

Schiphol Group Annual Report 2005



Financial figures*

Revenue

EUR million



EBITDA

EUR million



Operating Result

EUR million

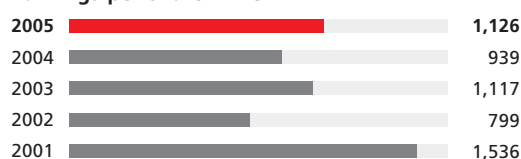


RONA after tax

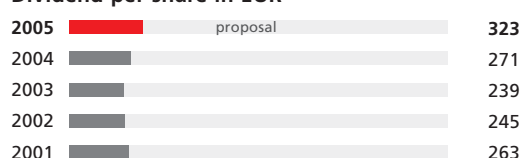
EUR million



Earnings per share in EUR

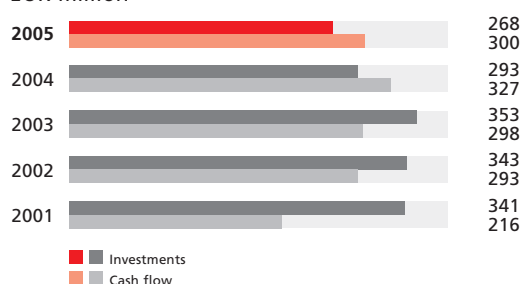


Dividend per share in EUR



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

EUR million



Key figures*

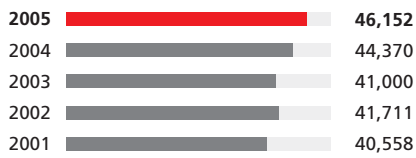
EUR million unless stated otherwise	2005	2004	
Results			
Revenue	948	876	8.1%
Capital gains on investment property	12	5	144.1%
Operating result	311	265	17.4%
Result before tax	277	239	15.7%
Net result excluding investment property gains	184	157	17.1%
Net result (attributable to shareholders)	193	161	19.9%
Depreciation, amortisation and impairment	167	160	4.4%
Cash flow from operating activities	300	327	- 8.3%
Balance Sheet			
Total assets	3,681	3,556	3.5%
Shareholders' equity	2,245	2,093	7.3%
Average non-current assets	3,203	3,087	3.8%
Ratios			
Interest coverage ratio	9.1x	10.3x	
Return on equity	8.9%	7.9%	
Interest-bearing debt / total assets	25%	28%	
Personnel			
Average effective workforce in full-time equivalents	2,179	2,216	-1.7%

* For comparison purposes, 2004 figures have been adjusted for the transition to IFRS. See pages 157 - 180 for details. 2001 - 2003 figures have not been adjusted for the transition to IFRS

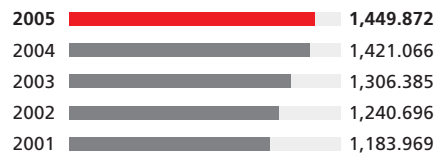
Traffic Volume

Amsterdam Airport Schiphol, Rotterdam Airport & Eindhoven Airport combined

Passengers (* 1,000)



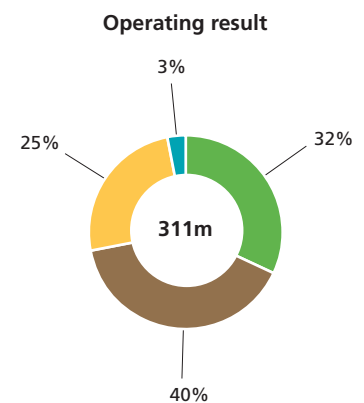
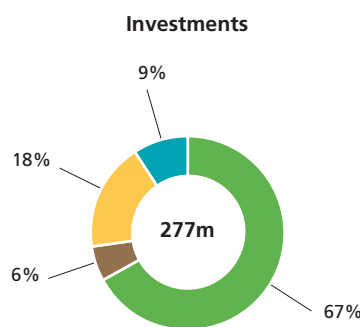
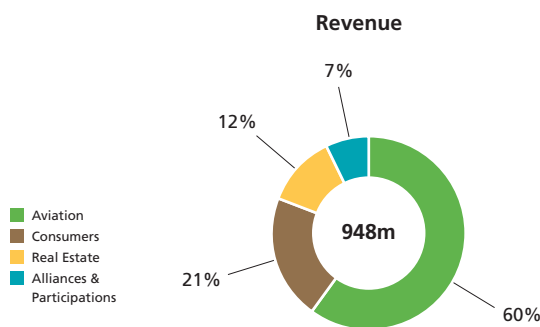
Cargo (tonnes)



Air transport movements



Business Area information



Aviation

RONA after tax



Real Estate

RONA after tax



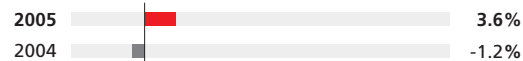
Consumers

RONA after tax

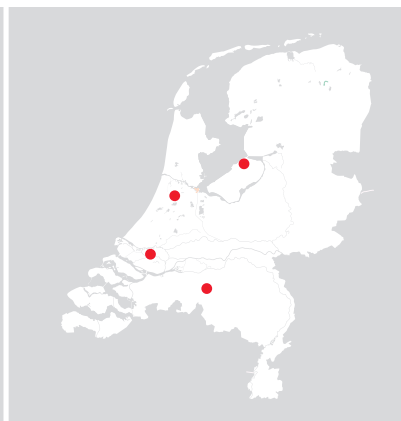


Alliances & Participations

RONA after tax



Schiphol Group locations



- "Saphire" programme, Indonesia
- Real Estate - Tradeport Hong Kong
- Shareholder - JFK International Terminal 4
- Shareholder - Brisbane Airport
- Management contract - Aruba Airport
- Joint Venture - Angkasa Pura Schiphol Jakarta Indonesia

- Amsterdam Airport Schiphol
- Rotterdam Airport
- Eindhoven Airport
- Airport Lelystad

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



Contents

■ Foreword	4
■ Profile	7
■ Important Events	9
■ Shareholder Information	10
■ Objectives and Strategy	11
■ Financial Performance	15
■ Business Risks	21
■ Corporate Social Responsibility	27
■ Aviation Business Area	30
■ Consumers Business Area	40
■ Real Estate Business Area	46
■ Alliances & Participations Business Area	54
■ Prospects	59
■ Corporate Governance	60
■ Report of the Supervisory Board	63
■ Remuneration Policy	68
■ Board of Management and Senior Executives	73
■ Financial Statements	74
■ Other Information	191
■ Appendices	196
■ Glossary	200

This is an English translation of the Dutch 2005 Schiphol Group Annual Report. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail.



■ Foreword

An important year

We can look back on a successful year for Schiphol Group. At Amsterdam Airport Schiphol, passenger numbers exceeded 44 million and cargo volume grew by 2%, enabling 'Amsterdam' to retain its position as Europe's fourth-largest passenger airport and third-largest cargo airport. The network of connections served by Amsterdam Airport Schiphol was further enhanced with 14 additional scheduled destinations in the summer of 2005 compared with 2004.

Operationally, commercially and financially we performed better than the previous year. Our baggage handling performance at Amsterdam Airport Schiphol improved, the punctuality with which air traffic was handled was significantly better and Amsterdam Airport Schiphol remained within the noise limits for the fifth consecutive year. In addition, See Buy Fly sales showed a marked recovery and our real estate activities along with our investments in associates around the world made a substantial positive contribution to our result in 2005.

We shall continue to build on these good results in 2006.

The current year will be an important year for us. In the first place because the new Aviation Act (*Wet Luchtvaart*) will be evaluated in 2006. Since the new 18R-36L runway was opened to air traffic in February 2003 Amsterdam Airport Schiphol has been required to comply with a new system of environmental standards and a new enforcement regime. This system, which is embodied in the Aviation Act, is to be evaluated this year. The evaluation offers opportunities to improve legislation and other rules and regulations for the benefit of all parties at and around Amsterdam Airport Schiphol.

The present statutory framework must permit Amsterdam Airport Schiphol to continue to grow in the years ahead by making better use of the existing environmental capacity. This should be possible, for example, by adopting a more rigorous policy of selectivity focussing on the noisiest aircraft, by updating the input data on which the noise limits are based and by introducing different runway usage patterns and flight paths to reduce noise impact in the local community. With regard to the latter, we plan to carry out pilot schemes in consultation with the regional community in order to demonstrate that genuinely effective measures are possible.

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



In the longer term, Amsterdam Airport Schiphol must be allowed to grow to around 600,000 air transport movements a year. Achieving such a capacity will, however, require a totally new set of environmental standards, laid down by law. In 2005, in conjunction with Air France-KLM and Air Traffic Control the Netherlands (LVNL), we published our views on the need to amend the Aviation Act in a way which takes account of the interests and wishes of local residents while still enabling Amsterdam Airport Schiphol to maintain and further expand its main-port position.

Equally important to our company in 2006 are the government's plans to sell off a minority interest in N.V. Luchthaven Schiphol. The Minister of Finance, Gerrit Zalm, proposes to float a large number of shares on the stock exchange and to place the remainder with one or more institutional investors via private placements. The Supervisory Board and the Board of Management are in agreement with this decision.

It is our expectation that being a publicly listed company will foster the professionalism and entrepreneurship that are necessary in order to

continue to operate successfully in the competitive aviation industry of 2006 and in the future.

Success will also depend on working more closely with our principal partners and customers at Amsterdam Airport Schiphol.

In 2006, the year in which Amsterdam Airport Schiphol celebrates its 90th anniversary, we shall be seeking an intensified dialogue with our neighbours. We see working together on the basis of a shared future vision for the region as crucial to maintaining and strengthening support for continued growth of Schiphol in the region. We look forward with confidence to once again this year working on the economic development of the region together with our employees, our partners in the industry, our customers and our neighbours.

I should like to take this opportunity to thank our employees most sincerely for all their hard work in achieving our targets in 2005.

Gerlach Cerfontaine
President

■ Profile

Schiphol Group¹ is an airport operator. It is our ambition to rank among the world's leading airport companies. Our aim is to create sustainable value for our stakeholders by developing AirportCities and by positioning Amsterdam Airport Schiphol as the leading AirportCity.

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

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

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

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

Schiphol Group owns and operates Amsterdam Airport Schiphol, Rotterdam Airport and Lelystad Airport and has a 51% share in Eindhoven Airport. Outside the Netherlands, Schiphol USA Inc. has a share in JFK IAT, which operates Terminal 4 at John F. Kennedy Airport, New York, and Schiphol Australia has an interest in Brisbane Airport Corporation, the operator of Brisbane Airport.

The Aviation business area generates 60% of total revenues, from airport charges. The Consumers business area contributes 21% to revenue, mainly made up of concession revenue from the retail outlets and car parking fees. The Real Estate and Alliances & Participations business areas account for 12% and 7% of revenue respectively.

In 2005, revenue totalled EUR 948 million (EUR 876 million in 2004), on which a result after tax of EUR 193 million (EUR 161 million in 2004) was achieved. Shareholders' equity as at year-end 2005 amounted to EUR 2,245 million (EUR 2,093 million in 2004).

Schiphol Group employs some 2,200 people (on a full-time equivalent basis).

Visit us at www.schipholgroup.com.

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



■ Important Events

April

Amsterdam Airport Schiphol and Stockholm-Arlanda Airport expand their commercial partnership managing shopping, catering and accommodation facilities to cover the entire Arlanda Airport Terminal.

May

The new baggage sorting hall in the south wing of the terminal at Amsterdam Airport Schiphol is completed.

June

The Lower House of Dutch Parliament ratifies the government's proposal to sell off a minority of the shares in N.V. Luchthaven Schiphol.

Schiphol Real Estate starts developing a new cargo building for Eagle Global Logistics at Schiphol Southeast.

Schiphol Group, in collaboration with KLM and Air Traffic Control the Netherlands (LVNL), publishes the position paper entitled 'Working on the Future of Schiphol and the Region', containing proposed amendments to the Aviation Act which is to be evaluated in 2006.

Microsoft signs a contract with Schiphol Real Estate to construct an office building at Schiphol Centre, which will become Microsoft's Dutch headquarters in 2007.

July

Sitecom starts constructing its new European headquarters located at Rotterdam Airport's new business park. Sitecom will be the business park's first user.

September

The new terminal at Eindhoven Airport is completed. The building has a capacity of 1.2 million passengers per annum.

UK travel magazine Business Traveller honours Amsterdam Airport Schiphol as Europe's best airport for the 22nd time since 1980.

Malpensa Real Estate B.V., the joint venture between Schiphol Real Estate and Grontmij Real Estate International, acquires a stake in property developer Villa Carmen, which is to develop a new business park near Malpensa Airport.

A new shareholders' agreement is signed with Brisbane Airport Corporation covering, among other things, new agreements concerning the management fee and dividend payable to Schiphol Group.

October

At Amsterdam Airport Schiphol, the northern taxiway connecting the new 18R-36L runway is opened.

Schiphol Real Estate and OSIB Financial Holding B.V. sign a contract for the release of land for the development of a new 220-room hotel at Schiphol Centre.

November

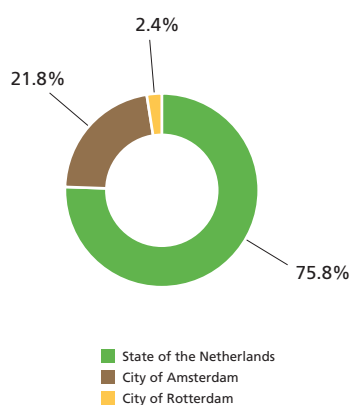
Pier H, the seventh pier at Amsterdam Airport Schiphol, is opened. It is earmarked for point-to-point carriers, which value short turnaround times.

Shareholder Information

Share capital

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

Schiphol Group shareholders



On 30 June 2005, the Lower House of Dutch Parliament ratified the government's proposal to sell off a minority interest in N.V. Luchthaven Schiphol. At the time of publication of this annual report, the necessary legislation was before the Upper House.

In 2005, in preparation for privatisation, Schiphol Group intensified its Investor Relations policy. For more information on Schiphol Group Investor Relations, please call: +31 (0)20 601 25 70, email: Investor_Relations@schiphol.nl or visit: www.schipholgroup.com

Dividend policy

Commencing with 2003, there has been agreement with the shareholders that the dividend should be 30% of the result (attributable to shareholders), excluding the unrealised gains and losses on investment property after tax. In 2005, after tax earnings per share amounted to EUR 1,126 and it is proposed to pay a dividend per share of EUR 323.

Credit rating

N.V. Luchthaven Schiphol and Schiphol Nederland B.V. have issued debt notes under a Euro Medium Term Note (EMTN) programme. The company's credit rating with both Standard & Poor's (AA-) and Moody's Investor Service (Aa3) remained unchanged in 2005. The existing credit ratings were confirmed in May and June, respectively.

Financial calendar

General Meeting of Shareholders

13 April 2006

Publication of 2006 interim results

24 August 2006

Publication of 2006 results

15 February 2007*

General Meeting of Shareholders

12 April 2007*

*Dates subject to change



■ Objectives and Strategy

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

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

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

Amsterdam Airport Schiphol as main port

Amsterdam Airport Schiphol creates the bulk of the sustainable value for the company. And Schiphol Group's operations there will enable the company to become one of the world's leading airport companies. Accordingly our strategy is primarily aimed at improving the quality of operations, safeguarding continuity and strengthening the competitive position of Amsterdam Airport Schiphol as a main port

– a multimodal transport hub of the highest quality handling large volumes of passengers and cargo. Looking back on recent years, it is evident that we have made considerable progress towards maintaining and strengthening that main-port function. Together with Paris Charles de Gaulle, Amsterdam Airport Schiphol is part of the multi-hub system of the strong SkyTeam airline alliance, serving an extensive network of connections. Amsterdam Airport Schiphol also accommodates other passenger and cargo airlines that reinforce the competitive position of Amsterdam Airport Schiphol as a main port.

We are also successfully working to keep costs under control and to enhance the quality of airport operations. This alone is not enough, however. To maintain and strengthen its existing main-port position, Amsterdam Airport Schiphol must be permitted to grow in time to a capacity of around 600,000 air transport movements a year (2005: 404,594). It will be clear once the Aviation Act is evaluated in 2006 whether we shall be given the opportunity to do so.

Growth Strategy

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

Aviation
<ul style="list-style-type: none"> ■ Business Area: Aviation ■ Regulated through legislation ■ Result: maximum permitted return is capped
RONA after tax: 4.1%

Non-Aviation
<ul style="list-style-type: none"> ■ Business Areas: Consumers, Real Estate and Alliances & Participations ■ Non-regulated ■ Growth potential in the Netherlands and abroad ■ Result: returns dependent on market situation
RONA after tax: 9.5%

Non-aviation business and activities at other airports in the Netherlands and abroad

Our strategy involves continued focus on increasing non-aviation income, including revenues from retail and real estate operations, and on diversifying risk by selectively developing activities at other airports in the Netherlands and abroad, based on the AirportCity concept. Here, too, we have made progress. The declining average spend per departing passenger in the See Buy Fly shops at Amsterdam Airport Schiphol was reversed in the second half of 2005 and the property in our real estate portfolio appreciated in value.

As a consequence of financial restructuring, a new shareholders' agreement and traffic growth, our international associate, Brisbane Airport Corporation, in particular, made a pleasing and positive contribution to the result. Amsterdam Airport Schiphol and Stockholm-Arlanda Airport also strengthened their partnership, managing the commercial facilities at the Swedish airport, by extending activities to cover the entire terminal. Our international associate in New York is also posting increasingly better results.

Four business areas

Our growth strategy is implemented through the four business areas of Aviation, Consumers, Real Estate and Alliances & Participations. All four business areas are inextricably linked and interact with each other to a considerable extent. Together they create the AirportCity concept and enhance the attractiveness of Amsterdam Airport Schiphol, in turn leading to growth in traffic volumes and revenues.

Value-Based Management

Retaining and strengthening the main-port position and continuing to grow non-aviation revenues call for ongoing investment. At Schiphol Group, our operational and investment decisions are guided by Value-Based Management in such a way as to create value. The necessary management information is provided by key performance indicators for each of the business

areas. With the exception of Aviation, all the business areas are required to generate a return over time – return on net assets (RONA) – exceeding the weighted average cost of capital (WACC).

For Aviation, the government has set a ceiling on the RONA, using a specific formula and based on an amendment to the Aviation Act which has yet to be adopted, providing a RONA of 5.8%. Our policy is to grow the return generated by Aviation to this permitted maximum. Until the Aviation Act is amended in the manner referred to, however, a different maximum permitted RONA will apply. The ceiling set by the government for 2005 was 4.1%. The WACC after tax for all the business areas together in 2005 has been calculated at 6.4% (2004: 6.7%). In 2005, Schiphol Group achieved a RONA after tax (including capital gains on investment property) of 6.7% (2004: 5.6%).

The return on the regulated part of our activities, i.e. Aviation business area, was 4.1% in 2005 (2004: 4.0%). The overall return achieved by the other, unregulated activities was 9.5% (2004: 7.3%), which was well in excess of the weighted average cost of capital of Schiphol Group as a whole. There are substantial differences in the returns generated by the individual unregulated business areas. The most substantial value creation comes from Consumers, with a RONA of 40.8% (2004: 33.8%). Real Estate achieved a return on net assets of 4.6%, including capital gains, (2004: 3.7%). The contribution made by Alliances & Participations, including capital gains, was 3.6% (2004: -1.2%). Including the result of non-consolidated associates and interest income from consolidated associates, the RONA for Alliances & Participations was 8.4% (2004: 3.3%).



Financial Performance

Our net result (attributable to shareholders) in 2005 was up by EUR 32 million, or 19.9%, from EUR 161 million to EUR 193 million. An important factor behind this increase was higher capital gains on our property portfolio, which were up from EUR 5 million in 2004 to EUR 12 million. Excluding these gains, our net result in 2005 rose by 17.1%.

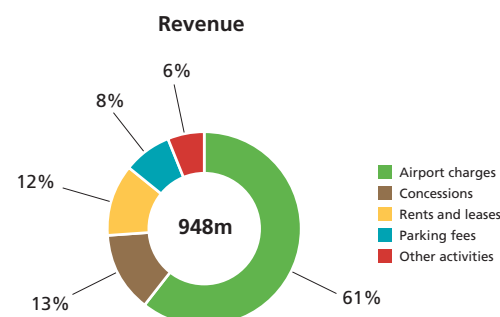
The operating result rose from EUR 265 million to EUR 311 million. All our business areas made contributions to the result. The operating result for the Aviation business area was up by EUR 2 million to EUR 99 million. Revenue from airport charges increased but was offset by sharply higher costs for intensified security measures. The operating result for the Consumers business area was up by EUR 19 million to EUR 125 million, primarily accounted for by an increase in revenues from concessions and car parking. The Real Estate operating result rose by EUR 13 million to EUR 78 million, on the strength of higher rental income and capital gains on the property portfolio. The operating result for Alliances & Participations increased by EUR 12 million to EUR 9 million (2004: EUR 3 million negative), mainly owing to better results reported by our international associates.

The above figures include non-recurring income and costs with a net effect of EUR 15 million from the release of an addition to various employee benefit provisions, divided over all the business areas.

The return on net assets (RONA) after tax was 6.7% compared with 5.6% in 2004. Excluding capital gains on investment property, the RONA for the year was 6.4% compared with 5.5% in 2004. The return on shareholders' equity (ROE) was 8.9% compared with 7.9% in 2004 and, excluding capital gains on investment property, the ROE was 8.5% in 2005 and 7.8% in 2004.

Revenue

Revenue increased by 8.1% in 2005, from EUR 876 million to EUR 948 million. The following pie chart gives the breakdown of revenue according to the various revenue categories.



Airport charges

Revenue from airport charges rose by 9.9%, from EUR 523 million to EUR 574 million, the increase being explained as follows:

- Volume factors:** An increase in the number of departing passengers at Amsterdam Airport Schiphol (4.1%), in the number of air transport movements (0.5%) and in the average maximum takeoff weight of aircraft at Schiphol by 2.9%, from 97.7 tonnes to 100.5 tonnes, produced an overall increase in income from airport charges of EUR 20.1 million. A further increase of EUR 0.4 million was derived from higher aircraft parking charges.
- Airport charge increases:** Increases in takeoff and landing charges (3.2%) and in passenger-related charges (3.2%) at Amsterdam Airport Schiphol, effective from 1 April 2005, yielded an additional EUR 12.8 million. In addition a security charge is imposed to cover the cost of security measures and the associated financing costs (maximum 4.1%). This charge was increased on 1 April 2005 by 4.2% and on 1 November 2005 by 8.3%. The increased security charge generated EUR 19.1 million.

- **Lower revenues from regional airports:** The income from airport charges at the regional airports was down last year by EUR 1.1 million (–4.7%), at EUR 22.1 million, mainly on account of less traffic at Rotterdam Airport as a consequence of noise capacity constraints.

Concessions

Concession income rose from EUR 120 million to EUR 128 million, an increase of 6.4%. The average spend per international departing passenger over 2005 fell from EUR 16.82 to EUR 16.74, but the drop in spending occurred mainly in the first months of the year. From mid-2005 onwards, average spend picked up, to exceed the 2004 level, partly reflecting targeted marketing efforts.

Rents and leases

Real estate letting income increased by 7.7%, from EUR 104 million to EUR 112 million. This increase was attributable to better results on leasing floor space in the terminal, high occupancy levels, indexation of rents and additional income from the provision of services. The increase was achieved despite the sale of investment property to ACRE Fund at the end of 2004 and 2005. As Schiphol Group has a 50% interest in ACRE Fund, the sale of assets meant a halving of the related rental income.

Parking

Car parking fee revenues increased by 9.5% in 2005, from EUR 69 million to EUR 76 million. At Amsterdam Airport Schiphol, the increase was attributable to more users of the short-stay car parks, a longer average stay in both the short-stay and long-stay car parks and to an increase in car parking charges introduced on 1 January 2005. Rotterdam Airport and Eindhoven Airport together generated an additional EUR 0.9 million in parking revenues.

Other activities

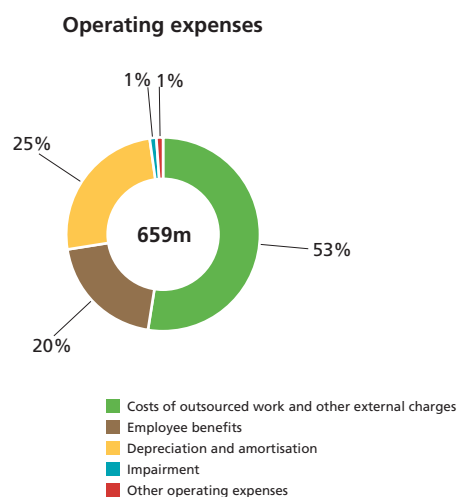
Income from other activities was down by 4.1%, from EUR 61 million to EUR 58 million. This can among other things be accounted for by lower revenues from services and from activities on behalf of third parties.

Results from capital gains on, and sales of property

The net capital gain on our real estate portfolio in 2005 amounted to EUR 12 million, or EUR 7 million up on the EUR 5 million gained in 2004. The gains on the land portfolio amounted to EUR 13 million (2004: EUR 3 million) and were due to the fact that we concluded new long-lease contracts in 2005 and attributed residual values to long-lease contracts expiring within a period of 20 years as at year-end 2005. The value of the offices and other buildings was down overall by EUR 1 million (2004: an increase of EUR 2 million). A profit of EUR 10 million (EUR 17 million in 2004) was posted on the sale of property. We sold the remaining 50% of the Schiphol Group head office (Schipholgebouw) and several other projects to ACRE Fund.

Operating expenses

Operating expenses rose by 3.9%, from EUR 634 million to EUR 659 million. The analysis is shown below.



Outsourcing and other external charges

In 2005, outsourcing costs and other external charges were up by EUR 47 million, or 15.3%, at EUR 352 million. An amount of EUR 39 million of the increased costs was attributable to higher security costs, mainly emanating from measures imposed by the European Union and the Dutch Government. We were therefore obliged to hire more security staff.

At Amsterdam Airport Schiphol security costs now account for more than a quarter of total operating expenses. They form part of various operating expense categories.

Employee benefits

Employee benefits fell by 11.9% in 2005, to EUR 133 million.






Over 80% (EUR 15 million) of the reduction in employee benefits was due to the release of a large part of the provision for post-employment allowances to cover the costs of health care insurance following changes to the healthcare system and part of the provision for long-service bonuses (together totalling EUR 22 million). Set against this was an extra addition of EUR 7 million to the provision for job-related early retirement as a result of changes in the tax rules as part of government policy to make early retirement less attractive to employers.

The remaining portion of the reduction can be accounted for by the decline in the number of full-time equivalent employees by 37, from 2,216 to 2,179, representing a reduction of EUR 2.4 million in employee benefits. Set against this was an increase in employee benefits of EUR 1.4 million as a result of the new two-year Collective Labour Agreement which took effect on 1 April. As from that date, basic pay rates increased by 0.75% and a one-off profit-related bonus was paid.

Depreciation and amortisation

The increase in depreciation and amortisation charges amounted to EUR 18 million in 2005, a rise of 12.2%. This included the accelerated depreciation of the central security systems (EUR 4.3 million). Depreciation charges were further increased as a result of new baggage handling facilities and security equipment

Depreciation, amortisation and impairment EUR million

2005		167
2004		160
2003		131
2002		106
2001		101

becoming operational, the opening of Departure Lounge 1 and the completion of the offices in the extended west wing of Amsterdam Airport Schiphol's terminal.

Impairment

Impairment totalled EUR 5 million in 2005, EUR 10 million less than in 2004. In connection with the projected losses and negative cash flows from operating activities at Lelystad Airport, we made write-downs of EUR 1.2 million on the property, plant and equipment of Lelystad Airport. At Eindhoven Airport, an impairment loss of EUR 0.7 million was recognised as a result of the demolition of the old terminal. The ground which has been cleared will be used for car parking. The impairment on intangible assets mostly relate to the write-off of goodwill of Schiphol Area Development Company (EUR 2.1 million), on account of short term loss-making operations.

Other operating expenses

Other operating expenses were EUR 11 million lower than in 2004. The drop was mainly due to the fact that in 2004 we made a provision amounting to EUR 10 million in connection with several claims and disputes, including that relating to the Groenenberg site.

Operating result and net result

The operating result rose by 17.4% in 2005, from EUR 265 million to EUR 311 million. The result before interest, tax, depreciation, amortisation and impairment (EBITDA) was up by 12.5%, from EUR 424 million to EUR 478 million. The net interest expense increased by EUR 8 million, from EUR 26 million to EUR 34 million. The increase is largely explained by non-recurring income of EUR 8.9 million in 2004 connected with the Triport office building finance lease contract.

The results of associates increased from EUR 1.7 million in 2004 to EUR 1.8 million in 2005. The positive results generated by Brisbane (EUR 3.1 million) and JFK IAT (EUR 1.4 million) were partly cancelled out by the loss of EUR 1.2 million (impairment on parking garage) on the Flight Forum Business Park near Eindhoven Airport, and

the loss of EUR 0.6 million on our Tradeport Hong Kong investment (this operation is expected to run at a loss with negative cash flows in the short to medium term).

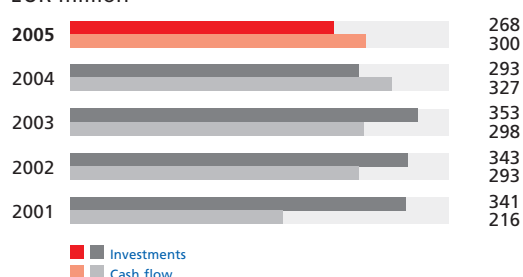
The corporate income tax rate for 2005 was reduced to 31.5% from 34.5%, resulting in a reduction of EUR 8.4 million in the tax expense.

Investments and finance

The cash flow from operating activities deteriorated from EUR 327 million in 2004 to EUR 300 million in 2005. The main reason for this was that we received provisional tax assessments for both 2004 and 2005 in 2005, together totalling EUR 114 million. This amount was paid in 2005.

The positive cash flow from operating activities and investing activities (free cash flow) of EUR 85 million plus the existing cash balances were sufficient to fund loan repayments and lease payments of EUR 84 million and dividend payments of EUR 46 million. The net amount of cash balances and bank overdrafts rose by EUR 26 million, from EUR 236 million to EUR 262 million.

Investments in tangible fixed assets and cash flow from operating activities



Investments in property, plant and equipment during the year amounted to EUR 268 million compared with EUR 294 million in 2004.

The most important projects were the expansion and renovation of Departure Lounge 1 and the baggage basement (EUR 46.5 million), the new

passenger terminal at Eindhoven Airport (EUR 18.0 million), purchase of land (EUR 36.1 million), the construction of Pier H and its apron (EUR 31.8 million) and the construction of the northern taxiway at Amsterdam Airport Schiphol (EUR 18.8 million). Offsetting these investments were disposals totalling EUR 85 million, mainly associated with the sale of property to ACRE Fund.

Ratios

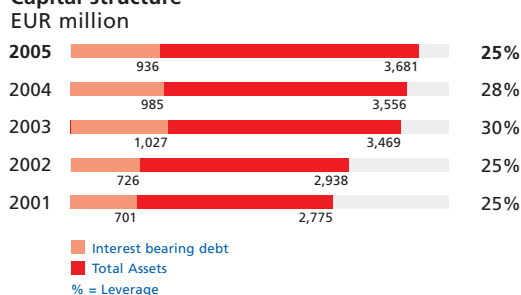
As at year-end, interest-bearing debt amounted to 25% of the balance sheet total of EUR 3,681 million, an improvement of three percentage points compared with the previous year-end. Adjusted for the cash position, interest-bearing debt amounted to 20% of the balance sheet total, again an improvement of three percentage points compared with 2004.

The interest coverage ratio decreased in 2005 from 10.3x in 2004 to 9.1x, owing to non-recurring interest income of EUR 8.9 million in 2004.

Financing policy

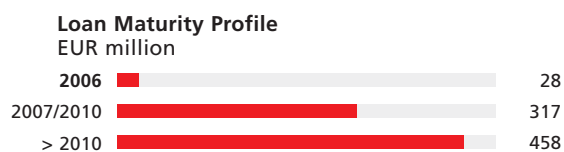
The total amount of loans outstanding and lease payments as at year-end 2005 was EUR 993 million. In 2005, new loans totalling EUR 71.3 million were drawn down and repayments totalling EUR 84.3 million were made. The amount borrowed under the Euro Medium Term Note (EMTN) programme at year-end 2005 was EUR 520.8 million.

Capital structure



In accordance with our financing policy we aim to reduce the refinancing risk. The remaining

terms to maturity of the loans issued under the EMTN programme range from 2 to 13 years.



The average interest expense fell in 2005 from 4.87% to 4.85%. Our interest rate risk management policy favours fixed-interest loans, achieved either by contracting loans at fixed

interest or by making use of standard interest rate derivatives.

EMTN programme

To bring it into line with the new European rules for prospectuses, we updated the EMTN programme prospectus in 2005. Just as in 2004, in 2005 Standard & Poor's gave debt notes issued under the EMTN programme by N.V. Luchthaven Schiphol and Schiphol Nederland B.V. a credit rating of AA- and Moody's Investors Service gave it a rating of Aa3.

International activities

Our international activities involve three of the four business areas. Over the years we have built up a successful portfolio of international activities, which, in 2005, contributed EUR 9.2 million to the net result (EUR 7.8 million in 2004). These profit contributions are excluding management and acquisition costs attributable to them.

Schiphol Group has invested a total of EUR 71.7 million outside the Netherlands since 1996. This investment has generated EUR 38.9 million in net proceeds over the period 1996–2005. Most of our interests concern investments in unlisted companies. Their fair values are consequently difficult to measure and must be derived from transactions concluded with shareholders or from expert

appraisal of the investments. We recently obtained a valuation of this kind for Brisbane Airport. In addition, we have a market value for our investment in Vienna International Airport. It is estimated that the value of Brisbane and Vienna combined has risen by EUR 93.8 million in the past 10 years to EUR 165.5 million, making the average internal rate of return over the period 1996–2005 16.7% per annum. Taking into account the management and acquisition costs of all international projects, the average internal rate of return amounts to 10.4% per annum. This calculation incidentally disregards recent investments totalling approximately EUR 30 million because they chiefly concern property under construction that is not yet producing returns.



■ Business Risks

Schiphol Group constantly contends with uncertainties in its business activities. Apart from financial risks, these uncertainties also concern risks of a strategic and operational nature and risks associated with the regulatory framework governing operations. The risks also differ from one business area to another. To control these risks we pursue a policy designed to make risk management an integral part of all our activities.

Our policy on risk involves a clear-cut system of risk management and control. Our philosophy is that:

1. the Board of Management and managers generally should be responsible for effectively identifying, analysing, monitoring and controlling risks and by taking appropriate action;
2. a good risk management system reduces the probability of mistakes, incorrect decisions and unforeseen circumstances;
3. calculated risk-taking is vital to a thriving enterprise. The object is therefore to identify, to analyse, to monitor and to control risks to the best possible extent, with the Board of Management bearing ultimate responsibility for determining the maximum acceptable level of risk.

The Board of Management is responsible for the design and operation of the internal management and control systems developed specifically for our company. These systems are organised with the objective of identifying significant risks and monitoring the achievement of the company's strategic operational and financial objectives. The system is also designed to ensure compliance with the relevant statutory and other laws and regulations. We have based our internal control systems on the recommendations of the Committee of Sponsoring Organisations of the Treadway Commission (COSO - IC). The purpose of these recommendations is to offer a reasonable measure of certainty. Although we strive to

ensure the best possible control of as many risks as possible, total coverage cannot be guaranteed. We may well be exposed to risks which are so far unknown or do not (yet) seem material. No risk management system can provide an absolute safeguard against failure to achieve corporate objectives nor can it prevent every single error or omission, loss, fraud or violation of the law or other rules and regulations.

To define our responsibility in this matter we initiated a project in 2004 aimed at creating a uniform risk appraisal system, putting in place appropriate control mechanisms for each risk and monitoring the effectiveness of those mechanisms. This project was completed and implemented at the end of 2005. We base our internal control on the principle that line management is responsible for risk management and control measures. The risk management policy stipulates that within the group, management is responsible for the application, compliance and monitoring of the internal risk management and control system designed to provide a reasonable measure of certainty that business objectives will be achieved.

With regard to risk management, line managers report to the recently appointed Risk Committee, which is made up of the three Members of the Board of Management together with the Corporate Auditor and Corporate Controller.

The internal statements by management, regular appraisals of the purpose and implementation of the company's risk management policy and the checks performed by the Risk Committee thus form an integral part of Schiphol Group's risk management policy. Action is immediately taken to address any deficiencies which come to light.

Following discussions in the Supervisory Board Audit Committee, the Board of Management in turn reports to the Supervisory Board regarding the internal risk management and control systems.

In discharging our duties with regard to internal risk management and control we make use of a whole set of management tools, of which the above risk management system forms part:

- a regular planning and control cycle involving such things as the long-term business plan, the budgeting process and the monthly management information (financial and operational);
- financial reporting manuals and procedure-writing manuals;
- quality management systems such as the Environmental Management System and the Safety Management System;
- codes of conduct and whistleblowers' rules;
- Risk & control self-assessments of the financial and operational processes together with the review thereof by the Risk Committee and the action which is decided on to address deficiencies, leading to internal 'in control' statements by each business area, service unit and corporate staff department;
- periodic follow-up meetings attended by the Chief Financial Officer and operational and commercial managers and their controllers to discuss the findings of both the external and internal auditors;
- internal letters of representation sent by the business area managers and business area controllers to the Board of Management and the letter of representation which in turn is sent to the external auditors; and
- follow-up of the recommendations contained in the management letter from the external auditors.

The system is due to be further refined in the year ahead, with the emphasis on the transition to the COSO-ERM system, on more objective weighting of risks and on establishing a more transparent relationship with Schiphol Group's strategic objectives.

