Schiphol Group – Net result for first half up 8.4% at EUR 88.0 million

Press Release

Schiphol, 24 August 2006

- Schiphol Group's net result, including capital gains on property, for the first half of 2006 was up by 8.4% compared with the corresponding period in 2005, from EUR 81.2 million to EUR 88.0 million.
- Excluding capital gains on property, the net result, of EUR 76.6 million, was almost unchanged (1st half 2005: EUR 76.8 million).
- The operating result, including capital gains on property, increased by 10.4%, from EUR 126.3 million to EUR 139.4 million.
- EBITDA, including capital gains on property, increased by 5.6%, from EUR 209.7 million to EUR 221.4 million.
- Earnings per share increased rose by 8.4% from EUR 474 to EUR 514

Summary of main business results

- The number of passengers using Amsterdam Airport Schiphol, Rotterdam Airport and Eindhoven Airport rose by 4.4% to almost 22.6 million, of whom more than 21.5 million travelled through Amsterdam Airport Schiphol (4.3%).
- The costs of the government-imposed security measures at Amsterdam Airport Schiphol rose by EUR 15.6 million (19.0%) to EUR 97.8 million. The revenue from the Security Service Charge in the first half of 2006 was EUR 3.9 million less.
- The Consumers business area saw concession income from the See Buy Fly shops at Amsterdam Airport Schiphol increase from EUR 3.58 to EUR 3.81 per departing passenger on international flights.
- There was a sharp increase in the capital gains on the investment property portfolio of the Real Estate business area, from EUR 5.5 million in the first half of 2005 to EUR 16.1 million in 2006.
- The international activities of the Alliances & Participations business area contributed EUR 6.9 million to the result before tax for Schiphol Group in the form of interest income and dividends (1st half 2005: EUR 3.6 million).

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

'We are pleased with the financial results achieved in the first half of 2006. We are maintaining our forecast net result for the full year. Our forecast takes into account the measures taken as a result of the attacks recently foiled in the United Kingdom. Excluding capital gains on property and proceeds from the sale of real estate and excluding the expected positive net effects of the finalisation of the Schiphol Group opening balance sheet for tax purposes, the net result is expected to be on par with the 2005 figure. We are also maintaining our forecast that the number of passengers using Amsterdam Airport Schiphol during the whole of 2006 will increase by approximately 4.2%.'

Schiphol Group Corporate Communications & Public Affairs, P.O. Box 7501, 1118 ZG Schiphol, Netherlands
Tel: +31 20 601 26 73 Fax +31 20 601 22 53 http://www.schipholgroup.com
After business hours: Tel +31 20 601 26 73

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 2006 interim results. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail.

Key figures

EUR million unless stated otherwise	**HY 06**	**HY 05***	**Change**	**FY 05**
Revenue	**486.0**	442.8	9.8%	948
Capital gains on investment property	**16.1**	6.4	151.2%	12
Operating expenses	**362.7**	323.0	12.3%	659
Operating result	**139.4**	126.3	10.4%	311
Result before tax	**124.1**	116.9	6.1%	279
Net result excluding capital gains on investment property	**76.6**	76.8	–0.2%	184
Result attributable to shareholders (net result)	**88.0**	81.2	8.4%	193
Depreciation, amortisation and impairment	**82.0**	83.4	–1.7%	167
EBITDA [1]	**221.4**	209.7	5.6%	478
CAPEX (Investments in intangible assets and property, plant and equipment)	**103.7**	150.3	–31.1%	268
Cash flow from operating activities [2]	**116.5**	79.9	45.8%	300
Ratios				
Earnings per share	**514**	474	8.4%	1,126
Interest coverage ratio [3]	**7.0x**	11.8x		9.1x
Leverage as at 30 June	**28.8%**	30.4%		29.4%
Business volume (in numbers) [5]				
Air transport movements	**214,993**	208,769	3.0%	430,566
Passenger movements (x 1,000)	**22,571**	21,610	4.4%	46,152
Cargo (x 1,000 tonnes)	**739**	702	5.2%	1,450

[*] Restated for comparison purposes
[1] Operating result plus depreciation, amortisation and impairment
[2] See cash flow statement for details
[3] Operating result divided by net financial income and expenses
[4] Carrying amount of interest-bearing debt/(total equity + carrying amount of interest-bearing debt)
[5] Schiphol Group: Amsterdam Airport Schiphol, Rotterdam Airport and Eindhoven Airport

Net result
The result attributable to shareholders (net result) of Schiphol Group for the first half of 2006 increased by 8.4%, from EUR 81.2 million to EUR 88.0 million. This increase can be largely attributed to an increase in the capital gains on the company's property portfolio, from EUR 6.4 million before tax in the first of 2005 to EUR 16.1 million in 2006 (after tax EUR 4.4 million and EUR 11.4 million respectively). Excluding capital gains on investment property, the net result was 0.2% down, from EUR 76.8 million to EUR 76.6 million.

