



Schiphol Group: Net result (excluding fair value gains on property and excluding a non-recurring tax credit in 2007) for first half of 2008 declined by 8.3% compared to corresponding period of 2007

Concerns about competitive position of Schiphol

Press Release

Schiphol, 21 August 2008

- The net result reported by Schiphol Group, including fair value gains on property, for the first half of 2008 decreased by 32.9% compared with the corresponding period in 2007, from EUR 142.8 million to EUR 95.8 million.
- Excluding fair value gains on property amounting to EUR 9.9 million (2007: EUR 45.3 million), the net result decreased by 18.9%, from EUR 109.1 million to EUR 88.4 million.
- Excluding fair value gains on the property portfolio and excluding a non-recurring tax credit of EUR 12.7 million in 2007, the net result decreased by 8.3%, from EUR 96.4 million to EUR 88.4 million.
- Schiphol Group's revenue for the first half of 2008 increased by 1.7%, from EUR 540.2 million to EUR 549.5 million.
- The operating result declined by 23.5%, from EUR 179.3 million to EUR 137.2 million.
- EBITDA declined by 16.3%, from EUR 265.2 million to EUR 221.9 million.
- Earnings per share decreased by 32.9%, from EUR 834 to EUR 559.

Summary of main business results

- The number of passengers using Amsterdam Airport Schiphol, Rotterdam Airport and Eindhoven Airport rose by 2.1% to 24.1 million, of whom 22.8 million travelled through Amsterdam Airport Schiphol (+2.0%).
- Owing primarily to the generic reduction of the airport charges for Amsterdam Airport Schiphol by an average of 8.7% from 1 November 2007, the revenue from airport charges fell by 2.6% in the first half of 2008.
- The costs of the government imposed security measures at Amsterdam Airport Schiphol increased by EUR 4.5 million (+4.5%) to EUR 105.5 million. The revenue from the Security Service Charge in the first half of 2008 lagged behind by EUR 5.0 million.
- The Consumers business area, by now accounting for almost 50% of the operating result, saw its operating result rise by EUR 2.1 million, in particular because of increased revenue of the See Buy Fly shops and well-frequented new catering outlets.
- The increase in fair value gains on the property portfolio of the Real Estate business area was much smaller: EUR 9.9 million compared with EUR 45.3 million in 2007. This is primarily because no property completions and sales took place in the first half of 2008.
- The international activities of the Alliances & Participations business area contributed EUR 9.3 million to the result before tax for Schiphol Group in the form of interest income and dividends (first half of 2007: EUR 11.2 million).

Gerlach Cerfontaine, President & CEO of Schiphol Group, commented:

The first half of 2008 was positive with regard to the net result and the development of passenger volume. As we stated earlier this year, there will be little or no increase in the number of passengers using Amsterdam Airport Schiphol for 2008 as a whole, partly because of the introduction of the Air Passenger Tax on 1 July 2008. This tax measure - in combination with the increasing security costs - threatens to adversely affect the competitive position of Schiphol. Moreover, we believe it is highly likely that, as a consequence of the high kerosene prices and the worldwide deterioration of the economic climate, passenger volume in 2009 will, again, show no growth."

This release may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Schiphol Group and certain of the plans and objectives of Schiphol Group with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Forward-looking statements and forecasts are based upon current data and historical experience which are not necessarily indicative of future outcomes or the financial performance of Schiphol Group and should not be considered in isolation.

This is an English translation of the Dutch version of Schiphol Group's 2007 interim results. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail.

Key figures

EUR million	HY 08	HY 07*	+/-	2007
Revenue	549.5	540.2	1.7%	1,146
Result from sales of property	-	2.8	-	3
Fair value gains on property	9.9	45.3	-78.2%	112
Operating expenses	422.2	408.9	3.2%	841
Operating result	137.2	179.3	-23.5%	420
Result before tax	128.8	173.2	-25.6%	395
Net result (result attributable to shareholders)	95.8	142.8	-32.9%	316
Net result excl. fair value gains on property 1)	88.4	109.1	-18.9%	233
Depreciation, amortisation and impairment	84.7	85.9	-1.3%	175
EBITDA 2)	221.9	265.2	-16.3%	595
Investments in intangible assets and property, plant & equipment	144.9	180.4	-19.7%	375
Cash flow from operating activities 3)	231.9	139.8	65.8%	313
Ratio's				
Leverage 4) as at 30 June	26.8%	23.3%		23.5%
FFO interest coverage 5)	8.1	6.3		8
Earnings per share	559	834	-32.9%	1,844
Business volume (in numbers)				
Air transport movements 6)	226,765	227,089	-0.1%	465,686
Passenger movements (x 1,000) 6)	24,120	23,623	2.1%	50,898
Cargo (x 1,000 ton) 6)	804	765	5.1%	1,610
Average effective work force based on FTEs	2,490	2,446	1.8%	2,459

1) EBITDA: operating result plus depreciation, amortisation and impairment

2) Leverage: Interest-bearing debt / (equity plus interest-bearing debt) as a %

3) Funds from operations / interest expenses of borrowings and lease obligations

4) Concerns Schiphol Group: Amsterdam Airport Schiphol, Rotterdam Airport and Eindhoven Airport

Revenue

The revenue reported by Schiphol Group for the first half of 2008 amounted to EUR 549.5 million. Compared to the EUR 540.2 million achieved during the corresponding period in 2007, this represented an increase of 1.7%.