In the light of the above, as regards financial risks, the Board of Management takes the view that:

- the risk management and control systems provide reasonable assurances that the

financial reporting is free from material misstatements;

- the risk management and control systems operated properly during the year under review; and
- there are no indications that the risk management and control systems will not operate properly in the current year.

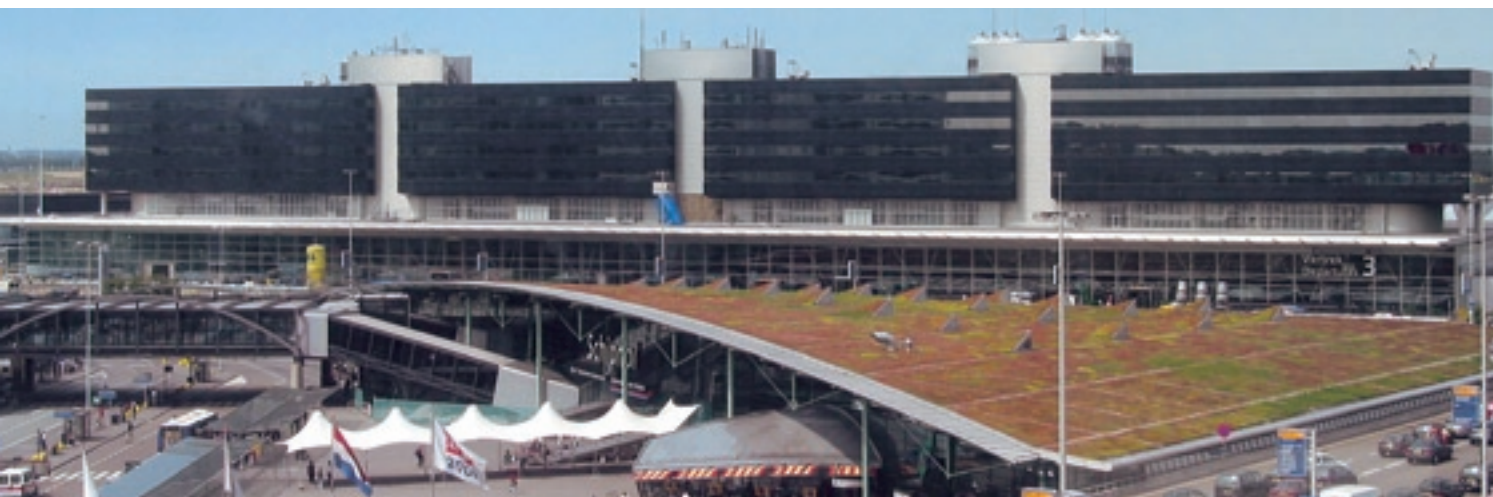
The most important strategic or operational risks and uncertainties or those associated with the statutory and regulatory framework could mean that actual results will differ from those which we have described in forward-looking statements in this document. We have, however, identified the risks and uncertainties that could prevent us from achieving our objectives. The remainder of this section aims to provide an insight into the most important risks and the way in which they are being addressed.

Safety and security

Safety and security are considered to be among the most important risks for the company to manage. An accident or a terrorist attack could have serious human consequences and could disrupt some or all of our operations for a considerable period of time. There are extensive procedures in place to avert such risks and we have a safety management system for monitoring compliance with those procedures. Working in close partnership with the various authorities, we are also constantly implementing new safety and security measures in response to rapidly changing statutory and other rules and regulations in this area.

Changes in demand

The risk of an unexpected change in demand for our services could leave us short of capacity or with a capacity surplus. Such changes could, for example, occur as a result of macroeconomic or socio-economic trends, movements in exchange rates, developments affecting the position of competing airports or developments in the aviation business. The hub carrier Air France-KLM has a particularly large impact on our activities and makes a substantial contribution



to both revenues and results. For managing these risks we employ short and long-term scenarios to plan the demand for our services and the associated capacity requirements, and all capital expenditure proposals have to go through stringent approval procedures. Additionally at the time KLM was taken over, Air France gave the Dutch government and KLM guarantees relating to the hub position of Amsterdam Airport Schiphol for a certain period of time.

Regulatory framework

Various aspects of our airports' operations, such as noise, capacity, airport charges, environmental impact as well as safety and security, are subject to regulation.

We have numerous project teams working in all these areas in order to ensure that the relevant statutory and other rules and regulations are duly complied with. We have good working relationships with the regulatory authorities in this respect.

Business interruption

Our operations are susceptible to operating risks such as fire, flooding, stormy weather, power failure, systems failure and explosion. These risks could result in personal injury or death and in damage to the infrastructure, assets and the

surrounding area. Such incidents, singly or combined, together with their legal implications, could have a material impact on our operations, our results and our prospects. Although we have taken out insurance for risks of this kind, the cover provided might not extend to all the consequences of a particular incident. We are constantly working to keep our systems and procedures up-to-date with regard to these risks.

Investments

We have major capital expenditure programmes planned for the years ahead. The biggest investments will be made in the baggage handling system, in security and in further improvements and extensions to the terminal, in the Amsterdam Airport Schiphol infrastructure and in property development. The actual amount of these investments could, however, be affected by changes in legislation and other rules and regulations, project delays, technological developments and developments in the aviation industry. We manage these risks through the development of mid to long-term business scenarios and strict procedures with respect to our investment decisions and projects.

Dependence on third parties

The operation of Amsterdam Airport Schiphol is heavily dependent on the input of third parties such as air traffic control, the airlines, handling



agents and road transportation companies as well as government organisations such as Dutch Customs and the Dutch Border Police (*Koninklijke Marechaussee*). We are not responsible for the services provided by these organisations and can only exercise limited control over them. We are continuously working on keeping agreements and covenants with the relevant parties up-to-date and on fostering good relations with them.

International expansion strategy

We have airport-related investments in Australia, Austria, Hong Kong, Indonesia, Italy, Sweden and the United States. Part of our strategy involves expanding our international activities and investing in airports in other countries, provided such projects meet one or more of our objectives, which are:

- to maintain and strengthen the competitive position of Amsterdam Airport Schiphol;
- to increase revenues from non-aviation activities; and
- to spread the risks by selectively engaging in activities at other airport locations at home and abroad.

Economic, political and legal risks attached to investments in other countries are managed by ensuring that the responsible Schiphol Group line managers and corporate staff are closely

involved and are supported by local advisers. We also insist on detailed management reporting on our international activities.

Key management and working relations

We are continuously working on fostering good working relations and on recruiting, training and developing managers for key positions.

Lawsuits

Lawsuits can jeopardise the achievement of our objectives. We are continuously working on ensuring that we comply with legislation and other rules and regulations and to prevent disputes from arising. We always seek to resolve disputes if we can.

Financial risks

The nature and capital intensive structure of our activities means we face a variety of financial risks, namely market risk, credit risk and liquidity risk.

A description of these risks and the way they are managed can be found on page 100 in the financial statements section.





■ Corporate Social Responsibility

Our corporate social responsibility policy centres on Amsterdam Airport Schiphol. We believe commitment to social responsibility is crucial to the sustainable development of Amsterdam Airport Schiphol and the region. Success will depend on working together from a shared vision of the future for the region. In 2005, we set forth our vision of the future in a position paper entitled 'Working on the Future of Schiphol and the Region', produced in conjunction with Air Traffic Control the Netherlands and KLM. Working together with the local community lies at the heart of this vision.

PEOPLE

With regard to 'people', the key elements are to have a customer-oriented, smoothly operating organisation to ensure the safety and security of the airport.

Customer-oriented organisation

In 2005, Schiphol Group employed an average of 2,179 people on a full-time equivalent basis (2004: 2,216). The number of full-time equivalents at Amsterdam Airport Schiphol numbered 1,834, twenty less than 2004. The absentee rate at Amsterdam Airport Schiphol rose from 4.8% in 2004 to 5.4% in 2005, the main cause of the increase being an extended period of influenza early in 2005.

A new, two-year Collective Labour Agreement took effect on 1 April 2005, under which basic rates of pay were increased by 0.75% and a single, result-related bonus was paid at the end of 2005. With the agreement of the Central Works Council we also introduced a new training scheme, covering collective agreements on the individual training plans among other things. In December 2005, we launched a new staff appraisal system in which employees' core competencies as well as their performance of key duties are taken into account.

To assess how well we are performing with regard to the creation of a customer-oriented, smoothly operating organisation, we apply the

performance indicators of staff commitment, customer satisfaction (on the part of the airlines and the handling agents) and passenger satisfaction. The annual staff commitment survey was not conducted in 2005 because we opted to channel all our energies into the changes being made in the internal organisation in 2005.

Customer satisfaction among the airlines and handling agents (for both passengers and cargo) slipped by eight percentage points compared with 2004, from 90% to 82%. Our customers are less happy with baggage handling, with the price/quality ratio and the way the Amsterdam Airport Schiphol organisation functions. However, operating facilities, such as the check-in and transfer desks, did elicit high scores. Our cargo partners indicated that cargo transshipment facilities had considerably improved.

Details of our performance in respect of passenger satisfaction can be found in the Aviation section of this report.

Ensuring a safe and secure airport

To assess this aspect of our performance we apply performance indicators for aviation safety, security and health & safety. Information concerning aviation safety and security is contained in the Aviation section of this report.

In 2005 again, no fatalities or serious health & safety incidents involving Schiphol Group employees or users of our infrastructure occurred. Three incidents were, however, reported involving children climbing onto the baggage belts (fortunately without serious consequences). We have introduced measures to minimise the risk of repetition. The number of industrial accidents at Amsterdam Airport Schiphol is 16% below the national average.

PLANET

Under the heading of 'planet' we focus on the environment at Amsterdam Airport Schiphol and the quality of life in the local community.



Airport environment

We use three performance indicators to measure our environmental performance at Amsterdam Airport Schiphol, namely energy efficiency, air quality and water quality. In conformity with our part of the 'Long-Term Agreement' with the government, we achieved 93.5% energy efficiency in 2005 compared with the base year 1998. As regards air-quality, the emissions that are material come from our own installations and equipment as well as from aircraft. Of these emissions, however, air traffic accounts for roughly 90–95%. Aircraft emissions in 2005 exceeded the relative limits for two out of the five pollutants for which there are enforceable statutory limits but the levels were not above the absolute ceiling. The amount of control we have over these emissions is limited.

In 2005 we paid special attention to maintaining water quality in the surface waters. As part of these efforts we have installed collecting tanks at strategic points to catch the glycol used for de-icing aircraft which runs off the de-icing platforms.

Quality of life

Our efforts regarding the quality of life reflect the four main elements of the vision contained in the position paper entitled 'Working on the Future of Schiphol and the Region'.

The most important results of the first of these elements, namely agreements with the local community, are the agreements reached on the selection and implementation of trials involving

different runway and flight paths usage patterns aimed at reducing disturbance to the local community. Together with the region, we have also been investigating the scope for instituting a quality-of-life programme under which compensatory schemes could be financed.

Regarding the second element - tackling the problem at source - together with the industry and the local community we are exploring innovative ideas that could help improve the perception of disturbance.

The third element relates to the introduction of measurement points to directly record whether aircraft are generating noise levels in excess of predefined limits.

Finally, since mid-2005, we have been providing live customised information by linking our noise monitoring system (NOMOS) to our website. Local residents can now obtain actual real time noise level figures on their area. This is a first step towards improving our information to the local community.

For the fifth consecutive year, Amsterdam Airport Schiphol remained within the limit values of the noise enforcement points in the 2005 operating year, running from 1 November 2004 to 31 October 2005. Aircraft noise also remained within the Total Noise Volume limit and within the statutory maximum for third-party risk — Total Risk Weight.



PROFIT

Regarding 'profit', we focus on creating sustainable shareholder value and strengthening the competitive position of the entire Schiphol region.

Competitive region

Our visit costs and the network of destinations served are key to the competitive position of the Schiphol region (see also the Aviation section in this report). The airport generates a substantial number of direct and indirect jobs in the 'Randstad' area, the urbanised west of the Netherlands. On the reference date of 31 October 2005, 57,970 people were employed by 543 companies located at Schiphol, an increase of 0.7% compared with 2004. We also stimulate employment in the region by means of projects for young people lacking qualifications or with limited work experience that are seeking jobs and would otherwise stand little chance in the labour market. In conjunction with the City of Amsterdam we carried out the 'Starting a Job' (*Starten voor een baan*) project in 2005. And in partnership with the Municipality of the Haarlemmermeer, the local JobCentre and KLM, we organised 'Schiphol Summer School' in 2005. Twenty out of the 34 young people who received a certificate now have jobs. We encourage knowledge development and innovation with two projects. In the Innovative Main-Port Partnership (*Samenwerkingsverband Innovatieve Mainport*) we exchange knowledge and experience with Air France-KLM, the National

Aerospace Laboratory, Delft University of Technology and the Netherlands Organisation for Applied Scientific Research (TNO) with the object of devising new, innovative solutions for developing both Amsterdam Airport Schiphol as a main port and the entire region. We partner Air Traffic Control the Netherlands, KLM and the National Aerospace Laboratory in the Knowledge and Development Centre. The knowledge centre researches innovative aviation procedures and decision-making procedures for accommodating the growth of air traffic at Amsterdam Airport Schiphol while preserving the quality of life in the local community.

Another important factor relating to the competitive position of the region is good accessibility. We are providing a conditional financial contribution to help fund the rerouting of the A9 motorway and the N201 secondary road. We work closely with Netherlands Railways (NS) to encourage use of the train to travel to and from the airport. The proportion of passengers travelling by train to Amsterdam Airport Schiphol rose in 2005 from 32.4% to 35.1%. The combined use of public and other shared transport by passengers increased from 40.1% to 42.1%.

More on Corporate Social Responsibility at Amsterdam Airport Schiphol can be found in our 2005 Sustainable Development Report.



Activities

Aviation related processes at Amsterdam Airport Schiphol, including planning, coordination, capacity management and supplying information

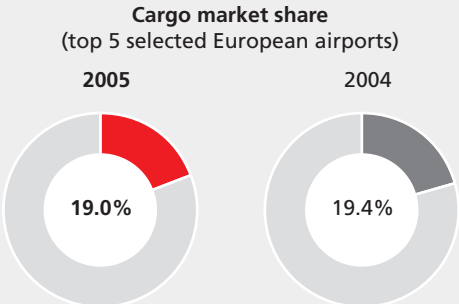
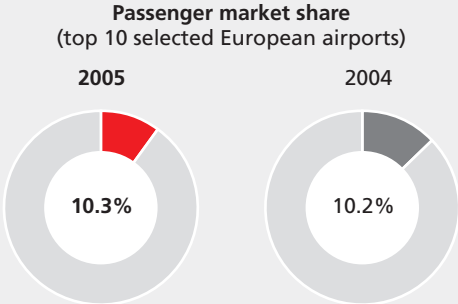
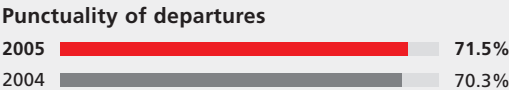
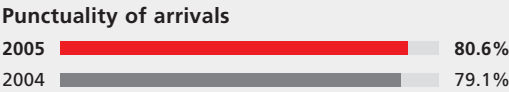
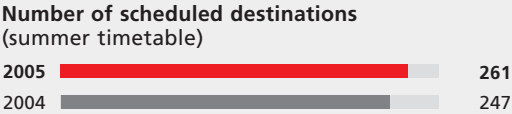
Aviation Business Area	2005	2004	
EUR million			
Revenue	573	525	9.0%
EBITDA	214	197	8.8%
Operating result	99	97	2.5%
Average non-current assets	1,675	1,583	5.8%
RONA before tax	5.9%	6.1%	
RONA after tax	4.1%	4.0%	
Investments in intangible assets and property, plant & equipment	187	205	-8.7%

Aviation

The Aviation business area provides services and facilities to airlines, passengers and handling agents at Amsterdam Airport Schiphol.

The business area’s key objective is to remain competitive with other major European airports, not least by offering competitive visit costs.

The costs per workload unit (WLU) thus are an important element.

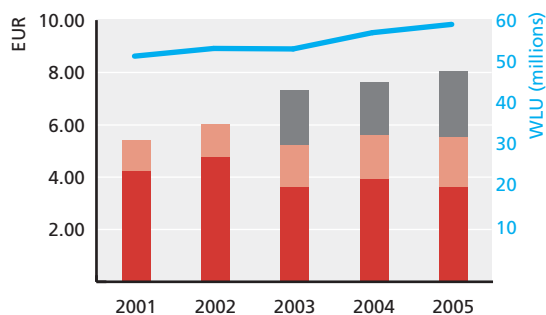




Amsterdam Airport Schiphol retained its position as Europe's fourth-largest passenger and third-largest cargo airport in 2005, recording passenger growth of 3.8% and cargo growth of 2.0%. On average larger aircraft were operated having a higher load factor. The number of air transport movements rose just 0.5%. At Amsterdam Airport Schiphol, a new pier and a new taxiway were opened.

Workload Unit costs

The Aviation business area saw costs per workload unit (WLU), the measure of efficiency used, rise 5.4% compared with 2004, to EUR 8.04. One WLU is the equivalent of one passenger or 100 kg of cargo. The increase was entirely attributable to higher security costs and higher depreciation and amortisation charges. Without these two effects, Aviation costs would have been 8.1% lower than in 2004 and, at EUR 3.61, even slightly below the lowest level of recent years (EUR 3.62 in 2003).



Security	-	-	2.10	2.02	2.53
Depreciation	1.20	1.29	1.60	1.68	1.90
Other costs	4.22	4.75	3.62	3.93	3.61

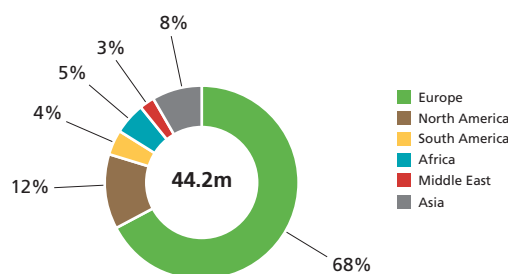
Over 44 million passengers

The number of passengers using Amsterdam Airport Schiphol in 2005 increased to 44.2 million. The projected figure was 44.5 million. With growth of 3.8% we were around one percentage point down on the forecast level. The main reasons for this were the slower recovery of the economy and several days of extremely bad weather. Once again, in 2005, the growth was mainly attributable to our hub carrier Air France-KLM and its partners. They saw

passenger numbers rise by 5.7%, from 26.0 million to 27.4 million. The low-cost carriers also made a significant contribution to volume growth in 2005, with an increase in passenger numbers of 7.5%, from 4.2 million to 4.5 million. Figures for the other airlines showed a small decline of 1.4% in 2005 relative to 2004, with a drop in the number of passengers from 12.4 million to 12.3 million.

On flights within Europe, representing almost 30 million passengers, making this by far the most important region for Amsterdam Airport Schiphol, passenger numbers rose by 2.7% but Africa (+11.7%), Asia (+9.8%) and North America (+5.4%) were the regions recording the strongest growth. The Middle East, a strong-growth region in 2004 (+11.0%), showed a drop in 2005 of 2.2%.

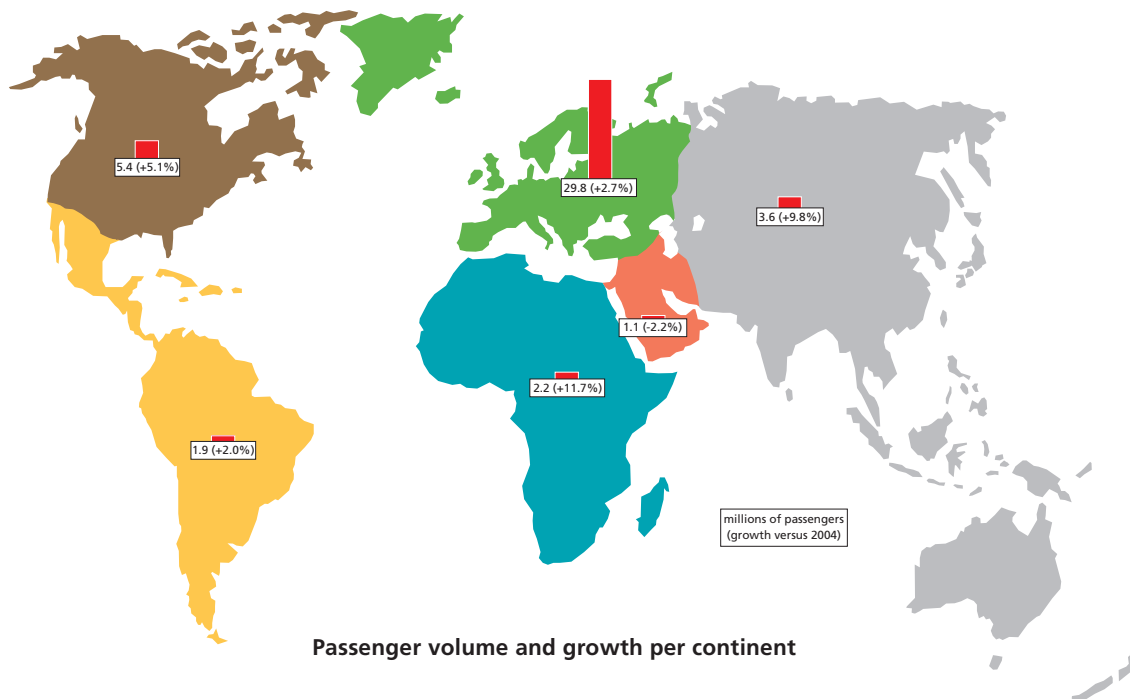
Passengers per continent



Amsterdam Airport Schiphol retained its position as Europe's fourth-largest passenger airport in 2005. London Heathrow, the largest airport in Europe, and Frankfurt (number 3) trailed Schiphol slightly in terms of growth while Paris Charles de Gaulle, number 2 in Europe, Madrid (number 5), Munich and Barcelona achieved higher percentage growth than Amsterdam Airport Schiphol in 2005.

Passenger satisfaction

Passenger satisfaction with our services was fractionally lower in 2005. Among departing passengers, 92% responded to the question 'How do you rate the quality of service at Amsterdam Airport Schiphol?' with either 'excellent' or 'good', which was the same



Passenger volume and growth per continent

percentage as in 2004. Among arriving passengers, 91% rated the quality as 'excellent' or 'good', which was two percentage points down on 2004. Readers of the UK publication Business Traveller voted Amsterdam Airport Schiphol as Best Airport in Europe in 2005 for the 22nd time since 1980.

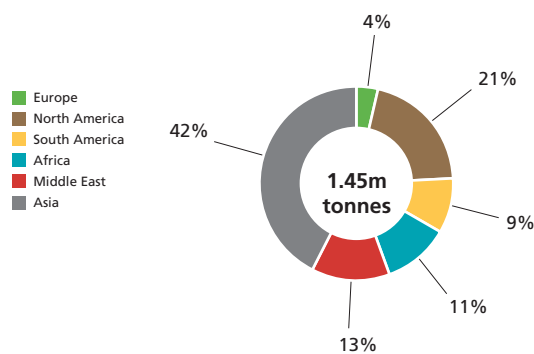
from the Middle East (-7.6%) was down in 2005. Amsterdam Airport Schiphol retained its ranking as third-largest cargo airport in Europe. Frankfurt (1) and Paris Charles de Gaulle (2) saw cargo volumes grow more strongly whereas London Heathrow (4) reported a drop in volume, partly owing to capacity restrictions.

Modest growth in cargo volume

Cargo volume grew by 2.0% in 2005, to 1,449,855 tonnes, which was slightly less than our forecast of 1.5 million tonnes. This was due to the fact that several major cargo carriers deployed their fleets differently than originally planned because of yield considerations and bilateral restrictions. The growth, which in 2004 was largely accounted for by a strong increase in aircraft carrying cargo only, was more evenly distributed among full freighters and combined passenger and cargo aircraft.

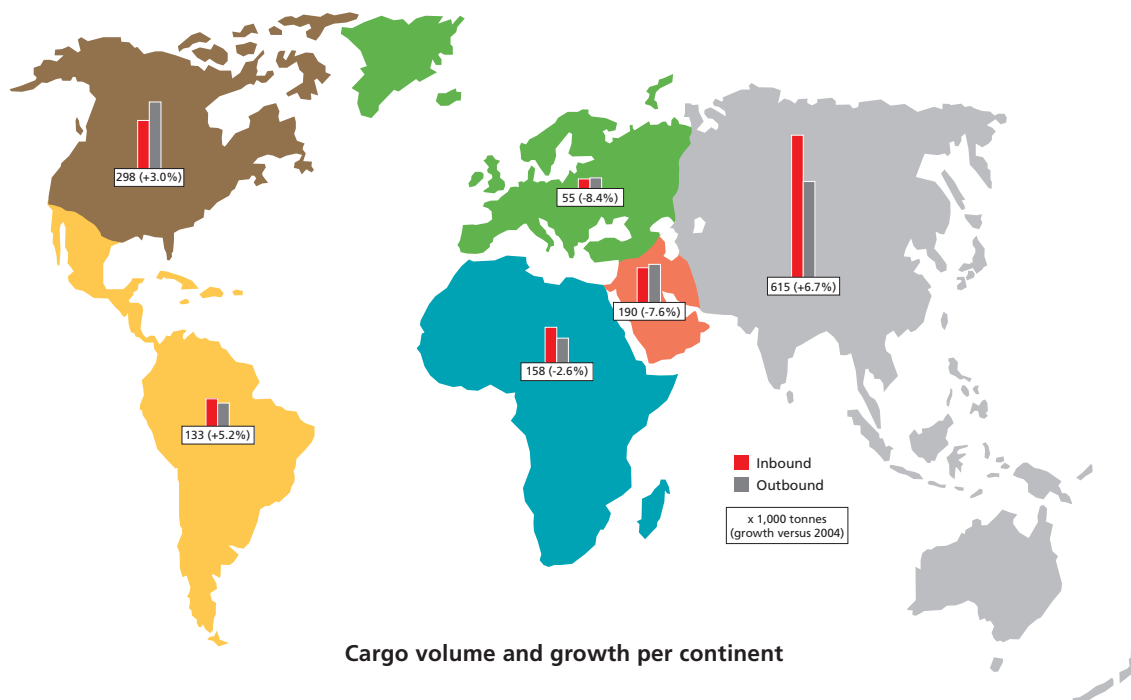
The strongest growth was achieved on routes to and from Asia (+6.7%) and Latin America (+5.2%). On the Asian routes, the imbalance first seen in 2003 intensified, with more and more cargo being carried from Asia than in the reverse direction. By far the greatest volume of this traffic is accounted for by China. The volume of cargo to and from that country increased by 16.3%. The volume of cargo on routes within Europe (-8.4%), to and from Africa (-2.6%) and to and

Cargo by continent



Air transport movements

The number of air transport movements at Amsterdam Airport Schiphol increased in 2005 by 0.5%, from 402,738 to 404,594. A higher aircraft load factor – up by 0.5 percentage points to 76.0% – and the use of larger aircraft explain why passenger numbers increased more than the number of air transport movements. The average maximum takeoff weight (MTOW) rose from 97.7 tonnes to 100.5 tonnes, an increase of 2.9%.



Cargo volume and growth per continent

Number of destinations continues to rise

The number of destinations served by passenger and cargo flights from Amsterdam Airport Schiphol showed a further increase in the year under review. In the summer of 2005, there were scheduled services to 261 airports, up by 14 compared with 2004. These services were operated by 104 airlines (97 in 2004), of which 13 were cargo only (12 in 2004). The number of European destinations rose from 141 to 148 and the number of intercontinental destinations increased from 106 in 2004 to 113 in 2005.

The growth in Europe was mainly attributable to Transavia Airlines, which introduced flight services on a large number of new routes, as well as to the arrival of new low cost carriers serving other destinations. The growth in the number of intercontinental destinations was largely accounted for by the cargo carriers and, in particular, Singapore Airlines.

Punctuality

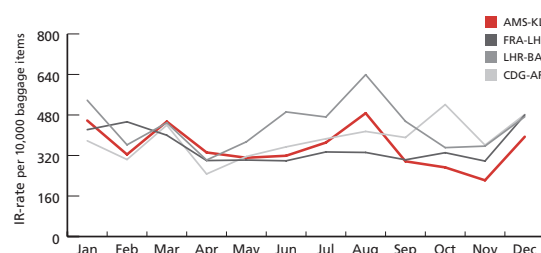
Flight punctuality showed an improvement again last year, after deteriorating in 2004 for the first time in many years. Arrival punctuality increased from 79.1% to 80.6%. Departure punctuality increased from 70.3% to 71.5%. The better figures were mainly the result of improvements seen during the busy summer period from June to the end of September,

brought about by the fact that KLM, in particular, deployed extra staff to load and unload cargo and baggage. In addition KLM's fleet of Fokker aircraft was clustered on Apron B, leading to an improvement in the flight handling process.

Furthermore, during the summer months of 2005 less disturbance was experienced as a result of major construction activities, poor weather conditions and system malfunctions at the airport or air traffic control.

Baggage handling

Over the whole of 2005, baggage handling performance for KLM passengers at Amsterdam Airport Schiphol improved slightly. The performance indicator used is the Association of European Airlines (AEA) irregularity rate (IR rate), which was cut by 5% for KLM/Schiphol, mainly accounted for by good to especially good performance in the second half of the year.





In the period from September to the end of December, KLM/Schiphol in fact reflected the best performance out of Europe's four major airports.

Airport charges

Amsterdam Airport Schiphol increased takeoff and landing charges by an average of 3.2% with effect from 1 April 2005. In order to make maximum use of the available noise capacity and to encourage the use of quieter aircraft, the surcharges for night takeoffs and landings and for noisier aircraft were also increased from 20% to 30%.

The Passenger Service Charge (for use of airport facilities) was increased for Origin/Destination (O/D) passengers to EUR 12.96 and for transfer passengers to EUR 4.47, an increase of 3.2% in both cases. The Security Service Charge was also increased with effect from 1 April 2005 by 4.2% for O/D passengers and more than doubled for transfer passengers. On 1 November, the Security Service Charge was further increased (by 8.3%), owing to a much stronger-than-expected increase in security costs in 2005. With effect from November, O/D passengers have been paying EUR 11.90 and transfer passengers EUR 3.83.

Security

Since April 2003, Amsterdam Airport Schiphol has been carrying out an important, statutory duty on behalf of the government with regard to the security of all areas to which the public does not have access. In 2005, the security measures connected with the performance of this statutory duty were intensified. Partly in response to the diamond robbery at Amsterdam Airport Schiphol in February, we intensified access control and brought forward the implementation of biometric access control for staff. Extra security measures were also put in place for the public areas. With effect from 1 December 2005, passengers departing from Amsterdam Airport Schiphol to a non-Schengen destination are now required to go through a security check at the gate instead of

immediately after passport control in Departure Lounges 2 and 3. We were obliged to introduce these measures in order to comply with EU legislation.

Aviation safety

In 2005 the Runway Safety Team, made up of Amsterdam Airport Schiphol, Air Traffic Control the Netherlands and the airlines, devoted a great deal of attention to preventing runway incursions. Various changes and improvements were implemented, based on investigations of specific incidents and trend analyses. Infrastructure changes were also made to reduce runway incursion risks at airfield hotspots, i.e. parts of the airfield with a particularly high risk of incidents. We also introduced more stringent checks on compliance with the correct radio and telephony procedures.

Our efforts to minimise the risk of bird strikes are having an effect. The number of bird strikes at Amsterdam Airport Schiphol was halved in 2005 compared with 2004. Just two bird strikes per 10,000 flights were recorded. In 2006 we shall be conducting trials with radar detection of birds in an effort to reduce the number of bird strikes even further.

Organisational changes

On 1 January 2006, we finalised a change in the organisation which had largely been initially implemented on a trial basis in 2005. The two former business units of Airlines and Passengers have now been formally amalgamated as the business area of Aviation. This has resulted in a flatter organisation that is able to respond more effectively and rapidly to market developments on a 24/7 basis. The business area falls under the direct control of our Chief Operations Officer Ad Rutten, who was newly appointed on 1 September 2005. The resultant short line of communication between the Board of Management and the business area should translate into higher customer satisfaction scores and even greater efficiency.



Investments

Work started on the construction of Pier H, Amsterdam Airport Schiphol's seventh pier, at the beginning of 2005. The new pier was opened on 1 November. Pier H has seven aircraft stands and is configured differently from the other piers. We built this pier to create room for the growth of our hub carrier Air France-KLM in the central section of the airport. Several point-to-point airlines have now vacated this part of the airport and are using the new Pier H instead. Point-to-point airlines do not have many transfer passengers and attach particular importance to rapid flight handling and short turnaround times, i.e. the time between an aircraft's arrival and departure. Pier H therefore does not have passenger bridges. For the time being, the new pier will be used exclusively for non-Schengen flights.

In May, major repairs were carried out on Runway 09-27.

In October, the new 4,250-metre northern taxiway at Amsterdam Airport Schiphol was opened, completing the new runway system, with the new fifth runway, Runway 18R-36L, as the most important addition. The northern taxiway allows aircraft to reach the new runway without interfering with operations on Runway 18C-36C. A southern taxiway to the new runway already exists.

In 2005, three new baggage handling areas were completed at Amsterdam Airport Schiphol as part of the 70 MB project (70 million bags), namely a sorting hall, a storage area and a baggage reclaim area. The aim of the 70 MB project is to ensure that, by 2012, we will be able to handle around 70 million bags a year, or over 20 million more than the number handled in 2005, with a lower IR rate than we have at present and with greater efficiency. We shall be investing a total of EUR 500 million in the 70 MB project through 2012.

In 2005 we again invested heavily in security measures. We purchased new x-ray equipment and metal detection gates in connection with the relocation to the departure gates of security checks for flights to non-Schengen destinations. We also invested additional amounts in iris scanning equipment to further enhance staff access control.

In 2005, work also continued on the installation of sprinkler systems and other equipment to provide improved fire safety in the terminal.





Activities

**Retail, parking, advertising,
e-business and other
concessions**

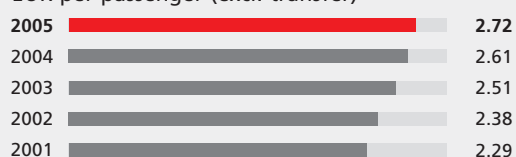
Consumers Business Area	2005	2004	
EUR million			
Revenue	195	182	7.1%
EBITDA	140	120	15.7%
Operating result	125	106	17.9%
Average non-current assets	209	205	2.0%
RONA before tax	59.6%	51.6%	
RONA after tax	40.8%	33.8%	
Investments in intangible assets and property, plant & equipment	16	23	-28.3%

Consumers

The aim of the Consumers business area is to ensure that the visitors to the airports where we operate are able to start their journeys in a relaxed manner. By developing state-of-the-art shopping facilities along with bars and restaurants and by offering door-to-door travel solutions, we provide travellers with an integrated range of products and services. At Amsterdam Airport Schiphol we do everything possible to enhance the appeal of the airport as a home base for our hub carrier so as to ensure that we remain the main airport in the geographical market we serve.

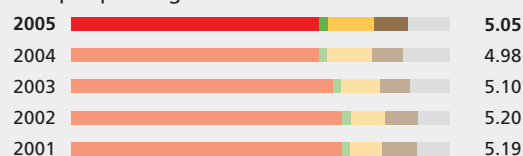
Parking revenues

EUR per passenger (excl. transfer)

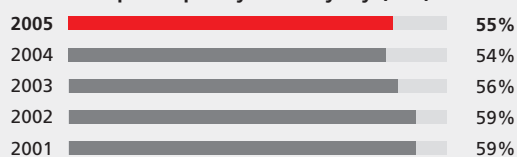


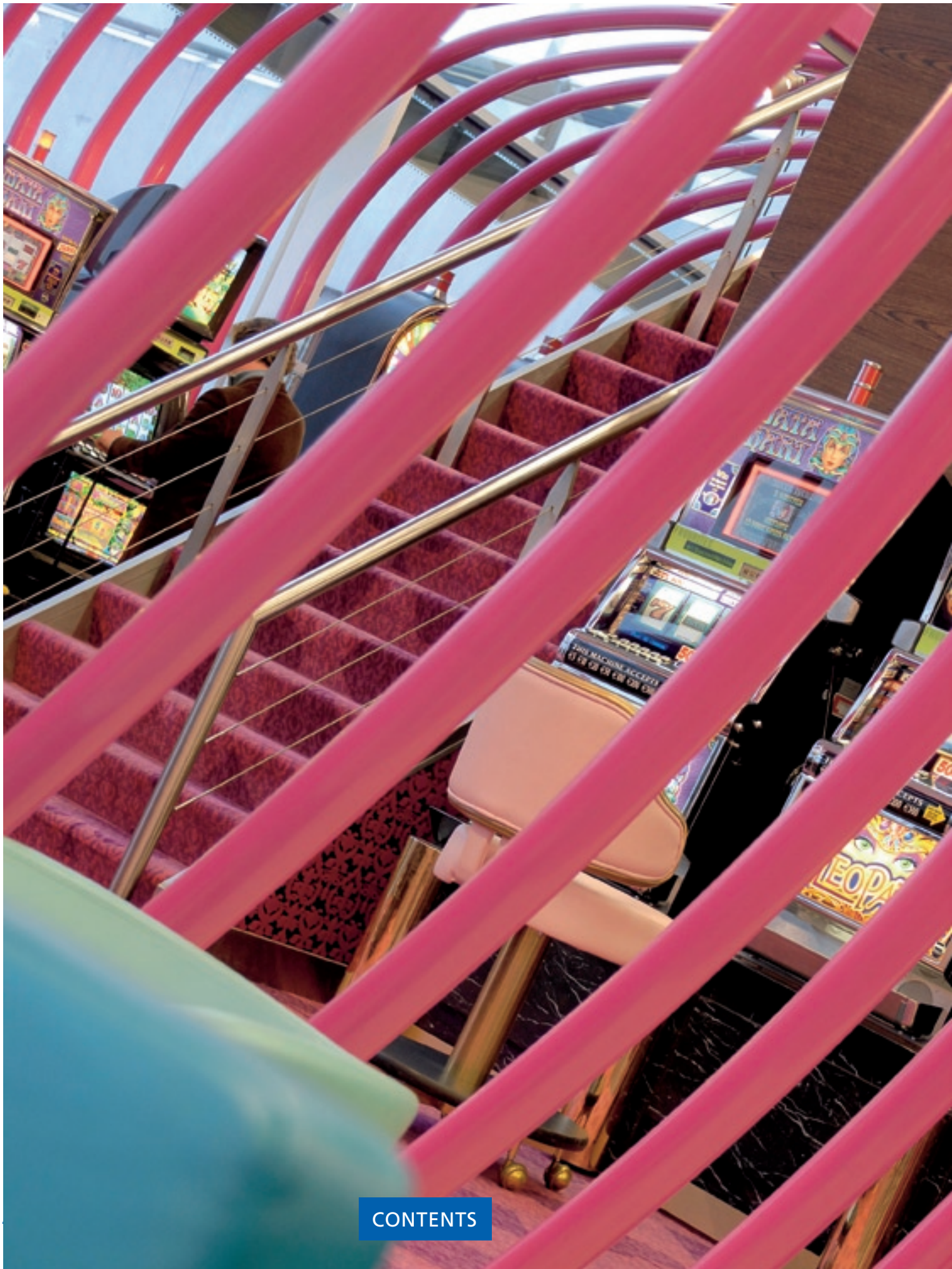
Concession revenues per international departing passenger (IDP)

EUR per passenger



Perceived price/quality See Buy Fly (SBF)





Average spend in the See Buy Fly shops and the associated concession revenues increased in the second half of 2005, following a successful media campaign, a number of new shops opening and more competitive pricing. These initiatives resulted in reversing the downward trend in consumer spending. Revenues from car parking fees were also up, partially on account of the new Smart Parking product. The renovation of Departure Lounge 1 was completed and the Consumers International contract in Stockholm was expanded.