Revenue
Revenue during the first half of 2006 increased by 9.8%, from EUR 442.8 million to EUR 486.0 million.

- Income from airport charges increased by 11.1% from EUR 265.2 million to EUR 294.7 million. There was a 4.0% increase due to the greater numbers of passengers and air transport movements, despite the latter effect being partly cancelled out by a decrease in the average maximum takeoff weight (MTOW). And there was a 7.8% increase due to increases in aircraft and passenger-related charges coming into effect on 1 April 2006 and increases in the Security Service Charge on 1 November 2005 and again on 1 April 2006;
- Concession income increased by 9.8% from EUR 58.3 million to EUR 64.0 million, this increase being largely attributable to the growth in passenger numbers combined with an increase due to a higher average spend in the See Buy Fly shops per passenger departing from Amsterdam Airport Schiphol on international flights, which amounted to EUR 3.81 in the first half of 2006 (1st half 2005: EUR 3.58);
- Rental income generated by property increased by 5.4%, from EUR 54.2 million to EUR 57.1 million, despite the sale of investment property to ACRE Fund at the end of 2005;
- Income from car parking fees showed a rise of 6.8%, from EUR 36.5 million to EUR 39.0 million, mainly as a result of an increase in the length of stay in the short-stay car parks and an increase in parking charges at Amsterdam Airport Schiphol; and
- Income from other activities rose by 9.2%, from EUR 28.5 million to EUR 31.1 million, on the strength of higher advertising revenues and higher revenues generated by services and activities on behalf of third parties among other factors.

Other property results
The other property-related results amounted to EUR 16.1 million, representing an increase of EUR 9.7 million compared with the first half of 2005. This was due to higher capital gains on investment property in 2006.

Operating expenses
The operating expenses for the first half of 2006 were up by 12.3%, from EUR 323.0 million to EUR 362.7 million.

- Total costs of outsourced work and other external charges rose by 22.6%, from EUR 163.0 million to EUR 199.8 million, the main factor here being increased security costs at Amsterdam Airport Schiphol. Spending on security at Amsterdam Airport Schiphol in the first half of 2006 totalled EUR 97.8 million. Compared with the corresponding period in 2005, that represents an increase of EUR 15.6 million (+19.0%). The item also includes an amount of EUR 4.9 million for the cost of amelioration activities following oxygen depletion in surface waters due to the effect of de-icing fluid. Energy costs were up by EUR 5.0 million, mainly due to increased charges. The remaining increase is accounted for by the increased level of activities as a result of greater traffic volumes;
- Employee benefits increased by 3.9%, from EUR 72.8 million to EUR 75.7 million, chiefly as a result of a 2.3% rise in basic pay which came into effect on 1 January 2006;
- Depreciation and amortisation charges were up by 4.4%, from EUR 78.5 million to EUR 82.0 million, following various assets becoming operational in 2005;
- No impairment losses were recognised in the first half of 2006, compared with EUR 4.9 million in the first of 2005; and
- Other operating expenses increased by EUR 1.6 million, from EUR 3.7 million to EUR 5.3 million.

Operating result
The operating result for the first half of 2006 was up by 10.4%, from EUR 126.3 million to EUR 139.4 million. The net result for the first half of 2006, before interest, tax, depreciation, amortisation and impairment (EBITDA) amounted to EUR 221.4 million. The EBITDA figure for the corresponding period in 2005 was EUR 209.7 million.

Schiphol Group Corporate Communications & Public Affairs, P.O. Box 7501, 1118 ZG Schiphol, Netherlands
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Financial income and expenses
Net financial income and expenses (net expense) for the first half of 2006 came in at EUR 20.0 million. Compared with the corresponding period in 2005, that represents an increase of EUR 9.4 million (87.6%). This increase is mainly accounted for by translation differences on a loan denominated in Australian dollars granted to our associate in Australia, which amounted to EUR 2.8 million negative in 2006 and EUR 4.3 million positive in 2005.

Credit rating
Standard & Poor's (AA-) and Moody's Investor Service (Aa3) have reaffirmed their credit ratings for N.V. Luchthaven Schiphol and Schiphol Nederland BV although S&P did qualify that with a 'negative outlook' (previously 'stable'), owing to the decision by the Upper House of Dutch Parliament concerning the privatisation plans. Moody's maintained its 'stable outlook' qualification.

Events after the balance sheet date
The attacks recently foiled in the United Kingdom have resulted in heightened security measures at airports, including Amsterdam Airport Schiphol. Since 10 August these measures have been restricted to intensified security control and a ban on carrying liquids in hand baggage on flights to the U.S.A and on board flights with US carriers. These restrictions will affect part of Schiphol Group's concession revenue. In association with the U.S. authorities, it is being examined whether these restrictions can be reduced.