The revenue is divided among the four business areas as follows:

EUR million	HY 08	HY 07 *	+/-	2007
Aviation	299.8	306.9	-2.3%	650
Consumers	146.5	138.8	5.6%	301
Real Estate	65.6	61.0	7.6%	124
Alliances & Participations	37.6	33.5	12.2%	71
Revenue	549.5	540.2	1.7%	1,146

The revenue is divided as follows among the various revenue categories:

EUR million	HY 08	HY 07 *	+/-	2007
Airport charges	302.0	310.2	-2.6%	656
Concessions	61.5	60.0	2.6%	129
Rents and leases	68.3	62.1	9.8%	127
Parking fees	45.1	42.2	6.9%	89
Retail sales	31.4	29.5	6.5%	64
Other activities	41.2	36.1	14.0%	80
Revenue	549.5	540.2	1.7%	1,146

The net revenue from airport charges fell by EUR 8.2 million. This includes a decrease of EUR 17.8 million on account of the generic reduction, imposed by the Netherlands Competition Authority (NMa), of the charges for Amsterdam Airport Schiphol with effect from 1 November 2007. This tariff reduction is compensated in part by a rise in passenger numbers and an increase in the average take-off weight.

* Adjusted for comparison figures (see page 13)

Other property results

The other property results amounted to EUR 9.9 million, which is EUR 38.2 million lower than in the first half of 2007 (EUR 48.1 million). This is because of a relatively large increase in the value of the property portfolio in 2007, and because no property sales and completions took place in 2008, whereas this had been the case in 2007.

Operating expenses

The operating expenses for the first half of 2008 increased by 3.2% to EUR 422.2 million.

- Total costs of outsourced work and external charges rose by 4.9% from EUR 231.8 to EUR 243.1 million. The costs for security at Amsterdam Airport Schiphol increased in the first half of 2008, compared to the corresponding period in 2007, by EUR 4.5 million (+4.5%) to EUR 105.5 million. The increase is also attributable to higher costs of other outsourced work (EUR 5.2 million), of maintenance in connection with plans postponed to 2008 (EUR 1.7 million), of energy and water because of price increases and a rise in consumption (EUR 1.5 million) and of hiring external staff (EUR 1.6 million). These cost increases are compensated in part by lower consultancy fees (EUR 2.9 million).
- Employee benefits rose by 6.2%, from EUR 84.5 million to EUR 89.7 million. This is partly the result of the increase in the average number of staff by 44 FTEs (+1.8%) to 2,490 FTEs in 2008. In addition, the increase in staff costs is partly attributable to the general 2.75% salary increase as at 1 April 2007 and 1 April 2008, in conformity with the new Collective Labour Agreement concluded in the spring of 2007.
- Depreciation and amortisation charges decreased by 1.3%, from EUR 85.9 to EUR 84.7 million.

Operating result

The operating result for the first half of 2008 declined by 23.5%, from EUR 179.3 million to EUR 137.3 million.

The 1.7% increase in revenue is lower than the rise in operating costs of 3.2%, which is mainly related to a decline in the revenue from airport charges of EUR 17.8 million in 2008 as a result of the generic reduction by an average of 8.7% in airport charges from 1 November 2007. Adjusted for this effect, the net revenue would have increased by 5.0%.

EBITDA (the operating result after depreciation, amortisation and impairment) amounted to EUR 221.9 million, compared to EUR 265.2 million in 2007.

Financial income and expenses

Financial income and expenses (net expense) for the first half of 2008 amounted EUR 15.4 million, compared to EUR 14.5 million for the corresponding period in 2007. This is due primarily to a lower average net amount of cash and cash equivalents.

Net result

For the first half of 2008, the net result of Schiphol Group declined by 32.9%, from EUR 142.8 million to EUR 95.8 million. This increase can be partly attributed to the smaller increase in the value of the company's property portfolio of EUR 7.4 million in the first half of 2008, compared with EUR 33.7 million after tax in the first half of 2007 (before tax EUR 9.9 million and EUR 45.3 million respectively). In addition, a non-recurring tax credit of EUR 12.7 million is accounted for in the net result for 2007, arising from the provisional settlement of the tax return for 2004. Excluding the fair value gains on property and the non-recurring tax credit, the net result declined by 8.3%, from EUR 96.4 million to EUR 88.4 million. This remaining difference can be explained by an increase in net revenue (EUR 9.3 million) despite the generic reduction of airport charges imposed as at 1 November 2007, and by a decline in the result on property sales (EUR 2.8 million), higher operating expenses (EUR 13.3 million) relating in particular to the security measures imposed by the government, a higher net amount of financial expenses (EUR 0.9 million), a lower share in results of associates (EUR 1.4 million) and higher tax on profits because of a higher pre-tax result after adjustments (EUR 0.8 million).

Prospects

Schiphol Group's Board of Management is maintaining its profit projection contained in the 2007 annual report. The net revenue for the whole of 2008, excluding fair value gains on property, is expected to be lower than that for 2007, partly on account of the introduction of the Air Passenger Tax on 1 July 2008. Capital expenditure for 2008 is expected to be around EUR 125 million less than the earlier estimate of EUR 550 million, primarily because of lower capital expenditure by the Consumers and Real Estate business areas.