Concession revenues slightly higher

The Consumers business area reported increased revenues, mainly as a result of higher revenues from concessions and from car parking.

Concession revenue from the See Buy Fly shops at Amsterdam Airport Schiphol rose by EUR 3.4 million (4.4%) to EUR 81.4 million in 2005, the improvement being largely produced by the newly opened outlets (including several specialty shops) in Departure Lounge 1, more competitive product pricing and the 'Buy Bye' marketing campaign, which had the effect of boosting the perceived price/quality ratio of the See Buy Fly shops and lifting sales. Passenger rating of the See Buy Fly product rose from 53.8% in 2004 to 54.6% in 2005. As a result, See Buy Fly concession revenue per departing passenger on international flights increased fractionally over the year. Spending began to pick up in the closing months of the year in particular.



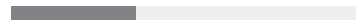
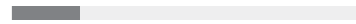
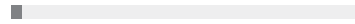
Revenue from the other concessions rose by EUR 2.3 million, partly as a result of the introduction of new Asian catering concepts. The number of airport branches of banks also increased and new concessions were added, including a car lottery.

Car parking revenues per passenger, excluding transfer passengers, rose by 4.2%, from EUR 2.61 in 2004 to EUR 2.72 in 2005. The increase was the combined effect of a longer average stay and increases of 3.3% in long-stay parking charges and 2.5% in short-stay charges.

The Smart Parking product – online reservation of discounted parking spaces in the P3 long-stay car park via www.schiphol.nl – introduced at the end of 2004 generated a stream of new car park users, especially from the more distant parts of our catchment area.

Advertising income rose by 14.6% compared with 2004, to EUR 10.6 million. The increase was largely attributable to new advertising spaces on passenger bridges for example, making outdoor advertising, in particular, more attractive. The take-up of both existing and new advertising space in the Amsterdam Airport Schiphol terminal also improved.

Number of Privium members

2005		26,180
2004		15,068
2003		9,166
2002		5,009
2001		738

Membership of Privium, the Amsterdam Airport Schiphol service programme for frequent travellers, increased during the year from around 15,000 to in excess of 26,000. The programme has been running since the end of 2001. At the time, Amsterdam Airport Schiphol was the world's first airport to offer a fast, comfortable and privileged service for the convenience of frequent travellers based on automated border passage using iris recognition. The strong growth in membership is partly due to the successful partnership between Privium and a number of banks and credit card organisations.



Investments and product enhancement

The Consumers business area invested EUR 16 million at Amsterdam Airport Schiphol in 2005. Investments were made in additional commercial floor space for bars and restaurants, shops and special outlets, in product innovation and enhancement, in even more effective advertising options and in airport parking facilities.

In the airside area, after passport and ticket control – in Departure Lounges 1, 2 and 3 – a net increase of 990 m² in the amount of retail space was created, including six new specialty shops in the extended and renovated Departure Lounge 1. The specialty shops sell a selected range of products such as whisky & cigars, and sunglasses. A new combined shop was also opened in Departure Lounge 1 selling liquor, tobacco, perfume and general drugstore product lines. This shop is one of the largest airport shops in Europe.

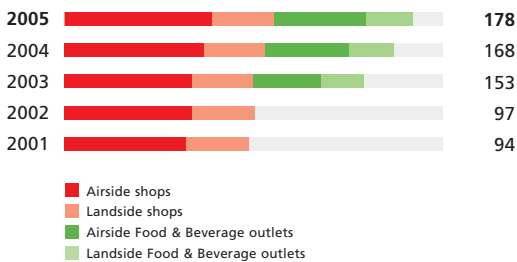
We completely revamped the www.schiphol.nl website in 2005, making it even more user friendly. The number of visitors was up by 16% compared with 2004, at more than 1 million a month. Each visitor viewed an average of eight pages in 2005.

Consumers International

Arlanda Schiphol Development Company AB expanded its commercial activities at Stockholm Arlanda Airport in 2005. The joint venture, in which Schiphol Group partners the Swedish Luftfartsverket, had been responsible for the commercial management of the North Terminal (Terminal 5) at the Swedish capital's airport since the end of 2003. These activities have now been expanded to include SkyCity, the combined shopping centre and train station at the heart of the complex that is open to the general public, and the other departure lounges and piers at Arlanda Airport.

Consumers International has also signed an agreement with JFK IAT to provide commercial support of Terminal 4 at New York's JFK Airport. Schiphol USA has a 40% interest in JFK IAT.

Number of retail outlets







Activities

Development and management of investment property at and around Amsterdam Airport Schiphol and other airports plus letting space in the Schiphol terminal building

Real Estate Business Area	2005	2004	
EUR million			
Revenue	116	107	8.5%
Result on the sale of investment property	10	18	-42.1%
Capital gains on investment property	11	5	110.3%
EBITDA	102	92	11.2%
Operating result	78	65	20.6%
Average non-current assets	1,157	1,151	0.6%
RONA before tax	6.8%	5.7%	
RONA after tax	4.6%	3.7%	
RONA after tax, excluding capital gains but including share in results of associates/interest income	3.7%	3.2%	
RONA after tax, including capital gains and including share in results of associates/interest income	4.3%	3.5%	
Investments in intangible assets and property, plant & equipment	50	38	30.4%

Real Estate

The Real Estate business area specialises in the development and management of investment property at and around Amsterdam Airport Schiphol and other airports in the Netherlands and abroad. The business area's objectives are an extension of Schiphol Group's own objectives, namely to increase non-aviation revenues and to diversify risk. The business area also manages property used for operating activities, including the lettable office space in the terminal building at Amsterdam Airport Schiphol.

Occupancy in m²

At Schiphol and Eindhoven



Leases expiring within one year

Based on overall average lease duration



Tenant satisfaction

Tenant satisfaction is measured once every two years





[CONTENTS](#)

Results

The average occupancy level of our property at Amsterdam Airport Schiphol, where 92% of the our lettable space is located, fell from 88.4% in 2004 to 86.1% in 2005. More than half of the decrease was due to the sale of properties with better letting prospects to ACRE Fund. Added to this, a few dated buildings in the portfolio (buildings 70 and 72), for which a new use is being sought, had the effect of depressing the overall occupancy figure.

During the year we contracted various new leases, including the letting of approximately 2,600 m² NLA (net lettable area) to several new tenants in the WTC complex. In the Triport building, 1,332 m² NLA was let to various airlines in the Star Alliance. The Snipweg office building (2,164 m² NLA) was leased entirely to the Dutch Border Police (*Koninklijke Marechaussee*). In the Tristar building, 2,427 m² NLA (one third of the building) was leased to an international hotel group. These new contracts, in combination with the renewal of various expiring leases (in 2005: 12.1%), meant that the overall occupancy of our property portfolio, excluding buildings 70 and 72, remained unchanged.

The net capital gains on our investment property, amounting to EUR 11.4 million in 2005, compared with EUR 5.4 million in 2004, were the combined effect of:

- revaluations following the completion of new properties and the granting of new long leases (EUR 9.7 million); and
- a net gain on the existing real estate portfolio (EUR 1.7 million).

The sale of property yielded a profit of EUR 10.2 million compared with EUR 17.6 million in 2004. Among the assets disposed of were the second half of the Schiphol Group head office building (*Schipholgebouw*) and the Vracht 8 industrial premises which were sold to ACRE Fund. The low-rise section of the Flight Square building at Eindhoven Airport was also sold and industrial premises of 6,203 m² NLA at Schiphol Southeast were developed and sold to Yusen logistics services. ACRE Fund sold a property (Skymaster) to a third party.

The operating result rose by EUR 13 million to EUR 78 million. Excluding capital gains on investment property, the operating result increased by 12%, from EUR 60 million in 2004 to EUR 67 million in 2005. The increase was almost entirely attributable to a higher result on operating the terminal complex.

Occupancy at the Schiphol location	2005	2005 excluding buildings 70/72	2004
Existing portfolio, including ACRE Fund (50%)*	84%	89%	97%
New completions during the year	100%	100%	46%
Occupancy	85%	89%	90%
Add occupancy of lettings in the terminal	89%	89%	84%
Overall occupancy Schiphol location	86%	89%	88%

* This figure also includes 3,865 m² of lettable area at Eindhoven Airport (occupancy in 2004: 17%; 2005: 17%).

(in EUR 1,000)			2005	Operating result including
	RONA		Average	capital gains on
			asset base	investment property
Investment property	11.0%		637,600 *	69,949
Assets under construction or development	-/- 2.0%		124,146 **	-/- 2,498
Property, plant and equipment used for operating activities	7.8%		308,690 **	24,047
Other assets	-/- 14.9%		87,070 **	-/- 12,956
RONA before tax, including capital gains on investment property	6.8%		1,157,506	78,542
RONA after tax, including capital gains on investment property	4.6%			
Share in results of associates				-/- 3,619
RONA before tax, including capital gains on investment property and share in results of associates	6.5%		1,157,506	74,923
RONA after tax, including capital gains on investment property and share in results of associates	4.3%			

*) These assets are stated at market value

**) These assets are stated at cost less depreciation or market value, whichever is lower

Analysis of return

RONA after tax, including capital gains on investment property, rose from 3.7% in 2004 to 4.6% as at year-end 2005. This figure is the combined return generated by three separate activities with very different risk/return profiles, as shown in the above table. The recognition of impairment losses on our associate Tradeport Hong Kong in 2005 impacted the 4.3% RONA after tax including capital gains on investment property and the share in results of associates (2004: 3.5%).

Investment property

Our portfolio of investment property (including the 50% interest in ACRE Fund) comprises offices, industrial premises and land at and around Amsterdam Airport Schiphol and the airports of Rotterdam, Eindhoven and Malpensa (Italy).

The investment property represented approximately 60% of our total assets as at year-end 2005. The market value of our investment property as at year-end 2005 amounted to EUR 635 million compared with EUR 640 million as at year-end 2004. RONA before tax, excluding the share of overheads, amounted to 11.0% compared with 8.6% in 2004, on account of an increase in the result and a smaller average asset base.

Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam Airport: 2005 saw the completion, at Schiphol Southeast, of the industrial premises for Exel freight forwarders (11,397 m² NLA). Also at Schiphol Southeast, new industrial premises were developed for logistics service provider Yusen Air & Sea Service (Yusen), which has set up its European headquarters here. The building has been sold to Yusen but the land on

which it stands is on long lease. The new business unit replaces the building formerly occupied by Yusen at Schiphol Southeast.

We leased land to One Star Is Born Financial Holding B.V. (OSIB) in 2005 to develop a new hotel at Schiphol Centre. In addition we sold approximately 3.2 hectares of land in the Flight Forum Business Park at Eindhoven Airport. In Rotterdam, the first plot in the new business park at Rotterdam Airport was leased to Sitecom Europe B.V.

International: Near Malpensa Airport, industrial premises (approximately 12,500 m² NLA) and an office building (approximately 4,000 m² NLA) designed for logistics operations were completed. We have a 42% interest in this project. Leases have already been signed for 70% of the available space. With effect from 2006, these assets will generate a positive direct return and will therefore make a positive contribution to RONA.

Development of the stock of lettable space:

The result of the above transactions was a net reduction in the stock of lettable space (excluding property used for operating activities). As at year-end 2005 we had a portfolio of buildings extending to 263,813 m² (2004: 298,905 m²), comprising 138,193 m² of office space and 125,620 m² in the form of industrial premises (including our 50% stake in ACRE Fund).

Assets under construction or development

The assets classed under this heading are assets connected with either current or future property development. Included here are development land, construction-ready sites and buildings under construction. During the development phase, assets tie up capital and generally produce a negative result since they incur costs while not generating revenues. On completion, such assets make a positive contribution to the capital gains on the investment property portfolio. This lifts the RONA on the investment property asset category.

In accordance with IFRS, assets under construction or development are stated at cost. Completions in 2005 comprised office space totalling 3,960 m² NLA and industrial premises extending to a total of 23,953 m² NLA.

The average asset base represented by the development land held on behalf of the Aviation business area amounted to approximately EUR 43 million in 2005. These assets are allocated to the Aviation business area.

As at year-end 2005, the total carrying amount of assets under construction or development was approximately EUR 137 million (average carrying amount EUR 124 million). The return on these assets is negative and therefore has the effect of depressing our overall RONA after tax.

During the reporting period, approximately 158 hectares of land was purchased in areas to the north-west and south-east of Amsterdam Airport Schiphol.

In June, work started on developing a cargo building (of approximately 10,000 m² NLA) for Eagle Global Logistics (EGL) at Schiphol Southeast. EGL is currently based in premises in Schiphol-Oude Meer and Schiphol East. At the end of 2005, preparations started for the construction of a new office complex for Microsoft at Schiphol Centre in which the company plans to locate its Dutch headquarters. Connected with the Malpensa Trade Centre office park, which is under development near Malpensa Airport in Italy, Malpensa Real Estate B.V. (in which we have a 60% stake) acquired an interest of 47.44% in Villa Carmen B.V. A joint venture has been set up with Italian partners to develop and construct the project, which we are executing in partnership with Grontmij Real Estate International B.V. As at year-end 2005, the assets under construction or development in our development portfolio extended to a total of 75,000 m², of which approximately 18,000 m² was located near Malpensa Airport.



Property, plant and equipment used for operating activities

The asset category of property, plant and equipment used for operating activities concerns the offices in the terminal at Amsterdam Airport Schiphol (Terminal Lettings) which are managed by us. The category also includes the airport fire stations, the Schiphol Group head office building, various industrial premises (for on site cargo transshipment warehouses intended for future use) and the building housing the Amsterdam Airport Schiphol fleet of snow clearance vehicles. The terminal building houses offices that are leased to airlines and airport-related businesses.

The RONA generated by these assets improved compared with 2004, but is relatively low because letting space in the terminal is associated with relatively high operating expenses. As at year-end 2005, the above assets represented a value of EUR 298 million and generated a RONA before tax of 7.8% in 2005

Other assets

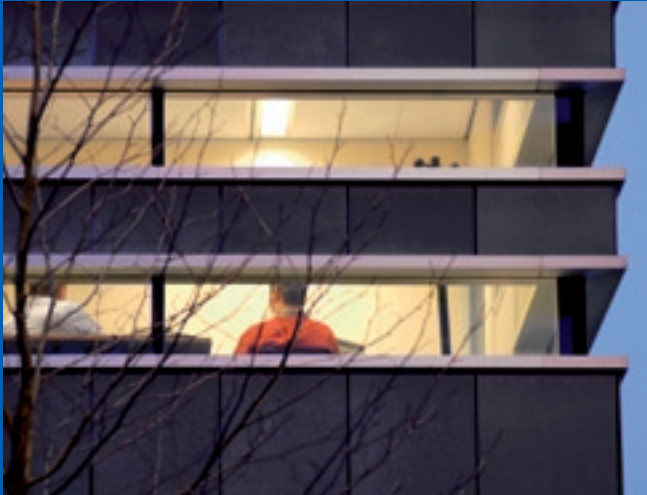
Financial assets and allocated assets

In addition to our investment property we have various investments in associates which are carried at net asset value. These include a minority interest in the investment activities of Tradeport Hong Kong Limited. The performance of the Tradeport Logistics Centre Hong Kong operation

fell somewhat short of expectations in 2005. Tradeport Hong Kong is a joint venture involving Schiphol Real Estate, Fraport, China National Aviation Company Limited and Hong Kong Land Limited. Also included in this category are infrastructure assets serving the activities of the Real Estate business area, including associated operating expenses and general overheads. The average value of these assets in 2005 was EUR 87 million. They generate a net negative result and therefore have the effect of depressing the overall RONA.

Opening balance sheet for tax purposes

There is still uncertainty concerning the opening balance sheet for tax purposes of the Real Estate business area as at 1 January 2002. Since the corporate income tax liability has been calculated without taking account of possible differences between the balance sheet for tax purposes and that for reporting purposes we expect a positive effect on our RONA after tax with regard to the investment property.





Activities

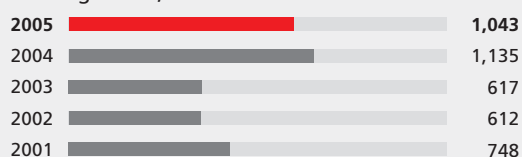
Rotterdam Airport, Eindhoven Airport, Lelystad Airport, Brisbane Airport, JFK IAT (T4), Dartagnan

Alliances & Participations Business Area	2005	2004	
EUR million			
Revenue	64	62	2.6%
Capital gains on investment property	1,0	-0,3	
EBITDA	22	15	45.7%
Operating result	9	-3	
Average non-current assets	162	148	9.4%
RONA before tax	5.3%	-1.9%	
RONA after tax	3.6%	-1.2%	
RONA after tax, excluding capital gains but including share in results of associates/interest income	8.0%	3.5%	
RONA after tax, including capital gains and including share in results of associates/interest income	8.4%	3.3%	
Investments in intangible assets and property, plant & equipment	24	32	-26.3%

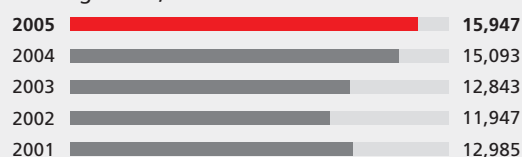
Alliances & Participations

The Alliances & Participations business area has the twofold objective of strengthening the position of our regional airports in the Netherlands and diversifying risk by exporting the AirportCity concept developed by Schiphol Group, either directly or by acquiring (partial) interests in airports abroad. Alliances specifically associated with a particular business area are covered in the Consumers or Real Estate sections. The remaining alliances are reported on here.

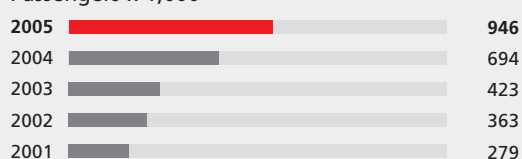
Rotterdam Airport



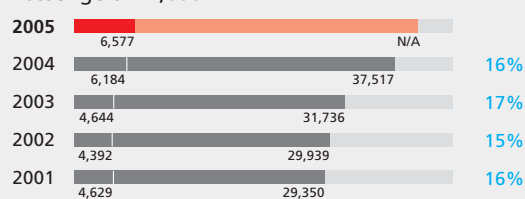
Brisbane Airport (Australia)



Eindhoven Airport



JFK Airport, New York (USA)



■ Passengers Terminal 4
 ■ JFK total passengers
 % = Terminal 4 share



Our investments in New York and Brisbane continue to show better results. Financial restructuring together with a new shareholders' agreement in Brisbane meant that these associates generated a positive contribution to Schiphol Group's net result. Traffic volumes at these airports are showing healthy growth. In the Netherlands, the same applies to Eindhoven Airport. At Rotterdam Airport, however, the number of passengers and air transport movements was down on account of noise-related capacity constraints. Efforts are being undertaken to expand noise capacity.

Further improvement in results

The operating result for the business area in 2005 improved by EUR 11 million. This was partly the effect of an increase in revenue achieved with lower operating expenses. In addition, the financial restructuring and the new shareholders' agreement with Brisbane Airport Corporation Holdings combined with the growth in traffic volumes at Brisbane Airport led to a considerable improvement in the interest, fees and dividends received from this associate. In 2005 we received a total of EUR 7 million, the amount being presented in various profit and loss account items.

We also received considerably higher payments from JFK IAT. A total of EUR 1.3 million, included in the share in results of associates, was paid out.

Domestic airports Rotterdam Airport

Rotterdam Airport closed the year with a total number of passengers on scheduled and leisure flights of 1,043,387, 8.1% down on 2004. The number of air transport movements was down by 4.4%. The number of other aircraft movements however was up by 22.1%. The airport posted a net result of EUR 2.4 million.

The drop in air transport movements was due to the limited noise capacity of the airport, which meant that slots which became vacant – partly as a result of the transfer of a number of Transavia Airlines flights to Amsterdam Airport Schiphol – could not be given to new airlines. The closure of the naval airfield at Valkenburg also resulted in a considerable increase in the number of official and military flights from Rotterdam Airport in 2005. Since this placed even more pressure on the available noise capacity, at the instigation of the Ministry of Transport, Public Works and Water Management and with the support of the City of Rotterdam we initiated an environmental impact assessment procedure aimed at providing a basis for increasing the airport's environmental and noise capacity.

We invested a total of EUR 1.2 million in Rotterdam Airport in 2005. In the new Rotterdam Airport business park, the company Sitecom started constructing its new European headquarters. Sitecom is the business park's first user.

Eindhoven Airport

The strong growth in passenger numbers seen in recent years continued in 2005. The increase from 694,451 passengers in 2004 to 946,218 in 2005 represents 36.3% growth, which is largely attributable to the increasing number of low cost carriers using the airport. Eindhoven Airport has now reached its capacity limits, however, so that there is scarcely room for leisure traffic to grow further. The number of air transport movements in fact dropped from 10,543 in 2004 to 10,411 in 2005. Scheduled services with lower load factors were replaced by low cost scheduled services operating larger aircraft with higher load factors.

Eindhoven Airport achieved a net result of EUR 1.1 million in 2005. Investments totalled EUR 18.7 million, mainly in the new terminal, which was completed and opened in August.

Lelystad Airport

With the submission of an application for an official directive from the Minister of Transport, Public Works and Water Management to extend the runway to 2,100 metres, Lelystad Airport took an important step in 2005 to further develop the airport. If all the procedures can be successfully completed, Lelystad Airport could form a good alternate airport for point-to-point flights between Amsterdam Airport Schiphol and various European destinations. The number of general aviation aircraft movements continued to decline, falling from 111,722 in 2004 to 105,097 in 2005. The main factors behind this decline are the high cost of fuel and the weak economy. As a consequence, Lelystad Airport posted a loss of EUR 0.5 million. Investment at the airport amounted to EUR 0.3 million.

International airports

JFK New York – USA

Schiphol USA has a 40% interest in the JFK IAT joint venture which manages Terminal 4 at John F. Kennedy Airport, New York. The number of passengers using Terminal 4 continued to grow compared with 2004, up by 6.4% to almost 6.6 million passengers. The number of air transport movements grew by 5.0% to 38,621. This performance generated a share in the results of associates of EUR 1.3 million. During the year, the number of international airlines using Terminal 4 rose to 48. The terminal welcomed six new airlines. Two airlines moved their operations elsewhere. Terminal 4 is preparing for the arrival of the Airbus A380. Four airlines are due to start flying into JFK with the A380 in 2007/2008. This will serve to further strengthen the position of Terminal 4 at John F. Kennedy Airport, since it will be the only terminal capable of receiving the A380.

Brisbane

Schiphol Australia has a 15.6% interest in Brisbane Airport Corporation Holdings (BACH). The number of passengers at Brisbane Airport rose by 5.7% (17% in 2004) from 15.1 million in 2004 to more than 15.9 million in 2005. The number of air transport movements also continued to increase, by 5.5% (11% in 2004) from 142,196 in 2004 to 150,084 in 2005. The net result rose from AUD 23.8 million to AUD 27.7 million. Schiphol Group received EUR 3.1 million as its share in the results of associates and an additional EUR 2.3 million in interest income plus EUR 1.6 million in management fees, accounted for in other operating income.

Brisbane received two important awards in 2005. IATA nominated Brisbane Airport the World's Best Privatised Airport, for which Brisbane was honoured with IATA's Golden Eagle Award 2005. The Australian Airports Association also named Brisbane Airport as the Best Australian Airport of 2005, for the second time in four years.



Aruba

It was an extraordinary year for Aruba Airport Authority, with which we have a strategic alliance running up to the end of 2007. The impressive growth figures of the first seven months were completely reversed during the remaining five months. A downturn in the number of tourists from North America following the disappearance of the American girl Natalee Holloway adversely affected leisure flights from the USA. As a consequence, the airport handled 1,714,523 passengers in the year under review, 1.1% fewer than in 2004.

In financial terms, the airport nevertheless posted better results, mainly owing to better cost control. Numerous projects were also begun during the year with the objective of enhancing the infrastructure as well as the standard of service to passengers and also further increasing revenues from commercial activities.

Other participations

Dartagnan Biometric Solutions

Dartagnan Biometric Solutions, a wholly-owned Schiphol Group subsidiary, specialises in marketing biometric identification technology. In 2005, in partnership with Angkasa Pura Schiphol (a joint venture involving Schiphol International and the Indonesian airport operator PT Angkasa Pura II), Dartagnan Biometric Solutions installed an automated border passage system (using iris recognition technology) at Jakarta's Sukarno-Hatta Airport, Indonesia. At the end of December, official permission was given by the Indonesian government to commence using the system.

Agreement has been reached with the US Department of Homeland Security and the Dutch government to start a trial using fully automated border passage systems for frequent travellers at both Amsterdam Airport Schiphol and Terminal 4 at JFK Airport. Important contracts to supply iris recognition access control systems to several companies were also secured.

■ Prospects

Our financial results are largely determined by the growth in passenger numbers and cargo volumes and the associated developments in air transport movements. At Amsterdam Airport Schiphol, the largest and most important airport within Schiphol Group, we expect passenger numbers to rise by 4.2% in 2006, or almost 2 million to a total of around 46 million. This forecast is made on the assumption that the world economy and the Dutch economy will continue to improve and that the aviation industry will not be hit by crises of the kind we have seen in the past.

Although we shall be continuing with our cost control measures in 2006, we expect costs to rise, partly because of new government-imposed security measures introduced at the end of 2005 at Amsterdam Airport Schiphol. Depreciation charges will also be higher. We do not, however, expect any significant change in the number of employees or composition of the workforce this year.

We expect the net result for 2006, excluding capital gains on property and the sale of property, to be on par with the 2005 net result.

We expect capital expenditure in 2006 to be around EUR 360 million, more than half of which will concern aviation facilities at Amsterdam Airport Schiphol. Financing charges will consequently increase. Available cash resources, the forecast cash flow from operating activities and existing financing facilities and programmes will provide ample room for funding these capital expenditures.

Schiphol, 15 February 2006

Board of Management

G.J. Cerfontaine

P.M. Verboom

A.P.J.M. Rutten

■ Corporate Governance

Governance structure

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

Tabaksblat Code

Schiphol Group has implemented the principles and best practices of the Dutch Corporate Governance Code, the Tabaksblat Code, in the company's various internal rules and regulations almost without exception, despite not being a listed company. The General Meeting of Shareholders has welcomed the Code's implementation. A document describing the ways in which the various provisions are reflected in internal rules and regulations has been posted on our website www.schipholgroup.com, where you will also find the internal rules governing the Supervisory Board and its subcommittees and the Board of Management.

Also introduced during the year was a special set of Whistleblowers' Rules, providing an effective procedure for reporting irregularities.

An unlisted company like Schiphol Group does not need to apply a number of the Tabaksblat Code's provisions (nor would it make sense for it to do so). The provisions concerned are essentially II.2 (options as a component of remuneration), IV.2 (issue of depositary receipts for shares), IV.3 (price-sensitive information) and IV.1.3 (public response to a private bid for part of the company). Only a limited number of the best-practice provisions of the Tabaksblat Code have not yet been applied.

- The General Meeting of Shareholders is not attended by all the members of the Supervisory Board and Board of Management. In view of the very small number of shareholders, we believe that the deliberations of this meeting are better served by delegations from both boards. For the same reason, the external auditors will only attend the General Meeting of Shareholders at the request of a shareholder (Tabaksblat Code best-practice provision V.2.1).

- Since notes will have been provided by the Audit Committee relating to relevant items on the agenda, the external auditors do not attend either the shareholders' meetings or the meetings of the Supervisory Board unless a shareholder or the Chairman of the Supervisory Board requests their presence (II.2.7).
- The contracts of employment of the Board of Management members Gerlach Cerfontaine and Pieter Verboom have been entered into for an indefinite period of time and the maximum amount of the agreed termination benefit payable on involuntary dismissal exceeds the maximum according to the Code. The Supervisory Board has decided to honour the existing contracts of employment (II.1.1 and II.2.7). It should, however, be mentioned that the contract with Ad Rutten, which was entered into in the course of 2005 complies with the provisions of the Code.
- The Supervisory Board does not have a permanent Selection and Appointments Committee. Such a committee is called into being on an ad hoc basis whenever of the Supervisory Board considers it necessary.

Supervisory Board

As permanent subcommittees, the Supervisory Board has an Audit Committee and a Remuneration Committee. A Selection and Appointments Committee was also created last year. The Board has adopted specific sets of rules for each of these three committees.

The members of the Board are all independent.

A dedicated Privatisation Committee was set up in the closing quarter of the year. This committee, which has the same composition as the Audit Committee, will focus on the shareholders' plans to dispose of Schiphol Group shares.

Audit Committee

The Audit Committee has three members. It meets at least twice a year. Two of the present members possess financial expertise, as required by the profile for the Board. The Corporate Controller has been appointed secretary to the Audit Committee.

Remuneration Committee

The Remuneration Committee has three members. It advises the Board on the formulation of remuneration policy and the actual remuneration of the individual members of the Board of Management. It also prepares a remuneration report each year.

Selection and Appointments Committee

The Selection and Appointments Committee also has three members. It advises the Board by drawing up selection criteria and appointment procedures for members of the Supervisory Board and members of the Board of Management. During the course of 2005, this committee was formed in connection with the appointment of the new Chief Operations Officer (COO).

Transactions in securities

Since Schiphol Group shares are not listed on the stock exchange, there are currently no rules governing securities transactions by members of the Board of Management or the Supervisory Board involving securities issued by the company. The company has, however, issued bonds under the EMTN Programme. Members of the Board of Management and Supervisory Board refrain from buying and selling these securities. A set of Securities Transaction Rules will be adopted for Schiphol Group at the beginning of 2006.

Board of Management

The members of the Board of Management direct the operations of Schiphol Group under the scrutiny of the Supervisory Board. The Supervisory Board has the power to appoint, suspend and dismiss members of the Board of Management.

The segregation of duties for members of the Board of Management is contained in the Board of Management Rules. During the year under review, however, in the absence of a COO, there was a departure from the official segregation of duties, with the duties of the COO being shared between the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). Contrary to the Management Board Rules, responsibility for the commercial portfolio (Consumers) also currently rests with the CFO. Prior to the appointment of a new COO, the Board of Management met on several occasions with only one company director present, in contravention of the Board of Management Rules. Decisions were, however, always postponed until such time as a quorum was present.

Changes in the 'large company' regime

A resolution was put before the General Meeting of Shareholders in 2005 proposing amendments to the company's articles of association resulting from amendments of the Netherlands Civil Code concerning the 'large company' regime. However, the stipulated greater majority required to carry a resolution amending the articles of association was not obtained. Although the provisions of the law prevail above those of the articles of association, the Board is hopeful that the forthcoming General Meeting of Shareholders will be able to pass the necessary resolution.

Schiphol, 15 February 2006

Board of Management
Supervisory Board



■ Report of the Supervisory Board

General

The way in which the Supervisory Board reports on its activities reflects the decision to adhere to the Corporate Governance Code drawn up by the Tabaksblat Committee.

This concerns the separate reports on the activities of the individual committees appointed by the Board. Our report also contains statements on the Supervisory Board's own functioning and the functioning of the Board of Management. The report also includes a table giving more extensive information on the individual members, such as date of appointment and term of office.

The Board's activities

The Board met on six occasions in 2005 to consider a broad range of issues relating to corporate policy, the organisation and the company's future.

The Board received monthly reports from the Board of Management, comparing the actual results with the Corporate Budget for 2005 and with the comparative figures for 2004. These reports were discussed by the Board at each meeting, as were the latest operating results and the company's current financing and cash positions.

The Board had regular discussions with the Board of Management concerning the company's performance in terms of punctuality, market share, safety and security.

The Board of Management reported regularly on the government's decision to sell off a minority interest in N.V. Luchthaven Schiphol (NVLS) and the political debate surrounding this matter. In this connection, the Board appointed a Privatisation Committee from among its members, tasked with advising both the Supervisory Board and the Board of Management.

This Committee met on four occasions to discuss the progress of decision-making on the part of the Ministry of Finance and the Lower House of Dutch Parliament. The Committee produced preparatory documentation relating to the proposed manner of privatisation to assist the Supervisory Board in formulating its standpoint on each occasion that the Board considered the matter. The Board deems it to be in the company's interests for the disposal of the government-held shares to take place as far as possible by means of a stock market flotation.

After appointing an interim Chief Operations Officer from a Schiphol Group company, the Board applied itself intensively to the task of finding a permanent replacement COO. Ad Rutten was duly appointed and took up the position on 1 September 2005. His predecessor and he prepared a proposal for changing the 24-hour organisation of the Aviation business area (providing 24/7 coverage). The organisational change was officially implemented on 1 January 2006.

The Supervisory Board also devoted a considerable amount of time to the position paper entitled 'Working Towards the Future of Amsterdam Airport Schiphol and the Region' compiled by Schiphol Group in collaboration with KLM and Air Traffic Control the Netherlands and submitted to the Ministry of Transport, Public Works and Water Management in connection with the evaluation of the Aviation Act in 2006.

Additionally, the Business Plan 2006-2010, the 2006 Budget and the company's international strategy were discussed and various investment decisions were approved.

All the Supervisory Board members were present at the meetings almost without exception.



Corporate governance

The Board has actively supported the implementation of the Corporate Governance Code, even though the company does not yet have a stock market listing. The General Meeting of Shareholders welcomed the extent to which the Code had been implemented. The Board of Management has now also introduced a set of Whistleblowers' Rules which have been approved by our Board. For a fuller description of the subject, see the section of this report devoted to corporate governance.

Financial reporting and profitability

On the recommendation of the Audit Committee we approved the NVLS financial statements for 2004, the interim results for 2005 and the 2005 financial statements. We have been keeping a close eye on the unfavourable trend in insurance premiums in the aviation industry and the effect it is having on costs, coupled with the still growing share of security costs in Amsterdam Airport Schiphol's operations.

The Board gave its approval to an update of the existing Euro Medium Term Note (EMTN) programme. The Budget 2004 Financing Plan provided the possibility of issuing notes under the EMTN programme that could be listed on the Amsterdam and London stock exchanges contracting a loan from the European Investment Bank or a combination of both. Thanks to effective cost control and a prudent investment policy, however, Schiphol Group did not need to avail itself of these financing options.

Risk management and control

The Board of Management reported to the Audit Committee concerning the establishment of an internal risk management and control system. Our Board welcomed the establishment of the system. For a fuller description of this subject, see the section devoted to business risks.

Central Works Council

Members of the Supervisory Board attended the consultative meetings with the Central

Works Council on each occasion. We found these meetings to be both constructive and informative, and greatly appreciated them.

Remuneration Committee

The Remuneration Committee met on several occasions to discuss the remuneration of the Board of Management (see also the section devoted to remuneration policy). The Remuneration Committee also made recommendations regarding the benefits package for the new COO. This appointment has been made for a period of four years in accordance with the Board of Management Rules.

Selection and Appointments Committee

This committee, which can be set up ad hoc whenever there is a selection or appointment to be considered, was called into being during the year to advise on filling the vacancy for a COO. With the post successfully filled, the committee was disbanded again at the end of 2005.

Remuneration policy

On the recommendation of the Remuneration Committee we discussed remuneration policy in general and the short-term and long-term incentives in particular. These incentives form the variable component of the Board of Management's remuneration. The principles of the scheme are in accordance with the Code.

The Board met a few times without the Board of Management in order to evaluate the functioning of the Board of Management and of the Supervisory Board itself. The conclusions of these meetings were discussed and are also reflected in the amount of the variable component in the Board of Management's remuneration.

The remuneration policy formulated by the Board was approved by the General Meeting of Shareholders. Full details can be found in the section devoted to remuneration policy elsewhere in this report.