Prospects
Schiphol Group's Board of Management is maintaining its profit projection contained in the 2005 annual report. Our forecast takes into account the measures taken as a result of the attacks recently foiled in the United Kingdom. Excluding capital gains on property and proceeds from the sale of property, a net result on par with that for 2005 is expected for the whole of 2006 (EUR 177 million).

This forecast does not take into account the good progress which has been made in achieving agreement with the Dutch tax authorities concerning the finalisation of the opening balance sheet for tax purposes as at 1 January 2002, the date on which Schiphol Group became liable for corporate income tax. If agreement is reached, this could result in a significant non-recurring tax credit in the second half of 2006.

Capital expenditure over the whole of 2006 is expected to amount to around EUR 300 million; previous estimates had been a figure of EUR 360 million.

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Developments in the individual business areas

Aviation
The Aviation business area, which looks after planning, coordination and capacity management at Amsterdam Airport Schiphol, accounted for 60.5% of the revenues generated by Schiphol Group in the first half of 2006 and 19.5% of the operating result. The activities of the business area are regulated, i.e. the maximum permitted return is capped by the government.

EUR million	**HY06**	**HY05**	**Change**	**FY05**
Revenue	**294.2**	264.9	11.0%	573
EBITDA	**86.0**	91.7	–6.2%	214
Operating result	**27.2**	35.3	–22.9%	99
CAPEX (Investments in intangible assets and property, plant and equipment)	**73.0**	97.8	–24.4%	187

Amsterdam Airport Schiphol saw passenger numbers grow by 4.3% and the volume of cargo grow by 5.2% in the first half of 2006. The number of air transport movements increased by 2.9%. The average size of aircraft declined, however, with the average MTOW falling by 1.3% from 100.0 to 98.7 tonnes.

Apart from the impact of these volume factors, Aviation revenues also benefited from an average increase of 2% in takeoff and landing fees payable by airlines using Amsterdam Airport Schiphol as from 1 April 2006. The Passenger Service Charge for departing passengers was also increased by 2%. The Security Service Charge for departing passengers rose by 7.4%, owing to increased security costs. Despite the increase in the Security Service Charge, the income it generated fell short of the actual costs of security in the first half of 2006 by EUR 3.9 million.

Aviation revenues in the first six months of 2006 were up by 11.0%, at EUR 294.2 million, but operating expenses increased by 16.3% to EUR 267.0 million. Apart from higher security costs, there was also a strong increase in energy and maintenance costs due to the prolonged winter and the problems this caused with oxygen levels in the water in the drainage ditches.

The business area saw costs per workload unit (WLU), a measure of efficiency, increase by 11.0% in the first half of 2006 compared with the first half of 2005, reaching a figure of EUR 9.19. One WLU equates to 1 passenger or 100 kg of cargo. The increase was mainly attributable to higher security costs and depreciation/amortisation charges. Eliminating the latter increases, costs per WLU rose by 8.8%, from EUR 3.73 to EUR 4.06.

Investment at Amsterdam Airport Schiphol in the first half of 2006 totalled EUR 73.0 million, including new baggage handling facilities and the construction of a new corridor between Pier B and Pier C. Further investments were again made in security and fire safety, and major repairs were recently carried out on Runway 18C–36C. In June, KLM and Schiphol Group officially opened Europe's first departure hall offering only self-service check-in facilities.

As in the closing months of 2005, the IR rate – the percentage of baggage items that do not arrive at the destination at the same time as the passenger – was lower than for the other major airports in Europe. Punctuality also developed favourably during the first six months, with an improvement of 1.7 percentage points to 82.0% for arrivals and 2.5 percentage points to 74.7% for departures.

Other developments relating to Aviation
At the end of June, the Upper House of Dutch Parliament passed the Amendment to the act governing the operation of Amsterdam Airport Schiphol under which the Netherlands Competition Authority (NMa) will in future be responsible for overseeing the setting of aviation-related charges at Amsterdam Airport Schiphol and the associated consultation process. Previously, this was the responsibility of the Ministry of Transport, Public Works and Water Management.

Consumers
The Consumers business area, which looks after the operation of concessions (for shops, bars and restaurants etc.), car parks and advertising at Amsterdam Airport Schiphol, accounted for 22.5% of the revenues generated by Schiphol Group in the first half of 2006 and 46.0% of the operating result. The business area is also active outside the Netherlands.

EUR million	**HY06**	**HY05**	**Change**	**FY05**
Revenue	**109.5**	90.9	20.5%	195
EBITDA	**72.0**	63.2	13.9%	140
Operating result	**64.1**	56.0	14.5%	125
CAPEX (Investments in intangible assets and property, plant and equipment)	**5.2**	4.2	24.6%	16

The operating result for the Consumers business area in the first half of 2006 was up by EUR 8.1 million, at EUR 64.1 million. Concession income from the See Buy Fly shops at Amsterdam Airport Schiphol increased by EUR 4.3 million (+11.8%) to EUR 40.8 million on the strength of higher passenger numbers and a higher average spend. The increase in spending followed the introduction of more competitive product pricing, the new See Buy Fly 'Buy Bye' campaign and growing consumer confidence.