Developments in the individual business areas

Aviation

The Aviation business area operates solely at Amsterdam Airport Schiphol. Aviation provides services and facilities to airlines, passengers and handling agents. The Netherlands Competition Authority (NMa) regulates the charges which are levied and sets limits on the returns generated. Sources of revenue: airport charges (aircraft, passenger and security charges) and concession fees (paid by oil companies for the right to provide aircraft refuelling services). In the first half of 2008, the business area accounted for 54% of Schiphol Group's revenues and 14% of the operating result.

EUR million	HY 08	HY 07	+/-	2007
Revenue	299.8	306.9	-2.3%	650
Operating expenses	280.4	276.6	1.4%	555
EBITDA	78.4	92.3	-15.0%	216
Operating result	19.4	30.4	-36.1%	95
Investments in intangible assets and property, plant & equipment	86.8	79.5	9.2%	208

In the first six months of 2008, the revenue reported by Aviation declined by 2.3% to EUR 299.8 million, due to a 3.5% decrease in revenue from airport charges to EUR 287.1 million.

This is primarily attributable to the generic reduction in airport charges by an average of 8.7% from 1 November 2007. Another reason for this decline is the fall in the number of air transport movements by 0.6% to 211,531.

The effect of this reduction in charges is compensated by an increase in the number of passengers by 2.0% to 22.8 million and in the average MTOW with 2.2%, from 97.3 to 99.4 tonnes, the latter of which is a consequence of the use of larger aircraft on average.

Additional security measures caused a 4.5% increase in the security costs compared with the first half of 2007, to EUR 105.5 million. Because of this cost increase, the loss on security activities went up from EUR 0.5 million in the first half of 2007 to EUR 5.0 million in the first half of 2008.

Operating expenses rose by 1.4% to EUR 280.4 million. Apart from security, the costs of hired and company staff also rose. The costs of depreciation, however, decreased as a result of the accelerated depreciation in 2007 of the surface of Runway 18L-36R, and because the depreciation period of various assets, such as the operating system of the baggage system, came to an end in 2008.

The business area saw the costs per workload unit (WLU), a measure of efficiency, decrease by 1.9% in the first half of 2008 compared with the first half of 2007, reaching a figure of EUR 9.07. One WLU equals one passenger or 100 kg cargo.

Investment in property, plant and equipment at Amsterdam Airport Schiphol in the first half of 2007 totalled EUR 86.8 million, including new baggage handling and security facilities.

In the first six months of 2008, the IR rate – the percentage of baggage items that do not arrive at the destination at the same time as the passenger – was better than that of London Heathrow and Paris Charles de Gaulle, but worse than that of Frankfurt.

The punctuality rate for arriving flights was 80.8% in the first half of 2008, which is 0.2 percentage points lower than in 2007 (81.0%); for departing flights the punctuality rate fell by 1.4 percentage points, from 71.9% to 70.5%. This is mainly due to the bad weather and snow in March.

Developments in charges

From 1 November 2007 charges for Aviation had to be reduced by an average of 8.7%, because according to the NMa a number of cost items incurred by Aviation in 2005 and 2006 should not have been settled in the charges. Schiphol Group has lodged an appeal against this NMa decision, but does not expect that the judgment on this appeal will be rendered until the fourth quarter of 2008 at the earliest.

In 2008, an EU regulation entered into force concerning the rights of disabled persons and persons with reduced mobility when travelling by air. The People with Reduced Mobility Committee (PRM Committee), a collaborative venture between Schiphol Group, the Schiphol Airline Operators Committee and the Dutch Council of the Chronically Ill and the Disabled, implements this regulation. A PRM levy of EUR 0.22 per departing passenger was agreed in order to evenly spread the costs among all the passengers using the airport (as stipulated in the regulation). The levy took effect on 14 January 2008.

The NMa has not received any applications to amend the charges we have set with effect from 1 November 2008. The deadline for submitting an application expired on 27 June 2008. We will therefore introduce these charges with effect from 1 November 2008.

Other developments

KLM and BARIN instituted legal proceedings against the NMa's adoption of the airport charges allocation system (Schiphol Group joined the NMa as a party in this case). The hearing of the case took place on 22 February 2008. The Court rejected the airlines on seven points and ordered the NMa on one point to substantiate its decision in more detail, expressly pointing out that this meant that the decision had been insufficiently substantiated in this respect, rather than that the allocation was incorrect on this point.

On 30 May 2008, Schiphol Group provided the NMa with the Regulatory Accounts 2007, compiled in accordance with Section 8.25g(4) of the Aviation Act, and made these accounts available to the airlines.

Consumers

The activities of the Consumers business area concern the independent operation of retail outlets and car parks, the granting of concessions for airport shopping and café, bar and restaurant facilities, and the marketing of advertising opportunities at Amsterdam Airport Schiphol. The business area also has activities outside the Netherlands, such as the operation of retail outlets via management contracts. Sources of revenue: retail sales, parking fees, concession fees, advertising and management fees. In the first half of 2008, the business area accounted for 27% of Schiphol Group's revenue and almost 49% of the operating result.

