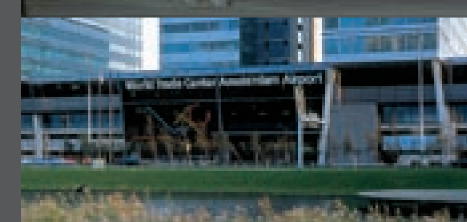
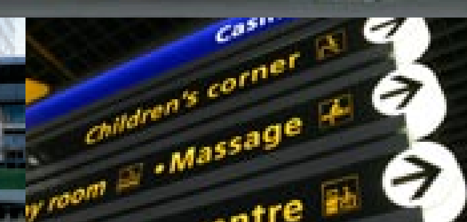
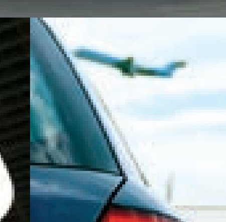
Schiphol Group
Annual Report
2004




Creating AirportCities

Schiphol Group

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Shareholder Information

Share capital

The authorised capital of Schiphol Group (N.V. Luchthaven Schiphol) amounts to €136.1 million, divided into shares of €453.78 nominal value. Of this share capital, an amount of €77,712,130 has been issued. The shareholders are:

State of the Netherlands	75.8%
City of Amsterdam	21.8%
City of Rotterdam	2.4%

In July 2004, the Dutch government took the decision to sell off a minority interest in Schiphol Group at a suitable juncture. The decision still has to be ratified by the Lower and Upper Houses of the Dutch Parliament. This is expected to take place in 2005.

Dividend policy

Agreement was reached with the shareholders that the dividend, starting with 2003, should be 30% of the result after taxation, excluding the unrealised capital gains and losses relating to investment property after taxation. In 2004, the result after taxation per share amounted to €924. It is proposed to issue a dividend per share of €271.

Credit rating in 2004

Commercial paper issued under the EMTN programme by N.V. Luchthaven Schiphol and Schiphol Nederland BV was given an AA– rating by Standard & Poor's and an Aa3 rating by Moody's Investors Service.

Financial calendar

General Meeting of Shareholders	14 April 2005
Publication of 2005 half-year results and 2005 interim report on the Internet	24 August 2005
Publication of 2005 results and 2005 annual report on the Internet	16 February 2006*
Publication of the printed version of the 2005 annual report	16 March 2006*
General Meeting of Shareholders	13 April 2006*

* Dates subject to change

Schiphol Group Profile

Schiphol Group* is an airport operator. Our aim is to create sustainable value for our stakeholders by developing AirportCities and by positioning Amsterdam Airport Schiphol as the leading AirportCity. Our ambition is to rank among the world's leading airport companies.

An AirportCity is a dynamic hub integrating people and businesses, logistics and shops, information and entertainment. It is an efficient, multimodal hub for air, rail and road transport. It is a location offering its visitors and locally-based international businesses all the services they require on a 24/7 basis.

We regard Amsterdam Airport Schiphol as our flagship enterprise. It is here that the development and implementation of the AirportCity concept is most advanced. The experience and expertise acquired here is used in applying the concept to other international airports.

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 complex.

Our operations are organised into the four business areas of Aviation, Consumers, Real Estate and Alliances & Participations.

Schiphol Group owns and operates Amsterdam Airport Schiphol, Rotterdam Airport and Lelystad Airport and has a 51% share in Eindhoven Airport. Outside the Netherlands, Schiphol USA Inc. has a share in JFK IAT, which operates Terminal 4 at John F. Kennedy Airport, New York and Schiphol Australia has a share in Brisbane Airport Corporation, the operator of Brisbane Airport.
Slightly more than half of our turnover is derived from airport fees. Other revenues are generated by concessions, car parking fees, real estate and participating interests.In 2004, operating income totalled €910 million, on which a result after taxation of €158 million was achieved. Shareholders' equity as at year-end 2004 amounted to €2,139 million. Schiphol Group employs some 2,200 people (on a full-time equivalent basis).

Visit us at www.schiphol.nl.

* N.V. Luchthaven Schiphol trades under the name of Schiphol Group. References in this report to Schiphol Group include the company's subsidiaries unless the contrary is explicitly stated or clear from the context.

Gerlach Cerfontaine, President (left) and Pieter Verboom, CFO

Foreword

Working together to enhance the region's competitiveness

Schiphol Group saw passenger numbers increase strongly in 2004. This was the case at our regional airports, at our participating interests Brisbane Airport and New York's Kennedy Airport and at Amsterdam Airport Schiphol, which posted a record number of more than 42.5 million passengers, 6.5% up on the previous year. Cargo volumes again broke all records, with growth of 8.8% to more than 1.4 million tonnes.

This growth means that Amsterdam Airport Schiphol is keeping pace with its competitors, London Heathrow, Frankfurt and Paris Charles de Gaulle. We have managed to maintain our position as Europe's fourth-largest passenger airport and third-largest cargo airport. We expect to see between 4.5 and 5% growth in the number of passengers in 2005, with cargo volumes forecast to increase by around 5.5%.

In 2005 we shall be investing in excess of €200 million in aviation-related facilities at Amsterdam Airport Schiphol to accommodate this growth. Thus we shall be continuing to build for the future of Amsterdam Airport Schiphol. We must continue to ensure that the airport has sufficient capacity and offers quality services at competitive prices if the airport is to retain and strengthen its main-port status. The steadily increasing competition in the aviation industry makes this task more difficult with each successive year. Accordingly the merger of Air France and KLM and KLM's membership of the SkyTeam alliance are of great significance for our future as a fully fledged main port.

The merger enables us to continue to operate as a hub, provided we accelerate our efforts to improve our future position. However, we cannot do this on our own. It requires the involvement of all the parties concerned. Government, users, Air Traffic Control the Netherlands, the airport itself and the local community all have a role and a responsibility to fulfil.

Our role is essentially to make sure that the necessary capacity for further development is available on time, at a competitive cost and price.

It is exceedingly important to strengthen the competitiveness of the Randstad – the name applied to the urbanised west of the country – because without a strong region the main port will not be able to compete with other hubs. Fortunately, various government policy documents have acknowledged this fact. Rapid, decisive implementation of these good intentions is required, however, to ensure we do not to lag behind our major European competitors. In that context, it is particularly important that Schiphol Group, through stock market flotation, is put on the same financial footing as its competitors.

South axis (Zuidas) Amsterdam

We would also ask the government to ensure that there is a level playing field as regards regulation and taxation. Compared with other airports Amsterdam Airport Schiphol faces much more stringent environmental standards, though in many cases they are no more effective. An example is the new 18R-36L runway. The construction of this runway, along with other factors, has reduced the number of noise-affected homes by 40% compared with the maximum number permitted by law. The new runway enables operating capacity of around 600,000 air transport movements. In practice, however, it appears that under the new Aviation Act, which is due to be evaluated in 2005, less takeoffs and landings are feasible.

In association with Air France-KLM, Air Traffic Control the Netherlands and the regional authorities, we aim to develop proposals for amending the statutory framework in such a way that the intended physical capacity of the runway system can indeed be achieved while at the same time reducing noise impact in the area as much as possible.

In this connection we look to our neighbours – those living in the vicinity of Amsterdam Airport Schiphol – for understanding and recognition. Understanding for the fact that the airport must be allowed to grow – within the limits provided by law – and that growth cannot be achieved without a degree of disturbance and, that the airport will do its utmost to limit noise impact. And recognition of the fact that Amsterdam Airport Schiphol is crucial for powering our economy and is the most important economic motor in the area.

It remains exceedingly important to strengthen the position of the Randstad

Conversely, the local community can also count on understanding and recognition on our part. We do understand local residents' feelings about the impact of aircraft noise. And we do recognise how important it is to involve the region – our neighbours – much more closely in the growth of the airport, which is so vital for the country as a whole and for the region in particular. Instead of being at loggerheads we should be working together to boost the competitiveness of the region and Amsterdam Airport Schiphol. It is, after all, our combined future we are talking about.

Gerlach J. Cerfontaine
President

Key Figures

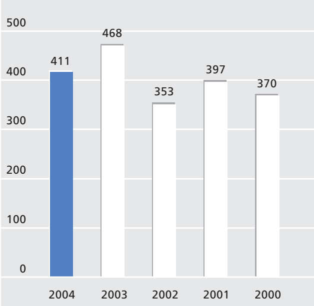
(amounts in millions of euros unless otherwise indicated)

Historical figures have been restated in accordance with current accounting policies

	2004	2003	2002	2001	2000
Results					
Net turnover	**888**	860	774	695	637
Operating result	**258**	337	247	296	263
Result before taxation	**235**	294	208	263	214
Result after taxation [1]	**158**	191	137	263	214
Depreciation/amortisation and impairment	**153**	131	106	101	107
Cash flow from operating activities [2]	**323**	298	293	216	251
Dividend per share (in euros)	**271**	239	245	263	133
Balance sheet					
Total assets	**3,590**	3,469	2,938	2,775	2,432
Shareholders' equity	**2,139**	2,024	1,871	1,783	1,548
Average fixed assets	**3,119**	2,888	2,625	2,370	2,097
Ratios					
Interest coverage ratio [3]	**9.0**	7.9	6.3	8.4	7.6
Return on average shareholders' equity [1]	**7.6**	9.8	7.5	15.8	14.7
Interest-bearing debt/total assets	**0.27**	0.30	0.25	0.25	0.23
Business volume (in quantities) [4]					
Air transport movements	**431,456**	417,315	430,134	447,742	455,925
Passengers (x 1,000)	**44,331**	41,005	41,711	40,557	40,645
Cargo (x 1,000 kg)	**1,421,066**	1,307,034	1,240,696	1,183,969	1,223,377
Personnel					
Average effective workforce in full-time equivalents	**2,216**	2,231	2,134	2,038	1,864

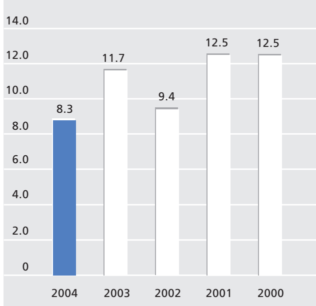
EBITDA

Operating result plus depreciation/amortisation x € 1 million



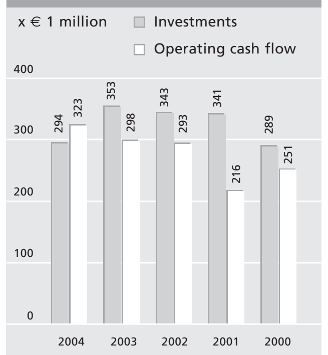
Return on Net Assets (RONA) (before taxation)

Operating result/average fixed assets



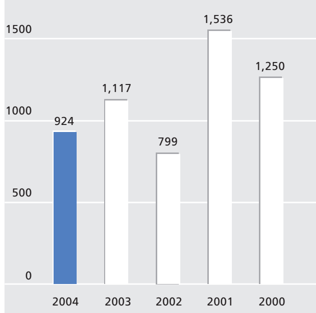
Investments in tangible fixed assets + operating cash flow

x € 1 million



Earnings per share (after taxation)

(in euros)



1) Result after taxation and return on average shareholders' equity have been depressed by the corporation tax charge, applicable from 2002
2) See cash flow statement for analysis
3) Operating result / net financial income and expenses
4) Relates to Schiphol Group: Amsterdam Airport Schiphol, Rotterdam Airport and Eindhoven Airport

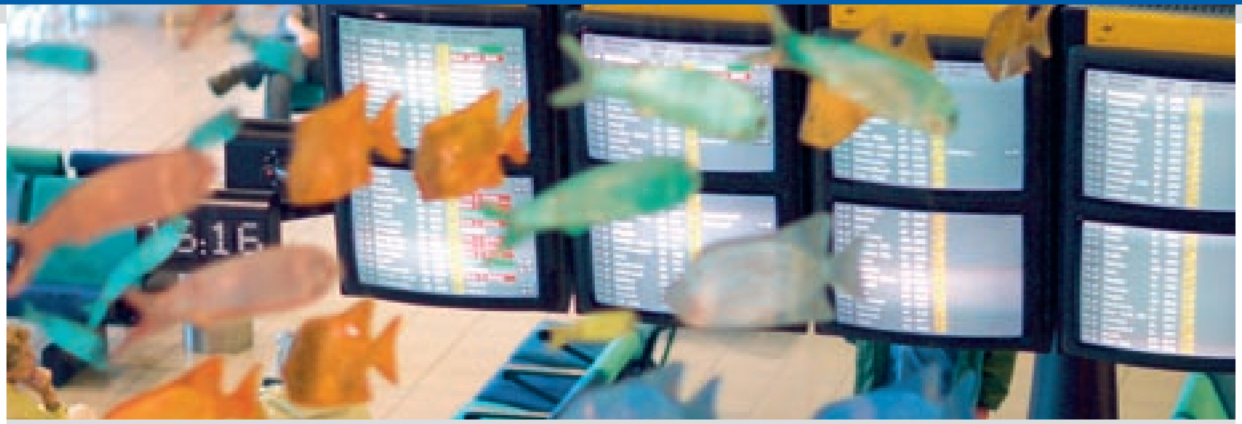
Schiphol Group Business Areas

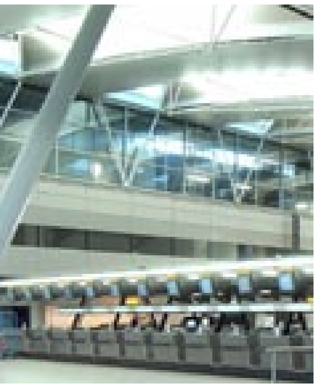
(in millions of euros unless otherwise indicated)

	Aviation		Consumers		Real Estate		Alliances and Participations		Total	
Principal activities	Aviation-related processes at Amsterdam Airport Schiphol, including planning, coordination, capacity management and information		Retail, parking, advertising, e-business and floor space rental in Amsterdam Airport Schiphol's terminal		Development, management, operation of and investments in real estate at and around Amsterdam Airport Schiphol and other airports		Rotterdam Airport Eindhoven Airport Lelystad Airport Brisbane Airport JFKIAT Dartagnan			
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003	**2004**	2003
RONA before taxation	**5.5%**	6.4%	**23.5%**	25.7%	**7.5%**	15.7%	**– 5.0%**	– 0.5%	**8.3%**	11.7%
RONA after taxation	**3.6%**	4.2%	**15.4%**	16.9%	**4.9%**	10.3%	**– 3.3%**	– 0.3%	**5.4%**	7.7%
RONA before taxation, including results of non-consolidated participating interests*	**5.5%**	6.4%	**23.4%**	25.7%	**7.2%**	15.7%	**3.3%**	0.2%	**8.6%**	11.7%
RONA after taxation, including results of non-consolidated participating interests*	**3.6%**	4.2%	**15.3%**	16.9%	**4.7%**	10.3%	**2.2%**	0.1%	**5.6%**	7.7%
Total operating income	**521**	484	**237**	252	**95**	173	**57**	47	**910**	956
EBITDA	**183**	180	**141**	142	**78**	140	**9**	6	**411**	468
Operating result	**88**	95	**109**	111	**68**	132	**– 7**	– 1	**258**	337
Average fixed assets	**1,601**	1,490	**463**	432	**917**	837	**138**	129	**3,119**	2,888
Investments in intangible and tangible fixed assets	**206**	248	**39**	58	**24**	43	**30**	9	**299**	356
Unrealised capital gains and losses					**5**	78	**0**	5	**5**	83
RONA excluding unrealised capital gains and losses, including results of non-consolidated participating interests, and before taxation					**6,6%**	6,5%	**3,6%****	– 3,8%**	**8,4%**	8,8%
RONA excluding unrealised capital gains and losses, including results of non-consolidated participating interests, and after taxation					**4,3%**	4,2%	**2,3%****	– 2,5%**	**5,5%**	5,8%

* Added to show the contribution from participating interests

** In calculating RONA, the group's share in the results of participating interests has been taken into account; average fixed assets includes financial fixed assets





Important Events in 2004

February
Amsterdam Airport Schiphol (40%) and Stockholm-Arlanda Airport 60%) establish the Arlanda Schiphol Development Company AB joint venture, which will be responsible for managing the shopping, catering and other consumer facilities in the North Terminal at Stockholm's airport.

March
Amsterdam Airport Schiphol's new flight information system becomes operational. Central Information System Schiphol has all relevant information for every flight, such as departure time, check-in desk and embarkation gate or arrival time, airport of arrival or departure and baggage belt.

April
The greatly enlarged Departure Lounge 1 – the waiting area after passport and ticket control for passengers travelling to the majority of European destinations – is opened. Centrepiece of the new lounge is formed by the Schiphol version of a historic Amsterdam landmark, the 'Paleis voor Volksvlijt', the design of which was inspired by the Crystal Palace in London.
Aruba Airport Authority and Schiphol Group sign a strategic partnership agreement, running up to the end of 2007 and intended to give a boost to commercial and operational activities at Reina Beatrix Airport in Aruba.

Together with partners, Schiphol Telematics completes the installation of a wireless LAN (WLAN) at Amsterdam Airport Schiphol, covering some 25,000 m² of the aprons, perimeter roads and piers and a large part of the terminal.

May
Amsterdam Airport Schiphol and KLM trial a baggage-tracking system using baggage labels incorporating a radio frequency identification chip. The trial is conducted on flights between Amsterdam Airport Schiphol and Tokyo's Narita Airport. The aim of the trial is to demonstrate whether this method is better and quicker than the existing barcode system.

June
The first pile is driven for the new Avioport Logistics Park business development adjacent to Malpensa Cargo City, the new air cargo zone at Milan's Malpensa Airport. A consortium including Schiphol Real Estate is developing this zone into a quality business park for airport-related companies.

At Schiphol Southeast, the first pile is driven for an industrial building for Exel Freight Management comprising 2,800 m² of office space and 8,600 m² of warehouse space.

July
The government announces its decision to sell off a minority interest in the shares of Schiphol Group currently held by the State of the Netherlands at a suitable juncture. The decision still has to be ratified by the Lower and Upper Houses of the Dutch Parliament. This is expected to take place in 2005.

Schiphol Group's expressed interest in acquiring a 70% stake in Brussels International Airport Company, the operator of Zaventem Airport, does not result in Schiphol Group's inclusion in the shortlist of companies invited to make a bid.

August
Melanie Schultz van Haegen, State Secretary at the Ministry of Transport, Public Works and Water Management, sanctions the request by Rotterdam Airport and the City of Rotterdam to extend the airport operating hours to permit aircraft to land at Rotterdam between 23:00 and 24:00 hours.

September
New noise abatement limit values come into force for air traffic using Amsterdam Airport Schiphol, rectifying the effects of the input error. The revised flight path for aircraft taking off from the new runway, avoiding Spaarndam, is introduced at the same time.
The new Arrival Hall 4, Departure Hall with 44 check-in desks and Departure Lounge 4 in the west wing of the terminal are completed. Schiphol Group increases its interest in Dartagnan, the company specialising in biometric security applications, to 100%.

October
Karla Peijs, Minister of Transport, Public Works and Water Management, gives the go-ahead for the construction of a new terminal at Eindhoven Airport. The terminal, with a design capacity of 1.2 million passengers, is due to open in mid-2005.

November
For the fourth time in succession, Amsterdam Airport Schiphol remained within the statutory noise limits in the preceding operating year (which runs from 1 November to 31 October).

The Flevoland Provincial Government agrees to the extension of the runway at Lelystad Airport to 2,100 metres.

Operator and owner of New York's JFK Airport reach agreement on renewal of the lease. This means automatic extension of the JFK IAT contract to operate Terminal 4 at JFK until 2025.

December
By order of the Ministry of Justice, the security measures at Amsterdam Airport Schiphol are again intensified. All transfer passengers travelling between non-EU and EU airports must now also be security-checked, along with their baggage.

Schiphol Real Estate sells 50% of the Schiphol Building, Schiphol Group's head office at Schiphol Centre to ACRE Fund.

Objectives and Strategy

The principal objectives which 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
- Spreading risk by selectively developing activities at other locations at home and abroad.

By far the greater part of Schiphol Group is formed by Amsterdam Airport Schiphol. It is there that the bulk of the sustainable value is created and only there do our operations enable us to become one of the world's leading airport companies. Accordingly our strategy is primarily aimed at continuously improving the quality of operations, safeguarding the ongoing main port status of Amsterdam Airport Schiphol – as a multimodal transport hub of the highest quality handling a large volume of passengers and cargo – and improving the airport's international competitiveness.

Looking back on last year, it is evident we have made considerable progress. Amsterdam Airport Schiphol is now part of the multi-hub system of a strong airline alliance, with an extensive network of routes. And we are working hard to achieve competitive visit costs and quality operations. There is, however, a risk of losing momentum when it comes to strengthening the main port/hub status of Amsterdam Airport Schiphol since that depends on having a *Randstad* region that can compete with other economic regions in Europe.

Main port position under pressure

In recent years, the main port position of Amsterdam Airport Schiphol has come under pressure. Various external factors are the cause, such as the ever intensifying competition among Europe's economic regions, the declining competitiveness of the *Randstad* region and a regulatory environment in the Netherlands which in certain respects is more restrictive than that of our competitors. Currently, for example, despite major investments on the part of the aviation industry in new aircraft, in the new runway and in local-community noise insulation programmes, the environmental capacity of the runway system is no greater than that of the previous runway system.

These external factors make it more difficult to achieve our objectives. Decisive and prompt action is therefore called for on all fronts. Merger partners Air France and KLM have declared their intention to use and develop their two home bases of Paris Charles de Gaulle and Amsterdam Airport Schiphol in equal measure for both passengers and cargo. Agreements to this effect were reached with the French and Dutch governments in the run-up to the merger. If there is to be balanced growth of Air France-KLM at the two home bases, it is crucial for Amsterdam Airport Schiphol to keep pace with Charles de Gaulle and other hub airports. The key factor here is the ability, now, to offer sufficient capacity (600,000 air transport movements per annum) and quality.

It is also absolutely vital to improve the competitiveness of the Netherlands and, more specifically, of the *Randstad* region. *Randstad* and main port need each other. Main port regions are increasingly developing into centres of innovation and economic rejuvenation. This is due to the unique position enjoyed by such hubs in global networks and their excellent transport links with other important economic centres in the world. The presence of a strong main port is one of the most important conditions for creating an attractive environment for international businesses. Amsterdam Airport Schiphol has built up a unique position over the years as a hub for global cargo and passenger flows, making Schiphol a gateway to Europe and a springboard to the rest of the world. As a consequence, the *Randstad* and the Amsterdam area in particular are attractive to international companies. That attractiveness is declining rapidly, however, as the *Randstad* becomes increasingly congested and offers fewer incentives as a business location than other regions.

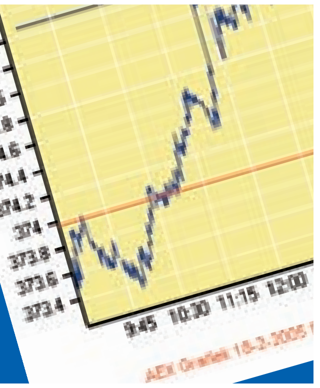
Working to achieve socially responsible development

We have been conducting intensive discussions with Air France-KLM, public authorities and Air Traffic Control the Netherlands (LVNL) with regard to the socially responsible development of the Amsterdam Airport Schiphol hub. These talks should lead to a shared vision and approach early in 2005. A crucial aspect is the ability to continue offering an extensive network of routes. Our hub carrier Air France-KLM is essential in this regard. But we also need the cooperation of Air Traffic Control in order to provide the required standard of service. It will be up to central government to enhance the competitiveness of the *Randstad*, by taking action to relieve congestion, including giving better access, and – in the forthcoming evaluation of the environmental standards, involving amendment of the existing legislation – to release the necessary capacity within the given environmental restrictions.

Schiphol Group Growth Strategy

Objective	Main port / hub	Non-aviation and spreading risk		
Business Area	Aviation	Consumers	Real Estate	Alliances & Participations
Focus	Hub alliance Low-cost carriers	Schiphol as a destination Catchment area		Trunk route airports
Action	Reduction of visit costs Product differentiation	Expansion of the AirportCity		Marketing AirportCity products

We also need central government support to create a level playing field, not only as regards regulation, safety and security and taxation but also with regard to financial flexibility. It is very important for Schiphol Group to become a listed company in the rapidly changing world of aviation. Here, too, we must keep pace with our competitors in London, Paris and Frankfurt, all three of which are either already listed companies or will be floated within the foreseeable future. That will give us the same financial scope as our competitors to attract capital for investments both at the airport itself and in the wider catchment area. Moreover it will exert more pressure on our efficiency and will provide us the same international scope as our competitors.



