the counterparty, for which interest at the variable (or fixed) rate that Schiphol Group in turn has to pay on the loans concerned is receivable from the counterparty. The interest rates shown against the interest rate caps are the maximum interest rates agreed with the counterparty. The counterparty is under contract to pay the excess if the rate of interest payable by Schiphol Group exceeds the capped rate. The interest rate caps are exclusive of any credit risk mark-up.

The remaining terms of the borrowings as at 31 December 2006 can be analysed as follows. The portion of the borrowings due within one year is presented under current liabilities.

	(in thousands of euros)				> 5 years
	Total	≤ 1 year	> 1 year	≤ 5 years	
EMTN programme	506,332	88,480	417,852	58,142	359,710
AREB CV borrowings	76,415	-	76,415	76,415	-
European Investment Bank	136,222	28,334	107,888	107,888	-
Other borrowings	50,628	46	50,582	39,712	10,870
Total borrowings	769,597	116,860	652,737	282,157	370,580

The total carrying amount of the borrowings (at amortised cost) has the following fair value analysis:

	(in thousands of euros)	
	Carrying amount as at 31 December 2005	Fair value as at 31 December 2005
EMTN programme	520,765	551,267
AREB CV borrowings	76,415	76,415
European Investment Bank	150,000	152,673
Other borrowings	56,431	58,290
Total borrowings	803,611	838,645
	(in thousands of euros)	
	Carrying amount as at 31 December 2006	Fair value as at 31 December 2006
EMTN programme	506,332	534,082
AREB CV borrowings	76,415	76,415
European Investment Bank	136,222	123,448
Other borrowings	50,628	52,286
Total borrowings	769,597	786,231

The fair value is estimated by discounting the future contractual cash flows using the current market interest rates available to the borrower for similar financial instruments.

The movements in borrowings during the year were as follows:

(in thousands of euros)	Borrowings		Total
	> 1 year	≤ 1 year	
Carrying amount as at 1 January 2005	727,455	80,220	807,675
Movements in 2005			
New borrowings	67,002	–	67,002
Accrued interest	925	–	925
Transferred to current liabilities	- 28,230	28,230	–
Repayments	–	- 80,264	- 80,264
Exchange differences	8,100	–	8,100
Other movements	–	173	173
Total movements in the year	47,797	- 51,861	- 4,064
Carrying amount as at 31 December 2005	775,252	28,359	803,611
Movements in 2006			
New borrowings	9,136	–	9,136
Accrued interest	529	–	529
Transferred to current liabilities	- 117,577	117,577	–
Repayments	–	- 21,604	- 21,604
Acquisitions	–	- 7,642	- 7,642
Exchange differences	- 14,603	–	- 14,603
Other movements	–	170	170
Total movements in the year	- 122,515	88,501	- 34,014
Carrying amount as at 31 December 2006	652,737	116,860	769,597

19. Lease liabilities

The analysis is as follows:

(in thousands of euros)	Counterparty	Effective interest rate	Expiry date of lease		
				2006	2005
P1 car park / walkway	ABP	6.7%	2035	55,472	56,178
Triport	ABP	7.0%	2034	57,122	57,802
Control tower	Abinton BV	7.7%	2012	12,455	13,377
Other				3,225	4,915
Total finance lease contracts				128,274	132,272
Purchased long leases				51,307	52,323
Lease incentives				1,676	5,113
Total lease liabilities				181,257	189,708

The current portion of the lease liabilities as at 31 December 2006, amounting to EUR 5.1 million (31 December 2005: EUR 7.2 million), is presented under current liabilities.

The P1 car park/walkway contract with ABP runs for a total of 40 years, with options to renew the lease after 15 years and again after 30 years. On the renewal dates there is also the option of purchasing both the P1 car park and the walkway or selling the P1 car park to a third party (with the proceeds going to ABP) and purchasing the walkway. At the end of the 40-year period, Schiphol Group will have the option of leasing the P1 car park and the walkway indefinitely for a rent of EUR 45 (in euros) per annum or outright purchase for EUR 45 (in euros). The rent will be increased annually in line with the consumer price index. The leasehold of the land on which the P1 car park and walkway are built has been granted to ABP for the duration of the lease.

The Triport office building contract with ABP runs for a total of 40 years, with options to cancel the lease after 25 years and again after 30 years. If the lease is cancelled before the end of the 40-year period, Schiphol Group will be liable to pay a lump sum and penalty interest, by which the buildings will become the property of Schiphol Group. The rent will be increased annually in line with the consumer price index. The leasehold of the land on which the Triport buildings stand has been granted to ABP for the duration of the lease.

Beheer- en beleggingsmaatschappij Balnag BV (Balnag – a 100% subsidiary of Schiphol Group) also leases the air traffic control tower at the centre of the airport from a financing company, Abinton BV, on a 20-year lease taken out in 1992. The control tower is in turn leased to Air Traffic Control the Netherlands (LVNL) for a similar period. Both contracts qualify as finance leases. The receivable under the lease to LVNL is included in lease receivables. On expiry of the lease, both parties, Balnag and LVNL, have the option of purchasing the control tower for a payment of EUR 2.1 million.

Also included here are the lump sums received to purchase long leases and lease incentives, which are released to the profit and loss account in equal instalments over the duration of the contracts concerned.

The remaining terms of the lease liabilities as at 31 December 2006 can be analysed as follows. The portion of the lease liabilities due within one year is presented under current liabilities.

(in thousands of euros)	Total	> 1 year en			
		≤ 1 year	> 1 year	≤ 5 years	> 5 years
Face value of finance lease instalments	279,464	12,023	267,441	47,970	219,471
Interest component in finance lease instalments	- 151,190	- 8,776	- 142,414	- 32,300	- 110,114
Carrying amount of finance lease liabilities	128,274	3,247	125,027	15,670	109,357
Lump sums received to purchase long leases	51,307	1,003	50,304	4,010	46,294
Lease incentives	1,676	891	785	785	–
Total lease liabilities	181,257	5,141	176,116	20,465	155,651

The movements in the lease liabilities during the year were as follows:

(in thousands of euros)	Finance			Total
	lease liabilities	Purchased long leases	Lease incentives	
Carrying amount as at 31 December 2004	135,686	51,215	2,863	189,764
Movements in 2005				
New lease contracts	627	-	-	627
Purchase of long lease contracts	-	2,106	-	2,106
New lease incentives received	-	-	3,406	3,406
Accrued interest on lease liabilities	10,296	-	-	10,296
Lease instalments paid	- 14,256	-	-	- 14,256
Amortisation credited to the profit and loss account	-	- 998	- 1,156	- 2,154
Other movements	- 81	-	-	- 81
Total movements in the year	- 3,414	1,108	2,250	- 56
Carrying amount as at 31 December 2005	132,272	52,323	5,113	189,708
Movements in 2006				
New lease contracts	287	-	-	287
New lease incentives received	-	-	180	180
Changes in the consolidation	- 2,380	-	-	- 2,380
Acquisitions	1,352	-	-	1,352
Accrued interest on lease liabilities	10,171	-	-	10,171
Lease instalments paid	- 13,242	-	-	- 13,242
Amortisation credited to the profit and loss account	-	- 1,016	- 3,517	- 4,533
Other movements	- 186	-	- 100	- 286
Total movements in the year	- 3,998	- 1,016	- 3,437	- 8,451
Carrying amount as at 31 December 2006	128,274	51,307	1,676	181,257

20. Employee benefits

The employee benefits concern the following net liabilities:

(in thousands of euros)	Post-employment	Other long-term	Termination	Total
	benefits	employee benefits	benefits	
Carrying amount as at 31 December 2005				
Present value of benefit obligation	50,442	9,474	6,794	66,710
Fair value of plan assets	8,413	-	-	8,413
	42,029	9,474	6,794	58,297
Unrecognised actuarial gains and losses	- 3,114	-	- 239	- 3,353
Benefit liability in the balance sheet	38,915	9,474	6,555	54,944
Carrying amount as at 31 December 2006				
Present value of benefit obligation	52,195	9,066	5,005	66,266
Fair value of plan assets	12,047	-	-	12,047
	40,148	9,066	5,005	54,219
Unrecognised actuarial gains and losses	- 1,451	-	- 17	- 1,468
Benefit liability in the balance sheet	38,697	9,066	4,988	52,751

Post-employment benefits consist of retirement benefits (defined benefit), job-related early retirement benefits and pensioners' medical expenses.

Other long-term employee benefits consist of long-service bonuses, management long-term bonuses, paid sabbatical leave and incapacity benefit make-up.

Termination benefits consist of redundancy pay, pre-early retirement benefits, wage make-up and unemployment benefit make-up.

The above employee benefits gave rise to the following net benefit expense in the year:

(in thousands of euros)	Post-employment	Other long-term	Termination	Total
	benefits	employee benefits	benefits	
Current service cost	3,132	1,103	1,209	5,444
Interest cost on benefit obligation	2,653	357	429	3,439
Net actuarial gain/loss recognised in the year	- 8	450	-	442
Past service cost	7,294	-	-	7,294
Released (as a result of amended plan terms)	- 21,582	- 1,647	- 1,448	- 24,677
Expected return on plan assets	- 299	-	-	- 299
Other costs	11	- 17	71	65
Total net benefit expense in 2005 *	- 8,799	246	261	- 8,292
Current service cost	3,159	1,408	606	5,173
Interest cost on benefit obligation	2,093	273	234	2,600
Net actuarial gain/loss recognised in the year	3	- 899	-	- 896
Released (as a result of amended plan terms)	- 1,564	-	- 881	- 2,445
Expected return on plan assets	- 474	-	-	- 474
Other costs	54	5	-	59
Total net benefit expense in 2006	3,271	787	- 41	4,017

* Restated for comparison purposes

The past-service cost in 2005 relating to post-employment benefits includes an addition to the provisions as a result of changes in the tax rules applicable to the job-related early retirement scheme as part of measures introduced by the government with effect from 1 January 2006 designed to make early retirement less attractive to employers.

The amount released from the provisions in 2005 (as a result of amended plan terms etc.) relating to post-employment benefits concerns the allowances for pensioners' medical expenses. With the introduction of the new healthcare system in 2006, the amount of these allowances has been reduced. It should be noted that the entire amount of the provision for this particular scheme was charged to equity as part of the transition to IFRS on 1 January 2004.

The movements in the various employee benefit liabilities during the year were as follows:

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
Carrying amount as at 31 December 2004	51,064	10,323	11,069	72,456
Movements in 2005 *				
Total net benefit expense for the year	- 8,799	246	261	- 8,292
Benefits paid during the year	- 2,612	- 1,104	- 3,097	- 6,813
Payment of contributions	- 1,212	-	-	- 1,212
Transferred to current liabilities	-	-	- 1,220	- 1,220
Other movements	474	9	- 458	25
Total movements in the year	- 12,149	- 849	- 4,514	- 17,512
Carrying amount as at 31 December 2005	38,915	9,474	6,555	54,944
Movements in 2006				
Total net benefit expense for the year	3,271	787	- 41	4,017
Changes in the consolidation	396	-	-	396
Benefits paid during the year	- 2,518	- 1,195	- 1,832	- 5,545
Payment of contributions	- 1,369	-	-	- 1,369
Other movements	2	-	306	308
Total movements in the year	- 218	- 408	- 1,567	- 2,193
Carrying amount as at 31 December 2006	38,697	9,066	4,988	52,751

^{a)} Restated for comparison purposes

The employee benefit liabilities have been calculated on the basis of the following actuarial assumptions and estimates on the part of management:

	31 december 2006	31 december 2005
Discount rate	4.50%	4.00%
Return on plan assets	4.50%	4.00%
	For 2006 and 2005	
General pay increase	2.00%	
Individual pay rises, depending on age	0.00% (age 55–65) to 3.00% (age 25–34)	
Inflation	2.00%	
Increase in medical expenses	4.00%	
Life expectancy	GBM/V mortality table 1995–2000 with age reduction of 2 years for men and 1 year for women	
Incapacity risk	GMD table 1994, multiplied by 25%	
Continued service probability (job-related early retirement scheme)	100%	
Termination probability, depending on age	0.10% (age 60) to 4.20% (age 25)	
Married status probability	90% at retirement age	
Age difference	Men 3 years older than female partners	
Probability of partners in employment	70% of men aged < 52, and 0% of men aged > 52	

For further details of the obligations under the pension scheme insured with ABP, see the contingent assets and liabilities note.

21. Other provisions

It was established in 2004 that Schiphol Group faced a liability in connection with several claims and disputes. As in 2005, the provision of EUR 10 million recognised in respect of the combined amount of these claims and disputes in 2004 remained unchanged in 2006.