EUR million	HY 08	HY 07 *	+/-	2007
Revenue	146.5	138.8	5.6%	301
Operating expenses	79.1	73.5	7.7%	157
EBITDA	79.7	75.9	5.0%	166
Operating result	67.4	65.3	3.2%	144
Investments in intangible assets and property, plant & equipment	8.8	35.4	-75.1%	47

^{*)} Restated for comparison purposes (see page 13)

In the first six months of 2008, revenue rose by 7.7 million (+5.6%) to EUR 146.5 million.

Concession income rose by EUR 1.2 million, mainly due to higher concession income of See Buy Fly (EUR 0.4 million) and from other concessions (bars and restaurants) (EUR 0.6 million).

The higher concession income of See Buy Fly was caused primarily by an increase in the number of departing passengers on international flights and better concession rates. The average See Buy Fly spending per international departing passenger at Amsterdam Airport Schiphol decreased by 3.6% in the first half year, from EUR 16.55 to EUR 15.96, mainly because of the worsening economic climate worldwide and the unfavourable exchange rates of the dollar and Sterling.

The higher concession income from catering is attributable to well-frequented new landside and airside catering outlets, such as Starbucks. Since 1 January 2008, the airport is a smoke-free area. The effect of this measure on catering sales in the first half of 2008 was moderate.

Income generated from parking at Amsterdam Airport Schiphol increased by 6.6%, or EUR 2.5 million, to EUR 40.4 million, due to a longer average parking duration and an increase in fees. Parking revenues per passenger residing in the Netherlands, excluding transfer passengers, increased by 4.4%, from EUR 8.76 in 2007 to EUR 9.15 in 2008.

Income from retail sales (liquor and tobacco) went up by EUR 1.9 million, mainly because of an increase in the number of retail outlets.

Income from offering advertising opportunities rose in the first half of 2008 by EUR 1.7 million (+ 28.3%) compared with the first half of 2007, owing to a better sales performance and an increase in the number of media objects.

Operating expenses increased, among other things because of higher staff costs at Schiphol Airport Retail BV and parking costs on account of a rise in the number of FTEs, and because of higher depreciation costs owing to the capitalisation of a number of large projects at the end of 2007.

Compared to the first six months of 2007 the investments in fixed assets decreased by EUR 35.4 million to EUR 8.8 million. This is largely explained by the fact that investments in 2007 involved contract-related intangible fixed assets in connection with the takeover of liquor and tobacco retail activities.

February saw the opening of the first airport spa at Amsterdam Airport Schiphol, in Departure Lounge 2. This XpresSpa offers beauty and wellness services and sells a limited range of retail products.

The Privium programme, which was introduced at Amsterdam Airport Schiphol in 2001 and, among other things, enables frequent travellers to clear passport control quickly by using an iris scan system, now has nearly 47,000 members, an increase of 9,000 compared with the end of the first half of 2007.

New collaborative ventures

In March, a collaboration agreement was signed with Guangzhou Baiyun International Airport regarding the development of commercial activities at this Chinese airport. The collaboration contract has a term of two years, with the option of renewal.

Real Estate

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

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

In the first half of 2008, Real Estate accounted for 12% of Schiphol Group's revenues and 32% of the operating result.

EUR million	HY 08	HY 07	+/-	2007
Revenue	65.6	61.0	7.6%	124
Result from sales of property	-	2.8	-100.0%	3
Fair value gains on property	9.7	45.4	-78.6%	112
Operating expenses	30.9	29.1	6.0%	65
EBITDA	52.7	88.4	-40.4%	192
Operating result	44.4	79.9	-44.4%	171
Investments in intangible assets and property, plant & equipment	41.4	59.1	-29.9%	109

Revenue rose by 7.6% from EUR 61.0 million to 65.5 million, due *inter alia* to indexation and growth in the property portfolio from 480,809 m² as at June 2007 to 488,461 m² as at June 2008. The occupancy rate of the properties owned by the business area decreased from 93.4% as at June 2007 to 92.7% as at June 2008. This decrease was caused by the completion of a few new buildings in 2007 which are not yet fully leased. The revenue from other activities decreased from EUR 5.4 to EUR 3.8 million, primarily due to lower proceeds from work for third parties.

In the first half of 2008, the fair value gains on property amounted to EUR 9.7 compared to EUR 45.4 million in the first half of 2007. The slowdown in fair value gains is attributable to stabilisation of capital growth development in the overall property market and the lack of completions in the first half of 2008. In the first half of 2007, property completions generated fair value gains of EUR 29.5 million. In addition, the result on property sales was zero in the first half of 2008, compared with EUR 2.8 million in the first half of 2007.

Largely on the basis of this, the operating result of the Real Estate business area declined by EUR 35.5 million to EUR 44.4 million. Excluding fair value gains on property, the operating result remained virtually the same at EUR 34.7 million.

Operating expenses increased by EUR 1.8 million to EUR 30.9 million. The main reasons for this are a higher staffing level, higher costs of preparing the property for leasing and higher property tax assessments.

In the first half of 2008, capital expenditure by the Real Estate business area amounted to EUR 41.4 million and mainly concerned the construction of a cargo building for Panalpina, the multi-tenant office building The Outlook (both at Amsterdam Airport Schiphol) and various developments at the airport of Milan.