It is vital for Schiphol Group to be come a listed company

In our growth strategy, as shown in the above diagram, we shall also continue to focus on expanding non-aviation revenues, including those from retail and property operations, as well as on spreading the risks by developing activities at other locations both in the Netherlands and internationally and marketing the AirportCity concept. Our strategy will be implemented through the four Business Areas of Aviation, Consumers, Real Estate and Alliances & Participations. These four divisions are inseparably interlinked and interact with each other to a considerable extent. Together they strengthen the attractiveness of Amsterdam Airport Schiphol, leading to growth in traffic volumes and revenues.

Value-Based Management

Retaining and strengthening the main port position and continuing to grow non-aviation revenues call for ongoing investment. At Schiphol Group, our operational and investment decisions are guided by Value-Based Management in such a way as to create value. The necessary management information is provided by key performance indicators for each of the Business Areas. With the exception of Aviation, all the Business Areas are required to generate a return over time – return on net assets (RONA) – exceeding the cost of capital. In the case of Aviation, the government has now set a ceiling, based on a defined formula, for the RONA of 5.8% (existing ceiling 4.1%) pursuant to an amendment to the Aviation Act which has yet to be passed. Our policy is to grow the return generated by Aviation from the present level to this ceiling.

The weighted average cost of capital (WACC) for all the Business Areas together in 2004 has been calculated at 6.7% (2003: 7.4%). In 2004, Schiphol Group achieved a RONA after taxation of 5.4% (including the unrealised capital gains and losses on investment property).

There are substantial differences in the returns generated by the individual Business Areas. Operating in a regulated economic environment, Aviation achieved a RONA of 3.6% in 2004, which was below the permitted ceiling of 4.1%. Value creation was achieved at Schiphol Group once again in 2004 by Consumers, which produced a RONA of 15.4%. Real Estate achieved a RONA of 4.9% including unrealised capital gains and losses. The contribution made by Alliances & Participations, including unrealised capital gains and losses, was 3.3% negative. Including the results of non-consolidated participating interests, the RONA for Alliances & Participations was 2.2% positive.

Another important indicator for measuring our performance is passenger satisfaction. Among arriving passengers in 2004, 93% responded to the question 'How do you rate the standard of service at Amsterdam Airport Schiphol?' with either 'excellent' or 'good' – a similar result to that obtained in 2003. Among departing passengers, 92% rated the quality 'excellent' or 'good' – down one percentage point compared with 2003.

Financial Performance

- **Significant increase in results excluding unrealised capital gains and losses on investment property**
- **Consumer spending and income from rents and leases under pressure**
- **Cost savings effective**

Schiphol Group's result after taxation in 2004 was down by 17.2%, from €191 million to €158 million. The main factor behind this was the much lower level of unrealised capital gains and losses on our investment property portfolio, which, at €5 million in 2004, was insignificant compared with the increase in value of €83 million in 2003. Excluding unrealised capital gains and losses, our result after taxation in 2004 in fact rose by 13.1%, primarily accounted for by an increase in revenues from airport fees (€41 million), concessions (€5 million) and car parking fees (€6 million). The aviation industry appears to have recovered in the year under review from the twin blows dealt by the Iraq war and the SARS epidemic in 2003, as reflected in the increase in traffic volumes and the revenues which this generated.

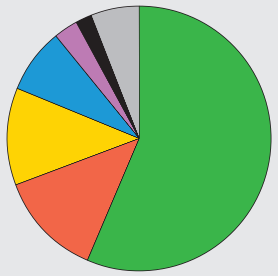
The return on net assets (RONA) after taxation but including unrealised capital gains and losses was 5.4% compared with 7.7% in 2003. Excluding unrealised capital gains and losses but including the results of the non-consolidated participating interests, the RONA last year was 5.5%, compared with 5.8% in 2003. The return on shareholders' equity including unrealised capital gains and losses was 7.6% compared with 9.8% in 2003 and, excluding unrealised capital gains and losses, the figures were 7.4% in 2004 and 7.0% in 2003.

Revenues

Net turnover in 2004 rose by 3.2%, from €860 million to €888 million. The table and pie chart on the next page give the analysis of revenues according to the various turnover categories.

Net turnover

(in millions of euros)



	2004	2003	Increase/decrease
Airport fees	**507**	466	8.7%
Concessions	**120**	115	4.2%
Rents and leases	**106**	105	1.4%
Parking fees	**69**	63	10.4%
Sales of property	**24**	30	– 20.2%
Utility services	**6**	18	– 64.5%
Other activities	**56**	63	– 12.9%
Total	**888**	860	3.2%

Income from airport fees rose by 8.7% from €466 million to €507 million, the increase being explained as follows:

- **Volume factors**
  Increases in passenger numbers (6.5%), air transport movements (2.4%) and the average maximum takeoff weight of aircraft at Amsterdam Airport Schiphol from 94.2 tonnes to 97.7 tonnes lifted airport fee income by €15.2 million. Set against this was a drop of €1 million in aircraft parking fees.

- **Airport charge increases**
  Increases in takeoff and landing fees (2.8%) and passenger-related fees (6%), effective as from 1 April 2004, produced an additional €14.1 million.

- **Transfer of preventive security duties**
  On 1 April 2003 the authorities transferred responsibility for performing preventive security duties in the terminal at Amsterdam Airport Schiphol to Schiphol Group. An airport security charge closely matching the actual costs was introduced to pay for this and, in 2004, generated an additional three months of revenues compared with 2003, raising income from airport fees by €18.9 million.

- **Higher revenues from regional airports**
  The income from airport fees at the regional airports rose by €9.2 million in the year under review (65.6%) to €23.3 million, a sharp increase compared with the 0.9% rise in 2003.

- **Refunding of the difference between budgeted and actual income and expenses**
  Commencing in 2004 we are now adhering as closely as possible to the provisions of the draft Aviation Act and draft General Administrative Order under the Act. This means

Key financial figures

(in millions of euros)

	2004	2003	Verandering in %
Results			
Net turnover	**888**	860	3.2%
Unrealised capital gains and losses	**5**	83	
Capitalised own production	**17**	13	
Total operating income	**910**	956	– 4.8%
Total operating expenses excluding depreciation/amortisation and impairment	**– 499**	– 488	2.3%
EBITDA	**411**	468	– 12.2%
Depreciation/amortisation and impairment	**– 153**	– 131	16.9%
Operating result	**258**	337	– 23.2%
Financial income and expenses	**– 29**	– 43	
Share in results of participating interests	**6**	1	
Taxation	**– 77**	– 103	
Result on ordinary activities after taxation	**158**	192	– 17.7%
Minority interests	**0**	– 1	
Result after taxation	**158**	191	– 17.2%
Result after taxation excluding unrealised capital gains and losses	***155***	*137*	*13.1%*
Balance sheet			
Balance sheet total	**3,590**	3,469	3.5%
Fixed assets	**3,192**	3,046	4.8%
Shareholders' equity	**2,139**	2,024	5.7%
Interest-bearing liabilities	**966**	1,027	– 6.0%

that Schiphol Group, when setting the airport fees for 2005 and 2006, takes into account the difference between the budgeted and actual income and expenses in 2004, to the benefit of the industry. The difference has been calculated at €16.0 million and has been deducted from the income from airport fees for 2004.

After falling in 2003, income from concessions rose in the year under review from €115 million to €120 million, an increase of 4.2%. The main factor here was the increase in the number of passengers. The average spend per departing passenger on international flights was in fact down in 2004 from €17.86 to €16.82, partly because of the poor dollar and sterling exchange rates and the economic situation.

Real estate letting income increased by 1.4%, from €105 million to €106 million. This fractional increase was due to an increase in the area of land leased out and indexation of rents. Income from rents and leases was reduced by the sale of property to ACRE Fund at the end of 2003, halving the associated income.

Parking fee income increased by 10.4% in 2004, from €63 million to €69 million, the increase being accounted for by a larger number of users for both the short-term and long-term car parks and an increase in parking charges introduced on 1 January 2004. The growing volume of activities at Rotterdam Airport and Eindhoven Airport also produced additional parking fee income of €1.6 million.

Net turnover on utility services was down by 64.5%, from €18 million to €6 million, owing to the disposal of Schiphol Group's activities relating to the supply of gas and electricity to other airport users at the end of 2003. The remaining turnover was generated by transport services and network management. The €24 million income from the sale of investment property concerns the sale of 50% of the Schiphol Group head office (Schiphol Building) to ACRE Fund.

The income from other activities was down by 12.9%, from €63 million to €56 million. This is partly explained by the fact that the 2003 figure included non-recurring income of approximately €8 million from the disposal of waste collection and waste water treatment activities as well as the supply of gas and electricity.

Unrealised capital gains and losses

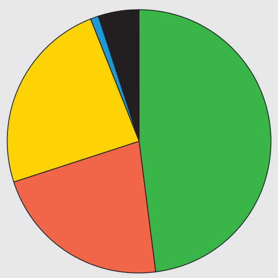
The unrealised capital gains and losses on investment property in 2004 amounted to €5 million. This was sharply lower than the €83 million in 2003, when unrealised capital gains and losses were, however, non-recurring and of an exceptional nature, as described in our 2003 Annual Report. The net amount of the unrealised capital gains and losses in 2004 is made up of two components, viz. unrealised capital gains on offices and other buildings, totalling €8 million positive, and unrealised capital losses on land, totalling €3 million negative.

Operating expenses

Operating expenses increased by 5.3%, from €618 million to €651 million. The analysis is shown below.

Operating expenses

(in millions of euros)



	2004	2003	Increase/decrease
Costs of outsourced work and other external charges	**310**	298	4.0%
Salaries and social security charges	**146**	139	5.0%
Depreciation/amortisation and impairment	**153**	131	16.9%
Cost of sales of property	**7**	27	– 73.3%
Other operating expenses	**35**	23	49.9%
Total	**651**	618	5.3%

In 2004, the increase in external charges (including outsourcing) was 4.0%. This was mainly due to hiring contract security staff in connection with the transfer of preventive security duties from the authorities referred to earlier. Maintenance and repair costs increased by €11 million and the costs of purchasing gas and electricity were lower as a result of no longer supplying third parties.

Salaries and social security charges rose by 5.0% in 2004 to €146 million. The increase was not due to recruiting more staff or to pay rises. The number of staff (FTEs) in fact fell by 15 in 2004 and, under the terms of the 12-month Collective Labour Agreement (CLA) which came into operation on 1 April 2004, there were no automatic pay rises. The increase was accordingly accounted for by the non-recurring, performance-related benefits agreed in the CLA, higher profit-sharing bonuses, an increase in pension charges, severance packages and retaining pay.

The increase in amortisation/depreciation and impairment in 2004 amounted to €22 million, or 16.9%, partly accounted for by a number of exceptional write-downs on Area J (between the A4 motorway and Runway 18C-36C) and Beech Avenue (the new road linking Schiphol South and Schiphol Southeast) totalling €6.2 million. Impairment losses were also recognised for the forecast short-term and medium-term losses and negative operating cash flow of Lelystad Airport, in respect of which we wrote off €7.4 million from the tangible fixed assets of Lelystad Airport. The amount of the write-down was subsequently reduced by releasing the remainder of the Lelystad underperformance provision as at year-end 2004, amounting to €2.2 million. Depreciation charges also increased owing to the commissioning of new baggage handling facilities.

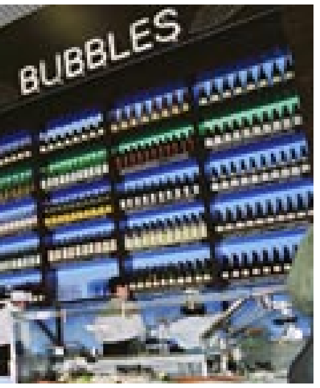
Depreciation charges also increased owing to the commissioning of new baggage-handling facilities

The other operating expenses were €12 million higher than in 2003, the increase being mainly accounted for by a provision of €10 million in respect of several claims and disputes for which it was established in 2004 that Schiphol has an obligation.

Summarising, the €33 million increase in the operating expenses can be explained as follows. Security costs increased by €18 million, from €111 million to €129 million. They are accounted for in various categories of operating expenses and now make up more than 20% of the total. In addition, maintenance costs rose by €11 million and amortisation/depreciation charges plus impairment were up by €22 million. The inclusion of certain participating interests in the consolidation with effect from 2004 increased operating expenses by €3 million. Other operating expenses rose by €12 million, chiefly as a result of the provision for claims and disputes. Finally, salary costs increased by €7 million, partly as a result of severance packages and higher pension charges. Offsetting these increases were lower costs of sales of investment property and effective cost savings of approximately €20 million were achieved.

Operating result and result after taxation

The operating result in 2004 was down by 23.2%, from €337 million to €258 million, the drop being almost entirely explained by the lower unrealised capital gains and losses (€78 million), on top of which there was a lower result on the sale of property (€14 million) compared with 2003. The result before interest, taxation and depreciation/amortisation (EBITDA) was down by 12.2% in the year under review, from €468 million to €411 million.



New Departure Lounge 1

Net financial income and expenses improved by €14 million, from €43 million to €29 million, partly owing to non-recurring income of €8.9 million in connection with the Triport office building finance lease. The share in the results of participating interests improved sharply compared with 2003, from €1 million to €6 million, the improvement being mainly accounted for by Schiphol Australia's interest in Brisbane Airport Corporation. With effect from 1 January 2004, this participating interest is being carried at net asset value instead of historical cost. The associated revaluation amounted to €7.0 million.

Investments and finance

The cash flow from operating activities improved from €298 million to €323 million. The main reason for this was that the company did not receive a provisional corporation tax assessment in 2004 (2003: €52 million). The positive net cash flow from operating activities and investing activities (free cash flow) of €45 million plus the existing cash balances were sufficient to fund loan repayments of €55 million and dividend payments of €41 million. As a consequence, the net cash position fell by only €21 million from €271 million to €250 million, making it unnecessary to raise additional finance in 2004.

Investments in tangible fixed assets during the year amounted to €294 million compared with €353 million in 2003. The most important projects were the expansion and renovation of Departure Lounge 1, including the construction of the new baggage-handling basement in the south wing of the terminal, the extension of the west wing of the terminal, the installation of inline hold baggage screening equipment in the baggage basements, enhancement of the fire protection systems in the terminal and extension of the elevated roadway system. Offsetting these investments were disposals totalling €7.2 million, mainly associated with the sale of property to ACRE Fund.

Ratios

As at year-end, interest-bearing debt amounted to 27% of the balance sheet total of €3,590 million, an improvement of three percentage points compared with the previous year-end. Adjusted for the cash position, interest-bearing debt amounted to 21% of the balance sheet total, again an improvement of three percentage points compared with 2003. The interest coverage ratio increased from 7.9 in 2003 to 9.0 in 2004. This can be attributed to a proportionately greater decrease in net financial income and expenses compared with the decrease in the operating result in 2004. Non-recurring income of €8.9 million relating to the financial lease on the Triport building is primarily responsible for the improvement in net financial income and expenses.

Financing policy

The total amount of loans outstanding as at year-end 2003 was €956 million. No new loans were drawn down in 2004 and repayments of €55 million were made. The amount borrowed under the Euro Medium Term Note (EMTN) programme as at year-end 2004 was €606 million. As part of its financing policy, Schiphol Group aims to reduce the refinancing risk. The remaining terms to maturity of the loans issued under the EMTN programme range from 2.5 to 13.5 years. The average interest charge was fractionally lower in 2004, down from 4.94% to 4.87%. Our interest rate risk management policy largely involves a preference for fixed-interest loans, achieved either by contracting loans at fixed interest or by making use of standard interest rate derivatives.

Credit rating in 2004

As in 2003, commercial paper issued under the EMTN programme by N.V. Luchthaven Schiphol and Schiphol Nederland B.V. was given an AA– rating by Standard & Poor's and an Aa3 rating by Moody's Investors Service in 2004.

IFRS

EU rules mean that all listed companies in the European Union are required to use the International Financial Reporting Standards (IFRS) drawn up by the International Accounting Standards Board (IASB) in the preparation of their financial statements as from 1 January 2005. Since Schiphol Group bonds are listed on the London Stock Exchange, the IFRS also apply to Schiphol Group. Schiphol Group is currently making preparations for the transition to IFRS reporting. Implementation of IFRS is expected to lead to changes in the financial information included in the annual report.

There are various differences between IFRS and the Guidelines for Annual Reporting in the Netherlands produced by the Council for Annual Reporting (CAR) which have been applied up to the end of 2004. The most important IFRS standards for Schiphol Group concern Property, Plant and Equipment (IAS 16), Employee Benefits (IAS 19), Investment Property (IAS 40) and Financial Instruments: Recognition and Measurement (IAS 39).

Application of IFRS to the 2004 financial statements is expected to result in a reduction of around €25 million in the amount of shareholders' equity as at year-end 2004 and an increase of around €2.1 million in the result after taxation for 2004. In 2005, the effect is estimated to be a further reduction of around €19 million in the amount of shareholders' equity since application of Financial Instruments: Disclosure and Presentation (IAS 32) and Financial Instruments: Recognition and Measurement IAS 39) will not take effect until 1 January 2005. Analysis of the effect of implementing the IFRS standards in relation to several important and in some cases highly specific issues for the company has not yet been completed, so that the above adjustments to shareholders' equity as at 31 December 2004 and the result for 2004 are still subject to change.

Aviation Business Area

- **Passenger volume recovery largely attributable to Air France-KLM**
- **Strong growth in full-freighter traffic**
- **Costs per WLU excluding security and amortisation/depreciation up slightly**

The Aviation Business Area provides services and facilities to the airlines and their passengers at Amsterdam Airport Schiphol. A key objective is to remain competitive with the other major European airports. One way in which Amsterdam Airport Schiphol competes is by offering a high standard of service at competitive visit costs. Visit costs means the sum of all the various charges payable by an airline for a visit to the airport. Key performance indicators for Aviation are market share relative to a number of major competitors for both passengers and cargo, numbers of passenger and cargo destinations served, punctuality of arriving and departing aircraft and costs per workload unit (WLU).

Passenger market share unchanged

After the drop in 2003, Amsterdam Airport Schiphol saw passenger volume increase by 6.5% in 2004, to more than 42.5 million passengers. The highest growth was seen for Africa, the Middle East and the Far East, with figures of 14%, 11% and 19%, respectively. Traffic on routes within Europe, the most important region for the airport with a share of 69%, increased by 5%. Business has recovered from the adverse effects of the war in Iraq, the SARS epidemic and the economic slowdown in 2003, which led to a drop in passenger numbers of almost 2%, to less than 40 million, compared with 2002. Last year broke all previous records, both for the year as a whole and for the busiest day (31 July, with 153,488 passengers). Much of this growth was attributable to Air France-KLM and its SkyTeam partners, which saw traffic grow by 7.9%, or 1.9 million passengers. With an increase of 10.2%, or 0.4 million passengers, low-cost carriers also made a significant contribution to passenger volume growth. The other airlines grew by 3.1%, or 0.3 million passengers.

Financial figures (in millions of euros)	2004	2003
RONA before taxation	**5.5%**	6.4%
RONA after taxation	**3.6%**	4.2%
Total operating income	**521**	484
EBITDA	**183**	180
Operating result	**88**	96
Average fixed assets	**1,601**	1,490
Investments in intangible and tangible fixed assets	**206**	248

Key performance indicators	2004	2003
Passenger market share among ten main competitor airports in Europe	**10.2%**	10.2%
Cargo market share among five main competitor airports in Europe	**19.4%**	19.6%
Network (summer schedule):		
Number of scheduled destinations (airports)	**247**	237
– of which cargo only	**3**	4
Punctualiteit (passenger flights)		
Arrivals	**79.1%**	81.7%
Departures	**70.3%**	73.7%

Amsterdam Airport Schiphol's share of the passenger market among the ten main competitor airports in Europe remained unchanged relative to 2003, with the airport maintaining its fourth place ranking. Although Frankfurt and ADP's Paris airports showed a slightly lower rate of growth, their market shares also remained almost unchanged compared with 2003. Of the four major airports, only BAA's London airports managed to gain any market share, owing to the strong growth of Stansted. Munich saw its market share increase, on the strength of more than 11% growth in passenger traffic. This was due to the sharp expansion of the network served by Lufthansa and partners and the newly opened terminal at Munich.

Strong growth in cargo, mainly due to more full freighters

With an increase of 8.8%, the upward trend of recent years in the volume of cargo throughput at Amsterdam Airport Schiphol became even stronger in 2004, taking the total volume to 1,421,023 tonnes. This growth was mainly accounted for by the large number of additional full-freighter services. The number of air transport movements involving full freighters – cargo-only aircraft – grew by almost 18% in 2004 to 17,318. Full freighters now account for 57% of the total cargo volume at Amsterdam Airport Schiphol. Expansion of services by Polar Air Cargo and Singapore Airlines, in the autumn of 2004, have strengthened the airport's position on the North American routes. Almost 4% growth was achieved in traffic to and from this part of the world, which, after Asia, is the most important region for the airport. Africa and Asia were the regions with the highest growth figures, at 16% and 14%, respectively.

Despite this volume growth, Amsterdam Airport Schiphol lost market share slightly in 2004. Our major European competitors performed better than Amsterdam Schiphol, especially during the summer months. Cargo volumes carried by combi aircraft in particular grew strongly in London and Frankfurt, with Amsterdam recording growth of just under 2% in this market. Despite the slight drop in market share, Amsterdam Airport Schiphol is still ranks as the third-largest individual cargo airport in Europe, after Frankfurt and Paris Charles de Gaulle.

Moderate growth in number of air transport movements

After declining by 2.1% in 2003, the number of air transport movements again showed an increase in 2004, up 2.5% at 402,738. During the course of the year, the frequency of flights on many routes, reduced in preceding years, was restored. The majority of airlines, however, remained cautious about increasing the frequency of their services, instead preferring to use larger aircraft. This is reflected, for example, in the increase of over 1% in the average maximum takeoff weight (MTOW) of passenger aircraft and in the 2% increase in the average number of seats. Overall, partly because of the strong rise in the number of full-freighter aircraft, the average MTOW increased by more than 2% in 2004 to 97.7 tonnes.

Numbers of destinations and airlines increase

The number of destinations served by passenger and full-freighter flights from Amsterdam Airport Schiphol in 2004 (summer schedule) increased by 10 to 247. During the summer months, these services were provided by 97 airlines, 12 of which operated full-freighter services only. The number of low-cost carriers operating during the summer rose from five in 2003 to nine.

Deterioration in punctuality

After years of improvement, flight punctuality deteriorated in 2004. Arrival punctuality was down from 81.7% in 2003 to 79.1% in 2004. Departure punctuality fell from 73.7% in 2003 to 70.3% in 2004. The main reasons for this deterioration were the poor weather at the beginning of the year, the longer taxiing times to and from the new runway and increased airspace congestion. Amsterdam Airport Schiphol only has limited influence on these factors.

Baggage handling needs to improve

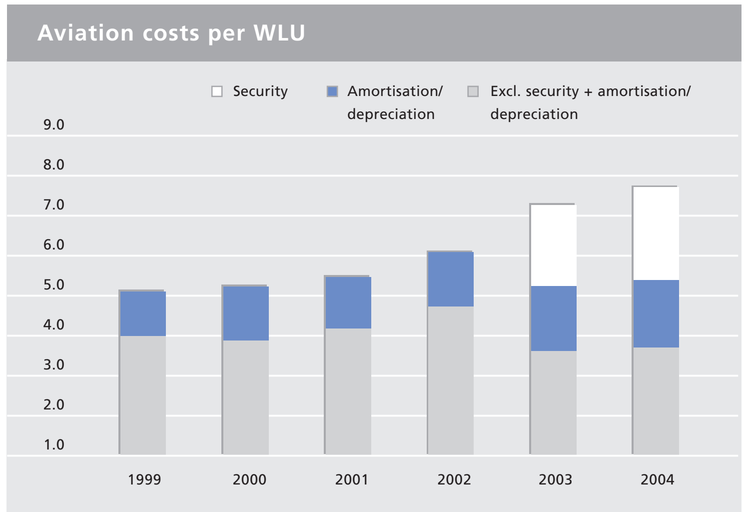
Although baggage handling improved in 2004 compared with 2003, the improvement was limited. The percentage of delayed baggage was lower than in the preceding year for the fourth year in succession, owing to closer cooperation with the handling agents and the implementation of new hardware and software systems. Despite the improvement, however, we feel Amsterdam Airport Schiphol needs to do better, especially when compared with competing hub airports. Towards the end of the year, in particular, the percentage of delayed baggage rose again.