The most important of the above claims and disputes concerns the legality of the ban on the development of the Groenenberg site. If development were to take place on the Groenenberg site, it could seriously compromise the use of Runway 18L–36R. The State Secretary at the Ministry of Transport, Public Works and Water Management accordingly issued a ban on development for this site under the provisions of Section 38 of the Aviation Act (old act). In June 2003, Schiphol (the owner of the site) filed a claim against Schiphol Group for the losses resulting from the imposition of this development ban. On 12 January 2005, the Court at Haarlem ruled in an interlocutory judgment that Schiphol Group was liable to pay compensation of an amount to be fixed by a panel of experts. In July 2006, the panel of experts produced its final recommendations for the Court, setting the amount of the compensation (excluding interest payable with effect from 19 February 2003 up to the date of final judgment by the Court) at EUR 17.4 million. The parties have had the opportunity to respond and the case was argued in January 2007. A decision by the Court at Haarlem concerning the amount of the compensation is expected in the course of 2007.

Since the Court has not yet given its final decision concerning the amount of compensation payable, the Board of Management takes the view that the estimate made at the time of preparing the financial statements for 2005 does not currently need to be revised.

Moreover, the possible new developments regarding the status of the development plan mentioned in the 2005 report, which could be relevant to the amount of the compensation, have indeed occurred and could affect the Court's final decision concerning the amount of the compensation. In response to an

inquiry, the Ministry of Transport, Public Works and Water Management, after consultation with Air Traffic Control the Netherlands and the Haarlemmermeer Municipal Authority, has said that it would be prepared to relax the development ban if Chipshol were to submit the amended development plans that no longer impose any capacity restrictions on Runway 18L–36R and withdraw the previous plans. If the Ministry does indeed relax the development ban, as proposed, that should reduce the amount of the losses. Objections to this decision are currently being heard. Schiphol Group has asked for this development to be taken into account in the proceedings and Schiphol Group argues that the relaxation of the development ban ought to alter the basis of the compensation claim (from outright ban to delay) and ought to have the effect of reducing the amount of the losses. The court's ruling on this matter is not yet known.

Given the uncertainty surrounding the timing of possible payouts, the carrying amount of the provision has not been discounted.

22. Other non-current liabilities

The analysis of the other non-current liabilities is as follows:

(in thousands of euros)	2006	2005
Liability to Martinair Holland NV	15,700	–
Unrealised profit on contribution in kind Schiphol Logistics Park CV	4,590	–
	<u>20,290</u>	<u>–</u>

The liability of EUR 15.7 million to Martinair Holland NV is connected with the premature return to Schiphol Group of the beneficial ownership of land on which Martinair Holland NV had the leasehold. Payment will be made no later than 31 December 2009. For the sake of brevity, reference is made to the notes on assets under construction.

In 2006, SRE BV contributed a site to Schiphol Logistics Park CV and in so doing acquired an interest in this company in excess of 38%. The difference between the fair value of the site at the time of its contribution, amounting to EUR 23.7 million, and the total historical cost of the site, of EUR 11.7 million, (the sum of EUR 9.5 million included in assets held for sale up to year-end 2005, EUR 1.7 million in respect of land previously included in assets under construction and an estimated EUR 0.5 million for site preparation costs) is EUR 12 million. Applying the accounting policies, an amount in excess of 38% of this profit, representing SRE BV's share in Schiphol Logistics Park CV, or EUR 4.6 million, should be treated as unrealised.

23. Corporate income tax

The corporate income tax liability is calculated on the profit for reporting purposes, allowing for permanent differences between the profit as calculated for reporting purposes and for tax purposes. The corporate income tax liability on the fair value gains and losses (in the Netherlands) is recognised in the provision for deferred tax assets and liabilities.

The corporate income tax liability of EUR 93.5 million shown in the balance sheet as at 31 December 2006 concerns the sum of the corporate income tax payable in respect of the years 2002–2006 net of provisional assessments already paid.

On conclusion of the settlement agreement with the Tax Authorities, a revised tax return was filed for the years 2002 (finalised) and 2003 (provisional), giving rise to the release to the profit and loss account

for 2006 of current corporate income tax liabilities amounting to EUR 5.2 million. This mainly concerns acquisition costs and costs of provisions plus the current liabilities reported as being chargeable to years prior to 2002. On a tax basis, these costs can be charged to the 2002 financial year and subsequent years (reducing the current corporate income tax liability) either by recognition as an asset for tax purposes as at 1 January 2002 (acquisition costs) or by not forming a deferred tax provision or recognising a current tax liability as at 1 January 2002.

A tax return will be filed for the years 2004 and 2005 in 2007.

24. Trade and other payables

The analysis is as follows:

(in thousands of euros)	2006	2005
Trade payables	70,069	72,036
Bank borrowings	8,322	82
Payable to shareholders and associates	–	1
Payable in respect of wage tax and social security contributions	6,776	3,114
Payable in respect of pensions	536	794
Interest payable	21,407	15,284
Payable in respect of airport nuisance 'distress' cases	10,000	–
Payable to Stichting Mainport en Groen	8,500	–
Accruals	70,320	71,870
Deferred income	31,634	28,605
Other payables	30,361	27,630
	<u>257,925</u>	<u>219,416</u>

The bank borrowings are largely accounted for by a temporary overdraft situation on the bank account of NV Luchthaven Schiphol.

In 2006, Schiphol Group made available EUR 10 million for improvements in the living and working environment in the vicinity of the airport. The money, which is expected to be paid out in 2007, is earmarked for the benefit of local residents whose situation is 'distressing', namely those people who are severely affected by the air traffic but do not qualify for the various statutory schemes designed to provide compensation. Tailored solutions are being developed in an attempt to alleviate the problems of these residents.

Also in 2006, Schiphol Group made available EUR 8.5 million to Stichting Mainport en Groen. The money was promised in 1996 on condition that payment would be made in 2006, based on specific plans. Payment is now expected in 2007. Stichting Mainport en Groen exists to promote an attractive, green landscape around Amsterdam Airport Schiphol.

Both contributions, of EUR 10 million and EUR 8.5 million, are presented in the profit and loss account under other operating expenses chargeable to 2006.

The trade and other payables are included at fair value, which is usually the face value.

25. Contingent assets and liabilities

Pension scheme

Schiphol Group's pension scheme is administered by ABP. Based on the formal terms of the pension scheme, it qualifies as a defined benefit plan. This means that Schiphol Group ought to present its share of the present value of the defined benefit obligation, the plan assets and the income and expenses arising out of the scheme and would normally also be required to make related disclosures. However, Schiphol Group does not have access to sufficient information to apply the proper method of accounting for defined benefit plans. According to information from ABP, ABP is currently not in a position to supply the information necessary in order to account for the pension scheme as a defined benefit plan. There is no consistent and reliable basis for allocating the benefit obligations, plan assets and costs of the ABP scheme to individual affiliated employers participating in the plan because the schemes of the affiliated employers are exposed to actuarial risks associated with the existing and former employees of other affiliated employers. The scheme is consequently accounted for as a defined contribution plan. Schiphol Group recognises the pension contributions payable to ABP as an expense in the profit and loss account. Contributions due which have not yet been paid are presented as a liability in the balance sheet.

With regard to Schiphol Group's share in surpluses or deficits of the pension fund, it should be noted that the pension scheme does not contain any provisions whatsoever concerning additional contributions to the fund or withdrawals from the fund. For Schiphol Group, therefore, any surpluses and deficits will result exclusively in changes in the amount of the contributions payable in the future, which will depend on the financial position of the pension fund (and expectations in that regard), as reflected in the funding ratio. As at 30 September 2006, ABP achieved the funding ratio set in the company's 'new recovery plan', despite the fact that the pension contribution level remained unchanged in 2006 compared with 2005. The contribution level in 2007 remains almost unchanged.

Rerouting of the A9

In 2005, an agreement was signed by the Dutch Government, the North Holland Provincial Government, the Haarlemmermeer Municipal Authority, the Amsterdam Regional Governing Body, the City of Amsterdam and Schiphol Nederland BV concerning the financing of the rerouting of the A9 motorway near Badhoevedorp. On condition that the rerouting of the A9 meets the conditions stipulated by Schiphol Group relating to areas such as cost-effectiveness, easing of traffic flow and improved access to the airport zone, the company has undertaken to contribute towards the cost of the project up to a maximum amount of EUR 15 million, which will become payable in 2011 according to the existing timetable. This contribution will be subject to annual indexation, which has not yet been applied to the figure mentioned above.

Rerouting of the N201

In 2005, agreement was reached between the North-Holland Provincial Government and Schiphol Nederland BV concerning the financing of the project to reroute the N201 provincial road between Uithoorn and Hoofddorp. Under the terms of the agreement, Schiphol Group has promised to contribute up to EUR 5 million in cash (payable on completion in equal annual instalments) and up to EUR 7 million in kind. Conditions relating to completion of those parts of the project of material importance to Schiphol Group, guarantees regarding the airport's strategic and immediate interests and position as a main port, cost-effectiveness of the expenditure and transparency with regard to financial reporting have been attached to this contribution. The first instalment of the cash contribution falls due twelve months from the date on which the necessary spatial planning changes relating to those parts of the project of material importance to Schiphol Group are irreversibly approved. Current expectations are that this will be in 2008. In anticipation that the obligation would become unconditional, the secondment of Schiphol Group or third-party project management and support staff actually commenced in 2005 in fulfilment of the commitment to make a contribution in kind.

Runway 18L-36R

Maintenance work was carried out on Runway 18L-36R in 2006, involving partial resurfacing. After completion of the work, the runway had to be taken out of service on several occasions following damage to an aircraft. Runway 18L-36R is now once again fully serviceable. In connection with the damage to its aircraft, KLM has lodged a provisional claim for compensation with Schiphol Group amounting to EUR 16 million. Even if liable, Schiphol Group is insured. Schiphol Group is in turn holding Koop Tjuchem, as contractor for the work, liable for the costs of repairs to the runway and for the damage to the KLM aircraft.

Noise level violations

The 2006 operating year, ending on 31 October 2006, was closed with recorded noise levels in excess of the statutory limit value at four of the measurement points in the enforcement system. The Transport, Public Works and Water Management Inspectorate (IVW) is still investigating the extent to which extreme weather conditions lay behind the violations. Other exceptional circumstances could also have played a part, such as the unexpected problems with the new surface on Runway 18L-36R, which caused a different pattern of runway use to be adopted in September and October 2006, affecting the shape of the noise footprint over the measurement points. Until the IVW investigation has been completed, it will not be clear whether the statutory noise standards were indeed exceeded and what the possible consequences might be.

Airport charge increases

The Board of the Airlines Representatives in the Netherlands (Barin) and the Schiphol Airlines Operating Committee (SOAC) filed objections to the 2004, 2005 I and 2005 II, 2006 airport charge increases. The claimants assert that the decision ran counter to the principle of care, was without grounds and was in violation of the EU Treaty (abuse of a position of power). No ruling has so far been made on any of these objections. In Schiphol Group's estimation, there will be no need to repay any airport charges. In 2006, KLM withdrew its objection against the airport charges increase of 2000.

Diamond robbery

In February 2005, a major diamond robbery took place at Amsterdam Airport Schiphol. The owner of the diamonds is holding Schiphol Group liable for the loss, which is covered by Schiphol Group's insurance. Schiphol Group's deductible amounts to EUR 1.1 million. In the management's estimation, Schiphol Group will not be held liable for this amount.

Capital expenditure commitments and obligations under other long-term contracts

For disclosures concerning commitments to invest in intangible assets and assets under construction or development already entered into on the balance sheet date, see the notes to intangible assets (note 1) and assets under construction or development (note 3), respectively. For disclosures concerning obligations (not shown in the balance sheet) under long-term contracts for maintenance, cleaning and the like, see the notes to the costs of outsourced work and other external charges (note 29).

Other contingent assets and liabilities

The company is committed to making a contribution of EUR 0.7 million to the Schiphol Fund and has given guarantees for loans taken out by employees as well as other guarantees together totalling EUR 1.3 million.

A bank guarantee amounting to EUR 2.3 million relating to payment commitments connected with the 'Storage in Underground Tanks' Order has been given to the Noord-Holland Provincial Authority.

Bank guarantees totalling EUR 3.0 million (Schiphol Group share) have been issued by the subsidiary Avioport SpA relating to the development of Avioport Logistics Park. In relation to the development of Malpensa Trade Center by the joint venture Villa Carmen Srl, bank guarantees totalling EUR 3.5 million (Schiphol Group share) have been issued.

Various other claims have been filed against the company and/or its group companies as well, and there are disputes which have still to be settled. All claims and disputes are being contested and the company has taken legal counsel regarding them. It is, however, impossible to predict the outcomes with any certainty so it is not yet clear whether any of the cases will result in actual liabilities for the company and/or its group companies. Accordingly, no provisions have been included in the balance sheet in respect of these claims and disputes. A bank guarantee for EUR 1.8 million has been provided by Schiphol Group in connection with one of the claims against the company.

The company has also brought claims against third parties and has disputes pending in which it is claimant. Since it is not yet clear whether these cases will be resolved in the company's favour, no related receivables have been included in the balance sheet either.