As a result, concession income from the See Buy Fly operations per departing passenger on international flights at Amsterdam Airport Schiphol showed an increase of 6.4% in the first half of the year, from EUR 3.58 to EUR 3.81. The income from other concessions rose by EUR 2.1 million, mainly as a result of increased spending on food and drinks.

In 2006, first-half revenue included income from rents and leases totalling EUR 6.1 million, largely made up of rents paid by concession holders. In 2005, this income was recognised by the Real Estate business area.

Income generated by parking at Amsterdam Airport Schiphol increased by 6.3%, or EUR 2.1 million, to EUR 35.6 million, partly owing to a longer average stay in the short-stay car parks. Parking revenues per passenger, excluding transfer passengers, accordingly showed an increase, of 0.7%, from EUR 2.87 in 2005 to EUR 2.89 in 2006.

Advertising income was up by 29.2%, at EUR 6.2 million. This was largely the result of offering new spaces for carrying outdoor advertising.

CAPEX by the Consumers business area in the first six months of 2006 totalled EUR 5.2 million. In the area after passport control, the first airport lounges were opened. These are areas where companies can receive their important customers prior to departure. ABN Amro and the business travel specialists BCD Travel are the first users of these new facilities.

The Saphire loyalty programme at Jakarta International Airport was launched, enabling members to use an automated border passage system employing iris recognition to clear passport control quickly. Saphire is based on the Privium programme that was introduced at Amsterdam Airport Schiphol in 2001 and now has 30,000 members.

Other developments relating to Consumers
Effective 1 January 2007 Schiphol Group plans to take over the liquor and tobacco concession in the See Buy Fly area, currently operated by KLM Tax Free Services, whose contract expires on 31 December 2006. This move is in line with the strategy of strengthening retail activities being pursued by the Consumers business area. A memorandum of understanding was signed on 5 July 2006, including an undertaking that the takeover of the six shops and 150 staff will be effected in such a way as to guarantee the continuity of the activities. This means, among other things, that the staff will become employees of Schiphol Group. A due diligence investigation has yet to be conducted by Schiphol Group in the second half of the year.

Real Estate
The Real Estate business area, which looks after the development, management and letting of the Group's property at and around Amsterdam Airport Schiphol and other airports in the Netherlands and abroad accounted for 10.8% of the revenues generated by Schiphol Group in the first half of 2006 and 32.5% of the operating result.

EUR million	**HY06**	**HY05**	**Change**	**FY05**
Revenue	**52.4**	55.6	–5.8%	116
Result on sale of investment property	**0.0**	0.0	–	10
Capital gains on investment property	**16.1**	5.5	193.5%	11
EBITDA	**55.7**	44.2	26.0%	102
Operating result	**45.3**	28.7	57.9%	78
CAPEX (Investments in intangible assets and property, plant and equipment)	**22.8**	34.0	–32.9%	50

The operating result of the Real Estate business area for the first half of 2006 rose by EUR 16.6 million, largely owing to higher unrealised capital gains and the absence of any impairment losses on the property portfolio. Excluding capital gains on investment property, the operating result was up by 25.7%, from EUR 23.2 million to EUR 29.2 million.

The 2005 revenue figure included income from concession holders' leases. With effect from 2006, these revenues (up to EUR 6.1 million) have been recognised by the Consumers business area.

The capital gains on the property portfolio in the first six months of 2006 amounted to EUR 16.1 million, compared with EUR 5.5 million in the first half of 2005, the increase being due to the completion of new properties, the issue of new long lease contracts and an increase in the appraised values of existing properties.

No properties were sold in the first half of 2006, in contrast to the first half of 2005, when property valued at EUR 9.5 million was sold to ACRE Fund, for which the carrying amounts (based on fair value) were practically the same as the proceeds from the sale.

The average occupancy figure for the property at Amsterdam Airport Schiphol rose from 85.4% as at the end of June 2005 to 85.7% at the end of June 2006.

CAPEX on the part of the Real Estate business area in 2006 totalled EUR 22.8 million. A start was made with the construction of a multi-tenant office building at Schiphol Centre, which will be home to Microsoft among other companies and will have a floor area of 32,000 m^2. A start was also made with the construction of Cargo Building 9 at Cargo World Schiphol Southeast. Menzies Aviation and Skylink, two cargo handling agents, will be leasing 75% of this building, which will have a warehouse area of 24,600 m2 and 3,900 m2 of office space.

Yusen Air & Sea Service (Yusen) and Eagle Global Logistics (EGL) moved into new cargo buildings in Cargo World Schiphol Southeast. The old Yusen building at Schiphol Southeast has been acquired and has now been leased to Rutges Air Cargo.