Increase in bird strikes

The number of bird strikes rose in 2004 from 3 to 4.5 per 10,000 flights. The main cause of this is the large population of mice in the vicinity of the new runway (18R-36L), attracting birds of prey and herons. In an attempt to keep the mice away, we have sown a new type of grass around the new runway and planted flower bulbs that emit a smell repellent to mice. We have also stepped up our birdwatch patrols.

Costs per WLU

Work Load Unit costs for Aviation – costs per passenger/100 kg of cargo and mail – increased by 4.3% in 2004 compared with 2003. Excluding the costs of security and amortisation/depreciation charges, the cost per WLU increased as a result of the provision which has been made for claims and disputes.



Considerable investments

The first phase of the west wing extension of the terminal was opened in September. The extension to the departure hall contains a total of 44 check-in positions arranged in four aisles. The departure lounge and the arrivals hall in the west wing of the terminal have also been extended. We are working hard to replace and expand the baggage systems at Amsterdam Airport Schiphol. After a European competitive tendering process, two companies were selected to partner the airport in the next few years, viz. Vanderlande Industries and IBM. Together we shall be preparing and carrying out several projects enabling the airport to handle a growing volume of baggage. The first of these currently involves building three new baggage areas on the south side of the terminal. The new facilities will replace the existing baggage system in 2008. Beneath the arrivals hall in the west wing of the terminal, a new baggage basement was completed in 2004 with four new unloading docks for arriving baggage and five carrousels for departing baggage. The baggage project beneath Pier D was also completed and linked to the central terminal baggage system during the year.

In partnership with KLM we also conducted a successful trial in 2004 with a baggage-tracking system using baggage labels incorporating a radio frequency identification chip. The trial was conducted on flights between Amsterdam Schiphol and Tokyo's Narita Airport. The aim of the trial was to determine whether this method is better and quicker than the existing barcode system.

By order of the Ministry of Justice, with effect from 1 December 2004, security measures at Amsterdam Airport Schiphol have been further intensified. All passengers transferring from a non-EU to an EU destination must now also be security-checked, along with their baggage. In connection with this requirement, 36 gates on Pier D and seven passport control points between the Non-Schengen and Schengen areas have been equipped with x-ray screening equipment and detection gates. In addition, substantial investments were again made in fire safety improvements in the terminal. To accommodate the growth in the number of full freighters, two extra parking stands for B747 aircraft were taken into service at Schiphol Southeast. And in order to cater for the expected growth of the Air France-KLM alliance in the central part of the terminal, a seventh pier – Pier H – with space for seven aircraft will be built in 2005.

All passengers transferring from a non-EU to an EU destination must now also be security-checked

We are not only investing in installations and buildings but, in partnership with KLM, we are also looking for ways of making existing processes more efficient through a project called Passenger Process Redesign. As part of this project, self-service check-in kiosks complete with hold baggage drop-off points were opened in Departure Halls 1 and 3 at the end of 2004, following the earlier installation of similar facilities in Departure Hall 2. Passengers flying with various airlines can use these kiosks to check in without the need for check-in desk staff. Another project involves the self-service boarding equipment, installed at two gates on Pier C at the end of 2004, enabling passengers to gain access to the passenger jetties without staff assistance.

An important element in efficient communication on and around the aprons is the completion by Schiphol Telematics and partners of a wireless LAN (WLAN) installation at Amsterdam Airport Schiphol in 2004, covering some 25,000 m^2 of the aprons, perimeter roads and piers and a large part of the terminal. There are plans for further extension of the network.

A new flight information system, Central Information System Schiphol (CISS), became operational early in 2004. The system has all relevant information for every flight, such as departure time, destination, check-in desk and boarding gate or arrival time, arrival or departure airport and baggage belt. The new system will enable Amsterdam Airport Schiphol to respond rapidly and flexibly to requirements of the airport's 20,000 users in the years ahead.

Airport fees

Airport fees were increased by an average of 2.5% on 1 April 2004. The increase had been sanctioned by the Ministry of Transport, Public Works and Water Management at the end of 2003. Aircraft-related charges increased by an average of 2.8%, with passengers paying 6% more with effect from 1 April 2004. The airport security charge was, however, reduced by 2.3%.

Rectification of input error

After the implementation of the Aviation Act in 2003, an error was discovered in the input data supplied in 2001 for the purpose of calculating the noise enforcement point limit values. Based on the Schiphol Implementation Decrees Environmental Impact Assessment (Amendment) produced by Amsterdam airport Schiphol and Air Traffic Control the Netherlands (LVNL) in March 2004, the government set new limit values in 2004, which took effect in September. As a consequence, the initial scope for growth offered by the runway system, including the new runway, had to be revised downwards by approximately 30,000 aircraft movements, from 538,000 (including general aviation) to 508,000 per annum.

At the end of 2003 LVNL established that, in certain circumstances, with parallel takeoffs from Runways 18R-36L and 18C-36C, there was a risk of aircraft coming too close to each other. Air Traffic Control accordingly decided either to cease giving clearance for simultaneous takeoffs from the two runways at peak times or to instruct aircraft to follow divergent courses. The result was greater noise impact in certain areas, and procedures were changed on several occasions in 2004, as well as changes in runway usage to keep the distribution of the noise impact in line with the plan for the year. Despite the difficulties, aviation activities remained within the statutory noise limits during the 2004 operating year. Amsterdam Airport Schiphol's operating year runs from 1 November to 31 October.

Artist's impression of Pier H

Amsterdam Airport Schiphol is the second major European airport, after London Heathrow, to meet the latest international aviation safety standards. The Inspector-General of Transport, Public Works and Water Management issued the appropriate safety certificate on 1 September. The certificate is valid for a period of three years and is based on compliance with the rules laid down by the International Civil Aviation Organisation (ICAO).

Airport access

A milestone for the airport was the completion in September of the elevated road system. This elevated loop enables passengers and people collecting and seeing them off to reach the terminal without having to contend with other traffic. The elevated road system thus creates a less confusing, calmer and therefore safer traffic situation.

Provincial road N201 is an important link in the road network affording access to Amsterdam Airport Schiphol. At the end of 2004, administrative as well as financial agreement was reached on upgrading this road and its junctions with the A4 and A9 motorways. On completion of this project, traffic will be able to flow more swiftly throughout the surrounding area. This is not only important for airport accessibility but will also benefit businesses in and around Amsterdam Airport Schiphol, such as the Aalsmeer flower auction.

In mid-2004, following a European tendering procedure, new contracts were signed with taxi operators for taxi services to and from Amsterdam Airport Schiphol. The contracts were awarded primarily on the basis of quality. The number of passengers making use of shared transport, such as public transport, hotel buses and minibus taxis, increased to 40.1% in 2004, making good some of the ground lost in 2003, when the figure fell to 39.8%. In 2002, shared transport accounted for 40.7%.

Consumers Business Area

- **Revenues per international departing passenger (IDP) down**
- **Parking revenues up**
- **Border passage programme in Indonesia under development**

The Consumers Business Area aims to give visitors to Amsterdam Airport Schiphol a carefree and unique travel experience by offering an integrated range of products and services, both physical and virtual (via the Internet). This involves such things as the development of state-of-the-art shopping and catering outlets and door-to-door service concepts. The aim is to increase Amsterdam Airport Schiphol's appeal as a quality airport and home base for the home alliance, to create value from different consumer groups and to market AirportCity products around the world. Income mainly comprises revenues from concessions for operating the shops and catering outlets, from renting advertising objects and from car parking fees. Competition comes from airports in neighbouring countries, shopping centres close to Amsterdam Airport Schiphol and, for parking facilities, other modes of transport besides the private car as well as off-airport parking.

Financial figures (in millions of euros)	2004	2003
RONA before taxation	**23.5%**	25.7%
RONA after taxation	**15.4%**	16.9%
Total operating income	**237**	252
EBITDA	**141**	142
Operating result	**109**	111
Average fixed assets	**463**	432
Investments in intangible and tangible fixed assets	**39**	58

Key performance indicators	2004	2003
See Buy Fly concession revenues per IDP	**€3.71**	€3.92
Perceived See Buy Fly price/quality	**54%**	57%
Parking revenues per passenger, excluding transfer passengers	**€2.61**	€2.51

Key performance indicators for Consumers are concession revenues per departing passenger on international flights (IDP), the perceived value for money offered by the See Buy Fly shops and the parking revenues per origin/destination (O/D) passenger (i.e. excluding transfer passengers).

Limited increase in concession revenues

The discontinuation in 2003 of supplying gas and electricity to other airport users and the disposal of the waste water treatment installation had the effect of reducing income for Consumers in 2004. Revenues generated by the See Buy Fly shops, however, rose by more than €7 million. The increase was entirely attributable to the higher number of passengers, since revenues per IDP were down from €3.92 in 2003 to €3.71 in 2004. The main factors at work here included the substantial fall in sales of tobacco and alcohol, the economic uncertainty, the weaker dollar and sterling and the relatively strong increase in the number of transfer passengers compared with the number of departing O/D passengers, who spend more on average. Sales penetration (the percentage of people actually making purchases) remained unchanged. The perceived price/quality ratio of the See Buy Fly shops fell from 57% in 2003 to 54%.

The 'Palace' (Paleis)

The third key performance indicator is parking revenues per passenger, excluding transfer passengers, which were up from €2.51 to €2.61 in 2004. The increase was the result of growth in both short-stay and long-stay parking in terms of both numbers of users and average length of stay, an increase in turnover for VIP Valet Parking and the increase in charges at the beginning of the year. Concession revenues from catering outlets showed a considerable increase in 2004, the upturn being partly attributable to the new catering facilities such as the 'Paleis voor Volksvlijt' in Departure Lounge 1 and the increase in the number of GrabandFly units.

Advertising revenues showed a modest rise of 2.9%, doing reasonably well, given the forecast general downturn of 4.8% for the Netherlands. In 2005 we expect to generate a higher turnover by using new sites for advertising such as passenger jetties, making outdoor advertising more attractive.

> Concession revenues from catering outlets increased considerably with new catering facilities having been opened

Our eBusiness group has switched its focus from selling plane tickets to online booking of holidays by air. In addition to tickets for scheduled flights, package tours, low-cost carrier tickets, travel group tours are now also sold, producing a limited increase in sales.

Membership of the loyalty programme Privium, which allows travellers such privileges as fast and easy border passage using biometric identification, rose during the year from 9,000 to more than 15,000. The number of airlines entitling Privium members not travelling business class to use the business class check-in desks also increased from 15 to 19.

Investments and product improvements

On 28 April 2004, the first phase of the extended Departure Lounge 1 was opened. This is the waiting area after passport and ticket control for passengers travelling to the majority of European destinations – otherwise referred to as the Schengen Lounge. Centrepiece of the new lounge is formed by the 'Paleis voor Volksvlijt', a restaurant in the style of the former Amsterdam landmark building of that name standing on Frederiksplein, which burnt down in 1929, the design of which was inspired by the Crystal Palace in London. Departure Lounge 1 features a wealth of stunning shops, bars and restaurants, making air travel a special experience even before boarding the plane. The old lounge dated from 1967, when just 1.5 million passengers passed through the waiting area. Over 35 years later, in 2003, more than 8 million passengers used Departure lounge 1, and extension was vital. The entire Departure Lounge 1 upgrade programme will be completed by mid-2005.

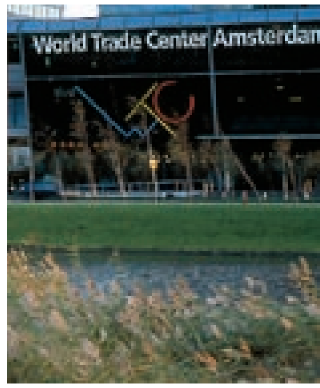
After a successful trial on Pier C in 2003, a further four GrabandFly units were installed on other piers. GrabandFly is a catering concept developed by Schiphol Group in response to the often reduced in-flight services, enabling passengers to grab drinks, snacks, sandwiches and salads to take on board the aircraft.

On-airport parking became more attractive during the year, following the introduction of Schiphol Smart Parking. It is now possible to reserve parking spaces in the P3 Long-Stay Car Park via www.schiphol.nl. There is even a discount for this online advance booking. Demand for parking spaces in the long-stay car park is particularly high in the summer months. The information available on our website, www.schiphol.nl, has also been expanded to include details of travel destinations, eCards and job vacancies. The site is currently receiving around a million hits a month. More than 220,000 schiphol.nl newsletters are also sent out each week.

Consumers International

The joint venture Arlanda Schiphol Development Company between Sweden's civil aviation authority Luftfartsverket (LFV) and Schiphol Group was formed in February 2004. The new joint venture is responsible for the commercial management of the North Terminal at Stockholm-Arlanda Airport.

Together with PT Angkasa Pura II (APII), whose activities include the management and operation of Jakarta Airport, a commercial business plan was drawn up for a border passage programme called SAPHIRE, to be developed for the airport. The plan has been approved, and implementation will begin in 2005.



Real Estate Business Area

- **Operating result, excluding unrealised capital gains and losses, up 17%**
- **Marginal increase in occupancy levels**
- **Construction started on Avioport Logistics Park and first tenants already signed up**

The main focus of the Real Estate Business Area is to develop, invest in and manage buildings and land at and around airports in the Netherlands and other countries. Our portfolio comprises quality properties forming part of a carefully conceived urban development model. We devote close attention to the requirements of users and the quality of the public spaces. Our policy is to have geographical diversification, a mix of offices and other commercial property and a combination of new development and periodic disposal of non-strategic properties. Our performance is measured by the key performance indicators of occupancy levels, the percentage of contracts lapsing within twelve months and tenant satisfaction ratings.

Reasonable results

The marginal rise in the occupancy figure was mainly accounted for by an improvement in 2004 in the level of occupancy of the WTC extension, and the Tristar complex and the high-rise section of the Flight Square building, which were both completed in 2003.

Occupancy*	2004	2003
Existing portfolio, including ACRE Fund (50%)	**97.4%**	93.7%
New completions 2003/2004	**45.9%**	33.0%
Overall occupancy	**90.2%**	89.9%

* Reflected as a percentage of the total number of square metres of free lettable space per category

Financial figures (in millions of euros)	2004	2003
RONA after taxation including unrealised capital gains and losses, and the result of non-consolidated participating interests	**4.7%**	10.3%
RONA after taxation excluding unrealised capital gains and losses	**4.3%**	4.2%
Unrealised capital gains and losses	**5**	78
Total operating income	**95**	173
EBITDA	**78**	140
Operating result (including unrealised capital gains and losses)	**68**	132
Operating result (excluding unrealised capital gains and losses)	**63**	54
Average fixed assets	**917**	837
Investments in intangible and tangible fixed assets	**24**	43

Key performance indicators	2004	2003
Occupancy (in m²)	**90.2%**	89.9%
Contracts lapsing within twelve months (in m²)*	**12.1%**	5.6%
Tenant satisfaction rating	**6.8**	6.8

* cut-off date 19 August 2004

The unrealised capital gains and losses on the investment property in 2004 amounted to €4.7 million compared with €78 million in 2003. The 2004 figure was the net effect of revaluation on completion of new projects and impairment of investment property. The unrealised capital gains and losses in 2003 were mainly accounted for by non-recurring gains of an exceptional nature.

The Real Estate Business Area's operating result, excluding unrealised capital gains and losses, amounting to €63 million, shows an increase of €9 million (17%). The main factors behind the improvement were a result on disposal (€16.6 million) connected with the sale of 50% of the Schiphol Building to ACRE Fund and a write-down (– €4.8 million) on the Schiphol Southeast Beech Avenue site.

Eliminating the above result on disposal, the operating result was actually down by around €2 million compared with 2003, which is a reasonable result in view of the economic circumstances. The decrease is chiefly the consequence of higher costs for maintenance work needed to safeguard property portfolio quality standards.

ACRE Fund portfolio expanded

At the end of 2004, we sold off 50% of the Schiphol Building in a deal worth €47.7 million to ACRE Fund, launched in 2002. With this transaction, the ACRE Fund portfolio now comprises twelve buildings. We have a 50% stake in the property fund. ACRE Fund's existing portfolio fell in value by €3.7 million, mainly affecting the offices, owing to the indifferent state of the office market. The value of business units held up well, partly owing to the growth in air cargo and increased demand for space in this segment of the market.

As at year-end 2004, ACRE Fund comprised 51,188 m² of offices and 66,567 m² of business units with a combined market value of approximately €193 million. Occupancy was 99.9%.

The intention is for the fund to grow to around € 360 million by including other properties from our Dutch portfolio.

Expansion of Real Estate's investment property portfolio

Two-thirds of the average fixed assets are accounted for by investment property, the remaining third being tangible fixed assets used for operating activities and financial fixed assets. The market value of the investment property, including land and buildings, amounted to €640 million as at year-end 2004 compared with €627 million at the end of 2003. The increase is the result of newly acquired land and buildings and revaluation on completion of Cargo Station 6B.

50% of the Schiphol Building was sold to ACRE Fund

As at year-end 2004 we had a portfolio of buildings (operating property) representing a combined lettable area of 298,905 m², made up of 181,278 m² of offices and 117,627 m² of business units (including our share of 50% of the lettable area in the ACRE Fund portfolio and excluding buildings used in connection with operations).

Part of our buildings portfolio lends itself to comparison with the Dutch ROZ/IPD property indices. Comparing our results on the relevant buildings for the period 2001-2003* with the ROZ/IPD indices for offices and business units yields the following picture.

Offices	Amsterdam Schiphol	ROZ/IPD
Average direct return 2001-2003	7.8%	7.3%
Average appreciation 2001-2003	– 0.2%	0.4%
Average overall yield 2001-2003	7.6%	7.7%

Business space	Amsterdam Schiphol	ROZ/IPD
Average direct return 2001-2003	9.4%	8.4%
Average appreciation 2001-2003	– 0.2%	0.2%
Average overall yield 2001-2003	9.2%	8.6%

* The ROZ/IPD figures for 2004 will be published on 24 March 2005.

In addition to the investment property we have in our portfolio strategic land assets, development land and assets under construction. The return on these fixed assets is negligible. As at year-end 2004, they represented a value of approximately €152 million. They have the effect of depressing our RONA after taxation.

There continues to be uncertainty regarding the opening balance sheet for tax purposes as at 1 January 2002. Since corporation tax is calculated at present without taking account of possible differences between balance sheet valuations for tax purposes and for reporting purposes, in all probability there will ultimately be a positive effect on our RONA after taxation as far as the investment property is concerned.

New investments

Total investments in tangible fixed assets during the year amounted to approximately €24 million. On the Amsterdam Airport Schiphol site, in 2004 construction began of the business units for Cargo Station 6B (approximately 3,300 m²) at Schiphol South for the first line cargo handler Aero Ground Services as well as units for cargo forwarding specialists Exel (approximately 8,000 m^2) at Schiphol Southeast. The 6B cargo facility was completed at the end of 2004 and taken into use by Aero Ground Services. During the year, agreement was reached with the cargo forwarding companies EGL and Yusen to develop two new business units (of 10,000 m^2 and 5,000 m^2, respectively) for them to lease at Schiphol Southeast. Provided the building permits are obtained in time, construction of these two business units will start in mid-2005. On 1 December 2004 we acquired 3.8 ha of land in the Antony Fokker Business Park, 2.8 ha of which has been made available to Air France-KLM on a 40-year long lease.

Near Malpensa Airport construction began of a business unit and an office building to be used for logistics services

Activities at other locations

A start was made with detailing the outline plan drawn up in 2003 for the redevelopment of the landside area at Rotterdam Airport. We are talking to several companies interested in locating there. We also acquired the Bel Air Building at Rotterdam Airport.

In partnership with the City of Eindhoven we are developing the Flight Forum Business Park. Despite the economic difficulties, a small amount of land was released (approximately 3 ha) in 2004. In the high-rise part of the Flight Square office complex developed jointly with Heijmans Vastgoed B.V., two floors (16.9%) were let to forwarding specialists Panalpina. Negotiations are con-tinuing with other possible tenants.

Near Malpensa Airport in Italy, construction started in 2004 on a business unit (approximately 10,000 m^2) and an office building (approximately 3,500 m^2) intended for use in connection with logistics services. The business unit has already found one tenant, in FedEx, which has signed up for approximately 2,000 m^2, and a provisional tenancy agreement has been reached with Exel for another 2,000 m^2. Negotiations are continuing with other possible tenants for the remaining space.

The outline plan for the Trade Centre office project under development at Malpensa Airport was agreed in 2004. Application was then made for the Phase 1 building permit, which we expect to obtain early in 2005. Joint ventures have been set up with Italian partners for the development and construction of both projects, which we are executing in partnership with Grontmij Ontwikkeling & Exploitatie B.V.

Our operations concerned with the Tradeport logistics centre at Hong Kong International Airport were somewhat disappointing in 2004. New leases/concessions signed in the last quarter of 2004, however, offer more favourable prospects for 2005. Tradeport is a joint venture with Fraport, China National Aviation Company Limited and Hongkong Land Limited.

Rotterdam Airport

Alliances & Participations Business Area

- **Rotterdam Airport passenger numbers top one million for first time**
- **Brisbane Airport contributes to profits**
- **JFK IAT Terminal 4 contract extended**

Alliances & Participations has a twofold objective. The aim is to strengthen the position of our three domestic regional airports and spread the risks by exporting the AirportCity concept, with or without the acquisition of (participating) interests in airports in countries outside the Netherlands. Joint ventures specifically associated with a particular Business Area have already been mentioned in the Consumers and Real Estate sections of this report.

Financial figures (in millions of euros)	2004	2003
RONA after taxation including unrealised capital gains and losses and results of non-consolidated participating interests	**2.2%**	0.1%
RONA after taxation excluding unrealised capital gains and losses but including results of non-consolidated participating interests	**2.3%**	– 2.5%
Total operating income	**57**	47
EBITDA	**9**	6
Operating result	**– 7**	– 1
Average fixed assets	**138**	129
Investments in intangible and tangible fixed assets	**30**	9

Once again in 2004 we concentrated on consolidating and improving the performance of existing interests. Although attempts were made to acquire new participating interests, they met with little success. Our expressed interest in acquiring a 70% stake in the operator of Zaventem Airport, Brussels, did not result in Schiphol Group's inclusion in the shortlist of companies invited to make a bid.

Alliances

In September last year, Schiphol Group took over Joh. Enschedé's share of Dartagnan, making the company a wholly-owned subsidiary instead of a joint venture. Dartagnan specialises in biometric identification systems for use in airports as well as in other businesses.

The joint venture PT Angkasa Pura Schiphol is negotiating with the Indonesian authorities to develop biometric access control systems for all the international seaports and airports in Indonesia. Dartagnan is also involved in this project. PT Angkasa Pura Schiphol (APS) is a strategic alliance with PT Angkasa Pura II, the operator of Indonesia's Jakarta and Medan Airports. APS developed the Sapphire loyalty programme, an equivalent to the Privium programme at Amsterdam Airport Schiphol, for Jakarta's Sukarno-Hatta International Airport. The SAPHIRE programme is due to be launched in the first half of 2005.