Name	Year of birth	First appointed	Current term of office expires/ eligible for reappointment	Principal occupation/other offices held
P.J. Kalff 2) 3) 4) (Chairman)	1937	1997	2009**	Chairman of the Supervisory Board of Hagemeyer N.V. Vice-Chairman of the Supervisory Board of Stork N.V. Member of the Supervisory Board of Royal Volker Wessels Stevin N.V. Member of the Board of Aon Corporation Former Chairman of the Board of Management of ABN AMRO Holding N.V.
J.M. Hessels 2) 4)	1942	1994	2006**	Chairman of the Supervisory Board of Euronext N.V. Member of the Supervisory Board of Royal Philips Electronics N.V. Member of the Supervisory Board of Heineken N.V. Non-Executive Director at Fortis N.V. Former Chairman of the Board of Management of Royal Vendex KBB N.V.
S. Patijn	1936	1994	2006**	Member of the Supervisory Board of Holding Nationale Goede Doelen Loterijen N.V. Member of the Supervisory Board of RAI Holding B.V. Former Mayor of Amsterdam
T.H. Woltman 1) 3)	1937	1998	2006*	Member of the Supervisory Board of BCD Holding N.V. Member of the Supervisory Board of Royal Saan B.V. Member of the Supervisory Board of Royal Porceleyn Fles N.V. Former Chairman of the Chamber of Commerce and Factories for Amsterdam Former Senior Vice-President of KLM North America
H. van den Broek 1)	1936	2000	2008	Chairman of the Executive Committee of Nederlands Instituut voor Internationale Betrekkingen "Clingendael" Chairman of the Executive Committee of Carnegie Stichting and of the Board of Governors of Haagse Academie voor Internationaal Recht Chairman of the General Council of Radio Nederland Wereldomroep Former Member of the European Commission Former Minister of Foreign Affairs
T.A. Maas-de Brouwer 1) 3)	1946	2001	2009*	President of HayVision Society Member of the Supervisory Board of ABN AMRO N.V. Member of the Supervisory Board of Royal Philips Electronics Nederland B.V. Member of the Supervisory Board of Arbo Unie Member of the Supervisory Board of Twynstra Gudde
W.F.C. Stevens 2) 4)	1938	2002	2006	Senior counsel at Baker & McKenzie Member of the Supervisory Board of Aegon N.V. Member of the Supervisory Board of TBI Holding

1) Also member of the Remuneration Committee

2) Also member of the Audit Committee

3) In 2005, member of the ad hoc Selection and Appointments Committee

4) Also member of the Privatisation Committee

* The enhanced right of recommendation enjoyed by the Central Works Council applies to this seat.

** Members having served three terms of office and therefore not eligible for re-election.

Mr P.J. Kalff and Mr J.M. Hessels are the members of the Supervisory Board possessing the relevant financial and accountancy knowledge and experience referred to in Article 3.3, section. c, of the Supervisory Board Rules.

Composition of the Board of Management

Since 1 September 2005, the Board of Management is once again made up of a President, a Chief Financial Officer and a Chief Operations Officer. Prior to 1 September, the operations management duties of the COO were assumed by the President and the commercial duties by the CFO. For the time being, the commercial duties relating to the Consumers business area will remain in the CFO's portfolio.

Composition of the Supervisory Board

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

Their reappointment having been proposed by the Supervisory Board, Mr Kalff and Mrs Maas were reappointed by the General Meeting for a period of four years. With regard to the reappointment of Mrs Maas, the Central Works Council exercised its enhanced right of recommendation. In 2006, Messrs Hessels and Patijn will have completed terms of office totalling the maximum period of 12 years. The Board has already been deliberating at length concerning possible appointments to fill the vacancies thus arising. A list of the Supervisory Board members and the retirement rota can be found on the opposite page.

Audit Committee

The Audit Committee met on three occasions, discussing the 2004 financial statements, the 2005 interim report, the 2005 financial statements and the internal control systems as well as other aspects of internal control. At two of these meetings, the external auditors, PricewaterhouseCoopers Accountants NV,

were also present. The Board assesses the findings reported by the auditors each year and makes its own report to the Shareholders' Meeting accordingly. Also on the agenda of the Audit Committee were specific topics of a financial nature such as the financing plan, developments in the return on net assets, the change in accounting policies (particularly the transition to IFRS), budgeting, risk management, the report of the auditors to management, provisions, impairment losses, action to be taken pursuant to the management letter, insurance and lawsuits.

Financial statements for 2005

An amount of EUR 7.4 million will be added to the statutory reserves. The Supervisory Board concurs with the Board of Management's proposal to distribute a dividend of EUR 55.3 million on the paid-up share capital, calculated on the basis of 30% of the result (attributable to shareholders) excluding investment property capital gains after tax, and to add EUR 12.4 million to the revaluation reserves. The remaining portion of the net result, amounting to EUR 117.8 million, will be added to retained profits. The Board has approved the financial statements and the additions to reserves and retained profits, as proposed by the Board of Management.

PricewaterhouseCoopers Accountants NV have audited the financial statements and issued an unqualified report on them (see page 192 of this report).

The Board of Management will present the financial statements to the General Meeting of Shareholders to be held on 13 April 2006. Based on our Board's assessment of its supervisory activities we invite the shareholders to ratify the policy pursued by the Board of Management and the supervision exercised by the Supervisory Board.

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

Schiphol, 15 February 2006
Supervisory Board



■ Remuneration Policy

Directors' emoluments

The Supervisory Board defines the remuneration policy for the members of the Schiphol Group Board of Management, based on the recommendations of the Remuneration Committee. The remuneration policy then has to be ratified by the General Meeting of Shareholders of Schiphol Group. The benefits payable to the individual members of the Board of Management are then set by the Supervisory Board within the framework of the adopted remuneration policy, again depending on the recommendations of the Remuneration Committee.

The present remuneration policy was drawn up by the Remuneration Committee and approved by the Supervisory Board in 2002. The policy was ratified by the General Meeting of Shareholders in 2005.

Basis of the remuneration policy

The principle underlying the remuneration policy is that the remuneration should be competitive and that Schiphol Group should be able to attract, retain and motivate good managers on the basis of the agreed benefits package. The policy is also required to foster the achievement of the company's short-term and long-term objectives.

To achieve the above goals, the levels of remuneration should be comparable to those in other, mainly Dutch companies. Accordingly a benchmark group of comparable companies was assembled in 2002, based on such factors as, revenue, number of employees and complexity and nature of operations. The companies concerned included the logistics sector (Netherlands Railways, KLM, Royal Frans Maas, BAA and Fraport) and the real estate sector (including Rodamco Europe, Corio, Amstelland AM). More general information concerning Dutch companies with similar revenues and numbers of employees was also considered. Calculation of the total value of the remuneration package received by members of the Schiphol Group Board of Management was based on information obtained from remuneration consultants and the views and experience of the Remuneration Committee. The level of remuneration was found to lie around the median for the above peer groups. The present remuneration policy is that the total remuneration package should not exceed the peer group median.

No further detailed analyses of the remuneration levels in the peer group referred to were made in 2005. It is the Supervisory Board's belief that the current benefits package offers ample scope



for being able to attract, retain and motivate good managers, and the Board's experience so far confirms that belief.

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

At the start of each year, the Supervisory Board and the members of the Board of Management agree a performance contract containing the standards and the performance criteria for the short-term bonus and the long-term bonus for that year. Having examined the performance records for the preceding year, the Supervisory Board proceeds to assess whether the members of the Board of Management have attained their collective and individual targets. By April at the latest, the Supervisory Board then decides

the appropriate level of variable remuneration for the preceding year, in accordance with the remuneration policy.

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

Total fixed salary

Fixed salary is deliberately pitched as indicated above, and currently lies around the median for the market peer group selected by the Supervisory Board. The fixed pay component is not the same for all of the Board of Management members, the ordinary members receiving a salary of approximately 80% of that agreed for the President. In line with the agreement reached in the Collective Labour Agreement applying to other employees, fixed salary was increased by 0.7% with effect from 1 January 2005 and has been increased by a further 2.3% with effect from 1 January 2006.

Short-term bonus

The annual bonus arrangements depend on the achievement of financial targets, a number of personal performance targets and the Supervisory Board's assessment regarding general performance. The financial target is given by the net result divided by total shareholders' equity (ROE) according to the budget for the year



approved by the Board. The personal performance targets may vary from year to year. The on-target level of the short-term bonus is 35% of the fixed salary, with achievement of the financial target accounting for approximately two-thirds of the total short-term variable remuneration. If the financial targets are exceeded, the bonus payable can be up to one-and-a-half times the on-target level for that component, making the maximum short-term bonus for the CEO 47.5% of the fixed salary in the event of exceptional performance, with a limit of 45% for the other members of the Board of Management. The extent to which the targets have been achieved is determined partly on the basis of the audited financial statements.

The personal performance targets in 2005 included achievement of good 24/7 operations (as borne out by the customer satisfaction survey among other things), implementation of the new financial reporting standards (IFRS) and improvement in the commercial non-aviation activities.

The personal performance targets for 2006 included the achievement of adequate environmental capacity within the existing operating capacity, tough targets for improving customer satisfaction among airlines, handling agents and passengers, targets for improving the baggage handling process and targets for reducing the risk of bird strikes. A further

requirement is the preparation of a dedicated annual report for Aviation with clear accountability regarding investments, cost allocation and associated charges.

Long-term bonus

The company does not currently have a policy of awarding bonus shares. Instead, to foster the achievement of Schiphol Group's long-term objectives, the Supervisory Board has devised a long-term bonus scheme which rolls forward over a three-year period. The long-term bonus is a remuneration component payable each year with an on-target level of 35% of the fixed salary, depending on the cumulative economic profit realised over a period of three successive years, based on the medium-term business plan approved by the Board. If the company performs exceptionally well, the bonus may be increased up to a maximum of approximately 52.5% of the fixed salary. The performance criteria applicable to the long-term bonus payable for 2005 relate to the economic profit realised over the three-year period 2005, 2006 and 2007, with payment being made in 2008. At the end of each year, an estimate is made of the amount of the bonus payable after the three years and a pro rata share of the amount thus calculated is accounted for in the year concerned. Payment will, in principle, only be made on condition that the Board of Management member is still employed by the company.



Pension arrangements

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

Other benefits

It is the company's policy to offer a competitive benefits package, including appropriate expense allowances, a company car and allowances for health care insurance costs and telephone costs. The company has also contracted personal accident insurance and directors' liability insurance on behalf of the Board of Management members. No loans, advances or guarantees are granted to members of the Board of Management and the company operates a restrictive policy with regard to

holding other offices; acceptance of other offices requires the specific approval of the Chairman of the Supervisory Board.

Contracts of employment

The principle is that members of the Board of Management will be appointed, in accordance with the Code, for an initial term of office of not more than four years, with subsequent reappointment for periods again not exceeding four years. With regard to severance packages, we shall be carefully monitoring current practice, i.e. relevant legislation coupled with the influence of the 'subdistrict court judgment formula'. Basically, we shall be adhering to the best-practice provisions of the Code on this matter. The existing contracts of employment, as agreed prior to 1 January 2004, will be honoured. In the case of Gerlach Cerfontaine, the contract of employment was for an indefinite period with an agreed golden handshake of three times the fixed salary payable in the preceding year. Pieter Verboom's contract of employment was also entered into for an indefinite period with an agreed golden handshake in the event of dismissal of one-and-a-half times the fixed salary payable in the preceding year. The contract with Ad Rutten was entered into with effect from 1 September 2005 for a period of four years with the option of reappointment. The golden handshake arrangement in the event of dismissal has been agreed at one year's fixed salary.



Evaluation of remuneration policy

In 2005, there were changes in the division of duties among members of the Schiphol Group Board of Management and changes in the Board of Management's composition. The ownership structure of the company is also anticipated to change. In addition, the Frijns Monitoring Committee has presented its findings. Against this background, the Supervisory Board intends to evaluate the existing policy in 2006 and revise it accordingly. In its evaluation, the Board will be reviewing the structure of the variable remuneration component and the criteria governing it, the composition of the peer group used for benchmarking and the termination benefits package among other aspects. The Board does not intend to revise the remuneration levels of the Board of Management members to coincide with the expected change in the ownership structure. Any changes will be submitted to the General Meeting of Shareholders for approval. In its evaluation, the Supervisory Board will make use of its own external advisers in the field of remuneration and available reports on the subject as necessary.

For details of the remuneration received by the individual members of the Board of Management, see page 148 of this annual report.

For details of the emoluments received by the individual members of the Supervisory Board, see page 147 of this annual report.

Details of any other offices held by members of the Board of Management are indicated on page 148 of this annual report.

Schiphol, 15 February 2006

Supervisory Board

■ Board of Management and Senior Executives

Board of Management

Gerlach Cerfontaine, President

Pieter Verboom, Member of the Board of Management and CFO

Ad Rutten, Member of the Board of Management and COO

Business areas and associates

Ad Rutten – Aviation

Dick Flink – Consumers

Ad Mast – Schiphol Real Estate

Jacques Greitemann – Schiphol International

Roland Wondolleck – Rotterdam Airport

Bart de Boer – Eindhoven Airport

Lex Oude Weernink – Lelystad Airport

Koen Rooijmans – Brisbane Airport Corporation

Alain Maca – JFK IAT

Peter Steinmetz – Aruba Airport Authority

Gert-Jan de Graaff – Arlanda Schiphol Development Company

Boudewijn Wudy – Angkasa Pura Schiphol

Frits Bosch – Dartagnan Biometric Solutions

Corporate staff and support departments

Paul Luijten – Corporate Affairs

Jan Stringer – Corporate Auditor

Charles Evers – Corporate Controller

Joris Backer – Corporate Legal

Gerard Ellerman – Corporate Treasury

Ruud Wilgenkamp – Human Resources Management

Joop Krul – Airport Development

Johan van Streun – Business Development

Dirk Klokke – Corporate Procurement

Gert Eerkens – Project Management – Schiphol

Kees Jans – Information & Communication Technology

Central Works Council

Theo van Heijningen – Chairman

Wim Roozendaal – Deputy Chairman

Frans Sam – Secretary

Peter Aardenburg – Deputy Secretary

Marcel van den Berg

Cees Breems

Caroline Frenken

Manfred Funke

Gijs Hasselman

Rabia Karahan

Terezi van der Meulen

Nasser Ouf

Hans Willemsen

Rob van der Zee

Joop Zorn

Schiphol Group Financial Statements 2005

Consolidated balance sheet	76
Consolidated profit and loss account	78
Consolidated statement of changes in shareholders' equity	79
Consolidated cash flow statement for 2005	81
Notes to the consolidated financial statements	83
■ General information	83
■ Transition to IFRS, as endorsed for use in the EU	83
■ Accounting policies	85
■ Judgement regarding application of accounting policies	96
■ Key assumptions and estimates	98
■ Financial risk management	100
■ Segment information	102
■ Notes to the consolidated balance sheet	104
■ Notes to the consolidated profit and loss account	134
■ Notes to the consolidated cash flow statement	144
■ Related party disclosures	146
■ Notes on the transition to IFRS	157
Corporate financial statements	182
■ Corporate balance sheet as at 31 December 2005	182
■ Corporate profit and loss account for 2005	183
■ Notes to the corporate balance sheet and profit and loss account	184

Consolidated Balance Sheet as at 31 December 2005

Assets

(in thousands of euros)	Note	31 December 2005	31 December 2004
Non-current assets			
Intangible assets	1	17,865	5,952
Property, plant and equipment			
Assets used for operating activities	2	2,175,388	2,023,143
Assets under construction or development	3	289,975	359,637
Investment property	4	665,271	668,767
		3,130,634	3,051,547
Financial assets			
Investments in associates	5	17,842	29,607
Loans to associates	6	45,520	42,049
Lease receivables	7	20,015	22,856
Derivative financial instruments	16	300	–
Other financial assets	8	17,222	5,203
		100,899	99,715
		3,249,398	3,157,214
Current assets			
Assets held for sale	9	25,277	25,269
Trade and other receivables	10	144,758	123,106
Cash and cash equivalents	11	261,942	250,488
		431,977	398,863
		3,681,375	3,556,077

Equity and liabilities

(in thousands of euros)

	Note	31 December 2005	31 December 2004
Share capital and reserves attributable to shareholders			
Issued share capital	12	77,712	77,712
Retained profits	13	2,140,230	1,995,306
Other reserves	14	4,710	- 1,474
		2,222,652	2,071,544
Minority interests	15	22,658	20,962
Total equity		2,245,310	2,092,506
Non-current liabilities			
Borrowings	16	775,252	769,574
Lease liabilities	17	182,486	185,989
Employee benefit provisions	18	54,944	72,456
Deferred tax liabilities	19	18,915	32,253
Other provisions	20	10,000	10,000
Derivative financial instruments	16	48,231	-
		1,089,828	1,070,272
Current liabilities			
Borrowings	16	28,359	80,229
Lease liabilities	17	7,222	3,775
Corporate income tax	21	91,240	121,430
Trade and other payables	22	219,416	187,865
		346,237	393,299
		3,681,375	3,556,077

Consolidated Profit and Loss Account for the year ended 31 December 2005

(in thousands of euros)	Note	2005	2004
Revenue	24	947,567	876,326
Sales of property		85,024	23,853
Cost of sales of property		74,828	6,230
Result on sales of property	25	10,196	17,623
Capital gains on property	26	12,377	5,071
Other property results		22,573	22,694
Costs of outsourced work and other external charges	27	352,009	305,424
Employee benefits	28	133,500	151,605
Depreciation/amortisation	29	161,803	144,185
Impairment	30	4,903	15,365
Other operating expenses	20	6,938	17,548
Total operating expenses		- 659,153	- 634,127
Operating result		310,987	264,893
Interest income and interest expense	31	- 38,004	- 25,024
Other financial results	32	3,906	- 644
Financial income and expenses		- 34,098	- 25,668
Share in results of associates	33	1,777	1,717
Result before tax		278,666	240,943
Corporate income tax	34	- 84,507	- 79,970
Result		194,159	160,973
Attributable to:			
Minority interests		1,259	154
Shareholders (net result)		192,900	160,819
Earnings per share (in euros)	35	1,126	939
Diluted earnings per share (in euros)	35	1,126	939

Consolidated Statement of Changes in Shareholders' Equity

(in thousands of euros)	Attributable to the shareholders				Attributable to minority interests		Total
	Issued share capital	Retained profits	Other reserves	Dividend			
Balance as at 31 December 2003 according to previous accounting policies	77,712	1,603,782	301,189	41,000	20,042	2,043,725	
IFRS adjustments in 2004 opening balance sheet	-	270,558	- 301,189	- 41,000	-	- 71,631	
Balance as at 1 January 2004 according to IFRS	77,712	1,874,340	-	-	20,042	1,972,094	
Translation differences	-	1,147	- 1,474	-	-	327	
Gains and losses recognised directly in equity	-	1,147	- 1,474	-	-	327	
Result	-	160,819	-	-	154	160,973	
Sum of the result and gains and losses recognised directly in equity	-	161,966	- 1,474	-	154	160,646	
Dividend paid	-	- 41,000	-	-	- 103	- 41,103	
Minority contributions of share capital to subsidiaries	-	-	-	-	869	869	
Balance as at 31 December 2004	77,712	1,995,306	- 1,474	-	20,962	2,092,506	
IFRS adjustments in 2005 opening balance sheet	-	- 1,574	4,098	-	-	2,524	
Balance as at 1 January 2005	77,712	1,993,732	2,624	-	20,962	2,095,030	
Translation differences	-	-	846	-	-	846	
Value movements on hedge transactions	-	-	234	-	-	234	
Value movements on other financial interests	-	-	1,006	-	-	1,006	
Gains and losses recognised directly in equity	-	-	2,086	-	-	2,086	
Result	-	192,900	-	-	1,259	194,159	
Sum of the result and gains and losses recognised directly in equity	-	192,900	2,086	-	1,259	196,245	
Dividend paid	-	- 46,400	-	-	- 111	- 46,511	
Minority contributions of share capital to subsidiaries	-	-	-	-	550	550	
Other movements	-	2	-	-	- 2	4	
Balance as at 31 December 2005	77,712	2,140,230	4,710	-	22,658	2,245,310	

The dividend per share paid in 2005 and 2004 can be calculated as follows:

	2005	2004
Dividend attributable to shareholders (in euros)	46,400,000	41,000,000
Average number of shares in issue during the year	171,255	171,255
Dividend per share (in euros)	271	239

Consolidated Cash Flow Statement for 2005

(in thousands of euros)	Note	2005	2004
Cash flow from operating activities:			
Cash flow from operations	36	447,441	368,545
Corporate income tax paid (advance tax)		- 113,808	316
Interest paid		- 48,234	- 49,886
Interest received		9,974	7,023
Dividend received		5,023	1,488
		<u>- 147,045</u>	<u>- 41,059</u>
Cash flow from operating activities		300,396	327,486
Cash flow from investing activities:			
■ Investments in intangible assets	1	- 8,943	- 5,114
■ Investments in property, plant and equipment	2,3,4	- 268,052	- 293,057
■ Proceeds from disposals	2,3,4	85,569	24,527
■ Acquisitions of subsidiaries and interests in joint ventures	37	- 19,378	- 750
■ Acquisitions of investments in associates	5	-	- 262
■ Repayment of share capital invested in associates	5	-	2,290
■ Minority contributions of share capital to subsidiaries		250	869
■ Increase in long-term receivables	8	- 1,728	- 4,584
■ Increase in long-term lease receivables	7	- 3,934	-
■ Decrease in long-term lease receivables	7	902	-
		<u>- 215,314</u>	<u>- 276,081</u>
Cash flow from investing activities		- 215,314	- 276,081
Free cash flow		85,082	51,405
Cash flow from financing activities:			
■ Borrowings taken out	16	67,002	12,535
■ Borrowings paid off	16	- 80,264	- 56,238
■ Dividend paid		- 46,511	- 41,112
■ Increase in lease liabilities	17	4,303	9,455
■ Decrease in lease liabilities	17	- 3,960	- 2,883
		<u>- 59,430</u>	<u>- 78,243</u>
Cash flow from financing activities		- 59,430	- 78,243
Net cash flow		25,652	- 26,838
Opening cash and cash equivalents balance	11	236,204	262,717
Net cash flow		25,652	- 26,838
Exchange differences	32	4	325
		<u>261,860</u>	<u>236,204</u>
Closing cash and cash equivalents balance	11	261,860	236,204

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

(in thousands of euros)	2005	2004
Cash and cash equivalents	261,942	250,488
Bank overdrafts	- 82	- 14,284
	<hr/>	<hr/>
	261,860	236,204

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. 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. It is Schiphol Group's ambition to rank among the world's leading airport companies.

At the Supervisory Board Meeting held on 15 February 2006, the Supervisory Board agreed the financial statements as prepared by the Board of Management. The Board of Management will present the financial statements for adoption to the General Meeting of Shareholders to be held on 13 April 2006.

Transition to IFRS, as endorsed for use in the EU

With effect from 2005 Schiphol Group has been required to base its financial reporting on the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) produced by the International Accounting Standards Board (IASB) and the interpretations of these standards by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed for use in the EU.¹ It should be noted that the differences between 'IFRS' and 'IFRS as endorsed for use in the EU' are not applicable to Schiphol Group in practice.

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

The comparative figures for 2004 have been restated on the basis of IFRS. The adjustments resulting from this restatement have been accounted for in the opening balance sheet as at the transition date of 1 January 2004, with the exception of the changes resulting from the implementation of IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39 Financial Instruments: Recognition and Measurement. Schiphol Group has elected to apply the option in IFRS 1 not to restate the comparative figures for 2004 in connection with these two standards. The effects have consequently been accounted for in the opening balance sheet as at 1 January 2005.

¹⁾ In the remainder of this document, 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.

The adoption of IFRS gives rise to the following movements in the figures for 2004 and the 2005 opening balance sheet:

(in thousands of euros)	IFRS	Previous accounting policies	Differences
Operating result for 2004	264,893	258,403	6,490
Net result for 2004	160,819	158,257	2,562
Total equity as at 1 January 2004	1,972,094	2,043,725	- 71,631
Total equity as at 31 December 2004 ²	2,092,506	2,159,750	- 67,244
Total equity as at 1 January 2005 ³	2,095,030	2,092,506	2,524
Net result per share in 2004 (in euros)	939	924	15

The above changes result from the adoption of the following IFRS standards:

(in thousands of euros)	Total equity as at 1 January 2004	Total equity as at 31 December 2004	Total equity as at 1 January 2005	Net result for the whole of 2004
IFRS standards:				
IFRS 3 Business Combinations	- 730	85	-	815
IAS 16 Property, Plant and Equipment	- 23,199	- 24,620	-	- 1,421
IAS 17 Leases	- 142	- 21	-	121
IAS 19 Employee Benefits	- 41,532	- 42,529	-	- 997
IAS 21 The Effects of Changes in Foreign Exchange Rates	-	605	-	- 1,149
IAS 28 Investments in Associates	- 8,736	- 12,180	-	- 3,514
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	2,707	11,416	-	8,708
IAS 39 Financial Instruments: Recognition and Measurement	-	-	2,524	-
Total	- 71,631	- 67,244	2,524	2,562

More detailed notes on the above changes are included from page 157 onwards, referring to statements reconciling shareholders' equity as at 1 January 2004, 31 December 2004 and 1 January 2005 together with the net result and the cash flow in 2004. Also explained are the way in which Schiphol Group has applied the provisions for first-time adoption of IFRS and the changes in accounting policies resulting from the transition.

²⁾ before adoption of IAS 39

³⁾ after adoption of IAS 39

Accounting policies

Set forth below are the accounting policies providing the basis of consolidation, valuation of assets, equity and liabilities and determination of results for Schiphol Group. These policies are in accordance with IFRS and are applied consistently to all the information presented unless otherwise indicated. Where applicable, the statutory provisions relating to annual reporting contained in Part 9, Book 2, of the Netherlands Civil Code have also been complied with.

Schiphol Group adheres to the historical cost convention except for buildings and land in the investment property portfolio, derivative financial instruments and other financial interests, which are stated at fair value (in the case of derivative financial instruments and other financial interests, with effect from 1 January 2005).

Consolidation

(a) General

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

(b) Subsidiaries

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

The share of the other shareholders in group equity and group results is presented as minority interests.

(c) Joint ventures

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

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

(d) Associates

An associate is an entity over which the company has significant influence. Investments in associates are accounted for by applying the equity method, i.e. the investment is initially recognised at cost and adjusted thereafter for the company's post-acquisition share in the change in the associate's net assets. The carrying amount of these investments in associates includes the goodwill arising on their acquisition. The company's share in the results of associates is recognised in the profit and loss account (share in results of associates). The cumulative changes in the net assets of associates are accounted for in proportion to the company's interest under the heading of investments in associates included in financial assets. Investments in associates are accounted for as other financial interests with effect from the date on which the company ceases to have significant influence or control.

(e) Acquisition of subsidiaries, joint ventures and associates

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

(f) Eliminations

Transactions between the company and its subsidiaries or joint ventures are eliminated along with any unrealised gains and assets and liabilities arising out of them. Unrealised losses are also eliminated unless there are indications of impairment of the assets concerned.

The same applies to unrealised gains and losses on transactions between the company and its associates except that, in this case, elimination is in proportion to the company's interest in those entities.

Corporate profit and loss account

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

Cash flow statement

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

Segment information

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. Schiphol Group recognises four separate areas of business, namely Aviation, Consumers, Real Estate and Alliances & Participations. Group overheads are apportioned to the business segments on the basis of their relative shares of Schiphol Group's assets, revenue and staff costs.

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

Foreign currency

(a) Functional currency and presentation currency

Both the functional currency and the presentation currency of Schiphol Group are the euro. Financial information is presented in thousands of euros unless otherwise indicated.

(b) Transactions, assets and liabilities

Income and expenses denominated in foreign currencies are included in the profit and loss account at the settlement rate. Receivables, payables and cash denominated in foreign currencies are translated at the rate prevailing on the balance sheet date. Exchange differences are presented in the profit and loss account under the heading of other financial results, included in financial income and expenses.

An exception to the above, with effect from 2005, concerns exchange differences on financial instruments denominated in foreign currencies against which derivatives are held with the object of hedging exchange risks on future cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity. The ineffective portion of the gain or loss is recognised in the profit and loss account under financial income and expenses.

(c) Subsidiaries, joint ventures and associates

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

Intangible assets

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

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

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

Property, plant and equipment

(a) Investments

All capital expenditure on property, plant and equipment is initially recognised as either assets under construction or assets under development. On completion or commissioning, the assets are transferred at cost to either investment property or assets used for operating activities. In the latter case, straightline depreciation charged to the profit and loss account commences on the same date. The criteria for the recognition of initial capital expenditure, as well as subsequent expenditure relating to an existing asset, are that it is probable that future economic benefits will flow to the company and the amount can be measured reliably.

(b) Assets under construction or development

Property, plant and equipment under construction or development falls into two categories:

- borrowing costs under construction for future use in connection with operating activities; and
- assets under construction or development as future investment property.

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

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

Assets under construction or development are not depreciated.

(c) Assets used for operating activities

Assets used for operating activities include runways, taxiways, aprons, car parks, roads, buildings, installations and other assets. These assets are carried at historical cost less investment grants received (see (d) below), depreciation and any impairment losses. The land element included in these asset categories is not depreciated.

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

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

(d) Investment grants

Investment grants received are deducted from the cost of an asset.

(e) Investment property

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

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

In view of the long-term nature of the contracts, the use to which the land will be put on expiry of the lease is uncertain. A reliable measurement of residual values is therefore only possible where the lease expires within 20 years. No residual value is recognised in the case of contracts where the lease has longer than 20 years to run. Properties on long lease, which, on expiry of the lease, may possibly have an operational use have not been included in investment property but are instead accounted for as assets used for operating activities (sites).

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

Investment property is not depreciated.

Depreciation and amortisation

(a) Method

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

(b) Amortisation and depreciation periods

Intangible assets

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

Property, plant and equipment

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

Impairment

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

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

Leases

(a) Schiphol Group as lessee

Property, plant and equipment where the company or one of its subsidiaries has economic ownership under a lease contract are capitalised (finance leases). These assets are recognised as either assets used for operating activities or investment property. The borrowings associated with such lease contracts are accounted for as lease liabilities. The assets and liabilities concerned are initially recognised at the lower of the amount equal to the fair value of the leased assets and the present value of the minimum lease payments at the inception of the lease.

The assets are depreciated, using a method consistent with that used for identical assets owned by the company. The depreciation period may be shorter if the lease term is shorter, if it cannot be extended and if ownership will not be obtained. The lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to present a constant periodic effective rate of interest on the remaining balance.

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

The company, or a subsidiary, has economic ownership if substantially all the risks and rewards incidental to ownership are transferred to it. Whether a lease is a finance lease or an operating lease depends on the economic reality (substance of the transaction rather than the form of the contract).

(b) Schiphol Group as lessor

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

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

Financial assets

Financial assets consists of investments in associates, loans to associates, derivative financial instruments and other financial assets. For the accounting policies relating to investments in associates, see the notes on consolidation.

(a) Loans to associates and other loans

Loans to associates and other loans are recognised initially at cost, representing the fair value of the loans granted. Transaction costs are deducted from this amount. Loans to associates and other loans are subsequently carried at amortised cost, with differences between the face value and the fair value less transaction costs at the time of issue amortised over the remaining term to maturity using the effective interest method. Up to year-end 2004, loans to associates and other loans were carried at face value.

(b) Derivatives

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

Derivatives are initially recognised at cost. With effect from 2005 they are subsequently carried at fair value, based either on quoted prices or a model for valuing derivative financial instruments. Movements in the fair value are recognised in the reserve for hedging transactions (part of equity), provided the hedge is effective. The ineffective portion of the hedges is recognised in the profit and loss account under financial income and expenses.

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

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

(c) Other financial assets

Other financial assets comprises other financial interests and other loans. For the accounting policies relating to other loans, see (a) above.

In the case of other financial interests, the company has neither control nor significant influence. This generally concerns interests of less than 20%. Such interests are carried at fair value, derived from quoted share prices or, if the entity is not listed, other valuation methods. If it is not possible to estimate the fair value reliably using valuation methods, owing to a lack of information or up-to-date information, other investments are carried at cost. Movements in the fair value of these other financial interests are recognised in the reserve for other financial interests included in equity in the year in which the movement occurs. The dividend received from these interests and, in the event of disposal of such interests, the difference between net selling price and carrying amount are recognised in the profit and loss account in financial income and expenses. Up to year-end 2004, other financial interests were carried at cost.

Current assets

(a) Assets held for sale

Non-current assets are presented as held for sale if it is clear that the carrying amount will be recovered principally through sale. Land falling into this category (development sites) is carried at the lower of cost and fair value less costs to sell. The historical cost also includes the costs associated with acquiring the land and site preparation costs. Investment property which from the outset is intended to be sold is also accounted for as being held for sale.

(b) Trade and other receivables

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

(c) Cash and cash equivalents

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

Equity

(a) Issued share capital

Issued share capital comprises amounts paid in on issued shares, less directly related share issue transaction costs.

(b) Retained profits

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

(c) Other reserves

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

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

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

Borrowings

This item relates to bonds, private placements and bank loans. Borrowings are initially carried at cost, i.e. the amount raised, allowing for any premium or discount and net of transaction costs. Subsequently borrowings are carried at amortised cost, with differences between the face value and the fair value less transaction costs at the time of issue amortised over the remaining term to maturity using the effective interest method. Up to year-end 2004, borrowings were carried at face value and transaction costs were separately capitalised and amortised on a straight line basis over the term to maturity of the loans concerned.

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

Employee benefits

There are four categories of employee benefits:

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

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

(a) Short-term employee benefits

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

(b) Post-employment benefits

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

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

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

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

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

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

(c) Other long-term employee benefits

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

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

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

(d) Termination benefits

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

Other provisions

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

Deferred tax

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amount of assets and liabilities according to tax rules and according to the accounting policies used in preparing these financial statements. The deferred tax assets and liabilities are measured using either the standard tax rates applicable at the end of the period or the tax rates applicable in future periods if they have already been set by law.

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

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

Deferred tax assets and liabilities are carried at face value.

Current liabilities

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

Revenue

Revenue represents the income from the supply of services less discounts and value added tax. Income is recognised when the services are rendered, with costs recognised in the profit and loss account in the year in which the related revenue is recognised.

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

Judgement regarding application of accounting policies

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

(a) Control, joint control and significant influence

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

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

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

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

(b) Distinction between assets used for operating activities and investment property

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

- investment property is held to earn rentals or for capital gain or both;
- investment property generates cash flows that are largely independent of the other assets held by the company.

The above assessment is made for each individual property.

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

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

Key assumptions and estimates

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

(a) Impairment of goodwill and other non-current assets

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

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

(b) Economic life and residual value of property, plant and equipment

Property, plant and equipment constitutes a significant part of the company's total assets and the scheduled depreciation charges form a significant part of the annual operating expenses. The economic lives and residual values arrived at on the basis of management's estimates and assumptions have a major impact on the valuation of property, plant and equipment. The economic life of an item of property, plant and equipment is estimated on the basis of its design life, experience with similar assets, an asset's maintenance history and the period for which economic benefits will flow to the company from the operation of the asset. Existing estimates and assumptions are periodically reviewed for any changes warranting adjustment of an asset's economic life and/or residual value. Such adjustments are applied prospectively.

(c) Valuation of investment property at fair value

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

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

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

(d) Deferred tax assets

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

(e) Actuarial assumptions with regard to employee benefit provisions

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

(f) Provisions for claims and disputes

Management periodically reviews all claims and disputes in order to determine the extent to which they give rise to present obligations, contingent obligations or both. A provision is recognised for present obligations when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent obligations are disclosed in the notes. Which claims and disputes require recognition by the formation of a provision and which require disclosure therefore depends on the outcome of the review. Where a provision is recognised, estimating the probability and amount of any outflow of resources to a large extent involves arbitrary decisions. In arriving at these decisions, management also draws on legal opinion.

Financial risk management

Financial risk factors

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

(a) Market risk

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

(I) Currency risk

Currency risk arises when future commercial transactions, recognised assets and liabilities and net investments in operations in countries outside the eurozone are denominated in a currency that is not the entity's functional currency, which for Schiphol Group is the euro. Schiphol Group operates internationally and faces currency risk from various currency exposures, primarily with respect to the Japanese yen (long-term debt), US dollar (net investments in non-eurozone operations and long-term debt) and the Australian dollar (net investments in non-eurozone operations). To manage currency risk Schiphol Group uses forward contracts. Corporate Treasury is responsible for managing the net position in each foreign currency by using external forward currency contracts. The Group's financial risk management policy is to hedge close to 100% of anticipated transactions (mainly financing cash flows). Schiphol Group has certain strategic investments in non-eurozone operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of Schiphol Group's non-eurozone operations are not hedged.

(II) Price risk

Price risk concerns the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Schiphol Group is exposed to equity securities price risk because of investments held by Schiphol Group and classified in the consolidated balance sheet as available-for-sale.

(III) Interest rate risk

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

Fair value interest rate risk

Fair value interest rate risk concerns the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Schiphol Group has no significant financial assets with an exposure to fair value interest rate risk. Debt issued at fixed rates exposes Schiphol Group to fair value interest rate risk. Schiphol Group's policy is to maintain at least 75% of its debt at a fixed interest rate.

Cash flow interest rate risk

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

(b) Credit risk

Credit risk concerns the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Counterparties of Schiphol Group for both derivative and cash transactions are limited to institutions with high credit ratings.