Notes to the Consolidated Profit and Loss Account

26. Revenue

The analysis by activity and business segment is as follows:

	(in thousands of euros)				2005*
	Aviation	Consumers	Real Estate	Alliances & Participations	
Airport charges	552,054	-	-	22,120	574,174
Concessions	13,464	111,654	1,751	1,150	128,019
Rent and leases	661	11,944	96,555	2,412	111,572
Parking fees	-	69,327	1,048	5,242	75,617
Other activities	6,349	14,362	4,935	32,539	58,185
	572,528	207,287	104,289	63,463	947,567

	(in thousands of euros)				2006
	Aviation	Consumers	Real Estate	Alliances & Participations	
Airport charges	609,635	-	-	24,728	634,363
Concessions	11,159	120,292	1,977	2,115	135,543
Rents and leases	582	13,108	100,182	2,237	116,109
Parking fees	-	74,676	1,129	6,302	82,107
Other activities	9,552	22,396	5,800	30,835	68,583
	630,928	230,472	109,088	66,217	1,036,705

* Restated for comparison purposes.

By far the greater part of the operating income is earned in the Netherlands.

Airport charges

The activities of the Aviation business area (the operation of Amsterdam Airport Schiphol) are regulated. This means, among other things, that the annual process of fixing the airport charge rates is overseen by the Netherlands Competition Authority (NMa) and that the aviation industry should be consulted as part of this process. The Aviation business area's profitability is also limited to an average weighted cost of capital (WACC) calculated according to a formula laid down in the Aviation Act. Under the Aviation Act Schiphol Group is obliged to settle any surpluses or deficits relative to the aforementioned WACC with the industry each year. The settlement of the airport charges is required to take place after the close of each year. Settlement in respect of 2006 will be made in the rates as of 1 November 2007. In accordance with the accounting policies, surpluses and deficits due to be settled in the airport charge rates are not presented as assets and liabilities in the balance sheet. Instead, the surpluses and deficits are credited and debited, respectively, to the years in which they arise.

The above procedure does not apply to the airport charges of Rotterdam, Eindhoven and Lelystad, which are accounted for by the Alliances & Participations business area.

The income from airport charges has the following analysis:

(in thousands of euros)	2006	2005
Aircraft-related fees	186,624	181,436
Passenger-related fees	225,989	210,992
Security service charge	214,823	175,031
Aircraft parking fees	6,927	6,715
	634,363	574,174

Concessions

Schiphol Group's Consumers business area has a total of 94 concession contracts (2005 100) concerning the performance of various commercial activities at Amsterdam Airport Schiphol.

A concession involves granting non-exclusive rights to a concession holder to operate and manage a commercial activity (outlet) in a specific location designated by Schiphol Group. The concession charges are calculated according to an agreed scale as a percentage of the sales generated by the concession holder. A separate contract is entered into with concession holders for the required space, for which a fixed rent is payable. The concessions run for an average of 3–5 years. At balance sheet date, around 83% of the concessions had a remaining term of less than three years (2005 around 81%), 11% had between three and five years to run (2005 around 6%) and 6% had more than five years to run (2005 around 13%).

The income from concessions generated by the Aviation business area concerns concession contracts relating to the third-party supply of fuel and cleaning services to the airlines.

Rents and leases

The analysis is as follows:

(in thousands of euros)	2006	2005
Investment property leases (buildings), including service costs	38,407	38,094
Investment property leases (sites)	23,994	23,835
Operating property leases, including service costs	53,708	49,643
	116,109	111,572

Average occupancy of the buildings in the Real Estate business area portfolio in 2006 was 86% (84% in 2005). The occupancy figure as at 31 December 2006 was 87% (86% as at 31 December 2005) in the Real Estate business area.

The proportion of all leases (measured in terms of income from rents and leases) expiring within one year is approximately 17% (10% in 2005). Approximately 45% expires after one year and within five years (33% in 2005) and approximately 38% expires after more than five years (57% in 2005).

Property management expenses can be analysed as follows:

(in thousands of euros)	2006	2005
Occupied buildings	28,974	28,143
Unoccupied buildings	5,233	4,087
	34,207	32,230

In the case of buildings that are only partially leased up, the management expenses have been apportioned on the basis of floor area.

Parking charges

The analysis is as follows:

(in thousands of euros)	2006	2005
Parking at Amsterdam Airport Schiphol:		
Short-stay car park	40,723	37,309
Long-stay car park	21,809	20,653
Other public car parking	3,220	2,771
Business parking	10,053	9,642
	75,805	70,375
Parking at other locations	6,302	5,242
	82,107	75,617

The parking revenues generated on other sites relate to Rotterdam, Eindhoven and Lelystad and are accounted for by the Alliances & Participations business area.

Other activities

The analysis is as follows:

(in thousands of euros)	2006	2005
Advertising	14,201	11,169
Secondment of staff	467	1,572
Services and activities on behalf of third parties	19,241	16,282
Electricity, gas and water	6,381	6,769
Other operating income	18,636	20,487
Result on decommissioned assets	149	- 39
Miscellaneous	9,508	1,945
	68,583	58,185

27. Result on sales of property

The result of EUR 10.4 million on the sale of property in 2006 concerns the contribution of land to Schiphol Logistics Park CV (EUR 7.4 million) and the sale of the EGL building and the Prestwick building (EUR 3 million). The total cost of sales of property in 2006, amounting to EUR 30.0 million, is made up of EUR 11.7 million for the contribution of land to Schiphol Logistics Park CV (EUR 9.5 million from assets held for sale, EUR 1.7 million from assets under construction and EUR 0.5 million for site preparation costs) and EUR 18.3 million for the two buildings (EUR 17.7 million from investment property and EUR 0.6 million in selling costs). Out of the total figure of EUR 40.5 million for property sales income in 2006, an amount of EUR 19.2 million relates to the above contribution of land and did not result in a cash flow in 2006. This explains the figure of EUR 21.3 million for the proceeds from disposals of investment property in the consolidated cash flow statement.

The profit of EUR 10.2 million relating to the sale of property in 2005 concerns the sale of the remaining 50% of the Schiphol Group head office building (Schipholgebouw) to Airport Real Estate Basisfonds CV (AREB CV) among other transactions. The total cost of sales of the property sold off, amounting to EUR 74.8 million, was made up of assets used for operating activities (Schiphol Building) totalling EUR 20.1 million (including EUR 14.2 million relating to the provision of parking facilities) and other investment property totalling EUR 54.7 million. The property sales figure of EUR 85.0 million in 2005 included EUR 5.0 million relating to the contribution of land to Villa Carmen CV, which, again, did not result in an actual cash flow in 2005, explaining the figure of EUR 80.0 million for the proceeds from disposals of investment property in the consolidated cash flow statement.

28. Fair value gains and losses on property

The analysis is as follows:

(in thousands of euros)	2006	2005
Residual values on long leases	2,280	6,023
Revaluation of capitalised costs	–	755
New long leases granted	601	6,341
Completions of new buildings	5,533	4,291
Market value adjustments	20,156	- 5,033
	28,570	12,377

The gains resulting from attributing residual values to long leases concern contracts where the lease expires in less than 20 years from the year under review. The very nature of long leases means that there is uncertainty regarding the use of the land concerned on expiry of the lease. Consequently it is only possible to make a reasonably reliable assessment of the residual value in the case of leases expiring within 20 years. No residual value is recognised in the case of leases with longer than 20 years to run.

The gains resulting from the granting of new long leases are connected with the change in valuation on the release of land from historical cost to fair value. The fair value is calculated by discounting the annual ground rents from the leases concerned (DCF method), using a discount rate based on the interest rate on Dutch State Loans plus a risk mark-up.

Prior to completion, new buildings are carried at cost. On completion they are revalued at an internally appraised fair value. The fair value is subsequently reassessed each year and adjusted as necessary on the basis of internal and external appraisals. The fair value takes account of any lease incentives granted. The adjustments are included in the market value adjustments in the above analysis.

29. Costs of outsourced work and other external charges

The analysis is as follows:

(in thousands of euros)	2006	2005
Outsourcing	219,986	185,153
Maintenance	54,200	52,657
Energy and water	23,626	13,955
Insurance	22,764	16,586
Other external charges	92,137	83,658
	412,713	352,009

The outsourcing costs concern costs incurred by Schiphol Group in connection with such things as security, cleaning, renting and leasing and hiring contract staff.

As at 31 December 2006, there were commitments (not included in the balance sheet) in respect of long-term maintenance and cleaning contracts etc. totalling EUR 99 million (31 December 2005: EUR 87 million).

Under operating leases with Schiphol Group as lessee, the following future lease instalments are payable (not included in the balance sheet):

(in thousands of euros)	Total	≤ 1 year	> 1 year but ≤ 5 years	> 5 years	
Rental and lease contract commitments	67,411	5,441	61,970	18,524	43,446

30. Employee benefits

The analysis is as follows:

(in thousands of euros)	2006	2005*
Short-term employee benefits		
Salaries	120,875	115,357
Social security charges	12,134	9,943
Internal hours capitalised	- 11,605	- 11,581
	<u>121,404</u>	<u>113,719</u>
Post-retirement benefits		
Pension charges (defined contribution plans)	15,072	17,622
Pension charges (defined benefit plans)	970	1,101
Early retirement benefits	1,390	7,882
Pensioners' medical expenses	911	- 17,782
	<u>18,343</u>	<u>8,823</u>
Other long-term employee benefits		
Long-service bonuses	- 121	- 125
Management long-term bonuses	734	537
Other employee benefits	174	- 166
	<u>787</u>	<u>246</u>
Termination benefits	- 41	261
Other staff costs	12,331	10,451
Total employee benefits	<u>152,824</u>	<u>133,500</u>

* Restated for comparison purposes.

The average number of employees, on a full-time equivalent basis, of NV Luchthaven Schiphol and its subsidiaries totalled 2,293 (2005: 2,179).

The charges in respect of early retirement benefits in 2005 included an addition of EUR 7.3 million to the provision for job-related early retirement resulting from changes in the tax rules as part of government measures designed to make early retirement less attractive to employers. In 2006, an amount of EUR 1.3 million was released from the provisions recognised in relation to this scheme in connection with changes mitigating the effect of the above measures.

The charges in respect of benefits relating to pensioners' medical expenses in 2005 include an amount totalling EUR 20 million released from provisions after a large part of the provision for pensioners' healthcare insurance allowances was discontinued with the introduction of the new healthcare system.

The capitalised internal hours concern capitalised own production in the form of internal hours charged by staff in the implementation phases of investment projects.

31. Depreciation and amortisation

The analysis is as follows:

(in thousands of euros)	2006	2005
Intangible assets		
Automated application development	3,306	1,647
Software licences	1,854	622
	<u>5,160</u>	<u>2,269</u>
Assets used for operating activities		
Runways, taxiways and aprons	19,580	17,563
Paved areas, roads etc.	9,527	9,418
Buildings	29,208	32,601
Installations	72,011	70,980
Other assets	23,241	22,266
	<u>153,567</u>	<u>152,828</u>
Depreciation and amortisation relating to disposals	2,044	6,706
Total depreciation and amortisation	<u>160,771</u>	<u>161,803</u>

32. Impairment

The analysis is as follows:

(in thousands of euros)	2006	2005
Intangible assets		
Goodwill	-	2,370
	<u>-</u>	<u>2,370</u>
Assets used for operating activities		
Runways, taxiways and aprons	-	229
Paved areas, roads etc.	22	- 299
Buildings	-	1,138
Installations	751	626
Other assets	147	77
	<u>920</u>	<u>1,771</u>
Assets under construction		
Assets under construction for operating activities	62	188
Assets under construction for investment property	-	574
	<u>62</u>	<u>762</u>
Total impairment losses	982	4,903

The impairment losses recognised on assets used for operating activities relate to Schiphol Telematics, Lelystad Airport and Eindhoven Airport.

With the break-up of Schiphol Telematics into a network business and a service business with effect from 1 January 2006 (the network business being continued by Schiphol Group and the service business by KPN), the assets were divided between the two businesses. The carrying amount of property, plant and equipment remaining with the network business was written down by EUR 0.8 million in respect of technological obsolescence affecting the Welan network and the transmission platform.

In connection with the projected short and medium-term losses and negative cash flows from operating activities, an impairment loss of EUR 0.2 million (in 2005 EUR 1.2 million) was recognised on the assets of Lelystad Airport in 2006. In 2005 an impairment loss of EUR 0.7 million was recognised as a result of the demolition of the old terminal at Eindhoven Airport.

The impairment of goodwill in 2005 concerns write-downs of EUR 2.1 million on the investment in SADC and EUR 0.3 million on the food and beverage facilities at Rotterdam Airport BV.

33. Other operating expenses

The other operating expenses for 2006 include, among other things, the contribution of EUR 8.5 million made by Schiphol Group to Stichting Mainport en Groen and Schiphol Group's EUR 10 million contribution for the alleviation of the airport nuisance 'distress' cases. These expense items and the liabilities they have given rise to have been described in greater detail in note 24.