Domestic airports

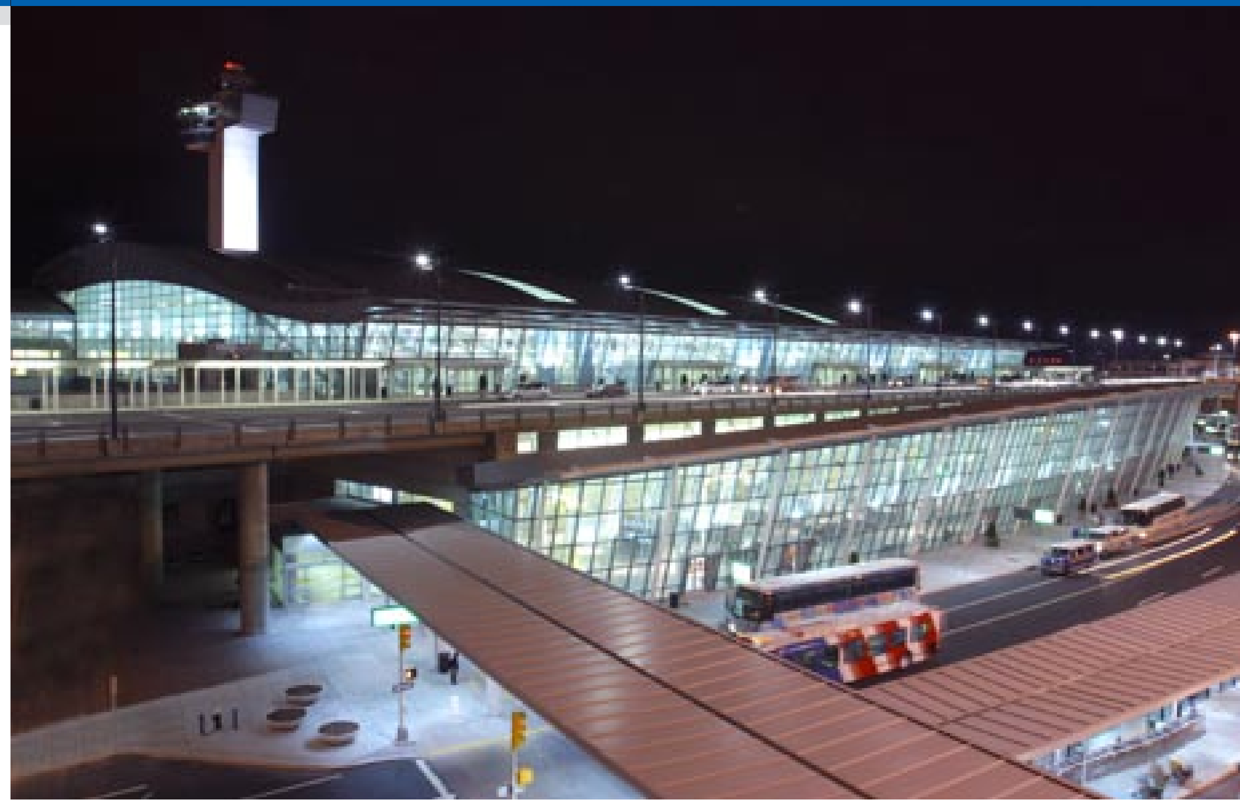
Rotterdam Airport

For Rotterdam Airport, 2004 was a noteworthy year in several respects. For the first time since it opened almost 50 years ago, more than one million passengers (1,095,142 excluding transit-direct passengers) used the airport, an increase of 78% compared with 2003. The number of air transport movements went up by 26% to 18,175, partly as a result of the addition of scheduled services on no fewer than seven new routes.

There was a further decline in recreational flying during the year, with the number of aircraft movements down 16% at 40,627. This is in line with the environmental framework agreement concluded between Schiphol Group and the City of Rotterdam. Agreement was also reached with the companies concerned on reducing the number of training flights using larger aircraft. In August, the State Secretary at the Ministry of Transport, Public Works and Water Management, sanctioned extending the airport's operating hours by one hour, strengthening the important economic role played by the airport in the regional infrastructure. At the beginning of the year a study was initiated in preparation for the renovation and enlargement of the main apron. This project will involve substantial capital expenditure.

Eindhoven Airport

In 2004, Eindhoven Airport recorded the largest growth in passenger numbers in its 20-year existence, up from 423,000 in 2003 to 694,000 in 2004. The 64% increase was largely accounted for by new daily scheduled services to Barcelona/Girona (in February), Istanbul (March) and Rome (September) on top of steady growth in the number of leisure passengers using the airport. The number of air transport movements increased from 9,860 to 12,087 (+ 23%). This explosive growth, which is expected to continue in 2005, makes a new terminal vital. Construction began at the end of 2004, and the building, with a floor area of 13,500 m^2, should be in use by mid-2005. It will have a capacity of 1.2 million passengers a year. Prior to the start of construction, capital expenditure on the project in 2004 totalled €7.7 million, including acquisition of buildings, expansion of the car parking area and professional fees in connection with the new building.



Terminal 4 at JFK Airport, New York

October saw the installation of the first of twelve noise monitoring posts. This project will involve a total investment of €300,000. The installation of the monitoring system to measure noise levels produced by civil aviation aircraft in the vicinity of the airport was agreed in the revised Regional Accord of 2003.

Lelystad Airport

There were two important events for Lelystad Airport in 2004. The Flevoland Provincial Government agreed to extend the runway to 2,100 m and the Government White Paper for the area took effect. The continued inability of the airport to take larger aircraft was the main reason for the collapse at the end of 2004 of Rossair, which had been based at Lelystad since 1999.

With a staff of 60, this was the largest company operating out of the airport. The shaky economy meant that general aviation activity was down by almost 7% on 2003, with 111,722 aircraft movements.

Foreign airports

Growing passenger volume at JFK Terminal 4

Schiphol USA has a 40% interest in the JFK IAT joint venture that operates Terminal 4 at New York's JFK Airport. The number of passengers using Terminal 4 increased by 33% compared with 2003, to 6.2 million, with the number of air transport movements rising by 34% to 36,780. This first-rate performance was largely the result of three new daily flight services started by Virgin in February 2004. The extra traffic also lifted consumer spending. Apart from Virgin, JFK IAT welcomed five other international airlines in 2004. However, four companies ceased using Terminal 4 during the year.

The agreement reached between the owner and operator of JFK Airport on renewal of the lease meant the automatic extension of the JFK IAT contract to operate Terminal 4 at JFK from 2015 to 2025, strengthening the position of JFK IAT at Kennedy Airport.

Record number of passengers for Brisbane

Via Schiphol Australia, Schiphol Group has an interest of 15.6% in Brisbane Airport Corporation (BAC). 2004 was a record year for the Australian airport, with 15.1 million passengers, 17% more than in 2003. The number of air transport movements also increased, by 11%, to 142,196, partly owing to new services operated by various new airlines.

Brisbane Airport was able to profit from growing competition in the aviation sector in 2004, with domestic flights in particular becoming more affordable for Australian consumers. Accordingly the growth in passenger numbers was seen mainly on domestic routes.

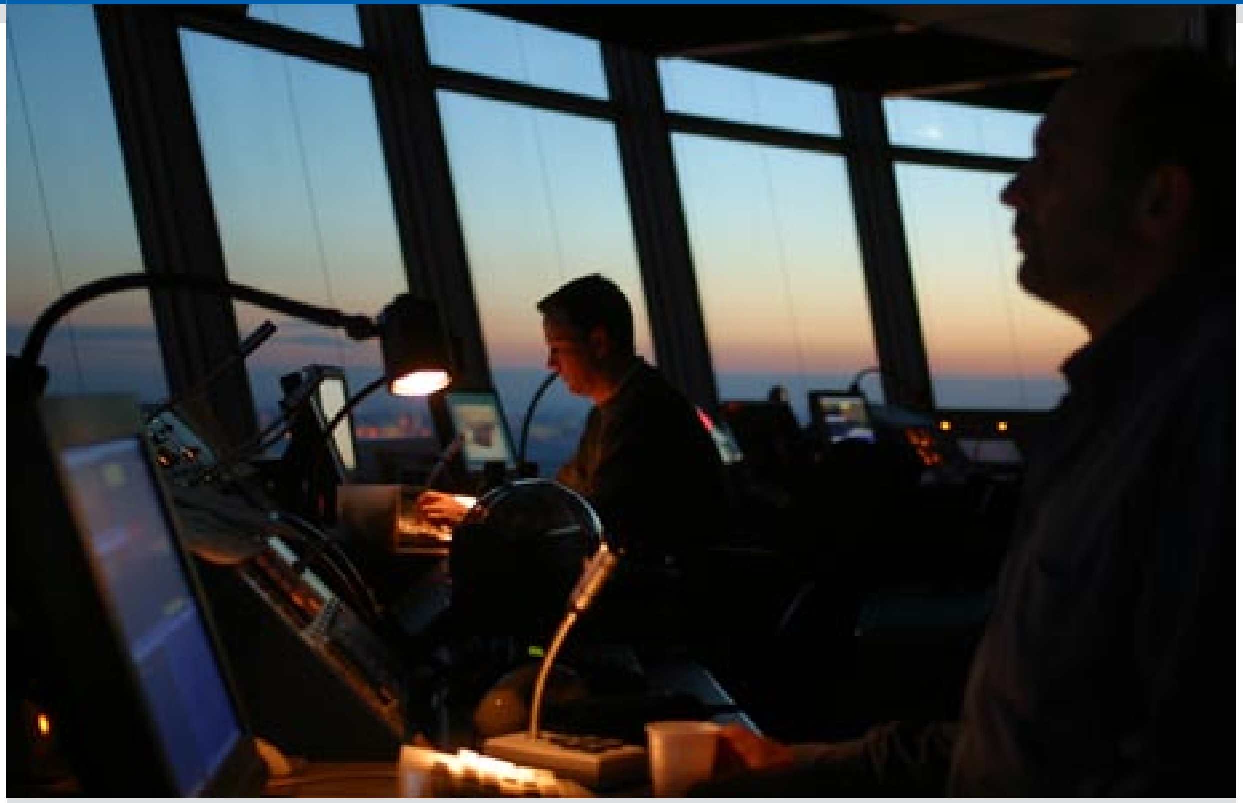
The legal structure of Brisbane Airport Corporation was changed

A new hangar is under construction at Brisbane Airport for Virgin Blue, the Australian low-cost carrier, for the maintenance of its fleet of Boeing 737s. Work started at the end of 2004 and the project will create 150 extra jobs over the next five years.

A change in Australian tax law prompted changes in the legal structure of Brisbane Airport Corporation, leading to the establishment of a holding company on 30 June 2004. The changes provided Schiphol Group with the opportunity to renegotiate its income from its interest in BAC. As a result BAC contributed €2.9 million to Schiphol Group profits in 2004.

Aruba

We concluded a strategic alliance with Aruba Airport Authority running up to the end of 2007 and intended to give a boost to commercial and operational activities at Reina Beatrix Airport in Aruba. For the next three years Schiphol International will be reinforcing the airport's management and providing operational and commercial support. In 2004, the airport was used by more than 1.7 million passengers, 12% more than in 2003. The number of air transport movements rose by 6%, to 26,797.



Corporate Social Responsibility

- **Corporate social responsibility (CSR) policy more structured**
- **Majority in favour of airport growth**
- **Staff commitment remains strong**

Our corporate social responsibility policy stems from our mission to create sustainable value for our stakeholders. Precisely what this involves differs from one group of stakeholders to another. For airlines, handling agents and concession holders, for instance, we are committed to delivering quality at competitive prices. For passengers and visitors to Amsterdam Airport Schiphol it is our aim above all to offer a unique, pleasurable experience at the airport. For our staff we aim to be an attractive employer. For our shareholders it is our aim to generate healthy and stable profits. And for the local community, working in partnership with the authorities, our focus is on minimising the disturbance caused by living close to an airport.

People – planet – profit

Since 2003, the conduct of our business in a socially responsible manner has been guided by the three Ps: 'people – planet – profit'. In each of these areas we have selected themes that are relevant both to us and our stakeholders. 2004 saw the application of key performance indicators for each theme, representing a more structured approach and putting progress on these fronts permanently on the management agenda.

We have also made progress on internal awareness of the issues. Half of all the departments held working sessions in 2004 to discuss the approach to and consequences of corporate social responsibility policy. These internal sessions will be concluded in 2005 and we will then start involving our external stakeholders in discussions relating to our corporate social responsibility policy. The findings will be used to improve the way in which, and how, we report on our CSR performance.

Key performance indicators	2004	2003
Staff commitment	**77%**	78%
Support for Amsterdam Airport Schiphol's growth in the Netherlands as a whole	**53%**	51%
Support for Amsterdam Airport Schiphol's growth in the CROS* region	**50%**	43%
Awareness of Schiphol Fund	**37%**	30%

* CROS – Dutch acronym for Schiphol Regional Consultative Committee, consisting of 30 local municipalities in three provinces neighbouring the airport.

Staff have a strong sense of commitment

People

With regard to 'people', the principal objectives are ensuring a perceived high standard of safety/security and staff commitment.

Safety and Security

To improve the perceived standard of safety we perform an annual appraisal of our own safety activities and those of other companies and organisations at the airport. The forum for this appraisal is the Amsterdam Airport Schiphol Safety Platform, in which we work closely with Air Traffic Control the Netherlands, Dutch and foreign airlines and handling agents. In 2004, this work focused on increasing safety awareness among airside personnel at the airport.

In addition to air safety, we differentiate between Occupational Health and Safety, fire safety, traffic safety and security. We aim to provide passengers, airlines, visitors and staff a high standard of safety and security. We therefore devote particular attention to the aviation ground-handling processes, fire prevention and minimising the ensuing damage from a fire, staff working conditions and the safety of the airport roads. There were no fatal road accidents at Amsterdam Airport Schiphol in 2004 (2003: 1).

Our security policy focuses on continuously improving the security process at Amsterdam Airport Schiphol at an acceptable cost level, in line with applicable laws and regulations.
Effective 1 April 2003 Schiphol Group became responsible for executing preventive security duties in the Amsterdam Airport Schiphol terminal. The Dutch Border Police (Koninklijke Marechaussee) supervises the execution of these duties, with the Ministry of Justice holding final responsibility for these duties. We complied with the required government quality standard in 2004.

Staff and organisation

On a full-time equivalent basis (FTE), the Schiphol Group workforce numbered 2,216 in 2004, 15 less than in 2003. Schiphol Group operates in an environment in which both technology and market conditions are changing rapidly. Moreover, our stakeholders demand high standards for the way in which we operate the airport and communicate and report on our operations. We aim to be a leading airport company, and that means recruiting and retaining staff of the highest calibre. Benchmarks published by Hay and the Dutch employers' organisation AWVN as well as the low rate of staff turnover confirm that Schiphol Group is an attractive company to work for both generally and with regard to conditions of employment. Core values for our company are respect, a focus on results and commitment. In addition to our function as a facilitator of transport infrastructure, it is our aim to distinguish ourselves as a commercial service provider and accordingly, we are constantly working to achieve a customer-orientated, flexible and cohesive organisation which is in tune with the requirements of its customers and the needs of its employees. We believe that customers will be satisfied with our company if the staff they deal with like working for us and are happy in their jobs. Accordingly, an important yardstick for HRM policy is staff commitment. The annual Staff Survey shows that 77% of the workforce in 2004 agreed or agreed strongly with the statement 'I feel a strong sense of commitment to Schiphol Group'. In 2003, the figure was 78%. In 2004 we devoted considerable effort in disseminating our corporate strategy and highlighting the role played by individual employees in pursuing that strategy within the company. We work with individual personal development plans to develop the core competencies of customer awareness, team spirit and empathy. Managers carry out regular staff performance appraisals. Each year, the plans and budgets for structured training courses, traineeships, coaching and general training are revised accordingly.

Award granted by the Schiphol Fund

Based on our corporate code of business behaviour we introduced three specific codes of conduct last year which apply to every employee. The first of these governs the way in which the company monitors e-mail and Internet usage without infringing an employee's privacy in the workplace. The second code contains the agreements reached on combatting inappropriate behaviour on the part of individuals or groups and the complaint procedure if people fail to behave in the agreed manner. The third code covers business ethics in dealings with outside suppliers and customers.

A new one-year Collective Labour Agreement (CLA) took effect on 1 April 2004. In accordance with the agreement reached at national level between the employers' and employees' organisations in the preceding autumn, there was no general pay rise. Staff did, however, receive a special bonus payment in January 2005 related to the financial result for the year ended 31 December 2004. The new CLA included improvements in duty rotas and HRM policy with regard to older employees.

Planet

One of our objectives under the heading of 'planet' concerns the quality of life in the vicinity of Amsterdam Airport Schiphol. We use two key performance indicators to measure our success in this area: the level of support for expansion of the airport among the general population in the Netherlands, which was 53%, and the level of support in the local community for airport expansion, which grew to 50%. In 2003, the figures were 51% and 43%, respectively.

Awareness of Schiphol Fund (an independent foundation that provides grants to sporting, cultural and social initiatives in the region each year out of an amount donated by Schiphol Group) has increased from 30 to 37% of the population in the local community.

At Amsterdam Airport Schiphol we operate an environmental management system which has had ISO 14.001 certification for several years. This ensures that our airport complies with all the relevant statutory and other rules and regulations and shows our environmental protection efforts to be effective. We have agreed a uniform policy, embodied in a new environmental plan for the years 2004–2007, covering all eight environmental compartments – noise, water, energy, waste, soil, air, hazardous substances, nature and landscape.

Profit

Information on the third aspect of 'profit' can be found elsewhere in this annual report.

More information concerning the company's corporate social responsibility policy can be found in the 'Sustainable Development Report' for 2004, published almost simultaneously with this annual report.

Business Risks

Schiphol Group constantly contends with uncertainties in its business activities. Apart from financial risks, these uncertainties also concern operational and market risks. Furthermore the risks differ per Business Area. To control these risks, the company pursues a policy designed to make risk management an integral part of the day-to-day running of the business. We currently use various management and risk management systems. Although we make every effort to control as wide a variety of risks as possible, complete control is difficult to guarantee. We may be exposed to risks that we are unaware of or that are not (yet) considered important. No risk management system can give absolute protection against failure to achieve corporate objectives, nor can it prevent every single material impropriety, loss, fraud or infringement of rules and regulations.

It is the Board of Management's duty to oversee the implementation and operation of the internal management and control systems developed specifically for our company. Such systems are designed to control all significant risks, to safeguard the achievement of operational and financial objectives and to ensure compliance with the relevant statutory rules and regulations. Our systems are based on the criteria for internal risk management and control systems set forth in the internal control framework compiled by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

To fully define our responsibility in this matter we initiated a project in 2004 aimed at creating a uniform, clear-cut risk appraisal system, putting in place appropriate control mechanisms for each risk and monitoring the effectiveness of those mechanisms (Tabaksblat Code best practice). The project is due to be completed in 2005.

In 2004, our assessment of whether we have the risks properly under control was still based on our ordinary control cycle and various long-established elements of the internal risk management and control system, chief among which are:

- Monthly management information (financial and operational).
- Continuous scrutiny of the quality of risk management and control by the company's internal audit department. The department also encourages effective risk management with regard to the company's various activities.
- Periodical follow-up meetings attended by the Chief Financial Officer and operational and commercial managers and their controllers to discuss the findings of both the external and internal auditors.
- Internal letters of representation.
- The management letter from the external auditors.
- Careful consideration by the Board of Management of every significant risk to the company which is identified to ensure that steps to minimise the risk are taken.
- Annual reporting by the Board of Management to the Supervisory Board Audit Committee based on reports from the external and internal auditors concerning the quality of internal control.
- Management-level control risk self-assessments.
- Codes of conduct.
- Financial reporting manuals and procedure-writing manuals.

The financial reporting manual was again updated in 2004, among other things, to take account of the provisions of the International Financial Reporting Standards (IFRS) relevant to Schiphol Group.

We believe that our company's existing internal risk management and control systems have been properly implemented and, as such, functioned effectively in 2004. These systems are intended to minimise the risk of failing to achieve corporate objectives and, where necessary, to ensure that the necessary remedial action is taken but they are not intended to eliminate the risk; no system can give more than reasonable assurance that serious improprieties, mistakes or losses will not occur.

Financial risks

We have a standard policy for reducing exchange rate and interest rate risks. The majority of these risks are mitigated using standard derivatives. In addition, accounting for activities outside the eurozone is generally in the local currency. Since Schiphol Group's participating interests are normally treated as long-term investments, exchange risks are not hedged. Borrowed capital is raised wherever possible on a non-recourse basis.

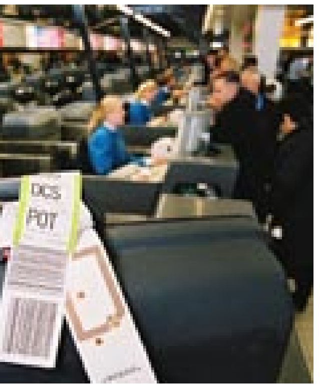
Operating risks

We have an effective organisation for managing environmental and safety/security-related risks. Again, procedures are embedded in the organisation and documented in internal manuals. These management systems undergo continuous refinement. Control of environmental and safety/security-related risks is also governed by the existing and proposed statutory rules and regulations.

We have an effective organisation for managing environmental and safety/security-related risks

Market risks

Many of the factors defining the market in which Schiphol Group operates lie outside our immediate control. This concerns factors such as the general state of the economy, traffic and transport developments in particular and Air France-KLM's future. Apart from these market risks, there are also risks such as terrorist attacks to contend with. These are some of the reasons why Schiphol Group's business plan is based on conservative estimates of important variables. An impact assessment is currently being made of these and other market risk factors which will be used to produce a detailed scenario analysis.



Prospects

We expect to see passenger numbers at Amsterdam Airport Schiphol grow by 4.5% - 5% in 2005, with cargo volumes up by around 5.5%. This forecast assumes that both the world economy and the Dutch economy will continue to improve and that the aviation business will not be hit by crises of the kind seen in 2001 and 2003.

We expect costs to rise, partly on account of the additional security measures introduced at the end of 2004, and also owing to higher depreciation charges relating to the completion of major investment projects. But we shall continue with our cost control measures.

Capital expenditure in 2005 is estimated at €400 million, over half of which will be on aviation facilities at Amsterdam Airport Schiphol. Financing charges will increase as a consequence. Adequate funding is, however, available in the form of existing cash, the forecast cash flow from operating activities and existing financing facilities and programmes.

The 2005 result after taxation, excluding unrealised capital gains and losses on investment property, is expected to be on par with the 2004 result after taxation.

Amsterdam, 23 February 2005

Board of Management

Gerlach J. Cerfontaine
Pieter M. Verboom

Corporate Governance

Governance structure

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

Tabaksblat Code

Schiphol Group does not yet have a stock market listing and is not legally obliged to comply with the Dutch Corporate Governance Code. We have nevertheless decided to implement the Code's best practices for the most part, not only because Schiphol Group wishes to be progressive with regard to corporate governance but also because it is a logical preparation for future flotation. When the time comes for the company to be floated on the stock exchange we shall complete the implementation of the remaining elements of the Code unless there is good reason to depart from the recommendations. In 2004, the majority of the Code's provisions were incorporated into separate sets of rules governing the Supervisory Board, its various subcommittees and the Board of Management. There will also be a special set of rules for whistleblowers. These rules will be posted on the Schiphol Group website. With the agreement of the Supervisory Board and the General Meeting of Shareholders, it was decided in 2004 that the application of the Code should form a separate resolution at the General Meeting of Shareholders in 2005. Some of the Tabaksblat Code provisions are not applicable to an unlisted company like Schiphol Group, specifically Provision II.2 (stock options as remuneration component), IV.2 (issue of depositary receipts for shares), IV.3 (price-sensitive information) and IV.1.3 (public response to private bids for parts of the business). Only a few of the best-practice provisions contained in the Tabaksblat Code have not yet been implemented. They are:

- The General Meeting of Shareholders is not attended by all the members of the Supervisory Board and the Board of Management. In view of the very small number of shareholders we consider the meeting's deliberations to be better served by a delegation from the two boards. For the same reason, the external auditors will only be present at the General Meeting of Shareholders if one of the shareholders so requests (V.2.1).
- Schiphol Group will be putting the implementation of the Tabaksblat Code best-practice provisions before the General Meeting of Shareholders as a separate resolution in 2005. We shall not thereafter be including a full review of the best practices in the annual report each year and instead only highlight the changes in this field (I.1).
- Since the relevant business will already have been covered in the Audit Committee, the external auditors will not be present at the meetings of the shareholders and the Supervisory Board unless one of the shareholders or the chairman of the Supervisory Board so requests (II.2.7).
- The contracts of employment of the present members of the Board of Management are for an indefinite period and the maximum amount of any agreed severance package payable on dismissal is more than the maximum under the Code. The Supervisory Board has decided that the current contracts of employment should be honoured (II.1.1 and II.2.7).
- No Securities Transactions Rules for members of the Board of Management and the Supervisory Board have yet been adopted. These rules are to be drafted in 2005 and will be implemented as soon as there is a clear consensus among listed companies concerning the scope and content of such rules (II.2.6).
- In 2004, no Selection and Appointments Committee had been formed from among the members of the Supervisory Board, the entire Supervisory Board provisionally performing the duties of such a committee. A Selection and Appointments Committee has, however, since been formed, with Trude Maas-de Brouwer and Toon Woltman as its members and Peter-Jan Kalff as chairman.