(c) Liquidity risk

Liquidity risk concerns the risk that Schiphol Group will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

Fair value estimation

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

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

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

Segment Information

(in thousands of euros)	Aviation		Consumers	
	2005	2004	2005	2004
Profit and loss account				
External revenue	572,529	525,021	195,343	182,377
Internal revenue	19,414	27,373	36,954	14,971
Revenue	591,943	552,393	232,297	197,348
Capital gains on investment property	-	-	-	-
Depreciation/amortisation	115,148	98,632	14,873	14,633
Impairment	-	1,649	-	247
Other non-monetary expenses	- 2,032	6,040	- 2,275	930
Operating result	99,224	96,825	124,623	105,701
Share in results of associates, including interest income	-	-	-	179
Balance sheet				
Total assets	1,972,615	1,876,681	298,963	291,404
Total non-current assets	1,711,611	1,637,717	209,910	208,394
Investments in associates (equity method)	-	-	-	89
Total liabilities (excluding corporate income tax)	691,321	673,194	65,166	65,304
Capital expenditure	186,924	204,770	16,306	22,749

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

The Aviation business area provides services and facilities to airlines, passengers and handling agents at Amsterdam Airport Schiphol.

The Consumers business area focuses on developing state-of-the art shopping facilities along with bars and restaurants and offering door-to-door travel solutions at the various airports where Schiphol Group is active.

The Real Estate business area specialises in the development and management of investment property at and around Amsterdam Airport Schiphol and other airports in the Netherlands and abroad.

The Alliances & Participations business area has the twofold objective of strengthening the position of our regional airports in the Netherlands and spreading risks by exporting the AirportCity concept developed by Schiphol Group either directly or by (partially) acquiring interests in airports abroad.

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

Since Schiphol Group's current activities are largely concentrated in the Netherlands (99.7% of the consolidated revenue), there is no geographical segmentation.

Real Estate		Alliances & Participations				Eliminations		Total	
2005	2004	2005	2004	2005	2004	2005	2004		
116,233	107,081	63,463	61,847	-	-	947,567	876,326		
90,014	91,403	27,437	37,353	- 173,819	- 171,100	-	-		
206,247	198,484	90,900	99,201	- 173,819	- 171,100	947,567	876,326		
11,375	5,408	1,002	- 337	-	-	12,377	5,071		
22,995	21,623	8,787	9,297	-	-	161,803	144,185		
588	5,133	4,315	8,337	-	-	4,903	15,365		
- 3,330	1,381	- 2,713	950	-	-	- 10,349	9,302		
78,542	65,108	8,598	- 2,740	-	-	310,987	264,893		
- 3,619	- 1,838	7,715	6,713	-	-	4,096	4,696		
1,207,811	1,208,927	201,986	179,065	-	-	3,681,375	3,556,077		
1,154,822	1,160,188	173,055	150,915	-	-	3,249,398	3,157,214		
6,237	9,607	11,605	19,911	-	-	17,842	29,607		
475,551	488,424	93,872	82,967	-	-	1,325,910	1,309,888		
49,860	38,225	23,905	32,424	-	-	276,995	298,168		

Notes to the Consolidated Balance Sheet

1. Intangible assets

The analysis and movements were as follows:

(in thousands of euros)

	Goodwill	Start-up costs	Automated application development	Software licences	Intangible assets under construction	Total
Analysis as at 31 December 2003						
Cost	7,454	397	-	-	-	7,851
Amortisation and impairment	- 3,648	- 162	-	-	-	- 3,810
Carrying amount	3,806	235	-	-	-	4,041
Transition to IFRS	- 2,650	- 143	-	-	-	- 2,793
Carrying amount at beginning of year	1,156	92	-	-	-	1,248
Movements in 2004						
Additions	940	-	-	-	5,116	6,056
Completions	-	-	1,401	437	- 1,838	-
Amortisation	-	- 104	- 177	- 83	-	- 364
Impairment	- 940	-	-	-	-	- 940
Reclassification	-	12	- 60	-	-	48
Total movements in the year	-	- 92	1,164	354	3,278	4,704
Analysis as at 31 December 2005						
Cost	2,096	-	1,341	437	3,278	7,152
Amortisation and impairment	- 940	-	- 177	- 83	-	- 1,200
Carrying amount	1,156	-	1,164	354	3,278	5,952
Movements in 2005						
Additions	-	-	-	-	8,943	8,943
Completions	-	-	4,668	1,813	- 6,481	-
Acquisitions	5,502	-	-	-	-	5,502
Amortisation	-	-	- 1,647	- 622	-	- 2,269
Impairment	- 307	-	-	-	-	- 307
Reclassification	-	-	-	43	-	43
Total movements in the year	5,195	-	3,021	1,234	2,462	11,912
Analysis as at 31 December 2005						
Cost	7,598	-	6,103	2,298	5,740	21,739
Amortisation and impairment	- 1,247	-	- 1,918	- 709	-	- 3,874
Carrying amount	6,351	-	4,185	1,589	5,740	17,865

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

Of the goodwill recognised as at 31 December 2005, an amount of EUR 0.8 million relates to the additional interest of 16.66% acquired by Schiphol Group in Schiphol Telematics B.V. in 2001. At year-end 2005, an impairment test was performed on the carrying amount of the goodwill, comparing it with the value in use calculated on the basis of information taken from the Schiphol Telematics B.V. 2004–2010 business plan using a discount rate of 7.7%. The test did not indicate any need to recognise an impairment loss.

In September 2005, Malpensa Real Estate II B.V. (a 60% subsidiary of Schiphol Group) acquired an interest of 47.44% in Villa Carmen B.V. for a cash payment and a contribution of land. The transaction gave rise to goodwill amounting to EUR 5.5 million. An impairment test will be performed on the carrying amount of the goodwill for the first time in 2006. Further details of this acquisition can be found in the notes to the cash flow statement. An explanation of the classification of this interest as a joint venture is given under the heading of related parties.

Automated application development relates to internal and external hours charged to ICT projects in the implementation and completion phases. Software licences relates to third-party packages. Completions relating to automated application development concerns the completion of the new release of Oracle, among other projects.

2. Assets used for operating activities

The analysis and movements were as follows:

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
Analysis as at 31 December 2003						
Cost	532,021	448,496	1,028,393	773,738	199,897	2,982,545
Depreciation and impairment	- 175,314	- 81,982	- 345,712	- 366,814	- 117,534	- 1,087,356
Carrying amount	356,707	366,514	682,681	406,924	82,363	1,895,189
Transition to IFRS	403	- 5,002	- 82,016	50,883	17	- 35,715
Carrying amount at beginning of year	357,110	361,512	600,665	457,807	82,380	1,859,474
Movements in 2004						
Completions	13,458	51,015	72,489	143,936	37,744	318,642
Depreciation	- 16,270	- 10,251	- 29,603	- 63,763	- 20,868	- 140,755
Impairment	- 2,896	- 3,438	- 542	- 887	72	- 7,691
Sales			- 5,122	- 1,109		- 6,231
Disposals	- 688	- 596	- 573	- 954	- 252	- 3,063
Reclassification		4,042	- 22,472	19,663	167	1,400
Acquisitions and changes in the consolidation			604	- 36	831	1,399
Exchange differences					- 30	- 30
Total movements in the year	- 6,396	40,772	14,781	96,850	17,664	163,671
Analysis as at 31 December 2004						
Cost	544,379	497,790	925,660	1,046,641	235,945	3,250,415
Depreciation and impairment	- 193,666	- 95,507	- 310,214	- 491,984	- 135,901	- 1,227,272
Carrying amount	350,713	402,283	615,446	554,657	100,044	2,023,143
Movements in 2005						
Completions	40,107	31,873	143,915	83,612	21,721	321,228
Depreciation	- 17,563	- 9,419	- 32,601	- 70,980	- 22,266	- 152,829
Impairment	- 229	300	- 1,138	- 626	- 77	- 1,770
Sales			- 4,891	- 1,008	- 584	- 6,483
Disposals	295	- 722	- 3,156	- 3,013	- 110	- 6,706
Reclassification		- 847	- 1	175	- 249	- 922
Transferred to property under construction		- 242		- 44		- 286
Exchange differences					13	13
Total movements in the year	22,610	20,943	102,128	8,116	- 1,552	152,245
Analysis as at 31 December 2005						
Cost	564,332	527,991	1,056,266	1,109,159	268,480	3,526,228
Depreciation and impairment	- 191,009	- 104,765	- 338,692	- 546,386	- 169,988	- 1,350,840
Carrying amount	373,323	423,226	717,574	562,773	98,492	2,175,388

Included under the heading of buildings in the assets used for operating activities is an amount of EUR 45.4 million relating to the carrying amount of assets (P1 car park/walkway) to which the company does not have legal title (finance lease). The related liabilities are included in lease liabilities.

In December 2004, 50% of the Schiphol Group head office building (*Schipholgebouw*) was transferred to Airport Real Estate Basisfonds C.V. (AREB, trading under the name of ACRE Fund). In December 2005, the remaining 50% was transferred to this company. Through its wholly-owned subsidiary Schiphol Real Estate B.V., N.V. Luchthaven Schiphol holds 50% of the share capital of AREB, this interest being included in the consolidation on a proportional basis. As N.V. Luchthaven Schiphol uses the relevant building, the interest of Schiphol Group in the building (50%) is accounted for as assets used for operating activities and not as investment property. The proceeds from the sale amounted to EUR 24.9 million. The cost of the sales with respect to this transaction, shown in the analysis under the headings of buildings and installations, together amounting to EUR 5.9 million, concerns the remaining 50% of the total carrying amount of the property sold. An explanation of the way in which the result on disposal has been calculated can be found in note 25.

For an explanation of the impairment losses, see note 30 in the notes to the consolidated profit and loss account.

3. Assets under construction or development

The analysis and movements were as follows:

(in thousands of euros)	Assets under construction for operating activities	Assets under construction for investment property	Total
Carrying amount as at 1 January 2004	298,542	117,542	416,084
Movements in 2004			
Capital expenditure	259,572	33,485	293,057
Construction period borrowing cost capitalised	3,740	106	3,846
Completed assets and investment property	- 318,642	- 15,234	- 333,876
Changes in the consolidation	-	- 10,782	- 10,782
Impairment	- 1,984	- 4,750	- 6,734
Exchange differences	- 1	122	121
Transfers	1,765	- 3,744	- 1,979
Reclassification	4,993	- 5,093	- 100
Total movements in the year	- 50,557	- 5,890	- 56,447
Carrying amount as at 31 December 2004	247,985	111,652	359,637
Movements in 2005			
Capital expenditure	229,894	38,157	268,051
Construction period borrowing cost capitalised	2,209	78	2,287
Completed assets and investment property	- 321,229	- 36,968	- 358,197
Impairment	- 188	- 574	- 762
Acquisitions	-	15,287	15,287
Reclassification of lease liabilities	-	4,654	4,654
Reclassification	- 5,324	4,342	- 982
Total movements in the year	- 94,638	24,976	- 69,662
Carrying amount as at 31 December 2005	153,347	136,628	289,975

The capitalisation of borrowing cost during the construction period is calculated by applying a percentage that is determined on a quarterly basis according to the current ratio of equity to borrowed capital. In 2005, the rate varied between 1.6% and 1.8%.

As at 31 December 2005, Schiphol Group was committed to investments in property, plant and equipment totalling EUR 50 million, of which EUR 6 million concerned property (31 December 2004: EUR 95 million, including EUR 11 million in property).

4. Investment property

The analysis and movements were as follows:

(in thousands of euros)	Investment property	Sites	Total
Carrying amount as at 1 January 2004	393,470	255,644	649,114
Movements in 2004			
Completed investment property	7,959	7,275	15,234
Capital gains and losses	8,234	- 3,163	5,071
Transfers	600	-	600
Reclassification	31,160	- 32,412	- 1,252
Total movements in the year	47,953	- 28,300	19,653
Carrying amount as at 31 December 2004	441,423	227,344	668,767
Movements in 2005			
Completed investment property	36,469	500	36,969
Sales	- 54,704	-	- 54,704
Capital gains and losses	- 1,393	13,770	12,377
Reclassification	-	1,862	1,862
Total movements in the year	- 19,628	16,132	- 3,496
Carrying amount as at 31 December 2005	421,795	243,476	665,271

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

Operating property includes an amount of EUR 93.8 million in respect of the fair value of assets (Triport) where the company has the risks and rewards incidental to ownership but not legal title (finance lease). Land includes land leased under long-lease contracts.

The fair value at which investment property is presented in the balance sheet takes into account the deferred lease incentives also recognised in the balance sheet. For an explanation of the capital gains and losses, see note 26 in the notes to the consolidated profit and loss account.

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

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

5. Investments in associates

The movements were as follows:

(in thousands of euros)	2005	2004
Carrying amount as at 31 December of preceding year	29,607	70,356
Transition to IFRS	- 7,058	- 50,476
Carrying amount as at 1 January	22,549	19,880
Movements in the year		
Share in results	1,777	1,717
Impairment	- 2,063	-
Dividend	- 4,708	- 1,173
Repayment of share capital	-	262
Investments	-	- 2,290
Changes in the consolidation	-	8,197
Exchange differences	369	- 730
Other movements	- 82	3,744
Total movements in the year	- 4,707	9,727
Carrying amount as at 31 December	17,842	29,607

Investments in associates as at 31 December 2004 included goodwill of EUR 2.1 million relating to Schiphol Area Development Company N.V. (SADC). The profitability of SADC is mainly determined by the margin which the company receives on the release of land. Under the new partnership agreement among the SADC shareholders (further details of which can be found in the related party disclosures section), release of land will for the most part not take place before 2010. In the short term, therefore, the operation of SADC is expected to be loss-making, as in previous years. As a consequence, it was decided in 2005 to recognise an impairment loss in respect of the full amount of this goodwill.

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

6. Loans to associates

The movements were as follows:

(in thousands of euros)	2005	2004
Carrying amount as at 31 December of preceding year	42,049	1,511
Transition to IFRS	–	43,803
Carrying amount as at 1 January	42,049	45,314
Movements in the year		
Changes in the consolidation	–	- 1,342
Exchange differences	3,471	- 1,754
Other movements	–	- 169
Total movements in the year	3,471	- 3,265
Carrying amount as at 31 December	45,520	42,049

The loans to associates exclusively concern the redeemable preference shares of Brisbane Airport Corporation Holdings Pty Ltd (BACH), which confer a cumulative right to dividends. The nominal value of these shares is also repayable to the shareholders within a period of not more than 10 years. On the basis of these features, the nominal value of the redeemable preference shares, amounting to AUD 73.5 million (EUR 45.5 million), is classified as a long-term loan to an associate and the dividend on these shares is treated as interest income.

The fair value of the loans to associates as at 31 December 2005 amounted to AUD 76.6 million (EUR 47.4 million). The effective interest rate was 5.6%. The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments.

7. Lease receivables

The movements were as follows:

(in thousands of euros)	Finance	Purchased		
	lease receivables	long leases	Lease incentives	Total
Carrying amount as at 31 December 2003	–	–	–	–
Transition to IFRS	15,353	4,280	–	19,633
Carrying amount as at 1 January 2004	15,353	4,280	–	19,633
Movements in 2004				
New lease incentives granted	–	–	5,301	5,301
Accrued interest on lease receivables	1,792	–	–	1,792
Lease instalments received	- 2,737	–	–	- 2,737
Amortisation charged to the profit and loss account	–	- 44	–	- 44
Total movements in the year	- 945	- 44	5,301	4,312
Carrying amount as at 31 December 2004	14,408	4,236	5,301	23,945
Movements in 2005				
New lease incentives granted	–	–	4,359	4,359
Accrued interest on lease receivables	1,669	–	–	1,669
Lease instalments received	- 2,737	–	–	- 2,737
Amortisation charged to the profit and loss account	–	132	- 766	- 634
Reclassification as investment property under construction	–	- 4,368	–	- 4,368
Other movements	164	–	–	164
Total movements in the year	- 904	- 4,236	3,593	- 1,547
Carrying amount as at 31 December 2005	13,505	–	8,894	22,399

The current portion of the lease receivables as at 31 December 2005, amounting to EUR 2.4 million (31 December 2004: EUR 1.1 million), is included in trade and other receivables.

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

The remaining terms of the lease receivables as at 31 December 2005 can be analysed as follows. The portion of the lease receivables due within one year is presented under current assets (trade and other receivables).

(in thousands of euros)	> 1 year but				
	Totaal	< 1 year	> 1 year	< 5 years	> 5 years
Face value of finance lease instalments	19,912	2,737	17,175	10,948	6,227
Interest component in finance lease instalments	- 6,407	- 1,506	- 4,901	- 4,201	- 700
Carrying amount of finance lease receivables	13,505	1,231	12,274	6,747	5,527
Lease incentives	8,894	1,153	7,741	7,694	47
Total lease receivables	22,399	2,384	20,015	14,441	5,574

8. Other financial assets

The movements were as follows:

(in thousands of euros)	Other financial interests	Other loans	Total
Carrying amount as at 31 December 2003	–	10,205	10,205
Transition to IFRS	–	- 4,280	- 4,280
Carrying amount as at 1 January 2004	–	5,925	5,925
Movements in 2004			
New loans granted	–	698	698
Changes in the consolidation	–	671	671
Repayments	–	- 393	- 393
Write-down	–	- 400	- 400
Other movements	–	68	68
Total movements in the year	–	- 54	- 54
Carrying amount as at 31 December 2004	–	5,871	5,871
Transitie naar IFRS	11,697	- 1,671	10,026
Carrying amount as at 1 January 2005	11,697	4,200	15,897
Movements in 2005			
New loans granted	–	1,184	1,184
Changes in the consolidation	–	- 760	- 760
Accrued interest on other loans	–	187	187
Revaluation of other financial interests	1,006	–	1,006
Total movements in the year	1,006	611	1,617
Carrying amount as at 31 December 2005	12,703	4,811	17,514

The current portion of the other loans as at 31 December 2005, amounting to EUR 0.3 million (31 December 2004: EUR 0.7 million) is presented in trade and other receivables.

Other financial interests as at 31 December 2005 concerns the 1% interest in Flughafen Wien A.G. The investment is recognised at fair value, derived from the quoted price of the shares.

The other loans include two loans to the Ministry of Transport, Public Works and Water Management with a combined face value of EUR 2.7 million at an interest rate of 0% and with a remaining term to maturity of 7 years. The carrying amount of the loans as at 31 December 2005 amounted to EUR 1.3 million. The fair value amounted to EUR 2.2 million and the effective interest rate was 3.0%.

Also included in other loans is a loan to the aviation museum Aviodrome with a face value (and carrying amount) of EUR 1.6 million at an interest rate of 3.84% and with a remaining term to maturity of 9 years. The fair value is not materially different from the face value since the interest rate is revised on each balance sheet date according to current market rates.

9. Assets held for sale

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

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

The item also includes the Schiphol Logistics Park site, with a carrying amount of EUR 9.5 million. It is the intention to contribute this land to Schiphol Logistics Park B.V., a partnership between Schiphol Group and Air France-KLM, in 2006.

10. Trade and other receivables

The analysis is as follows:

(in thousands of euros)	2005	2004
Trade receivables	79,931	68,442
Accrued income	26,477	17,965
Prepayments	13,744	10,502
Value-added tax reclaimable	8,443	12,308
Receivable from shareholders and associates	1,255	1,141
Long-term loan repayments receivable	292	668
Current portion of lease receivables	2,384	1,089
Other receivables	12,232	10,991
	144,758	123,106

The trade and other receivables are included at the fair value of the consideration receivable, which is usually the face value, less a provision for bad debts. Trade receivables as at 31 December 2005 takes account of bad debt provisions of EUR 3.0 million (31 December 2004: EUR 2.5 million).

11. Cash and cash equivalents

Cash and cash equivalents includes EUR 236.6 million (2004: EUR 228.1 million) in the form of deposits with terms as at balance sheet date ranging from less than 1 to 3 months (average: 1 month). The average interest rate on these deposits is 2%. The Cash and cash equivalents are freely available. Cash and cash equivalents is included at fair value, which is usually face value.

12. Issued share capital

The authorised capital is EUR 136,134,065 and is divided into three hundred thousand shares of EUR 453.78. As at 31 December 2005, with no change compared with 31 December 2004, the number of shares in issue and fully paid was 171,255. The shareholders' interests are as follows:

(in thousands of euros)	Issued share capital	Percentage
Shareholder:		
State of the Netherlands	58,937	75,8%
City of Amsterdam	16,915	21,8%
City of Rotterdam	1,860	2,4%
	<hr/>	<hr/>
	77,712	100,0%

13. Retained profits

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

The entire amount of the net result for 2005 has been added to retained profits so that retained profits as at 31 December 2005 still includes the proposed dividend distribution for 2005, as detailed in the other information section.

14. Other reserves

The movements were as follows:

(in thousands of euros)	Exchange differences reserve	Other financial interests reserve	Hedging transactions reserve	Other statutory reserves	Total
Balance as at 31 December 2003	- 7,481	-	-	308,670	301,189
Transition to IFRS	7,481	-	-	- 308,670	- 301,189
Balance as a 1 January 2004	-	-	-	-	-
Movements in 2004					
Exchange differences	- 1,474	-	-	-	1,474
Total movements in the year	- 1,474	-	-	-	1,474
Balance as at 31 December 2004	- 1,474	-	-	-	1,474
Transition to IFRS	-	4,639	- 541	-	4,098
Balance as at 1 January 2005	- 1,474	4,639	- 541	-	2,624
Movements in 2005					
Exchange differences	846	-	-	-	846
Movements in the fair value of other financial interests	-	1,006	-	-	1,006
Exchange differences on hedged loans	-	-	- 8,100	-	- 8,100
Movements in the fair value of hedging instruments	-	-	13,503	-	13,503
Tax on this movement	-	-	- 4,253	-	- 4,253
Effect of change in the tax rate	-	-	- 916	-	- 916
Total movements in the year	846	1,006	234	-	2,086
Balance as at 31 December 2005	- 628	5,645	- 307	-	4,710

Exchange differences reserve

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

Other financial interests reserve

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

Hedging transactions reserve

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

15. Minority interests

Minority interests represents the shares of third parties in the net assets of the group companies Eindhoven Airport N.V., Malpensa Real Estate B.V., Malpensa Real Estate Srl, Malpensa Real Estate II B.V. and Avioport S.p.A.

16. Borrowings

The analysis is as follows:

(in thousands of euros)				Nominal			
	Year			amount	Hedging		
	redeemable	Interest rate	Currency	(x 1,000)	reference	2005	2004
ISIN898	2007	0.67%	JPY	5,000,000	a	35,863	43,600
ISIN798	2009	1.08%	JPY	5,000,000	b	35,863	43,600
ISIN052	2009	Euribor + mark-up	EUR	27,000	c	27,000	27,000
ISIN238	2007	USDlibor + mark-up	USD	75,000	d	63,350	81,522
ISIN411	2005	Euribor + mark-up	EUR	50,000		–	50,000
ISIN245	2018	5.16%	EUR	30,000		29,911	30,000
ISIN610	2010	Euribor + mark-up	EUR	30,000		30,000	30,000
ISIN269	2013	4.38%	EUR	300,000		298,778	298,615
EMTN programme						520,765	604,337
ING Bank	2011	Euribor + mark-up	EUR	21,715	e, g, h	21,715	21,715
Fortis Bank	2011	Euribor + mark-up	EUR	10,463	i	10,463	13,500
ING Bank	2011	Euribor + mark-up	EUR	4,727		4,727	–
ING Bank	2011	Euribor + mark-up	EUR	11,927		11,927	11,927
ING Bank	2011	Euribor + mark-up	EUR	12,448	j	12,448	–
Fortis Bank	2011	Euribor + mark-up	EUR	15,135	f	15,135	–
AREB CV loans						76,415	47,142
European							
Investment Bank	2006-2011	3.75%	EUR	150,000		150,000	150,000
Other loans						56,431	48,324
Total borrowings						803,611	849,803

The current portion of the borrowings as at 31 December 2005, amounting to EUR 28.4 million (31 December 2004: EUR 80.2 million), is presented under current liabilities.

Schiphol Group launched a Euro Medium Term Note (EMTN) programme in 1999 (the prospectus of which was most recently updated in 2005), making it possible to raise funds as required in the years ahead up to a maximum of EUR 1,000 million. As at year-end, borrowings under the programme totalled EUR 520.8 million. Schiphol Group could be obliged to redeem the notes prematurely in the event of specific circumstances commonly stipulated for this type of instrument.

In addition, in 2002, the company contracted a facility of EUR 150 million with the European Investment Bank. This amount was drawn down in 2003. Repayment commences in August 2006, involving ten six-monthly instalments. Schiphol Group could be obliged to repay the loan prematurely if (in addition to the usual circumstances) other loans are repaid early or shareholders' equity falls below 30% of total assets. Additional security may be demanded if the company's credit rating falls below A (S&P's) or A2 (Moody's). As in 2004, the debt notes issued under the EMTN programme by N.V. Luchthaven Schiphol and Schiphol Nederland B.V. was given a credit rating of AA- by S&P and Aa3 by Moody's in 2005.

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

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

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

Of the total amount of the loans, EUR 63.3 million has been contracted in American dollars (USD 75 million) and EUR 71.7 million in Japanese yen (JPY 10 billion). EUR 234.3 million of the loans has been contracted at floating interest rates. In line with financial risk management policy, interest rate swaps, interest rate caps, currency swaps and, in some cases, combined currency and interest rate swaps have been contracted on the loans to hedge the risks inherent in exposure to movements in interest rates and exchange rates. The transactions concerned correspond exactly to the underlying loans in all relevant characteristics, such as maturity, amount and so on, and hedge the positions with respect to the euro or to either fixed or capped interest rates, or both. All hedging transactions are accounted for as cash flow hedges.

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

Reference	Counterparty	Type	Interest rate	Currency	Notional amount	Maturity date	Fair value in thousands of euros	
							31 December 2005	1 January 2005
a	UBS AG	currency swap	5.27%	JPY	5,000,000	2007	9,906	12,863
b	UBS AG	currency swap	5.59%	JPY	5,000,000	2009	11,796	11,215
c	UBS AG	rate swap	5.63%	EUR	27,000	2009	2,656	3,221
d	ABN AMRO	currency/rate swap	5.26%	USD	75,000	2007	22,732	33,335
e	ING	rate swap	4.84%	EUR	10,858	2011	513	520
f	ING	rate swap	4.12%	EUR	12,600	2011	629	580
Derivatives presented under non-current liabilities							48,231	61,734
g	ING	rate cap	4.25%	EUR	7,250	2011	- 67	- 135
h	ING	rate cap	4.12%	EUR	3,600	2011	- 37	- 73
i	ING	rate cap	4.12%	EUR	900	2011	- 9	- 18
j	ING	rate cap	3.50%	EUR	10,800	2011	- 187	-
Derivatives presented under financial assets							- 300	- 226
Total							47,931	61,508

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

The remaining terms of the borrowings as at 31 December 2005 can be analysed as follows. The portion of the borrowings due within one year is presented under current liabilities.

(in thousands of euros)	Total	> 1 year but			
		< 1 year	> 1 year	< 5 years	> 5 years
EMTN programme	520,765	- 170	520,935	161,395	359,540
AREB C.V. loans	76,415	-	76,415	-	76,415
European Investment Bank	150,000	13,777	136,223	119,938	16,285
Other loans	56,431	14,752	41,679	35,642	6,037
Total borrowings	803,611	28,359	775,252	316,975	458,277

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

(in thousands of euros)	Carrying amount as at 31 December 2005	Fair value as at 31 December 2005
EMTN programme	520,765	551,267
AREB CV loans	76,415	76,415
European Investment Bank	150,000	152,673
Other loans	56,431	58,290
Total borrowings	803,611	838,645

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

The movements in borrowings during the year were as follows:

(in thousands of euros)	Borrowings > 1 year	Borrowings < 1 year	Total
Carrying amount as at 1 January 2004	834,815	58,896	893,711
Movements in 2004			
New borrowings	12,535	–	12,535
Accrued interest	822	–	822
Transferred to current liabilities	- 77,235	77,235	–
Repayments	- 2,034	- 55,890	- 57,924
Changes in the consolidation	671	–	671
Exchange differences	–	- 12	- 12
Total movements in the year	- 65,241	21,333	- 43,908
Carrying amount as at 31 December 2004	769,574	80,229	849,803
Transition to IFRS	- 42,119	- 9	- 42,128
Carrying amount as at 1 January 2005	727,455	80,220	807,675
Movements in 2005			
New borrowings	67,002	–	67,002
Accrued interest	925	–	925
Transferred to current liabilities	- 28,230	28,230	–
Repayments	–	- 80,264	- 80,264
Exchange differences	8,100	–	8,100
Other movements	–	173	173
Total movements in the year	47,797	- 51,861	- 4,064
Carrying amount as at 31 December 2005	775,252	28,359	803,611

17. Lease liabilities

The analysis is as follows

(in thousands of euros)

	Counterparty	Effective interest rate	Expiry date of lease	2005	2004
P1 car park/walkway	ABP	6.7%	2035	56,178	56,850
Triport	ABP	7.0%	2034	57,802	58,533
Control tower	Abinton BV	7.7%	2012	13,377	14,983
Other				4,915	5,320
Total finance lease contracts				132,272	135,686
Purchased long leases				52,323	51,215
Lease incentives				5,113	2,863
Total lease liabilities				189,708	189,764

The current portion of the lease liabilities as at 31 December 2005, amounting to EUR 7.2 million (31 December 2004: EUR 3.8 million), is presented under current liabilities.

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

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

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

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

The remaining terms of the lease liabilities as at 31 December 2005 can be analysed as follows. The portion of the lease liabilities due within one year is presented under current liabilities.

(in thousands of euros)

	Total	< 1 year	> 1 year	> 1 year but	
				< 5 years	> 5 years
Face value of finance lease instalments	290,989	12,426	278,564	47,800	230,764
Interest component in finance lease instalments	- 158,717	- 8,884	- 149,834	- 32,553	- 117,281
Carrying amount of finance lease liabilities	132,272	3,542	128,730	15,247	113,483
Lump sums received to purchase long leases	52,322	1,003	51,319	3,923	47,396
Lease incentives	5,114	2,677	2,437	2,437	-
Total lease liabilities	189,708	7,222	182,486	21,607	160,879

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

(in thousands of euros)	Finance lease liabilities	Purchased long leases	Lease Incentives	Total
Carrying amount as at 31 December 2003	-	-	-	-
Transition to IFRS	141,641	51,948	-	193,589
Carrying amount as at 1 January 2004	141,641	51,948	-	193,589
Movements in 2004				
New lease contracts	5,635	-	-	5,635
New lease incentives granted	-	-	3,143	3,143
Accrued interest on lease liabilities	12,077	-	-	12,077
Lease instalments paid	- 14,924	-	-	- 14,924
Amortisation credited to the profit and loss account	-	- 733	- 280	- 1,013
Correction in respect of Triport lease	- 8,555	-	-	- 8,555
Other movements	- 188	-	-	- 188
Total movements in the year	- 5,955	- 733	2,863	- 3,825
Carrying amount as at 31 December 2004	135,686	51,215	2,863	189,764
Movements in 2005				
New lease contracts	627	-	-	627
Purchase of long lease contracts	-	2,106	-	2,106
New lease incentives granted	-	-	3,406	3,406
Accrued interest on lease liabilities	10,296	-	-	10,296
Lease instalments paid	- 14,256	-	-	- 14,256
Amortisation credited to the profit and loss account	-	- 998	- 1,156	- 2,154
Other movements	- 81	-	-	- 81
Total movements in the year	- 3,414	1,108	2,250	- 56
Carrying amount as at 31 December 2005	132,272	52,323	5,113	189,708

18. Employee benefit provisions

The employee benefit provisions concern the following net liabilities:

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
Carrying amount as at 31 December 2004				
Present value of benefit obligation	57,088	10,323	11,121	78,532
Fair value of plan assets	5,571	-	-	5,571
	<u>51,517</u>	<u>10,323</u>	<u>11,121</u>	<u>72,961</u>
Unrecognised actuarial gains and losses	- 453	-	- 52	505
Benefit liability recognised in the balance sheet	51,064	10,323	11,069	72,456
Carrying amount as at 31 December 2005				
Present value of benefit obligation	50,442	9,474	6,794	66,710
Fair value of plan assets	8,413	-	-	8,413
	<u>42,029</u>	<u>9,474</u>	<u>6,794</u>	<u>58,297</u>
Unrecognised actuarial gains and losses	- 3,114	-	- 239	3,353
Benefit liability recognised in the balance sheet	38,915	9,474	6,555	54,944

Post-employment benefits: retirement (defined benefit), job-related early retirement, pensioners' medical expenses

Other long-term employee benefits: long-service bonuses, management long-term bonuses, paid sabbatical leave, incapacity benefit make-up

Termination benefits: redundancy, pre-early retirement, wage make-up, unemployment benefit make-up

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

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
Current service cost	2,507	966	3,190	6,663
Interest cost on benefit obligation	2,619	341	474	3,434
Net actuarial gain/loss recognised in the year	-	93	-	93
Expected return on plan assets	- 218	-	-	218
Other costs	33	5	-	38
	<u>4,941</u>	<u>1,405</u>	<u>3,664</u>	<u>10,010</u>
Total net benefit expense in 2004	4,941	1,405	3,664	10,010
Current service cost	2,851	1,103	1,209	5,163
Interest cost on benefit obligation	2,653	357	429	3,439
Net actuarial gains/loss recognised in the year	- 8	450	-	442
Past-service cost	7,294	-	-	7,294
Released (as a result of amended plan terms etc.)	- 21,582	- 1,647	- 1,448	24,677
Expected return on plan assets	- 299	-	-	299
Other costs	11	- 17	71	65
	<u>- 9,081</u>	<u>246</u>	<u>261</u>	<u>8,574</u>
Total net benefit expense in 2005	- 9,081	246	261	8,574

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

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

The movements in the various provisions during the year were as follows:

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
Carrying amount as at 31 December 2003	19,383	–	7,221	26,604
Transition to IFRS	29,904	9,213	3,895	43,012
Carrying amount as at 1 January 2004	49,287	9,213	11,116	69,616
Movements in 2004				
Total net benefit expense for the year	4,941	1,405	3,664	10,010
Benefits paid during the year	- 2,394	- 295	- 3,711	- 6,400
Payment of contributions	- 838	–	–	- 838
Transferred from other provisions	68	–	–	68
Total movements in the year	1,777	1,110	- 47	2,840
Carrying amount as at 31 December 2004	51,064	10,323	11,069	72,456
Movements in 2005				
Total net benefit expense for the year	- 9,081	246	261	- 8,574
Benefits paid during the year	- 2,612	- 1,104	- 3,097	- 6,813
Payment of contributions	- 930	–	–	- 930
Reclassified as a current liabilities	–	–	- 1,220	- 1,220
Other movements	475	9	- 458	26
Total movements in the year	- 12,148	- 849	- 4,514	- 17,511
Carrying amount as at 31 December 2005	38,916	9,474	6,555	54,945

The provisions have been calculated on the basis of the following actuarial assumptions:

	31 December 2005	31 December 2004
Discount rate	4.00%	4.75%
Return on plan assets	4.00%	4.75%
	For 2005 and 2004	
General pay increase	2.00%	
Individual pay rises, depending on age	0.00% (age 55–65) to 3.00% (age 25–34)	
Inflation	2.00%	
Increase in medical expenses	4.00%	
Life expectancy	GBM/V mortality table 1995–2000 with age reduction of 2 years for men and 1 year for women	
Incapacity risk	GMD table 1994, multiplied by 25%	
Continued service probability (job-related early retirement scheme)	100%	
Termination probability, depending on age	0.10% (age 60) to 4.20% (age 25)	
Married status probability	90% at retirement age	
Age difference	Men 3 years older than female partners	
Probability of partners in employment	70% of men aged < 52, and 0% of men aged > 52	

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

19. Deferred tax assets and liabilities

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

(in thousands of euros)	2005	2004
Deferred tax assets		
Derivative financial instruments	- 14,277	-
Deferred tax liabilities		
Investment property	33,192	32,253
	18,915	32,253
Non-current (expected to be recovered or settled after longer than 12 months)	18,915	32,253
Current (expected to be recovered or settled within 12 months)	-	-
	18,915	32,253

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

The movements in the deferred tax assets connected with derivative financial instruments and deferred tax liabilities connected with investment property during the year were as follows:

(in thousands of euros)	Deferred		Total
	tax on derivative financial instruments	Deferred tax on property	
Carrying amount as at 1 January 2004	–	33,575	33,575
Movements in 2004			
Deferred tax on fair value gains recognised in the profit and loss account	–	1,749	1,749
Adjustment due to reduction in the tax rate	–	3,071	3,071
Total movements in the year	–	1,322	1,322
Carrying amount as at 31 December 2004	–	32,253	32,253
Transition to IFRS	- 19,446	–	19,446
Carrying amount as at 1 January 2005	- 19,446	32,253	12,807
Movements in 2005			
Deferred tax on fair value gains recognised In the profit and loss account (property)	–	3,470	3,470
The deferred tax on fair value gains recognised in equity (derivative financial instruments)	4,253	–	4,253
Adjustment due to reduction in the tax rate	916	2,079	1,163
Other movements	–	452	452
Total movements in the year	5,169	939	6,108
Carrying amount as at 31 December 2005	- 14,277	33,192	18,915

As at 31 December 2005 there were no deductible temporary differences and tax loss carry-forwards, for which no deferred tax assets were recognised, owing to uncertainty regarding the availability of future taxable profits allowing such assets to be utilised by offsetting deductible temporary differences and tax losses.

Further reference is made to the notes concerning corporate income tax in the note on contingent assets and liabilities.

