Schiphol Group Annual Report 2007

Creating AirportCities

Schiphol Group

Financial figures

Revenue
EUR million

2007	**1,146**
2006	1,037

Earnings per share in EUR

2007	**1,844**
2006	1,273 + 1,804
2005	1,126
2004	939
2003	1,117

Opening balance sheet for tax purposes

EBITDA
EUR million

2007	**594**
2006	478

Dividend per share in EUR

2007 (proposal)	**543**
2006	462
2005	323
2004	271
2003	239

Operating Result
EUR million

2007	**420**
2006	316

Investments in fixed assets and cash flow from operating activities
EUR million

	Investments	Cash flow
2007	375	313
2006	260	362
2005	268	307
2004	293	327
2003	353	298

RONA after tax
EUR million

2007	**9.2%**
2006	7.1%

Key figures*

EUR million unless stated otherwise	2007	2006	
Results			
Revenue	1,146	1,037	10.6%
Fair value gains on investment property	112	29	290.9%
Operating expenses	841	759	10.8%
Operating result	420	316	32.6%
Result before tax	395	291	35.6%
Net result excluding fair value gains on investment property and effect of opening balance sheet for tax purposes	233	198	17.7%
Net result (attributable to shareholders)	316	527	- 40.1%
Depreciation, amortisation and impairment	175	162	8.0%
Cash flow from operating activities	313	362	- 13.4%
Balance Sheet			
Total assets	4,287	4,165	2.9%
Shareholders' equity	2,957	2,722	8.6%
Average non-current assets (excl. deferred tax asset)	3,554	3,324	6.9%
Ratios			
Return on equity	11.1 %	21.2%	
Leverage	23.5%	24.8%	
FFO / total debt	34.3%	39.0%	
FFO interest coverage ratio	7.7x	8.3x	
Personnel			
Average effective workforce in full-time equivalents	2,459	2,293	7.2%

2003 figures have not been adjusted for the transition to IFRS.

** Refer to glossary for definitions of the ratios and abbreviations.*

Traffic Volume

Amsterdam Airport Schiphol, Rotterdam Airport & Eindhoven Airport combined

Passengers
x 1,000

2007	**50,432**
2006	48,287
2005	46,152
2004	44,370
2003	41,000

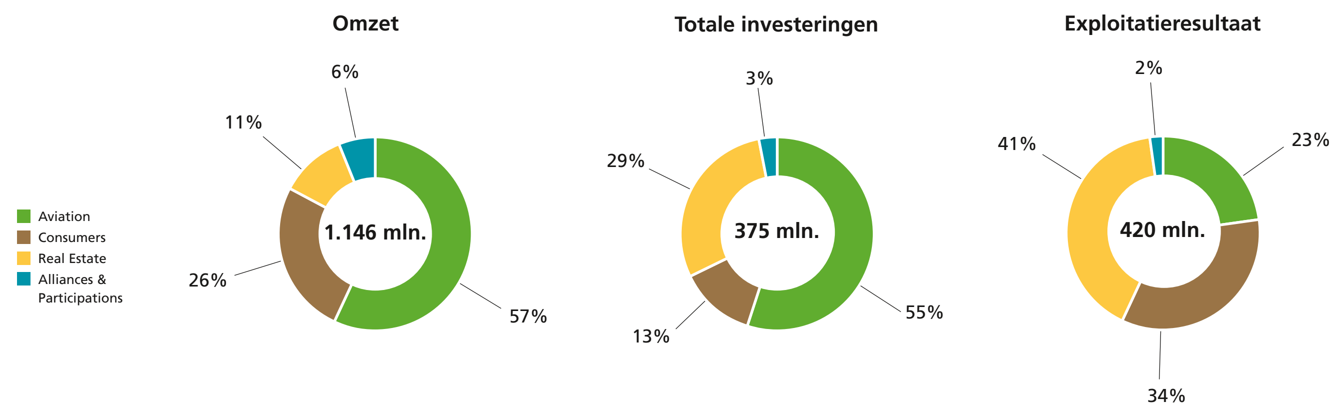
Cargo
tonnes

2007	**1,610,282**
2006	1,526,516
2005	1,449,872
2004	1,421,066
2003	1,306,385

Air transport movements

2007	**465,686**
2006	450,166
2005	430,566
2004	431,456
2003	417,315

Business Area information



Aviation
RONA after tax

2007	**3.9%**
2006	3.0%

Real Estate
RONA after tax

2007	**10.0%**
2006	6.3%

Consumers
RONA after tax

2007	**45.9%**
2006	48.5%

Alliances & Participations
RONA after tax

2007	**9.8%**
2006	6.5%

Schiphol Group locations

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

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

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

Important Events in 2007

No flotation or private placement for Schiphol Group
In February, the government decided that Schiphol Group would not be listed on the stock exchange. However, an investigation would be carried out as to whether a private placement with institutional investors was possible. In October, the government ruled out this option.

Agreement on growth of Amsterdam Airport Schiphol
In September, the government agreed to an amendment of the Airport Traffic Ruling (luchthavenverkeerbesluit – LVB), allowing Schiphol to expand, under certain conditions, to 480,000 air transport movements by 2010. To achieve this, the limits of some noise measurement points have to be raised, while those of others have to be lowered. Together with Air Traffic Control the Netherlands (LVNL), we charted the consequences for the surrounding areas in an environmental impact assessment (Milieu Effect Rapportage – MER), which the minister of Transport, Public Works and Water Management and the minister of Housing, Spatial Planning and the Environment accepted in July. Based on this report, the two ministers have drawn up the draft LVB. The Lower House will discuss the ruling early in 2008.

Economic regulation adopted for Amsterdam Airport Schiphol
In October, the Netherlands Competition Authority (NMa) dismissed the majority of the airlines' objections to the proposed charges from 1 November 2007 and the procedure followed in this respect. In April 2007, the NMa had already approved our proposed Allocation system for allocating assets, costs and revenues which is used to determine the aviation-related charges of Amsterdam Airport Schiphol. This marked the definitive adoption of the new economic regulation for the airport.

However, the NMa did not agree with our proposal to recover a number of cost items from 2005 and 2006 to the new charges. The NMa's ruling means that we have to reduce the aviation-related charges (with the exception of the security charges) by EUR 36.8 million between 1 November 2007 and 1 November 2008.

Taking the AirportCity formula a step further with a Climate Plan for Amsterdam Airport Schiphol
We want to take the successful AirportCity formula one step further and play an active, leading part in reducing the harmful effects of the expected global climate change. In order to tackle this social problem, we have drawn up a Climate Plan for Amsterdam Airport Schiphol. It provides insight into the activities we are developing in order to achieve the ambitious targets we have set ourselves. One of our aims is to ensure that our own operations at the Schiphol site will be carbon neutral by 2012.

Cabinet introduces Air Passenger Tax for all Dutch airports
The government will introduce an Air Passenger Tax for passengers departing from Dutch airports. From 1 July 2008, passengers will pay EUR 11.25 for destinations within the European Union (EU) and within 2500 km. For destinations further away than 2500 km, passengers will pay EUR 45. We will collect these levies for airports that fall under Schiphol Group and subsequently hand these funds over to government. Studies have revealed that the introduction of this tax will reduce passenger numbers and the number of jobs at and around Amsterdam Airport Schiphol and the other Dutch airports.

Winner of Henri Sijthoff Award
On 31 October 2007, the Schiphol Group 2006 Annual Report received the Henri Sijthoff Award in the category of unlisted companies. This was the first time a prize was awarded in this category. According to the jury, the report was of a high standard and, on specific points, served as an example to many listed companies.

Schiphol Group Annual Report 2007

Contents

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

Schiphol Group at a glance

Mission
We want to rank among the world's leading airport companies. We create sustainable value for our stakeholders by developing AirportCities and by positioning Amsterdam Airport Schiphol as a leading and highly efficient air, rail and road transport hub offering its visitors and locally based businesses the services they require on a 24/7 basis.

Profile
Schiphol Group* is an airport operator and, more particularly, an operator of AirportCities. A prime example of what we mean by an AirportCity is Amsterdam Airport Schiphol. In terms of passenger numbers, Amsterdam Airport Schiphol is the fifth-largest airport in Europe, and it ranks in third position for cargo. Apart from our Dutch operations (Amsterdam Airport Schiphol, Rotterdam Airport, Eindhoven Airport and Lelystad Airport) we have operations in the United States, Australia, Italy, Indonesia, Aruba and Sweden. We are not listed on the stock exchange, but would like to be. A stock market listing will increase the professionalism and entrepreneurial drive that is vital to our continued success in the highly competitive aviation industry. It will give us increased access to the capital market, put us on a level playing field with our competitors, subject us to the scrutiny of the capital market and make it easier for us to recruit and retain talented staff.

In 2007, revenue totalled EUR 1,146 million, with a net result of EUR 316 million. Shareholders' equity as at year-end 2007 amounted to EUR 2,957 million.

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

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

Revenue

EUR 650 million
(+3% vs '06)

Operating result

EUR 95 million
(+30% vs '06)

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

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

Revenue

EUR 301 million
(+31% vs '06)

Operating result

EUR 144 million
(+5% vs '06)

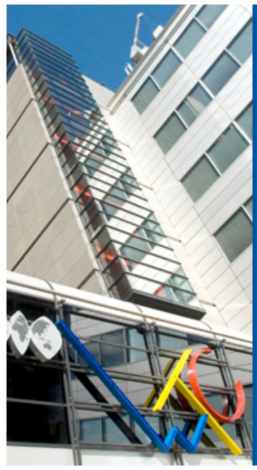
* *NV Luchthaven Schiphol trades under the name of Schiphol Group. References in this report to Schiphol Group include the company's subsidiaries and joint ventures unless otherwise stated or clear from the context.*

Activities
The operation of airports and the development of AirportCities involve three inseparably linked business areas: Aviation, Consumers and Real Estate. The integrated activities of Aviation, Consumers and Real Estate are the core of the AirportCity formula. This formula is not only applied at Amsterdam Airport Schiphol but also at other airports, either in part or as a whole, by the Alliances & Participations business area.

Our aim is to create sustainable value for our stakeholders by developing AirportCities and by positioning Amsterdam Airport Schiphol as the world's leading AirportCity. Amsterdam Airport Schiphol is an important contributor to the Dutch economy. It serves as one of the home bases for Air France-KLM and its SkyTeam partners, from which these airlines fly to their European and intercontinental destinations. Amsterdam Airport Schiphol has a high-quality network serving 267 destinations.

Our revenue is almost entirely made up of airport charges, retail sales, concession fees, rents and leases and parking fees.

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



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

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

Revenue

EUR 124 million
(+14% vs '06)

Operating result

EUR 171 million
(+70% vs '06)

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

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

Revenue

EUR 71 million
(+7% vs '06)

Operating result

EUR 10 million
(+67% vs '06)

Foreword

We can look back on a reasonably successful year. The number of passengers using Amsterdam Airport Schiphol rose by 3.8% in 2007 to nearly 47.8 million; the number of air transport movements increased by 3.0% to nearly 436,000, while cargo transport grew by 5.5% to more than 1.6 million tonnes. This means that we did well in comparison with our main competitors (London Heathrow, Paris Charles de Gaulle and Frankfurt). With regard to both passenger and cargo transport, Amsterdam Airport Schiphol grew more strongly than London and Frankfurt (but less strongly than Charles de Gaulle). We therefore managed to retain our market share among Europe's main airports, although we were overtaken by Madrid in 2007 in terms of passenger numbers. This year we expect to lose market share in relation to the other large airports in Europe owing to the introduction of the Air Passenger Tax on 1 July 2008, which will burden passengers and airlines with a total tariff increase of around EUR 350 million per year. As a result, there will be little or no increase in passenger numbers and air transport movements at Amsterdam Airport Schiphol in 2008. This is bad news for the airport's competitive position, and will eventually also harm Schiphol's position as a main port. It is also bad news for employment at and around the airport, for tourism from and to the Netherlands and for the environment, as we expect that many people will divert to airports outside the Netherlands. We therefore appealed against the introduction of this tax, all the more so because we, together with KLM, presented a very reasonable alternative that is environmentally friendly and has a far less distorting effect on competition. KLM and Schiphol Group are prepared to implement the European Emissions Trading System before the end of the year, which is four years earlier than in the rest of Europe. Unfortunately, the government has rejected our proposal and opted for a levy that does not favour the environment in any way. We regret this, because we have a moral responsibility to do our utmost to minimise the negative environmental impact of aviation activities.

A green airport

Growth is a necessary factor in achieving a fairer distribution of wealth in the world. In this process, regions play an increasingly prominent role. Competition between countries is declining, and is replaced by competition between regions. Providing optimum connections between these regions is becoming increasingly important and results in a boost to interregional passenger and transport flows. Mobility is therefore more vital to the growth of prosperity than ever before. However, we must stop depleting the natural resources of our planet. Growth has to be sustainable; wealth and well-being have to go hand in hand. A responsible climate policy is a necessary precondition for sustainable growth. This means that choices have to be made, not only by government authorities but also by individuals and companies. We are not shying away from this responsibility, which is why we announced last year that we want to develop Amsterdam Airport Schiphol into a Green AirportCity. During 2008, we will add an Energy Blueprint to the Climate Plan for Amsterdam Airport Schiphol and publish a Sustainable Mobility Vision. These documents will explain how we intend to ensure that Amsterdam Airport Schiphol is carbon neutral by 2012 in respect of its own buildings and operations. By 2020, furthermore, 20% of all the energy consumed at our main port will have to be produced in a sustainable manner, while the carbonemissions of all the other activities on the site should be down by 30% in comparison with 1990. Although this is an ambitious target, we think it is feasible. Another important factor for a green airport is noise. We have made arrangements with the local community about reducing disturbance levels and improving the quality of life. This is one of the reasons why we can expand to 480,000 air transport movements in the near future. These arrangements ensure that in the coming years we will not be restrained by the tight limits of the current noise regulations. At present, the Alders Platform is holding intensive consultations on how Schiphol can continue working on selective growth targets in the medium term. There should be more clarity on this point by the middle of 2008. In the course of this year, the government will present its new aviation policy document which, we presume, will offer scope for growth at other airports in our country. After all, we cannot be expected to pursue a policy of specialisation and to relocate certain traffic and transport segments from Amsterdam Airport Schiphol to other airports while there are no growth opportunities at those other airports.

AirportCity formula: the next step

An airport is more than just a place where passengers, cargo and aircraft arrive and depart. In our view, it is a city that provides its users with a full range of services on a 24/7 basis. Aviation and non-aviation operations are thus mutually supportive. We call this our AirportCity formula, which has been adopted by many other airports since it was first created. In order to remain unique, therefore, we need to extend this formula in the coming years. This requires specialist knowledge of spatial concepts. An AirportCity must know how to attract economic activity and be able to develop the space to do so. At the same time, an AirportCity must know what motivates passengers: what do business travellers need, and what do holidaymakers want en route to their destinations. Our Real Estate business area is successfully managing the spatial organisation at and around

From left to right: Ad Rutten, Pieter Verboom, Maarten de Groof, Gerlach Cerfontaine

Amsterdam Airport Schiphol. It is developing new industrial premises and cargo buildings in order to stimulate the growth of cargo transport, as well as energy-efficient office buildings in order to meet the rising demand from aviation-related businesses and multinational companies that depend on high-quality connections.