- At the time of writing of this annual report, the Whistleblowers' Rules had not yet been finalised. After adoption, the rules will be posted on the company's website.

Supervisory Board

As permanent subcommittees, the Supervisory Board has an Audit Committee, a Remuneration Committee and, now, a Selection and Appointments Committee. The Board has drawn up rules for the three committees. The individual members of the Board do not hold more supervisory directorships than the maximum stipulated in the Code, and they all qualify as independent.

Audit Committee

The Audit Committee has three members. It meets at least twice a year. Two of the present members possess financial expertise, as recommended in the Code. The Corporate Controller has been appointed secretary to the Audit Committee.

Remuneration Committee

The Remuneration Committee has three members. It advises the 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.

Selection and Appointments Committee

The Selection and Appointments Committee also has three members. It advises the Board by drawing up selection criteria and appointment procedures for members of the Supervisory Board and members of the Board of Management.

Transactions in securities issued by the company

Since Schiphol Group shares are not listed on the stock exchange, there are currently no rules governing securities transactions by members of the Board of Management or the Supervisory Board involving securities issued by the company. The company has, however, issued bonds under the EMTN Programme. Members of the Board of Management and Supervisory Board refrain from buying and selling these securities.

Board of Management

The members of the Board of Management direct the operations of Schiphol Group under the scrutiny of the Supervisory Board. The present members were appointed indefinitely. New appointments will in principle be made for terms of office of four years. The Supervisory Board has the power to appoint, suspend and dismiss members of the Board of Management. The segregation of duties for members of the Board of Management is contained in the Board of Management Rules.

Changes in 'large company' regime

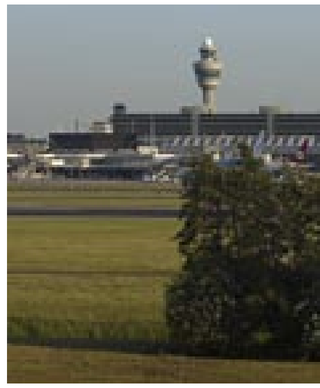
A resolution will be put before the General Meeting of Shareholders in 2005 proposing amendments to the company's articles of association resulting from amendment of the Netherlands Civil Code concerning the 'large company' regime.

23 February 2005

Board of Management
Supervisory Board

The full text of the provisions of the Tabaksblat Code and the way they have been implemented in Schiphol Group's internal rules will be posted on www.schiphol.nl

Report of the Supervisory Board



General

The way in which the Supervisory Board reports on its activities reflects the decision to apply the Corporate Governance Code drawn up by the Tabaksblat Committee to Schiphol Group as far as possible. Several topics, on which we now report for the first time, have accordingly been added to the usual review of activities. This concerns information on the functioning of the Board of Management, the functioning of our own Board and the activities of the principal committees appointed by the Board. The report also includes more extensive information on the individual Supervisory Board members, such as date of appointment and term of office.

The Board's activities

The Board met on six occasions in 2004 to consider a range of issues relating to corporate policy, the company's performance and its future. With the odd exception, the full Board was present at each meeting. We devoted most of our time to proposals and events relating to Amsterdam Airport Schiphol, the core activity of Schiphol Group. Each month we received reports comparing the actual results with the Corporate Budget 2004 and with comparative figures for 2003. These reports were discussed by the Board at each meeting. The Board had regular discussions with the Board of Management concerning the company's performance in terms of punctuality, market share, noise disturbance, safety, security and international policy. Consideration of the way in which the company's operating results and financing and cash position were developing was also included in the business of our meetings. We devoted considerable attention to the initial effects of the merger of Air France and KLM, which is so vital to the development of Schiphol Group. The Board of Management kept us regularly informed of the project designed to lead to improved baggage handling at Amsterdam Airport Schiphol. We discussed aspects of our airport's performance which lag behind those of other major hub airports in Europe. In that connection, the Board suggested keeping a close eye on the growth of the low-cost carrier market and the attractiveness of Amsterdam Airport Schiphol for this type of passenger transport. The Board of Management reported regularly on the political debate surrounding the government's plans to sell off a minority interest in N.V. Luchthaven Schiphol (NVLS), by means of a public offering. In that context, important aspects of the proposed economic regulation of the aviation activities at Amsterdam Airport Schiphol, allowing returns to rise gradually up to a certain maximum, were discussed. The Board notes that the government's plans led to amendment of the proposed legislation, which was put before the Lower House of the Dutch Parliament during the year.

Corporate governance

The Board has actively supported the Board of Management's plans to implement the Corporate Governance Code as far as possible, even though the company does not yet have a stock market listing. We considered and approved various related decisions, resulting in important changes to the Board of Management Rules, the Supervisory Board Rules and the Rules for the Audit Committee, the Selection and Appointments Committee and the Remuneration Committee. We also approved the Whistleblowers' Rules, subject to scrutiny by the Central Works Council. For further details, see the section of this report devoted to corporate governance.

Business Plan and the long term

We discussed the latest Business Plan with the Board of Management. Our Board agreed with various changes of emphasis in the Business Plan 2005–2009, such as the postponement for the time being of the construction of Pier J at Amsterdam Airport Schiphol, the Automated People Mover and several of the modules relating to the west wing of the terminal. In a separate meeting, the Board also lent its agreement to another change, namely the planned investment in a Pier H based on a new design concept.

Artist's impression of the new Pier H

Experience with the statutory framework governing Amsterdam Airport Schiphol

The Board of Management kept us regularly informed of the progress of the Environmental Impact Assessment process in collaboration with Air Traffic Control the Netherlands in 2004. A new assessment was needed to enable the government to revise the Airport Traffic Decree and the Airport Zoning Decree (implementation decrees under the Aviation Act). The Board is able to report that this project was successfully concluded and that, once again, there were no violations of the noise standards. The Board of Management also kept us abreast of progress on the Noise Insulation Project in the vicinity of Amsterdam Airport Schiphol. We are able to report that a solution was found for sharing the costs, which, under the responsibility of the Ministry of Transport, Public Works and Water Management, had significantly exceeded the budget.

International strategy

We were kept regularly informed of progress of Schiphol USA's participating interest in JFK IAT and we welcomed the news about the financial and corporate restructuring of Brisbane Airport Corporation and the possibility of producing more favourable dividends in future. The Board of Management reported that no further progress was made on the Pantares partnership with Fraport in 2004, which for the time being remains restricted to a participating interest in the Tradeport logistics project in Hong Kong. In June, in a special meeting, the Board agreed to the proposal by the Board of Management to submit an expression of interest in possibly acquiring a stake in Brussels International Airport Company. The expression of interest did not result in the company's inclusion in the shortlist of potential bidders.

Financial reporting and profitability

On the recommendation of the Audit Committee we ratified the NVLS financial statements for 2003 and the interim results for 2004. The Board was advised of the sale of another tranche of property to ACRE Fund. We expressed our concern regarding the unfavourable development of insurance premiums in the aviation sector and the knock-on effect on costs, coupled with the steadily increasing share of Amsterdam Airport Schiphol operating expenses accounted for by security costs. For the 2004 budget we set ambitious efficiency improvement and cost control targets for the members of the Board of Management. The Board gave its approval to an update of the existing Euro Medium Term Note (EMTN) programme. The Budget 2004 Financing Plan provided the possibility of issuing notes under the EMTN programme that could be listed on the stock exchanges of Amsterdam or London, contracting a loan from the European Investment Bank and/or a combination of both.

Risk management and control

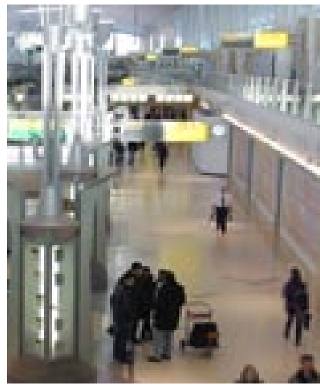
The Board acknowledged the Board of Management's proposal to implement an integrated risk management and control system. The Board's deliberations in 2005 will cover this proposal.

Central Works Council

Members of the Supervisory Board attended the consultative meetings with the Central Works Council, the composition of which changed with the election of new members. We found these meetings to be both constructive and informative, and greatly appreciated them.

Remuneration Committee

Peter-Jan Kalff retired from the Remuneration Committee in 2004 and Hans van den Broek and Trude Maas-de Brouwer were elected to the Committee. Toon Woltman's membership was reaffirmed and he was appointed chairman. The Remuneration Committee met a number of times to discuss the remuneration of the Board of Management (see also Remuneration policy). The Board approved the Committee's conclusions. In the light of the new corporate governance code, the Remuneration Committee evaluated the severance packages agreed for members of the Board of Management. These arrangements are not uniform and had already been agreed at the time of publication of the Tabaksblat Code. The Board decided to maintain the status quo, but will attempt to reflect the Code's best practice with regard to future arrangements. The Remuneration Committee will be putting forward proposals for the Board's consideration.



Remuneration policy

On the recommendation of the Remuneration Committee we discussed remuneration policy in general and the short-term and long-term incentive schemes in particular. This bonus scheme governs the variable component of the Board of Management's remuneration. The principles of the scheme are in accordance with the Code. The Board met a few times without the Board of Management in order to evaluate the functioning of the Board of Management and of the Supervisory Board itself. The conclusions of these meetings were discussed and are also reflected in the amount of the variable component in the Board of Management's remuneration.

In accordance with the new statutory regime for large, two-tier board companies pursuant to the Netherlands Civil Code (which took effect on 1 October 2004) we shall be seeking the approval of shareholders for the remuneration policy and sending details of it to the Central Works Council. For further information, see the section on remuneration policy elsewhere in this report.

Composition of the Board of Management

Towards the end of the year we decided, because of difficulties which had arisen, to ask for the resignation of Marike van Lier Lels, which she duly tendered. Her employment has since been terminated on mutually agreed terms. Her operations management duties have been temporarily assumed by the president and her commercial duties have been assumed by the CFO. An interim COO has now been appointed, reporting directly to the Board of Management, pending the appointment of a permanent new COO.

Composition of the Supervisory Board

The composition of our Board is based on a profile ensuring that we are able to perform our statutory duties effectively at all times and that the members of our Board are able to operate independently and objectively vis-à-vis one another and the Board of Management. We attempt to ensure a good mix of expertise and experience. All the members of the Supervisory Board are independent within the meaning of the Code. At least two members of the Supervisory Board qualify as financial experts within the meaning of the Code.

Our Board resolved to reappoint Hans van den Broek. The appointment and dismissal of members of the Supervisory Board has been subject to the new 'large company' statutory regime with effect from 1 October 2004. The retirement rota for members of the Supervisory Board can be found on www.schiphol.nl.

Audit Committee

The Audit Committee operated according to an updated set of rules in 2004. The Committee met on four occasions, discussing the 2003 financial statements, the 2004 interim report and the internal control systems. At some of these meetings, the external auditors, PricewaterhouseCoopers Accountants NV, were also present. The Board assessed the findings of the annual report and makes its own report to the Meeting of Shareholders accordingly.

Also on the agenda of the Committee were specific topics of a financial nature such as the financing plan, the development in the return on net assets, the change in accounting policies (particularly the effects which the unrealised capital gains and losses on investment property had on the results for 2003), the report of the auditors to management, provisions, action to be taken pursuant to the management letter, insurance, the company's international policy and the opening balance sheet for tax purposes. The Committee discussed what the target weighted average cost of capital should be, not least in the context of the debate regarding economic regulation.

The Board of Management kept the Audit Committee informed of progress on finding a solution to the Noise Insulation Programme problems in preparation for discussion of this matter by the full Board. Most of the meetings took place with the external auditors also present. There were no changes in the composition of the Audit Committee, whose members are Jan-Michiel Hessels (chairman), Peter-Jan Kalff and Willem Stevens.

Financial statements for 2004

An amount of €5.5 million will be added to the statutory reserves. The Supervisory Board concurs with the Board of Management's proposal to distribute a dividend of €46.4 million on the paid-up share capital, calculated on the basis of 30% of the result after taxation, excluding unrealised capital gains on the investment property after taxation, and to add €6.7 million to the revaluation reserves. The remaining profit of €99.7 million will be added to the other reserves. In its meeting of 23 February 2005, the Supervisory Board approved the financial statements and the additions to the reserves, as proposed by the Board of Management, as well as their submission to the shareholders for adoption. PricewaterhouseCoopers Accountants NV have audited the financial statements and issued an unqualified report on them (see page 89 of this report).

The Supervisory Board will present the financial statements to the General Meeting of Shareholders to be held on 14 April 2005. Based on our Board's assessment of its supervisory activities we invite the shareholders to ratify the policy pursued by the Board of Management and supervision exercised by the Supervisory Board.

Finally, we should like to take the opportunity to express our appreciation of the hard work on the part of the management and staff of N.V. Luchthaven Schiphol and its participating interests and the results that have been achieved.

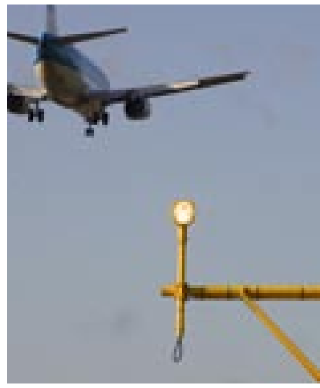
23 February 2005

Supervisory Board

Remuneration Policy

Directors' emoluments

As announced in the 2003 Annual Report and also in response to the Tabaksblat Code, the Supervisory Board gave careful consideration to the wording of the current remuneration policy for the company's executive directors. The policy continues to be that their remuneration should be in line with the market and that Schiphol Group should be able to attract and retain good managers on the basis of the agreed remuneration package. Remuneration policy should also foster the achievement of the company's short-term and long-term objectives.



It was decided to continue the remuneration policy adopted at the end of 2002, involving benchmarking against groups of similar companies in terms of such factors as turnover, number of employees and complexity of operations. The companies concerned included the logistics sector (Netherlands Railways, KLM, Koninklijke Frans Maas, British Airports Authority and Frankfurt Airport) and the real estate sector (including Rodamco Europe, Corio and Amstelland AM). More general information concerning Dutch companies with similar turnovers and numbers of employees was also considered. Calculation of the total value of the remuneration package enjoyed by members of the Schiphol Group Board of Management was based on information obtained from remuneration consultants and the views of the Remuneration Committee members. The present levels lie around the median for the relevant peer groups identified by the Supervisory Board in the above manner.

The company considers the variable remuneration component to be an important part of the overall package. The performance criteria governing the short-term bonus and the long-term bonus are derived from the main parameters used in the management of the company. This fact is reflected in the type and design of the adopted benefits package and, for this reason, a significant part of the overall remuneration (40–50%) is variable and linked to challenging and measurable performance criteria, providing an incentive for the management to focus on growing the business and on the value represented by Schiphol Group in general.

The remuneration package for members of the Board of Management is made up as follows:

1. **Fixed pay**
   The regular salary is deliberately pitched at the level indicated above, and currently lies around the median for the Dutch market peer group selected by the Supervisory Board. The fixed pay component is not the same for all of the Board of Management members, the ordinary members receiving a salary of approximately 80% of that agreed for the president. In line with the agreement reached in the CLA applying to other employees, no increase was made to the levels of the fixed pay component at the beginning of 2004. Any annual pay rise in the future will take all of the above into account.

2. **Short-term bonus**
   The annual bonus arrangements depend on the achievement of financial targets (ROE – corresponding to a minimum net result) and a number of personal performance targets, which may vary from year to year: in 2005, they include the achievement of good 24/7 operations and implementation of the new financial reporting standards

(IFRS). The target level of the short-term bonus is 35%, with achievement of the financial target accounting for approximately half of the bonus. If the financial targets are more than met, the bonus payable can be up to one-and-a-half times the target level for that component, making the maximum currently 47.5%. The extent to which the targets have been achieved is determined partly on the basis of the audited financial statements.

3. Long-term bonus

The company does not currently have a policy of awarding bonus shares. Instead, to foster the achievement of Schiphol Group's long-term objectives, the Supervisory Board has devised a long-term bonus scheme. The long-term bonus is a remuneration component payable each year with a target level of 35% of the regular salary, depending on the cumulative economic profit realised over a period of three successive years. If the company performs exceptionally well, the bonus may be increased up to a maximum of approximately 50%. The performance criteria applicable to the long-term bonus payable for 2004 relate to the economic profit realised over the three-year period 2004, 2005 and 2006, with payment being made in 2007. 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, in principle, only be made on condition that the Board of Management member is still employed by the company.

4. Pension arrangements

The members of the Board of Management are members of the ordinary company pension scheme, which is insured with Algemeen Burgerlijk Pensioenfonds, on the same terms as the pension plan for other employees. Since 1 January 2004, the plan has been an average-pay scheme and, according to the latest information we have, both the fixed and variable remuneration components will be taken into account in calculating the pension base under ABP rules. For the present members of the Board of Management, the new arrangements will not materially alter their existing pension rights. The amount of the contribution payable for the plan is calculated each year by ABP (and for 2005 amounts to just over 21% of the pensionable pay), a proportion of which will be recovered from the individual Board of Management members in the form of an employee contribution. We are negotiating with ABP concerning an acceptable pension base calculation.

5. Other benefits

It is the company's policy to offer a competitive benefits package, including appropriate expense allowances, a company car, allowances for private 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 will be granted to members of the Board of Management and the company operates a restrictive policy with regard to the holding of other offices; acceptance of other offices requires the specific approval of the chairman of the Supervisory Board.

6. Contracts of employment

Members of the Board of Management will in principle be appointed for an initial term of office of four years, with subsequent reappointment for periods not exceeding four years. This provision may be departed from if market circumstances warrant such action. With regard to severance packages, we shall be carefully monitoring current practice, i.e. relevant legislation coupled with the influence of the 'subdistrict court judgment formula', based on gross pay, years of service and age, commonly used for calculating golden handshake awards in the Netherlands. Basically, we shall be adhering to the best-practice provisions of the Code on this matter. The existing contracts of employment, as agreed prior to 1 January 2004, will be honoured. In the case of Gerlach Cerfontaine, the contract of employment was for an indefinite period with an agreed golden handshake of three times the regular salary payable in the preceding year. Pieter Verboom's contract of employment was also entered into for an indefinite period with an agreed golden handshake in the event of dismissal of one-and-a-half times the regular salary payable in the preceding year. The contract with Marike van Lier Lels, now terminated, was also for an indefinite period.

This policy was ratified by the Supervisory Board on the recommendation of the Remuneration Committee. The Supervisory Board will be regularly reviewing whether there are grounds to change the remuneration policy. Any such changes will be submitted to the General Meeting of Shareholders for approval. In deciding the need for changes, the Supervisory Board will make use of external remuneration advisers of its own and available reports on the subject.

For details of the remuneration received by the individual members of the Board of Management, see page 77 of this annual report.

For details of the emoluments received by the individual members of the Supervisory Board, see page 80 of this annual report.

Details of any other offices held by members of the Board of Management are disclosed on page 95 of this annual report.

23 February 2005

Supervisory Board

Financial Statements 2004

Consolidated Balance Sheet as at 31 December 2004 (after proposed profit appropriation)

(in thousands of euros)

Assets

	Note	31 December 2004		31 December 2003	
Fixed assets					
Intangible fixed assets	1		**7,500**		4,041
Tangible fixed assets					
Tangible fixed assets for operating activities	2	**2,060,072**		1,895,189	
Tangible assets under construction or development	3	**359,637**		416,084	
Investment property	4	**668,767**		649,114	
			3,088,476		2,960,387
Financial fixed assets	5		**96,442**		82,072
			3,192,418		3,046,500
Current assets					
Stocks	6	**27,777**		30,229	
Debtors	7	**118,909**		121,392	
Cash at bank and in hand	8	**250,488**		270,558	
			397,174		422,179
			3,589,592		3,468,679

Shareholders' equity and liabilities

	Note	31 December 2004		31 December 2003	
Shareholders' equity	9		**2,138,788**		2,023,683
Minority interests	10		**20,962**		20,042
Provisions					
Early retirement	11	**27,273**		26,604	
Deferred taxation	12	**32,253**		33,575	
Other provisions	13	**10,068**		3,849	
			69,594		64,028
Long-term liabilities	14		**959,664**		1,024,196
Current liabilities	15		**400,584**		336,730
			3,589,592		3,468,679

Consolidated Profit and Loss Account for the year ended 31 December 2004

(in thousands of euros)

	Note	2004	2003
Net turnover	16	**887,369**	859,707
Unrealised capital gains and losses	17	**5,071**	82,775
Own work capitalised	18	**17,224**	13,319
Total operating income		**909,664**	955,801
Costs of outsourced work and other external charges	19	**310,321**	298,252
Salaries and social security charges	20	**146,028**	139,076
Depreciation/amortisation and impairment of tangible and intangible fixed assets	21, 22	**152,650**	130,592
Cost of sales of property		**7,170**	26,878
Other operating expenses	23	**35,092**	23,417
Total operating expenses		**651,261**	618,215
Operating result		**258,403**	337,586
Financial income and expenses	24	**– 28,726**	– 42,744
Result on ordinary activities before taxation		**229,677**	294,842
Taxation	25	**– 76,812**	– 103,012
Share in results of participating interests	26	**5,546**	630
Result on ordinary activities after taxation		**158,411**	192,460
Minority interests		**– 154**	– 1,151
Result after taxation		**158,257**	191,309

Consolidated Cash Flow Statement

(in thousands of euros)

		2004		2003
Operating result		**258,403**		337,586
Adjustments for:				
▪ Depreciation/amortisation and impairment	**154,936**		130,592	
▪ Cost of sales of property	**7,170**		26,878	
▪ Write-off of long-term receivables	**400**		500	
▪ Unrealised capital gains and losses	**– 5,071**		– 82,775	
▪ Release of negative goodwill	**-**		– 343	
▪ Release of ground rents received/paid in advance	**– 1,458**		– 1,188	
▪ Disposal of assets and sale of property	**– 24,527**		– 38,123	
▪ Movements in provisions	**6,889**		– 5,814	
		138,339		29,727
Operating result after restatement		**396,742**		367,313
Movements in working capital*		**– 32,269**		9,241
Cash flow from operations		**364,473**		376,554
Taxation paid (advance taxes)		**316**		– 51,554
Interest paid		**– 49,886**		– 37,144
Interest received		**6,371**		9,132
Dividend received		**1,488**		699
Cash flow from operating activities		**322,762**		297,687
Cash flow from investing activities:				
▪ Additions to intangible fixed assets	**– 5,114**		– 3,197	
▪ Additions to tangible fixed assets	**– 294,120**		– 353,179	
▪ Disposals	**24,527**		38,123	
▪ Acquisition of consolidated participating interests	**– 750**		– 8,007	
▪ Acquisition of non-consolidated participating interests	**– 262**		– 2,446	
▪ Repayment of share capital invested in non-consolidated participating interests	**2,290**		–	
▪ Minority contributions of share capital to consolidated participating interests	**869**		–	
▪ Decrease in receivables from non-consolidated participating interests	**–**		516	
▪ Increase in other long-term loans	**– 5,529**		– 1,500	
Cash flow from investing activities		**– 278,089**		– 329,690
Free cash flow		**44,673**		– 32,003
Cash flow from financing activities:				
▪ Long-term loans drawn down	**18,358**		545,777	
▪ Repayments on long-term loans	**– 57,991**		– 259,338	
▪ Investment grants received	**–**		325	
▪ Other long-term liabilities	**9,234**		19,936 **	
▪ Amounts owed to banks	**6,444**		–	
▪ Dividend paid	**– 41,112**		– 42,113	
Cash flow from financing activities		**– 65,067**		264,587
Net cash flow		**– 20,394**		232,584
Opening cash balance		**270,558**		38,015
Exchange differences		**324**		– 41
Closing cash balance		**250,488**		270,558

* Excluding amounts owed to banks and loans

** Restated for comparison purposes

General

The financial statements have been prepared in accordance with the generally accepted accounting principles in the Netherlands, as set forth in Part 9, Book 2 of the Netherlands Civil Code. With the exception of the changes mentioned below under the heading Accounting policy changes, the accounting policies applied in the preparation of the 2004 financial statements are the same as those used for the 2003 financial statements.