Alliances & Participations

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

Sources of revenue: mainly airport and parking charges. The airports abroad contribute to group results through performance fees and dividends as accounted for in share in results, through the interest they pay on loans and through Intellectual Property fees. The Utility activities generate revenue from the transport of electricity and gas and from the supply of water to third parties. As a result of the equity accounting method, changes in the fair value of the investments are not reflected in the results.

In the first half of 2008, the business area accounted for 7% of Schiphol Group's revenue and 4% of the operating result. By applying the equity accounting method, changes in the market value of the investments are not reflected in the results.

EUR million	HY 08	HY 07	+/-	2007
Revenue	37.6	33.5	12.2%	71
Fair value gains on property	-	- 0.1	-100.0%	0
Operating expenses	31.6	29.7	6.3%	61
EBITDA	11.1	8.7	28.0%	20
Operating result	6.0	3.8	59.1%	9
Investments in intangible assets and property, plant & equipment	7.9	6.4	22.6%	10

Domestic airports

Of the increase in net revenue of EUR 4.1 million, EUR 2.2 million represents an increase in airport charges. This is partly the result of a new contract between Eindhoven Airport and a handling agent, under which the revenue and costs concerned are presented separately. In addition, passenger numbers at Eindhoven Airport rose by 9.4% to nearly 777,000, primarily due to an increase in the use of low-cost airlines. Despite rising costs, mainly relating to the aforementioned contract, Eindhoven Airport achieved an increase of EUR 0.9 million in its operating result compared with 2007, to EUR 1.9 million.

Rotterdam Airport saw its operating result decline by EUR 1.2 million to EUR 0.9 million, mainly because of a cost increase. The number of passengers using Rotterdam Airport fell by 3.2% in the first half of 2008 (from 522,000 in 2007 to 505,000 in 2008). In May, Rotterdam Airport was closed to all traffic for three days on account of a runway renovation project. In this period, the flights were re-routed to Amsterdam Airport Schiphol.

In May, Minister Eurlings of Transport, Public Works and Water Management resumed the airport operations ruling procedure for the expansion of Lelystad Airport. This procedure had been suspended in October 2007, following a decision of the Council of State regarding the airport's existing licence. The new procedure is based on 9,000 air transport movements a year with aircraft carrying up to 180 passengers, which is equivalent to 1 to 1.5 million passengers.

International airports

The international activities of the business area contributed a total of EUR 9.3 million in the form of interest income and dividends to Schiphol Group's result before tax (first half of 2007: EUR 11.2 million). The decrease is attributable to a one-off tax benefit in Australia in 2007. The biggest contribution was made by Brisbane Airport (EUR 8.0 million in 2008 compared to 10.1 million in 2007).

The number of passengers using Terminal 4 at JFK Airport, New York, rose by 13% to 4.6 million in the first six months of 2008. Brisbane Airport welcomed 8.9 million passengers in the first half of 2008, which is 5% more than in the same period in 2007.

Other participations

The operating result of Utilities increased by EUR 1.8 million to EUR 3.2 million, and that of Schiphol Telematics by EUR 0.1 million to EUR 2.4 million.

In May, the United States and the Netherlands signed a treaty intended to speed up passport control for travellers between Amsterdam Airport Schiphol and America. In the Netherlands, the identity checks will be carried out by means of the Privium technology already in place. This will create new opportunities for Schiphol Group's subsidiary Dartagnan to market this technology at an international level.

Other developments

“Alders Platform”

On 13 March 2008, a number of disturbance-reducing measures were introduced as an experiment. They result from two covenants that were agreed within the context of the “Alders Platform”, the consultation procedure between the local community and the aviation sector chaired by Hans Alders, formerly the Queen’s Commissioner in Groningen, about the future of Amsterdam Airport Schiphol. The covenants are part of an agreement reached during these consultations in July 2007, which allows Amsterdam Airport Schiphol to grow to 480,000 air transport movements a year until 2010.

On 2 April 2008, the Lower House approved a new Airport Traffic Ruling (LVB), drawn up in the second half of 2007 by the Ministers of Transport, Public Works & Water Management and Housing, Spatial Planning & the Environment. It is based on a scenario of 480,000 air transport movements. By June 2008, the “Alders Platform” was to have issued advice to the government on the growth opportunities for Amsterdam Airport Schiphol between 2010 and 2020. This deadline has not been met. The aim is now to issue the advice after the summer.

Reservation of parallel Runway 06-24

On 1 April 2008, the provincial authorities of Noord-Holland did not renew the spatial planning reservation for the possible construction of a parallel Runway 06-24, arguing that the State offered insufficient prospects at that time for an implementation of the reservation that would have favourable effects for the local community. Thereupon the Ministers of Transport, Public Works & Water Management and Housing, Spatial Planning & the Environment declared that, where necessary, the State would intervene in order to prevent any spatial planning from taking place in the near future that would preclude the construction of the runway. This was confirmed in a letter from the Ministry of Transport, Public Works and Water Management of 24 July 2008. The reason for this is that the government has begun a long-term survey of Schiphol’s future from 2020. The parallel Runway 06-24 may play an important part in this. The long-term survey should be completed by the end of 2009.