34. Financial income and expenses

The analysis is as follows:

(in thousands of euros)	2006	2005
Interest expense		
Borrowings	- 37,749	- 39,102
Lease liabilities	- 10,171	- 10,296
Tax collection	- 4,300	- 211
	<u>- 52,220</u>	<u>- 49,609</u>
Interest income		
Cash and cash equivalents	7,122	3,346
Loans to associates	5,395	2,319
Lease receivables	1,607	1,699
Capitalised constructions period borrowing costs	3,547	2,287
Tax collection	587	382
Other	598	1,439
	<u>18,856</u>	<u>11,472</u>
Other financial gains and losses		
Exchange differences on loans to associates	- 1,727	3,471
Exchange differences on cash and cash equivalents	- 198	4
Exchange differences on other assets, equity and liabilities	- 321	50
Derivative financial instruments	- 315	133
Dividends from other financial interests	315	441
Other	- 58	- 60
	<u>- 2,304</u>	<u>4,039</u>
Total financial income and expenses	- 35,668	- 34,098

In 2006, an amount of EUR 4.3 million was set aside for the interest payable on the tax due for the years 2002–2004. When the settlement agreement concerning the opening balance sheet for tax purposes as at 1 January 2002 was concluded with the Tax Authorities in September 2006, it became possible to prepare revised tax returns for the years from 2002 onwards. Interest will be payable on the resultant amounts of corporate income tax due.

The capitalised construction period borrowing cost concerns interest charges incurred during the construction phase of investment projects.

The exchange differences on loans to associates concern the redeemable preference shares of Brisbane Airport Corporation Holdings Pty Ltd held by Schiphol Group. In view of the terms requiring repayment of the nominal value to the shareholders within a period of 10 years, among other conditions, the shares are considered not to be part of the net investment in the associate. Consequently, the exchange differences have been accounted for in the profit and loss account instead of in the exchange differences reserve.

The currency risk on this long-term loan has been hedged using currency swap contracts with effect from September 2006. The exchange differences recognised in the profit and loss account in 2006 relate to the period prior to September 2006 before the hedge was in place.

35. Share in results of associates

This item concerns Schiphol Group's share in the results of the unconsolidated associates.

36. Corporate income tax

The corporate income tax charge in the profit and loss account can be analysed as follows:

(in thousands of euros)	2006	2005
Profit before tax	291,449	278,666
Share in result of associates*	- 5,619	- 373
	285,830	278,293
<i>Standard rate of corporate income tax</i>	29.6%	31.5%
Corporate income tax calculated at the standard tax rate	84,606	87,662
Different rate for foreign associates	1,233	- 442
Income related to the management of foreign associates	- 1,174	- 1,619
Other	201	985
	84,866	86,586
<i>Effective rate of corporate income tax before extraordinary items</i>	29.7%	31.1%
Impact due to the agreement on the opening balance sheet for tax purposes:		
■ Recognition of deferred tax assets	- 286,178	-
■ Release from deferred tax liabilities	- 22,975	-
Release of current corporate income tax liabilities	- 5,152	-
Release of deferred tax assets and liabilities due to reduction in the tax rate to 25.5%	- 7,247	- 2,079
	- 236,686	84,507
<i>Effective rate of corporate income tax after extraordinary items</i>	- 82.8%	30.4%

* In calculating the corporate income tax payable, the share in results of associates is deducted because they satisfy the substantial holding privilege tax rule. This does not apply to the results of limited partnerships (CVs), which are not independently liable for tax and whose results are included in the NV Luchthaven Schiphol fiscal entity.

A fuller explanation of the effects of the agreed tax assessment can be found in the notes on deferred tax assets and liabilities in note 5. Further details of the release of current corporate income tax liabilities have been included in note 23.

37. Result attributable to minority interests

Included in the result attributable to minority interests in 2006 is the share of third parties in the results of the group companies Eindhoven Airport NV, Malpensa Real Estate BV, Malpensa Real Estate II BV, Malpensa Real Estate Srl, and Avioport SpA.

The takeover with effect from 18 October 2006 of the 40% interest of Grontmij Real Estate International BV in Malpensa Real Estate BV and Malpensa Real Estate II BV means that a minority interest is no longer recognised in the case of these companies.

38. Earnings per share

Earnings per share is calculated as follows:

	2006	2005
Result attributable to shareholders (net result, in euros)	526,909,000	192,900,000
Average number of shares in issue during the year	171,255	171,255
Earnings per share (in euros)	3,077	1,126

Since shares were neither issued nor repurchased during the year, the average number of shares in issue remained unchanged. There is currently also no potential dilutive effect due to the existence of options or convertible securities.

Notes to the Consolidated Cash Flow Statement

39. Cash flow from operations

The analysis is as follows:

(in thousands of euros)	2006	2005*
Result	528,135	194,159
Corporate income tax	- 236,686	84,507
Share in result of associates	- 10,714	- 1,777
Financial income and expenses	35,668	34,098
	<u>- 211,732</u>	<u>116,828</u>
Operating result	316,403	310,987
Adjustments for:		
Depreciation and amortisation	160,771	161,803
Impairment	982	4,903
Result on sales of property	- 10,444	- 10,196
Costs related to sales of property	- 583	-
Negative goodwill on MRE BV and MRE II BV acquisition	- 2,319	-
Write-off of long-term receivables	227	-
Fair value gains and losses on property	- 28,570	- 12,377
Accrued interest on lease receivables and liabilities	8,564	8,597
Other non cash changes lease receivables and liabilities	- 2,881	- 3,492
Result on disposal of assets	- 149	38
Movements in provisions	- 2,589	- 17,513
	<u>123,009</u>	<u>131,763</u>
Operating result after adjustments	439,412	442,750
Change in working capital	10,742	11,415
Cash flow from operations	450,154	454,165

*1 Restated for comparison purposes.

40. Acquisitions

The acquisitions can be analysed as follows:

(in thousands of euros)	2006	2005
Break-up of Schiphol Telematics	8,292	-
Increase of interest in MRE BV and MRE II BV	11,000	-
Acquisition of Villa Carmen BV	-	14,378
	<u>19,292</u>	<u>14,378</u>

Break-up of Schiphol Telematics into a network business and a service business

Early in 2006, Schiphol Nederland BV (Schiphol) and KPN Telecom BV (KPN), the limited partners in the Schiphol Telematics BV joint venture, reached an agreement under which the activities of the joint venture would be split into a 'service business' and a 'network business'. The network business was continued by Schiphol Telematics CV and its net assets were accordingly attributed to Schiphol Group. The service business was attributed to KPN. KPN transferred all its shares in the joint venture to Schiphol Group. As a result of the above transaction, the network business has been included in full in the Schiphol Group consolidation with effect from 1 January 2006 and Schiphol Group's share in the service business ceased to be consolidated with effect from the same date. An amount of EUR 8.3 million was paid to KPN in connection with the purchase of the KPN share of the network business and the sale of the Schiphol Group share of the service business.

Takeover of Grontmij's minority interest in Malpensa Real Estate BV and Malpensa Real Estate II BV

On 18 October 2006, Schiphol Group acquired the 40% share of Grontmij Real Estate International BV (Grontmij) in Malpensa Real Estate BV (MRE BV) and Malpensa Real Estate II BV (MRE II BV) for a combined payment of EUR 11 million. This amount includes the repayment of loans granted by Grontmij to MRE BV and MRE II BV together amounting to EUR 8.0 million. The payment therefore made for 40% of the shares of MRE BV and MRE II BV, of EUR 3.0 million, is less than the fair value of the separately identified assets and liabilities, of EUR 5.3 million. The resultant negative goodwill of EUR 2.3 million has been recognised in the profit and loss account as part of revenue from other activities, in accordance with the accounting policies. In the case of both MRE BV and MRE II BV, Schiphol Group already had control of the business operations prior to the aforementioned transaction, on the basis of which the financial information of the two companies was included in full in the consolidation. There is therefore no change in this following the transaction except for the fact that minority interests in MRE BV and MRE II BV are no longer recognised in either equity or results.

Events after the balance sheet date

Takeover of liquor and tobacco activities from KLM Tax Free Services

In 2006, Schiphol Group reached a firm agreement with KLM NV on the takeover with effect from 3 January 2007 of the liquor and tobacco retailing activities in the See Buy Fly area. The activities were previously carried on by KLM Tax Free Services. The takeover is in line with the strategy of Schiphol Group's Consumers business area to strengthen its retail activities. The date of the acquisition means that the transaction does not affect the figures included in these financial statements. The newly acquired activities will be fully consolidated by Schiphol Group with effect from 3 January 2007.

The agreed price for the acquisition is equal to the net fair value of the identifiable assets and liabilities. A significant proportion of the takeover price is attributable to the concession contracts taken over from KLM Tax Free Services. These contracts will be presented as contract-related intangible assets and amortised over a period of five years. The remainder of the takeover price is attributable to other assets, other liabilities and cash, so that no goodwill will be recognised in connection with this acquisition.

As regards the profit and loss account, the takeover also means that Schiphol Group (and the Consumers business area) will itself be recognising the entire revenue generated by the liquor and tobacco retailing activities instead of only the concession fees payable by KLM Tax Free Services to Schiphol Group up to the end of 2006. In addition, the costs relating to these activities (including the wholesale cost of liquor and tobacco, staff costs for the shop assistants and support staff and equipment depreciation charges) will form part of the operating expenses with effect from 2007.

Oxygen levels in drainage ditches

At the end of January it was found that the water quality standards of the Rijnland Polder Board were not being met in various respects. The Polder Board has announced its intention to impose a fine on Schiphol Group for this violation.

Privatisation

During the term of the new government coalition headed by Premier Balkenende there will be no stock market flotation. This decision was contained in the coalition agreement published on 7 February 2007. It is expected that the new coalition will reverse the move by the previous government to annul the decision of the City of Amsterdam to vote against amendment of the Articles of Association. The request to the Enterprise Chamber of the Amsterdam Court of Appeal for an inquiry into the affairs surrounding the privatisation plans has been suspended.

Related Party Disclosures

Shareholders

The shareholders are:

State of the Netherlands	75.8%
City of Amsterdam	21.8%
City of Rotterdam	2.4%

Dividend policy

Commencing with 2006, there has been agreement with the shareholders that the dividend should be 40% (was 30% since 2003) of the net result attributable to shareholders, excluding the fair value gains and losses on investment property after tax and excluding the non-recurring income from the finalisation of the opening balance sheet for tax purposes.

Operation of the airport

In its legislative capacity, the government (State of the Netherlands) is responsible for the legislation governing the operation of Amsterdam Airport Schiphol, which is provided for indefinitely in law in Chapter 8, Part 4, of the Aviation Act and other legislation.

Sections 8.7 and 8.17 of the Aviation Act set forth the constraints on the development and use of Amsterdam Airport Schiphol. The Airport Traffic Decree lays down rules for airport use and stipulates limits for noise levels, air pollution and risks to public safety. The Airport Planning Decree describes the airport zone and the restrictions governing the use of the area in and around the airport.

Pursuant to the provisions of Section 8.18 of the Aviation Act, the operator is under obligation to keep the airport open in accordance with the rules laid down in the Airport Traffic Decree. The operator may ignore this requirement if necessary in the interests of safety. The airport operator together with the provider of air traffic services and the airlines is required to promote the smooth operation of air traffic in accordance with the Airport Traffic Decree.

Pursuant to the provisions of Section 8.25a of the Aviation Act, the operator of Amsterdam Airport Schiphol is under obligation to operate the airport, making such provisions as are necessary for the proper handling of the airport traffic and the associated transport of persons and goods, having due regard to the provisions of Section 8.3 of the Aviation Act -- the objective of achieving sustainable growth of Schiphol as a main port. This concerns important elements of the services provided by an airport, such as the runway system, the baggage system, the aircraft parking aprons, the terminal building, the piers and the gates etc.

Airport operation imposes a duty of care on the operator to record the threat to public safety and the environmental impact associated with air traffic. In that context, the operator is required to perform measurements and computations necessary in order to maintain such records.

Chapter 3A of the Aviation Act contains the obligations incumbent on the operator with regard to airport safety. The specific requirements are laid down in Section 37, paras. b-e.

Chapter 6 of the Aviation Supervision Rules requires the operator to take certain precautions with regard to the safety of the airfield such as marking of obstacles, installation of airfield lighting, provision of fire services and general maintenance of the airfield. In that context, the operator is under

obligation to take measures to ensure effective supervision of safety and good order on the airfield. For this purpose, the operator has set up a safety management system which has been certified by the authorities.

Supervision of operation

There are two lines along which supervision of the operation of Amsterdam Airport Schiphol is exercised.