Basis of consolidation

Criteria for the consolidated financial statements
The consolidated financial statements include the financial statements of N.V. Luchthaven Schiphol and its subsidiaries, as listed on page 90, applying the full consolidation method and uniform accounting policies. Subsidiaries are those companies which form part of the economic entity of N.V. Luchthaven Schiphol and in which the latter company has control over business and financial policy.

Joint ventures are accounted for by proportionate consolidation. A joint venture is an activity performed by either a legal entity or a partnership which is controlled by a limited number of entities by virtue of a joint venture agreement. A list of these companies is included on page 90.

The results of the subsidiaries acquired in the course of the year are consolidated as from the date on which N.V. Luchthaven Schiphol gains control of such companies. The financial information relating to group companies disposed of during the course of the year continues to be included in the consolidation up to the date of disposal. The share of the other shareholders in group equity and group results is disclosed as minority interests.

Intercompany transactions, intercompany profits and intercompany assets and liabilities are eliminated. Group company accounting policies are amended where necessary in order to match those applied by the Group.

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.

Basis of valuation of assets and liabilities and appropriation of the result

Accounting policy changes
The accounting policies remain unchanged compared with those applied for the financial statements for 2003 with the exception of the capitalisation of ICT hours for developing automated applications and software licences in the category of intangible fixed assets. The reason for the change is that it provides a more accurate view of the assets, liabilities and result. Moreover the new policy is more commonly used, both nationally and internationally, thus facilitating comparison.

The change in accounting policies has led to both internal and external hours involved in the implementation and completion (development) phases of ICT projects being capitalised according to a record of hours charged. Internal and external hours in the project initiative and definition (research) phases are not capitalised. The hourly rates are calculated at integral cost. Software licences are included at cost. The investment in 2004 associated with the capitalisation of ICT hours for developing automated applications and with obtaining software licences totalled € 5.1million.

The comparative figures for 2003 have not been restated to reflect the change in accounting policies because no retroactive record of hours charged to projects was available for the 2003 financial year. If the comparative figures for 2003 had been restated, the Board of Management estimates that there would not have been any material difference in the amount capitalised as the volume of ICT activities in both years was more or less the same.

Foreign currencies
Income and expenses denominated in foreign currencies are included in the profit and loss account at the settlement rate. Receivables, amounts owed and cash denominated in foreign currencies are translated at the rate prevailing on the balance sheet date. Exchange differences are included in the profit and loss account under financial income and expenses. Exchange differences resulting from translation of net investments in foreign participating interests are taken directly to shareholders' equity.

Basis of valuation of assets and liabilities

Unless otherwise stated, assets and liabilities are carried at face value.

Intangible fixed assets
Intangible fixed assets represents:
- Goodwill purchased from third parties
- Start-up and share issue costs
- ICT hours for developing automated applications
- Costs of acquiring software licences

Goodwill is the difference between the cost of acquisition and the net asset value determined in accordance with Schiphol Group's accounting policies. Goodwill is amortised on a straight-line basis over the estimated useful life of the asset. The carrying amount is adjusted for any impairment.

Internal and external hours involved in the implementation and completion (development) phases of ICT projects are capitalised according to the record of hours charged. Internal and external hours in the project initiative and definition (research) phases are not capitalised. The hourly rates are calculated at integral cost. Software licences are included at cost.

With respect to company start-up and share issue costs and development costs recognised as intangible fixed assets, a statutory reserve is formed for the costs not yet amortised, as stipulated in Subsection 2 of Section 2:365 of the Netherlands Civil Code.

Tangible fixed assets

Tangible fixed assets for operating activities

Tangible fixed assets used for operating activities are carried at historical cost depreciated on a straight-line basis over the estimated useful life of the asset, less any impairment. Land is not depreciated.

Tangible fixed assets under construction or development

Tangible fixed assets under construction or development comprises two categories of assets:
- Tangible fixed assets under construction in connection with future operating activities
- Tangible fixed assets under construction or development in connection with future investment property activities.

Tangible fixed assets under construction or development are carried at the lower of historical cost and market value. The historical cost includes:
- Interest during the construction period in the case of major investments
- Hours charged to investment projects by company staff during the construction phase. The hourly rate includes a mark-up for indirect costs.

Investment property

Investment property is distinguished from operating property on the basis of the following criteria:
- Investment property is held to earn rentals or for capital gains, or both.
- Investment property generates cash flows that are largely independent of the other assets held by the company.

Investment property does not include property intended for own use by the company (either immediately or in the future) or property under construction or development in connection with future investment property activities.

The buildings classified as investment property are carried at fair value, i.e. their market value as let property. Approximately 50% of the properties in the portfolio are appraised each year by independent surveyors, the remaining properties being appraised internally.

Land in the investment property portfolio is 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 factor based on the interest rate on Dutch government bonds plus a risk mark-up.

In view of the long-term nature of the contracts, for reasons of prudence a figure has only been attributed to the residual values where the long lease expires within 20 years. Properties on long lease, which, on expiry of the lease, may possibly have an operational use have not been included in investment property but are instead accounted for as tangible fixed assets used for operating activities (land).

Unrealised capital gains and losses due to a change in the fair value of the 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, being differences between fair value and sales value, are reflected in the profit and loss account.

Property under development for future use as an investment property is classified as assets under construction and valued as described above.

Tangible fixed assets of which the company and its subsidiaries are the beneficial owners under a lease contract are capitalised. These assets are recognised as tangible fixed assets used for operating activities and investment property and are carried at the lower of the fair value of the leased property and the net present value of the minimum lease payments at the start of the lease. If similar assets which are actually owned by the company are depreciated, depreciation is also applied to assets which are leased, using the same depreciation method.

Financial fixed assets

Financial fixed assets consists of participating interests, other financial fixed assets and other receivables. Participating interests are carried at net asset value, applying the same accounting policies as the Group. Participating interests over which the company does not have significant influence are carried at historical cost less a provision for impairment where necessary, but not at less than zero unless guarantees have been provided. Other financial fixed assets are carried at face value less a provision for bad debts where necessary.

Current assets

Stocks

Investment property intended for sale is classified as part of stocks. The stock of land (development sites) is valued at cost, made up of the costs of acquiring the land and site preparation costs.

The other stocks are carried at average cost. Stocks held for technical maintenance purposes are valued at nil.

Debtors

Debtors are carried at face value less a provision for bad debts where necessary.

Cash at bank and in hand

Cash at bank and in hand is carried at face value.

Revaluation reserve

The revaluation reserve is formed in respect of unrealised changes in the carrying amount of investment property (buildings and land) resulting from fair value appraisals. In accordance with Guideline 213, additions to this reserve are made via the profit appropriation, with due allowance for corporation tax. On disposal of investment property, the net gain or loss held in the revaluation reserve for the assets concerned is transferred to the other reserves.

Provisions

The provisions for early retirement are generally carried at actuarial value, applying an actuarial interest rate of 4% (2003: 4%).

The provision for deferred taxation is carried at face value and is calculated on the accumulated unrealised net gains and losses since 1 January 2002, applying the rate of corporation tax at which the deferred tax liabilities are expected to be settled.

The other provisions are included at face value.

Long-term liabilities

Long-term liabilities are carried at face value. They include deferred investment grants, which comprises grants received towards the operating expenses associated with capital projects less the amounts released to income each year. The deferred investment grants are carried at face value.

Current liabilities

Current liabilities are carried at face value.

Basis of profit determination

General

Unless otherwise stated, income and expenses are recognised at face value on an accrual basis.

Net turnover

Net turnover represents the income from the supply of goods and services less tax on turnover. Income is recognised when the goods are delivered or the services are rendered, with costs charged against turnover in the year in which the related turnover is accounted for.

Unrealised capital gains and losses

This includes the unrealised changes in the fair value of investment property.

Depreciation and amortisation

The intangible fixed assets and tangible fixed assets used for operating activities are in principle amortised and depreciated on a straight-line basis according to the depreciation schedule below, depending in part on the nature of the asset. No depreciation is charged on investment property, assets under construction or land.

Depreciation and amortisation periods

Intangible fixed assets	
■ Goodwill	5 years
■ Start-up costs	2 years
■ ICT hours charged to automated application development	3 years
■ Software licences	3 years
Tangible fixed assets	
■ Runways, taxiways and aprons	30-40 years
■ Land and roads	
- Car parks	30 years
- Roads	30 years
- Other paved areas	10-30 years
■ Buildings	20-40 years
■ Installations	5-30 years
■ Other fixed assets	3-20 years

Deferred investment grants

Investment grants are released to the profit and loss account (set against depreciation) over the life of the qualifying assets.

Taxation

Taxation on the result is calculated by applying the statutory tax rate to the result for the year, taking into account any permanent differences between the profit as calculated for reporting purposes and that according to tax rules.

Deferred tax liabilities are carried at face value. Deferred tax assets are only recognised if it is probable that taxable profits will be available in the future so that they can be set against tax liabilities.

With effect from 1 January 2002, N.V. Luchthaven Schiphol has been subject to corporation tax. The taxation charge shown in the profit and loss account has been calculated on the profit for reporting purposes, taking account of differences between the profit on a reporting basis and on a tax basis. In 2003, Schiphol Group prepared the opening balance sheet for tax purposes and a tax return was filed for 2002. The tax authorities are currently inspecting the submitted opening balance sheet as at 1 January 2002 along with the tax return for 2002. The fiscal equity of Schiphol Nederland B.V. as at 1 January 2002 is € 2,115 million higher than the equity for reporting purposes, owing to higher fiscal valuation of land by € 1,655 million and higher fiscal valuation of buildings and other assets by € 460 million. As soon as the corporation tax assessment for 2002 has been finalised, a deferred tax asset will be recognised in respect of the difference between the assets and liabilities for tax purposes and for reporting purposes. This will result in a non-recurring item in the profit and loss account, which will be positive and may be material. Because of the uncertain nature of this deferred tax asset, it has not been included in the balance sheet as at 31 December 2004.

With effect from 2002, a provision for deferred tax liabilities has, however, been formed in respect of unrealised capital gains and losses relating to financial years from 2002 onwards. The amount of the deferred tax liability as at 31 December 2004 has been calculated according to the new rate of corporation tax applicable as from 1 January 2005.

Derivatives

The company makes use of derivatives such as interest rate and currency swaps in order to limit the borrowing costs of the long-term loans contracted and to hedge exchange risks on them. The gains and losses generated by these swaps are taken to the profit and loss account (under financial income and expenses) in proportion to their effect in the reporting period. If swaps are liquidated because there is no longer a matching position, the related income or expense is taken directly to the profit and loss account.

(in thousands of euros)

Assets

Fixed assets

1. Intangible fixed assets

The movements were as follows:

	Goodwill	Start-up costs	Automated application development costs	Software licences	Intangible fixed assets under construction	Total
Year-end analysis						
Cost	7,454	397	1,341	437	3,278	12,907
Amortisation and impairment	– 4,751	– 397	– 177	– 82	–	– 5,407
Book value at year-end	**2,703**	**–**	**1,164**	**355**	**3,278**	**7,500**
Book value at beginning of year	3,806	235	–	–	–	4,041
Movements during the year	**– 1,103**	**– 235**	**1,164**	**355**	**3,278**	**3,459**
Analysis of movements during the year						
Additions	940	–	1,401	437	3,278	6,056
Amortisation	– 1,103	– 247	– 177	– 82	–	– 1,609
Impairment	– 940	–	–	–	–	– 940
Reclassification	–	12	– 60	–	–	– 48
Book value at year-end	**– 1,103**	**– 235**	**1,164**	**355**	**3,278**	**3,459**

The goodwill paid relates to the following items:

- Acquisition by Schiphol Group of an additional 16.66% in Schiphol Telematics B.V. in 2001.
- Acquisition by Rotterdam Airport of the food and beverage facilities in the departure hall of the terminal building in 2002.
- Acquisition in 2003 of 8.3% of the shares of Schiphol Airport Development Company N.V., amounting to € 2.2 million.
- Acquisition of the remaining 50% interest in Dartagnan B.V. in 2004. The goodwill paid in 2004, amounting to € 0.9 million, has been charged to the result based on estimated future profitability.

The start-up costs refer to:

- Airport Real Estate Basisfonds C.V., Schiphol Real Estate Italy srl and Avioport S.p.A..

Automated application development costs relates to the internal and external hours charged to ICT projects in the implementation and completion phases. Software licences relates to third-party packages. Intangible fixed assets under construction relates to, among other things, the internal and external hours devoted to the new release of Oracle.

2. Tangible fixed assets for operating activities

The movements in tangible fixed assets used for operating activities were as follows:

	Runways taxiways and aprons	Land and roads	Buildings	Installations	Other fixed assets	Total
Year-end analysis						
Cost	539,388	502,099	1,059,719	896,636	236,127	3,233,969
Depreciation and impairment	– 190,152	– 95,619	– 368,179	– 383,643	– 136,304	– 1,173,897
Book value at year-end	**349,236**	**406,480**	**691,540**	**512,993**	**99,823**	**2,060,072**
Book value at beginning of year	356,707	366,514	682,681	406,924	82,363	1,895,189
Movements during the year	**– 7,471**	**39,966**	**8,859**	**106,069**	**17,460**	**164,883**
Analysis of movements during the year						
Completed assets	10,830	51,015	72,489	143,781	37,744	315,859
Acquisitions	–	–	–	–	49	49
Changes in consolidation	–	–	602	–	782	1,384
Cost of sales	–	–	– 7,170	–	–	– 7,170
Disposals	– 688	– 595	– 573	– 981	– 258	– 3,095
Impairment	– 2,896	– 3,438	– 542	– 887	72	– 7,691
Reclassification	–	4,042	– 22,472	19,656	173	1,399
Exchange differences	–	–	–	–	– 30	– 30
Depreciation	– 14,717	– 11,058	– 33,475	– 55,500	– 21,072	– 135,822
Total movements during the year	**– 7,471**	**39,966**	**8,859**	**106,069**	**17,460**	**164,883**

The tangible fixed assets used for operating activities include an amount of € 47.1 million in respect of the book value of assets to which the company does not have legal title (finance leases).

In December 2004, 50% of the N.V. Luchthaven Schiphol head office building was transferred to Airport Real Estate Basisfonds C.V. Through its wholly-owned subsidiary Schiphol Real Estate B.V., NV Luchthaven Schiphol holds 50% of the share capital of this company. This interest has been included in the consolidation on a proportional basis (50%). As N.V. Luchthaven Schiphol uses the building in question, the remaining interest of Schiphol Group in the building (75%) is still accounted for as tangible fixed assets used for operating activities and not as investment property despite the transfer. The cost of sales of € 7.2 million shown in the analysis with respect to this transaction concerns 50% of the total book value of the property sold. The proceeds from the sale amounted to € 23.9 million.

For an explanation of the impairment, see the note on depreciation and movements in value.

Reclassification concerns the finalised classification of investments in projects in 2003.

3. Tangible fixed assets under construction or development

The movements were as follows:

	Assets under construction for operating activities	Assets under construction for investment property	Total
Book value at beginning of year	298,542	117,542	416,084
Capital expenditure	260,529	33,591	294,120
Completed assets and investment property	– 315,859	– 15,234	– 331,093
Deconsolidation	–	– 10,782	– 10,782
Impairment	– 1,984	– 4,750	– 6,734
Exchange differences	– 1	122	121
Transferred	1,765	– 3,744	– 1,979
Reclassification	4,993	– 5,093	– 100
Book value at year-end	**247,985**	**111,652**	**359,637**

4. Investment Property

The movements were as follows:

	Operating property	Land	Total
Book value at beginning of year	393,470	255,644	649,114
Completed investment property	7,959	7,275	15,234
Unrealised capital gains and losses	8,234	– 3,163	5,071
Transferred	600	–	600
Reclassification	31,160	– 32,412	– 1,252
Book value at year-end	**441,423**	**227,344**	**668,767**

Reclassification concerns the finalised classification of the land on which the investment properties completed in 2003 (WTC and Tristar) stand.

Operating property includes an amount of € 95 million in respect of the fair value of assets held under finance leases. Land includes land leased under long-lease contracts.

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

It is Schiphol Group policy to grant rights to all land solely on either a long-lease or a ground rent basis. The proportion of the current leases (measured in terms of rental income) expiring within one year is 46%, with 23% expiring after one year but within five years, and 31% expiring after more than five years.

5. Financial fixed assets

The movements were as follows:

	Participating interests	Loans to participating interests	Other amounts receivable	Total
Book value at beginning of year	70,356	1,511	10,205	82,072
Additions	– 2,028	–	–	– 2,028
(De)consolidation	8,197	– 1,342	–	6,855
Drawn down/repaid	–	–	4,464	4,464
Result	5,546	–	–	5,546
Dividend	– 1,488	–	–	– 1,488
Exchange differences	– 2,554	–	–	– 2,554
Reclassification of redeemable preference shares	– 42,049	42,049	–	–
Other movements	3,744	– 169	–	3,575
Book value at year-end	**39,724**	**42,049**	**14,669**	**96,442**

In 2004, a review was made of the level of control and degree of influence exercised by Schiphol Group among group companies and the way in which they should consequently be accounted for in the balance sheet and included in the consolidation. As a result of this exercise, the following changes have been made with effect from 1 January 2004.

Brisbane Airport Corporation Ltd. (following restructuring in mid-2004, Brisbane Airport Holding No. 2 Pty Ltd.), JFK IAT LLC, Pantares Tradeport Asia Ltd., Tradeport Hong Kong Ltd. and Tradeport Singapore Ltd. have been carried at net asset value with effect from 1 January 2004, based on having significant influence. Up to year-end 2003, these participating interests were carried at cost.

V.O.F. Proefdraaiplaats Holding 27, in which Schiphol Group has a 50% interest, is proportionally consolidated, based on the conclusion that there is joint control. Up to year-end 2003, the participating interest was included in other participating interests and carried at cost.

Beheer Personeelsrestaurant Schiphol B.V. has been proportionally consolidated with effect from 1 January 2004. This company was not included in the consolidation up to year-end 2003 in view of the very different nature of its activities and was carried at cost.

Flight Forum C.V., in which Schiphol Group has a 49% interest, has been accounted for with effect from 1 January 2004 as a participating interest where significant influence is exercised. Up to year-end 2003, the company was proportionally consolidated. In the case of Flight Forum there is no joint control. The company has been carried at net asset value with effect from 1 January 2004.

The overall effect on equity due to these changes amounts to € 5.5 million positive. Within the overall figure, a total of € 7.0 million positive is due to the different method of accounting for Brisbane Airport Corporation Ltd.

In 2004, Brisbane Airport Corporation Ltd. (BACL) underwent financial restructuring, as part of which Schiphol Group and all the other shareholders of BACL exchanged their shares in BACL for shares in a new company, Brisbane Airport Corporation Holdings Pty Ltd. (BACH). This company holds the entire share capital of Brisbane Airport Corporation Holdings No. 2 Pty Ltd. (BACH2). BACH2 holds the entire share capital of BACL.

The share swap of BACL shares for shares of BACH was made at the fair value of BACL at the time of restructuring. For Schiphol Group, the fair value concerned amounted € 84.1 million, which was higher than the net asset value of Schiphol Group's interest, amounting to € 54.2 million. The capital gain on the BACH shares was eliminated since, at consolidation level, the restructuring merely moved the interest in BACL from one home to another.

After the financial restructuring, Schiphol Group holds ordinary shares, redeemable preference shares and performance shares of BACH. The redeemable preference shares confer a cumulative right to dividends. Moreover, the face value of the shares will be repaid to the shareholders over a period of ten years. On the basis of these features, it was decided to treat the face value of the redeemable preference shares, amounting to € 42.0 million, as a long-term loan to a participating interest and to account for the repayments on the shares as interest income (in 2004: € 2.9 million).

Current assets

6. Stocks

The analysis is as follows:

	2004	2003
Stock of land intended for sale	**25,269**	27,031
Stocks held for technical maintenance and the provision of services	**2,508**	3,198
Total	**27,777**	30,229

The stock of land intended for sale includes the A4 zone East and West, totalling € 15.8 million. Schiphol Group does not have legal title to this land.

The carrying amount of the technical maintenance/services stocks is stated after deduction of a provision for obsolescence.

7. Debtors

The analysis is as follows:

	2004	2003
Trade debtors	**68,438**	64,463
Amounts owed by shareholders and participating interests	**6,568**	5,924
Other receivables	**15,436**	15,286
Prepayments and accrued income	**28,467**	35,719
	118,909	121,392

Trade debtors includes a provision of € 2.5 million (2003: € 2.2 million) for bad debts. Other receivables include an amount of approximately € 12.4 million (2003: approximately € 10.7 million) in respect of taxation and social security contributions, € 12.3 million of which relates to turnover tax reclaimable (2003: € 10.4 million).

8. Cash at bank and in hand

Cash at bank and in hand includes € 228 million (2003: € 247 million) in the form of deposits with terms ranging from 1 to 12 months. The cash is readily available.

Shareholders' equity and liabilities

9. Shareholders' equity

The total result of Schiphol Group amounts to:

Consolidated net result after taxation	158,257
Translation differences on participating interests	– 2,151
Schiphol Group total result	**156,106**

The notes to the corporate balance sheet include an analysis of the changes in shareholders' equity.

10. Minority interests

This item refers to minority interests held by third parties in the capital of the group companies Eindhoven Airport N.V., Malpensa Real Estate B.V., Malpensa Real Estate srl, Malpensa Real Estate 2 B.V. and Avioport S.p.A.

Provisions

11. Early retirement

The movements in the provision were as follows:

	Occupational early retirement	Retaining pay	Pre-early retirement	Total
Book value at beginning of year	19,383	628	6,593	26,604
Utilisation	– 2,278	– 147	– 2,974	– 5,399
Release	–	–	– 416	– 416
Additions	2,232	2,523	1,729	6,484
Book value at year-end	**19,337**	**3,004**	**4,932**	**27,273**

The provisions for occupational early retirement and retaining pay are calculated on an actuarial basis, applying an actuarial interest rate of 4% (2003: 4%). The provision for occupational early retirement includes an amount of € 10.2 million for commitments relating to future benefit recipients (2003: € 10.3 million).

The provision for pre-early retirement results from:

- The Collective Labour Agreement (CLA) adopted in 1996/1997, under which staff have the opportunity to retire before the official early retirement age.
- The 1999 reorganisation, as part of which a group of employees was offered early retirement.
- The over-55 night-shift arrangement, which, since 2001, has provided for early retirement of full-time employees aged 55 and older who regularly work nights.

12. Provision for deferred taxation

The analysis is as follows:

	2004	2003
Book value at beginning of year	**33,575**	5,147
Additions	**1,749**	28,428
Released in connection with change in corporation tax rate	**– 3,071**	–
Book value at year-end	**32,253**	33,575

13. Other provisions

The movements in the various provisions were as follows:

	Lelystad under-performance	Reorgani-sation	Other	Total
Book value at beginning of year	2,708	1,073	68	3,849
Utilisation	– 422	– 41	–	– 463
Additions	–	–	10,000	10,000
Other movements	–	– 832	–	– 832
Release	– 2,286	– 200	–	– 2,486
Book value at year-end	**–**	**–**	**10,068**	**10,068**

Lelystad underperformance

The provision for underperformance by group company N.V. Luchthaven Lelystad was formed in 1993 in connection with a commitment made at the time of its acquisition and is utilised to cover the future losses of that airport. The provision was released to income in 2004. For an explanation concerning the release of this provision, see the note on depreciation and impairment.

Reorganisation

The reorganisation provision relates to the expected costs resulting from an internal reorganisation carried out in 1999.

Other provisions

In 2004 it was established that Schiphol Group has an obligation in respect of several claims and disputes, one such relating to the legality of the building ban on the Groenenberg site. Because development on the Groenenberg site could seriously compromise the use of Runway 18L-36R, the State Secretary for Transport, Public Works and Water Management has accordingly issued a development ban for this site under the provisions of Section 38 of the Aviation Act (previous act). In view of the many uncertainties surrounding planning procedures and based on the judgment handed down by the Court at Haarlem in this case together with legal counsel, it is fair to expect a claim against the airport which cannot be recovered from third parties. The probable amount of the claim depends on various factors. In respect of the above claims and disputes a combined provision of € 10 million has been made for the 2004 financial year.