20. Other provisions

The analysis and movements were as follows:

(in thousands of euros)	Lelystad under- performance	Claims and disputes	Reorgani- sation	Total
Carrying amount as at 31 December 2003	2,708	68	1,073	3,849
Transition to IFRS	- 2,708	-	-	2,708
Carrying amount as at 1 January 2004	-	68	1,073	1,141
Movements in 2004				
Utilised	-	-	41	41
Added	-	10,000	-	10,000
Released	-	-	200	200
Transferred to employee benefit provisions	-	68	-	68
Other movements	-	-	832	832
Total movements in the year	-	9,932	1,073	8,859
Carrying amount as at 31 December 2004	-	10,000	-	10,000
Total movements in 2005	-	-	-	-
Carrying amount as at 31 December 2005	-	10,000	-	10,000

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

The most important of the above claims and disputes concerns the legality of the ban on development applying to 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 in an amount to be fixed by a panel of experts. On 2 February 2006, the panel of experts produced its preliminary recommendations for the Court, dated 31 January 2006, 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 16.8 million. The parties now have the opportunity to respond before the panel of experts makes its final recommendations to the Court. A final decision by the Court concerning the amount of compensation payable is expected by mid-2006.

In estimating the amount of the provision to be recognised in respect of this claim as at 31 December 2005, the Board of Management took into account the following considerations when consulting both internal and external lawyers and other experts and in arriving at its own decisions. The recommendations of the panel of experts are still preliminary. The parties have the opportunity to respond. Schiphol Group sees grounds for availing itself of this opportunity, based on the departure of the preliminary recommendations from the assumptions used by Schiphol Group in arriving at a lower estimate for the losses suffered, which in the company's view remain valid. There have also been several other, new developments which could be relevant to the amount of compensation. 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. If the Ministry were to decide to lift the development ban, that would reduce the amount of the losses.

Summarising, the Board of Management takes the view that the Court has not yet finalised the amount of compensation, that there are ample grounds for arguing that the amount of compensation according to the preliminary recommendations is too high, that, if the development ban is lifted, the losses will be reduced and that, therefore, the Board of Management's estimate made at the time of preparing the financial statements for the preceding year does not currently need to be revised.

The addition to this provision of EUR 10 million in 2004 is the main factor behind the reduction in other operating expenses from EUR 17.5 million in 2004 to EUR 6.9 million in 2005.

21. Corporate income tax

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

22. Trade and other payables

The analysis is as follows:

(in thousands of euros)	2005	2004
Trade payables	72,036	39,916
Bank borrowings and overdrafts	82	14,284
Payable to shareholders and associates	1	5,260
Payable in respect of wage tax and social security contributions	3,114	3,357
Payable in respect of pensions	794	723
Interest payable	15,284	15,077
Accruals	71,870	61,799
Deferred income	28,605	27,601
Other payables	27,630	19,848
	219,416	187,865

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

23. Contingent assets and liabilities

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, showing the fiscal equity of Schiphol Nederland B.V. as at 1 January 2002 as being EUR 2,115 million higher than the equity for reporting purposes, owing to higher fiscal valuation of land by EUR 1,655 million and higher fiscal valuation of buildings and other assets by EUR 460 million. The tax authorities are currently inspecting the submitted opening balance sheet as at 1 January 2002 along with the tax return for 2002. Schiphol Group management and the tax authorities are also currently engaged in talks aimed at reaching agreement in the short term. So far, however, the tax authorities have not given any final decision.

As soon as the corporate income tax assessment for 2002 has been finalised, a deferred tax asset will be recognised for the difference between the assets and liabilities for tax purposes and for reporting purposes, in respect of the buildings and other assets on which tax rules permit depreciation. This will result in a non-recurring item in the profit and loss account, which will be positive and may be material. Because of the uncertain nature of this deferred tax asset, it has not been recognised in the balance sheet as at 31 December 2005.

Pension scheme

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

With regard to Schiphol Group's share in surpluses or deficits of the pension fund, it should be noted that the pension scheme rules do not contain any provisions whatsoever concerning additional contributions to the fund or withdrawals from the fund. For Schiphol Group, therefore, any surpluses and deficits will result exclusively in changes in the amount of the contributions payable in the future, which will depend on the financial position of the pension fund (and expectations in that regard), as reflected in the funding ratio. Under its new recovery plan, ABP expects to achieve the necessary funding ratio in 2006 or 2007, depending on interest rate movements. The level of pension contributions remains unchanged in 2006 compared with 2005.

Rerouting of the A9

In 2005, an agreement was signed by the Dutch Government, the North Holland Provincial Government, the Haarlemmermeer Municipal Authority, the Amsterdam Regional Governing Body, the City of Amsterdam and Schiphol Nederland B.V. concerning the financing of the rerouting of the A9 motorway near Badhoevedorp. On condition that the rerouting of the A9 meets the conditions stipulated by Schiphol Group relating to areas such as cost-effectiveness, easing of traffic flow and improved access to the airport zone, the company has undertaken to contribute towards the cost of the project up to a maximum amount of EUR 15 million, which will become payable in 2011 according to the existing timetable. This contribution will be subject to annual indexation.

Rerouting of the N201

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

Airport charge increases

KLM lodged an appeal against the increase in airport charges in 2000. The appeal proceedings have been continuing on for a long time already. KLM asserts that the decision ran counter to the principle of care, was without grounds and was in violation of the EU Treaty (abuse of a position of power). In Schiphol Group's estimation, there will be no need to repay any airport charges.

The Board of the Airlines Representatives in the Netherlands (Barin) and the Schiphol Airlines Operating Committee (SOAC) filed objections to the 2004, 2005 I and 2005 II airport charge increases. No ruling has so far been made on any of these objections. They are broadly based on the same arguments as the objections to the 2000 airport charge increase. In Schiphol Group's estimation, there will be no need to repay any airport charges.

Diamond robbery

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

Capital expenditure commitments and obligations under other long-term contracts

For disclosures concerning commitments to invest in non-current assets already entered into on the balance sheet date, see the notes to property, plant and equipment under construction or development (note 3). For disclosures concerning obligations (not shown in the balance sheet) under long-term contracts for maintenance, cleaning and the like, see the notes to the costs of outsourced work and other external charges (note 27).

Other contingent assets and liabilities

Schiphol Group has a contingent obligation of EUR 8.5 million connected with the 'Main Port and Green Development Plan', involving disbursements spread over the years 2006–2009. The company is also committed to making a contribution of EUR 0.7 million to the Schiphol Fund and has given guarantees for loans taken out by employees as well as other guarantees together totalling EUR 1.3 million.

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

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

Notes to the Consolidated Profit and Loss Account

24. Revenue

The analysis by activity and business segment is as follows:

(in thousands of euros)	Alliances and				2005	2004
	Aviation	Consumers	Real Estate	Participations		
Airport charges	552,054	–	–	22,120	574,174	522,660
Concessions	13,464	111,654	1,751	1,150	128,019	120,331
Rents and leases	662	–	108,498	2,412	111,572	103,600
Parking fees	–	69,327	1,048	5,242	75,617	69,086
Other activities	6,349	14,362	4,935	32,539	58,185	60,649
	<u>572,529</u>	<u>195,343</u>	<u>116,232</u>	<u>63,463</u>	<u>947,567</u>	<u>876,326</u>

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

Airport charges

Schiphol Group reached agreement with the industry and with the Ministry of Transport, Public Works and Water Management that, commencing in 2004, it would adhere as closely as possible to the provisions of the Aviation Bill and the draft General Administrative Order. In 2005, the Ministry of Transport, Public Works and Water Management refined and clarified the airport charge calculation rules included in the draft General Administrative Order under the Aviation Bill. The effect of these amendments is that airport charge adjustments are to be made after the end of each financial year. Commencing with 2005, Schiphol Group will also be adhering to the amended rules contained in the draft General Administrative Order. For 2005, this means that Schiphol Group will not be making provisional adjustments to the charges for 2006. Instead the amount of the adjustment of charges will be fixed after the financial statements for 2005 have been prepared. The adjustment in respect of the 2005 financial year will therefore be reflected in the charges for 2007.

In accordance with the accounting policies, surpluses and deficits leading to adjustments in future airport charges are not carried in the balance sheet as receivables or liabilities but are instead recognised as income or expenses in the year in which they occur.

The income from airport charges has the following analysis:

(in thousands of euros)	2005	2004
Aircraft-related charges	181,436	170,428
Passenger-related charges	210,992	196,484
Security service charge	175,031	149,373
Aircraft parking charges	6,715	6,375
	<u>574,174</u>	<u>522,660</u>

Concessions

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

A concession involves granting non-exclusive rights to a concession holder to operate and manage a commercial activity (outlet) in a specific location designated by Schiphol Group. The concession charges are calculated according to an agreed scale as a percentage of the sales generated by the concession holder. A separate contract is entered into with concession holders for the required space, for which a fixed rent is payable. The concessions run for an average of 3–5 years, with around 9% of the concessions being for less than three years, 73% for between three and five years and 18% for more than five years.

Rents and leases

The analysis is as follows:

(in thousands of euros)	2005	2004
Investment property leases (buildings), including service costs	38,094	36,473
Investment property leases (sites)	23,835	23,171
Operating property leases, including service costs	49,643	43,956
	111,572	103,600

Average occupancy of the buildings in the Schiphol Real Estate portfolio in 2005 was 84%. The occupancy figure as at 31 December 2005 was 86%.

The proportion of all leases (measured in terms of income from rents and leases) expiring within one year is approximately 10%, with approximately 33% expiring after one year and within five years and approximately 57% expiring after more than five years.

Property management expenses can be analysed as follows:

(in thousands of euros)	2005
Occupied buildings	28,143
Unoccupied buildings	4,087
	32,230

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

Parking charges

The analysis is as follows:

(in thousands of euros)	2005	2004
Parking at Amsterdam Airport Schiphol:		
Short-stay car park	37,309	33,469
Long-stay car park	20,653	19,678
Other public car parks	2,771	2,773
Business parking	9,642	8,767
	<hr/>	<hr/>
	70,375	64,687
Parking at other airports	5,242	4,399
	<hr/>	<hr/>
	75,617	69,086

Other activities

The analysis is as follows:

(in thousands of euros)	2005	2004
Advertising	11,169	9,964
Secondment of staff	1,572	2,117
Services and activities on behalf of third parties	16,282	16,979
Electricity, gas and water	6,769	6,234
Other operating income	20,487	18,742
Result on decommissioned assets	- 39	641
Miscellaneous	1,945	5,972
	<hr/>	<hr/>
	58,185	60,649

25. Result on sales of investment property

The profit of EUR 10.2 million relating to the sale of property concerns the sale of the remaining 50% of the Schiphol Group head office building (*Schipholgebouw*) to Airport Real Estate Basisfonds C.V. (AREB) among other transactions. An initial 50% tranche of the head office building had already been sold to AREB in 2004. The proceeds from the sale of the remaining 50% amounted to EUR 24.9 million, for assets with a carrying amount of EUR 5.9 million. The cost of sales was increased by EUR 14.2 million in connection with the current liabilities vis-à-vis AREB recognised in the balance sheet in connection with the obligation to provide parking facilities as part of the sales transaction relating to the Schiphol Group head office. The net result on this transaction was therefore EUR 4.8 million. Apart from the sale of the Schiphol Building, a number of other properties were sold to AREB in 2005.

The total cost of sales of the property sold off, amounting to EUR 74.8 million, was made up of assets used for operating activities (Schiphol Building) totalling EUR 20.1 million (including EUR 14.2 million relating to the provision of parking facilities) and other property totalling EUR 54.7 million.

26. Capital gains on investment property

The analysis is as follows:

(in thousands of euros)	2005	2004
Residual values on long leases	6,023	–
Revaluation of capitalised costs	755	- 2,034
New long leases granted	6,341	4,776
Completions of new buildings	4,291	1,729
Market value adjustments	- 5,033	600
	12,377	5,071

The gains resulting from attributing residual values to long leases concern contracts where the lease expires in less than 20 years from the year under review. The very nature of long leases means that there is uncertainty regarding the use of the land concerned on expiry of the lease. Consequently it is only possible to make a reasonably reliable assessment of the residual value in the case of leases expiring within 20 years. No residual value is recognised in the case of leases with longer than 20 years to run.

The gains resulting from the granting of new long leases are connected with the change in valuation on the release of land from historical cost to fair value. The fair value is calculated by discounting the annual ground rents from the leases concerned (DCF method), using a discount rate based on the interest rate on Dutch State Loans plus a risk mark-up.

Prior to completion, new buildings are carried at cost. On completion they are revalued at fair value. The fair value is subsequently reassessed each year and adjusted as necessary on the basis of internal and external appraisals. The fair value takes account of any lease incentives granted. The adjustments are included in the market value adjustments in the above analysis.

27. Costs of outsourced work and other external charges

The analysis is as follows:

(in thousands of euros)	2005	2004
Outsourcing	185,153	151,155
Maintenance	52,657	54,774
Energy and water	13,955	14,487
Insurance	16,586	15,703
Other external charges	83,658	69,305
	352,009	305,424

The outsourcing costs concern costs incurred by Schiphol Group in connection with such things as security, cleaning, maintenance, renting and leasing and hiring contract staff.

As at 31 December 2005, there were commitments (not included in the balance sheet) in respect of long-term maintenance and cleaning contracts etc. totalling EUR 87 million (31 December 2004: EUR 62 million).

Under operating leases with Schiphol Group as lessee, the following future lease instalments are payable (not included in the balance sheet):

(in thousands of euros)	Total	< 1 year	> 1 year	> 1 year but < 5 years	> 5 years
Rental and lease contract commitments	70,220	5,169	65,051	17,786	47,265

28. Employee benefits

The analysis is as follows:

(in thousands of euros)	2005	2004
Salaries	115,357	116,241
Social security charges	9,943	13,452
Internal hours capitalised	- 11,581	- 13,533
Short-term employee benefits	113,719	116,160
Pension charges (defined contribution plans)	17,623	15,260
Pension charges (defined benefit plans)	820	720
Early retirement benefits	7,881	1,646
Pensioners' medical expenses	- 17,782	2,575
Post-retirement benefits	8,542	20,201
Long-service bonuses	- 125	1,004
Management long-term bonuses	537	440
Other employee benefits	- 166	- 39
Other long-term employee benefits	246	1,405
Termination benefits	261	3,664
Other staff costs	10,732	10,175
	133,500	151,605

The average number of employees, on a full-time equivalent basis, of N.V. Luchthaven Schiphol and its subsidiaries totalled 2,179 (2004:2,216).

The charges in respect of early retirement benefits in 2005 included an addition of EUR 7 million to the provision for job-related early retirement resulting from changes in the tax rules as part of government measures designed to make early retirement less attractive to employers.

The benefits relating to pensioners' medical expenses and long-service bonuses include an amount totalling EUR 22 million released from provisions after a large part of the provision for pensioners' healthcare insurance allowances were discontinued (with the introduction of the new healthcare system) and the payment of a lump sum on retirement was terminated.

The capitalised internal hours concern capitalised own production in the form of internal hours charged by staff in the implementation phases of investment projects.

29. Depreciation/amortisation

The analysis is as follows:

(in thousands of euros)	2005	2004
Amortisation of intangible assets		
Start-up costs	–	104
Automated application development	1,647	177
Software licences	622	83
	2,269	364
Depreciation of property, plant and equipment		
Runways, taxiways and aprons	17,563	16,270
Paved areas, roads etc.	9,418	10,251
Buildings	32,601	29,603
Installations	70,980	63,763
Other assets	22,266	20,868
	152,828	140,755
Depreciation/amortisation relating to disposals	6,706	3,064
Total depreciation/amortisation	161,803	144,183

30. Impairment

The analysis is as follows:

(in thousands of euros)	2005	2004
Impairment losses recognised on intangible assets		
Goodwill	2,370	940
	2,370	940
Impairment losses recognised on property, plant and equipment		
Runways, taxiways and aprons	229	2,896
Paved areas, roads etc.	- 299	3,438
Buildings	1,138	542
Installations	626	887
Other assets	77	- 72
	1,771	7,691
Assets under construction for use in connection with operating activities	188	1,984
Assets under construction as investment property	574	4,750
	4,903	15,365
Total impairment losses recognised	4,903	15,365

The impairment of goodwill in 2005 concerns write-downs of EUR 2.1 million on the investment in SADC and EUR 0.3 million on the food and beverage facilities at Rotterdam Airport B.V.

The impairment losses recognised on property, plant and equipment relate to Lelystad Airport and Eindhoven Airport among other investments. In connection with the projected short and mid-term losses and negative cash flows from operating activities, an impairment loss of EUR 1.2 million was recognised on the property, plant and equipment of Lelystad Airport. In addition, an impairment loss of EUR 0.7 million was recognised as a result of the demolition of the old terminal at Eindhoven Airport. The ground which has been cleared will be used for car parking.

36. Cash flow from operations

The analysis is as follows:

(in thousands of euros)	2005	2004
Result	194,159	160,973
Corporate income tax	84,507	79,971
Share in results of associates	- 1,777	- 1,717
Interest income and interest expense	34,098	25,666
	116,828	103,920
Operating result	310,987	264,893
Adjustments for:		
Depreciation/amortisation	161,803	144,185
Impairment	4,903	15,365
Result on sales of investment property	- 10,196	- 17,623
Write-off of long-term receivables	-	400
Capital gains on investment property	- 12,377	- 5,071
Release of ground rents received/paid in advance	- 998	- 1,458
Release of receivables and payables in respect of lease incentives	- 621	-
Result on disposal of assets	38	- 641
Movements in provisions	- 17,513	11,699
	125,039	146,856
Operating result after adjustments	436,026	411,749
Change in working capital	11,415	- 43,204
Cash flow from operations	447,441	368,545

34. Corporate income tax

The effective rate of corporate income tax was 30.5%, reflecting the standard tax rate of 31.5% after allowing for the effect of the share in the results of unconsolidated associates, which qualify for the substantial-holding privilege. The tax burden in 2005 was further reduced by an amount of EUR 2.1 million released from the deferred tax provision following a reduction in the tax rate from 31.5% to 29.6% with effect from 2006.

35. Earnings per share

Earnings per share is calculated as follows:

	2005	2004
Result attributable to shareholders (net result, in euros)	192,900,000	160,819,000
Average number of shares in issue during the year	171,255	171,255
Earnings per share (in euros)	1,126	939

Since shares were neither issued nor repurchased during the year, the average number of shares in issue remained unchanged. There is currently also no potential dilutive effect due to the existence of options or convertible securities.

31. Interest income and interest expense

The analysis is as follows:

(in thousands of euros)	2005	2004
Cash and cash equivalents	3,346	5,101
Lease receivables	1,699	1,792
Borrowings	- 39,102	- 38,330
Lease liabilities	- 10,296	- 12,077
Capitalised construction period borrowing cost	2,287	3,847
Non-recurring income resulting from Triport finance lease contract	-	8,555
Income from lease purchase	-	2,290
Commission on derivative financial instruments (rate caps)	133	-
Other	3,929	3,798
	<u>- 38,004</u>	<u>- 25,024</u>

The capitalised construction period borrowing cost concerns interest charges incurred during the construction phase of investment projects.

32. Other financial results

The analysis is as follows:

(in thousands of euros)	2005	2004
Exchange differences on loans to associates	3,471	- 1,754
Exchange differences on cash and cash equivalents	4	325
Exchange differences on other assets, equity and liabilities	50	580
Dividends from other financial interests	441	315
Other	- 60	- 110
	<u>3,906</u>	<u>- 644</u>

The exchange differences on loans to associates concern the redeemable preference shares of Brisbane Airport Corporation Holdings Pty Ltd held by Schiphol Group. In view of the terms requiring repayment of the nominal value to the shareholders within a period of 10 years, among other conditions, the shares are considered not to be part of the net investment in the associate. Consequently, the exchange differences have been accounted for in the profit and loss account instead of in the exchange differences reserve.

33. Share in results of associates

This item concerns Schiphol Group's share in the results of the unconsolidated associates.

37. Acquisitions

In September 2005, Malpensa Real Estate II B.V. (MRE II B.V., a 60% subsidiary of Schiphol Group) acquired an interest of 47.44% in Villa Carmen B.V. for a cash payment and a contribution of land. Villa Carmen B.V. has a wholly-owned subsidiary, Villa Carmen Srl.

The combined acquisition balance sheet of Villa Carmen B.V. and Villa Carmen Srl. is as follows (100% and presented in thousands of euros):

Assets

Intangible assets	6
Assets under construction as investment property	32,120
Trade and other receivables	241
Cash	87
	<hr/>
	32,454

Equity and liabilities

Total equity	29,740
Trade and other payables	2,714
	<hr/>
	32,454

Assets under construction as investment property concerns land situated directly opposite the terminal of Malpensa Airport Milan which, at the time of contribution to Villa Carmen B.V., was stated at fair value. There are plans to develop the land into the Malpensa Trade Center business park.

Included in the item assets under construction as investment property is the land contributed by MRE II B.V., with a fair value of EUR 5 million. In addition to the contribution of land, MRE II B.V. made a cash payment of EUR 14.4 million to acquire its interest in Villa Carmen B.V. in 2005, including transaction costs directly related to the acquisition. As at 31 December 2005, invoices totalling EUR 0.2 million concerned with transaction costs directly related to the acquisition were still expected, making the total cost of the acquisition EUR 19.6 million.

The net asset value of the share of 47.44% at the time of acquisition amounted to EUR 14.1 million, resulting in the recognition of goodwill amounting to EUR 5.5 million on the transaction.

Shareholders

The shareholders are:

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

Dividend policy

Commencing with 2003, there has been agreement with the shareholders that the dividend should be 30% of the net result attributable to shareholders, excluding the capital gains and losses on investment property after tax.

Operation of the airport

In its legislative capacity, the government (State of the Netherlands) is responsible for the legislation governing the operation of Amsterdam Airport Schiphol, which is provided for indefinitely in law in Chapter 8, Part 4, of the Aviation Act.

Pursuant to the provisions of Section 8:25 of the Aviation Act, the airport operator, N.V. Luchthaven Schiphol, is under obligation, having due regard to the restrictions laid down in the Aviation Act, to permit access to the airport for civil aviation air traffic using the airport, with the exception of circuit, test and exercise flights. The operator is also under obligation to permit access to the airport for military aviation in circumstances stipulated by the Minister.

Airport operation imposes a duty of care on the operator to record the threat to public safety and the environmental impact associated with air traffic. In that context, the operator is required to perform measurements and computations necessary in order to maintain such records.

Pursuant to the provisions of Section 8:18 of the Aviation Act, the operator is under obligation to keep the airport open in accordance with the rules laid down in the Airport Traffic Decree. The operator may ignore this requirement if necessary in the interests of safety. The airport operator together with the provider of air traffic services and the airlines is required to promote the smooth operation of air traffic in accordance with the Airport Traffic Decree.

Sections 8:7 and 8:17 of the Aviation Act set forth the constraints on the development and use of Amsterdam Airport Schiphol. The Airport Traffic Decree lays down rules for airport use and stipulates limits for noise levels, air pollution and risks to public safety. The Airport Planning Decree describes the airport zone and the restrictions governing the use of the area in and around the airport.

The Aviation Act stipulates that the operator is under obligation to set charges for the use made of the airport and the airport buildings by aircraft.

Chapter 3A of the Aviation Act contains the obligations incumbent on the operator with regard to airport safety. The specific requirements are laid down in Section 37, paras. b–e.

Chapter 6 of the Aviation Supervision Rules requires the operator to take certain precautions with regard to the safety of the airfield such as marking of obstacles, installation of airfield lighting, provision of fire services and general maintenance of the airfield. In that context, the operator is under obligation to take measures to ensure effective supervision of safety and good order on the airfield. For this purpose, the operator has set up a safety management system which has been certified by the authorities.

In June 2005, the Lower House of Dutch Parliament passed a bill relating to the operation of Amsterdam Airport Schiphol. Under this proposed legislation, N.V. Luchthaven Schiphol will be granted a licence to operate indefinitely. The setting of airport charges will also be laid down by law.

Supervisory Board

The disclosure of the remuneration of members of the Supervisory Board required by Section 2:383c of the Netherlands Civil Code is as follows:

(in euros)	2005	2004
P.J. Kalff	50,000	32,000
H. van den Broek	29,000	23,500
J.M. Hessels	36,000	24,500
T.A. Maas-de Brouwer	34,000	23,500
S. Patijn	24,000	20,500
W.F.C. Stevens	36,000	24,500
T.H. Woltman	34,000	23,500
Total	243,000	172,000

In 2005, the General Meeting of Shareholders passed a resolution adjusting the remuneration of the Supervisory Board members with effect from 1 January 2005. The Chairman's remuneration was increased to EUR 33,000 per annum (previously EUR 28,000 per annum). The ordinary members' remuneration was increased to EUR 24,000 per annum (formerly EUR 20,500 per annum). The additional fee payable to members of the Audit Committee was also increased from EUR 4,000 to EUR 6,000 and that for members of the Remuneration Committee from EUR 3,000 to EUR 5,000 per annum. During the year, a special Selection and Appointments Committee (additional fee of EUR 5,000 per annum) was called into being and a special Privatisation Committee (additional fee of EUR 6,000 per annum) is currently in existence. Finally, the members of the Supervisory Board receive expense allowances of EUR 1,600 per annum (not included in the above remuneration).

Board of Management

Gerlach J. Cerfontaine (1946)

President

Member of the Supervisory Board of Rüttchen Groep B.V.

Member of the Advisory Council of Gilde Investments N.V.

Chairman of the Association of Friends of the Concertgebouw and the Royal Concertgebouw Orchestra

Pieter M. Verboom (1950)

Member of the Board of Management/CFO

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

Ad P.J.M. Rutten (1951)

Member of the Board of Management/COO (with effect from 1 September 2005)

Member of the Advisory Board of NIVR

Board Member at ACI Europe

The disclosure of the remuneration of members of the Board of Management required by Section 2:383c of the Netherlands Civil Code is as follows:

Regular salary (in euros)	2005	2004
Gerlach J. Cerfontaine	347,635	345,047
Pieter M. Verboom	271,551	269,529
Ad P.J.M. Rutten	90,517	–
Former Board of Management member	–	269,529
Total	709,703	884,105

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

The bonus scheme (short-term) is based on the achievement of financial targets (return on equity – ROE) as well as personal performance targets (such as the transition to IFRS in 2005, revision of the 24/7 operating arrangements and general performance of duties). In 2005, all the members of the Board of Management comfortably achieved the ROE targets and the other targets were also met.

Bonus payments (short-term)	2005	2004
(in euros)		
Gerlach J. Cerfontaine	165,127	120,766
Pieter M. Verboom	122,198	124,657
Ad P.J.M. Rutten	31,681	–
Former Board of Management member	–	104,443
Total	319,006	349,866

The long-term bonus is a performance-related remuneration component which is conditional on the members of the Board of Management having satisfied certain performance criteria (economic profit¹ figures) over a cumulative period of three years (the reference period) from the time of award of the bonus. Payment is only made if the relevant Board of Management member is still employed by the company. If it is mutually agreed that the contract of employment should be terminated, the award is made pro rata. It is also possible in that case to calculate and pay out future bonuses in advance.

- The performance criteria for the 2003 long-term bonus relate to the economic profit for the three-year period 2003, 2004 and 2005, with payment, if applicable, made in 2006.
- The performance criteria for the 2004 long-term bonus relate to the economic profit for the three-year period 2004, 2005 and 2006, with payment, if applicable, made in 2007.
- The performance criteria for the 2005 long-term bonus relate to the economic profit for the three-year period 2005, 2006 and 2007, with payment, if applicable, made in 2008.

At the end of each year, an estimate is made of the amount of the bonus payable on conclusion of the three-year period. During the reference period, a pro rata part thereof is charged each year to the result for the relevant year. The development in the economic profit in the preceding years has been such that, in accordance with the method described in the preceding paragraph, the following amounts have been charged to the results:

- One-third relating to the period 2003–2005, charged to 2003.
- One-third relating to the period 2003–2005 and one-third relating to the period 2004–2006, charged to 2004.
- One-third relating to the period 2003–2005, one-third relating to the period 2004–2006 and one-third relating to the period 2005–2007, charged to 2005.

In 2005, payment was made of the 2002 long-term bonus, for which provisions had been built up. Accordingly, the payment did not lead to a charge on the 2005 result. In 2006, payment will be made out of the provisions accumulated for the 2003 long-term bonus, relating to the economic profit over the three-year period 2003, 2004 and 2005. The economic profit target for this three-year period was more than satisfied.

¹⁾ Economic profit: RONA after tax less WACC multiplied by average non-current assets

Bonus payments (long-term) (in euros)	2005	2004
Gerlach J. Cerfontaine	181,602	120,766
Pieter M. Verboom	141,857	94,336
Former Board of Management member	–	48,832
Total	323,459	263,934

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

Pension costs (in euros)	2005	2004*
Gerlach J. Cerfontaine	91,498	81,099
Pieter M. Verboom	70,579	62,559
Ad P.J.M. Rutten	21,206	–
Former Board of Management member	–	62,769
Total	183,283	206,427

The increase in the pension costs for the individual Board of Management members is due to the increase in contributions at the beginning of 2005.

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

Other payments (in euros)	2005	2004
Gerlach J. Cerfontaine	10,274	11,532
Pieter M. Verboom	10,038	10,518
Ad P.J.M. Rutten	3,229	–
Former Board of Management member	–	6,592
Total	23,540	28,642
Total remuneration paid to the Board of Management members*	1,558,991	1,732,974

*) The pension costs in the 2004 figures have been restated for comparison purposes.

Past-service cost of Board of Management pensions

The Remuneration Committee has decided that the pensions of the Board of Management members should be increased to competitive levels. ABP, the pension provider, has recalculated the associated past-service cost. This recalculation covers the years 1998–2005 for Gerlach Cerfontaine and 1997–2005 for Pieter Verboom. A past-service cost is not applicable in the case of Ad Rutten. The calculated past-service costs can be summarised as follows:

Past-service cost (in euros)	2005	2004
Gerlach J. Cerfontaine	54,235	54,235
Pieter M. Verboom	35,493	35,493
Former Board of Management member	–	39,857
Total	89,728	129,585

Subsidiaries

The following subsidiaries are fully consolidated:

	Registered in	Direct / indirect interest in %
Schiphol Nederland B.V. ¹⁾	Schiphol	100
Schiphol Belgium N.V.	Antwerp	100
Schiphol Australia Pty Ltd.	Brisbane	100
Schiphol North American Holding Inc.	Delaware	100
Schiphol Retail US Inc.	Delaware	100
Schiphol Services Inc.	Delaware	100
Eindhoven Airport N.V.	Eindhoven	51
Schiphol Asia Sdn. Bhd.	Kuala Lumpur	100
N.V. Luchthaven Lelystad	Lelystad	100
Schiphol USA Inc.	New York	100
Schiphol USA LLC	Delaware	100
Rotterdam Airport B.V. ¹⁾	Rotterdam	100
Rotterdam Airport Supplies Services B.V.	Rotterdam	100
Rotterdam Airport Holding B.V. ¹⁾	Rotterdam	100
Rotterdam Airport Vastgoed B.V.	Rotterdam	100
Beheer- en beleggingsmaatschappij Balnag B.V.	Schiphol	100
Brisbane Airport Real Estate B.V.	Schiphol	100
Malpensa Real Estate B.V.	Schiphol	60
Malpensa Real Estate Italy Srl	Lonate Pozzolo	60
Malpensa Real Estate II B.V.	Schiphol	60
Schiphol Real Estate Caravelle B.V.	Schiphol	100
Schiphol Dienstverlening B.V. ¹⁾	Schiphol	100
Schiphol International B.V.	Schiphol	100
Schiphol Project Consult B.V. ¹⁾	Schiphol	100
Schiphol Real Estate Logistics Park B.V.	Schiphol	100
Schiphol Real Estate B.V. ¹⁾	Schiphol	100
Schiphol Real Estate Eindhoven B.V.	Schiphol	100
Schiphol Real Estate Eindhoven Finance B.V.	Schiphol	100
Schiphol Real Estate Eindhoven II B.V.	Schiphol	100
Schiphol Real Estate International B.V.	Schiphol	100
Schiphol Real Estate Tristar B.V.	Schiphol	100
HAFOK B.V.	Schiphol	100
Schiphol Real Estate World Trade Center B.V.	Schiphol	100
Schiphol Real Estate Italy Srl	Lonate Pozzolo	100
Airport Real Estate Management B.V.	Schiphol	100
Airport Property Management B.V.	Schiphol	100
Dartagnan B.V.	Amsterdam	100
Dartagnan Biometric Solutions US Inc.	New York	100
Avioport S.p.A.	Lonate Pozzolo	42

¹⁾ The provisions of Section 403, Book 2, of the Netherlands Civil Code apply with respect to these companies

Avioport S.p.A. is a subsidiary of Malpensa Real Estate B.V. (MRE B.V.) in which the latter company has an interest of 70%. MRE B.V. is in turn 60% owned by Schiphol Real Estate International B.V. (SREI B.V.), giving Schiphol Group an interest of 60% of 70%, or 42%, in Avioport S.p.A. The existence of control over the above three companies means they are included in full in the consolidation, with simultaneous presentation of minority interests.

Joint ventures

The interests in the following companies are proportionately consolidated:

	Registered in	Direct / indirect interest in %
Airport Real Estate Basisfonds C.V.	Schiphol	50
Schiphol Telematics C.V.	Schiphol	50
Schiphol Telematics B.V.	Schiphol	50
Schiphol Travel Taxi B.V.	Schiphol	50
Flight Square Beheer B.V.	Schiphol	50
Flight Square C.V.	Schiphol	50
Flight Forum Beheer Vennoot B.V.	Eindhoven	50
Beheer Personeelsrestaurant Schiphol B.V.	Schiphol	50
V.O.F. Proefdraaiplaats Holding 27	Schiphol	50
P.T. Angkasa Pura Schiphol	Jakarta	50
Pantares Tradeport Asia Ltd	Hong Kong	50
Arlanda Schiphol Development Company AB	Stockholm	40
Villa Carmen B.V.	Amsterdam	28.46
Villa Carmen Srl	Milan	28.46

The subsidiaries Airport Real Estate Management B.V., Schiphol Telematics B.V., Flight Forum Beheer B.V. and Flight Square Beheer B.V., as managing partners, bear joint and several liability for the debts of Airport Real Estate Basisfonds C.V., Schiphol Telematics C.V., Flight Forum C.V. and Flight Square C.V., respectively. Similarly, Schiphol Nederland B.V. bears joint and several liability for the debts of VOF Proefdraaiplaats Holding 27.

Despite the fact that Schiphol Group does not have an interest of 50% in the companies Arlanda Schiphol Development Company AB, Villa Carmen B.V. and Villa Carmen Srl, there is joint control and the interests in the companies concerned are therefore proportionately consolidated. In the contractual arrangements establishing these joint ventures, the venturers have agreed that decisions on important matters such as business plans and budgets, investments and disposals, acquisitions, share transactions, financing and so on shall require their unanimous consent.

Malpensa Real Estate II B.V. (MRE II B.V.) has an interest of 47.44% in Villa Carmen B.V. MRE II B.V. is in turn 60% owned by SRE International B.V. (SREI B.V.), giving Schiphol Group an interest in Villa Carmen B.V. of 60% of 47.44%, or 28.46%.

In February 2006, Schiphol Nederland B.V. (Schiphol) and KPN Telecom B.V. (KPN), the limited partners in the Schiphol Telematics B.V. joint venture, are expected to reach heads of agreement on the exit of KPN from the joint venture with effect from 1 January 2006. A due diligence investigation has still to be conducted. Schiphol Telematics C.V. will then be continued with Schiphol as limited partner and Schiphol Telematics B.V. as managing partner. The activities of the joint venture will be split into a 'service business' and a 'network business'. The network business will be continued by Schiphol Telematics C.V. and its net assets will therefore be attributed to Schiphol Group. The service business will be attributed to KPN. Since this division gives Schiphol more than its share of the joint venture, Schiphol will compensate KPN accordingly.

Abridged balance sheet for Schiphol Group's interests in the proportionately consolidated companies:

(in thousands of euros)	31 December 2005	31 December 2004
Assets		
Intangible assets	38	-
Property, plant and equipment	189,310	115,186
Financial assets	3,037	1,803
Current assets	15,011	9,794
	207,396	126,783
Equity and liabilities		
Total equity	102,316	59,579
Non-current liabilities	87,150	50,330
Current liabilities	17,930	16,874
	207,396	126,783

Abridged profit and loss account for Schiphol Group's share in the results of these companies:

(in thousands of euros)	2005	2004
Revenue	31,675	26,595
Other property results	1,372	- 2,861
	33,047	23,734
Total operating expenses	19,719	17,688
	13,328	6,046
Operating result	13,328	6,046
Financial income and expenses	- 2,467	- 1,728
Share in results of associates	- 1,386	- 1,613
	9,475	2,705
Result before tax	9,475	2,705
Corporate income tax	- 193	- 52
	9,282	2,653
Result	9,282	2,653

Associates

As at 31 December 2005, this concerns the investments in the following companies measured by applying the equity method:

	Registered in	Direct / Indirect interest in %
Flight Forum C.V.	Eindhoven	49.05
Brisbane Airport Corporation Holdings Pty Ltd	Brisbane	15.62
JFK IAT LLC	New York	40
Cargonaut B.V.	Schiphol	37
Schiphol Area Development Company N.V.	Schiphol	33.33
Schiphol Logistics Park B.V.	Schiphol	48
Tradeport Hong Kong Ltd	Hong Kong	18.75
Airport Medical Services B.V.	Haarlemmermeer	20
Airport Medical Services C.V.	Haarlemmermeer	20

Schiphol Group has an interest of 15.62% in Brisbane Airport Corporation Holdings Pty Ltd. The latter company owns 100% of Brisbane Airport Corporation Holdings No.2 Pty Ltd, which in turn owns 100% of Brisbane Airport Corporation Ltd. (BACL). Despite Schiphol Group's interest in Brisbane Airport Corporation Ltd. (BACL) being smaller than 20%, the company does have a significant influence on the basis of the following considerations:

- Schiphol Group has a blocking vote with respect to a variety of important decisions which can only be taken by the shareholders' meeting with a majority in excess of 90%;
- Schiphol Group has the right to appoint three out of the nine members of the Board of Directors, each of whom has equal voting rights, meaning that the members appointed by Schiphol Group represent 33.3% of the votes;
- The existence of a Technical Services Agreement between Schiphol Group and BACL under which Schiphol Group has, for instance, the sole right to put forward candidates for Managing Director (Chief Executive Officer); and
- The existence of an Intellectual Property Agreement between Schiphol Group and BACL under which BACL is able to share Schiphol Group's expertise relating to the operation and development of an airport.