Leasehold land has been released in RTM Airpark at Rotterdam Airport on which MiraTes Europe, manufacturer of diagnostic self-testing products, is to build a head office with a floor area of approximately 2,000 m2. A memorandum of understanding has been signed with the construction group Dura Vermeer for the release of land on a leasehold basis for the construction of an office building with a floor area of approximately 12,000 m2.

Other developments relating to Real Estate
At Malpensa Airport in Italy, a start has been made with the construction of a second line cargo building with an area of 12,000 m^2, due for completion by the end of the year. A start has also been made with site preparation for the construction of the first office building in the MXP Business Park adjacent to Malpensa Airport.

Alliances & Participations (A&P)
The Alliances & Participations business area is responsible for operating Rotterdam Airport, Eindhoven Airport and Lelystad Airport, for managing the investments in JFK IAT, which manages Terminal 4 at New York's John F. Kennedy Airport, and in Brisbane Airport and for managing the Utilities business. The latter business comprises the revenues from the supply of electricity, gas and water to third parties. In the first half of 2006, the business area accounted for 6.2% of Schiphol Group's revenues and 2.0% of the operating result.

EUR million	**HY06**	**HY05**	**Change**		**FY05**
Revenue	**29.9**	31.4	4.8%		64
Capital gains on investment property	**0.0**	0.9	–100.0%		1
EBITDA	**7.6**	10.6	–28.6%		22
Operating result	**2.8**	6.3	–56.3%		9
CAPEX (Investments in intangible assets and property, plant and equipment)	**2.7**	14.3	–81.1%		24

The international activities of the Alliances & Participations business area contributed a total of EUR 6.9 million in the form of interest income and dividends to Schiphol Group's result before tax (1st half 2005: EUR 3.6 million). The biggest contribution was made by the Brisbane Airport associate (EUR 6.3 million).

The Alliances & Participations operating result for the first half of 2006 was down by EUR 3.5 million, mainly owing to a drop of EUR 0.9 million in the share of the results of the associates in the Netherlands and the drop of EUR 2.3 million in the Utilities result. The lower Utilities result is partly explained by non-recurring income of EUR 1.2 million in 2005.

The number of passengers using Terminal 4 at JFK Airport, New York, in the first six months of 2006 rose by 10.5% to more than 3.4 million and, in the first six months of 2006, almost 7.8 million passengers travelled through Brisbane Airport, which was 4.0% up on 2005.

Passenger numbers at Eindhoven Airport in the first half of the year were up by 22.1%, at 507,000, with the strongest growth accounted for by the low-cost carriers (+32%). The number of passengers using Rotterdam Airport in the first six months was down by 4.4%, at not quite 516,000, as a result of a disappointing first quarter.

Other developments relating to A&P
At the beginning of 2006, Schiphol Nederland B.V. and KPN Telecom B.V., the limited partners in the Schiphol Telematics C.V. joint venture, reached heads of agreement on the division of the Schiphol Telematics joint venture activities carried on by Schiphol Group and KPN into a 'service business' and a 'network business'. The network business is to be continued by Schiphol Telematics C.V. and its net assets have therefore been attributed to Schiphol Group. The service business has been attributed to KPN.

Schiphol International is bidding for a possible strategic partnership with Nanjing Lukou International Airport in China. As part of the proposed alliance there is also the possibility of investing in the share capital of the airport. There is another contender in the race for the acquisition of a minority interest in Nanjing Airport.

Interim consolidated financial report

Consolidated balance sheet as at 30 June 2006

Assets (in thousands of euros)	Note	30 June 2006		31 December 2005	
Non-current assets					
Intangible assets			**21,437**		17,865
Property, plant and equipment					
Assets used for operating activities		**2,166,511**		2,175,388	
Assets under construction or development		**310,419**		289,975	
Investment property		**695,151**		665,271	
	1		**3,172,081**		3,130,634
Financial assets					
Investments in associates		**17,395**		17,842	
Loans to associates		**42,719**		45,520	
Lease receivables		**23,022**		20,015	
Derivative financial instruments		**554**		300	
Other financial assets		**16,913**		17,222	
			100,603		100,899
			3,294,121		3,249,398
Current assets					
Assets held for sale		**25,277**		25,277	
Trade and other receivables		**161,279**		144,758	
Cash and cash equivalents		**203,723**		261,942	
			390,279		431,977
			3,684,400		3,681,375

Equity and liabilities (in thousands of euros)	Note	30 June 2006		31 December 2005	
Share capital and reserves attributable to shareholders					
Issued share capital		**77,712**		77,712	
Retained profits		**2,172,928**		2,140,230	
Other reserves		**13,766**		4,710	
			2,264,406		2,222,652
Minority interests			**23,060**		22,658
Total equity			**2,287,466**		2,245,310
Non-current liabilities					
Borrowings		**665,107**		775,252	
Lease liabilities		**179,487**		182,486	
Employee benefit provisions		**54,888**		54,944	
Deferred tax liabilities		**24,134**		18,915	
Other provisions		**10,000**		10,000	
Derivative financial instruments		**12,706**		48,231	
	2		**946,322**		1,089,828
Current liabilities					
Borrowings		**128,143**		28,359	
Lease liabilities		**5,005**		7,222	
Derivative financial instruments		**34,366**		-	
Corporate income tax		**71,868**		91,240	
Trade and other payables		**211,230**		219,416	
	3		**450,612**		346,237
			3,684,400		3,681,375