14. Long-term liabilities

The analysis is as follows:

	Average interest %	2004 Total	2004 Due after 5 years	2003 Total	2003 Due after 5 years
Bonds and private loans and finance lease obligations	5	**866,711**	**520,752**	925,138	636,533
Bank loans	6	**21,715**	**–**	34,594	–
Deferred investment grants		**11,560**	**6,109**	12,516	7,484
Other		**59,678**	**47,290**	51,948	47,916
		959,664	**574,151**	1,024,196	691,933

Schiphol Group launched a Euro Medium Term Note (EMTN) programme in 1999 (the prospectus of which was last updated in 2004), making it possible to raise funds as required in the years ahead up to a maximum of € 1,000 million. As at year-end, the amount raised totalled € 605.7 million. For an explanation of the derivatives contracted in relation to these loans, see the contingencies and commitments not included in the balance sheet.

The bonds, private loans and finance lease obligations include two finance leases, one financing the P1 car park/walkway and the other, the Triport office buildings. Both contracts were entered into with Algemeen Burgerlijk Pensioenfonds (ABP). The remaining terms are 31 and 30 years, respectively. The outstanding debt as at year-end 2004 amounted to € 56.9 million for the P1 car park/walkway and € 57.9 million for the Triport office buildings.

The other long-term liabilities comprise amounts received in connection with the purchase of long leases, net of initial lease-up incentives, these amounts being released to the profit and loss account in instalments over the duration of the leases concerned. Other long-term liabilities also include the difference between estimated and actual airport fees, amounting to € 5.6 million, that will be refunded when setting the scale of charges applicable as from 1 April 2006. For an explanation of the airport fee refund, see the notes to the consolidated profit and loss account.

Amounts repayable in the following year are included as current liabilities in the balance sheet, and total € 81.4 million (2003: € 54.6 million).

15. Current liabilities

The analysis is as follows:

	2004	2003
Instalments on long-term loans due within one year	**81,411**	54,575
Bank loans	**14,284**	12,773
Trade creditors	**39,916**	76,700
Amounts owed to shareholders and participating interests	**5,260**	4,430
Taxation and social security charges	**121,631**	43,461
Pension liabilities	**723**	1,534
Other liabilities	**19,847**	15,615
Accruals and deferred income	**117,512**	127,642
	400,584	336,730

The amounts owed in respect of taxation and social security charges can be analysed as follows:	2004	2003
Wage tax	**2,834**	2,853
Corporation tax	**118,273**	39,917
Other taxes	**524**	691
	121,631	43,461

The accruals and deferred income can be analysed as follows:	2004	2003
Interest due	**15,077**	16,066
Costs to be paid	**64,434**	83,961
Deferred income	**38,001**	27,615
	117,512	127,642

Contingencies and commitments not included in the balance sheet

In addition to the liabilities included in the balance sheet, the company has the following commitments:

	2004	2003
Commitments:		
■ Investments	**95,460**	105,271
■ Operating leases and rental contracts	**2,261**	2,769
■ Long-term maintenance and cleaning contracts	**54,484**	60,017
■ Subsidies and other contributions to third parties	**9,141**	9,106
Guarantees issued to third parties for loans contracted by		
■ Staff and other guarantees	**1,282**	1,035
	162,628	178,198

Subsidies and other contributions include € 8.5 million for the Uitwerkingsplan Mainport en Groen project. The payments made will be spread over the years 2006–2009. Also included in this item is € 0.6 million for the Schiphol Fund (Schipholfonds).

Derivatives

Combined interest rate/currency swaps had been contracted in 2002 totalling USD 75 million and JPY 10 billion to hedge the interest rate and exchange rate exposures on loans. The contracts mature in 2007 and 2009. Interest rate swaps totalling an additional € 27 million had also been contracted to hedge the interest rate exposure on long-term loans. These contracts mature in 2009. The market value of the contracts amounted to € 60.6 million negative. The swap transactions entered into match the underlying loans fully and hedge the positions relative to the euro or fixed interest rates.

Collateral security

Airport Real Estate Basisfonds C.V. has pledged 11 buildings in the real estate portfolio to ING Bank N.V. and Fortis Bank N.V. for a combined amount of € 35.2 million. Schiphol Group has a 50% interest in this company.

Claims and disputes

The appeals and objections filed against the increases in airport fees in 2000, 2001, 2002 and 2005 have not yet been decided.

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 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.

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.

Joint and several liability

The group companies Airport Real Estate Management B.V., Schiphol Telematics B.V., Flight Forum Beheer B.V. and Flight Square Beheer BV, in their capacity as general partners, bear joint and several liability for the debts of Airport Real Estate Basisfonds C.V., Schiphol Telematics C.V., Flight Forum CV and Flight Square C.V., respectively.

Schiphol Nederland BV bears similar liability for the debts of VOF Proefdraaiplaats Holding 27.

In addition, the company has filed declarations of joint and several liability, pursuant to Section 403, Book 2, of the Netherlands Civil Code, with respect to a number of group companies, for which reference is made to page 90.

(in thousands of euros)

16. Net turnover

The analysis by activity is as follows:

	2004	2003
Airport fees	**506,658**	466,297
Concessions	**120,331**	115,497
Rents and leases	**106,337**	104,912
Parking fees	**69,086**	62,563
Utility services	**6,235**	17,554
Sale of property	**23,852**	29,874
Other activities	**54,870**	63,010
	887,369	859,707

Business Areas

An analysis of the total operating income by business area is as follows:

	2004	2003
Aviation	**520,855**	484,062
Consumers	**236,528**	251,392
Real Estate	**95,245**	173,092
Alliances and Participations	**57,036**	47,255
	909,664	955,801

Airport fees

An analysis of income from airport fees is as follows:

	2004	2003
Aircraft-related fees	**163,152**	159,357
Passenger-related fees	**189,539**	176,618
Security service charge	**147,099**	123,152
Aircraft parking fees	**6,868**	7,170
	506,658	466,297

Airport fee refund

Schiphol Group reached agreement with the industry and with the Ministry of Transport, Public Works and Water Management that, commencing in 2004, it would adhere as closely as possible to the provisions of the Aviation Bill and the draft General Administrative Order.

This means that, from 2005 onwards, when fixing the airport fees for Amsterdam Airport Schiphol, Schiphol Group will refund the difference between the previous year's budgeted and actual income and expenses, using estimates if not known exactly at the time of submitting the proposed new airport fees. The difference amounts to € 16 million, of which € 10.4 million is of a short-term nature. The total amount has been deducted from the airport fee revenues for 2004.

Concessions

Schiphol Group has a total of 103 concession contracts concerning the performance of various commercial activities at Amsterdam Airport Schiphol.

A concession involves granting non-exclusive rights to a concession holder to carry on and manage a commercial activity (outlet) in a specific location designated by Schiphol Group. The concession fees are calculated according to an agreed scale as a percentage of the turnover 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, with 9.8% of the concessions being for less than three years, 70.6% being for between three and five years and 19.6% for more than five years.

Rents and leases

An analysis of income from rents and leases is as follows:

	2004	2003
Investment property leases (buildings), including service costs	**36,473**	39,872
Investment property leases (land)	**23,171**	21,553
Operating property leases, including service costs	**46,693**	43,487
	106,337	104,912

Income from other activities primarily relates to cost recoveries for services rendered, work carried out for third parties and advertising.

17. Unrealised capital gains and losses

An analysis of the unrealised capital gains and losses is as follows:

	2004	2003
Allocation of residual value to long leases	**-**	32,475
Revaluation of capitalised costs	**– 2,034**	19,800
New long leases	**4,776**	13,700
Completion of new buildings	**1,729**	28,100
Adjustment to market value	**600**	– 45,100
Upward revaluation of formerly contaminated land	**-**	33,800
	5,071	82,775

In 2003, the unrealised capital gains and losses, amounting to €82.8 million net, were made up of a number of incidental items of an exceptional nature, such as the allocation of residual values to long-lease contracts, recalculation of the discounted costs of landscaping and infrastructure and revaluation of land following site remediation. In 2004, no such exceptional items were recognised.

18. Own work capitalised

Own work capitalised relates to interest during construction on major investment projects and investments in investment property and to staff hours which are charged to capital projects during the construction phase. The analysis is as follows:

	2004	2003
Capitalised staff hours	**13,378**	8,177
Capitalised interest	**3,846**	5,142
	17,224	13,319

19. Costs of outsourced work and other external charges

The analysis is as follows:

	2004	2003
Outsourced work	**151,155**	131,933
Energy	**14,487**	24,205
Maintenance	**57,401**	45,933
Other external charges	**87,278**	96,181
	310,321	298,252

The costs of security activities form part of the outsourcing costs. The transfer of security duties from the authorities with effect from 1 April 2003 largely accounts for the increase in the cost of outsourced work.

20. Salaries and social security charges

	2004	2003
Wages and salaries	**117,316**	112,056
Pension charges	**15,260**	13,502
Social security charges	**13,452**	13,518
	146,028	139,076

The average number of employees (converted into full-time equivalents) of N.V. Luchthaven Schiphol and its group companies totalled 2,216 (2003: 2,231). The increase in staff costs is due to higher profit-sharing bonuses and special bonuses, costs of severance payments, retaining pay and increased pension charges.

Schiphol Group has entrusted the pension scheme to Algemeen Burgelijk Pensioenfonds (ABP). Recent changes in the Guidelines for Annual Reporting in the Netherlands, CAR (Council for Annual Reporting) 271 'Employee Remuneration' mean that an industry pension fund does not automatically qualify, as it did up to the end of 2003, as a defined contribution plan. Schiphol Group has reviewed the contract with ABP and has established that the pension scheme qualifies as a defined benefit plan. This means that Schiphol Group ought to report its share of the net present value of future pension rights, of the fund's investments and of the income and expenses associated with the scheme, plus the information to be disclosed in the associated notes.

However, according to information from ABP, the latter company is not currently in a position to supply the information needed in order to account for the pension scheme as a defined benefit plan. It is not practicable to arrive at an appropriate formula for allocating the amounts concerned. In accordance with the Guidelines for Annual Reporting (CAR 271.309), the defined benefit plan has therefore been accounted for as a defined contribution plan.

Schiphol Group has shown the premium payable to ABP as a charge in the profit and loss account. Premium not yet paid has been included as a liability in the balance sheet.

The remuneration of the members of the Board of Management and the non-executive Supervisory Board, disclosed pursuant to Section 383C, Book 2, of the Netherlands Civil Code was as follows:

Board of Management

Regular salary

(x € 1)	2004	2003
Gerlach J. Cerfontaine	**345,047**	345,047
Pieter M. Verboom	**269,529**	269,529
Marike E. van Lier Lels	**269,529**	269,529
Total	**884,105**	884,105

There are short-term and long-term bonus schemes. The bonus percentage is based on the achievement of specific targets and is applied to the regular salary.

The bonus scheme (short-term) is based on the achievement of targets of both a financial nature (return on equity – ROE) and relating to personal performance (such as rectification of the input error, financial positioning and general performance of duties). In 2004, all the members of the Board of Management achieved the ROE targets, with the other targets being partially met.

Bonus payments (short-term)	2004	2003
(x € 1)		
Gerlach J. Cerfontaine	**120,766**	129,392
Pieter M. Verboom	**124,657**	121,288
Marike E. van Lier Lels	**104,443**	121,288
Total	**349,866**	371,968

The long-term bonus is a performance-related remuneration component which is conditional on the members of the Board of Management having satisfied certain performance criteria (economic profit figures) over a cummulative period of three years (the reference period) from the time of award of the bonus. Payment is only made if the relevant Board of Management member is still employed by the company. If it is mutually agreed that the contract of employment should be ended, the award is made pro rata. It is also possible in that case to calculate and pay out future bonuses in advance.

The performance criteria for the 2003 long-term bonus relate to the economic profit for the three-year period 2003, 2004 and 2005. Payment, if applicable, will be made in 2006. The performance criteria for the 2004 long-term bonus relate to the economic profit for the three-year period 2004, 2005 and 2006. Payment, if applicable, will be made in 2007. 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.

The development in the economic profit in 2004 was such that, in accordance with the method described in the preceding paragraph, the following amounts have been charged to the result:

- One-third relating to the period 2003–2005, charged to 2003; and
- One-third relating to the period 2003–2005 and one-third relating to the period 2004–2006, charged to 2004.

Bonus payments (long-term)	2004	2003
(x € 1)		
Gerlach J. Cerfontaine	**120,766**	60,383
Pieter M. Verboom	**94,336**	47,168
Marike E. van Lier Lels	**48,832**	47,168
Total	**263,934**	154,719

The pension costs shown below concern the payment of regular pension contributions.

Pension costs	2004	2003
(x € 1)		
Gerlach J. Cerfontaine	**70,607**	63,540
Pieter M. Verboom	**54,499**	49,063
Marike E. van Lier Lels	**54,909**	48,843
Total	**180,015**	161,446

The other payments concern allowances for private healthcare insurance costs and entertainment expenses.

Other payments	2004	2003
(x € 1)		
Gerlach J. Cerfontaine	**11,532**	11,187
Pieter M. Verboom	**10,518**	10,193
Marike E. van Lier Lels	**6,592**	6,409
Total	**28,642**	27,789

	2004	2003
Total remuneration paid to the Board of Management (x € 1)	**1,706,562**	1,600,027

Since the end of the year, agreement has been reached concerning the date and the terms on which the contract of employment with Marike van Lier Lels should be officially terminated. The amounts shown below have been charged to 2004.

Severance package	2004
(x € 1)	
Severance payment as laid down in the employment contract	**408,055**

In addition, Marike van Lier Lels' salary will continue to be paid up to the end of July 2005, in accordance with the contract, at a total cost of € 165,544.

Back-service pension contributions

The Remuneration Committee took the decision to bring the pension of the Board of Management members into line with the market. The pension insurer Algemeen Burgelijk Pensioenfonds has recalculated the prior-service pension liabilities.

In 2003, the recalculation covers the periods 1998–2003 for Gerlach Cerfontaine, 1997–2003 for Pieter Verboom and 2000–2003 for Marike van Lier Lels. In 2004, the recalculation by ABP covers the periods 1998–2004 for Gerlach Cerfontaine, 1997–2004 for Pieter Verboom and 2000–2004 for Marike van Lier Lels. The consequent charges are summarised in the following table.

Back-service pension contributions	2004	2003
(x 1 €)		
Gerlach J. Cerfontaine	**54,235**	325,413
Pieter M. Verboom	**35,493**	215,260
Marike E. van Lier Lels	**39,857**	7,058
Total	**129,585**	547,731

The emoluments paid to members of the Supervisory Board were as follows:

(x 1 €)	2004	2003
Peter-Jan Kalff	**32,000**	32,659
Hans van den Broek	**23,500**	20,083
Jan-Michiel Hessels	**24,500**	23,083
J. Kremers	**–**	4,708
Trude A. Maas-de Brouwer	**23,500**	20,083
Schelto Patijn	**20,500**	20,083
Willem F. C. Stevens	**24,500**	23,083
Toon H. Woltman	**23,500**	22,333
Total	**172,000**	166,115

The General meeting of Shareholders held in 2003 passed a resolution adjusting the emoluments payable to members of the Supervisory Board with effect from 1 April 2003. The chairman's fees with effect from 1 April 2003 are € 28,000 per annum and the fees for the other members of the Supervisory Board are € 20,500 per annum. Those members of the Supervisory Board who are also members of the Audit Committee or Remuneration Committee receive additional fees of € 4,000 and € 3,000 per annum, respectively. The fees remained unchanged in 2004. An expense allowance of € 1,600 per annum also applies.

21. Amortisation and impairment of intangible fixed assets

The analysis of the amortisation and impairment of intangible fixed assets is as follows:

		2004		2003
Goodwill	**2,043**		1,777	
Start-up costs	**247**		150	
Automated application development costs	**177**		–	
Software licences	**82**		–	
		2,549		1,927

22. Depreciation and impairment of tangible fixed assets

The analysis of the depreciation and impairment of tangible fixed assets is as follows:

		2004		2003
Runways, taxiways and aprons	**14,717**		13,225	
Land and roads	**11,058**		8,234	
Buildings	**33,475**		34,054	
Installations	**55,500**		45,193	
fixed assets Other	**21,072**		18,644	
		135,822		119,350
Depreciation on disposals		**3,095**		10,308
Impairment		**12,140**		–
		151,057		129,658
Deferred investment grants		**– 956**		– 993
		150,101		128,665
Total depreciation, amortisation and impairment		**152,650**		130,592

Impairment relates to Beech Avenue, Automatic People Mover, Pier J and a write-down of € 6.9 million on development costs in Eindhoven.

Impairment also relates to Lelystad Airport. In the short to medium term, the airport is expected to make a loss and to generate negative cash flows from operating activities. This forecast prompted Schiphol Group management to write off € 7.4 million from the tangible fixed assets of Lelystad Airport. The amount of the write-down was subsequently reduced by releasing the remainder of the Lelystad underperformance provision as at year-end 2004, amounting to € 2.3 million.

23. Other operating expenses

This item includes a sum of € 11.5 million (2003: € 10.9 million) for other staff costs.

This also includes an addition to the other provisions amounting to €13.9 million (2003: release of €1.9 million). The addition in 2004 includes the provision of €10 million for several claims and disputes in respect of which it was established in 2004 that Schiphol Group had an obligation.

24. Financial income and expenses

The analysis is as follows:

	2004	2003
Interest income	**8,902**	9,803
Interest expense	**– 40,713**	– 52,793
Other financial gains and losses	**3,085**	246
	– 28,726	– 42,744

The net financial income and expenses (negative) was reduced by € 14.0 million partly in connection with a non-recurring positive effect of € 8.9 million resulting from the Triport office building finance lease contract

25. Taxation

The tax burden amounts to 32.7%, which is in line with the applicable rate of 34.5%, allowing for the results of non-consolidated participating interests, which qualify for tax exemption under the substantial-holding privilege.

The tax burden for 2004 was further reduced by the release of € 3.1 million from the provision for deferred taxation, owing to a reduction in the rate of corporation tax from 34.5% to 31.5% with effect from 2005.

26. Share in results of participating interest

This item concerns the Group's share in the results of the non-consolidated participating interests.

Schiphol, 23 February 2005

Supervisory Board
Peter-Jan Kalff, Chairman
Hans van den Broek
Jan-Michiel Hessels
Trude A. Maas-de Brouwer
Schelto Patijn
Willem F.C. Stevens
Toon H. Woltman

Board of Management
Gerlach J. Cerfontaine, President
Pieter M. Verboom, CFO

Corporate Balance Sheet as at 31 December 2004 (after proposed profit appropriation)

(in thousands of euros)

Assets

		31 December 2004		31 December 2003
Fixed assets				
Financial fixed assets		**1,989,615**		1,837,267
Current assets				
Other receivables from group companies		**144,090**		142,009
Cash at bank and in hand		**12,614**		51,302
		2,146,319		2,030,578

Shareholders' equity and liabilities

		31 December 2004		31 December 2003
Shareholders' equity				
Issued capital	**77,712**		77,712	
Revaluation reserve	**304,539**		297,874	
Statutory reserves	**14,694**		10,796	
Exchange differences reserve	**– 9,632**		– 7,481	
Other reserves	**1,705,075**		1,603,782	
Dividend	**46,400**		41,000	
		2,138,788		2,023,683
Long term liabilities to group companies		**2,446**		3,218
Current liabilities		**5,085**		3,677
		2,146,319		2,030,578

Corporate Profit and Loss Account for the year ended 31 December 2004

(in thousands of euros)

	2004	2003
Result on ordinary activities after taxation	**2,671**	6,981
Share in results of participating interests	**155,586**	184,328
Result after taxation	**158,257**	191,309

Notes to the Corporate Balance Sheet and the Profit and Loss Account

(in € 1.000)

General

The accounting policies are the same as for the consolidated balance sheet and profit and loss account. Reference is therefore made to the notes to the consolidated financial statements. Notes to the corporate balance sheet and profit and loss account have only been included where there are material differences between the same items in the consolidated balance sheet and profit and loss account.

Financial fixed assets

The analysis is as follows:

	Participating interests in group companies	Receivables from group companies	Other participating interests	Total
Book value at beginning of year	1,814,844	15,365	7,058	1,837,267
Result	155,271	–	315	155,586
Dividend	–	–	– 315	– 315
Exchange differences	– 2,359	– 564	–	– 2,923
Book value at year-end	**1,967,756**	**14,801**	**7,058**	**1,989,615**

Group companies refers to the wholly-owned subsidiaries of Schiphol Nederland B.V. and Schiphol International B.V. Other participating interests refers to the 1% interest in Flughafen Wien AG. A list of participating interests in group companies can be found on page 90.

Shareholders' equity

The movements are as follows:

	Issued capital	Revaluation reserve	Statutory reserves	Translation differences reserve	Other reserves	Dividend	2004 Total	2003 Total
Balance at beginning of year	**77,712**	**297,874**	**10,796**	**– 7,481**	**1,603,782**	**41,000**	**2,023,683**	1,870,698
Other movements	–	–	– 1,582	– 2,151	1,581	– 41,000	– 43,152	– 38,324
Balance at year-end before profit appropriation	77,712	297,874	9,214	– 9,632	1,605,363	–	1,980,531	1,832,374
Profit appropriation	–	6,665	5,480	–	99,712	46,400	158,257	191,309
Balance at year-end after profit appropriation	**77,712**	**304,539**	**14,694**	**– 9,632**	**1,705,075**	**46,400**	**2,138,788**	2,023,683

Issued capital

Shareholders:		
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%**

The authorised capital is € 136,134,065 divided into 300,000 shares of € 453.78 each.

Revaluation reserve

The revaluation reserve is formed in respect of unrealised changes in the carrying amount of investment property (buildings and land) resulting from fair value appraisals. In accordance with Guideline 213, additions to this reserve are made via the profit appropriation, with due allowance for corporation tax. On disposal of investment property, the net unrealised gain or loss held in the revaluation reserve for the assets concerned is transferred to the other reserves.

Statutory reserves

Statutory reserves includes the statutory reserve for participating interests, the statutory reserve for start-up costs and the statutory reserve for intangible fixed asset development costs.

The amount of € 1.6 million charged to the statutory reserves concerns dividend distributions made by participating interests and the write-down of start-up costs, which have been added to other reserves.

The addition of € 5.5 million to the statutory reserves concerns the capitalisation of intangible fixed asset development costs, amounting to € 4.4 million, and results of participating interests, amounting to € 1.1 million.

The amounts held in the statutory reserves cannot be distributed to shareholders.

Translation reserve

This comprises the exchange differences resulting from the translation of net investments in foreign participating interests.

Contingencies and commitments not included in the balance sheet

Reference is made to the notes to the consolidated balance sheet for details of the various contingencies and commitments. The company filed a statement of joint and several liability as referred to in Section 403 of Book 2, of the Netherlands Civil Code, for a number of group companies (see pages 90–91 for list).

Schiphol, 23 February 2005

Supervisory Board

Peter-Jan Kalff, Chairman
Hans van den Broek
Jan-Michiel Hessels
Trude A. Maas-de Brouwer
Schelto Patijn
Willem F.C. Stevens
Toon H. Woltman

Board of Management

Gerlach J. Cerfontaine, President
Pieter M. Verboom, CFO

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 pursuant to the approved financial statements 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 approval 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 approval of the Supervisory Board.

Proposed profit appropriation
(in thousands of euros)

Result		158,257
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 statutory reserves in respect of intangible fixed asset development costs and results of participating interests	– 5,480	
Addition to the revaluation reserve in respect of unrealised capital gains and losses	– 3,593	
Addition to the revaluation reserve in respect of the change in the rate of corporation tax	– 3,072	
		– 12,145
		146,112
Dividend distribution		– 46,400
Addition to other reserves		**99,712**

The balance sheet has been drawn up on the assumption that this proposal will be adopted.

To the shareholders of N.V. Luchthaven Schiphol

Introduction
In accordance with your instructions we have audited the financial statements of N.V. Luchthaven Schiphol, Schiphol, for the year 2004. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope
We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2004 and the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2, of the Netherlands Civil Code.