The City of Amsterdam (24.3% interest), the Haarlemmermeer Municipal Authority (24.3% interest), Schiphol Group (33.3% interest) and the North Holland Provincial Government (18.1% interest) established the land development company Schiphol Area Development Company N.V. (SADC) as a public-private partnership in 1987. SADC's object is to safeguard and enhance the economic position of Amsterdam Airport Schiphol and surrounding areas through the ongoing development of business locations and supporting infrastructure projects.

On 22 December 2005, the shareholders signed a new partnership agreement concerning the sale and development of land in the Amsterdam Airport Area. The agreement covers the coordinated development of office and business parks in the immediate vicinity of Amsterdam Airport Schiphol. In addition to the sites already managed by SADC, the company will be coordinating the development and construction process on behalf of the shareholders with regard to six new sites with a combined area of approximately 360 ha. SADC is also responsible for the international marketing and release of the sites.

Financial information of the associates

Key figures relating to the Schiphol Group share of the above associates are:

	2004
Total assets	155,127
Total equity	- 86,406
Revenue	73,211
Net result	- 7,440

Since at the time of preparation of the financial statements Schiphol Group was not yet in possession of all the necessary information from associates relating to 2005, the above figures have been produced using financial information as at 31 December 2004 (assets and equity) and for the year then ended (revenue and net result) except in the case of three of the associates, which have a different financial year. In the case of Brisbane Airport Corporation Holdings Pty Ltd, use has been made of information as at 30 June 2005 (and for the financial year 1 July 2004 to 30 June 2005) and, in the case of Airport Medical Services B.V. and Airport Medical Services C.V., use has been made of information as at 31 March 2005 (and for the financial year 1 April 2004 to 31 March 2005).

The negative equity which is presented mainly relates to the negative equity of Brisbane Airport Corporation Holdings Pty Ltd and JFK IAT LLC (together amounting to EUR 106 million negative). There is no obligation incumbent on Schiphol Group to make good this negative equity. The investments in the associates concerned have therefore been presented at a net asset value of nil.

As at 31 December 2005, Tradeport Hong Kong had a loan outstanding of EUR 32.4 million, with a guarantee covering 20% of this amount. On the basis of Schiphol Group's share in Tradeport Hong Kong (18.75%), the amount of the guarantee attributable to Schiphol Group is EUR 1.2 million. In view of the negative equity of Tradeport Hong Kong, a provision has been made in respect of this amount and charged to 2005.

The fact that the above financial information relating to the associates in certain cases relies on information for different financial years plus the fact that two of the investments are currently carried at a net asset value of nil mean that the above figures are not reconcilable with information contained elsewhere in these financial statements.

Contingent liabilities of the associates

As at 30 June 2005, Brisbane Airport Corporation Ltd. (BACL) was committed on the basis of passenger and traffic growth forecasts to capital expenditure at Brisbane Airport totalling EUR 69.0 million over a 2-year period (i.e. up to 30 June 2007). This period may be extended if actual passenger and traffic figures or operational circumstances so dictate. On the basis of our indirect interest of 15.62% in BACL, the associate's contingent liability amounts to EUR 9.4 million.

1. Reconciliation statements

Reconciliation of equity as at 1 January 2004

Reconciliation of equity as at 31 December 2004

Reconciliation of the net result for 2004

Reconciliation of the cash flow statement for 2004

Reconciliation of shareholders' equity as at 1 January 2005

2. Notes on the transition to IFRS

Status of the standards

Application of the transitional provisions

Changes in accounting policies

Reconciliation of Equity as at 1 January 2004

Assets

(in thousands of euros)	Previous accounting policies 1 January 2004	Total adjustments	IFRS 1 January 2004
Non-current assets			
Intangible assets	4,041	- 2,793	1,249
Property, plant and equipment			
Assets used for operating activities	1,895,189	- 35,715	1,859,474
Assets under construction or development	416,084	-	416,084
Investment property	649,114	-	649,114
	2,960,387	- 35,715	2,924,672
Financial assets			
Investments in associates	70,356	- 50,476	19,880
Loans to associates	1,511	43,803	45,314
Lease receivables	-	18,669	18,669
Derivative financial instruments	-	-	-
Other financial assets	10,205	- 4,280	5,925
	82,072	7,716	89,788
	3,046,500	- 30,791	3,015,709
Current assets			
Assets held for sale	-	27,031	27,031
Inventories	30,229	- 30,229	-
Trade and other receivables	121,392	4,162	125,554
Cash and cash equivalents	270,558	-	270,558
	422,179	964	423,143
	3,468,679	- 29,827	3,438,852

Equity and liabilities

(in thousands of euros)	Previous accounting policies	Total	IFRS
	1 January 2004	adjustments	1 January 2004
Share capital and reserves attributable to shareholders			
Issued share capital	77,712	–	77,712
Retained profits	1,603,782	270,558	1,874,340
Other reserves	301,189	- 301,189	–
Dividend	41,000	- 41,000	–
	2,023,683	- 71,631	1,952,052
Minority interests	20,042	–	20,042
Total equity	2,043,725	- 71,631	1,972,094
Non-current liabilities			
Borrowings	1,024,196	- 189,381	834,815
Lease liabilities	–	192,978	192,978
Employee benefit provisions	26,604	43,012	69,616
Deferred tax liabilities	33,575	–	33,575
Other provisions	3,849	- 2,707	1,142
Derivative financial instruments	–	–	–
	1,088,224	43,902	1,132,126
Current liabilities			
Borrowings	59,507	- 611	58,896
Lease liabilities	–	611	611
Corporate income tax	39,917	–	39,917
Trade and other payables	237,306	- 2,098	235,208
	336,730	- 2,098	334,632
	3,468,679	- 29,827	3,438,852

Assets

(in thousands of euros)	IFRS adjustments in the 2004 opening balance sheet							Reclassi- fication	Total adjust- ments	
	IFRS 3	IAS 16	IAS 17	IAS 19	IAS 21	IAS 28	IAS 37			
	A	B	C	D	E	F	G			H
Non-current assets										
Intangible assets	-	730	-	-	-	-	2,063	-	-	2,793
Property, plant and equipment										
Assets used for										
operating activities	-	-	35,715	-	-	-	-	-	-	35,715
Assets under construction										
or development	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-
	-	-	35,715	-	-	-	-	-	-	35,715
Financial assets										
Investments in associates	-	-	-	-	-	-	50,476	-	-	50,476
Loans to associates	-	-	-	-	-	-	43,803	-	-	43,803
Lease receivables	-	-	18,669	-	-	-	-	-	-	18,669
Derivative financial statements	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	4,280	-	-	-	-	-	-	4,280
	-	-	14,389	-	-	-	6,673	-	-	7,716
	-	730	35,715	14,389	-	-	8,736	-	-	30,791
Current assets										
Assets held for sale	-	-	-	-	-	-	-	-	27,031	27,031
Inventories	-	-	-	-	-	-	-	-	30,229	30,229
Trade and other receivables	-	-	964	-	-	-	-	-	3,198	4,162
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
	-	-	964	-	-	-	-	-	-	964
	-	730	35,715	15,353	-	-	8,736	-	-	29,827

Equity and liabilities

(in thousands of euros)	IFRS adjustments in the 2004 opening balance sheet							Reclassi- fication	Total adjust- ments
	IFRS 3	IAS 16	IAS 17	IAS 19	IAS 21	IAS 28	IAS 37		
	A	B	C	D	E	F	G		
Share capital and reserves attributable to shareholders									
Issued share capital	-	-	-	-	-	-	-	-	-
Retained profits	- 730	- 23,199	- 142	- 41,532	- 7,481	- 8,736	2,707	349,670	270,558
Other reserves	-	-	-	-	7,481	-	-	308,670	301,189
Dividend	-	-	-	-	-	-	-	41,000	41,000
	- 730	- 23,199	- 142	- 41,532	- 7,481	- 8,736	2,707	-	71,631
Minority interests	-	-	-	-	-	-	-	-	-
Total equity	- 730	- 23,199	- 142	- 41,532	- 7,481	- 8,736	2,707	-	71,631
Non-current liabilities									
Borrowings	-	12,516	-176,865	-	-	-	-	-	189,381
Lease liabilities	-	-	192,978	-	-	-	-	-	192,978
Employee benefit provisions	-	-	-	43,012	-	-	-	-	43,012
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	2,707	-	2,707
Derivative financial instruments	-	-	-	-	-	-	-	-	-
	-	12,516	16,113	43,012	-	-	2,707	-	43,902
Current liabilities									
Borrowings	-	-	611	-	-	-	-	-	611
Lease liabilities	-	-	611	-	-	-	-	-	611
Corporate income tax	-	-	-	-	-	-	-	-	-
Trade and other payables	-	-	618	1,480	-	-	-	-	2,098
	-	-	618	1,480	-	-	-	-	2,098
	- 730	- 35,715	15,353	-	-	- 8,736	-	-	29,827

The letters A–H refer to the notes to the transition to IFRS on pages 172 onwards.

Reconciliation of Equity as at 31 December 2004

Assets

(in thousands of euros)	Previous accounting policies		Total	IFRS
	31 December 2004		adjustments	31 December 2004
Non-current assets				
Intangible assets	7,500	-	1,548	5,952
Property, plant and equipment				
Assets used for operating activities	2,060,072	-	36,929	2,023,143
Assets under construction or development	359,637		-	359,637
Investment property	668,767		-	668,767
	<u>3,088,476</u>	-	<u>36,929</u>	<u>3,051,547</u>
Financial assets				
Investments in associates	39,724	-	10,117	29,607
Loans to associates	42,049		-	42,049
Lease receivables	-		22,856	22,856
Derivative financial instruments	-		-	-
Other financial assets	14,669	-	9,466	5,203
	<u>96,442</u>		<u>3,273</u>	<u>99,715</u>
	<u>3,192,418</u>	-	<u>35,204</u>	<u>3,157,214</u>
Current assets				
Assets held for sale	-		25,269	25,269
Inventories	27,777	-	27,777	-
Trade and other receivables	118,909		4,197	123,106
Cash and cash equivalents	250,488		-	250,488
	<u>397,174</u>		<u>1,689</u>	<u>398,863</u>
	<u>3,589,592</u>	-	<u>33,515</u>	<u>3,556,077</u>

Equity and liabilities

(in thousands of euros)	Previous accounting policies	Total		IFRS
	31 December 2004	adjustments	31 December 2004	
Share capital and reserves attributable to shareholders				
Issued share capital	77,712	–	77,712	
Retained profits	1,705,075	290,231	1,995,306	
Other reserves	309,601	- 311,075	- 1,474	
Dividend	46,400	- 46,400	–	
	2,138,788	- 67,244	2,071,544	
Minority interests	20,962	–	20,962	
Total equity	2,159,750	- 67,244	2,092,506	
Non-current liabilities				
Borrowings	959,664	- 190,090	769,574	
Lease liabilities	–	185,989	185,989	
Employee benefit provisions	27,273	45,183	72,456	
Deferred tax liabilities	32,253	–	32,253	
Other provisions	10,068	- 68	10,000	
Derivative financial instruments	–	–	–	
	1,029,258	41,014	1,070,272	
Current liabilities				
Borrowings	81,411	- 1,182	80,229	
Lease liabilities	–	3,775	3,775	
Lease liabilities	121,631	- 201	121,430	
Trade and other payables	197,542	- 9,677	187,865	
	400,584	- 7,285	393,299	
	3,589,592	- 33,515	3,556,077	

Assets

(in thousands of euros)	IFRS adjustments in the 2004 closing balance sheet							Reclassi- fication H	Total adjust ments
	IFRS 3	IAS 16	IAS 17	IAS 19	IAS 21	IAS 28	IAS 37		
	A	B	C	D	E	F	G		
Non-current assets									
Intangible assets	515	-	-	-	-	- 2,063	-	-	1,548
Property, plant and equipment									
Assets used for operating activities	-	- 36,929	-	-	-	-	-	-	- 36,929
Assets under construction or development	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-
	-	- 36,929	-	-	-	-	-	-	- 36,929
Financial assets									
Investments in associates	-	-	-	-	-	- 10,117	-	-	- 10,117
Loans to associates	-	-	-	-	-	-	-	-	-
Lease receivables	-	-	22,856	-	-	-	-	-	22,856
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	- 9,537	-	-	-	-	71	- 9,466
	-	-	13,319	-	-	- 10,117	-	71	3,273
	515	- 36,929	13,319	-	-	- 12,180	-	71	- 35,204
Current assets									
Assets held for sale	-	-	-	-	-	-	-	25,269	25,269
Inventories	-	-	-	-	-	-	-	- 27,777	- 27,777
Trade and other receivables	-	-	1,089	-	-	-	-	3,108	4,197
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
	-	-	1,089	-	-	-	-	600	1,689
	515	- 36,929	14,408	-	-	- 12,180	-	671	- 33,515

Equity and liabilities

(in thousands of euros)	IFRS adjustments in the 2004 closing balance sheet							Reclassi- fication H	Total adjust ments
	IFRS 3	IAS 16	IAS 17	IAS 19	IAS 21	IAS 28	IAS 37		
	A	B	C	D	E	F	G		
Share capital and reserves attributable to shareholders									
Issued share capital	-	-	-	-	-	-	-	-	-
Retained profits	85 -	24,620 -	21 -	42,529 -	8,630 -	11,103	11,416	365,633	290,231
Other reserves	-	-	-	-	9,235 -	1,077	-	319,233 -	311,075
Dividend	-	-	-	-	-	-	-	46,400 -	46,400
	85 -	24,620 -	21 -	42,529	605 -	12,180	11,416	- -	67,244
Minority interests									
	-	-	-	-	-	-	-	-	-
Total equity	85 -	24,620 -	21 -	42,529	605 -	12,180	11,416	- -	67,244
Non-current liabilities									
Borrowings	- -	11,560 -	173,599	-	-	- -	5,602	671 -	190,090
Lease liabilities	-	-	185,989	-	-	-	-	-	185,989
Employee benefit provisions	-	-	-	45,115	-	-	-	68	45,183
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Overige voorzieningen	-	-	-	-	-	-	-	68 -	68
Derivative financial instruments	-	-	-	-	-	-	-	-	-
	- -	11,560	12,390	45,115	-	- -	5,602	671	41,014
Current liabilities									
Borrowings	-	- -	1,182	-	-	-	-	- -	1,182
Lease liabilities	-	-	3,775	-	-	-	-	-	3,775
Corporate income tax	430 -	749	64 -	570 -	605	-	4,586 -	3,357 -	201
Trade and other payables	-	- -	618 -	2,016	-	- -	10,400	3,357 -	9,677
	430 -	749	2,039 -	2,586 -	605	- -	5,814	- -	7,285
	515 -	36,929	14,408	-	- -	12,180	-	671 -	33,515

The letters A–H refer to the notes to the transition to IFRS on pages 172 onwards. In most cases the notes refer to the amounts of the adjustments as at 1 January 2004 and not to the amounts as at 31 December 2004.

Reconciliation of the Net Result for 2004

(in thousands of euros)	Previous accounting policies 2004	Total adjustments	IFRS 2004
Revenue	887,369	- 11,043	876,326
Own work capitalised	17,224	- 17,224	-
Sales of property	-	23,853	23,853
Cost of sales of property	-	6,230	6,230
Result on sales of property	-	17,623	17,623
Capital gains on property	5,071	-	5,071
Other property results	5,071	17,623	22,694
Costs of outsourced work and other external charges	310,321	- 4,897	305,424
Employee benefits	146,028	5,577	151,605
Depreciation/amortisation	152,650	- 8,465	144,185
Impairment	-	15,365	15,365
Cost of sales of property	7,170	- 7,170	-
Other operating expenses	35,092	- 17,544	17,548
Total operating expenses	651,261	- 17,134	634,127
Operating result	258,403	6,490	264,893
Interest income and interest expense	- 28,726	3,702	- 25,024
Other financial results	-	- 644	- 644
Financial income and expenses	- 28,726	3,058	- 25,668
Share in results of associates	5,546	- 3,829	1,717
Result before tax	235,223	5,720	240,943
Corporate income tax	- 76,812	- 3,158	- 79,970
Result	158,411	2,562	160,973
Attributable to:			
Minority interests	154	-	154
Shareholders (net result)	158,257	2,562	160,819
Earnings per share (in euros)	924	15	939

(in thousands of euros)	IFRS adjustments in the profit and loss account for 2004							Reclassi- fication I	Total adjust ments	
	IFRS 3	IAS 16	IAS 17	IAS 19	IAS 21	IAS 28	IAS 37			
	A	B	C	D	E	F	G			
Revenue	-	-	2,737	-	-	-	16,002	-	24,308	11,043
Own work capitalised	-	-	-	-	-	-	-	-	17,224	17,224
Sales of property	-	-	-	-	-	-	-	-	23,853	23,853
Cost of sales of property	-	940	-	-	-	-	-	-	7,170	6,230
Result on sales of property	-	940	-	-	-	-	-	-	16,683	17,623
Capital gains on property	-	-	-	-	-	-	-	-	-	-
Other property results	-	940	-	-	-	-	-	-	16,683	17,623
Costs of outsourced work and other external charges	-	2,628	2,270	-	-	-	-	-	1	4,897
Employee benefits	-	155	-	1,567	-	-	-	-	4,165	5,577
Depreciation/amortisation	1,245	5,893	-	-	-	-	-	-	13,113	8,465
Impairment	-	-	-	-	-	-	2,286	-	13,079	15,365
Cost of sales of property	-	-	-	-	-	-	-	-	7,170	7,170
Other operating expenses	-	-	-	-	-	-	422	-	17,966	17,544
Total operating expenses	-	1,245	3,110	2,270	1,567	-	-	2,708	21,004	17,134
Operating result	1,245	2,170	467	1,567	-	-	13,294	-	3,845	6,490
Interest income and interest expense	-	-	652	-	-	-	-	-	3,050	3,702
Other financial results	-	-	-	-	1,754	-	-	-	1,110	644
Financial income and expenses	-	-	652	-	1,754	-	-	-	4,160	3,058
Share in results of associates	-	-	-	-	-	3,514	-	-	315	3,829
Result before tax	1,245	2,170	185	1,567	1,754	3,514	13,294	-	-	5,720
Corporate income tax	-	430	749	64	570	605	-	4,586	1	3,158
Result	815	1,421	121	997	1,149	3,514	8,708	-	1	2,562
Attributable to:										
Minority interests	-	-	-	-	-	-	-	-	-	-
Shareholders (net result)	815	1,421	121	997	1,149	3,514	8,708	-	1	2,562

The letters A-I refer to the notes on the transition to IFRS on pages 172 onwards.

Reconciliation of the Cash Flow Statement for 2004

(in thousands of euros)	Previous accounting policies 2004	Total adjustments	IFRS 2004
Cash flow from operating activities:			
Operating result	258,403	6,490	264,893
Adjustments for:			
▪ Depreciation/amortisation	139,572	4,613	144,185
▪ Impairment	15,364	1	15,365
▪ Result on sales of property	- 16,682	- 941	- 17,623
▪ Write-off of long-term receivables	400	-	400
▪ Capital gains on investment property	- 5,071	-	- 5,071
▪ Release of ground rents received/paid in advance	- 1,458	-	- 1,458
▪ Proceeds from sale of assets	- 675	33	- 642
▪ Movements in provisions	6,889	4,810	11,699
	138,339	8,516	146,855
Operating result after restatement	396,742	15,006	411,748
Movements in working capital	- 32,269	- 10,935	- 43,204
Cash flow from operations	364,473	4,071	368,544
Corporate income tax paid (advance tax)	316	-	316
Interest paid	- 49,886	-	- 49,886
Interest received	6,371	652	7,023
Dividend received	1,488	-	1,488
Cash flow from operating activities	322,762	4,723	327,485

(in thousands of euros)	Previous accounting policies	Total	IFRS
	2004	adjustments	2004
Cash flow from investing activities:			
■ Investments in intangible assets	- 5,114	- - 5,114	
■ Investments in property, plant and equipment	- 294,120	1,064 - 293,056	
■ Proceeds from disposals	24,527	- 24,527	
■ Acquisitions of subsidiaries	- 750	- - 750	
■ Acquisitions of investments in associates	- 262	- - 262	
■ Repayment of share capital invested in associates	2,290	- 2,290	
■ Minority contributions of share capital to subsidiaries	869	- 869	
■ Increase in long-term receivables	- 5,529	945 - 4,584	
Cash flow from investing activities	- 278,089	2,009	- 276,080
Free cash flow	44,673	6,732	51,405
Cash flow from financing activities:			
■ Borrowings taken out	18,358	- 5,823 12,535	
■ Borrowings paid off	- 57,991	1,753 - 56,238	
■ Dividend paid	- 41,112	- - 41,112	
■ Other loans raised	9,234	- 9,234 -	
■ Increase in lease liabilities	-	9,455 9,455	
■ Decrease in lease liabilities	-	- 2,883 - 2,883	
■ Bank borrowings	6,444	- 6,444 -	
Cash flow from financing activities	- 65,067	- 13,176	- 78,243
Net cash flow	- 20,394	- 6,444	- 26,838
Opening cash and cash equivalents balance	270,558	- 7,841	262,717
Net cash flow	- 20,394	- 6,444	- 26,838
Exchange differences	325	-	325
Closing cash and cash equivalents balance	250,489	- 14,285	236,204

Reconciliation of Equity as at 1 January 2005

Assets

(in thousands of euros)

	IFRS	IAS 39	IFRS
	31 December 2004	J	1 January 2005
Non-current assets			
Intangible assets	5,952	–	5,952
Property, plant and equipment			
Assets used for operating activities	2,023,143	–	2,023,143
Assets under construction or development	359,637	–	359,637
Investment property	668,767	–	668,767
	3,051,547	–	3,051,547
Financial assets			
Investments in associates	29,607	- 7,058	22,549
Loans to associates	42,049	–	42,049
Lease receivables	22,856	–	22,856
Derivative financial instruments	–	226	226
Other financial assets	5,203	10,027	15,230
	99,715	3,195	102,910
	3,157,214	3,195	3,160,408
Current assets			
Assets held for sale	25,269	–	25,269
Inventories	–	–	–
Trade and other receivables	123,106	- 511	122,595
Cash and cash equivalents	250,488	–	250,488
	398,863	- 511	398,352
	3,556,077	2,684	3,558,760

Equity and liabilities

(in thousands of euros)

	IFRS	IAS 39	IFRS
	31 December 2004	J	1 January 2005
Share capital and reserves attributable to shareholders			
Issued share capital	77,712	–	77,712
Retained profits	1,995,306	- 1,574	1,993,732
Other reserves	- 1,474	4,098	2,624
Dividend	–	–	–
	2,071,544	2,524	2,074,068
Minority interests	20,962	–	20,962
Total equity	2,092,506	2,524	2,095,030
Non-current liabilities			
Borrowings	769,574	- 42,119	727,455
Lease liabilities	185,989	–	185,989
Employee benefit provisions	72,456	–	72,456
Deferred tax liabilities	32,253	- 19,446	12,807
Other provisions	10,000	–	10,000
Derivative financial instruments	–	61,734	61,734
	1,070,272	169	1,070,441
Current liabilities			
Borrowings	80,229	- 9	80,220
Lease liabilities	3,775	–	3,775
Corporate income tax	121,430	–	121,430
Trade and other payables	187,865	–	187,865
	393,299	9	393,290
	3,556,077	2,684	3,558,760

The letter J refers to the notes to the transition to IFRS on pages 172 onwards.

Status of the standards

All the standards published by the IASB in finalised form have been endorsed for use in the EU in their entirety and without change except for IAS 39 Financial Instruments: Recognition and Measurement, certain requirements of which have not been adopted by the EU ('carve-out' version).

To the extent that they are applicable to Schiphol Group, the following standards and interpretations (including amendments thereof) coming into operation commencing with the financial statements for 2005 have not yet been applied, pending endorsement by the EU:

- IAS 39 – Amendment (December 2004) Transition and Initial Recognition of Financial Assets and Financial Liabilities
- IFRIC Amendment to SIC-12: Scope of SIC-12 Consolidation – Special-Purpose Entities
- IFRIC 2 Members' Shares in Cooperative Entities and Similar Instruments

Incidentally, differences between 'IFRS' and 'IFRS as endorsed for use in the EU' do not have any practical implications for Schiphol Group.

In addition, the following standards and interpretations (including amendments thereof) formally coming into operation commencing with the 2006 financial statements, to the extent that they are applicable to Schiphol Group, have not been applied voluntarily in respect of 2005:

- IAS 19 – Amendment (December 2004) Actuarial Gains and Losses, Group Plans and Disclosures
- IFRIC 4 Determining Whether an Arrangement Contains a Lease
- IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The above amendments of existing standards and new standards are not expected to result in any material changes in the financial information presented by Schiphol Group.

Application of the transitional provisions

Guidelines for the initial application of IAS and IFRS are contained in IFRS 1 First-Time Adoption of International Financial Reporting Standards. This particular standard generally stipulates that IFRS should be applied retrospectively. One or more exceptions to this rule are, however, permissible. Schiphol Group has elected to adopt only the following exceptions.

■ Business combinations

Schiphol Group has elected to adopt the exception not to apply IFRS 3 Business Combinations retrospectively to acquisitions that occurred in the past.

■ Employee benefits

For Schiphol Group pension schemes qualifying as defined benefit plans, the corridor method will be used under IFRS as from 2004, with actuarial gains and losses accumulated prior to 1 January 2004 accounted for directly in equity in the opening balance sheet as at 1 January 2004.

■ Accumulated translation differences

Translation differences accumulated prior to 1 January 2004, carried in the translation differences reserve, have been charged to retained profits (part of equity) in the opening balance sheet as at 1 January 2004.

IFRS 1 First-Time Adoption of International Financial Reporting Standards also expressly prohibits retrospective application of the standards in certain cases, of which the following apply to Schiphol Group.

■ Hedge accounting

Hedge accounting in accordance with IAS 39 may in principle only be used prospectively. For some considerable time, the company has been making effective use of derivatives to hedge the risk of changes in future cash flows connected with periodical interest payments and repayments on loans. As of 1 January 2005, in accordance with the requirements of IAS 39, all existing derivatives have been treated as hedge instruments resulting from a hedging transaction and the transactions concerned have been formally documented. Commencing 1 January 2005, the effectiveness of such transactions has also been measured both prospectively and retrospectively. The accumulated gains and losses on derivatives have been accounted for in the opening balance sheet in the hedging transactions reserve, in view of the fact that they arise from cash flow hedges in all cases.

■ Assets held for sale

If the IFRS transition predates 1 January 2005, which is the case for Schiphol Group, the transitional provisions of IFRS 5 should be applied. IFRS 5 states that the required presentation of assets held for sale should in principle be applied prospectively. If, however, the criteria for presenting assets as assets held for sale were in fact satisfied at an earlier date, the assets concerned may be presented as such as at that earlier date, provided that the carrying amount as at that date is known. These conditions are satisfied in the case of the assets that Schiphol Group has identified as assets held for sale. These assets have accordingly been accounted for as assets held for sale with retroactive effect (in the comparative figures as well).

The comparative figures for 2004 included in this document are also based on IFRS. The adjustments resulting from this restatement have been included in the opening balance sheet as at the transition date of 1 January 2004, with the exception of changes resulting from the implementation of IAS 32 Financial Instruments: Disclosure and Presentation and IAS 39 Financial Instruments: Recognition and Measurement. Adjustments associated with these two standards have been accounted for in the opening balance sheet as at 1 January 2005. The comparative figures for 2004 have not been restated in this case.

Changes in accounting policies

The following paragraphs explain the specific changes in accounting policies resulting from the adoption of IFRS.

IFRS 3 Business Combinations (A)

In contrast to the Guidelines for Annual Reporting in the Netherlands, amortisation of goodwill is no longer permissible under IFRS 3 Business Combinations. There is also a requirement to perform an impairment test each year on the basis of the recoverable amount, which is defined as the higher of an asset's net selling price and its value in use. Under the policy of amortising the cost of goodwill over a period of five years applied up to year-end 2004, the Dutch reporting guidelines only required such an impairment test to be performed if there were indications of impairment.

In accordance with the above, the carrying amount of the goodwill as at 1 January 2004 has been frozen, after applying an adjustment of EUR 0.587 million in respect of inaccurate measurement of goodwill in the past plus elimination of an amount of EUR 0.143 million carried in respect of start-up costs. The amortisation charge in the 2004 profit and loss account in respect of goodwill and start-up costs, totalling EUR 1.245 million, has also been reversed. The impairment tests as at 1 January 2004 and 1 January 2005 did not give any grounds for recognition of any impairment losses other than those already recognised under the previous accounting policies, which continue to be recognised under IFRS.

IAS 16 Property, Plant and Equipment (B)

Component-based approach

Under IFRS, a component-based approach is mandatory. This means that, within any one class of assets, the various components have to be accounted for separately if the cost of a component is significant relative to the total cost or if the economic life of a component differs from that of other components. Application of this approach has resulted in a total of around 40 new components being treated separately which were previously accounted for under the single headings of taxiways, runways, aprons, buildings, mechanical installations, baggage handling systems, baggage security control equipment and drainage systems.

Expenditure on major maintenance work is capitalised under IFRS if it involves replacing asset components, the cost of such work then being depreciated over the economic life. Simultaneously with the capital expenditure there will be a disposal of any assets replaced in connection with the work, insofar as they still have a carrying amount. Under Schiphol Group's previous accounting policies, the cost of major maintenance work was expensed.

The recalculation of the carrying amount as at 1 January 2004 based on the economic lives adopted for new components and retrospective application of the change in accounting policies for major maintenance work has resulted in an adjustment of EUR 23.199 million in the carrying amount, charged to equity in the opening balance sheet as at 1 January 2004. The depreciation charge for 2004 is EUR 5.893 million higher than under the previous accounting policies. In the 2004 accounts, an amount of EUR 2.628 million spent on major maintenance work has been retrospectively capitalised, with a corresponding reduction in costs of outsourced work and other external charges.

In December 2004, a 50% share of the Schiphol Group head office building was transferred to Airport Real Estate Basisfonds C.V. As a result of the changes referred to above, the carrying amount, and hence the cost of sales, of the head office has also been revised. The cost of sales relating to this transaction accounted for in 2004 is EUR 0.940 million lower, increasing the book profit by a similar amount.

Accounting for investment grants

The treatment of investment grants adopted by Schiphol Group under IFRS means that they are no longer recognised as deferred income in the balance sheet but are instead deducted from the carrying amounts of the related assets. As a result of this change, other loans and the carrying amount of assets used for operating activities as at 1 January 2004 are both reduced by EUR 12.516 million.

IAS 17 Leases (C)

Air traffic control tower lease arrangements

Schiphol Group took out a 20-year lease on the air traffic control tower at the centre of the airport from a financing company, Abinton B.V., in 1992. The control tower was then leased to Air Traffic Control the Netherlands (LVNL) for a similar period. Careful scrutiny of the two contracts reveals that they both qualify as finance leases. For the Schiphol Group balance sheet, this means the inclusion, with effect from 1 January 2004, of a lease receivable from LVNL of EUR 15.353 million, and a corresponding lease liability to Abinton B.V. of EUR 16.113 million. Both asset and liability are carried at the present value of the minimum amounts of the remaining lease payments receivable and payable. The difference of EUR 0.142 million between asset and liability (including an adjustment to current liabilities in respect of both contracts totalling EUR 0.618 million) has been deducted from equity as at 1 January 2004.

As from 2004, rent paid (EUR 2.270 million in 2004) and rent received (EUR 2.737 million in 2004) are no longer presented as operating expenses and rental income, respectively, but as instalments reducing the lease liability and lease receivable. As a consequence, the operating result for 2004 decreases by EUR 0.467 million. On the other hand the receivable and liability yield an overall interest income of EUR 0.652 million in 2004.

Presentation of lease assets and lease liabilities

With effect from 1 January 2004, all existing long-term receivables under finance lease contracts as well as ground rents paid in advance by Schiphol Group, amounting to EUR 4.280 million, will be accounted for as lease assets. All existing long-term liabilities under finance lease contracts together with ground rents received in advance by Schiphol Group, amounting to EUR 176.865 million, will be accounted for as lease liabilities.

IAS 19 Employee Benefits (D)

Pensions

Schiphol Group has entrusted the pension scheme to ABP. The scheme qualifies as a defined benefit plan. However, according to information from ABP, the latter company is not in a position to supply the information needed in order to account for the pension scheme as a defined benefit plan. It is not practicable to arrive at an appropriate formula for allocating the amounts concerned. In accordance with the reporting guidelines, the defined benefit plan has therefore been accounted for as a defined contribution plan. As was the case under the previous accounting policies, Schiphol Group has presented the contributions payable to ABP as a charge in the profit and loss account, with contributions not yet paid included as a liability in the balance sheet.

Some of Schiphol Group's subsidiaries and joint ventures also have pension schemes qualifying as defined benefit plans. Where the pension funds and insurance companies concerned are able to supply the information necessary to account for these pension schemes as defined benefit plans, Schiphol Group complies with the requirement to treat them in this way. In the balance sheet as at 1 January 2004, this has resulted in the inclusion of a pension liability of EUR 2.336 million charged to equity.

Provisions for other employee benefits

Schiphol Group conditions of employment provide for long-service bonus payments at certain intervals, the payment to pensioners of monthly allowances to cover medical expenses, payment of a supplement to top up incapacity benefit to pay levels and payment of unemployment benefit above the statutory rate. All of these schemes satisfy the IFRS recognition criteria for a provision: there is an existing liability that will lead to an outflow of economic resources, the amount of which can be reliably measured. The combined amount of the liabilities under these schemes has (for the most part) been actuarially calculated as at 1 January 2004 as being EUR 35.910 million, and this amount has been charged to equity in the opening balance sheet as at 1 January 2004. The benefits paid, which under the previous accounting policies were charged to the profit and loss account for 2004, have now been charged to the provision. Under IFRS, instead of the direct expense, an addition to the provision has been charged to the profit and loss account for 2004.

Under IFRS, actuarial gains and losses are not recognised in the profit and loss account unless the total amount of the accumulated gains and losses falls outside a band of 10% of the higher of the maximum obligation under the scheme and the fair value of the associated investments. That part which falls outside the band is credited or debited to the profit and loss account over the remaining years of service of the plan members (corridor approach). For 2004, the total of the actuarial losses on all provisions for other employee benefits amounts to EUR 0.505 million. Since that figure is not entirely within the above 10% band, a small amount needs to be charged to the 2005 profit and loss account.

The long-term bonus for Board of Management members and several other key staff and the sabbatical leave entitlement accrued by employees are also covered by IAS 19. The provisions for these schemes already carried under the previous accounting policies, amounting to EUR 1.480 million, have been transferred on 1 January 2004 from current liabilities to the provisions for employee benefits included in non-current liabilities.

Bases for actuarial calculations

Under the previous accounting policies, the future liabilities in respect of job-related early retirement, redundancy pay and pre-early retirement schemes were discounted on the basis of an actuarial interest rate of 4.0%. Under IFRS, these liabilities should be discounted on the basis of the market interest rate. The interest rate used for this purpose as at 1 January 2004 is 5.0%. The amount of the benefits also allows for annual indexation. The effect of these two changes is to increase the provisions concerned by EUR 3.286 million, this amount having been deducted from equity as at 1 January 2004.

The overall charge to the profit and loss account for 2004 in respect of all provisions for other employee benefits is EUR 1.567 million higher.

IAS 21 The Effects of Changes in Foreign Exchange Rates (E)

Translation differences

As explained earlier, the balance of the translation differences reserve, amounting to EUR 7.481 million negative as at 1 January 2004, has been charged to retained profits in the opening balance sheet for 2004.

Redeemable preference shares of BACH

Under the previous accounting policies, the redeemable preference shares (RPFs) of Brisbane Airport Corporation Holdings Pty Ltd. (BACH) held by Schiphol Group were treated as part of the net investment in the associate. Under IFRS this is no longer the case, the RPFs instead being treated as a long-term receivable, as explained in greater detail below, in view of such things as the provisions concerning

repayment of the nominal value to the shareholders within a period of ten years. As a consequence, with effect from 2004, the translation differences have to be recognised in the profit and loss account instead of in the translation differences reserve. In 2004, the translation differences amounted to EUR 1.754 million negative.

IAS 28 Investments in Associates (F)

Redeemable preference shares of BACH

The redeemable preference shares (RPFs) of BACH held by Schiphol Group confer a cumulative right to dividends, the rate of dividend also being incremented by 1 percentage point each year from 8% per annum at the time of granting the loan up to a maximum of 12% per annum. Moreover, the nominal value of the shares will be repaid to the shareholders within a period of ten years. On the basis of these features, it was decided to treat the nominal value of the RPFs, amounting to EUR 43.803 million, as a long-term loan to an associate as at 1 January 2004.

Adoption of IFRS at Brisbane Airport Corporation Ltd. (BACL)

BACL has elected to apply IFRS 3 retrospectively. Schiphol Group has elected not to do so. The effect of this different application of IFRS for Schiphol Group is to make the net asset value of the investment in this associate negative. The carrying amount of the associate, which was EUR 8.736 million as at 1 January 2004, has been reduced to nil and the result for 2004 has been accounted for accordingly. As a consequence, the share in results of associates in 2004 is EUR 3.514 million lower.