Consolidated profit and loss account for the 1st half 2006

(in thousands of euros)	Note	HY 2006		HY 2005*	
Revenue	4		485,984		442,757
Sales of property		-		9,452	
Cost of sales of property		-		9,429	
Result on sales of property		-		23	
Capital gains on property	5	16,143		6,427	
Other property results			16,143		6,450
Costs of outsourced work and other external charges		199,796		162,996	
Employee benefits		75,664		72,810	
Depreciation/amortisation		81,957		78,501	
Impairment		-		4,908	
Other operating expenses		5,315		3,736	
Total operating expenses			- 362,732		- 322,951
Operating result			139,395		126,256
Interest income and interest expense		- 16,830		- 17,071	
Other financial results		- 3,214		6,384	
Financial income and expenses			- 20,044		- 10,687
Share in results of associates			4,768		1,368
Result before tax			124,119		116,937
Corporate income tax			- 35,719		- 34,061
Result			88,400		82,876
Attributable to:					
Minority interests			401		1,672
Shareholders (net result)			87,999		81,204
Earnings per share (in euros)			514		474
Diluted earnings per share (in euros)			514		474

* Restated for comparison purposes

Condensed consolidated statement of changes in shareholders' equity

(in thousands of euros)	Attributable to shareholders			Minority interest	Total
	Issued share capitals	Retained profits	Other reserves		
Balance as at 1 January 2005	**77,712**	**1,993,732**	**2,624**	**20,962**	**2,095,030**
Gains and losses recognised directly in equity	-	-	- 1,185	-	- 1,185
Result	-	81,205	-	1,672	82,877
Sum of the result and gains and losses recognised directly in equity	-	81,205	- 1,185	1,672	81,692
Dividend paid	-	- 46,400	-	- 111	- 46,511
Minority contributions of share capital to subsidiaries	-	-	-	250	250
Other movements	-	- 2	-	- 1	- 3
Balance as at 30 June 2005*	**77,712**	**2,028,535**	**1,439**	**22,772**	**2,130,458**
Gains and losses recognised directly in equity	-	-	3,271	-	3,271
Result	-	111,695	-	- 413	111,282
Sum of the result and gains and losses recognised directly in equity	-	111,695	3,271	- 413	114,553
Dividend paid	-	-	-	-	-
Minority contributions of share capital to subsidiaries	-	-	-	300	300
Other movements	-	-	-	- 1	- 1
Balance as at 31 December 2005	**77,712**	**2,140,230**	**4,710**	**22,658**	**2,245,310**
Gains and losses recognised directly in equity	-	-	9,056	-	9,056
Result	-	87,999	-	401	88,400
Sum of the result and gains and losses recognised directly in equity	-	87,999	9,056	401	97,456
Dividend paid	-	- 55,300	-	-	- 55,300
Minority contributions of share capital to subsidiaries	-	-	-	-	-
Other movements	-	- 1	-	1	-
Balance as at 30 June 2006	**77,712**	**2,172,928**	**13,766**	**23,060**	**2,287,466**

* Restated for comparison purposes

Other reserves comprises the translation differences reserve and the reserve for hedging transactions. The movement in the reserve for hedging transactions as at 30 June 2006 amounted to EUR 8.9 million, mainly relating to the fair value movements on the EMTN loans and the associated derivatives.

After the resolution approving the proposed profit appropriation presented in the 2005 financial statements was passed by the General Meeting of Shareholders held on 13 April 2006, a dividend totalling EUR 55.3 million was distributed to the shareholders in the first half of 2006. This corresponds to a dividend of EUR 323 per share.

Condensed consolidated cash flow statement for the 1st half 2006

(in thousands of euros)	HY 2006	HY 2005
Cash flow from operations	**178,670**	**192,669**
Corporate income tax paid, interest and dividend	- 62,167	- 112,755
Cash flow from operating activities	**116,503**	**79,914**
Cash flow from investing activities	**- 115,293**	**- 142,011**
Free cash flow	**1,210**	**- 62,097**
Cash flow from financing activities	**- 59,353**	**- 72,737**
Net cash flow	**- 58,143**	**- 134,834**

	2006	2005
Balance of cash and cash equivalents as at 1 January	261,860	236,204
Net cash flow	- 58,143	- 134,834
Exchange differences	- 76	66
Balance of cash and cash equivalents as at 30 June	**203,641**	**101,436**

(in thousands of euros)	30 June 2006	30 June 2005
Cash and cash equivalents	203,723	101,518
Bank overdrafts	- 82	- 82
	203,641	**101,436**

Schiphol Group Corporate Communications & Public Affairs, P.O. Box 7501, 1118 ZG Schiphol, Netherlands
Tel: +31 20 601 26 73 Fax +31 20 601 22 53 http://www.schipholgroup.com
After business hours: Tel +31 20 601 26 73

Notes to the interim consolidated financial report

General information

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

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

Accounting policies

This interim consolidated financial report ('report') has been 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 2005.