Our Consumers business area is also contributing to the further development of the AirportCity formula, in the knowledge that modern consumers want to do more than just consume. They are also looking for a sense of purpose and an improvement of the quality of life. This is what we want our visitors to experience. One of the ways in which we try to achieve this is by accentuating our identity. We do this through the use of 'Dutch design' – unpretentious, efficient and sometimes tongue-in-cheek. Examples include the new VIP, press and conference centre that was opened on 23 January 2008, as well as the Babycare Lounge in the terminal (opened in 2007) and the new layout of Schiphol Plaza. However, our main task remains the constant reinforcement of our network of connections and the primary processes at the airport, in cooperation with our principal partner Air France-KLM and the other airline companies. Our investments in 2008 will total more than EUR 550 million, half of which will be spent on extending and improving the processes linking the arrival and departure of passengers and aircraft at Amsterdam Airport Schiphol. As baggage handling is an important part of this, over EUR 700 million will be invested up to 2015 in order to ensure that the growing baggage flows can be handled in a faster and more cost-effective way.

Privatisation

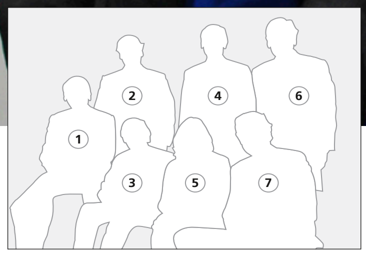
We still regret that, after the blocked listing on the stock exchange, the proposed private placement of a minority interest in Schiphol Group was also abandoned by the State. There is fierce competition among the economic regions in Europe, and therefore among the major European airports. Our main competitors are listed or privatised companies. It is not right that we do not have access to the same financial instruments and opportunities as our competitors, certainly now that we are facing a new wave of large investments.

Schiphol College

In order to continue growing as an airport, we should be able to draw on the regional labour market in the most effective way. We also want to reinforce our local support base and show our social commitment. For this reason, we set up the Schiphol College Foundation, in collaboration with the Amsterdam ROC (Regional Community College). Schiphol College is an initiative which aims to offer the prospect of work to disadvantaged young people from the area, because work is the best guarantee to create a brighter future. Through this business school we ensured apprenticeships, MBO courses and tailor-made training for 42 youngsters in 2007, and found 130 work experience places at Schiphol Group and other companies at our national airport. For 2008, Schiphol College aims to give 900 young people the opportunity to take part in apprenticeships, MBO courses, tailor-made training and VMBO-MBO transfer programmes. In addition, we want to offer work experience places to 200 trainees.

At the end of my last foreword as President of Schiphol Group to this great company's annual report, I am delighted to introduce Maarten de Groof, who has joined the Board of Management as Chief Commercial Officer with effect from 1 February 2008. His appointment is an indication of the importance which the Supervisory Board and the Board of Management attach to our non-aviation activities. I wish him every success in his new position. On behalf of the Board of Management, I would like to thank our employees most sincerely for their hard work during 2007.

Schiphol, 13 February 2008
Gerlach Cerfontaine
President



Supervisory Board
1) W.F.C. Stevens
2) A. Ruys
3) F.J.G.M. Cremers
4) H. Van den Broek
5) T.A. Maas – de Brouwer
6) T.H. Woltman
7) P.J. Kalff

Committees

	Audit	Selection and Appointments	Remuneration	Public Affairs & Corporate Responsibility	Privatisation
Number of meetings in 2007	4	2	3	5	3
P.J. Kalff (Chairman)	•	• (c)			• (c)
A. Ruys (Vice Chairman)		•			
H. van den Broek			•		
dr. F.J.G.M. Cremers	• (c)				•
T.A. Maas – de Brouwer		•	•	• (c)	
W.F.C. Stevens	•	•		•	•
T.H. Woltman			• (c)		
President-directeur	•	•	•	•	•
Chief Financial Officer	•			•	•
Directeur Corporate Legal					• (s)
Corporate Controller	• (s)				
Directeur Corporate Affairs				• (s)	
Directeur Human Resources			• (s)		

V = chairman
S = secretary

Report of the Supervisory Board

Annual report

We hereby present the annual report, which includes the financial statements for 2007. The financial annual report was compiled by the Board of Management. PricewaterhouseCoopers Accountants NV audited the financial statements and issued an unqualified audit opinion in this respect, which can be found on page 192 of this report.

Our Audit Committee discussed the financial statements at great length with the Board of Management and the auditors. We then discussed the annual report with the Board of Management, in the presence of the auditors. The discussion with the Board of Management about the annual report has convinced us that this report meets the requirements of transparency and serves as a solid basis for the account which we as the Supervisory Board have to render in respect of the supervision exercised. The Supervisory Board approves the financial statements and, given the good results for 2007, concurs with the Board of Management's proposal to distribute a dividend of EUR 93 million on the paid-up share capital. After additions to the revaluation reserve (EUR 82 million) and other statutory reserves (EUR 16 million), the remaining portion of the net result attributable to the shareholders of EUR 125 million will be added to the retained earnings.

The Board of Management will present the financial statements to the General Meeting of Shareholders to be held on 17 April 2008. We propose that the shareholders discharge the Board of Management from liability in respect of the management carried out by them, and the Supervisory Board for the supervision exercised.

We are aware that good results are not achieved automatically. The Supervisory Board would like to express its appreciation of the efforts and involvement of the Board of Management and all the staff members who have contributed to Schiphol Group's further development and growth in 2007.

The Supervisory Board's activities

General information
During many of our meetings, we discussed the position of Schiphol Group at the national and international level against the background of developments in international aviation (including security), national measures (such as the Air Passenger Tax) and their possible implications for aviation and non-aviation activities.

Examples of developments in international aviation include the development of new types of aircraft that may lead to 'hub bypassing', the significant growth in the Middle East and Asia, alliances and mergers between airlines, sustainability and the environment, as well as 'open skies'.

The Supervisory Board is of the opinion that the competitive position of Amsterdam Airport Schiphol as a hub will certainly be sorely tested, but that the above threats also entail opportunities.

The creation of AirportCities remains an excellent concept, and will serve as a springboard in tackling this challenge. In this context, the international strategy also received ample attention and was further streamlined in order to seize potential international opportunities in the best possible way.

In addition, consideration was given to a Climate business plan that would enable the creation of carbon-neutral Green AirportCities and would allow the whole company (both aviation and non-aviation) to play a prominent part with regard to energy, water management, air quality, capacity utilisation and minimising noise disturbance.

In one of its meetings, the Supervisory Board also evaluated the Management Development policy (work levels 1 to 3).

In the context of this playing field, the Supervisory Board agrees with the Board of Management that it is of essential importance to keep the visit costs (i.e., the charges paid by airlines and passengers for the use of the airport) competitive at all times. The Supervisory Board spoke extensively about the possibilities for making processes even more efficient and about the necessity to impose cost-controlling targets, even though these processes and costs are often negatively affected by external measures, such as national and international safety measures and the introduction of an Air Passenger Tax only in the Netherlands.
To provide deeper insight into the progress of Six Sigma (and the related savings and efficiency improvements), staff members involved in this project gave enlightening presentations about the projects under their management.

The Business Plan for 2008-2012 and the 2008 Budget were discussed at great length with due observance of the above developments, whereupon both were approved.

The Supervisory Board took great interest in the discussions within the government and the City of Amsterdam about the possible privatisation. The Supervisory Board endorses the Board of Management's conclusion that there is no political will at present to achieve any form of privatisation, and has therefore removed the subject from the agenda until further notice.

Financial reporting and development of profitability
At each meeting, the Supervisory Board discussed the monthly reports comparing the latest results with the 2007 Corporate Budget and with the figures for 2006, following an explanation by the Board of Management. The subjects discussed in this context included the development of the company's operating and commercial results and costs, as well as its financial and cash flow position.

Aviation business area
The members of the Supervisory Board obtained detailed information about the agreement reached in the 'Alders platform' on the expansion of Amsterdam Airport Schiphol – subject to conditions – to 480,000 air transport movements. The developments in the potential transgression of noise limit values around Amsterdam Airport Schiphol during the operating year 2006, and the ways in which this issue can be addressed in the future, were another subject for discussion.

We closely followed the developments regarding airport charges and conditions. On 31 May 2007, Schiphol Group set its charges effective from 1 November 2007, based on the allocation system that was approved by the Netherlands Competition Authority (NMa) on 25 April 2007. This was the first time the charges were determined under the (new) Aviation Act in compliance with the applicable procedure.

Schiphol Group's basic assumption when setting these charges was that, on balance, they should not exceed the current level, even though a number of structural changes would be made (such as an increase in the charges for noisy aircraft and a reduction of the differential between O&D and transfer passengers).

The NMa approved the allocation of costs, revenues and assets applied by Schiphol Group in respect of 2007. The NMa also approved the procedures followed by Schiphol Group in determining the charges effective from 1 November 2007 and the new charge structure. The Aviation Act contains no provisions on how to deal with settlements (in relation to the past). Of the settlements in respect of 2005 and 2006, the NMa approved those applied by Schiphol Group for security activities.

The NMa rejected the settlements applied for aviation activities in respect of 2005 and 2006 on a number of points, with the effect that the charges had to be reduced by EUR 36.8 million. This meant that Amsterdam Airport Schiphol had to lower its charges from 1 November 2007 (excluding Security) by 8.71% in comparison with the charges published on 31 May 2007.

The Supervisory Board is pleased that the NMa approved both the allocation system and the actual allocation, but agrees with the Board of Management that a decision in principle should be obtained with regard to (the application of) settlements in combination with the ability to set future charges.

The safety of Amsterdam Airport Schiphol was discussed regularly. In 2007, we approved an investment proposal which will enable Amsterdam Airport Schiphol to meet the new statutory requirements on access security in time in 2008. The fire safety of Amsterdam Airport Schiphol was also discussed and explained. In addition, major investments were approved in relation to the new baggage system, known as 70 MB, to ensure the optimum handling of future baggage flows.

Consumers business area
Consideration was given to the implications of the 'liquids & gels' measures imposed and the associated mitigating actions taken by Schiphol Group.

Real Estate business area
The Supervisory Board has established that the Real Estate business area grows larger every year. We approved all the submitted investment plans after they had been explained to us in detail. These investments concern projects such as making a bid for phase 1 of the WTC building at Amsterdam Airport Schiphol (including the underground car park and the adjacent section of the passageway), the purchase of strategic lands and the industrial premises of Cargo terminal 5 at Schiphol-Zuid, the development of the transavia.com office building and the release of the 'Aviodome location' under a leasehold. Consideration was also given to a number of business opportunities, including the potential participation in the ZuidAs project and the development of a new hotel at Amsterdam Airport Schiphol. In addition, the status of the legal proceedings concerning the Groenenberg site was discussed at several meetings.

Alliances & Participations business area
We discussed the possible consequences for regional airports if the Air Passenger Tax is introduced only in the Netherlands. We were pleased to establish that the principal associates JFK IAT Terminal 4 and Brisbane Airport are performing well. The Supervisory Board discussed the construction of a new runway at Brisbane Airport. Brisbane Airport owes the prompt approval of the plans to the wide local support they enjoyed, thanks to excellent public involvement, thorough environmental studies and consultation of the local community.

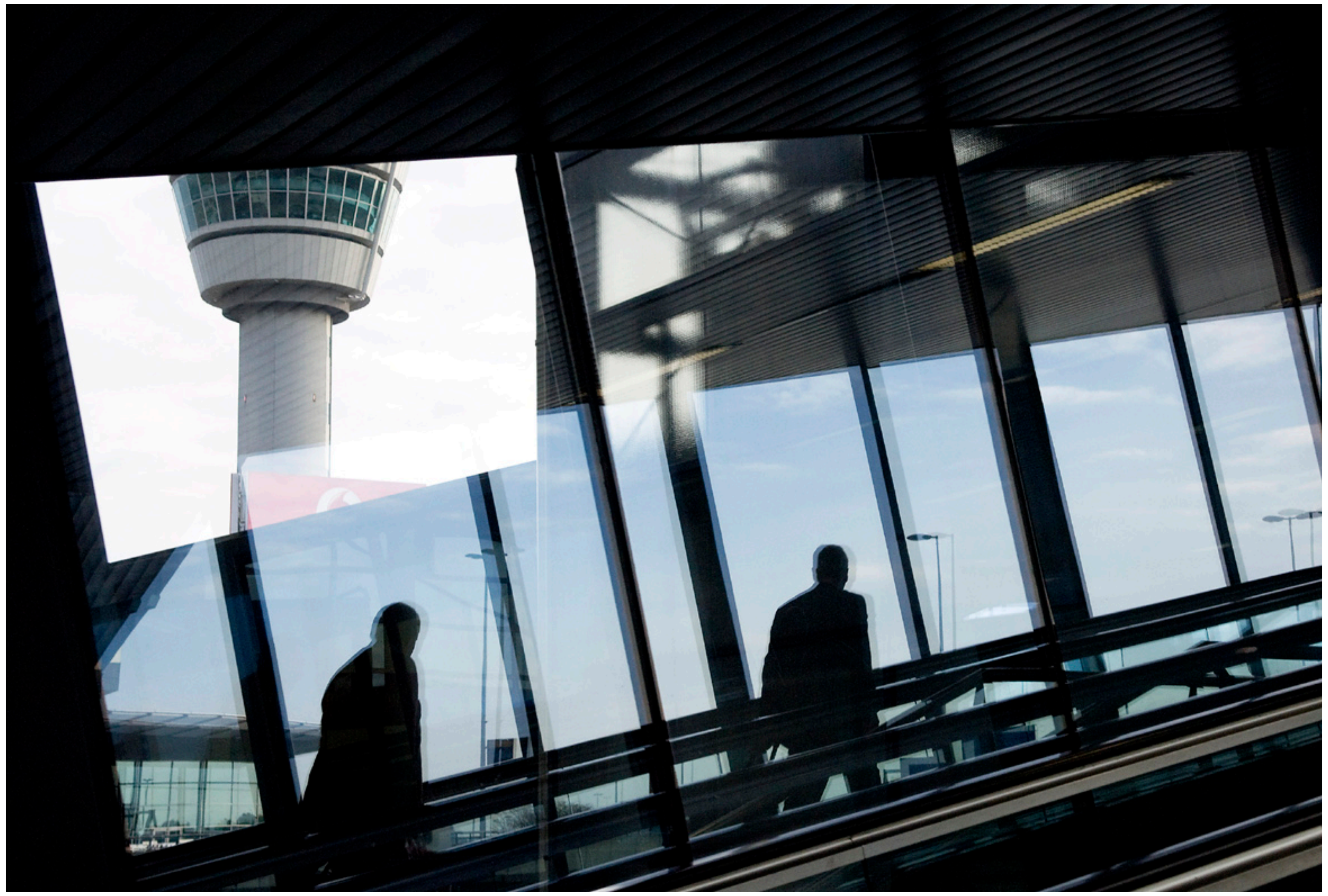
The members of the Supervisory Board regret that Nanjing Lukou International Airport (China) preferred to enter into a collaborative venture with another party. We share the Board of Management's view that the company should expand its international activities. Specific opportunities to do so were reviewed and discussed.

Supervisory Board Committees

In 2007, the Supervisory Board had five sub-committees. The committees meet independently and do the preparatory work in a number of sub-areas for the Supervisory Board as a whole. The minutes of the meetings held by the various committees are reported in a regular Supervisory Board meeting, with decisions being made accordingly by the entire Supervisory Board.

Audit Committee
In 2007, the Audit Committee spoke at great length with the Board of Management and the auditors about the 2006 financial statements, the 2006 annual report, the 2006 management letter, the 2007 interim report, the associated press releases and the 2007 internal and external audit plan.

On top of the budgeted EUR 100 million, the Committee approved the raising of EUR 20 million in additional funding. It also discussed a range of other subjects, such as the capital structure, dividend policy, developments in relation to the airport charges and supervision of these charges by the NMa, insurance, pensions, taxes, risk management, fraud policy, the auditors' report, the performance of the external auditors, information and communication technology, action to be taken pursuant to the management letter and outstanding lawsuits.



Privatisation Committee
Following the publication of the government decision regarding the privatisation of the company, the temporary Privatisation Committee was disbanded with effect from 31 December 2007.