Goodwill paid on investments in associates

Under IFRS, investments in associates are carried at the amount of Schiphol Group's share in the shareholders' equity of the companies concerned, including goodwill paid at the time of acquisition. The goodwill on our investment in Schiphol Area Development Company N.V., amounting to EUR 2.063 million, has accordingly been transferred from goodwill to investments in associates.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets (G)

Lelystad underperformance provision

At the time of acquisition of group company N.V. Luchthaven Lelystad, a provision was made to cover future losses. Under the previous accounting policies, up to year-end 2004, the operating loss of N.V. Luchthaven Lelystad was charged each year to this provision. The remaining balance as at 31 December 2004 was released to the profit and loss account, compensating for the write-down on Lelystad Airport's property, plant and equipment in 2004. Under IFRS, a provision for underperformance is not permitted. The balance of the provision, amounting to EUR 2.707 million, has been added to equity in the opening balance sheet as at 1 January 2004. The amounts of the provision utilised (EUR 0.422 million) and released (EUR 2.286 million) in 2004 under the previous accounting policies have been adjusted in the profit and loss account for 2004.

Airport charge retrospective adjustment obligations

Schiphol Group reached agreement with the industry and with the Ministry of Transport, Public Works and Water Management that, commencing in 2004, it would adhere as closely as possible to the provisions of the Aviation Bill and the draft General Administrative Order. This means that, when fixing the airport charges for Amsterdam Airport Schiphol, Schiphol Group takes into account the difference between the previous year's budgeted and actual income and expenses, using estimates if actual figures are not available at the time of submitting the proposed new airport charges. The amount of the adjustment will be reflected in the new schedule of airport charges.

Under this arrangement, Schiphol Group incurred a liability in respect of 2004 to refund airport charges amounting to EUR 10.400 million in 2005 and EUR 5.602 million in 2006. Under the previous accounting policies, current and non-current liabilities, respectively, were recognised totalling EUR 16.002 million, this amount being deducted from airport charge revenues for 2004. Under IFRS this is not permitted. The EUR 16.002 million has therefore been added back to airport charge revenues for 2004. The amount of the airport charge retrospective adjustment will now be deducted from airport charge revenues for 2005 and 2006.

Miscellaneous balance sheet reclassifications (H)

Inventories

The inventories (stocks) shown in the balance sheet under the previous accounting policies largely comprised stocks of land intended for sale. It has been determined that this item falls within the scope of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. As such, the stock of land concerned has been shown separately at cost, amounting to EUR 27.031 million, in the balance sheet as at 1 January 2004 as a part of assets held for sale, included in current assets. This reclassification means that the item inventories is no longer included.

Statutory reserves

Under the previous accounting policies, the consolidated balance sheet included a revaluation reserve (relating to the unrealised net capital gains and losses on the real estate portfolio) and a statutory reserve (relating to investments in associates carried at net asset value, start-up costs and development costs for intangible assets). Under IFRS, this is not required. In the consolidated balance sheet, the balance of these reserves, amounting to EUR 308.670 million, has accordingly been added to retained profits. In the corporate balance sheet, incidentally, the reserves concerned have been retained, in accordance with the requirements of Book 2, Part 9, of the Netherlands Civil Code and contrary to IFRS.

Dividend

The balance sheet under the previous accounting policies was drawn up, taking into account the proposed profit appropriation. But since the declaration of a dividend depends on the General Meeting of Shareholders, the proposed dividend was included as a separate item under shareholders' equity. Under IFRS, a proposed dividend, which has not yet been declared (EUR 41.0 million in the IFRS opening balance sheet as at 1 January 2004), should not be included as a separate item in the balance sheet but should remain part of retained profits. There should, however, still be disclosure of the proposed dividend in the notes.

Miscellaneous reclassifications in the profit and loss account (I)

Own work capitalised

The item own work capitalised comprises staff hours charged to capital projects during the construction phase and interest during construction of major investment projects and commercial investments. Under the previous accounting policies, these items were accounted for as part of the total operating income. Under IFRS, this line is no longer included. Furthermore, it is the Board of Management's view that it would be better to deduct the amounts concerned from the relevant items (employee benefits and interest expense) in the profit and loss account (with disclosure in the notes) instead of accounting for them as a form of revenue. For 2004, the amount of own work capitalised, totalling EUR 17.224 million, has therefore been deducted from the employee benefits expense (EUR 13.378 million) and interest expense (EUR 3.846 million). In addition, other staff costs and charges in respect of additions to the employee benefit provisions, amounting to EUR 17.966 million in 2004, have been reclassified from other operating expenses to employee benefits.

Property sales

Under the previous accounting policies, income from the sale of investment property (EUR 23.853 million in 2004) was accounted for as revenue, with the cost of sales relating to these transactions (EUR 7.170 million in 2004) included in the total operating expenses. Under IFRS, the result on sales of investment property is presented as income, the result recognised in the profit and loss account being the difference between the sale proceeds and the carrying amount.

Impairment

Impairment losses (EUR 13.079 million in 2004 under the previous accounting policies) are recognised separately under IFRS. Previously, depreciation/amortisation and impairment were presented as a single total.

IAS 39 Financial Instruments: Recognition and Measurement (J)

As already mentioned, this standard is applicable with effect from 2005, without restatement of comparative figures. The adjustments connected with the adoption of this standard have been taken into account in the opening balance sheet as at 1 January 2005.

Other financial interests

Entities where the company does not have either control or significant influence (other investments) are carried at fair value or, if a fair value is not available, at cost. Under the Dutch reporting guidelines, such interests were included at cost. The restatement of the carrying amount of our 1% interest in Flughafen Wien AG at fair value (based on the quoted price of the shares) instead of historical cost has resulted in a positive adjustment of EUR 4.639 million to equity as at 1 January 2005. Other financial interests, which do not qualify as associates, are now also accounted for in other financial assets.

Amortised cost of loans to associates and other loans

Loans to associates and other loans are carried at amortised cost under IFRS, with differences between the face value and the fair value less transaction costs at the time of issue amortised over the remaining term to maturity using the effective interest method. Under the previous accounting policies, these assets were carried at face value. Restatement of the carrying amount at amortised cost instead of face value has resulted in a negative adjustment of EUR 1.670 million to equity in the opening balance sheet as at 1 January 2005.

Amortised cost of interest-bearing loans

Interest-bearing loans (bonds, private placements and bank borrowings) are carried at amortised cost under IFRS, with differences between the face value and the fair value less transaction costs at the time of issue amortised over the remaining term to maturity using the effective interest method. Under the previous accounting policies, these liabilities were carried at face value. Restatement of the carrying amount at amortised cost instead of face value has resulted in a positive adjustment of EUR 0.382 million to equity in the opening balance sheet as at 1 January 2005.

Translation at closing rate

In addition, under IFRS, interest-bearing loans drawn down in a foreign currency are translated at the exchange rate prevailing on 31 December of the year under review. Under the previous accounting policies, these loans were translated at the fixed exchange rate contracted in connection with forward transactions in the currency concerned (currency swap contract) at which the necessary currency could be purchased at the time of repayment. The change in the exchange rate at which the interest-bearing loans are translated from forward rate to closing rate has resulted in a positive adjustment of EUR 41.746 million to equity in the opening balance sheet as at 1 January 2005. Since currency swaps entered into in connection with the above interest-bearing debt loans, as cash flow hedging

transactions under the previous accounting policies, are determined to have been highly effective, the adjustment is largely accounted for in the reserve for hedging transactions as at 1 January 2005.

Recognition of derivative financial instruments

Under the previous accounting policies, derivatives were only accounted for in connection with the translation into euros of the borrowings for which they served as hedging instruments. Under IFRS, derivatives are recognised separately in the balance sheet and carried at fair value. The recognition of derivatives as a separate balance sheet item results in a negative adjustment of EUR 42.573 million to equity in the opening balance sheet as at 1 January 2005. This adjustment takes account of deferred tax assets amounting to EUR 19.446 million. Since, under the previous accounting policies, such derivatives were also recognised as hedging instruments connected with cash flow hedging transactions were determined to have been highly effective, the adjustment is largely accounted for in the reserve for hedging transactions as at 1 January 2005.

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. The tax authorities are currently inspecting the submitted opening balance sheet as at 1 January 2002 along with the tax return for 2002. The fiscal equity of Schiphol Nederland B.V. as at 1 January 2002 is EUR 2,115 million higher than the equity for reporting purposes, owing to higher fiscal valuation of land by EUR 1,655 million and higher fiscal valuation of buildings and other assets by EUR 460 million. As soon as the tax assessment for 2002 has been finalised, a deferred tax asset will be recognised in respect of the difference between the assets and liabilities for tax purposes and for reporting purposes, relating to the buildings and other assets on which tax rules permit depreciation.

Pending the outcome of the above tax inspection, no further tax assets and liabilities have been recognised in respect of the additional differences between the carrying amounts of assets and liabilities for tax purposes and for reporting purposes due to the adoption of IFRS, with the exception of derivative financial instruments.

The adjustments to the result before tax for 2004 have, however, resulted in adjustment of the tax charge in 2004 and of current liabilities in respect of corporate income tax and equity as at 31 December 2004, as applicable.

Schiphol, 15 February 2006

For the consolidated financial statements for 2005:

Supervisory Board

Peter-Jan Kalff, Chairman

Hans van den Broek

Jan-Michiel Hessels

Toon H. Woltman

Trude A. Maas-de Brouwer

Schelto Patijn

Willem F.C. Stevens

Board of Management

Gerlach J. Cerfontaine, President

Pieter M. Verboom, CFO

Ad P.J.M. Rutten, COO

Corporate Balance Sheet as at 31 December 2005

Before proposed profit appropriation.

Assets

(in thousands of euros)	Note	31 December 2005	31 December 2004
Financial assets	38		
Investments in subsidiaries		2,088,016	1,900,511
Loans to subsidiaries		–	14,801
Other investments		12,703	7,058
		<u>2,100,719</u>	<u>1,922,370</u>
Current assets	39		
Receivables		127,192	144,090
Cash and cash equivalents		2,170	12,614
		<u>2,230,081</u>	<u>2,079,074</u>

Equity and liabilities

(in thousands of euros)	Note	31 December 2005	31 December 2004
Issued share capital		77,712	77,712
Retained profits		1,825,569	1,688,218
Translation differences reserve		- 628	- 1,474
Other financial interests reserve		5,645	–
Hedging transactions reserve		- 307	–
Revaluation reserve		299,967	297,874
Other statutory reserves		14,694	9,214
		<u>2,222,652</u>	<u>2,071,544</u>
Total equity	40	2,222,652	2,071,544
Non-current liabilities	41	–	2,446
Current liabilities	41	7,429	5,084
		<u>2,230,081</u>	<u>2,079,074</u>

Corporate Profit and Loss Account for 2005

(in thousands of euros)	2005	2004
Result on ordinary activities after tax	3,795	2,296
Results of subsidiaries	189,105	158,523
Result attributable to shareholders (net result)	192,900	160,819

General

The corporate financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code, utilising the option provided by Section 2:362, subsection 8, of the Netherlands Civil Code of applying the same accounting policies for the corporate financial statements as have been applied in preparing the consolidated financial statements.

Use has also been made of the provisions of Section 2:402 of the Netherlands Civil Code, permitting presentation of an abridged profit and loss account.

Transition to IFRS, as endorsed for use in the EU

Commencing with 2005, Schiphol Group has prepared the consolidated financial statements in accordance with IFRS, as endorsed for use in the European Union. Schiphol Group has elected, with effect from 2005, to apply the same accounting policies for the corporate financial statements as have been applied in preparing the consolidated financial statements. This means that shareholders' equity and net result in the unconsolidated financial statements are in principle the same as shareholders' equity and net result in the consolidated financial statements, which is generally accepted practice in the Netherlands. It also simplifies reporting in that one set of accounting policies will suffice.

First-time adoption of IFRS has led to changes in the accounting policies applied to the consolidated financial statements. The comparative figures for 2004 have been restated according to the revised policies. Only the changes relating to IAS 39 Financial Instruments: Recognition and Measurement were not implemented until 1 January 2005. Compared with the 2004 financial statements, this resulted in a change in shareholders' equity as at 1 January 2004 and 31 December 2004, a change in the result for 2004 and a change in shareholders' equity as at 1 January 2005. The effects of the change in accounting policies on assets, liabilities and results are the same as those in the information contained in the passage on the transition to IFRS on page 83 and the notes on the transition to IFRS commencing on page 157.

Accounting policies

General

The accounting policies for the corporate financial statements are the same as for the consolidated financial statements. Where no specific policies are mentioned, reference should therefore be made to the accounting policies relating to the consolidated financial statements.

Subsidiaries

Companies in which Schiphol Group is able to exercise control are carried at net asset value determined by measuring the assets, provisions and liabilities and results according to the policies applied in preparing the consolidated financial statements.

If the share of losses attributable to Schiphol Group exceeds the carrying amount of a subsidiary, losses over and above that amount are not recognised unless Schiphol Group has given guarantees to the entity concerned or other commitments have been entered into or payments have been made on behalf of that entity. In that case, a provision is made for the consequent liabilities.

Results on transactions with subsidiaries are eliminated in proportion to the interest in the entities concerned, except where the results arise on transactions with third parties. Losses are not eliminated if there are indications of impairment of the assets concerned.

Elements of shareholders' equity

Various statutory reserves required by Part 9, Book 2, of the Netherlands Civil Code have been retained in the corporate balance sheet which form part of the retained profits in the consolidated balance sheet. They are the reserve for property revaluations (Section 2:390.1), the reserve for intangible fixed assets (Section 2:365.2) and the reserve for participating interests (Section 2:389.6).

The revaluation reserve is maintained in respect of fair value gains and losses on the investment property (buildings and land). Additions to this reserve are made via profit appropriation, after allowing for corporate income tax. In the case of properties where the cumulative revaluations are negative, the revaluation reserve is set to nil and the negative revaluations are charged to other reserves. On the sale of investment property, the amount of the revaluation reserve for the property in question is transferred to other reserves. Capital gains and losses recognised directly in the equity of group companies are also included in the revaluation reserve.

The other statutory reserves are the reserve for intangible fixed assets and the reserve for investments in associates.

The reserve for intangible fixed assets is maintained in connection with capitalised research and development costs (software).

The reserve for investments in associates is formed in respect of the share in the positive results of the entities concerned and in fair value gains accounted for directly in equity. Amounts are not recognised in respect of entities whose cumulative results are not positive. The reserve is reduced by the amount of dividend distributions, fair value losses accounted for directly in equity and any distributions which Schiphol Group would be able to effect without restriction.

Pending the necessary resolution by the General Meeting of Shareholders, the dividend payable according to the proposed profit appropriation is still included in retained profits as at balance sheet date.

Notes to the corporate balance sheet and profit and loss account

Where the notes to the corporate balance sheet and profit and loss account are not materially different from the notes to the consolidated balance sheet and profit and loss account, they have not been repeated here and the notes to the consolidated balance sheet and profit and loss account should be consulted for the items concerned.

38. Financial assets

The analysis and movements were as follows:

(in thousands of euros)	Investments in subsidiaries	Loan to subsidiaries	Other financial interests	Total
Carrying amount as at 31 December 2003	1,814,844	15,365	7,058	1,837,267
Transition to IFRS	- 71,631	-	-	- 71,631
Carrying amount as at 1 January 2004	1,743,213	15,365	7,058	1,765,636
Movements in 2004				
Result for the year	158,208	-	315	158,523
Dividend	-	-	315	315
Translation differences	- 910	- 564	-	- 1,474
Total movements in the year	157,298	- 564	-	156,734
Carrying amount as at 31 December 2004	1,900,511	14,801	7,058	1,922,370
Transition to IFRS	- 2,115	-	4,639	2,524
Carrying amount as a 1 January 2005	1,898,396	14,801	11,697	1,924,894
Movements in 2005				
Result for the year	188,664	-	441	189,105
Dividend	-	-	441	441
Repayments	-	- 14,198	-	- 14,198
Fair value gains on other financial interests	-	-	1,006	1,006
Other movements	110	-	-	110
Translation differences	846	- 603	-	243
Total movements in the year	189,620	- 14,801	1,006	175,825
Carrying amount as at 31 December 2005	2,088,016	-	12,703	2,100,719

The investments in subsidiaries concern the wholly-owned subsidiaries Schiphol Nederland B.V. and Schiphol International B.V. Other financial interests concerns the 1% interest in Flughafen Wien AG.

39. Current assets

The receivables can be analysed as follows:

(in thousands of euros)	2005	2004
Current-account receivables:		
▪ Schiphol Nederland B.V.	75,087	115,456
▪ Schiphol International B.V.	51,991	21,006
▪ Schiphol Belgium N.V.	–	7,626
Other receivables	114	2
	<hr/>	<hr/>
	127,192	144,090

Of the cash and cash equivalents balance as at 31 December 2005, EUR 0.2 million (31 December 2004: EUR 0.2 million) was denominated in foreign currencies. The cash is freely available.

Both receivables and cash are stated at fair value, which is usually the face value.

40. Shareholders' equity

The analysis and movements were as follows:

(in thousands of euros)	Issued share capital	Retained profits	Translation differences reserve
Balance as at 1 January 2004 according to previous accounting policies	77,712	1,702,184	- 7,481
IFRS adjustments in the opening balance sheet for 2004	-	- 79,112	7,481
Balance as at 1 January 2004 according to IFRS	77,712	1,623,072	-
Appropriation of result for previous year	-	- 98,402	-
Translation differences	-	1,147	- 1,474
Net result	-	160,819	-
Distribution of dividend	-	-	-
Other movements	-	1,582	-
Balance as at 31 December 2004	77,712	1,688,218	- 1,474
IFRS adjustments in the opening balance sheet for 2005 in connection with IAS 39	-	- 1,574	-
Balance as at 1 January 2005	77,712	1,686,644	- 1,474
Appropriation of result for previous year	-	- 58,545	-
Translation differences	-	-	846
Fair value gains on other financial interests	-	-	-
Fair value gains on hedging transactions	-	-	-
Net result	-	192,900	-
Distribution of dividend	-	-	-
Change in the law affecting the revaluation reserve	-	- 6,451	-
Realised gains on sale of property	-	11,023	-
Other movements	-	2	-
Balance as at 31 December 2005	77,712	1,825,569	- 628

Other investments reserve	Hedging transactions reserve	Revaluation reserve	Other statutory reserves	Dividend	Total
-	-	243,657	7,611	-	2,023,683
-	-	-	-	-	71,631
-	-	243,657	7,611	-	1,952,052
-	-	54,217	3,185	41,000	-
-	-	-	-	-	327
-	-	-	-	-	160,819
-	-	-	-	- 41,000	41,000
-	-	-	- 1,582	-	-
-	-	297,874	9,214	-	2,071,544
4,639	- 541	-	-	-	2,524
4,639	- 541	297,874	9,214	-	2,074,068
-	-	6,665	5,480	46,400	-
-	-	-	-	-	846
1,006	-	-	-	-	1,006
-	234	-	-	-	234
-	-	-	-	-	192,900
-	-	-	-	- 46,400	46,400
-	-	6,451	-	-	-
-	-	- 11,023	-	-	-
-	-	-	-	-	2
5,645	- 307	299,967	14,694	-	2,222,652

The other statutory reserves comprise the reserve for intangible fixed assets and the reserve for investments in associates.

The IFRS adjustments to assets, liabilities and results are explained in the passage on the transition to IFRS on page 83 and the notes on the transition to IFRS commencing on page 157. Also explained here is the background to the other financial interests reserve and the hedging transactions reserve.

A change in the statutory provisions means that the revaluation reserve has been set to nil for properties where the cumulative revaluations are negative, the fair value losses below cost having been deducted from other reserves. This has resulted in EUR 6.5 million being deducted from retained profits and added to the revaluation reserve.

41. Current liabilities

The analysis is as follows:

(in thousands of euros)	2005	2004
Corporate income tax payable	5,657	5,084
Internal forward foreign exchange contract	1,772	–
	<u>7,429</u>	<u>5,084</u>

The internal forward foreign exchange contract amounting to EUR 1.8 million (as at 31 December 2004, still included in non-current liabilities and amounting to EUR 2.4 million) concerns a contract between the company and its subsidiary Schiphol International B.V. under which the company is committed to purchasing on 16 November 2006 an amount of USD 6 million from Schiphol International B.V. at an exchange rate of USD 1 = EUR 1.14 fixed on 29 December 2000.

This amount in US dollars will flow to Schiphol International B.V. on that date from repayment of a loan granted to its subsidiary Schiphol USA Inc.

In view of the internal nature of this forward foreign exchange contract, the company has elected not to apply hedge accounting. The movements in the carrying amount are therefore recognised in the corporate profit and loss account.

Schiphol, 15 February 2006

For the corporate financial statements for 2005:

Supervisory Board

Peter-Jan Kalff, Chairman

Hans van den Broek

Jan-Michiel Hessels

Toon H. Woltman

Trude A. Maas-de Brouwer

Schelto. Patijn

Willem F.C. Stevens

Board of Management

Gerlach J. Cerfontaine, President

Pieter M. Verboom, CFO

Ad P.J.M. Rutten, COO

Proposed profit appropriation

Article 25 of the company's Articles of Association contains the following provisions on profit appropriation:

1. Without prejudice to the provisions of Section 2:105 of the Netherlands Civil Code, the profit according to the financial statements prepared by the Board of Management shall be added to reserves unless the General Meeting of Shareholders resolves to make profit distributions according to a proposal by the Board of Management having the agreement of the Supervisory Board.
2. The General Meeting of Shareholders shall decide the appropriation of the amounts thus reserved according to a proposal by the Board of Management having the agreement of the Supervisory Board.

Proposed profit appropriation

(in thousands of euros)

Result attributable to shareholders	192,900
-------------------------------------	---------

With due observance of Article 25 of the Articles of Association, it is proposed that the result for the year be appropriated as follows:

Addition to the revaluation reserve (fair value gains and losses on property recognised in the profit and loss account, after adjustment for fair value losses below cost and after deduction of corporate income tax)	- 12,385
Addition to the other statutory reserves (sum of results of associates, less dividend distributions, and investments in research and development less amortisation)	- 7,426
Dividend distribution (30% of the net result less capital gains and losses on property after deduction of corporate income tax)	- 55,300
	<hr/>
	- 75,111
Addition to other reserves	117,789

To: the Shareholders, the Supervisory Board and Board of Management of N.V. Luchthaven Schiphol

Introduction

In accordance with your assignment we have audited the financial statements of N.V. Luchthaven Schiphol, Schiphol, for the year 2005 as set out on pages 74 to 190. These financial statements consist of the consolidated financial statements and the company financial statements. These financial statements are the responsibility of the company's Board of Management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the company as at 31 December 2005 and of the result and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code as far as applicable.

Furthermore, we have to the extent of our competence, established that the annual report is consistent with the consolidated financial statements.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of the company as at 31 December 2005 and of the result for the year then ended in accordance with accounting principles as generally accepted in the Netherlands and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Furthermore, we have to the extent of our competence, established that the annual report is consistent with the company financial statements.

Amsterdam, 15 February 2006

PricewaterhouseCoopers Accountants N.V.

J.A.M. Stael RA

Historical Summary

(in millions of euros unless stated otherwise)

2004 figures have been restated according to IFRS. The figures through 2003 are based on previous accounting policies.

		2005	2004
Profit and loss account	Revenue	948	876
	Capital gains on investment property		
	Own work capitalised		
	Total operating revenue		
	Result on investment property	23	23
	Total operating expenses before depreciation, amortisation and impairment	- 492	- 475
	EBITDA	478	424
	Depreciation, amortisation and impairment	- 167	- 160
	Operating result	311	265
	Financial income and expenses	- 34	- 26
	Taxation and share in operating results of associates and minority interests	- 84	- 78
Result on ordinary activities after tax	193	161	
Extraordinary income and expenses	-	-	
Net result	193	161	
Balance sheet	Non-current assets	3,249	3,157
	Current assets	432	399
	Total assets	3,681	3,556
	Equity (excl. minority interests)		
	Equity (incl. minority interests)	2,245	2,093
	Provisions	84	115
	Long-term liabilities (incl. minority interests)		
	Long-term liabilities (excl. minority interests)	1,005	958
	Current liabilities	347	391
	Total equity and liabilities	3,681	3,556
	Operating cash flow ¹⁾	300	327
Ratios	Operating result as % of revenue	32.8	30.2
	Interest coverage ratio ²⁾	9.1	10.3
	Return on average equity	8.9	7.9
	RONA ³⁾	9.7	8.6
	ROCE ⁴⁾	9.4	8.2
	Interest-bearing debt/total assets	0.25	0.28
Figures per share	Earnings per share	1,126	939
	Operating cash flow per share	1,754	1,912
	Dividend per share	323	271
Personnel	Average effective full-time equivalent employees	2,179	2,216

¹⁾ For analysis see the cash flow statement.

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

2003	2002	2001	2000	1999	1998	1997	1996	1995
860	774	695	637	575	553	504	446	401
83	15	74	63	16	2	1	1	1
13	16	11	10	11	11	-	-	-
956	805	780	710	603	566	505	447	402
- 488	- 452	- 383	- 340	- 312	- 287	- 259	- 236	- 225
468	353	397	370	291	280	246	210	178
- 131	- 106	- 101	- 107	- 82	- 83	- 80	- 74	- 69
338	247	296	263	209	197	166	136	108
- 43	- 39	- 35	- 35	- 32	- 30	- 24	- 33	- 32
- 104	- 71	3	4	6	3	2	- 5	1
191	137	263	232	183	169	144	98	78
-	-	-	- 18	- 29	-	-	-	-
191	137	263	214	154	169	144	98	78
3,047	2,729	2,522	2,219	1,976	1,700	1,512	1,359	1,319
422	209	254	213	196	267	241	233	155
3,469	2,938	2,775	2,432	2,172	1,967	1,753	1,592	1,474
2,024	1,871	1,783	1,548	1,356	1,207	1,058	916	820
64	41	38	54	71	43	39	33	29
1,044	523	459	448	342	536	524	514	519
337	502	494	382	403	180	133	129	106
3,469	2,938	2,775	2,432	2,172	1,967	1,753	1,592	1,474
298	293	216	251	290	283	237	190	115
39.3	31.9	42.6	41.2	36.4	35.5	33.0	30.5	27.0
7.9	6.3	8.4	7.6	6.5	6.5	6.9	4.1	3.4
9.8	7.5	15.8	14.7	12.0	14.9	14.6	11.3	9.9
11.7	9.4	12.5	12.5	11.4	12.2	11.6	10.2	8.7
11.5	9.4	12.8	13.8	11.8	11.5	10.8	9.6	8.3
0.30	0.25	0.25	0.23	0.24	0.27	0.29	0.33	0.35
1,117	799	1,536	1,250	901	987	844	572	455
1,738	1,710	1,258	1,468	1,696	1,655	1,386	1,112	673
239	245	263	133	119	119	93	66	41
2,231	2,134	2,038	1,864	1,868	1,928	1,791	1,717	1,687

³⁾ Return on net assets (RONA): operating result / average non-current assets

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

Appendix 1

Appendix 1a Traffic volume Amsterdam Airport Schiphol

	2005	2004	% change
Passengers (excluding transit direct)	44,077,539	42,425,392	3.9%
Transit direct passengers	85,559	115,788	-26.1%
Total passengers	44,163,098	42,541,180	3.8%
Air cargo (in tonnes)	1,449,855	1,421,023	2.0%
Air mail (in tonnes)	46,064	46,181	-0.3%
Air transport movements	404,594	402,738	0.5%
Other	16,142	15,875	1.7%
Total air transport movements	420,736	418,613	0.5%

Appendix 1b Traffic volume Rotterdam Airport

	2005	2004	% change
Passengers (excluding transit direct)	1,010,948	1,095,142	-7.7%
Transit direct passengers	32,439	39,703	-18.3%
Total passengers	1,043,387	1,134,845	-8.1%
Air cargo (in tonnes)	17	43	-60.5%
Air transport movements	15,561	18,175	-14.4%
Other	49,593	40,627	22.1%
Total air transport movements	65,154	58,802	10.8%

Appendix 1c Traffic volume Eindhoven Airport

	2005	2004	% change
Passengers (excluding transit direct)	946,218	694,451	36.3%
Air transport movements	10,411	10,543	-1.3%
Other	5,367	5,626	-4.6%
Total air transport movements	15,778	16,169	-2.4%

Appendix 1d Traffic volume Lelystad Airport

	2005	2004	% change
Total air transport movements	105,097	111,722	-5.9%

Appendix 1e Traffic volume Terminal 4 JFK Airport

	2005	2004	% change
Passengers (excluding transit direct)	6,577,160	6,183,866	6.4%
Air transport movements	38,621	36,780	5.0%

Appendix 1f Traffic volume Brisbane Airport

	2005	2004	% change
Passengers (excluding transit direct)	15,946,722	15,092,621	5.7%
Air transport movements	150,084	142,196	5.5%

Appendix 1g Traffic volume Aruba Airport

	2005	2004	% change
Passengers (excluding transit direct)	1,714,523	1,733,739	-1.1%
Air transport movements	33,768	33,655	0.3%

Appendix 2

Comparison of the 10 largest Western European airports

Air transport movements

(x 1,000)

	2005	2004	% change	
1 Paris Charles de Gaulle	514	516	-	0.5%
2 Frankfurt	482	469	+	2.8%
3 London Heathrow	472	470	+	0.5%
4 Madrid	414	400	+	3.5%
5 Amsterdam	405	403	+	0.5%
6 Munich	375	360	+	4.2%
7 Barcelona	305	288	+	5.8%
8 Rome Fiumicino	303	309	-	2.0%
9 Copenhagen	265	269	-	1.6%
10 London Gatwick	252	241	+	4.4%

Passenger movements

(x 1,000) (including transit direct passengers counted once)

	2005	2004	% change	
1 London Heathrow	67,915	67,344	+	0.8%
2 Paris Charles de Gaulle	53,756	51,260	+	4.9%
3 Frankfurt	52,219	51,098	+	2.2%
4 Amsterdam	44,163	42,541	+	3.8%
5 Madrid	41,940	38,705	+	8.4%
6 London Gatwick	32,784	31,462	+	4.2%
7 Rome Fiumicino	28,620	28,119	+	1.8%
8 Munich	28,619	26,815	+	6.7%
9 Barcelona	27,121	24,551	+	10.5%
10 Paris Orly	24,857	24,053	+	3.3%

Air cargo

(x 1,000 tonnes)

	2005	2004	% change	
1 Frankfurt	1,864	1,724	+	8.2%
2 Paris Charles de Gaulle	1,767	1,638	+	7.9%
3 Amsterdam	1,450	1,421	+	2.0%
4 London Heathrow	1,306	1,325	-	1.4%
5 Luxembourg	742	713	+	4.2%
6 Brussels	700	654	+	7.0%
7 Cologne	637	605	+	5.3%
8 Milan Malpensa	369	347	+	6.3%
9 Madrid	328	341	-	3.8%
10 Liège	326	382	-	14.8%

Appendix 3

Scheduled airlines operating at Amsterdam Airport Schiphol in 2005

Adria Airways	P	EVA Airways	P	Smartwings ²⁾	P
Aer Lingus	P	Finnair	P	Sterling ¹⁾	P
Aeroflot Russian Int. Airlines	P	Georgian Airways	P	Surinam Airways	P
Air Alps Aviation ²⁾	P	Iberia	P	Swiss Int. Airlines	P
Air Astana	P	Icelandair	P	Syrian Arab Airlines	P
AirBaltic	P	Iranair	P	TACV Cabo Verde Airlines	P
Air Berlin ¹⁾	P	Japan Airlines	P + V	TAP Portugal	P
Air Canada ³⁾	P	JAT Airways	P	Thomsonfly.com	P
Air France	P	Jet2.com	P	Turkish Airlines	P
Air Malta	P	Kalitta	V	transavia.com	P
Air Moldova ²⁾	P	Kenya Airways	P	Tristar	V
Air Transat ³⁾	P	KLM	P + V	Tunis Air	P
Alitalia	P	KLM exel ²⁾	P	Ukraine International Airlines	P
Armavia	P	Korean Air	P ¹ + V	United Airlines	P
Asiana Airlines	V	Kuzu Air Cargo ²⁾	V	US Airways	P
Atlas Blue ²⁾	P	LAN Chile ¹⁾	V	Varig Brazilian Airlines	P
Austrian	P	Lithuanian Airlines	P	Virgin Express	P
Blue1	P	LOT Polish Airlines	P	VLM Airlines	P ¹ + V
bmi	P	Lufthansa German Airlines	P	Volga-Dnepr ¹⁾	V
bmibaby	P	MAT Macedonian Airlines ²⁾	P	Vueling ¹⁾	P
British Airways	P	Maersk Air	P	Westair	V
Bulgaria Air	P	Malaysia Airlines	P + V	Wizz Air ¹⁾	P
Cathay Pacific Airways	P	Malev Hungarian Airlines	P		
China Airlines	P + V	Martinair Holland	P + V	P = passenger + cargo services	
China Southern Airlines	P + V	Meridiana	P	V = full-freighter services	
Continental Airlines	P	MNG Airlines ¹⁾	V		
Corendon Airlines ¹⁾	P	Nippon Cargo Airlines	V		
Croatia Airlines	P	Northwest Airlines	P		
Cyprus Airways	P	Olympic Airlines	P		
CSA Czech Airlines	P	Phuket Air ²⁾	P		
Das Air Cargo	V	PIA Pakistan Int. Airlines	P		
Delta Air Lines	P	Polar Air Cargo	V		
Dragonair	V	Portugalia Airlines ¹⁾	P		
easyJet	P	Pulkovo Aviation Enterprise	P		
Egypt Air	P	Qatar Airways	V		
El Al Israel Airlines	P + V	Royal Air Maroc	P		
Emirates	V	Royal Jordanian Airlines	P	¹⁾ started in 2005	
Eritrean Airlines	P	SAS Scandinavian Airlines	P		
Estonian Airlines	P	ScotAirways	P	²⁾ stopped (temporarily) in 2005	
Ethiopian Airlines	P	Singapore Airlines	P + V		
EUjet ²⁾	P	SkyEurope	P	³⁾ seasonal operations	

■ Glossary

ACRE Fund

AirportCity Real Estate Fund
A property fund to which a number of Schiphol Real Estate buildings have been transferred, 50% of the shares of which have been placed with institutional investors.

Airport charges

Charges for aircraft takeoffs, landings and parking as well as passenger and security charges.

Aviation Act (Wet luchtvaart)

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

Catchment area

The geographical area from which passengers can reach Amsterdam Airport Schiphol by road or rail.

Concession revenue

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

De-icing

The process of removing ice and snow from the fuselage and wings of an aircraft prior to takeoff.

Departure Lounge 1

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

Euro Medium Term Note (EMTN)

Debt instrument that can be issued in a variety of currencies and maturities.

FTEs

Full-time equivalents, or the number of full-time positions calculated on the basis of full working weeks.

Full-freighter

An aircraft that transports only cargo.

General Aviation

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

Groenenberg site

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

Hub

A central airport serving a high percentage of transfer passengers.

Hub carrier

Main network carrier at a hub airport.

IR rate

Irregularity rate – the percentage of suitcases that do not arrive at the destination at the same time as the passenger.

Key Performance Indicator (KPI)

A key indicator used to measure the performance of a company or business area.

Low cost carrier

A 'no frills' airline specialised in low air fares.

Main port

A multi-modal hub for air, road and rail transport, which serves as home base to an airline alliance, generating significant economic activity within the region.

MTOW

Maximum Take-Off Weight of an aircraft upon which take off and landing charges are based.

Multi-hub system

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

NLA

Net lettable area.

Passenger service charge

The charge departing passengers pay for using airport facilities.

Pier H

New pier opened in 2005 for point-to-point carriers

Point-to-point carrier

Airlines operating flights that do not carry any or hardly any transfer passengers.

Privium

An airport service programme featuring automatic border passage employing iris recognition.

Randstad

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

Runway incursion

An incident involving the unauthorised presence of an aircraft, vehicle or person at a location designated for aircraft takeoffs and landings.

Runways

Runway 06-24 (Kaagbaan)

Runway 09-27 (Buitenveldertbaan)

Runway 18R-36L - new runway (Polderbaan)

Runway 18C-36C (Zwanenburgbaan)

Runway 18L-36R (Aalsmeerbaan)

Schengen Treaty

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

Security Service Charge

Charge that departing passengers pay for security measures.

See Buy Fly

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

SkyTeam

Worldwide alliance of airlines of which KLM is a member.

Smart Parking

Online service enabling advance booking of discounted parking spaces in the P3 long-stay car park via www.schiphol.nl.

Tabaksblat Code

Recommendations for amending the Corporate Governance Code for listed companies in the Netherlands, compiled in 2003 by a parliamentary committee chaired by former Unilever CEO Morris Tabaksblat.

Terminal

The airport building, including the arrival and departure halls.

Transfer passenger

A passenger changing planes at an airport.

Transit direct passenger

A passenger arriving at an airport and continuing his or her journey on the same plane.

Visit costs

The total costs an airline pays for visiting the airport.

Work Load Unit (WLU)

A term used to measure efficiency
= 1 passenger and / or 100 kg of cargo.

WTC

World Trade Center Schiphol Airport.

Published by

Schiphol Group

P.O. Box 7501

1118 ZG Schiphol

The Netherlands

Tel. +31 20 601 9111

www.schipholgroup.com

To obtain more copies contact:

+31 20 601 2570

Dutch version written by

Van Luyken Communicatie Adviseurs, Haarlem, The Netherlands

Schiphol Group, Schiphol, The Netherlands

English translation

Mac Bay Consultants, Amsterdam, The Netherlands

Design

Graphic Invention, De Meern, The Netherlands

Art Direction and Photography

Xander Richters, Abcoude, The Netherlands

and others

Colour separations and printing

Drukkerij Brummelkamp, Hoofddorp, The Netherlands