Full details of the accounting policies used in this report can be found in the 2005 financial statements. There has been no change in the accounting policies since 31 December 2005. These accounting policies are in accordance with IFRS[1] and have been consistently applied to all the information presented in this report except where otherwise indicated. The new IFRS standards published during the first half of 2006 which will be mandatory for financial years ending 31 December 2006 do not apply to Schiphol Group. Schiphol Group has not voluntarily applied any IFRS standards not coming into force until a later date in this interim report either.

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

Transition to IFRS

The figures for the first half of 2005 contained in this report have been restated for comparison purposes. This restatement follows the transition to IFRS and concerns changes which became known after publication of the half-year results for 2005.

The main change subsequently implemented concerns the translation differences on the redeemable preference shares (RPFs) of Brisbane Airport Corporation Holdings Pty Ltd. (BACH) held by Schiphol Group. Under IFRS, these RPFs are treated as a long-term receivable from the associate instead of an investment in the associate. As a consequence, the translation differences have to be recognised in the profit and loss account (other financial income and expenses) instead of in the translation differences reserve. In the first half of 2005, these translation differences amounted to EUR 4.3 million positive.

Information on seasonal effects

Operating airports is a seasonal business. The income and expenses included in this report for the first six months of 2006 relate to approximately 48% (first six months of 2005: 48%) of the expected air transport movements for the full year and approximately 47% (first six months of 2005: 47%) of the expected passenger movements for the full year.

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[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 analysed by business segment was as follows:

(in thousands of euros)	HY 2006	HY 2005
Aviation	298,231	274,191
Consumers	110,571	108,572
Real Estate	75,700	96,533
Alliances & Participations	38,060	43,029
Total revenue	**522,562**	**522,325**
Eliminations	- 36,578	- 79,568
Revenue	**485,984**	**442,757**

The operating result analysed by business segment was as follows:

(in thousands of euros)	HY 2006	HY 2005
Aviation	27,225	35,286
Consumers	64,114	55,989
Real Estate	45,306	28,731
Alliances & Participations	2,750	6,250
Operating result	**139,395**	**126,256**

Other notes

1. Property, plant and equipment
Investments in property, plant and equipment amounted to EUR 103.7 million in the first half of 2006 compared with EUR 150.3 million in the corresponding period in 2005. The main projects were the construction of new baggage handling facilities and a new corridor between Pier B and Pier C. Investments were also made in new real estate projects and in security and fire safety.

2. Non-current liabilities

Loans
Schiphol Group repaid a net amount of EUR 4.1 million of the company's loans in the first half of 2006.

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

The most important of the above claims and disputes concerns the legality of the ban on the development of the Groenenberg site. If development were to take place on the Groenenberg site, it could seriously compromise the use of Runway 18L–36R. The State Secretary at the Ministry of Transport, Public Works and Water Management accordingly issued a ban on development for this site under the provisions of Section 38 of the Aviation Act (old act). In June 2003, the owner of the site filed a claim against Schiphol Group for the losses resulting from the imposition of this development ban. On 12 January 2005, the Court at Haarlem ruled in an interlocutory judgment that Schiphol Group was liable to pay compensation of an amount to be fixed by a panel of experts. In July 2006, the panel of experts produced its final recommendations for the Court, setting the amount of the compensation (excluding interest payable with effect from 19 February 2003 up to the date of final judgment by the Court) at EUR 17.3 million.

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

Of possible relevance to the Court's final decision concerning the amount of the compensation is the status of the development ban. In response to an inquiry by the Ministry of Transport, Public Works and Water Management and after consultation with Air Traffic Control the Netherlands, Schiphol Group has replied that, under certain conditions, the amended development plans of the owner of the Groenenberg site would no longer impose any capacity restrictions on Runway 18L–36R. The State Secretary at the Ministry of Transport, Public Works and Water Management has not rejected Schiphol Group's application to have the development ban lifted but, before reaching a final decision, the State Secretary has given Chipshol and the Haarlemmermeer Municipal Authority the opportunity to express their views regarding her intention to lift the ban either entirely or partially. If Chipshol were to apply for a new building permit, the Haarlemmermeer Municipal Authority would, in principle, grant permission. If the Ministry decides to lift the development ban and Chipshol's development plan is approved, that should reduce the amount of the losses.