Selection and Appointments Committee
The Selection and Appointments Committee only meets when necessary. Given the fact that prof. Gerlach Cerfontaine is to retire on 1 January 2009, the Committee drew up a profile in 2007 for the position of President. The Supervisory Board approved this profile on 19 October 2007. The first interviews with potential candidates will be held early in 2008.

The selection and appointment procedure for the new Board of Management position of Chief Commercial Officer, which started at the end of 2006, was completed with the appointment of Mr Maarten de Groof (50). Mr de Groof commenced his activities on 1 February 2008.

Remuneration Committee
During its meetings, the Remuneration Committee spoke extensively about the remuneration policy in its entirety (including a general discussion of the remuneration of Board of Management members) and the possible targets for 2008. Early in 2007, the Committee and the Board of Management agreed the targets for that year. The Committee has established that the members of the Board of Management achieved their targets to an important extent for 2007. The remuneration package for the Chief Commercial Officer was drawn up in line with the current remuneration policy. The outcome of the Committee's deliberations and a further explanation of the remuneration policy is provided in the Remuneration Report.

Public Affairs & Corporate Responsibility Committee
The Public Affairs & Corporate Responsibility Committee discussed the format of the Corporate Responsibility report at great length. The Committee took part in the deliberations preceding the preparation of the Schiphol Climate Plan. Furthermore, the Committee discussed and closely monitored the development of the Schiphol College, the effects of the introduction of the Air Passenger Tax, the quality monitor, the outcome of the NIPO survey assessing the image of Amsterdam Airport Schiphol and the Innovative Main port Alliance.

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

Composition
The composition of the Supervisory Board did not change in 2007. All our members are independent within the meaning of the Corporate Governance Code, and all have the Dutch nationality. The appointment (and reappointment) of Mrs Maas-de Brouwer and Mr Woltman was on the recommendation of the Central Works Council. Messrs Kalff and Cremers qualify as financial experts within the meaning of the Corporate Governance Code. Company Secretary is Mr Backer.

At the 17 April 2008 general shareholders meeting, the reappointment of Mr. Van den Broek will be placed on the agenda. Effective 13 February 2008, Mr Cremers was appointed as member of the Remuneration Committee.

The Supervisory Board met seven times in 2007. Two of these meetings were plenary meetings; on five occasions one of the members was unable to attend. Mr Ruys was appointed Vice Chairman of the Supervisory Board. One meeting was held partly without the Board of Management being present. During this meeting, we did not only discuss our own performance but also that of the Board of Management as a whole and that of its individual members.

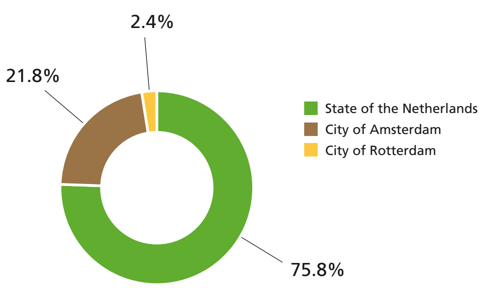
There were no transactions during the year involving conflicts of interest on the part of Board of Management members, Supervisory Board members, shareholders and/or the external auditors that were of material significance for the company and/or the relevant Board of Management members, Supervisory Board members, shareholders and/or auditors.

Schiphol, 13 February 2008
The Supervisory Board

Shareholder information

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

Schiphol Group shareholders



For more information on Investor Relations,
please call: +31 (0)20 601 2570
email: Investor_Relations@schiphol.nl
or visit: www.schipholgroup.com

Dividend policy
Commencing in 2006, agreement has been reached with the shareholders to increase the dividend to 40% (had been 30% since 2003) of the result (attributable to shareholders), excluding the fair value gains on investment property. In 2006, the result (attributable to shareholders) was also adjusted for the non-recurring income from the finalisation of the opening balance sheet for tax purposes.

The result of EUR 316 million in 2007 gives earnings per share of EUR 1,844. The adjusted result for the purposes of dividend calculation is EUR 233 million and the proposal is to declare a dividend of EUR 543.

Credit rating
Schiphol Nederland BV has issued debt notes under a Euro Medium Term Note (EMTN) programme. The company's credit rating with both Standard & Poor's (AA-) and Moody's Investor Service (Aa3) remained unchanged in 2007. On 29 June 2006, in anticipation of the intended privatisation, Standard & Poor's placed the credit rating on Negative Outlook. This was because the shareholders had suggested that a substantial one-off dividend would be distributed to the current shareholders at the time of the privatisation.

Financial calendar

General Meeting of Shareholders	*17 April 2008*
Publication of 2008 interim results	*21 August 2008*
Publication of 2008 results	*14 February 2009**
General Meeting of Shareholders	*16 April 2009**
Publication of 2009 interim results	*20 August 2009**

** Dates are subject to change*

Privatisation
Pursuant to the coalition agreement of the fourth Balkenende Cabinet, the government-owned shares in Schiphol Group will not be floated on the stock market. However, it was agreed that an investigation would be carried out as to whether funds could be freed up from the government share in other ways without abandoning control over the company. Partly because of this arrangement, the Minister of Finance consulted with the co-shareholders and with the Schiphol Group Board of Management in 2007. On these occasions, consideration was given to the potential disposal options, in particular to a private placement and sale of parts of the company. On 18 October it was announced that, following extensive consultations with all the parties involved, the Minister of Finance and the Minister of Transport, Public Works and Water Management had decided not to dispose of the shares.

In 2007, the City of Amsterdam dropped the action which it had brought before the Enterprise Division of the Amsterdam Court of Appeal at the end of 2006. Previously, the State had already dropped the action which it had brought before the Council of State.

Windmill to produce energy, Amsterdam Airport Schiphol

Objectives and Strategy

We want to rank among the world's leading airport companies with Amsterdam Airport Schiphol as a main port and the world's leading AirportCity. At the same time, we want to create sustainable value for our stakeholders.

The strategy employed for achieving these objectives is supported by three pillars:
1. Maintaining and strengthening the competitive position of Amsterdam Airport Schiphol as a hub airport and as a main port;
2. Increasing revenues from non-aviation activities;
3. Diversifying risk by selectively developing activities at other airports at home and abroad.

This strategy is executed through the AirportCity formula, which focuses on the integral development of aviation and non-aviation activities. These activities are performed via four business areas which reinforce each other in the creation of growth and value at the Schiphol site and elsewhere. As a hub airport hosting a strong hub-carrier, Amsterdam Airport Schiphol is the pioneer of the successful AirportCity formula. Alongside that formula runs our main-port concept, in which the growth of the airport is linked to the development of the network of destinations and the competitive power of the region. This, in turn, strengthens the competitive position of the airport and the region. A next step in the AirportCity formula is required in order to maintain our prominent and leading position. Therefore, Amsterdam Airport Schiphol will focus more attention on its identity through Dutch Design. We further opt for openness and transparency, emphasise the importance of innovation and strive to connect people and organisations. In order to rank among the world's leading airport companies, we aim to be an active frontrunner in reducing the harmful effects of the expected global climate change. Amsterdam Airport Schiphol is the basis from which our climate policy is developed. The plans are then integrally absorbed in our business activities and developed as stand-alone business cases. We have drawn up a Climate Plan 2008 for this location with a two-pronged approach towards climate change:

- **Climate-Proof Main Port** focuses on structural modifications in the layout and use of Amsterdam Airport Schiphol. This approach responds to changing climate conditions (adaptation).
- **Climate-Neutral Main Port** is a proactive approach in that measures are developed that may help prevent further climate change and will improve the local air quality (mitigation).

When taking these measures, we formulated specific targets depending on the degree of controllability. There are activities which we can manage ourselves and for which we bear the responsibility. However, there are also activities which we can influence only indirectly, and for which we bear no or joint responsibility.

Integration of our environmental measures with the various programmes run by the government, other companies and a number of knowledge institutes is of the utmost importance. Amsterdam Airport Schiphol must become a structural and material part of future government policy aimed at climate, water management and energy.

Maintaining and strengthening the competitive position of Amsterdam Airport Schiphol as a hub airport and main port:

Airport:

Amsterdam Airport Schiphol is our largest and most important asset. Maintaining and strengthening the airport's competitive hub position is its core objective. Passengers and cargo drive the financial results of an airport. For the airlines and for our hub carrier in particular, it is vital that Amsterdam Airport Schiphol can continue to grow. To support and facilitate the network of connections, we need a well-equipped airport with adequate capacity.

- **Operational capacity of the airport:**
  Runways, aprons and terminal space
  Our ongoing investment programme ensures the availability of adequate operational capacity. Amsterdam Airport Schiphol's existing runway system has the capacity to handle around 600,000 air transport movements a year, which amply satisfies the demand for transport until approximately 2020/25. However, the available capacity is restricted by the statutory environmental limits. The existing terminal space is sufficient for over 60 million passengers a year, which means we can easily accommodate demand up to 2015. With operational improvements, the existing terminal could in fact handle around 65 million passengers per annum. Other expansions would allow us to grow to around 85 million passengers per annum at this site.

- **Airspace and environmental capacity**:
  Access through the air and environmental limits
  For sufficient and reliable capacity in the air we are partly dependent on the government and on Air

Traffic Control the Netherlands (LVNL). In order to make the best possible use of the scarce environmental capacity, we encourage airlines to use quieter aircraft and to make selective use of night-time capacity. This is accomplished through price differentiation in takeoff and landing fees and various operational measures. The available runway capacity is limited by statutory rules and regulations. To achieve sufficient environmental capacity we are therefore highly dependent on the national, regional and local authorities. Under the existing statutory framework, the environmental capacity is limited to around 480,000 air transport movements a year. Our aim of phased growth to around 600,000 air transport movements in 2020 will necessitate changes in the existing statutory rules and regulations.

We foster the competitiveness of Amsterdam Airport Schiphol not only through the provision of adequate capacity and the related investments, but also in other ways, such as:

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

Mainport:
The airport is part of a main-port strategy, which consists of three elements: a strong airport, a competitive network and a strong region. The successful development of the main-port status of Amsterdam Airport Schiphol depends on a number of factors, many of which are largely beyond our control.

- **Network:** This is the network of connections, involving direct flights or transfers, that makes Amsterdam Airport Schiphol a leading global hub for both passengers and cargo. As part of the alliance's dual hub strategy, Air France-KLM and its SkyTeam partners give shape to a significant part of this network. Other airlines and low-cost carriers, which specialise in European point-to-point traffic, also contribute to this strong network. Air cargo is inseparably linked with passenger transport because a large share of the worldwide network of connections is only profitable through combined passenger and cargo services. This has made Amsterdam Airport Schiphol an interesting marketplace for logistics activities. Through targeted marketing we are attempting to further expand the network, but for this we largely depend on market developments and the decisions of the airlines.
- **Access to the airport by road and rail:** For optimum utilisation of airport capacity, it is vital to have good landside access from the Randstad – the urbanised area in the west of the Netherlands – and the wider catchment area. While we are responsible for the on-airport road system and can develop it as required, responsibility for the construction of rail links and the network of primary and secondary roads lies with others. In specific cases, however, we do make modest contributions to the investments needed to improve access to the airport.
- **Competitive region:** Both the network and Amsterdam Airport Schiphol form an inseparable part of the Amsterdam region and the Randstad area, which clearly benefit from their existence. This applies to international companies that locate here, to the annual influx of tourists and to the labour market, which is partly dependent on our presence. Conversely, the Amsterdam region with its international orientation helps to generate an in-flow of passengers for the airlines. The main port, supported by the successful AirportCity formula, is of crucial importance to the Randstad; an area which needs to work hard to maintain its position as a successful, competitive economic region. Of course the success of the region also hinges on the ability of national and local government to make and implement the right decisions, particularly with respect to improving infrastructure, attracting investment, enhancing the quality of life, strengthening the knowledge base and improving training and educational facilities.

We face the challenge of maintaining and strengthening the competitiveness of Amsterdam Airport Schiphol as a main port in a complex environment with many stakeholders. We work closely with other players in the aviation industry, with public authorities and with other (local) stakeholders, in all kinds of forums and at all levels. In addition, we hold intensive consultations with the local communities, which have recently resulted in arrangements about disturbance-reducing measures and improvements to the quality of life in the area, embodied in two covenants.

Increasing revenues from non-aviation activities

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

This part of our strategy is pursued by:

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

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

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

This part of our strategy is pursued by:

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

Shopping street in Schiphol Plaza, Amsterdam Airport Schiphol

Report of the Board of Management

We are pleased with the financial result achieved in 2007. The net result increased by 17.7% to EUR 233 million (EUR 198 million in 2006), excluding the effect of the settlement in 2006 of the balance sheet for tax purposes and the fair value gain on our property portfolio. If these factors are taken into account, our net result decreased by 40.1% to EUR 316 million (EUR 527 million in 2006).

Our expectations for 2008 are moderate. Owing to the introduction of the Air Passenger Tax on 1 July 2008, we expect little to no increase in passenger numbers and air transport movements, which will have a negative impact on the growth of the Aviation and Consumers business areas.

Financial performance

Our revenue rose by 10.6% in 2007 (9.4% in 2006), from EUR 1,037 million in 2006 to EUR 1,146 million.

Fair value gains on the investment property portfolio in 2007 amounted to EUR 112 million (EUR 29 million in 2006). Of these fair value gains, EUR 68 million relates to the development, purchase and renovation of property and EUR 44 million to fair value gains on the existing portfolio.

Operating expenses rose by 10.8% (15.2% in 2006), from EUR 759 million in 2006 to EUR 841 million in 2007.

The operating result for 2007 was up by 32.6% (1.7% in 2006), from EUR 316 million in 2006 to EUR 420 million.

The net result (result attributable to the shareholders) for 2007 is EUR 316 million (EUR 527 million in 2006). This decrease is largely attributable to the processing, in 2006, of non-recurring income amounting to EUR 309 million – the result of the settlement agreement signed with the Tax Authorities concerning the opening balance sheet for tax purposes as at 1 January 2002. Excluding this non-recurring income and excluding the fair value gain on our property portfolio, the net result in 2007 was EUR 233 million (EUR 198 million in 2006), an increase of 17.7% (7.2% in 2006).

The return on equity (ROE) amounted to 11.1% (21.2% in 2006). Excluding the non-recurring income in 2006 and the fair value gains and losses on investment property, the ROE amounted to 8.2% in 2007 (8.0% in 2006).

Revenue

EUR million	**2007**	2006	%
Aviation	**650.4**	630.9	3.1%
Consumers	**300.5**	230.5	30.6%
Real Estate	**124.3**	109.1	14.0%
Alliances & Participations	**71.0**	66.2	7.3%
Total	**1,146.2**	**1,036.7**	**10.6%**

Aviation makes the largest contribution to the total revenue, but at a growth of 3.1% (10.2% in 2006) this business area is trailing the revenue growth of the non-aviation business areas. The strong growth of 30.4% at Consumers (11.2% in 2006) is attributable in particular to the liquor and tobacco retail activities acquired from KLM. Because of additional rental income and third-party orders, amongst other things, the revenue of Real Estate increased by 14.0% (4.6% in 2006). The revenue growth of 7.3% at Alliances & Participations also exceeded that of 2006 (4.3%). Full details of the revenue and results generated by the individual business areas can be found in the dedicated business area sections in this report.