- One line of supervision concerns preventing of use of a position of economic power by the operator. The body responsible for this supervision is the Netherlands Competition Authority (NMa). The supervision relates to the charges and the conditions fixed by the operator pursuant to Section 8.25d of the Aviation Act to be met by the airport users in the forthcoming year. The charges are regulated on the basis of the mandatory annual consultation of users by the operator concerning the proposed charges and conditions for the forthcoming year. In submitting its proposal, the operator provides the users with a statement of the level of service to be provided as measured by the indicators stipulated in the Amsterdam Airport Schiphol Operation Decree. The NMa exercises supervision on the basis of complaints from users concerning the question of whether the charges have been arrived at in accordance with the statutory requirements. By law, the charges for all of the airport activities should be transparent. This also applies to the revenue from activities that are directly associated with the aviation activities at the airport that are factored into the charges. For this purpose, the operator is required to keep separate accounts for the airport activities, including subaccounts for the costs of security relating to passengers and their baggage and the revenue generated by security charges. For the income and expenses of these activities, the operator has implemented an industry-standard allocation system that is proportionate and comprehensive. The allocation system has been submitted to the NMa for approval. The NMa intends to approve the allocation system early in 2007, following consultation with the airlines.
- The other line of supervision involves the Ministry of Transport, Public Works and Water Management and relates to the operation of Amsterdam Airport Schiphol, for which a licence has been granted pursuant to Section 8.25 of the Aviation Act. The operator reports to the Minister on the operation of the airport at least once every three years, in particular concerning the investments that are important to the development of the airport. Based on information obtained from the operator, the Minister makes an assessment of whether the airport is in danger of being mismanaged in a way which could jeopardise its continuity. The ability to foster the main port status of the airport, to the extent that the operator is able to influence that status, is particularly dependent on the development of the airport infrastructure in the medium and long term.

Incidentally, the Aviation Act provides for the exchange of information between the two regulators to avoid the need for the operator to provide the same information more than once.

Supervisory Board

The disclosure of the remuneration of members of the Supervisory Board required by Section 2:383c of the Netherlands Civil Code is as follows:

(in euros)	2006	2005
Jan Kalff	46,600	51,600
Hans van den Broek	30,600	30,600
Frans J.G.M. Cremers	21,900	–
Trude A. Maas-de Brouwer	30,600	35,600
Anthony Ruys	19,200	–
Willem F.C. Stevens	37,600	37,600
Toon H. Woltman	30,600	35,600
Former members of the Supervisory Board		
Jan-Michiel Hessels	12,500	37,600
Schelto Patijn	12,800	25,600
Total	242,400	254,200

The Chairman's remuneration is EUR 33,000 per annum. The ordinary members receive directors' fees of EUR 24,000 per annum. All the members of the Supervisory Board also receive expense allowances of EUR 1,600 per annum.

In addition to the above remuneration, membership of a Supervisory Board committee confers the right to supplementary remuneration. Audit Committee members receive an additional fee of EUR 6,000, Privatisation Committee members receive an additional EUR 6,000 and Remuneration Committee members receive an additional EUR 5,000 per annum. Members of the Selection and Appointments Committee also receive an additional fee of EUR 5,000 per annum. Since the latter committee only met infrequently, no fee was charged by its members for 2006.

No shares, options, loans, advances or guarantees have been or will be granted to members of the Supervisory Board.

Board of Management

The disclosure of the remuneration of members of the Board of Management required by Section 2:383c of the Netherlands Civil Code is as follows.

The regular salary comprises gross pay plus holiday allowances.

(in euros)	2006	2005
Gerlach J. Cerfontaine	355,630	347,635
Pieter M. Verboom	277,796	271,551
Ad P.J.M. Rutten	277,796	90,517
Total	911,222	709,703

The annual bonus payable (short-term bonus scheme) depends on the achievement of financial targets, a number of personal performance targets and the Supervisory Board's assessment regarding general performance. The financial target is given by the net result divided by total shareholders' equity (ROE) according to the budget for the year approved by the Supervisory Board. The personal performance targets may vary from year to year. The on-target level of the short-term bonus is 35% of the fixed salary, with achievement of the financial target accounting for approximately two-thirds of the total short-term variable remuneration. If the financial targets are exceeded, the bonus payable can be up to one-and-a-half times the on-target level for that component, making the maximum short-term bonus for the CEO 47.5% of the fixed salary in the event of exceptional performance, with a limit of 45% for the other members of the Board of Management. The extent to which the targets have been achieved is determined partly on the basis of the audited financial statements.

Based on the assessment by the Supervisory Board of the extent to which the targets were achieved, the maximum bonus has been charged to the result for 2006 in respect of the bonus scheme (short-term) for 2006. Pieter Verboom was also paid a one-off extra bonus of EUR 50,000 in view of the fact that he has also been responsible for the management of the Consumers business area since 1 January 2005 in addition to his usual portfolio.

Bonus payments (short-term) (in euros)	2006	2005
Gerlach J. Cerfontaine	168,924	165,127
Pieter M. Verboom	175,008	122,198
Ad P.J.M. Rutten	125,008	31,681
Total	468,940	319,006

Schiphol Group is not a listed company and therefore does not have the ability to award Schiphol Group shares or share options. Instead, to foster the achievement of Schiphol Group's long-term objectives, there is a long-term bonus scheme which rolls forward over a three-year period. The long-term bonus is a remuneration component payable each year with an on-target level of 35% of the fixed salary, depending on the cumulative economic profit realised over a period of three successive years, based on the medium-term business plan approved by the Supervisory Board. If the company performs exceptionally well, the bonus may be increased up to a maximum of 52.5% of the fixed salary.

The long-term bonus in each case relates to the period of three years from the time of award of the bonus (the reference period):

- The performance criteria for the 2004 long-term bonus relate to the economic profit for the three-year period 2004, 2005 and 2006, with payment, if applicable, made in 2007.
- The performance criteria for the 2005 long-term bonus relate to the economic profit for the three-year period 2005, 2006 and 2007, with payment, if applicable, made in 2008.
- The performance criteria for the 2006 long-term bonus relate to the economic profit for the three-year period 2006, 2007 and 2008, with payment, if applicable, made in 2009.

At the end of each year, an estimate is made of the amount of the bonus payable on conclusion of the three-year period. During the reference period, a pro rata part thereof is charged each year to the result for the relevant year. Payment is only made if the relevant Board of Management member is still employed by the company at the end of the three-year period. If it is mutually agreed that the contract

of employment should be terminated, the award is made pro rata. It is also possible in that case to calculate and pay out future bonuses in advance.

In respect of the bonus scheme (long-term), the Supervisory Board's assessment of the developments in the economic profit warrants the recognition of the following provisions chargeable to 2006:

- one-third of the long-term bonus for 2004 including swing factor (reference period 2004–2006);
- one-third of the long-term bonus for 2005 including swing factor (reference period 2005–2007); and
- one-third of the long-term bonus for 2006 including swing factor (reference period 2006–2008).

In 2006, payment was made of the 2003 long-term bonus, for which provisions had been built up. Accordingly, the payment did not lead to a charge on the 2006 result. In 2007, payment will be made out of the provisions accumulated for the 2004 long-term bonus, relating to the economic profit over the three-year period 2004, 2005 and 2006.

Bonus payments (long-term) (in euros)	2006	2005
Gerlach J. Cerfontaine	183,454	181,602
Pieter M. Verboom	143,303	141,857
Ad P.J.M. Rutten	48,614	–
Total	375,371	323,459

The pension costs presented below concern the payment of regular pension contributions.

Pension costs (in euros)	2006	2005
Gerlach J. Cerfontaine	78,887	91,498
Pieter M. Verboom	61,117	70,579
Ad P.J.M. Rutten	61,117	21,206
Total	201,121	183,283

The other payments concern allowances for private healthcare insurance costs and entertainment expenses, the employers' share of social security contributions and various non-recurring benefits.

Other payments (in euros)	2006	2005
Gerlach J. Cerfontaine	13,855	10,274
Pieter M. Verboom	12,131	10,038
Ad P.J.M. Rutten	11,531	3,229
Total	37,517	23,541
Total remuneration to the Board of Management members charged to profit and loss	1,994,171	1,558,992

Past-service cost of Board of Management pensions

The Remuneration Committee has decided that the pensions of the Board of Management members should be increased to competitive levels. ABP, the pension provider, has recalculated the associated past-service cost. In 2006, the recalculation by ABP for Gerlach Cerfontaine related to the period 1998–2006, for Pieter Verboom the period 1997–2006 and for Ad Rutten the period 2005–2006. The resultant benefit expenses are summarised in the following table:

Past-service cost (in euros)	2006	2005
Gerlach J. Cerfontaine	76,399	54,235
Pieter M. Verboom	43,321	35,493
Ad P.J.M. Rutten	13,792	–
Total	133,512	89,728

Subsidiaries

The following subsidiaries are fully consolidated:

	Registered in	Direct / indirect interest in %
Schiphol Nederland BV ¹⁾	Schiphol	100.00
Schiphol Belgium NV	Antwerp	100.00
Schiphol Australia Pty Ltd	Schiphol	100.00
Schiphol North American Holding Inc	Delaware	100.00
Schiphol Retail US Inc	Delaware	100.00
Schiphol Services Inc	Delaware	100.00
Eindhoven Airport NV	Eindhoven	51.00
Schiphol Asia Sdn. Bhd.	Kuala Lumpur	100.00
NV Luchthaven Lelystad	Lelystad	100.00
Schiphol USA Inc	New York	100.00
Schiphol USA LLC	Delaware	100.00
Rotterdam Airport BV ¹⁾	Rotterdam	100.00
Rotterdam Airport Supplies Services BV	Rotterdam	100.00
Rotterdam Airport Holding BV ¹⁾	Rotterdam	100.00
Rotterdam Airport Vastgoed BV	Rotterdam	100.00
Beheer- en beleggingsmaatschappij Balnag BV	Schiphol	100.00
Brisbane Airport Real Estate BV	Schiphol	100.00
Malpensa Real Estate BV	Schiphol	100.00
Malpensa Real Estate Italy Srl	Lonate Pozzolo	100.00
Malpensa Real Estate II BV	Schiphol	100.00
Schiphol Real Estate Caravelle BV	Schiphol	100.00
Schiphol Dienstverlening BV ¹⁾	Schiphol	100.00
Schiphol Flexservices BV	Schiphol	100.00
Schiphol International BV	Schiphol	100.00
Schiphol Project Consult BV ¹⁾	Schiphol	100.00
Schiphol Real Estate Logistics Park BV	Schiphol	100.00
Schiphol Real Estate BV ¹⁾	Schiphol	100.00
Schiphol Real Estate Eindhoven BV	Schiphol	100.00
Schiphol Real Estate Eindhoven Finance BV	Schiphol	100.00
Schiphol Real Estate Eindhoven II BV	Schiphol	100.00
Schiphol Real Estate International BV	Schiphol	100.00
Schiphol Real Estate Tristar BV	Schiphol	100.00
HAFOK BV	Schiphol	100.00
Schiphol Real Estate World Trade Center BV ¹⁾	Schiphol	100.00
Schiphol Real Estate Italy Srl	Lonate Pozzolo	100.00
Airport Real Estate Management BV	Schiphol	100.00
Airport Property Management BV	Schiphol	100.00
Dartagnan BV	Amsterdam	100.00
Dartagnan Biometric Solutions US Inc	New York	100.00
Avioport SpA	Lonate Pozzolo	70.00
Schiphol Telematics CV	Schiphol	100.00
Schiphol Telematics BV	Schiphol	100.00
Schiphol Consumer Services Holding BV	Schiphol	100.00
Schiphol Airport Retail BV	Schiphol	100.00

¹⁾ The provisions of Section 403, Book 2, of the Netherlands Civil Code apply with respect to these companies

Early in 2006, Schiphol Nederland BV (Schiphol) and KPN Telecom BV (KPN), the limited partners in the Schiphol Telematics BV joint venture, reached an agreement under which the activities of the joint venture would be split into a 'service business' and a 'network business'. The network business was continued by Schiphol Telematics CV and its net assets were accordingly attributed to Schiphol Group. The service business was attributed to KPN. KPN transferred all its shares in the joint venture to Schiphol Group. As a result of the above transaction, the network business has been included in full in the Schiphol Group consolidation with effect from 1 January 2006 and Schiphol Group's share in the service business ceased to be consolidated with effect from the same date.

The break-up of the business means that the existing legal structure, in the form of a Dutch limited partnership (CV), is no longer appropriate. The necessary changes will be made in 2007 by transferring the activities from Schiphol Telematics CV to Schiphol Telematics BV and winding up the former company. Until this change has been accomplished, Schiphol Telematics BV will continue to act as managing partner with joint and several liability for the debts of Schiphol Telematics CV.