Super dividend

During the General Meeting of Shareholders of NV Luchthaven Schiphol (trading as Schiphol Group) on 17 April 2008, the shareholders agreed to a proposal of the Board of Management to make an additional distribution from retained profits, consisting of:

- A super dividend (one-off distribution from retained profits) of EUR 500 million in 2008, to be distributed in the third quarter of 2008;
- A second super dividend (one-off distribution from retained profits) of no more than EUR 500 million in 2009, under certain conditions.

Credit rating

In view of the intended distribution of a super dividend, Standard & Poor’s and Moody’s Investor Service adjusted their credit rating for NV Luchthaven Schiphol and Schiphol Nederland BV as at 18 April 2008 and 14 May 2008 respectively. Standard & Poor’s reduced its rating from AA- with a negative outlook to single A flat with a stable outlook while Moody’s reduced its rating from Aa3 with a stable outlook to A1 with a stable outlook.

Financing

In June 2008, Schiphol Group launched a Euro-Commercial Paper (ECP) programme with a limit of EUR 750 million. This programme is in addition to the existing Euro Medium Term Note programme with a maximum of EUR 1 billion. To support the new programme, Schiphol Group has structured a EUR 400 million syndicated and committed facility with a group of eight banks. In addition, Schiphol Group has two committed credit facilities with ABN AMRO and ING. In July 2008 these two facilities were reduced to a total amount of EUR 100 million. As per June 2008, no loan under the new programme had yet been drawn.

On 4 August 2008, Schiphol Group raised a loan of JPY 20 billion with a term of 30 years. The JPY loan was immediately converted to EUR 120 million by means of a currency rate swap. The loan has a fixed interest coupon of 5.94% on a half-yearly basis (equivalent to 6.01% on an annual basis).

Increase of interest in Airport Real Estate Basisfonds

On 1 July, Schiphol Group increased its interest in Airport Real Estate Basisfonds CV (ACRE Fund) from 50% to 60.25% by acquiring part of the shares of ING Real Estate. The acquisition does not affect Schiphol Group’s control over the CV.

Interim consolidated financial report

Consolidated profit and loss account for the first half of 2008

(in thousands of euros)	Note	HY 2008	HY 2007 *
Revenue	1	549,545	540,161
Sales of property		-	8,622
Cost of sales of property		-	5,842
Result on sales of property		-	2,780
Fair value gains and losses on property		9,887	45,291
Other income, from property	2	9,887	48,071
Costs of outsourced work and other external charges		243,117	231,842
Employee benefits		89,730	84,508
Depreciation and amortisation		84,722	85,866
Impairment		-	-
Other operating expenses		4,656	6,667
Total operating expenses		- 422,225	- 408,883
Operating result		137,207	179,349
Financial income and expenses		- 15,400	- 14,493
Share in results of associates		7,013	8,393
Result before tax		128,820	173,249
Corporate income tax	3	- 32,385	- 30,438
Result		96,435	142,811
Attributable to:			
Minority interests		631	- 16
Shareholders (net result)		95,804	142,827
Earnings per share (in euros)		559	834
Diluted earnings per share (in euros)		559	834

^{*)} Restated for comparison purposes (see page 13)

Consolidated balance sheet as at 30 June 2008

Assets (in thousands of euros)	Note	30 June 2008	31 December 2007
Non-current assets			
Intangible assets		41,526	41,722
Assets used for operating activities		2,049,899	2,085,464
Assets under construction or development		630,637	537,079
Investment property		925,438	911,361
Deferred tax		231,038	234,267
Investments in associates		44,935	46,626
Loans to associates		47,324	46,180
Other financial interests		12,726	16,590
Lease receivables		8,386	9,230
Other loans		3,490	3,400
Derivative financial instruments		2,517	1,071
Other non-current receivables		15,966	12,131
		4,013,882	3,945,121
Current assets			
Lease receivables		1,637	1,540
Other loans		41	41
Assets held for sale		15,851	15,851
Trade and other receivables		189,637	182,827
Cash and cash equivalents	6	118,297	141,786
		325,463	342,045
		4,339,345	4,287,166
Equity and liabilities (in thousands of euros)			
Share capital and reserves attributable to shareholders			
Issued share capital		77,712	77,712
Retained profits	4	2,351,338	2,848,570
Other reserves		10,819	11,667
		2,439,869	2,937,949
Minority interests		19,273	18,644
Total equity		2,459,142	2,956,593
Non-current liabilities			
Borrowings		635,104	699,270
Lease liabilities		119,827	121,465
Employee benefits		42,442	43,794
Other provisions	5	10,000	10,000
Derivative financial instruments		-	15,558
Other non-current liabilities		77,173	78,186
		884,546	968,273
Current liabilities			
Borrowings		142,620	83,103
Lease liabilities		3,743	3,463
Derivative financial instruments		14,917	129
Corporate income tax		20,691	8,617
Super dividend	4	500,000	-
Trade and other payables		313,686	266,988
		995,657	362,300
		4,339,345	4,287,166