Operating expenses

EUR million	**2007**	2006	%
Outsourcing and other external charges	**486.5**	412.7	17.9%
Employee benefits	**168.0**	152.8	9.9%
Depreciation and amortisation	**170.8**	160.8	6.2%
Impairment	**3.9**	1.0	309%
Other operating expenses	**11.8**	32.0	- 63.0%
Total	**841.0**	**759.3**	**10.8%**

Operating expenses rose by 10.8% (EUR 82 million), from EUR 759 million in 2006 to EUR 841 million in 2007. The increase is largely attributable to:

- The new cost item 'purchase value of liquor and tobacco', amounting to EUR 38 million in 2007. This item is associated with the liquor and tobacco retail activities acquired from KLM in the See Buy Fly area;
- An increase of EUR 15 million in staff costs, consisting of the following elements: a rise in the number of FTEs, primarily due to the acquisition of the liquor and tobacco retail sales, a general pay rise of 2.75% as at 1 April 2007 and a release in 2007 of the provision for medical expenses of retired employees;
- An increase of EUR 10 million in the cost of depreciation and amortisation. Of this amount, EUR 5 million concerns the contract-related intangible assets associated with the acquisition of the liquor and tobacco retail activities, while the remaining portion concerns automated applications and additional depreciation of runways;
- An increase in the cost of third-party orders (EUR 8 million). This cost is offset by a virtually equal amount of income, recognised under the revenue of Real Estate in particular;
- An increase in impairment losses by EUR 3 million, due to the impairment of Villa Carmen in Milan;
- An increase of EUR 3 million in consultancy and other professional fees, mostly associated with the Six Sigma project. This project, however, simultaneously contributed to limiting increases in operating expenses;
- An increase in security costs at Amsterdam Airport Schiphol by EUR 1 million due to a combination of higher security costs (additional measures), which were largely mitigated by lower allocation of insurance premiums.

Outsourcing and other external charges

The costs of outsourced work and other external charges went up by 17.9% in 2007 (17.2% in 2006), from EUR 413 million to EUR 487 million.

Of this increase, an amount of EUR 38 million concerns the purchase costs of liquor and tobacco. The costs of security increase by EUR 1 million due to a combination of higher security costs (additional measures), which were largely mitigated by lower allocation of insurance premiums. Furthermore, the Six Sigma project contributed to limiting operating expenses. At Amsterdam Airport Schiphol, these security costs now account for EUR 204 million, or 24.2% (26.7% in 2006), of Schiphol Group's overall operating expenses. Security costs are included in various operating expense categories, but mainly in costs of outsourced work and other external charges, employee benefits and depreciation and amortisation.

In addition to the purchase costs of liquor and tobacco and security costs, the costs of outsourced work and other external charges also include maintenance costs of EUR 58 million (EUR 54 million in 2006), costs of third-party orders of EUR 15 million (EUR 7 million in 2006), energy costs of EUR 23 million (EUR 24 million in 2006), consultancy fees of EUR 21 million (EUR 17 million in 2006), and a very small amount of environmental costs in 2007 for aeration of drainage ditches (EUR 5 million in 2006).

Employee benefits

Employee benefits rose by 9.9% in 2007 (14.5% in 2006), from EUR 153 million to EUR 168 million. Salary costs (including social security contributions and pension costs) constitute the main component of the employee benefits, and went up from EUR 149 million in 2006 to EUR 167 million in 2007. Of this 11.9% increase, 7.5% relates to the rise in staff numbers and 4.4% to higher salaries. In 2007, the average number of FTEs went up by 166, from 2,293 to 2,459. Two major causes of this rise are an increase in the operating activities at Aviation (37 FTEs) and the transfer of KLM staff as at 3 January 2007 following the acquisition of the liquor and tobacco retail activities (107 FTEs). The general pay rise, which came into effect on 1 April 2007, was 2.75%. In 2007 redundancy payments were higher due to several individual settlements, and an agreement was reached about the allowance for medical expenses paid to retired employees. The latter resulted in a release of the provision in 2007 of EUR 6.5 million. Pension charges, finally, went up by 10.4% in 2007, from EUR 17 million to EUR 18 million.

Depreciation and amortisation

Depreciation and amortisation charges rose by EUR 10 million in 2007, from EUR 161 million to EUR 171 million. An increase of 6.1%. This increase is partly attributable to the amortisation of contract-related intangible assets from the acquisition of liquor and tobacco retail activities. The charges also went up because of automated applications and the additional depreciation of runways.

Impairment

The impairment losses in 2007 amounted to EUR 3.9 million (EUR 1 million in 2006). In 2007, the investment in Villa Carmen in Milan was written down by EUR 3.9 million. Furthermore, write-downs of EUR 0.1 million were taken on fixed assets of Lelystad Airport in connection with the projected losses and negative cash flows from operations at Lelystad Airport.

Depreciation, amortisation and impairment
EUR million

Other operating expenses

Other operating expenses amounted to EUR 12 million (EUR 32 million in 2006). The drop of EUR 20 million relates primarily to a one-off contribution of EUR 10 million in 2006 for the alleviation of distress cases among residents suffering from aircraft noise in the vicinity of Amsterdam Airport Schiphol. In addition, Schiphol Group had made EUR 8.5 million available in 2006 to Stichting Mainport en Groen, a foundation responsible for the realisation of landscaping projects around the airport.

Corporate income tax

With effect from 1 January 2002, Schiphol Group has been subject to corporate income tax. For this reason, an opening balance sheet for tax purposes as at 1 January 2002 was agreed with the Tax Authorities in 2006. Equity shown in the agreed opening balance sheet for tax purposes as at 1 January 2002 was EUR 1.3 billion higher than equity shown in the balance sheet of that date for reporting purposes. This difference is caused primarily by a higher valuation of the land. In the opening balance sheet for tax purposes, land is carried at fair value whereas the reported carrying amount was based on historical cost. Calculated according to the corporate income tax rate of 25.5% in force from 1 January 2007, the higher tax base yielded non-recurring tax income of EUR 309 million in the profit and loss account for 2006. Revised tax returns were subsequently filed in 2006 in respect of 2002 and 2003. These returns had the effect that (non-recurring) income of EUR 5 million was recognised in 2006.

In 2007, tax returns were filed in respect of 2004 and 2005. Due in part to differences between gain on sales for reporting purposes and for tax purposes for real estate, tax losses and the implementation of IFRS, these returns had the effect that (non-recurring) income totalling EUR 22 million was recognised in 2007.

Results

The operating result for 2007 amounts to EUR 420 million (EUR 316 million in 2006); a 32.6% increase in comparison with 2006. Of this increase, EUR 83 million is attributable to higher unrealised fair value gains, which amounted to EUR 112 million in 2007 (EUR 29 million in 2006).

The result before interest, tax, depreciation and amortisation and impairment (EBITDA) amounted to EUR 594 million, which is up 24.3% from EUR 478 million in 2006.

The net financial expense fell from EUR 36 million to EUR 35 million. This decrease by EUR 1 million is primarily attributable to the hedge of the currency risk of redeemable preference shares of Brisbane Airport Corporation Holding Pty Ltd. In 2006, these unhedged shares caused a negative exchange difference of EUR 1.7 million.

The share in results of associates for 2007 was EUR 10.9 million, which is virtually equal to the amount of EUR 10.7 million reported for 2006.

With regard to 2007, the corporate income tax rate fell from 29.6% to 25.5%. Based on the result for 2007, this means a reduction of the tax burden by EUR 16 million.

Until now, revenues from our minority interests in associates were disregarded in determining the return on net assets (RONA). Since 2007 the revenues of these associates are included in our RONA calculation. In 2007, RONA after tax amounted to 9.2% (7.1% in 2006). Excluding fair value gains on the property portfolio, RONA amounted to 6.8% in 2007 (6.5% in 2006).

Investments and finance

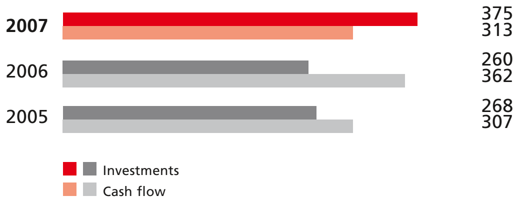
The cash flow from operating activities decreased from EUR 362 million in 2006 to EUR 313 million in 2007. The main reason for this was that EUR 62 million more corporate income tax was paid; EUR 125 million in 2007, compared with EUR 63 million in 2006.

Partly because of a higher investment level, increased repayments and a more generous dividend policy, the net cash flow from operating and investing activities (the so-called free cash flow) and the net cash flow from financing activities are both negative in 2007. The net cash flow from financing activities is negative because of the loan repayments and lease payments of EUR 171 million and the dividend distribution of EUR 79 million. The distribution of dividends in 2007 was higher than in 2006, owing to a 40% pay-out ratio (formerly 30%) of the net result for 2006. The net amount of cash balances and bank overdrafts fell by EUR 157 million, from EUR 299 million to EUR 142 million in 2007.

The investments in fixed assets during the year amounted to EUR 375 million, compared with EUR 260 million in 2006.

The main investment projects were the 70 MB baggage handling programme (EUR 82 million), the purchase of Cargo terminal 5 (EUR 31 million), Phases 1 and 2 of the P22 office building development (EUR 28 million), the acquisition of Schiphol Airport Retail (EUR 25 million), the expansion of Hall D baggage facilities (EUR 19 million), the extension of the Rinse Hofstra Road (EUR 11 million) and the realisation of Cargo terminal 9 (EUR 10 million). Aviation, with EUR 208 million, accounted for the largest share of the overall investments. Second is Real Estate, with EUR 109 million, followed by Consumers with EUR 48 million and Alliances & Participations with EUR 10 million.

Investments in fixed assets and cash flow from operating activities
EUR million



Ratios

In 2006, we introduced two new cash flow ratios designed to support financing policy decisions. The debt market and credit rating agencies in particular look at the extent to which a business is capable of generating cash in relation to its funding requirements. This is reflected in the FFO/total debt ratio and the FFO interest coverage ratio. Not only do the credit rating agencies calculate these ratios in different ways, they also make different adjustments to our published financial accounts, each on the basis of its own methodology. An explanation of our own detailed calculation of these ratios can be found in the section on financial risk management on page 118. Because of the different calculation methods, our ratios are not entirely comparable with the values reported by the credit rating agencies.

FFO – funds from operations – is the cash flow from operating activities before amongst other things changes in working capital.

The FFO/total debt ratio in 2007 was 34.3%, a deterioration in comparison with the 2006 figure of 39.0%. Total debt is the year-end balance of all interest-bearing debt.

The FFO interest coverage ratio in 2007 was 7.7x, a deterioration in comparison with the figure of 8.3x in 2006. This ratio is calculated by dividing FFO plus gross interest expense by gross interest expense.

The deterioration of the two ratios can be attributed to the lower FFO, which is due in part to higher corporate income tax payments in 2007. Partly because of this, we do not expect that the deterioration in these two ratios will affect Schiphol Group's credit rating by Standard & Poor's (AA-) and Moody's (Aa3).

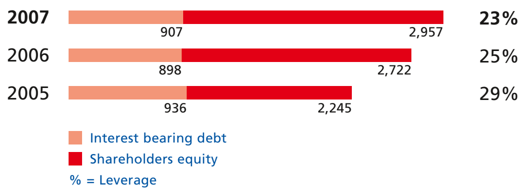
In addition to these two ratios, Schiphol Group applies the leverage (ratio of interest-bearing debt to total equity plus interest-bearing debt), which is a function of financing policy. The leverage remains important inasmuch as the Aviation Act uses an assumed leverage of 40% to calculate the weighted average cost of capital (WACC) for the regulated aviation activities. As at year-end, Schiphol Group's leverage was 23%, down 2 percentage points on the year before (25% in 2006). This drop is the combined effect of a reduction in interest-bearing debt and an increase in shareholders' equity.

Financing policy

The total amount of interest-bearing debt outstanding and lease liabilities as at year-end 2007 was EUR 907 million (EUR 898 million in 2006). In 2007, new loans and lease liabilities totalling EUR 135 million were contracted. Of this amount, EUR 120 million was attracted under the Euro Medium Term Note (EMTN) programme. The remaining amount was drawn by our Italian company Avioport SpA, amongst others.

In 2007, loans were repaid either partly or in full (EUR 121 million), the derivatives associated with these loans were settled (EUR 37 million) and the lease liabilities were reduced by EUR 3 million, resulting in a total cash outflow of EUR 161 million in 2007.

Capital structure
EUR million



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

Loan maturity profile
EUR million

The average interest expense rose from 4.98% in 2006 to 5.14% in 2007.

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

Aviation

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

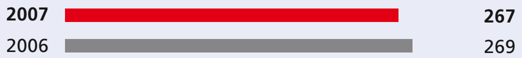
Sources of revenue: airport charges (aircraft, passenger and security charges) and concession fees (paid by oil companies for the right to provide aircraft refuelling services).

2007 highlights

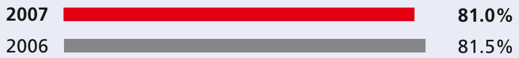
- Revenue up by 3.1%
- Operating result up by EUR 22 million with flat development of costs
- Further growth in passenger numbers and cargo volumes
- Nearly EUR 700 million to be invested in baggage facilities until 2015
- NMa approved allocation system for determining aviation and security charges

Key Performance Indicators

Number of scheduled destinations
(summer timetable)

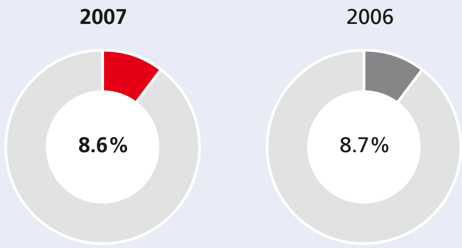


Punctuality of arrivals

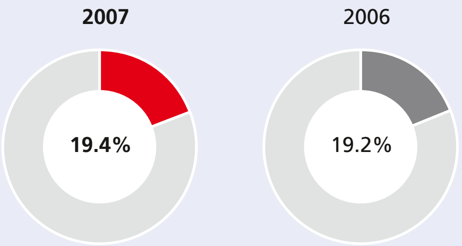


Punctuality of departures

Passenger market share
(top 12 selected European airports)



Cargo market share
(top 5 selected European airports)



Aviation Business Area	2007	2006	
EUR million			
Revenue	650	631	3.1%
Operating expenses	555	558	- 0.4%
EBITDA	216	190	13.8%
Operating result	95	73	29.8%
Average non-current assets	1,834	1,754	4.5%
RONA before tax	5.2%	4.3%	
RONA after tax	3.9%	3.0%	
Investments in fixed assets	208	173	20.1%

Financial performance

Aviation revenue rose by 3.1% (10.2% in 2006), to EUR 650 million. At EUR 630 million (EUR 610 million in 2006), airport charges at Amsterdam Airport Schiphol make by far the greatest contribution to revenue. The concession fees relating to aircraft refuelling services and other activities remained unchanged in 2007 at EUR 21 million (down by EUR 2.3 million in 2006). These fees account for 3% of Aviation's revenue.