Joint ventures

The interests in the following companies are proportionately consolidated:

	Registered in	Direct / indirect interest in %
Airport Real Estate Basisfonds CV	Schiphol	50.00
Schiphol Travel Taxi BV	Schiphol	50.00
Flight Square Beheer BV	Schiphol	50.00
Flight Square CV	Schiphol	50.00
Flight Forum Beheer Vennoot BV	Eindhoven	50.00
Beheer Personeelsrestaurant Schiphol BV	Schiphol	50.00
VOF Proefdraaiplaats Holding 27	Schiphol	50.00
P.T. Angkasa Pura Schiphol	Jakarta	50.00
Pantares Tradeport Asia Ltd	Hong Kong	50.00
Arlanda Schiphol Development Company AB	Stockholm	40.00
Villa Carmen BV	Amsterdam	47.44
Villa Carmen Srl	Milan	47.44

The subsidiary Airport Real Estate Management BV and joint ventures Flight Forum Beheer BV and Flight Square Beheer BV, as managing partners, bear joint and several liability for the debts of Airport Real Estate Basisfonds CV, Flight Forum CV and Flight Square CV, respectively. Similarly, Schiphol Nederland BV bears joint and several liability for the debts of VOF Proefdraaiplaats Holding 27.

Despite the fact that Schiphol Group does not have an interest of 50% in the companies Arlanda Schiphol Development Company AB, Villa Carmen BV and Villa Carmen Srl, there is joint control and the interests in the companies concerned are therefore proportionately consolidated. In the contractual arrangements establishing these joint ventures, the venturers have agreed that decisions on important strategic, financial and operational matters shall require their unanimous consent.

In connection with the development of Malpensa Trade Center Phase I, Villa Carmen BV contracted external financing totalling EUR 38.6 million (100%) in 2006. As at 31 December 2006, the facility had not yet been utilised. The loan is secured on the land of Villa Carmen BV. There is also an obligation incumbent on the shareholders to pay in a minimum of EUR 4.3 million (100%) to Villa Carmen BV when the loan is drawn down.

Abridged balance sheet for Schiphol Group's interests in the proportionately consolidated companies:

(in thousands of euros)	31 December 2006	31 December 2005
Assets		
Non-current assets	190,229	192,385
Current assets	11,904	15,011
	202,133	207,396
Equity and liabilities		
Total equity	101,189	102,316
Non-current liabilities	84,577	87,150
Current liabilities	16,367	17,930
	202,133	207,396

Abridged profit and loss account for Schiphol Group's share in the results of these companies:

(in thousands of euros)	2006	2005
Revenue	22,744	31,675
Other income, from property	9,230	1,372
	31,974	33,047
Total operating expenses	11,107	19,719
	20,867	13,328
Operating result	20,867	13,328
Financial income and expenses	- 3,340	- 2,467
Share in result of associates	4	- 1,386
	17,531	9,475
Corporate income tax	- 286	- 193
	17,245	9,282
Result	17,245	9,282

The lower figures for revenue and operating expenses compared with 2005 are explained by the break-up of Schiphol Telematics. As a consequence, the activities of the joint venture have been split into a 'service business' and a 'network business'. The network business was continued by Schiphol Telematics CV and attributed to Schiphol Group. The service business was attributed to KPN. As a result of the above transaction, the network business has been included in full in the Schiphol Group consolidation with effect from 1 January 2006 (as a subsidiary and not as a joint venture) and Schiphol Group's share in the service business ceased to be consolidated with effect from the same date.

The increase in the other income, from property, concerns AREB CV.

Associates

As at 31 December 2006, this concerns the investments in the following companies measured by applying the equity method:

	Registered in	Direct / Indirect interest in %
Flight Forum CV	Eindhoven	49.00
Brisbane Airport Corporation Holdings Ltd	Brisbane	15.62
JFK IAT LLC	New York	40.00
Cargonaut BV	Schiphol	36.93
Schiphol Area Development Company NV	Schiphol	33.33
Schiphol Logistics Park BV	Schiphol	45.00
Schiphol Logistics Park CV	Schiphol	38.08
Tradeport Hong Kong Ltd	Hong Kong	18.75
Airport Medical Services BV	Haarlemmermeer	20.00
Airport Medical Services CV	Haarlemmermeer	20.00

Apart from SRE BV, Schiphol Area Development Company BV and Schiphol Logistics Park BV have interests in Schiphol Logistics Park CV of 3.03% and 0.04%, respectively. These interests are not included in the above interest of 38.08%.

Schiphol Group has an interest of 15.62% in Brisbane Airport Corporation Holdings Pty Ltd. The latter company owns 100.00% of Brisbane Airport Corporation Holdings No.2 Pty Ltd, which in turn owns 100.00% of Brisbane Airport Corporation Ltd (BACL). Despite Schiphol Group's interest in Brisbane Airport Corporation Ltd (BACL) being smaller than 20%, the company does have a significant influence on the basis of the following considerations:

- Schiphol Group has a blocking vote with respect to a variety of important decisions which can only be taken by the shareholders' meeting with a majority in excess of 90%;
- Schiphol Group has the right to appoint three out of the nine members of the Board of Directors, each of whom has equal voting rights, meaning that the members appointed by Schiphol Group represent 33.3% of the votes;
- The existence of a Technical Services Agreement between Schiphol Group and BACL under which Schiphol Group has, for instance, the sole right to put forward candidates for Managing Director (Chief Executive Officer); and
- The existence of an Intellectual Property Agreement between Schiphol Group and BACL under which BACL is able to share Schiphol Group's expertise relating to the operation and development of an airport.

The City of Amsterdam (24.3% interest), the Haarlemmermeer Municipal Authority (24.3% interest), Schiphol Group (33.3% interest) and the North Holland Provincial Government (18.1% interest) established the land development company Schiphol Area Development Company NV (SADC) as a public-private partnership in 1987. SADC's object is to safeguard and enhance the economic position of Amsterdam Airport Schiphol and surrounding areas through the ongoing development of business locations and supporting infrastructure projects.

On 22 December 2005, the shareholders signed a new partnership agreement concerning the sale and development of land in the Amsterdam Airport Area. The agreement covers the coordinated development of office and business parks in the immediate vicinity of Amsterdam Airport Schiphol. In addition

to the sites already managed by SADC, the company will be coordinating the development and construction process on behalf of the shareholders with regard to six new sites with a combined area of approximately 360 ha. SADC is also responsible for the international marketing and release of the sites.

Key figures relating to the Schiphol Group share of the above associates are:

(in thousands of euros)	2005	2004
Total assets	244,949	155,127
Total equity	- 27,383	- 86,406
Revenue	83,119	73,211
Net result	19,915	9,439

Since at the time of preparation of the financial statements Schiphol Group was not yet in possession of all the necessary information from associates relating to 2006, the above figures have been produced using financial information as at 31 December 2005 (assets and equity) and for the year then ended (revenue and net result) except in the case of three of the associates, which have a different financial year. In the case of Brisbane Airport Corporation Holdings Pty Ltd, use has been made of information as at 30 June 2006 (and for the financial year 1 July 2005 to 30 June 2006) and, in the case of Airport Medical Services BV and Airport Medical Services CV, use has been made of information as at 31 March 2006 (and for the financial year 1 April 2005 to 31 March 2006).

The negative equity which is presented mainly relates to the negative equity of Brisbane Airport Corporation Holdings Pty Ltd and JFK IAT LLC (together amounting to EUR 75 million negative as at 31 December 2006). There is no obligation incumbent on Schiphol Group to make good this negative equity. The investments in the associates concerned have therefore been presented at a net asset value of nil.

The fact that the above financial information relating to the associates in certain cases relies on information for different financial years plus the fact that two of the investments are currently carried at a value of nil mean that the above figures are not reconcilable with information contained elsewhere in these financial statements.

As at 31 December 2006, Tradeport Hong Kong had a loan outstanding of EUR 26.0 million, with a guarantee covering 20% of this amount. On the basis of Schiphol Group's share in Tradeport Hong Kong (18.75%), the amount of the guarantee attributable to Schiphol Group is EUR 1.0 million. Tradeport Hong Kong's negative equity led to the recognition of a provision chargeable to 2005 amounting to EUR 1.2 million relating to the amount of the outstanding loan as at 31 December 2005. There was no change in the amount of this provision as at year-end 2006. Schiphol Group has also given guarantees for a maximum amount of EUR 15.8 million in respect of the liabilities of Tradeport Hong Kong relating to land on which the company has a concession for the operation of the logistics centre.

As at 30 June 2006, Brisbane Airport Corporation Ltd (BACL) had a contingent liability on the basis of passenger and traffic growth forecasts to capital expenditure at Brisbane Airport totalling EUR 50.4 million over a 1-year period (i.e. up to 30 June 2007). This period may be extended if actual passenger and traffic figures or operational circumstances so dictate. On the basis of our indirect interest of 15.62% in BACL, the associate's contingent liability amounts to EUR 7.9 million.

Schiphol, 14 February 2007

For the consolidated financial statements for 2006:

Supervisory Board

Jan Kalff, Chairman

Hans van den Broek

Frans J.G.M. Cremers

Trude A. Maas-de Brouwer

Anthony Ruys

Willem F.C. Stevens

Toon H. Woltman

Board of Management

Gerlach J. Cerfontaine, President

Pieter M. Verboom, Chief Financial Officer

Ad P.J.M. Rutten, Chief Operations Officer

Before proposed profit appropriation

Assets	Note	31 December 2006	31 December 2005
(in thousands of euros)			
Non-current assets	41		
Investments in subsidiaries		2,618,422	2,088,016
Other investments		15,624	12,703
		<u>2,634,046</u>	<u>2,100,719</u>
Current assets	42		
Receivables		72,591	127,192
Cash and cash equivalents		10,626	2,170
		<u>2,717,263</u>	<u>2,230,081</u>
Equity and liabilities			
(in thousands of euros)	Note	31 December 2006	31 December 2005
Issued share capital		77,712	77,712
Retained profits		2,278,397	1,825,569
Translation differences reserve		14,322	4,710
Revaluation reserve		311,324	299,967
Other statutory reserves		22,120	14,694
Shareholders' equity	43	<u>2,703,875</u>	<u>2,222,652</u>
Current liabilities	44	13,388	7,429
		<u>2,717,263</u>	<u>2,230,081</u>

(in thousands of euros)	2006	2005
Result on ordinary activities after tax	3,518	3,795
Results of subsidiaries	523,391	189,105
Result attributable to shareholders (net result)	526,909	192,900

General

The corporate financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code, utilising the option provided by Section 2:362, subsection 8, of the Netherlands Civil Code of applying the same accounting policies for the corporate financial statements as have been applied in preparing the consolidated financial statements.

Use has also been made of the provisions of Section 2:402 of the Netherlands Civil Code, permitting presentation of an abridged profit and loss account.

Accounting policies**General**

The accounting policies for the corporate financial statements are the same as for the consolidated financial statements. Where no specific policies are mentioned, reference should therefore be made to the accounting policies relating to the consolidated financial statements.

Subsidiaries

Companies in which Schiphol Group is able to exercise control or which Schiphol Group effectively manages are carried at net asset value determined by measuring the assets, provisions and liabilities and results according to the policies applied in preparing the consolidated financial statements.

If the share of losses attributable to Schiphol Group exceeds the carrying amount of a subsidiary, losses over and above that amount are not recognised unless Schiphol Group has given guarantees to the entity concerned or other commitments have been entered into or payments have been made on behalf of that entity. In that case, a provision is made for the consequent liabilities.

Results on transactions with subsidiaries are eliminated in proportion to the interest in the entities concerned, except where the results arise on transactions with third parties. Losses are not eliminated if there are indications of impairment of the assets concerned.

Elements of shareholders' equity

Various statutory reserves required by Part 9, Book 2, of the Netherlands Civil Code have been retained in the corporate balance sheet which form part of the retained profits in the consolidated balance sheet. They are the reserve for property revaluations (Section 2:390.1), the reserve for intangible assets (Section 2:365.2) and the reserve for participating interests (Section 2:389.6).

The revaluation reserve is maintained in respect of fair value gains on individual items of investment property (buildings and land) held by companies forming part of Schiphol Group. Additions to this reserve are made via the profit appropriation, after allowing for corporate income tax. On the sale of investment property, the amount of the revaluation reserve for the property in question is transferred to other reserves.

The other statutory reserves are the reserve for intangible assets and the reserve for investments in associates.

The reserve for intangible assets is maintained in connection with capitalised research and development costs (software) carried by companies forming part of Schiphol Group.

The reserve for investments in associates is formed in respect of the share in the positive results of the entities concerned and in fair value gains accounted for directly in equity. Amounts are not recognised in respect of entities whose cumulative results are not positive. The reserve is reduced by the amount of dividend distributions, fair value losses accounted for directly in equity and any distributions which Schiphol Group would be able to effect without restriction.

Total equity in the consolidated balance sheet includes a translation differences reserve, an other financial interests reserve and a hedging transactions reserve. These reserves (included in the corporate financial statements under the heading of 'Other reserves of Schiphol Group') are also presented as part of corporate shareholders' equity since they restrict the ability to distribute the reserves.

Pending the necessary resolution by the General Meeting of Shareholders, the dividend payable according to the proposed profit appropriation is still included in retained profits as at balance sheet date.