Condensed consolidated statement of changes in shareholders' equity

(in thousands of euros)	Note	Attributable to shareholders			Minority interests	Total
		Issued share capital	Retained profits	Other reserves		
Balance as at 31 December 2006		77,712	2,611,841	14,322	18,489	2,722,364
Changes recognised directly in equity		-	-	- 2,894	69	- 2,825
Result		-	142,827	-	- 16	142,811
Sum of the result and changes recognised directly in equity		-	142,827	- 2,894	53	139,986
Dividend paid		-	- 79,057	-	- 111	- 79,168
Balance as at 30 June 2007		77,712	2,675,611	11,428	18,431	2,783,182
Changes recognised directly in equity		-	-	239	- 41	198
Result		-	172,959	-	254	173,213
Sum of the result and changes recognised directly in equity		-	172,959	239	213	173,411
Dividend paid		-	-	-	-	-
Balance as at 31 December 2007		77,712	2,848,570	11,667	18,644	2,956,593
Changes recognised directly in equity		-	-	- 848	109	- 739
Result		-	95,804	-	631	96,435
Sum of the result and changes recognised directly in equity		-	95,804	- 848	740	95,696
Dividend paid		-	- 93,036	-	- 111	- 93,147
Allocation of super dividend		-	- 500,000	-	-	- 500,000
Balance as at 30 June 2008		77,712	2,351,338	10,819	19,273	2,459,142
					dividend for 2006, paid in 2007	dividend for 2005, paid in 2006
Dividend attributable to shareholders (in euros)					93,036,000	79,057,000
Average number of shares in issue during the year				171,255		171,255
Dividend per share (in euros)				543		462

Condensed consolidated cash flow statement for the first half of 2008

(in thousands of euros)	Note	HY 2008	HY 2007
Cash flow from operations		244,993	205,829
Corporate income tax and interest and dividend received		– 13,141	– 65,995
Cash flow from operating activities		231,852	139,834
Cash flow from investing activities		-149,270	– 171,831
Free cash flow		82,582	– 31,997
Cash flow from financing activities		– 106,068	– 164,578
Net cash flow	6	– 23,486	– 196,575
Balance of cash and cash equivalents as at 1 January		141,704	299,256
Net cash flow		– 23,486	– 196,575
Exchange differences		– 3	79
Balance of cash and cash equivalents as at 30 June		118,215	102,760
(in thousands of euros)		30 June 2008	30 June 2007
Cash and cash equivalents		118,297	102,842
Bank overdrafts		– 82	– 82
	6	118,215	102,760

Notes to the interim consolidated financial report

General information

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

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

Accounting policies

This interim consolidated financial report ('report') was prepared in accordance with IAS 34 Interim Financial Reporting. This report has not been audited. This report should be read in conjunction with the Schiphol Group financial statements for the year ended 31 December 2007.

Full details of the accounting policies used in this report can be found in the 2007 financial statements of Schiphol Group. There has been no change in the accounting policies in 2008.

The abovementioned policies are in accordance with IFRS¹ and have been consistently applied to all the information presented in this report except where otherwise indicated. During the first half of 2008, no new IFRS standards or interpretations were published which will be mandatory for reporting on financial years ending 31 December 2008. Nor has Schiphol Group voluntarily applied any IFRS standards or interpretations that do not come into force until a later date in this interim report.

Financial information is presented in thousands of euros except where otherwise stated.

Restatement of comparative figures for 2007

In the 2007 interim report, the revenue and costs (of EUR 1.2 million) were erroneously presented inclusive of excise duty. Both are now presented exclusive of excise duty. This does not affect the result and the equity for the first half of 2007.

Information on seasonal effects

Operating airports is a seasonal business. The income and expenses included in this report for the first six months of 2008 relate to approximately 49% (first six months of 2007: 48%) of the expected air transport movements for the full year and approximately 48% (first six months of 2007: 47%) of the expected passenger movements for the full year.

¹ Any reference to IFRS means the entire set of rules included in International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and Standing Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as endorsed for use in the EU.

Segment information

Revenue by business segment was as follows:

(in thousands of euros)	HY 2008	HY 2007 *
Aviation	307,180	313,934
Consumers	156,874	148,271
Real Estate	83,094	80,827
Alliances & Participations	65,258	57,323
Total revenue	612,406	600,355
Eliminations	-/- 62,861	-/- 60,194
Revenue	549,545	540,161

The operating result by business segment was as follows:

(in thousands of euros)	HY 2008	HY 2007
Aviation	19,392	30,361
Consumers	67,380	65,321
Real Estate	44,435	79,896
Alliances & Participations	6,000	3,771
Operating result	137,207	179,349

Other notes

1. Revenue

Revenue by activity and business area:

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances and Participations	HY 2008
Airport charges	287,133	-	-	14,887	302,020
Concessions	5,684	53,799	938	1,114	61,535
Rent and leases	-	6,512	60,327	1,412	68,251
Parking fees	-	40,413	581	4,147	45,141
Retail sales	-	31,446	-	-	31,446
Other activities	6,961	14,314	3,772	16,105	41,152
	299,778	146,484	65,618	37,665	549,545

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances and Participations	HY 2007*
Airport charges	297,495	-	-	12,693	310,188
Concessions	5,318	52,603	1,071	978	59,970
Rents and leases	162	6,808	53,961	1,209	62,140
Parking fees	-	37,782	521	3,911	42,214
Retail sales	-	29,537	-	-	29,537
Other activities	3,966	12,027	5,413	14,706	36,112
	306,941	138,757	60,966	33,497	540,161

*) Restated for comparison purposes (see page 13)

2. Other results from property

The result from sales of property amounted to nil in 2008 (EUR 2.8 million in 2007). In 2008, fair value gains on property amounted to EUR 9.9 million (EUR 45.3 million in 2007). Of these fair value gains 24,7% (70% in 2007) are related to the development, purchase and renovation of property and 75,3% (30% in 2007) are related to fair value gains on the existing property portfolio.