The revenue increase of EUR 19.9 million from airport charges was the effect of:

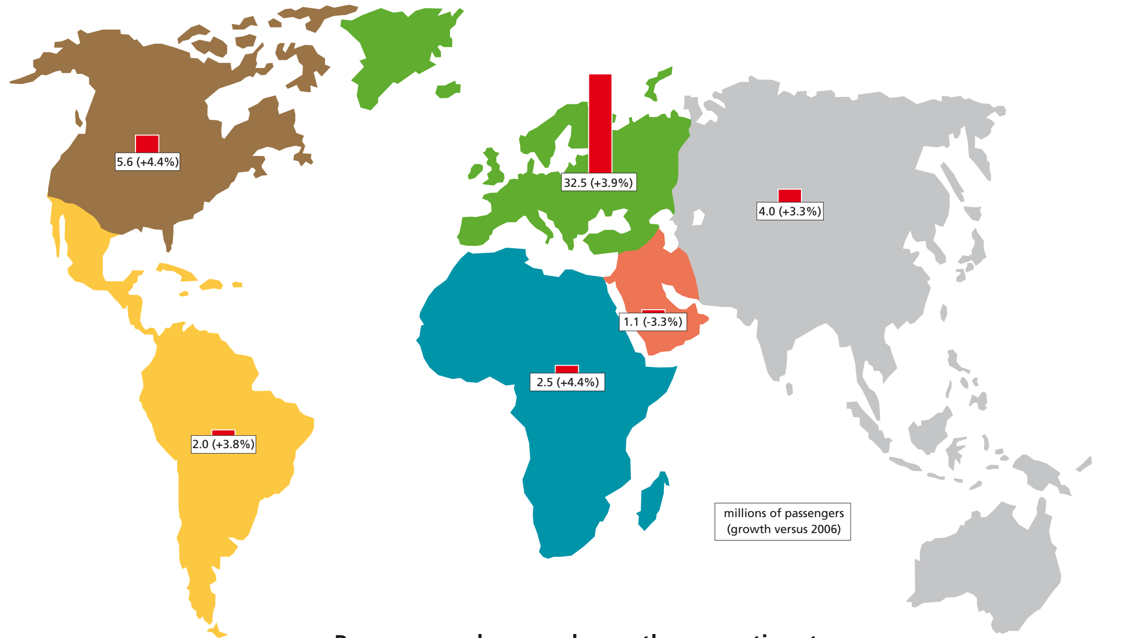
- Higher aircraft charges (EUR 2.6 million), as a combined result of 3.0% more air transport movements (EUR 4.4 million) and an 8.7% reduction in takeoff and landing fees as at 1 November 2007 (EUR 2.4 million lower). Other effects caused an increase of EUR 0.6 million. The average maximum takeoff weight in 2007 rose slightly in comparison with 2006.
- Higher passenger service charges (EUR 17.3 million), owing to a 3.8% increase in the number of passengers (EUR 15.9 million) and adjusted charges (EUR 1.0 million). Other effects caused an increase of EUR 0.4 million.

The rise in the number of air transport movements also caused an increase in concession fees from aircraft refuelling services.

Operating expenses for Aviation decreased by 0.5% (against an 18.1% increase in 2006), from EUR 558 million to EUR 555 million. The creation of two provisions in 2006, one for alleviating 'distressing cases' among residents suffering from aircraft noise in the vicinity of Amsterdam Airport Schiphol (EUR 10 million) and the other for Stichting Mainport en Groen for landscaping of the airport and environs (EUR 8.5 million), were responsible for this decrease. This is offset by increased expenses, the extent of which was limited, due in part to the Six Sigma programme. Higher security costs (additional measures) were largely mitigated by lower allocation of insurance premiums resulting in an overall increase in expenses of only EUR 0.8 million. In addition, there was an increase in personnel costs (EUR 5.0 million), in depreciation and amortisation (EUR 4.2 million) and in maintenance costs (EUR 2.4 million).

EBITDA increased by 13.8% in 2007 (against an 11.3% fall in 2006), from EUR 190 million to EUR 216 million. The operating result went up by 29.8% (down by 26.2% in 2006), from EUR 73 million to EUR 95 million.

EUR million	Aviation		Security		Aviation business area	
	2007	2006	2007	2006	2007	2006
Revenue	433	423	217	208	650	631
Operating expenses	351	355	204	203	555	558
Operating result	82	68	13	5	95	73
Average non-current assets	1,697	1,632	137	122	1,834	1,754
RONA after tax	3.6%	2.9%	7.3%	2.8%	3.9%	3.0%



Passenger volume and growth per continent

Investments in fixed assets totalled EUR 208 million in 2007 (EUR 173 million in 2006), thereby exceeding the level of EUR 150 - 160 million we had envisaged at the time. This is because of the revised funding structure of the large-scale investments in the baggage system already planned.

The RONA of the Aviation activities rose by 0.7 percentage point to 3.6%. The main reason for this is the increase in revenue.

The RONA of the Security activities rose by 4.5 percentage points to 7.3%. The main reason for this rise is the increase in revenue. This increase includes the compensation of deficits from 2005 and 2006.

Growth in passengers and cargo

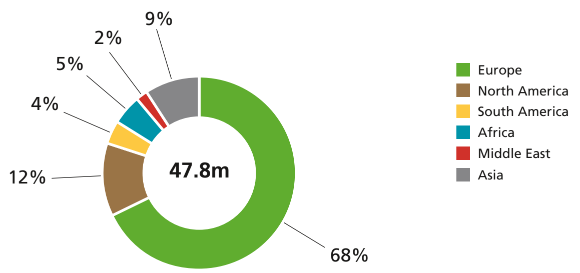
Maintaining and strengthening the competitiveness of Amsterdam Airport Schiphol as a main port is our most important objective. Passengers and cargo are the principal business drivers. For this reason, we completely reject the introduction of the Air Passenger Tax as at 1 July 2008. This additional tax on airline tickets has a negative effect not only on the airport's competitive position as a main port, but also on that of the region and the tourist industry. Expectations are that in 2008 there will be little or no increase in passenger numbers in comparison with 2007. The same applies to the number of flights to and from Amsterdam Airport Schiphol: a number of airlines have terminated or reduced their services, while other airlines have announced their intention to do so in 2008.

Further increase in number of passengers

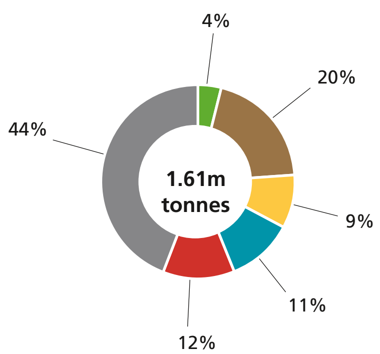
In 2007, Amsterdam Airport Schiphol was overtaken by Madrid as Europe's fourth-largest passenger airport and now occupies fifth place. Of Europe's top-12 airports*, London Heathrow remained the largest passenger airport in 2007.

The number of passengers using Amsterdam Airport Schiphol increased by more than 1.7 million in 2007 to almost 47.8 million, which is equivalent to a 3.8% growth (4.4% in 2006). The number of passengers carried by our hub carrier Air France-KLM and partners grew by 3.5%, increasing from 28.4 million to almost 29.5 million. Again, the growth

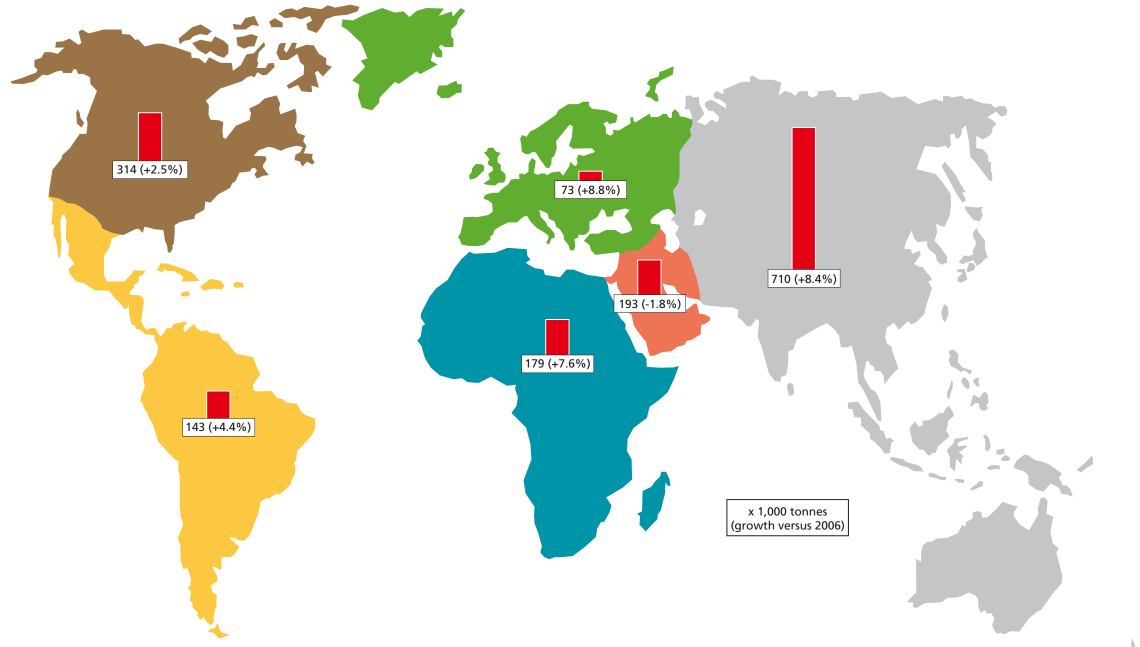
Passengers per continent



Cargo per continent



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



Cargo volume and growth per continent

in passenger numbers in 2007 is largely due to the low-cost carriers. Their passenger numbers rose from 5.4 million to 6.0 million, an increase of 11.8% (20.3% in 2006). The other airlines carried a total of more than 12.3 million passengers, which represents a growth of 0.8% (0.1% in 2006).

Origin and destination traffic increased by 4.3% in 2007 (5.7% in 2006), to more than 28.0 million, while the number of transfer passengers went up by 3.2% (2.5% in 2006), to 19.7 million.

Passenger numbers for the Asia and Africa regions grew less strongly in 2007 than in 2006. The number of passengers travelling to Asia rose by 3.3% (7.2% in 2006) and to Africa by 4.4% (6.9% in 2006). Within Europe – the most important region for Amsterdam Airport Schiphol, accounting for over 32.5 million passengers – passenger numbers grew less strongly than in the previous year: 3.9% in 2007, against 5.4% in 2006. Passenger volumes for North America went up by 4.4% to 5.6 million in 2007; in 2006 there had been an 1.3% drop in this volume. The growth in passenger numbers travelling to Latin America, amounting to 3.8%, exceeded the growth figure of 1.0% recorded for 2006.

Cargo volume further on the increase

Amsterdam Airport Schiphol retained its position as Europe's third-largest cargo airport. The cargo volume carried to and from the airport increased by 5.5% (5.3% in 2006) to more than 1.6 million tonnes.

The growth among full freighters – aircraft only carrying cargo – was 6.0% (6.8% in 2006), from 886,719 tonnes in 2006 to 939,281 tonnes in 2007. This strong increase further strengthened our position as one of Europe's main cargo hubs. For aircraft carrying both passengers and cargo, the increase in cargo volume was 4.7% (3.2% in 2006), from 640,780 tonnes in 2006 to 671,001 tonnes in 2007.

By far the most cargo was carried to and from Asia (almost 710,000 tonnes). This is an increase of 8.4% compared with 2006 (6.5% in 2006). Cargo volumes to Africa also went up sharply, by 7.6% (5.2% in 2006). The Middle East, reporting a 1.8% drop (against a 2.9% rise in 2006), was the only region where cargo volumes decreased in 2007.

Air transport movements

For the economic development of the Randstad area in general and for the competitiveness of the airport as a main port in particular, it is of vital importance for Amsterdam Airport Schiphol to be able to continue to grow.

For the short term, up to and including 2010, agreement was reached at the Alders Platform about an expansion of the number of air transport movements to 480,000 per year. To this end, the limits of some noise measurement points will have to be raised, while those of others will have to be lowered. This was laid down in two covenants, while the consequences for the surrounding areas were described in an environmental impact assessment, which was presented to the minister of Transport, Public Works & Water Management and Housing, the minister of Spatial Planning and the Environment. The government has accepted the draft Airport Traffic Ruling (LVB) compiled on the basis of these documents, and has submitted the ruling to the Lower House for approval. Our ambition to achieve continued growth in the medium term (2018/2020) was also discussed at the Alders Platform in 2007. Consultations on this issue will be completed in 2008.

Alders Platform

The Alders Platform is a consultative body set up in December 2006 with the aim to set up and finalise agreements regarding the expansion of aviation at Amsterdam Airport Schiphol, the noise reduction measures required to that end and the quality of life in the surrounding areas for the short term (up to and including 2010) and the medium term (2018/2020) in consultation with all those concerned.
Under the guidance of independent chairman Hans Alders, the following parties are represented in this platform:

- the national government (the ministries of Transport, Public Works & Water Management and Housing, Spatial Planning & the Environment);
- the aviation sector (Schiphol Group, KLM, Air Traffic Control the Netherlands (LVNL));
- the provincial authorities of Noord-Holland;
- the municipal authorities of Amstelveen, Amsterdam, Haarlemmermeer and Uitgeest;
- residents living in the vicinity of Amsterdam Airport Schiphol, via the Schiphol Regional Consultative Committee (CROS) and the Association of Joint Platforms (VGP).

The number of air transport movements at Amsterdam Airport Schiphol increased by 3.0% in 2007 (4.6% in 2006), from 423,122 to 435,973 movements. There was a slight rise in the average maximum takeoff weight (MTOW), from 98.2 tonnes in 2006 to 98.7 tonnes in 2007.

Network

An extensive network of connections is essential for a main port. Amsterdam Airport Schiphol has such a network. The number of destinations served by passenger and cargo flights from our main port, either throughout the year or for a limited period, is a vital factor in this respect. In 2007 there were 157 destinations within Europe and 110 intercontinental destinations. In 2007, thirteen new destinations were added (eight in Europe and five in other continents) while fifteen scheduled services were discontinued (six in Europe and nine in other continents). Overall, the number of European destinations increased by two in 2007 and the number of intercontinental destinations decreased by four.

Operating capacity

Ongoing investment ensures that Amsterdam Airport Schiphol has ample operating capacity. Investment in aviation facilities in 2007 totalled EUR 208 million. In September, five additional aircraft stands were put into operation at Apron J. Together with the six aircraft stands completed in 2006, the new apron can now accommodate eleven aircraft, with two stands for the A380. Four of the aircraft stands include de-icing facilities.

The cargo apron at Schiphol-Zuidoost was extended by two stands for Boeing 747 aircraft. The aircraft stands were put into operation in October and are equipped with a hydrant system through which jet fuel is supplied.

May saw the opening of an entirely new connection between Piers B and C. This corridor contains a larger number of travelators to shorten the walking distances for passengers.

Major maintenance work was carried out on Runway 18R-36L in June and on Runway 06-24 in September.

In December, work was started in Departure Halls 1 and 2 whereby the desks of airline companies and travel organisations and their counters are to be moved five metres outwards. This will create more space in the two halls for passengers and the persons dropping them off. The work should be completed by the summer of 2008.

At the end of 2007, the last of a total of 2,000 Dynamic Display screens were installed at the airport. These screens provide travellers with useful information geared to individual areas and even specific gates, according to a technique known as narrowcasting.

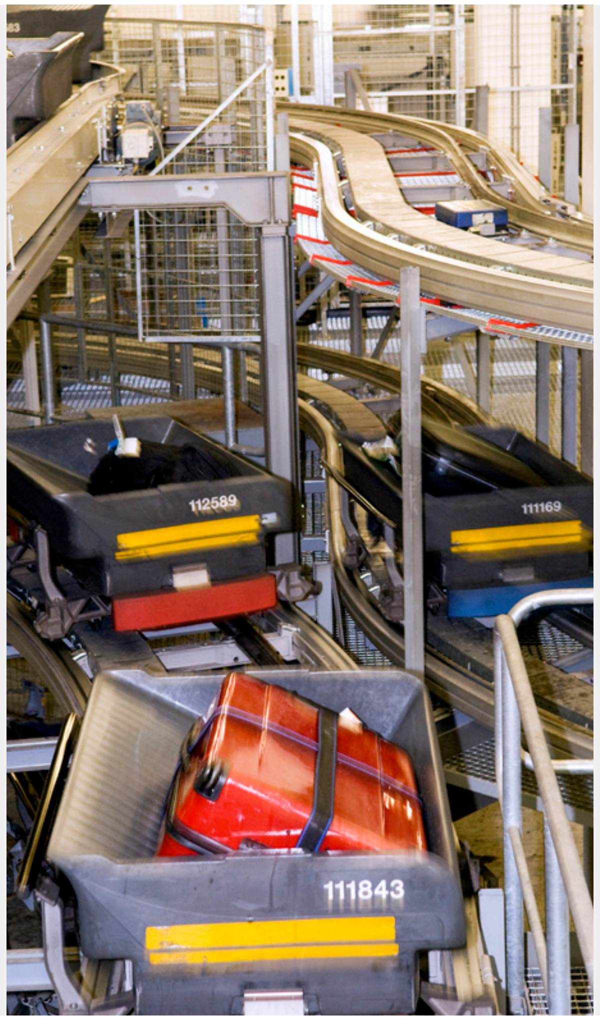
At the end of 2007, work was started on a project to ensure that later in 2008 all persons and vehicles moving to and from the apron area and the baggage basements are checked. At the moment, only random checks are made. In order to comply with future European laws and regulations, access points to the baggage basements will be converted and new, larger vehicle checkpoints will be installed.