Notes to the corporate balance sheet and profit and loss account

Where the notes to the corporate balance sheet and profit and loss account are not materially different from the notes to the consolidated balance sheet and profit and loss account, they have not been repeated here and the notes to the consolidated balance sheet and profit and loss account should be consulted for the items concerned.

41. Non-current assets

The analysis and movements were as follows:

(in thousands of euros)	Investment in subsidiaries	Loans to subsidiaries	Other financial interests	Total
Carrying amount as at 1 January 2005	1,898,396	14,801	11,697	1,924,894
Movements in 2005				
Result for the year	189,105	–	–	189,105
Repayments	–	- 14,198	–	- 14,198
Fair value gains and losses	–	–	1,006	1,006
Translation differences	846	- 603	–	243
Changes in the hedging transactions reserve	234	–	–	234
Other movements	- 565	–	–	- 565
Total movements in the year	189,620	- 14,801	1,006	175,825
Carrying amount as at 31 December 2005	2,088,016	–	12,703	2,100,719
Movements in 2006				
Result for the year	523,391	–	–	523,391
Fair value gains and losses	–	–	2,921	2,921
Translation differences	90	–	–	90
Changes in the hedging transactions reserve	6,626	–	–	6,626
Other movements	299	–	–	299
Total movements in the year	530,406	–	2,921	533,327
Carrying amount as at 31 December 2006	2,618,422	–	15,624	2,634,046

The investments in subsidiaries concern the wholly-owned subsidiaries Schiphol Nederland BV and Schiphol International BV. For Schiphol Nederland BV, the provisions of Section 2:403 are applicable.

Other financial interests concern the 1% interest in Flughafen Wien AG.

42. Current assets

The receivables can be analysed as follows:

(in thousands of euros)	2006	2005
Current-account receivables		
■ Schiphol Nederland BV	18,755	75,087
■ Schiphol International BV	53,796	51,991
Other receivables	40	114
	72,591	127,192

The cash and cash equivalents balance as at 31 December 2006 includes up to EUR 10.6 million in deposits with an average original term of 3 months and an average interest rate of 3.74%.

Both receivables and cash are stated at fair value, which is usually the face value.

43. Shareholders' equity

The analysis and movements were as follows:

(in thousands of euros)	Issued share capital	Retained profits	Other reserves of Schiphol Group	Revaluation reserve	Other statutory reserves	Dividend	Total
Balance as at 1 January 2005	77,712	1,686,644	2,624	297,874	9,214	-	2,074,068
Appropriation of result for previous year	-	- 58,545	-	6,665	5,480	46,400	-
Exchange differences	-	-	846	-	-	-	846
Fair value gains and losses on other financial interests	-	-	1,006	-	-	-	1,006
Fair value gains and losses on hedging transactions	-	-	234	-	-	-	234
Net result	-	192,900	-	-	-	-	192,900
Distribution of dividend	-	-	-	-	-	- 46,400	- 46,400
Change in the law affecting the revaluation reserve	-	- 6,451	-	6,451	-	-	-
Realised gains on sale of property	-	11,023	-	- 11,023	-	-	-
Other movements	-	- 2	-	-	-	-	- 2
Balance as at 31 December 2005	77,712	1,825,569	4,710	299,967	14,694	-	2,222,652
Appropriation of result for previous year	-	- 75,111	-	12,385	7,426	55,300	-
Exchange differences	-	-	89	-	-	-	89
Fair value gains and losses on other financial interests	-	-	2,921	-	-	-	2,921
Fair value gains and losses on hedging transactions	-	-	6,602	-	-	-	6,602
Net result	-	526,909	-	-	-	-	526,909
Distribution of dividend	-	-	-	-	-	- 55,300	- 55,300
Realised gains on sale of property	-	1,028	-	- 1,028	-	-	-
Other movements	-	2	-	-	-	-	2
Balance as at 31 December 2005	77,712	2,278,397	14,322	311,324	22,120	-	2,703,875

The other statutory reserves comprise the reserve for intangible assets and the reserve for investments in associates.

The other reserves of Schiphol group comprise a translation differences reserve, an other financial interests reserve and a hedging transactions reserve. These reserves are part of the consolidated equity and are also presented as part of corporate shareholders' equity since, like the revaluation reserve and the other statutory reserves, they restrict the ability to distribute the reserves. As a consequence, the ability to distribute shareholders' equity is restricted to retained earnings.

A change in the statutory provisions means that the revaluation reserve has been set to nil for properties where the cumulative revaluations are negative, the fair value losses below cost having been deducted from other reserves. This has resulted in EUR 6.5 million being deducted from retained profits and added to the revaluation reserve in 2005.

44. Current liabilities

The analysis is as follows:

(in thousands of euros)	2006	2005
Bank borrowings and overdrafts	8,240	–
Corporate income tax payable	3,138	5,657
Derivative financial instruments	478	–
Internal forward foreign exchange contract	1,532	1,772
	<u>13,388</u>	<u>7,429</u>

The bank borrowings and overdrafts concern a temporary overdraft situation on the bank account of NV Luchthaven Schiphol.

Derivative financial instruments concerns the currency swap contract hedging the long-term loan to an associate in Australian dollars contracted by NV Luchthaven Schiphol on behalf of Schiphol International BV.

Schiphol, 14 February 2007

For the corporate financial statements for 2006:

Supervisory Board

Jan Kalff, Chairman

Hans van den Broek

Frans J.G.M. Cremers

Trude A. Maas-de Brouwer

Anthony Ruys

Willem F.C. Stevens

Toon H. Woltman

Board of Management

Gerlach J. Cerfontaine, President

Pieter M. Verboom, Chief Financial Officer

Ad P.J.M. Rutten, Chief Operations Officer

Proposed profit appropriation

Article 25 of the company's Articles of Association contains the following provisions on profit appropriation:

1. Without prejudice to the provisions of Section 2:105 of the Netherlands Civil Code, the profit according to the financial statements prepared by the Board of Management shall be added to reserves unless the General Meeting of Shareholders resolves to make profit distributions according to a proposal by the Board of Management having the agreement of the Supervisory Board.
2. The General Meeting of Shareholders shall decide the appropriation of the amounts thus reserved according to a proposal by the Board of Management having the agreement of the Supervisory Board.

Proposed profit appropriation

(in thousands of euros)

Result attributable to shareholders	526,909
--	----------------

With due observance of Article 25 of the Articles of Association, it is proposed that the result for the year be appropriated as follows:

Addition to the revaluation reserve	- 20,248
--	-----------------

(fair value gains and losses on property recognised in the profit and loss account, after adjustment for fair value losses below cost and after deduction of corporate income tax)

Addition to the statutory reserve	- 3,719
--	----------------

(sum of the results of associates, less dividend distributions, and investments in research and development less amortisation)

Dividend distribution	- 79,057
------------------------------	-----------------

(40% of the net result excluding fair value gains and losses on property after deduction of corporate income tax and excluding the extraordinary gain related to the opening balance sheet for tax purposes)

- 103,024

Addition to retained profits	423,885
-------------------------------------	----------------

Events after the balance sheet date

For details of the events after the balance sheet date, reference is made to the notes to the consolidated financial statements on page 164.

To the Shareholders, Supervisory Board and Board of Management of NV Luchthaven Schiphol

Report on the financial statements

We have audited the accompanying financial statements 2006 of NV Luchthaven Schiphol, Amsterdam as set out on pages 88 to 187. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2006, the company profit and loss account for the year then ended and the notes.

The Board of Managements' responsibility

The Board of Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the 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 company's internal

control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of NV Luchthaven Schiphol as at 31 December 2006, and of its result and its cash flows for in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of NV Luchthaven Schiphol as at 31 December 2006, and of its result in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the annual report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 14 February 2007

PricewaterhouseCoopers Accountants NV

J.A.M. Stael RA

Historical Summary

Figures as from 2004 have been restated according to IFRS. The figures up to year-end 2003 are based on previous accounting policies.

(in thousands of euros, unless stated otherwise)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Profit and loss account										
Revenue	1,037	948	876	860	774	695	637	575	553	504
Fair value gains and losses on property	-	-	-	83	15	74	63	16	2	1
Own work capitalised	-	-	-	13	16	11	10	11	11	-
Total operating revenue	-	-	-	956	805	780	710	603	566	505
Other income, from property	39	23	23	-	-	-	-	-	-	-
Total operating expenses before depreciation, amortisation and impairment	- 598	- 492	- 475	- 488	- 452	- 383	- 340	- 312	- 287	- 259
EBITDA	478	478	424	468	353	397	370	291	280	246
Depreciation, amortisation and impairment	- 162	- 167	- 160	- 131	- 106	- 101	- 107	- 82	- 83	- 80
Operating result	316	311	265	338	247	296	263	209	197	166
Financial income and expenses	- 36	- 34	- 26	- 43	- 39	- 35	- 35	- 32	- 30	- 24
Taxation and share in operating result of associates and minority interests	246	- 84	- 78	- 104	- 71	3	4	6	3	2
Result on ordinary activities after tax	527	193	161	191	137	263	232	183	169	144
Extraordinary income and expenses	-	-	-	-	-	-	- 18	- 29	-	-
Net result	527	193	161	191	137	263	214	154	169	144
Balance sheet										
Non-current assets	3,681	3,249	3,157	3,047	2,729	2,522	2,219	1,976	1,700	1,512
Current assets	483	432	399	422	209	254	213	196	267	241
Total assets	4,165	3,681	3,556	3,469	2,938	2,775	2,432	2,172	1,967	1,753
Equity (excl. minority interests)	-	-	-	2,024	1,871	1,783	1,548	1,356	1,207	1,058
Equity (incl. minority interests)	2,722	2,245	2,093	-	-	-	-	-	-	-
Provisions	63	84	115	64	41	38	54	71	43	39
Non-current liabilities (incl minority interests)	-	-	-	1,044	523	459	448	342	536	524
Non-current liabilities (excl minority interests)	865	1,006	958	-	-	-	-	-	-	-
Current liabilities	514	346	391	337	502	494	382	403	180	133
Total equity and liabilities	4,165	3,681	3,556	3,469	2,938	2,775	2,432	2,172	1,967	1,753
Operating cash flow ¹⁾	362	307	327	298	293	216	251	290	283	237
Ratios										
Operating result as % of revenue	30.5	32.8	30.2	39.3	31.9	42.6	41.2	36.4	35.5	33.0
Return on average equity in % (ROE)	21.2	8.9	7.9	9.8	7.5	15.8	14.7	12.0	14.9	14.6
Return on Net Assets in % (RONA) ²⁾	9.5	9.7	8.6	11.7	9.4	12.5	12.5	11.4	12.2	11.6
Return on Capital Employed in % (ROCE) ³⁾ , (ROACE) ⁴⁾	9.3	9.9	8.7	11.5	9.4	12.8	13.8	11.8	11.5	10.8
FFO / total debt in % ⁵⁾	35.9	28.7	33.4	-	-	-	-	-	-	-
FFO interest coverage ratio ⁶⁾	8.1	6.8	7.9	-	-	-	-	-	-	-
Leverage ^{7) 8)}	24.8	29.4	32.0	34.2	28.0	25.2	22.6	24.1	26.9	29.4
Figures per share										
Earnings per share	3,077	1,126	939	1,117	799	1,536	1,250	901	987	844
Operating cash flow per share	2,114	1,754	1,912	1,738	1,710	1,258	1,468	1,696	1,655	1,386
Dividend per share	462	323	271	239	245	263	133	119	119	93
Personnel										
Average effective full-time equivalent employees	2,293	2,179	2,216	2,231	2,134	2,038	1,864	1,868	1,928	1,791

¹⁾ For analysis see the cash flow statement

²⁾ Operating result / average non-current assets less deferred taxes

³⁾ Up to and including 2003 operating result / average of equity and liabilities less non-interest bearing short term debt

⁴⁾ As from 2004: operating result / average of equity and interest-bearing debt

⁵⁾ Funds from operations adjusted for working capital / total debt

⁶⁾ Funds from operations adjusted for working capital plus interest income / interest costs

⁷⁾ Up to and including 2003: interest-bearing debt / total equity and liabilities

⁸⁾ As from 2004: Interest-bearing debt / equity plus interest-bearing debt in %

Appendix 1

Appendix 1a: Traffic volume Amsterdam Airport Schiphol

	2006	2005	%
Passengers (excluding transit direct)	45,987,132	44,077,539	4.3%
Transit direct passengers	78,918	85,559	- 7.8%
Total passengers	46,066,050	44,163,098	4.3%
Air cargo (in tonnes)	1,526,501	1,449,855	5.3%
Air mail (in tonnes)	40,327	46,064	- 12.5%
Air transport movements	423,122	404,594	4.6%
Other	17,031	16,142	5.5%
Total aircraft movements	440,153	420,736	4.6%

Appendix 1b: Traffic volume Rotterdam Airport

	2006	2005	%
Passengers (excluding transit direct)	1,037,966	1,010,948	2.7%
Transit direct passengers	39,148	32,439	20.7%
Total passengers	1,077,114	1,043,387	3.2%
Air cargo (in tonnes)	15	17	- 11.8%
Air transport movements	15,928	15,561	2.4%
Other	48,339	49,593	- 2.5%
Total aircraft movements	64,267	65,154	- 1.4%