3. Tax on profits

In the first half of 2008, the effective tax burden amounted to 25.1% (17.6% in 2007) at a standard tax rate of 25.5% (25.5% in 2007). The difference in 2008 between the effective tax burden and the standard tax rate is the result of other tax rates and exemptions applicable to associates abroad.

The larger positive difference in 2007 between the effective tax rate and the standard tax rate is the result of a non-recurring tax credit of EUR 12.7 million from the provisional settlement of the 2004 tax return.

4. Retained profits

The net result (result attributable to shareholders) of EUR 95.8 million for 2008 (EUR 142.8 million for 2007) was added to the retained profits.

Following the approval by the General Meeting of Shareholders on 17 April 2008 of the proposed profit appropriation presented in the 2007 financial statements, a dividend totalling EUR 93.0 million was distributed to the shareholders in 2008. This corresponds to a dividend of EUR 543 per share.

During the same meeting, the shareholders approved a proposal of the Board of Management to make an additional distribution from the retained profits, consisting of:

- A super dividend (one-off distribution at the expense of retained profits) of EUR 500 million in 2008, to be distributed in the third quarter of 2008. This first instalment has been withdrawn from the equity and presented under current liabilities.
- A second super dividend (one-off distribution from retained profits) of no more than EUR 500 million in 2009, under certain conditions. This second instalment has been classified as a contingent liability and has therefore not been withdrawn yet from the equity.

5. Other provisions

With regards to the Groenenberg site, no significant developments occurred during the first half of 2008 in comparison with the situation described in the 2007 annual report.

6. Net cash flow, cash and cash equivalents

The net cash flow in 2008 amounted to EUR 23.5 million negative, compared to EUR 196.6 million negative in 2007. This caused a decrease in the balance of cash and cash equivalents, from EUR 141.7 million as at 31 December 2007 to EUR 118.2 million as at 30 June 2008. The reduced net outflow of cash and cash equivalents is primarily attributable to lower capital expenditure and financing expenses. Capital expenditure totalled EUR 149.3 million in 2008, compared with EUR 171.8 million in 2007. Financing expenses amounted to EUR 106.1 million in 2008, compared with EUR 164.6 million in 2007. Among other things, the difference concerns lower repayments on loans, which were compensated in part by lower amounts received on loans drawn.

Financing

In June 2008, Schiphol Group launched a Euro-Commercial Paper (ECP) programme with a limit of EUR 750 million. This programme is in addition to the existing Euro Medium Term Note programme with a maximum of EUR 1 billion. To support the new programme, Schiphol Group has structured an EUR 400 million syndicated and committed facility with a group of eight banks. In addition, Schiphol Group has two committed credit facilities with ABN AMRO and ING. In July 2008 these two facilities were reduced to a total amount of EUR 100 million. As per June 2008, no loan under the new programme had yet been drawn.

Contingent assets and liabilities

The 2007 financial statements included a note on the contingent assets and liabilities as at 31 December 2007. No new contingent assets and liabilities of a material nature have been identified during the first half of 2008, with the exception of the second instalment of the super dividend discussed in section 4 above, nor have there been any important developments relating to the contingent assets and liabilities existing as at 31 December 2007.

Events after balance sheet date

On 1 July 2008, Schiphol Group increased its interest in Airport Real Estate Basisfonds CV (ACRE Fund) from 50% to 60.25% by acquiring a part of the shares of ING Real Estate. The acquisition does not affect Schiphol Group's control over the CV.

On 4 August 2008, Schiphol Group raised a loan of JPY 20 billion with a term of 30 years. The JPY loan was immediately converted to EUR 120 million by means of a currency rate swap. The loan has a fixed interest coupon of 5.94% on a half-yearly basis (equivalent to 6.01% on an annual basis).

Schiphol, 20 August 2008

For the interim consolidated financial report for the first half of 2008

Supervisory Board

P.J. Kalff, Chairman

A. Ruys, Vice Chairman

H. van den Broek

Dr. F.J.G.M. Cremers

T.A. Maas-de Brouwer

W.F.C. Stevens

T.H. Woltman

Board of Management

Prof. G.J. Cerfontaine, President

M.M. de Groof, Member of the Board of Management/ Chief Commercial Officer

A.P.J.M. Rutten, Member of the Board of Management/Chief Operations Officer

Dr. P.M. Verboom, Member of the Board of Management/Chief Financial Officer

To the Shareholders, Supervisory Board and Board of Management of NV
Luchthaven Schiphol

Review report

Introduction

We have reviewed the accompanying consolidated interim financial information for the six-month period ended 30 June 2008, of NV Luchthaven Schiphol, Schiphol, as set out on pages 9 to 16. The interim financial information consists of the balance sheet as at 30 June 2008, the profit and loss account, the statement of changes in equity, the cash flow statement and the selected explanatory notes for the six-month period then ended. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 20 august 2008
PricewaterhouseCoopers Accountants NV

J.A.M. Stael RA
Partner