The Rinse Hofstra Road, the main airside service road, was turned into a ring road in 2007. For this purpose, an additional viaduct was built above the A4 motorway, and the road was extended across the area between the A4 and Runway 18C-36C. As a result, service vehicles are now no longer required to take the busy road along the terminal. The work was completed in December.

70 MB programme

Until 2015, nearly EUR 700 million will be invested in the baggage system, so as to ensure the optimum handling and flow of 70 Million Bags (MB) in the future. By year-end 2007, EUR 262 million of this extensive investment programme had been spent. An important element of the 70 MB programme is the layout of the New South baggage hall, which will replace the present South baggage hall. The focal point of the new hall will be a sorting system with an automatic buffer, in which advance-delivery baggage can be stored. There will be six robots which can load baggage trolleys and containers at a speed of four bags a minute. New South, covering a total surface area of 10,000 m^2, will be set up to accommodate baggage handling for departing and transfer passengers. Various airlines, of which KLM is the largest, will be using the new hall. The baggage facilities in New South will be served by a transport system – known as the 'backbone' – which, once in place, will provide a link to all the other baggage halls at the airport. This link will improve processing speeds for bags that need to be put on a connecting flight. Phase I of the work commenced in December. Completion has been scheduled for early 2011, after which the backbone will be connected.

In April 2007, work was started on the expansion of the baggage facilities in Hall D, intended for the screening of transfer baggage. The building and baggage facilities should be completed by mid-2008.



Airspace and environmental capacity

Adequate and reliable airspace capacity is first of all our own responsibility. We will have to ensure that the noise capacity allotted to us by the government is not exceeded. By charging differentiated fees, we try to increase the number of quieter aircraft types using Amsterdam Airport Schiphol. This differentiation also discourages night flights. In addition, we aim to prioritise the allocation of departure and arrival slots for quieter aircraft types and for airlines that strengthen our main-port position.

In order to make optimum use of the environmental capacity, Schiphol Group and the LVNL have drawn up the environmental impact assessment entitled 'Continuing to work on the future of Schiphol and the region' (Verder werken aan de toekomst van Schiphol en de regio). This new assessment was necessary partly because the allocated noise limit values were based on a scenario drawn up in 2001 regarding the expected use between 2005 and 2010. However, the aviation industry has developed in a different direction from that envisaged at the time. After the assessment had been presented to the ministers of Transport, Public Works & Water Management and Housing, Spatial Planning & the Environment, the former indicated that the envisaged adjusted limit values would already apply in anticipation of the amendment of the Airport Traffic Ruling expected around March 2008. As a result, 2007 became a 'split operating year', with new noise limit values applicable from mid-July 2007.

During the subsequent period, until the end of the operating year (the end of October 2007), the airport remained within the new limit values except for one 24 hours enforcement point and one night time enforcement point. At the moment, an investigation is conducted into whether or not this transgression should be allocated to Amsterdam Airport Schiphol.

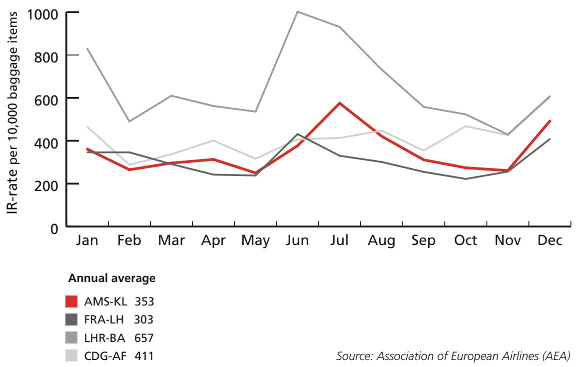
Efficient operation

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

Passenger in Security Scan, Amsterdam Airport Schiphol

Baggage handling

Whereas in 2006 Amsterdam Airport Schiphol, with KLM, was the airport with the lowest irregularity rate (IR rate) of Europe's four large transfer airports, in 2007 we were overtaken by Frankfurt Airport with Lufthansa. A few major system breakdowns in July and early August, the understaffing experienced by a number of handling agents, growing baggage volumes partly because of the liquids & gels bans and a drop in arrival punctuality, which increased the number of swift and therefore critical baggage connections, caused the percentage of bags that did not reach the final destination at the same time as the passengers to rise by 0.6 percentage point at Amsterdam Airport Schiphol (from 2.93% in 2006 to 3.53% in 2007).



Punctuality

In 2007 there was a slight decrease in arrival punctuality, from 81.5% to 81.0%. The number of flights departing on time fell from 73.3% to 71.1%. The delays in 2007 were largely due to bad weather conditions.

Safety

Safety and security are paramount at Amsterdam Airport Schiphol. This subject is covered in detail in our 2007 Corporate Social Responsibility Report. The present annual report contains only a brief summary. The safety aspect has to do with aviation safety, fire safety, road safety and health & safety at work.

Where aviation safety is concerned, **runway safety** has our constant attention. Based on a zero-incident policy, all our activities, as well as those of LVNL and the airline companies, are aimed at total prevention of accidents on and around the runways due to runway incursions, i.e. entry without clearance, by both aircraft and vehicles. Although no accidents occurred in 2007, there were 40 (potentially) dangerous situations caused by runway incursions, which is 13% less than in 2006. Two of these were of a serious nature. Minimising the risk of bird strikes was more difficult in 2007 than it had been in previous years. The warm autumn of 2006 and the mild winter of early 2007 kept many migratory birds 'at home'. Combined with the extremely warm spring, this resulted in favourable breeding conditions, which meant that in 2007 we had to deal with a larger number of birds than usual around the airport grounds, in particular geese. Despite the additional measures taken, we could not prevent an increase in the number of bird strikes from an average of 4.4 per 10,000 air transport movements in 2006 to an average of 5.2 in 2007.

Our policy regarding **safety in the terminal** is aimed primarily at fire safety. Eventually, sprinkler installations will be fitted throughout the terminal. Pier B was equipped with such installations during the reporting year. As an additional guarantee for safety in the terminal, we optimised the terminal Safety Management System (TSMS) in 2007, so that safety risks can be adequately identified, analysed and `controlled.

Amsterdam Airport Schiphol is responsible for **road safety** on the roads and parking facilities on the airport grounds. Following a number of serious accidents in 2006, one of which was fatal, additional safety measures were taken in 2007 in respect of the public roads around the terminal. 'Lane lights' (warning lights) were embedded in the road surface at various pedestrian crossings and at the point where the bus lane intersects the taxi lane, which light up as soon as a pedestrian or bus is about to cross. The number of airside collisions decreased in 2007 to an average of 16 per month (18 in 2006).

Security

Airport security is aimed at preventing malicious acts intended to harm passengers, employees, visitors and the airport itself.

Amsterdam Airport Schiphol aims to be an airport through which passengers with their baggage and cargo are able to pass as safely and securely as possible. Our modern and innovative security policy ensures that we continually comply with the relevant laws and regulations. We work together with various parties to make continuous improvements in the security process, at acceptable cost. Apart from deploying security personnel we also make use of new technology for this purpose. In response to an undercover media report in February 2008 that exposed the vulnerability of staff checks, the Minister of Justice decided to tighten the policy with respect to staff entering the aprons and to accelerate the introduction of 100% security checks for this group. The Dutch Border Police (Koninklijke Marechaussee), Customs, Schiphol Group, handling agents and the airlines all play a part in the implementation and supervision of this tightened measure.

After gaining extensive experience in 2006 with the use of the Security Scan, based on millimetre-wave technology, these new innovative screening machines were used at various locations throughout the terminal during 2007 for passenger security and Customs control procedures. For the time being, passengers can choose whether or not to use the Security Scan. Following the trial period, a decision will be made in the course of 2008 as to whether the scan will be used and made mandatory on a large scale. Expectations are that the use of the Security Scan, not to be confused with the Body Scan applied by Customs, will reduce the number of searches. This will accelerate the security checks and make them more customer-friendly.

Service levels

The quality of the arrival and departure process at Amsterdam Airport Schiphol as perceived by passengers remained high in 2007. As in 2006, 93% of both departing and arriving passengers rated the arrival and departure process as 'good' to 'excellent'. This appears from the bi-monthly surveys conducted among a sample of 10,000 passengers on average.

The airport was again awarded various prizes in 2007, including:

- The Business Traveller Award for best European airport, presented by the leading British magazine Business Traveller;
- The Travellers' Choice Award of the Internet website Business Travel World;
- The Asian Cargo Award of Cargonews Asia for Europe's best cargo airport and best cargo terminal;
- The Routes Airport Marketing Award of Official Airline Guide (OAG) for the best airline marketing of airports with more than 25 million passengers; and
- The ACI Airport Award for airports with more than 25 million passengers, presented by Airport Council International Europe, the European branch of the global organisation of airports. This is a

Refuelling of an aircraft, Amsterdam Airport Schiphol

Annual report of Aviation business area

Under the new economic regulation for the airport, laid down in the Aviation Act governing the operation of Amsterdam Airport Schiphol of 19 July 2006, the Aviation business area is obliged to account for the aviation and security activities in a separate report. The allocation system, approved in 2007, serves as a foundation for this account. An electronic version of this annual report will be available via the website from mid-2008.
The Act lays down the terms of our operating licence, the way in which we calculate and account for the aviation charges and the level of these charges, and specifies the maximum permitted return.

recognition that Schiphol is an innovative airport which cares not only about passengers and airlines but also about its surroundings and the environment.

Each year, we also conduct a survey among our customers: the airlines, handling agents and cargo companies. Appreciation for our work among the cargo companies greatly increased: 46% of these companies rated our efforts as 'excellent' or 'good', compared with only 27% in the previous year. However, there was a drop in the high rating 'excellent' or 'good' among the airlines and handling agents: from 60% in 2006 to 54% in 2007. On the other hand, only 5% of these customers replied 'poor' or 'unsatisfactory', against 13% in 2006. We will therefore continue our effective direct approach towards dissatisfiers.

Environment
In 2007, we tightened our policy with regard to air quality. The impact of new developments on the air quality around the airport is analysed and charted at an early stage. New developments in the areas of energy supply, accessibility and property development, as well as projects that are launched in order to improve the environment, are assessed for their effects on air quality.

The environmental impact assessment entitled 'Continuing to work on the future of Schiphol and the region' shows that, from 2007 to 2010 inclusive, the airport will remain within the statutory limits for fine particles, but will exceed those for nitrogen dioxide. Although the statutory limits for nitrogen dioxide will not become effective until 2010, we will take additional measures to compensate for the excess emissions at an earlier stage. Since 2006 we have been taking part in the emission trade in nitrogen dioxides (NOx). In particular because of the use of combined heating and power stations at the airport, which have a high yield but also a relatively high NOx emission, we have an emission right deficit. In 2007 this deficit was 14,000 kg NOx, the same as in 2006. The CO_2 emission trade (carbon dioxide) will begin in 2008. For the coming five years, we have been allotted 28,656 tonnes a year in CO_2 emission rights, which makes us a small player in this market.

During the 2006/2007 winter period we failed to keep the oxygen content in the surface waters on the airport site up to the minimum standard. Despite more infrastructural and operational measures as well as additional investments in de-icing positions, which capture the glycol affecting the water quality so that it cannot find its way to the surface waters, this problem has not been solved yet. Together with a consultancy firm, we drafted various possible measures that should improve the quality of the surface waters during the winter months. Over the coming months, we will investigate with the aid of a measuring and monitoring programme which measure is the most effective, and we expect to obtain more insight into the exact factors and sources that affect water quality at the airport. Because the measuring and monitoring methods prescribed by the Rijnland Polder Board turned out to be infeasible, an amended licence under the Pollution of Surface Waters Act (WVO) has meanwhile entered into force.

Competitive charges

Our charges can be adjusted after consultation with the airlines, and new charges can take effect from 1 April and/or 1 November. Only the security charges may be changed more frequently in the event that government instructions force us to take additional security measures.

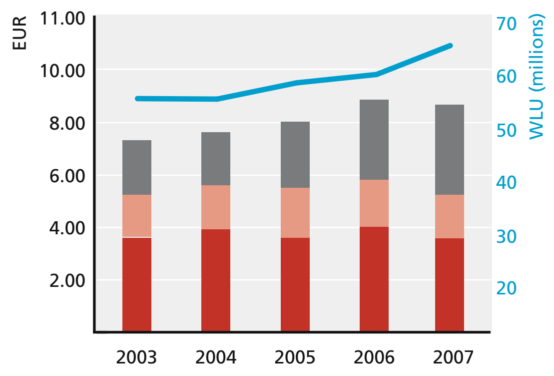
In 2007 we wanted to adjust our charges only once, on 1 November. The charges themselves were to be left unchanged, but adjustments were made to the charge structure: higher takeoff and landing charges for the noisiest aircraft types and for night flights, while quieter aircraft types had to pay less. This stimulates the use of quieter aircraft types and discourages flying by night, which counts more heavily towards the allowed noise impact levels. In addition, we wanted to lower the Passenger Service Charge and the Security Service Charge for passengers departing from Amsterdam Airport Schiphol, while increasing these charges for transfer passengers in order to reduce the discrepancies between the two types of passenger.

After we had set these new 1 November charges at the end of May, a number of airlines raised various objections with the Netherlands Competition Authority (NMa) against the new charges. The NMa supervises our charges by examining whether, in the event of disagreement about the charges, any complaints are justified. If such complaints are upheld, we are obliged to set new charges. Following an in-depth external investigation, the NMa approved our cost and asset allocation method. The NMa also endorsed the procedures followed in determining the rates and the new tariff structure. In addition, the NMa considered the settlement of the security costs incurred in 2005 and 2006 in our charges to be justified. The only aspect not accepted by the NMa was the inclusion of additional costs incurred in 2005 and 2006 in the Aviation charges as at 1 November. This meant that we could not set our new charges at the level of the previous year, but had to reduce them by EUR 36.8 million. This equates to an overall reduction in charges of 8.7%. According to the Board of Management, the additional costs were necessary, and the possibility to recover these costs through the charges is a matter of principle for us. We have therefore lodged an appeal against the NMa's decision.

Cost efficiency

After we had set these new 1 November charges at the end of May, a number of airlines raised various objections with the Netherlands Competition Authority (NMa) against the new charges. The NMa supervises our charges by examining whether, in the event of disagreement about the charges, any complaints are justified. If such complaints are upheld, we are obliged to set new charges. Following an in-depth external investigation, the NMa approved our cost and asset allocation method. The NMa also endorsed the procedures followed in determining the rates and the new tariff structure. In addition, the NMa considered the settlement of the security costs incurred in 2005 and 2006 in our charges to be justified. The only aspect not accepted by the NMa was the

EUR per pax		2003	2004	2005		2006	2007	Average
		Apr-03	Apr-04	Apr-05	Nov-05	Apr-06	Nov-07	annual increase
Passenger Service Charge	**O&D**	11.85	12.56	12.96	12.96	13.22	11.87	**0.1%**
	transfer	4.08	4.33	4.47	4.47	4.56	4.98	**6.9%**
Security Service Charge	**O&D**	10.80	10.55	10.99	11.90	12.78	10.84	**0.1%**
	transfer	1.60	1.60	3.40	3.83	4.11	6.07	**56.0%**
Total	**O&D**	22.65	23.11	23.95	24.86	26.00	22.71	**0.1%**
	transfer	5.68	5.93	7.87	8.30	8.67	11.05	**24.8%**



	2003	2004	2005	2006	2007
Security	2.10	2.02	2.53	3.00	3.02
Depreciation	1.60	1.68	1.90	1.91	1.89
Other costs	3.62	3.93	3.61	4.19	3.77

Number of WLU (mln.)

inclusion of additional costs incurred in 2005 and 2006 in the Aviation charges as at 1 November. This meant that we could not set our new charges at the level of the previous year, but had to reduce them by EUR 36.8 million. This equates to an overall reduction in charges of 8.7%. According to the Board of Management, the additional costs were necessary, and the possibility to recover these costs through the charges is a matter of principle for us. We have therefore lodged an appeal against the NMa's decision.