Appendix 1c: Traffic volume Eindhoven Airport

	2006	2005	%
Passengers (excluding transit direct)	1,143,557	946,218	20.9%
Air transport movements	11,116	10,411	6.8%
Other	4,837	5,367	- 9.9%
Total aircraft movements	15,953	15,778	1.1%

Appendix 1d: Traffic volume Lelystad

	2006	2005	%
Total aircraft movements	114,619	105,097	9.1%

Appendix 1e: Traffic volume Terminal 4 JFK Airport

	2006	2005	%
Passengers (excluding transit direct)	7,701,434	6,577,160	17.1%
Air transport movements	45,789	38,621	18.6%

Appendix 1f: Traffic volume Brisbane Airport Corporation

	2006	2005	%
Passengers (excluding transit direct)	16,879,439	15,946,483	5.9%
Air transport movements	152,222	150,084	1.4%

Appendix 1g: Traffic volume Aruba Airport

	2006	2005	%
Passengers (excluding transit direct)	1,638,126	1,714,523	- 4.5%
Air transport movements	33,088	33,768	- 2.0%

Appendix 2

Comparison of the 10 largest Western European airports

Air transport movements				
(x 1.000)	2006	2005	%	
1	Paris Ch. de Gaulle	533	514	3.8%
2	Frankfurt	482	482	0.1%
3	London Heathrow	470	472	- 0.3%
4	Madrid	435	416	4.6%
5	Amsterdam	423	405	4.6%
6	Munich	386	375	3.1%
7	Barcelona	328	308	6.4%
8	Rome Fiumicino	310	303	2.3%
9	Copenhagen	255	265	- 3.9%
10	London Gatwick	254	252	0.9%

Passenger movements				
(x 1.000) (including transit direct passengers counted once)	2006	2005	%	
1	London Heathrow	67,243	67,681	- 0.6%
2	Paris Ch. de Gaulle	56,571	53,470	5.8%
3	Frankfurt	52,811	52,219	1.1%
4	Amsterdam	46,066	44,163	4.3%
5	Madrid	45,530	42,157	8.0%
6	London Gatwick	34,196	32,755	4.4%
7	Munich	30,758	28,619	7.5%
8	Rome Fiumicino	30,102	28,620	5.2%
9	Barcelona	30,008	27,131	10.6%
10	Paris Orly	25,616	24,857	3.1%

Air cargo				
(x 1.000 tonnes)	2006	2005	%	
1	Frankfurt	2,057	1,892	8.7%
2	Paris Ch. de Gaulle	1,884	1,767	6.6%
3	Amsterdam	1,527	1,450	5.3%
4	London Heathrow	1,258	1,308	- 3.8%
5	Luxemburg*	752	742	0.9%
6	Brussels	706	700	0.9%
7	Cologne*	698	637	9.6%
8	Liege	407	326	24.8%
9	Milan Malpensa	405	369	9.9%
10	Zurich	363	372	- 2.4%

* Preliminary data based on December estimates

Source: publications and websites of the respective airports

Appendix 3

Scheduled airlines operating at Amsterdam Airport Schiphol in 2005

Adria Airways	P	EVA Airways	P	Smartwings ³⁾	P
Aer Lingus	P	Finnair	P	South African Airways	FF
Aeroflot Russian Int. Airlines	P	Flybe ¹⁾	P	Sterling	P
Afriqiyah Airways ¹⁾	P	Flyglobespan ^{1) 2)}	P	Surinam Airways	P
Air Astana	P	flyLAL – Lithuanian Airlines	P	Swiss Int. Airlines	P
Air Berlin	P	FlyMe ^{1) 2)}	P	Syrian Arab Airlines	P
Air Canada ^{2) 3)}	P	Georgian Airways	P	TACV Cabo Verde Airlines	P
Air France	P	Great Wall Airlines ¹⁾	FF	TAP Portugal	P
Air Malta	P	Iberia	P	Thomsonfly.com	P
Air Transat ³⁾	P	Icelandair	P	transavia.com	P
airBaltic ²⁾	P	Iranair	P	Tristar	FF
Airbridge Cargo	FF	Jade Cargo International ¹⁾	FF	Tunis Air	P
Airlinair ¹⁾	P	Japan Airlines	P + FF	Turkish Airlines	P
Alitalia	P	JAT Airways	P	Ukraine International Airlines	P
Armavia	P	Jet2.com	P	United Airlines	P
Asiana Airlines	FF	Kalitta	FF	US Airways	P
Austrian	P	Kenya Airways	P	Varig Brazilian Airlines ²⁾	P
Blue1 ²⁾	P	KLM	P + FF	Variglog ¹⁾	FF
bmi	P	Korean Air	P + FF	Virgin Express ²⁾	P
bmi regional ¹⁾	P	LAN Cargo	FF	VLM Airlines	P + FF
bmibaby	P	LOT Polish Airlines	P	Vueling	P
British Airways	P	Lufthansa German Airlines	P	Westair	FF
Bulgaria Air	P	Maersk Air ²⁾	P	Wizz Air ²⁾	P
Cathay Pacific Airways	P	Malaysia Airlines	P + FF		
China Airlines	P + FF	Malev Hungarian Airlines	P		
China Southern Airlines	P + FF	Martinair Holland	P + FF	P = passengers + cargo services	
Continental Airlines	P	MAT Macedonian Airlines ³⁾	P	FF = full freighter services	
Corendon Airlines	P	Meridiana	P		
Croatia Airlines	P	Nippon Cargo Airlines	FF		
CSA Czech Airlines	P	Northwest Airlines	P		
Cyprus Airways	P	Olympic Airlines	P		
Das Air Cargo ²⁾	FF	PIA Pakistan Int. Airlines	P		
Delta Air Lines	P	Polar Air Cargo	FF		
DHL ³⁾	FF	Portugalia Airlines	P		
Dragonair	FF	Qatar Airways	FF		
easyJet	P	Rossiya Airlines	P		
Egypt Air	P	Royal Air Maroc	P		
El Al Israel Airlines	P + FF	Royal Jordanian Airlines	P		
Emirates Skycargo	FF	SAS Scandinavian Airlines	P		
Eritrean Airlines ²⁾	P	Sata International ^{1) 3)}	P		
Estonian Air ²⁾	P	ScotAirways	P	¹⁾ started in 2006	
Ethiopian Airlines	P	Singapore Airlines	P + FF	²⁾ stopped (temporarily) in 2006	
European Air Express ¹⁾	P	SkyEurope	P	³⁾ seasonal operations	

■ Glossary

ACRE Fund

AirportCity Real Estate Fund. A property fund to which a number of Schiphol Real Estate buildings have been transferred, 50% of the shares of which have been placed with institutional investors.

Airport charges

Aircraft, passenger, and security related charges.

Aviation Act (Wet luchtvaart) governing the organisation and use of Amsterdam Airport Schiphol

Legislation laying down new standards for noise, air quality, odour and third-party risk at Amsterdam Airport Schiphol, applicable since February 2003.

Aviation Act (Wet luchtvaart) Amendment governing the operation of Amsterdam Airport Schiphol

Legislation laying down the terms of the operating licence and the supervision of the charges and conditions for using Amsterdam Airport Schiphol, applicable since July 2006.

Catchment area

The geographical area from which passengers can reach Amsterdam Airport Schiphol by road or rail.

Concession income

Income derived from a concession, i.e. a licence to carry on specific activities such as operating a restaurant or a retail outlet at the airport, generally in the form of a percentage of sales.

Corporate Governance Code

The Corporate Governance Code for listed companies as drawn up in 2003 by the Tabaksblat Committee.

CROS

Commissie Regionaal Overleg Luchthaven Schiphol; a consultative body between the aviation sector and the region.

De-icing

The process of removing ice and snow from the fuselage, wings and other surfaces of an aircraft prior to takeoff.

Departure Lounge 1

Waiting area for passengers travelling to a Schengen country departing from Piers A, B, C or D.

Departure Lounges 2 & 3

Waiting area for passengers travelling to a non-Schengen country departing from Piers D, E, F, G or H.

Departure Lounge 4

Waiting area for passengers travelling to a Schengen country departing from Pier M.

Dual-hub system

A system under which an airline alliance with a global network uses two primary hubs to serve a particular continent; also referred to as a multi-hub system.

Economic profit

RONA (after tax) minus the WACC, multiplied by average non-current assets.

Euro Medium Term Note (EMTN)

A generic name for a programme under which unsecured debt instruments (notes) can be issued by investment-grade entities.

FFO

Funds From Operations

FTEs

Full-time equivalents or the number of full-time positions calculated on the basis of full working weeks.

Full-freighter

An aircraft that transports cargo only.

General Aviation

The generic term covering aviation activities involving smaller aircraft, normally operating on a non-commercial basis.

Groenenberg site

A site close to Runway 18L-36R owned by the property developer Chipshol on which a development ban has been issued. Chipshol is claiming compensation from Schiphol Group because of the ban.

Hub

A central airport providing connections for continental and intercontinental flights.

Hub carrier

Main network carrier at a hub airport.

IR rate

Irregularity rate – the percentage of bags that do not arrive at the destination at the same time as the passenger.

Key Performance Indicator (KPI)

A key indicator used to measure the performance of a company or business area.

Lden

Day-Evening-Night: European measure for noise during a 24 hour period.

Low-cost carrier

A ‘no frills’ airline specialised in offering low air fares.

Main port

A multi-modal hub for air, road and rail transport, which serves as home base to an airline alliance, generating significant economic activity within the region.

MTOW

Maximum Take-Off Weight of an aircraft upon which take off and landing charges are based.

NLA

Net lettable area (measured in square metres).

Passenger service charge

The charge departing passengers pay for using airport facilities.

Pax-combi aircraft

Aircraft in which both cargo and passengers are transported on the main deck.

Pier H

New pier opened in 2005 for point-to-point carriers flying to non-Schengen destinations.

Pier M

New pier opened in 2006 for point-to-point carriers flying to Schengen destinations.

Point-to-point carrier

Airlines operating flights that carry predominantly origin/destination passengers.

Privium

An airport service programme featuring automatic border passage employing iris recognition.

Randstad

The urbanised area in the west of the Netherlands encompassing the major cities of Amsterdam, The Hague, Rotterdam and Utrecht.

ROE

Return on Equity: Results attributable to shareholders (net result) divided by average total equity.

RONA

Return on Net Assets: Operating results divided by the average fixed assets, excluding deferred tax assets and receivables on derivatives longer than 1 year.

Runway incursion

An incident involving the unauthorised presence of an aircraft, vehicle or person at a location designated for aircraft takeoffs and landings.

Runways

Runway 06-24 (Kaagbaan)

Runway 09-27 (Buitenveldertbaan)

Runway 18R-36L (Polderbaan)

Runway 18C-36C (Zwanenburgbaan)

Runway 18L-36R (Aalsmeerbaan)

Schengen countries

Countries in Europe which signed a treaty allowing unrestricted movement of persons and goods (named after the town in Luxembourg where the treaty was ratified).

Security Service Charge

Charge that departing passengers pay for security measures.

See Buy Fly

The brand name of the partnership of retailers located in that part of the terminal that is only accessible to airline passengers using Amsterdam Airport Schiphol.

SkyTeam

Worldwide alliance of airlines grouped around Air France-KLM.

Smart Parking

Online service enabling advance booking of discounted parking spaces in the P3 long-stay car park via www.schiphol.nl.

Terminal

The airport building, including the arrival and departure halls.

Transfer passenger

A passenger who changes planes at an airport.

Transit direct passenger

A passenger arriving at an airport and continuing his or her journey on the same plane.

VIP Valet Parking

Product name for a service allowing passengers flying from Amsterdam Airport Schiphol to leave their car outside the departure hall and have it waiting for them on their return.

Visit costs

The total costs an airline pays for visiting the airport.

WACC

Weighted average cost of capital according to the capital asset pricing model (CAPM).

Work Load Unit (WLU)

A term used to measure production = 1 passenger and / or 100 kg of cargo.

WTC

World Trade Centre Schiphol Airport.

Published by

Schiphol Group
P.O. Box 7501
1118 ZG Luchthaven Schiphol
The Netherlands
Tel. +31 20 6019111
www.schipholgroup.com

To obtain more copies contact:

+31 20 6012570

Dutch version written by

Van Luyken Communicatie Adviseurs, Haarlem, The Netherlands
Schiphol Group, Schiphol, The Netherlands

English translation

Mac Bay Consultants, Amsterdam, The Netherlands

Design

Graphic Invention, De Meern, The Netherlands

Art Direction and Photography

Xander Richters, Abcoude, The Netherlands
Fotopersbureau Dijkstra, Uithoorn, The Netherlands
and others

Colour separations and printing

Drukkerij Brummelkamp, Hoofddorp, The Netherlands