Amsterdam, 23 February 2005

PricewaterhouseCoopers Accountants N.V.

Group companies	Registered in	% share
Schiphol Nederland B.V. [1]	Schiphol	100
Schiphol Belgium N.V.	Antwerp	100
Schiphol Australia Pty Ltd.	Brisbane	100
Schiphol North America Holding Inc.	Delaware	100
Schiphol Retail US Inc.	Delaware	100
Schiphol Services Inc.	Delaware	100
Eindhoven Airport N.V.	Eindhoven	51
Schiphol Asia Sdn. Bhd.	Kuala Lumpur	100
N.V. Luchthaven Lelystad	Lelystad	100
Schiphol USA Inc.	New York	100
Schiphol USA LLC	Delaware	100
Rotterdam Airport B.V. [1]	Rotterdam	100
Rotterdam Airport Supplies Services B.V.	Rotterdam	100
Rotterdam Airport Holding B.V. [1]	Rotterdam	100
Rotterdam Airport Vastgoed B.V.	Rotterdam	100
Beheer- en beleggingsmaatschappij Balnag B.V.	Schiphol	100
Brisbane Airport Real Estate B.V.	Schiphol	100
Malpensa Real Estate B.V.	Schiphol	60
Malpensa Real Estate srl	Lonate Pozzolo	60
Malpensa Real Estate 2 B.V.	Schiphol	60
Schiphol Real Estate Caravelle B.V.	Schiphol	100
Schiphol Dienstverlening B.V. [1]	Schiphol	100
Schiphol International B.V.	Schiphol	100
Schiphol Project Consult B.V. [1]	Schiphol	100
Schiphol Real Estate Logistics Park B.V.	Schiphol	100
Schiphol Real Estate B.V. [1]	Schiphol	100
Schiphol Real Estate Eindhoven B.V.	Schiphol	100
Schiphol Real Estate Eindhoven Finance B.V.	Schiphol	100
Schiphol Real Estate Eindhoven II B.V.	Schiphol	100
Schiphol Real Estate International B.V.	Schiphol	100
Schiphol Real Estate Tristar B.V.	Schiphol	100
HAFOK B.V. [2]	Schiphol	100
Schiphol Real Estate World Trade Center B.V.	Schiphol	100
Schiphol Real Estate Italy srl	Lonate Pozzolo	100
Airport Real Estate Management B.V.	Schiphol	100
Airport Property Management B.V.	Schiphol	100
Dartagnan B.V.	Amsterdam	100
Dartagnan Biometric Solutions US Inc.	New York	100

Proportionally consolidated companies	Registered in	% share
Airport Real Estate Basisfonds C.V.	Schiphol	50
Schiphol Telematics C.V.	Schiphol	50
Schiphol Telematics B.V.	Schiphol	50
Schiphol Travel Taxi B.V.	Schiphol	50
Flight Square Beheer B.V.	Schiphol	50
Flight Square C.V.	Schiphol	50
Flight Forum Beheer Venoot B.V.	Eindhoven	50
Beheer Personeelsrestaurant Schiphol B.V.	Schiphol	50
V.O.F. Proefdraaiplaats Holding 27	Schiphol	50
P.T. Angkasa Pura Schiphol	Jakarta	50
Pantares Tradeport Asia Ltd.	Hong Kong	50
Arlanda Schiphol Development Company AB	Stockholm	40

Other participating interests		
Flight Forum C.V.	Eindhoven	49.05
Beijing GSA Aviation Business Management Corporation Ltd.	Beijing	33.33
Brisbane Airport Corporation Ltd. [3]	Brisbane	15.62
Brisbane Airport Corporation Holdings Pty Ltd. [3]	Brisbane	15.62
Brisbane Airport Corporation Holdings No.2 Pty Ltd. [3]	Brisbane	15.62
T4 Expansion Development LLC	Delaware	40
JFK IAT LLC	New York	40
Cargonaut B.V.	Schiphol	37
Schiphol Area Development Company N.V.	Schiphol	33.33
SADC Parkmanagement B.V.	Schiphol	33.33
Schiphol Logistics Park B.V.	Schiphol	48
Flughafen Wien AG	Wenen	1
Tradeport Hong Kong Ltd.	Hong Kong	18.75
Tradeport Singapore Ltd.	Singapore	18.75
Airport Medical Services B.V.	Haarlemmermeer	20
Airport Medical Services C.V.	Haarlemmermeer	20
Avioport S.p.A.	Lonate Pozzolo	42

1) Section 403, Book 2, the Netherlands Civil Code has been applied.

2) Formerly known as Schiphol Real Estate Parking B.V.

3) Conversion of convertible notes into shares by one of the other shareholders has resulted in a reduction in Schiphol Group's interest from 15.82% to 15.62%.

Historical Summary

(in millions of euros unless stated otherwise)
Historical figures have been restated according to the latest accounting policies

		2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Profit and											
loss account	Net turnover	**888**	860	774	695	637	575	553	504	446	401
	Unrealised capital gains and losses	**5**	83	15	74	63	16	2	1	1	1
	Own work capitalised	**17**	13	16	11	10	11	11	–	–	–
	Total operating income	**910**	956	805	780	710	603	566	505	447	402
	Total operating expenses before depreciation/amortisation	**– 499**	– 488	– 452	– 383	– 340	– 312	– 287	– 259	– 236	– 225
	EBITDA	**411**	468	353	397	370	291	280	246	210	178
	Depreciation/amortisation	**– 153**	– 131	– 106	– 101	– 107	– 82	– 83	– 80	– 74	– 69
	Operating result	**258**	338	247	296	263	209	197	166	136	108
	Financial income and expenses	**– 29**	– 43	– 39	– 35	– 35	– 32	-30	– 24	– 33	– 32
	Taxation and share in operating results of participating interests	**– 71**	– 104	– 71	3	4	6	3	2	– 5	1
	Result on ordinary activities	**158**	191	137	263	232	183	169	144	98	78
	Extraordinary income and expenses	–	–	–	–	– 18	– 29	–	–	–	–
	Net result	**158**	191	137	263	214	154	169	144	98	78
Balance sheet											
	Fixed assets	**3,192**	3,047	2,729	2,522	2,219	1,976	1,700	1,512	1,359	1,319
	Current assets	**397**	422	209	254	213	196	267	241	233	155
	Total assets	**3,590**	3,469	2,938	2,775	2,432	2,172	1,967	1,753	1,592	1,474
	Shareholders' equity	**2,139**	2,024	1,871	1,783	1,548	1,356	1,207	1,058	916	820
	Provisions	**70**	64	41	38	54	71	43	39	33	29
	Long-term liabilities (incl, minority interests)	**981**	1,044	523	459	448	342	536	524	514	519
	Current liabilities	**401**	337	502	494	382	403	180	133	129	106
	Total shareholders' equity and liabilities	**3,590**	3,469	2,938	2,775	2,432	2,172	1,967	1,753	1,592	1,474
	Operating cash flow 1)	**323**	298	293	216	251	290	283	237	190	115
Ratios											
	Operating result as % of net turnover	**29,1**	39,3	31,9	42,6	41,2	36,4	35,5	33,0	30,5	27,0
	Interest coverage ratio 2)	**9,0**	7,9	6,3	8,4	7,6	6,5	6,5	6,9	4,1	3,4
	Return on average equity	**7,6**	9,8	7,5	15,8	14,7	12,0	14,9	14,6	11,3	9,9
	RONA 3)	**8,3**	11,7	9,4	12,5	12,5	11,4	12,2	11,6	10,2	8,7
	ROCE 4)	**8,0**	11,5	9,4	12,8	13,8	11,8	11,5	10,8	9,6	8,3
	Interest-bearing debt/total assets	**0,27**	0,30	0,25	0,25	0,23	0,24	0,27	0,29	0,33	0,35
Figures											
per share	Earnings per share	**924**	1,117	799	1,536	1,250	901	987	844	572	455
	Operating cash flow per share	**1,885**	1,738	1,710	1,258	1,468	1,696	1,655	1,386	1,112	673
	Dividend per share	**271**	239	245	263	133	119	119	93	66	41
Personnel											
	Average effective full-time equivalent employees	**2,216**	2,231	2,134	2,038	1,864	1,868	1,928	1,791	1,717	1,687

1) For analysis see the cash flow statement

2) Interest coverage ratio: operating result / net financial income and expenses

3) Return on net assets: operating result / average fixed assets

4) Return on capital employed: operating result / average (equity and liabilities less non-interest-bearing short-term loans)

Non-Executive Supervisory Board

Peter-Jan Kalff (1937), Chairman [1)]

Member since 1997 (second term of office expires in 2005).
Chairman of the Supervisory Board of Hagemeyer N.V.
Member of the Supervisory Boards of Stork N.V. and Koninklijke Volker Wessels Stevin N.V.
Member of the Board of Aon Corporation
Former Chairman of the Board of Management of ABN AMRO Holding N.V.

Hans van den Broek (1936) [2)]

Member since 2000 (second term of office expires in 2008).
Chairman of the Board of Nederlands Instituut voor Internationale Betrekkingen "Clingendael"
Chairman of the Board of Carnegie Stichting and Beheersraad Haagse Academie voor Internationaal Recht
Chairman of Radio Nederland Wereldomroep
Member of the Supervisory Board of Utrecht University
Chairman of Calamiteiten Commissie Stichting Calamiteitenfonds
Member of the Board of Advisors of Global Panel/Prague Society
Member of the Board of Advisors of Global Leadership Foundation
Member of the Board of Advisors of Stuart Lammert & Co. Canada (M&A firm)
Former member of the European Commission and former Dutch Foreign Secretary

Jan-Michiel Hessels (1942) [1)]

Member since 1994 (third term of office expires in 2006).
Chairman of the Supervisory Board of Euronext N.V.
Member of the Supervisory Board of Koninklijke Philips Electronics N.V.
Member of the Supervisory Board of Heineken N.V.
Member of the Supervisory Board of Koninklijke Vopak N.V. (to May 2005)
Non-Executive Director at Fortis N.V.
Former Chairman of the Board of Management of Koninklijke Vendex KBB N.V.

Trude A. Maas-de Brouwer (1946) [2)]

Member since 2001 (first term of office expires in 2005).
President of the HayVision Society.
Member of the Supervisory Board of ABN AMRO N.V.
Member of the Supervisory Board of Philips Electronics Nederland B.V.
Member of the Supervisory Board of Arbo Unie
Member of the Supervisory Board of Twynstra Gudde

Schelto Patijn (1936)

Member since 2002 (first term of office expires in 2006).
Member of the Supervisory Board of Nationale Goede Doelen Loterijen N.V.
Member of the Supervisory Board of RAI Holding B.V.
Former Mayor of the City of Amsterdam.

Willem F.C. Stevens (1938) [1)]

Member since 2002 (first term of office expires in 2006)
Chairman of the Supervisory Board of NIB Capital N.V.
Member of the Supervisory Board of AEGON N.V.
Member of the Supervisory Board of TBI Holding
Senior counsel with Baker & McKenzie

Toon H. Woltman (1937) [2)]

Member since 1998 (second term of office expires in 2006).
Former Chairman of the Amsterdam Chamber of Commerce
former Vice President of KLM North America

1) Member of the Audit Committee
2) Member of the Remuneration Committee
N.B. : All the Supervisory Board members have Dutch nationality.

Joris P. Backer (1953), Secretary

Board of Management

Gerlach J. Cerfontaine (1946), President

Chairman of the Advisory Board of ING Groep B.V.
Member of the Supervisory Board of Rüttchen Groep B.V.
Member of the Supervisory Board of Stokvis & Niehe Producties B.V.
Member of the Advisory Board of Gilde Investments N.V.
Chairman of Vrienden van het Concertgebouw and Koninklijke Concertgebouworkest

Pieter M. Verboom (1950), Chief Financial Officer

Member of the Supervisory Board of VastNed Retail N.V. and VastNed Offices/Industrial N.V.

Works Council

Peter L.T. Aardenburg	(1955)
Henk Bakker	(1953)
Cees G. Breems	(1945)
Jan H. Enthoven	(1945)
Manfred Funke	(1952)
Marja Goeman, Deputy Secretary	(1953)
Theo C. van Heijningen, Chairman	(1953)
Marjolein Huls	(1970)
Rabia Karahan	(1976)
Rick T.M. Krebbers	(1973)
Terezi E.P. van der Meulen	(1966)
Wim F. Roozendaal, Deputy Chairman	(1950)
Frans W.G.M. Sam, Secretary	(1948)
Hans M. Willemsen	(1951)

Appendix 1a

Traffic volume, Amsterdam Airport Schiphol

	2004	2003	% change
Passengers			
(excluding transit direct)	**42,425,392**	39,808,649	+ 6.6
Transit direct passengers	**115,788**	151,751	– 23.7
Air Cargo (in tonnes)	**1,421,023**	1,306,155	+ 8.8
Air mail (in tonnes)	**46,181**	47,605	– 3.0
Aircraft movements			
Air transport movements	**402,738**	392,997	+ 2.5
Other	**15,875**	15,303	+ 3.7
Total aircraft movements	**418,613**	408,300	+ 2.5

Appendix 1b

Traffic volume, Rotterdam Airport

	2004	2003	% change
Passengers			
(excluding transit direct)	**1,095,142**	616,823	+ 77.5
Air cargo (in tonnes)	**43**	230	– 81.3
Aircraft movements			
Air transport movements	**18,175**	14,458	+ 25.7
Other	**40,627**	52,485	– 22.6
Total aircraft movements	**58,802**	66,943	– 12.2

Appendix 1c

Traffic volume, Eindhoven Airport

	2004	2003	% change
Passengers			
(excluding transit direct)	**694,451**	422,899	+ 64.2
Air cargo (in tonnes)	**0**	0	–
Aircraft movements			
Air transport movements	**10,543**	9,860	+ 6.9
Other	**5,626**	4,944	+ 13.8
Total aircraft movements	**16,169**	14,804	+ 9.2

Appendix 1d

Traffic volume, Lelystad Airport

	2004	2003	% change
Total aircraft movements	**111,722**	119,754	– 6.7

Appendix 1e

Traffic volume, Terminal 4, JFK Airport, New York

	2004	2003	% change
Passengers			
(excluding transit direct)	**6,183,866**	4,644,189	+ 33.2
Air cargo (in tonnes)	**N/A**	N/A	
Aircraft movements			
Air transport movements	**36,780**	27,393	+ 34.3
Other	**N/A**	N/A	
Total aircraft movements	**36,780**	27,393	+ 34.3

N/A: Not applicable

Appendix 1f

Traffic volume, Brisbane Airport

	2004	2003	% change
Passengers			
(excluding transit direct)	**15,080,689**	12,842,852	+ 17.4
Air cargo (in tonnes)	**N/A**	N/A	
Aircraft movements			
Air transport movements	**142,196**	127,624	+ 11.4
Other	**11,908**	10,306	+ 15.5
Total aircraft movements	**154,104**	137,930	+ 11.7

Appendix 2

Comparison of the 10 major Western European airports

Air transport movements

(x 1,000)

		2004	2003	% change
1	London [1]	**889**	863	+ 2.9
2	Paris [2]	**735**	709	+ 3.8
3	Frankfurt	**463**	445	+ 4.1
4	Amsterdam	**403**	393	+ 2.5
5	Madrid	**400**	383	+ 4.6
6	Munich	**360**	333	+ 8.0
7	Rome [3]	**335**	320	+ 4.4
8	Milan [4]	**309**	307	+ 0.5
9	Barcelona	**288**	279	+ 3.3
10	Copenhagen	**269**	256	+ 5.2

1) Heathrow, Gatwick and Stansted
2) Charles de Gaulle and Orly
3) Fiumicino and Ciampino
4) Malpensa and Linate

N/A: Not applicable

Passenger movements (including transit direct passengers counted once)

(x 1,000)

		2004	2003	% change
1	London [1]	**119,714**	112,193	+ 6.7
2	Paris [2]	**75,314**	70,512	+ 6.8
3	Frankfurt	**51,098**	48,352	+ 5.7
4	Amsterdam	**42,541**	39,960	+ 6.5
5	Madrid	**38,526**	35,694	+ 7.9
6	Rome [3]	**30,636**	28,043	+ 9.2
7	Milan [4]	**27,502**	26,379	+ 4.3
8	Munich	**26,815**	24,193	+ 10.8
9	Barcelona	**24,550**	22,748	+ 7.9
10	Manchester	**21,548**	19,868	+ 8.5

Air cargo

(x 1,000 tonnes)

		2004	2003	% change
1	London [1]	**1,771**	1,647	+ 7.6
2	Paris [2]	**1,740**	1,589	+ 9.5
3	Frankfurt	**1,724**	1,527	+ 12.9
4	Amsterdam	**1,421**	1,306	+ 8.8
5	Luxembourg	**713**	657	+ 8.4
6	Brussels	**654**	602	+ 8.8
7	Cologne	**605**	518	+ 16.7
8	Liège	**382**	374	+ 2.2
9	Milan [4]	**363**	323	+ 12.4
10	Madrid	**337**	306	+ 10.0

1) Heathrow, Gatwick and Stansted
2) Charles de Gaulle and Orly
3) Fiumicino and Ciampino
4) Malpensa and Linate

Appendix 3

Airlines using Amsterdam Airport Schiphol

Passenger / cargo carriers

1. Adria Airways
2. Aer Lingus
3. Aeroflot
4. Air Alps Aviation
5. Air Astana
6. air Baltic
7. Air Canada*)
8. Air France
9. Air Malta
10. Air Moldova
11. Air Transat*)
12. Air Wales
13. Airzena Georgian Airlines
14. Alitalia
15. Armavia
16. Austrian Airlines
17. Blue1
18. bmi
19. bmibaby
20. British Airways
21. Bulgaria Air
22. Cathay Pacific Airways
23. China Airlines
24. China Southern Airlines
25. Continental Airlines
26. Croatia Airlines
27. Cyprus Airways
28. Czech Airlines
29. Delta Air Lines
30. easyJet
31. Egypt Air
32. El-Al
33. Eritrean Airlines
34. Estonian Airlines
35. Ethiopian Airlines
36. EUjet
37. EVA Airways
38. Finnair
39. Garuda Indonesia
40. Helvetic
41. Iberia
42. Icelandair
43. Iranair
44. JAL Japan Airlines
45. JAT Airways
46. Jet2
47. Kenya Airways
48. KLM
49. KLM exel
50. Korean Air
51. Kuwait Airways
52. Lithuanian Airlines
53. LOT Polish Airlines
54. Lufthansa
55. Macedonian Airlines
56. Maersk Air
57. Malaysia Airlines
58. Malev Hungarian Airlines
59. Martinair Holland
60. Meridiana
61. Northwest Airlines
62. Olympic Airlines
63. PIA Pakistan International
64. Pulkovo Airlines
65. Royal Air Maroc
66. Royal Jordanian
67. SAS Scandinavian Airlines
68. Scot Airways
69. Singapore Airlines
70. SkyEurope Airlines
71. Surinam Airways
72. Smartwings
73. Swiss Int. Airlines
74. Syrian Arab Airlines
75. TACV Cabo Verde
76. TAP Portugal
77. Thomsonfly
78. THY Turkish Airlines
79. Transavia Airlines
80. Tunis Air
81. Ukraine International Airlines
82. United Airlines
83. US Airways
84. Varig
85. Virgin Express

Cargo carriers

1. Asiana Airlines
2. Das Air Cargo
2. Dragonair
3. Emirates
5. Kalitta
6. Kuzu Air Cargo
7. Nippon Cargo Airlines
8. Polar Air Cargo
9. Qatar Airways
10. TMA of Lebanon
11. VLM
12. West Air

*) Summer schedule only

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 fees
Charges for aircraft take-offs, landings and parking plus passenger and security fees.

Automated People Mover
Automated transport usually an unmanned train that shuttles people to and from various airport locations.

Aviation Act
Legislation laying down new standards for noise, air quality, odour and third-party risk at Amsterdam Airport Schiphol applicable since February 2003.

Catchment area
The area within which passengers can reach the airport easily by road or rail.

Concession income
Income derived from a concession, i.e. a licence to carry out specific activities such as operating a restaurant or a retail outlet at the airport.

Departure Lounge 1
Waiting area for passengers travelling to a Schengen country (see Schengen Treaty).

Departure Lounge 4
New waiting area for passengers travelling to a Schengen country (see Schengen Treaty) departing from Pier H (being constructed in 2005).

Euro Medium Term Note (EMTN)
Debt instrument that can be issued in a variety of currencies, the maturity date of which is agreed with the relevant bank.

Fraport
The company that, among other activities, operates Frankfurt/Main Airport.

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 only cargo.

General aviation
The generic term covering aviation activities involving smaller aircraft, normally operating on a non-commercial basis.

Government White Paper
Legislation governing or amending the use of major infrastructure projects (Dutch: Planologische Kern Beslissing or PKB).

Groenenberg site
A site close to Runway 18L-36R (Dutch Aalsmeerbaan) owned by the property developer Chipshol on which a development ban has been issued. Chipshol has instituted legal proceedings against Schiphol Group challenging the legality of the ban.

Hub
An airport that serves as a centre for continental and intercontinental air transport.

Hub carrier
A major airline with an extensive network of connections operating out of a hub airport.

Input error
The error made in entering data for the 2001 Environmental Impact Assessment (wrong apportionment of takeoffs from the parallel runways 18R-36L and 18C-36C – Polderbaan and Zwanenburgbaan in Dutch) on the basis of which the limit values for noise levels at the various enforcement points were set in the 2003 Aviation Act.

Key Performance Indicator (KPI)
A key indicator used to measure how well a company or business area is performing.

Low-cost carrier
A ‘no frills’ airline specialising in low fares.

Main port
A hub for air, road and rail transport, which serves as home base to an airline alliance, generating significant economic activity within its environs.

MTOW
Maximum Take-Off Weight. An aircraft’s maximum takeoff weight is used to calculate the take-off and landing fees payable.

Multi-hub system
A system under which an airline alliance with a global network uses more than one hub to serve a particular continent.

New runway
Dutch Polderbaan – Runway 18R-36L, Amsterdam Airport Schiphol's new fifth runway that opened for air traffic in 2003. The runway is situated parallel to and west of Runway 18C-36C.

Non-recourse financing
Financing in which lenders only have recourse to security provided by or in connection with the project concerned, not the shareholders.

Pantares
An alliance between Fraport and Schiphol Group.

Preventive security duties
Security control of passengers and their hand and hold baggage prior to boarding an aircraft.

Privium
An airport service programme featuring automated border passage employing iris recognition.

Randstad
The Western part of the Netherlands encompassing the major cities of Amsterdam, The Hague, Rotterdam and Utrecht, which competes with other major economic regions in Europe.

RFID
Radio Frequency Identification – a system involving electronic tags containing a tiny transponder for wireless encoding and scanning which can be used to track or trace products or baggage.

ROZ/IPD index
Dutch index used to determine the value of commercial property.

SARS
Abbreviation for Severe Acute Respiratory Syndrome, the infectious lung disease that first appeared in the Far East.

Schengen Treaty
A treaty allowing free transport of persons and goods within countries participating in the treaty (named after the city in Luxembourg, where the treaty was ratified).

Schiphol Smart Parking
The product name for a service permitting advance booking of airport parking spaces at a discount.

See Buy Fly
The shopping centre located after passport control, which is operated on the basis of a partnership involving the retailers in the terminal and Amsterdam Airport Schiphol.

Self-service check-in/ boarding equipment
Equipment providing automated systems for passengers to check in and pass through boarding gates.

SkyTeam alliance
Worldwide alliance of airlines whose members include KLM.

Tabaksblat Code
Recommendations for amending the Corporate Governance Code for listed companies in the Netherlands, compiled by a parliamentary committee chaired by former Unilever CEO Morris Tabaksblat.

Terminal
The airport building, including the arrival and departure halls.

Transfer passenger
A passenger changing 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
The product name for a service permitting passengers flying from Amsterdam Airport Schiphol to leave their cars in front of the departure hall and have them delivered to the front of the terminal on their return.

Visit costs
Total costs, including airport fees that an airline pays an airport for allowing aircraft to land and take off.

WLAN / Wireless LAN
Wireless Local Area Network for data communications over a small range.

Work Load Unit (WLU)
A term used to measure efficiency = 1 passenger / 100 kg of cargo/mail.

WTC
World Trade Center, Amsterdam Airport Schiphol.