3. Current liabilities

At the beginning of 2006, Schiphol Nederland B.V. and KPN Telecom B.V., the limited partners in the Schiphol Telematics B.V. joint venture, reached heads of agreement on the exit of KPN from the joint venture with effect from 1 January 2006. Schiphol Telematics C.V. continues in existence with Schiphol Group as limited partner and Schiphol Telematics B.V. as managing partner. The activities of the joint venture have been split into a 'service business' and a 'network business'. The network business is to be continued by Schiphol Telematics C.V. and its net assets have therefore been attributed to Schiphol Group. The service business has been attributed to KPN.

In view of the above, the network business has been included in full in the Schiphol Group consolidation with effect from 1 January 2006 and the Group's share of the service business has ceased to be included in the consolidation with effect from the same date. In connection with the purchase of the KPN share in the network business and the sale of the Schiphol Group share in the service business, a net current liability to KPN amounting to EUR 8.3 million was recognised in the balance sheet as at 30 June 2006.

4. Revenue

The analysis by activity and business segment is as follows:

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances and Participations	HY 2006
Airport charges	283,085	-	-	11,631	294,716
Concessions	5,382	57,184	795	639	64,000
Rents and leases	324	6,081	49,617	1,110	57,132
Parking fees	-	35,643	555	2,832	39,030
Other activities	5,379	10,608	1,425	13,694	31,106
	294,170	**109,516**	**52,392**	**29,906**	**485,984**

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances and Participations	HY 2005
Airport charges	254,353	-	-	10,893	265,246
Concessions	6,578	50,408	830	466	58,282
Rents and leases	313	35	52,656	1,182	54,186
Parking fees	-	33,535	507	2,506	36,548
Other activities	3,648	6,873	1,614	16,360	28,495
	264,892	**90,851**	**55,607**	**31,407**	**442,757**

A large part of the rents and leases income of the Consumers business area in 2006 comprises income from letting space to concession holders. In 2005, this income was still recognised by the Real Estate business area.

5. Capital gains on property

Capital gains on the property portfolio in the first six months of 2006 amounted to EUR 16.1 million compared with EUR 5.5 million in the first half of 2005. This increase was due to the completion of new properties, the issue of new long lease contracts and an increase in the appraised values of existing properties.

Contingent assets and liabilities

General

The 2005 financial statements included a note on the contingent assets and liabilities as at 31 December 2005. No new contingent assets and liabilities of a material nature have been identified during the first half of 2006 nor have there been any important developments relating to the existing contingent assets and liabilities as at 31 December 2005, apart from the following:

Corporate income tax

With effect from 1 January 2002, Schiphol Group has been subject to corporate income tax. In 2003, Schiphol Group prepared the opening balance sheet for tax purposes and a tax return was filed for 2002. In the first half of 2006, Schiphol Group management and the tax authorities made good progress on reaching agreement regarding the opening balance sheet for tax purposes. The Board of Management expects the company's tax assessment to be finalised, allowing the necessary agreement to be signed by both parties in the second half of 2006. According to the position currently reached, the fiscal equity of Schiphol Nederland B.V. as at 1 January 2002 is over EUR 1 billion higher than the equity for reporting purposes, chiefly owing to higher fiscal valuation of land. This land is carried at cost for reporting purposes. In the opening balance sheet for tax purposes, it is included at fair value as at 1 January 2002. The difference between the fiscal equity and the reported equity gives rise to a deferred tax asset and to a non-recurring tax credit to be recognised in the second half of 2006 which is likely to be material.

KLM concessions

Schiphol Group plans to take over the liquor and tobacco concession in the See Buy Fly area, currently operated by KLM Tax Free Services, whose contract expires on 31 December 2006. The acquisition of the liquor and tobacco concession is in line with the strategy of strengthening retail activities being pursued by the Consumers business area. Schiphol Nederland B.V. and Koninklijke Luchtvaartmaatschappij N.V. signed a memorandum of understanding on the transaction on 5 July 2006. The acquisition relates to six shops and approximately 150 staff. The memorandum of understanding provides for the takeover to be effected in such a way as to guarantee the continuity of the activities. This means, among other things, that all assets and contracts relevant to the performance of the activities concerned will be taken over and that the staff will become employees of Schiphol Group and keep their existing jobs. A due diligence investigation has yet to be conducted by Schiphol Group in the second half of the year and allocation of the purchase price to the various assets and liabilities acquired will be performed.

To: the Annual Meeting of Shareholders

Report on review of interim financial information

Introduction

We have reviewed the accompanying consolidated balance sheet of N.V. Luchthaven Schiphol as of 30 June 2006, the related consolidated statement of income and the condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Netherlands Standard on Reviews of Historical Information 2410N ("Opdrachten tot het beoordelen van tussentijdse berichten") issued by the Netherlands Institute of Registeraccountants. 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 generally accepted in the Netherlands 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Amsterdam, 23 August 2006
PricewaterhouseCoopers Accountants N.V.

J.A.M. Stael RA