Constraints

The successful development of Amsterdam Airport Schiphol as a main port is subject to various constraints which largely depend on other parties. We hold close consultations with these parties, laying down the arrangements made in a covenant where possible.

Quality of life around the airport

Where noise levels and environmental standards are concerned, we are dealing with various stakeholders. We have concluded two covenants with the local community in the context of the Alders Platform: the Quality of Life Covenant (Convenant Leefbaarheid) and the Disturbance Reduction Covenant (Convenant Hinderbeperking). One of the activities which Schiphol Group will undertake in 2008 under these covenants is the compilation of a comprehensive business plan for Lelystad Airport. This plan is meant to enable us to move part of the air traffic at Amsterdam Airport Schiphol to Lelystad.

Noise limits

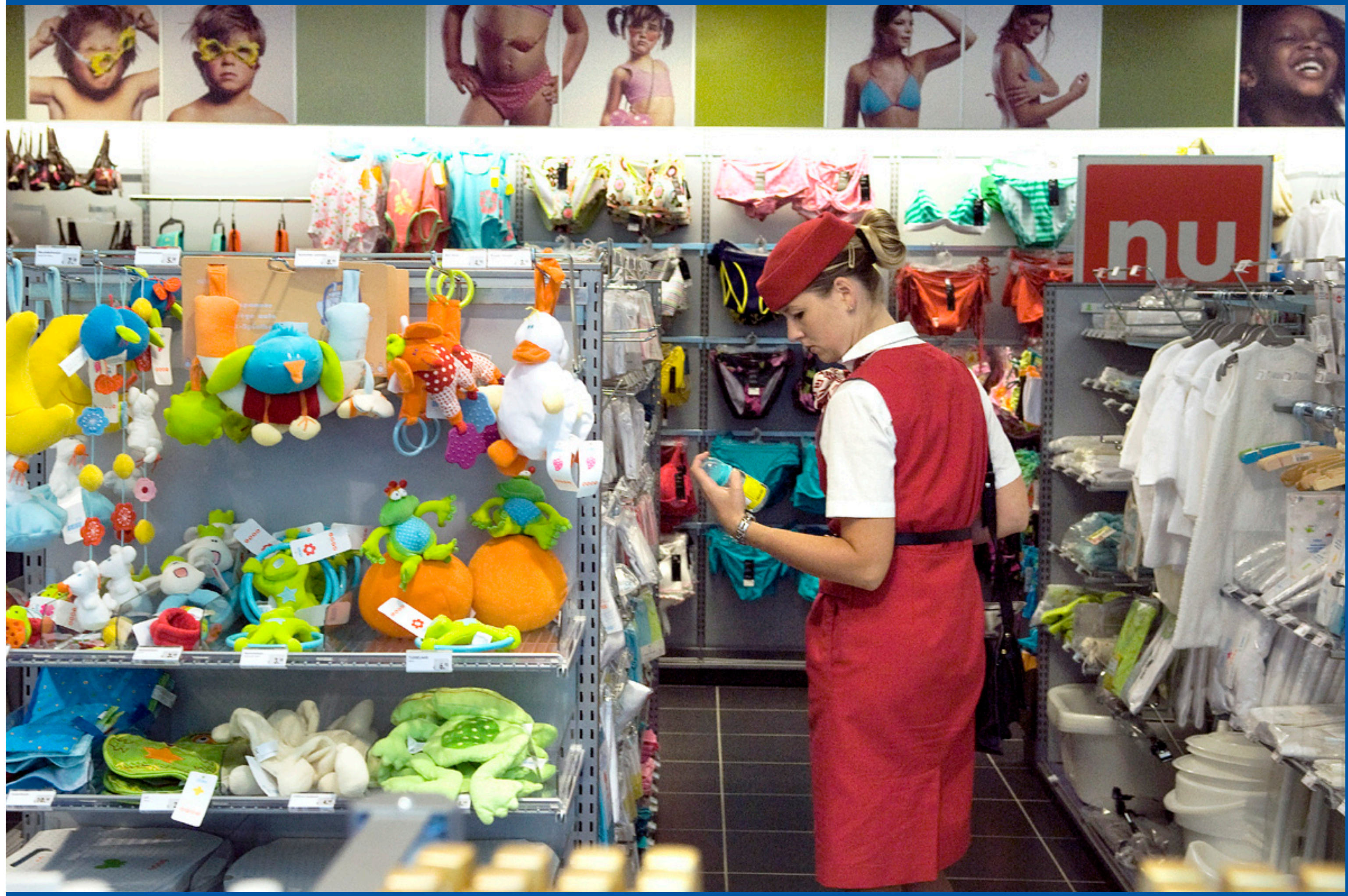
In the context of the Disturbance Reduction Covenant, various runway and flight path utilisation experiments will be carried out, aimed at limiting the noise impact for local residents. It is not clear yet whether these trials will actually reduce noise disturbance levels. This depends on a large number of factors beyond our control, such as weather conditions, as well as on major runway maintenance work which necessitates more intensive use of other runways. The first trials started at the end of 2007.

Airport accessibility

For Amsterdam Airport Schiphol as a main port, good access is a vital factor. This not only applies to passengers, but also to air cargo, visitors and staff. The ever-increasing congestion in the Randstad area in particular, and above all the necessity of sustainable mobility, require additional government investments in public transport to and from the airport. Collaboration with government authorities and transport organisations is an important condition in this respect. In order to guarantee airport accessibility on a long-term basis, Schiphol Group and the aforementioned parties have set up the so-called Schiphol Accessibility Platform (Bereikbaarheidsplatform). In 2007, the number of passengers travelling to the airport by public transportation rose by 1.3 percentage point in comparison with 2006, to 39.6%. Owing to the constantly improving rail services to and from the airport, a decreasing number of passengers are taken to the airport by car. The share of these passengers fell to approximately 27.8% (29.7% in 2006). In the early 1990s, this was as much as 40%. The increasing number of direct rail services to and from the airport and the extension of the night network to the major cities in the province of Noord-Brabant are contributing factors in this positive development.

Bus services to and from the airport also rose sharply in 2007: the number of available bus routes increased by more than 50% in comparison with 2006. The new branch of the Zuidtangent express bus to Nieuw-Vennep and the new Sternet connection with Schiphol-Zuidoost, which were put into operation in December, are meant to bring about a further increase in the use of public transport by employees. In 2007, it appeared that 25.0% (23.6% in 2006) of all persons working in the airport grounds used public transport. Individual car use for commuting purposes fell from 58.8% to 57.0%.

The delay in the launch of the high-speed rail link to Antwerp and Brussels also slowed down the investigation into the possibility of providing a dedicated lounge and check-in facility in Antwerp – in cooperation with Air France-KLM and NS High Speed – in order to enlarge our catchment area. In consultation with Dutch Railways (NS), we are exploring the development of so-called front ports. Front ports are special stations on the edges of the Randstad area. They provide good and secure car parks, offer check-in facilities and have a direct rail connection to the terminal. The Ministry of Transport, Public Works & Water Management will contribute nearly EUR 178 million to the rerouting of the N201 provincial road around Aalsmeer and Uithoorn. The Aalsmeer Flower Auction Centre and Schiphol Group will also contribute financially since the project will improve access to the auction complex and the airport.



Consumers

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

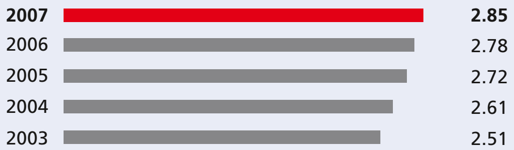
Sources of revenue: retail sales, parking fees, concession fees, advertising and management fees.

2007 highlights

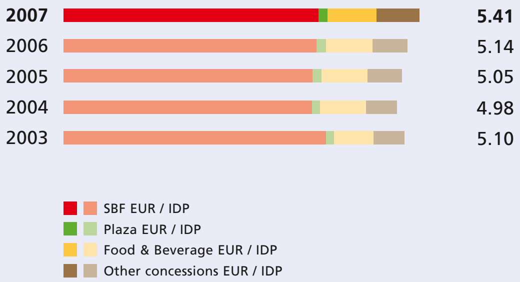
- Revenue up by more than 30% to EUR 301 million
- Increase in operating result (5.5%) outpaces increase in passenger numbers (3.8%)
- Successful 'Fly with everything you buy' campaign and sealable See Buy Fly bag reduce confusion among passengers about liquids & gels ban
- Numerous new retail outlets and catering facilities have changed the face of Schiphol Plaza
- Successful acquisition of liquor and tobacco retail activities in the See Buy Fly area

Key Performance Indicators

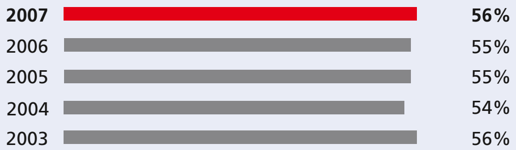
Parking revenues
EUR per passenger (excl. transfer)



Concession income per international departing passenger (IDP)
EUR per passenger



Perceived price/quality See Buy Fly (SBF)



Consumers Business Area	2007	2006	
EUR million			
Revenue	301	231	30.4%
Operating expenses	157	94	66.6%
EBITDA	166	151	10.1%
Operating result	144	136	5.5%
Average non-current assets	234	198	18.0%
RONA before tax	61.5%	68.8%	
RONA after tax	45.9%	48.5%	
Investments in fixed assets	48	12	287.1%

Financial performance

Consumers revenue rose by 30.4% in 2007 (11.2% in 2006) to EUR 301 million, with concession income making the largest contribution, followed by parking fees and retail sales.

Netto Omzet

EUR million	2007	2006	%
Concessions	**112.8**	120.3	- 6.2%
Parking fees	**79.8**	74.7	6.8%
Retail sales	**64.4**	-	
Rents	**15.0**	13.1	14.5%
Advertising	**15.2**	13.9	9.4%
Other activities	**13.3**	8.5	56.5%
Total	**300.5**	**230.5**	**30.4%**

The drop in concession revenue is attributable to the acquisition of the liquor and tobacco retail outlets in the See Buy Fly area, which are now operated by Schiphol Airport Retail (SAR) BV. As a result, the concession income from these outlets is no longer reflected as revenue under 'concessions', but, from 2007, is separately accounted for as 'retail sales'. If the liquor and tobacco retail activities had not been acquired, the revenue from concessions would have increased by 8.9% in 2007. The rise in total revenue is partly the result of new retail activities and an increase in passenger numbers.

Car parking income increased because of a slight rise in the number of parked cars, an increase in the average parking time and a rise in charges. The rental income related to commercial premises in the terminal went up because of increased leasing and the higher service charges (for energy, maintenance and cleaning) which we pass on to our tenants. Advertising revenue increased, as a consequence of the advertising income generated by SAR BV.

Operating expenses went up by 66.6% (13.7% in 2006), from EUR 94 million to EUR 157 million in 2007. The greater part of these expenses (EUR 38 million) relates to the cost of sales of the new retail activity. In addition, higher costs were incurred in respect of outsourced work, staff and depreciation and amortisation, inter alia because the depreciation and amortisation item included an amount of EUR 4.8 million regarding the intangible fixed assets from SAR BV.

EBITDA increased by 10.1% in 2007 (8.1% in 2006), from EUR 151 million to EUR 166 million. The operating result for 2007 was up by 5.5%, from EUR 136 million to EUR 144 million.

Investments in fixed assets totalled EUR 47.5 million in 2007 (EUR 12 million in 2006), of which EUR 25 million concerned the acquisition of the liquor and tobacco retail activities. In addition, investments increased because of the large-scale expansion and renovation of Schiphol Plaza, the landside shopping centre (EUR 7 million).

The average carrying amount of non-current assets in 2007 was EUR 234 million (EUR 198 million in 2006). RONA before tax amounted to 61.5% (68.8% in 2006). RONA after tax amounted to 45.9% (48.5% in 2006).

Amsterdam Airport Schiphol | **International**

Concessions

Activities for which a concession is granted to third parties. Schiphol Group receives a percentage of the revenue (concession margin) and/or rent

Retail Sales

Independent operation of retail outlets (liquor and tobacco) in the shopping area behind the passport control intended for passengers only

Parking

Car parking for passengers, visitors and staff. Over 35,000 parking spaces Products include: VIP Valet Parking, Smart Parking

Advertising

Advertising at and around the airport

Privium

Service programme for frequent flyers using Amsterdam Airport Schiphol. Launched in 2001, with 42,000 members at year-end 2007

Consumers

Management contracts at airports in other countries

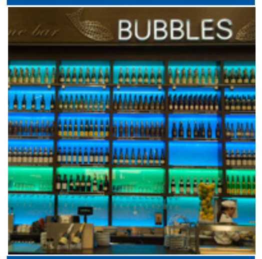
See Buy Fly

Shopping area beyond passport control intended for passengers only. 79 shops with a total area of more than 11,000 m²

Plaza

Shopping area before passport control intended for passengers, visitors and staff. 42 outlets with a total area of more than 5,300 m²

Hospitality



A wide range of bar and restaurant facilities located both before and after passport control 73 outlets with a total area of more than 17,300 m²

Other

Various services including car hire, airport lounges, banks, casinos, schiphol.nl, telecoms and the Rijksmuseum Annex

Concessions

See Buy Fly
The year 2007 saw the development of the 'Fly with everything you buy' campaign, aimed at clarifying the liquids & gels ban among consumers. This campaign was succesful, as evidenced by responses from passengers as well as revenue figures. The sealable See Buy Fly bag was certainly a contributing factor. Approved by the US Department of Transportation and Safety, this new bag was launched in April. This eliminated the time-consuming and expensive Gate Delivery system, which had been introduced in September 2006, following the ban on taking liquids and gels on board flights to the US. It meant that, although passengers to the US could make purchases, these purchases had to be handed over to the passenger at the gate in a sealed bag by a See Buy Fly employee. The new, sealable bag enables passengers to take their purchases with them immediately.

Our efforts to convince passengers that the See Buy Fly shops offer competitive prices were continued with success. The most recent survey (December 2007) shows that of all departing passengers, 56% does not regard the See Buy Fly shops as 'more expensive' than retail outlets elsewhere in the Netherlands. In December 2006, this percentage was 55%.

In July, a Swarovski Crystal shop was opened in Departure Lounge 1. The shop fits in with our new commercial strategy of including more branded shops in the See Buy Fly shopping centre. A refurbished Swarovski counter had been opened a few months earlier, in March.

New contracts were concluded with five See Buy Fly concessionaires in 2007. Two contracts were terminated.

Plaza
Schiphol Plaza underwent a complete makeover in 2007, with Nike, America Today and Liquors of the World all opening up shops. New outlets also included branches of AH to Go and Hema, a second florist (BLOEM!) and a second book shop (Libris), a Crocs shop, an aviation shop (Planes@Plaza), a Hema Take Away and a Starbucks outlet. Alderman Van Dijk of the municipality of Haarlemmermeer officially opened the renovated shopping centre in the middle of November.

In May, the Airport Business Point of Schiphol and ACompany opened its doors in Plaza. Arriving passengers can wait here in peace and comfort for their chauffeur. ACompany is a full-service organisation based at Schiphol that provides various high-quality services, including Meet & Assist, Hostess Services and guided tours.

Food service outlets
The number of food service outlets was further extended in 2007. Two more coffee corners were added, while Starbucks opened its first outlet in the Netherlands in Departure Lounge 1, followed by two more Starbucks outlets at Schiphol Plaza.

Other
July saw the opening of the Babycare Lounge. This Schiphol 'Babycare Lounge by Nutricia' provides all the facilities needed for looking after young children in a safe and comfortable environment. For example, the lounge has seven semi-transparent cabins with cots for babies to sleep in. There are baby baths, nappy-changing facilities, a microwave for heating baby food and adjustable projections to soothe the child or stimulate its senses.

Passenger wih sealable See Buy Fly-bag in Swarovski shop, Amsterdam Airport Schiphol

Babycare lounge, Amsterdam Airport Schiphol

At the end of 2007, work started on the construction of a Yotel on the intermediate floor of Departure Lounge 2. Yotel is an innovative new hotel concept: business-class rooms for an affordable price, specially developed for locations where space is scarce. The 56 rooms measure between 7 and 10 m^2. This will be the second hotel within the terminal, the Mercure Hotel being the first. Yotel will open early 2008.

The contract with ABN Amro was renewed in April for a period of ten years. The bank has eight exchange bureaus and two branches at Schiphol.

GWK Travelex opened two new exchange offices on Piers G and F in August, bringing its number of branches at the airport to four.

As regards the categories of Entertainment and Telecom, 2007 was characterised by a shrinking market. Holland Casino's revenues declined as a result of stricter access control regulations imposed by law.

Retail sales

With effect from 3 January, Schiphol Group acquired the operation of the liquor and tobacco retail outlets at Amsterdam Airport Schiphol from KLM. The two parties had concluded an agreement to this effect in 2006. Schiphol Airport Retail BV, a wholly-owned subsidiary of Schiphol Group specifically incorporated for this purpose, operates the six shops with 130 employees.

In May 2007, Schiphol Group signed a Letter of Intent with The Nuance Group to combine the operation of our liquor and tobacco shops and their chocolate shops in a joint venture. This plan was abandoned in September, because no agreement could be reached on the terms and conditions. The Nuance Group has a concession for the operation of chocolate shops in the See Buy Fly area.

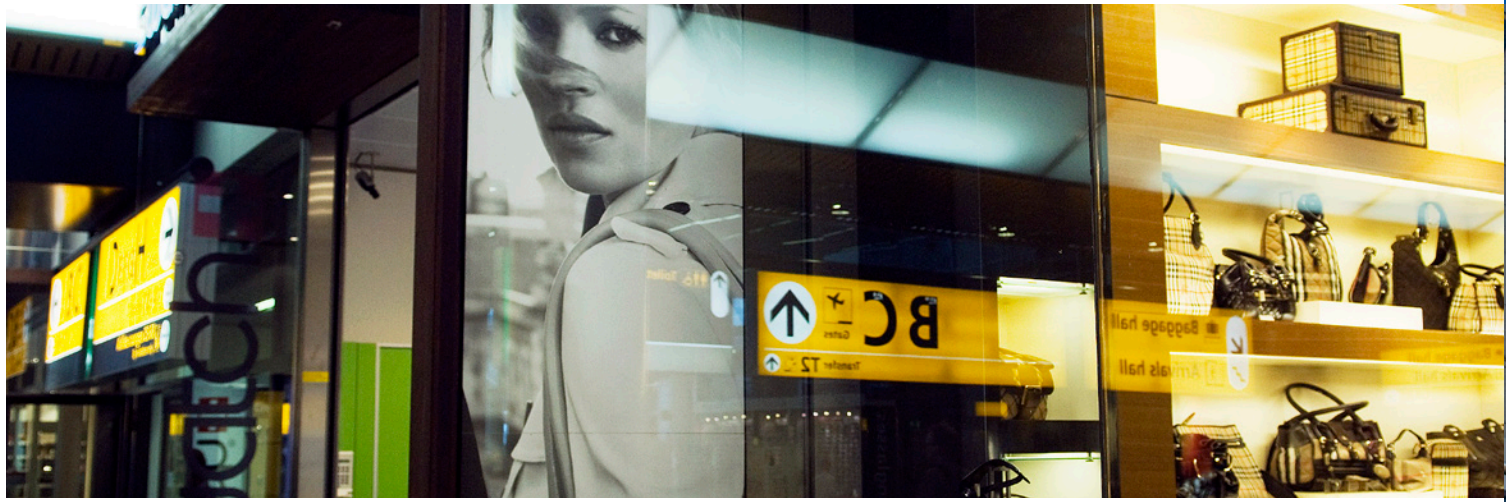
Parking

Schiphol Parking wants to encourage passengers to park their cars rather than be dropped off or picked up by others, so as to reduce the number of car movements to and from the airport. Dropping off and picking up passengers involves four car movements, whereas parking involves only two. This will help improve the accessibility of the airport. Parking should therefore become a self-evident part of a journey that starts at Amsterdam Airport Schiphol. Passengers must be able to arrange a parking space for their car when planning a journey, so that this will be no problem on the day of departure. This is why Smart Parking (for holidaymakers) and Schiphol Valet Parking (for business travellers) were introduced in 2006.

Both products are successful. Valet Parking is well used throughout the year. The success of Schiphol Smart Parking remained unchanged in 2007. By now, around 30% of parkers book their parking space at P3 (long-stay car park) in advance through the Internet. In total, 119,000 passengers (74,000 in 2006) booked their parking space online in 2007. In September 2007, the 100,000th person who booked a parking space received a personal welcome before the start of her journey.

Privium

Our Privium service programme, enabling passengers to clear passport control quickly by using an iris scan system, had 42,083 members at the end of 2007; a growth of 24% in comparison with 2006. The growth figure for 2006 was 29%. Privium was introduced at Amsterdam Airport Schiphol in 2001.



Consumers International

Guangzhou Baiyun International Airport (China)
In March, Consumers International signed a Letter of Intent with the airport of Guanghzou (China) regarding the development of commercial activities at this airport, such as retail and cafe, bar and restaurant facilities. In January 2008, this declaration was converted into a contract under which Consumers International will help Guanghzou roll out these commercial activities over a two-year period, effective from 1 April 2008.

Leifur Eirikson Air Terminal (Iceland)
In August, a Letter of Intent was signed with Leifur Eirikson Air Terminal in Keflavik (Iceland). The purpose of this LOI is to explore the possibilities for introducing a seamless travel programme – comparable to Privium at Amsterdam Airport Schiphol – in collaboration with Dartagnan, a wholly-owned subsidiary of Schiphol Group specialised in developing international registered-traveller programmes.

Arlanda Schiphol Development Company
Arlanda Schiphol Development Company – our joint venture with Sweden's Luftfartsverket – opened more new shops and food service outlets at Stockholm-Arlanda Airport in 2007. In addition, talks were initiated with our Swedish partner about a similar kind of cooperation at the airports of Göteborg and Malmö.

Saphire
Angkasa Pura Schiphol – our joint venture with Angkasa Pura II – successfully implemented the Saphire loyalty and border passage programme at the airport of Jakarta. This service programme, which is similar to Privium, now has 6,500 members. Angkasa Pura II has requested our support in developing the commercial activities in the airport's new Terminal 3.

Real Estate

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

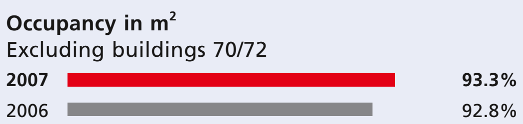
Sources of revenue: rents, including ground rents. The business area also makes a significant contribution to Schiphol Group results via other property results (sales, the fair value gains or losses on property and the lease of land).

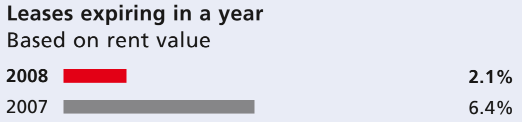
2007 highlights

- Revenue up by 14% to EUR 124 million because of more rental income and work carried out for third parties
- Strong increase in operating result because of more fair value gains
- Fair value gains on the property portfolio, mainly derived from new properties, the issue of new long lease contracts, higher occupancy and higher rental levels
- RONA after tax rises to 10.0%

Second phase The Outlook building under construction, Schiphol Centre

Key Performance Indicators



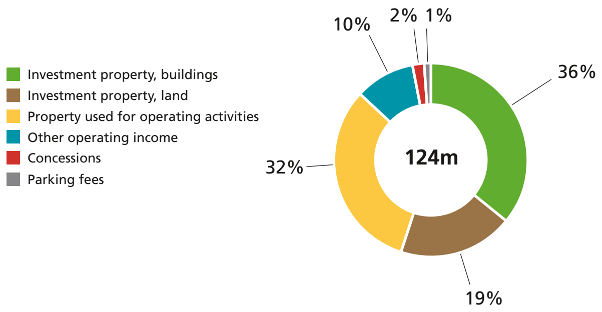


Real Estate Business Area	2007	2006	
EUR million			
Revenue	124	109	14.0%
Result on the sale of investment property	3	10	- 73.1%
Fair value gains on investment property	112	28	296.1%
Operating expenses	68	47	45.3%
EBITDA	192	120	59.6%
Operating result	171	101	69.5%
Average non-current assets	1,299	1,186	9.5%
RONA before tax	13.4%	9.0%	
RONA after tax	10.0%	6.3%	
Investments in fixed assets	109	69	59.1%

Financial performance

Real Estate posted a 13.8% increase in revenue in 2007, from EUR 109 million to EUR 124 million.

Revenue EUR million	2007	2006	%
Rents			
Investment property buildings	**46.6**	38.2	22.1%
Investment property land	**23.2**	23.4	- 1.0%
Property used for operating activities	**39.2**	38.6	1.6%
subtotal	**109.0**	100.2	8.8%
Other revenue			
Other operating income	**12.3**	5.8	112.1%
Concessions	**2.0**	2.0	1.2%
Parking fees	**1.0**	1.1	- 11.4%
subtotal	**15.3**	8.9	71.8%
Total	**124.3**	**109.1**	**13.9%**



Rental income increased by EUR 8.8 million in 2007, to EUR 109 million. This increase was caused primarily by the purchase of three existing industrial buildings and the completion of one new industrial building at Schiphol-Zuidoost. As a result, the rental income from investment property buildings rose by EUR 8.4 million in 2007, to EUR 46.6 million. The slight increase in the rental income from property used for operating activities is mainly attributable to higher occupancy levels in the terminal complex.

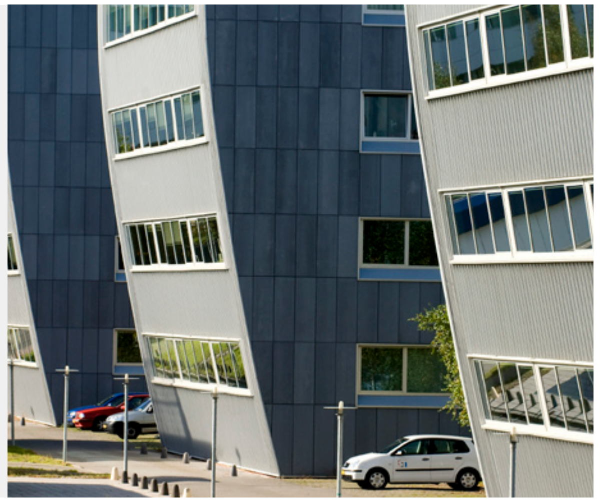
Other operating income is largely generated by providing services to tenants. The increase in this income in comparison with 2006 is primarily related to the work carried out to make premises fit for occupancy. The concession revenues relate to income based on the sales activities of tenants in our buildings. Parking fees are linked to the parking facilities forming an integral part of the buildings we let. The income from both concessions and parking fees remained virtually the same in 2007.

Most of our revenue, 95% (97% in 2006), is realised at Amsterdam Airport Schiphol, while the remaining 5% (3% in 2006) is generated by our regional and international locations.

Other income from property EUR million	2007	2006	%
Result on sales of property	**3**	10	- 73%
Fair value gains and losses on property	**112**	28	296%
Total other income from property	**115**	**38**	**202.6%**

The Outlook building under construction, Schiphol Centre

Tristar building, Schiphol-Oost



Sales of property yielded a profit of EUR 3 million (EUR 10 million in 2006). This concerns the sale of the Flight Square office building in Eindhoven. The fair value gains on the investment property in 2007 amounted to EUR 112 million (EUR 28 million in 2006). The purchase and completion of new property and the granting of new long leases, in combination with higher occupancy and better rental contracts of newly-concluded lease contracts, were responsible for the substantial appreciation of our property portfolio by EUR 67 million. In addition, a fall in the yield caused an additional appreciation by EUR 45 million (including a higher valuation of the office complex WTC Phase II). The operating expenses rose by 45.3% in 2007, from EUR 47 million to EUR 68 million. Of this EUR 21 million increase, EUR 9 million relates to outsourced work carried out for tenants. Another EUR 5 million concerns additional costs incurred to improve the quality of the portfolio, among other things preparing lettable property, as well as marketing and major maintenance work. Finally, a goodwill impairment of EUR 4.0 million was made in relation to land positions in Italy.

The operating result for 2007 was up by 69.5%, from EUR 101 million to EUR 171 million. Of this increase, EUR 77 million can be attributed to the fair value gains on property and the result on property sales. Excluding these results, the operating result for 2007 amounts to EUR 56 million (EUR 63 million in 2006).

The RONA after tax, including fair value gains and losses on investment property and the share in results of associates, rose in 2007 from 6.2% to 10.0%. This is because of the aforementioned fair value gain on the property portfolio. Investments in fixed assets amounted to EUR 109 million in 2007 (EUR 69 million in 2006), an increase of 59% (38% in 2006). The principal investments in 2007 at Amsterdam Airport Schiphol (EUR 99 million) concerned the construction of the multi-tenant office building The Outlook at Schiphol-Centrum (on the site of the former P22 parking lot) with a total floor area of 32,000 m^2, the purchase of three cargo buildings at Schiphol-Zuid and the completion of Cargo terminal 9 at Cargo World Schiphol-Zuidoost, measuring 24,600 m^2 in industrial space and 6,400 m^2 in office space. This industrial space (together with the office space) has been let to three cargo handling agents.

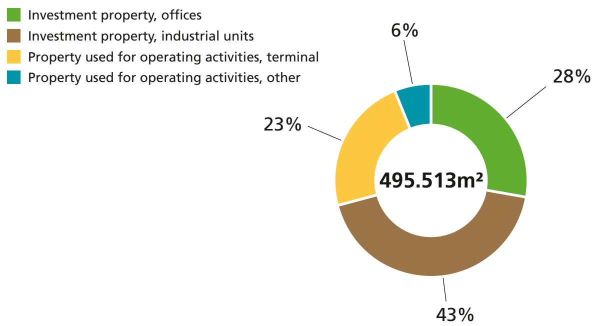
Size of property portfolio

The purchase and completion of a number of large properties caused a 16% increase in the total size of our property portfolio in 2007 (-1.1% in 2006), from 427,297 m^2 to 495,513 m^2 (these measurements include the property owned by associates, in proportion to our interest). Out of the total portfolio, 90% is located at Amsterdam Airport Schiphol (no change in comparison with 2006), 4% at and around the regional airports of Rotterdam and Eindhoven (6% in 2006) and 6% in Italy (4% in 2006).

Amsterdam Airport Schiphol – Four industrial Buildings were added to the property portfolio at Amsterdam Airport Schiphol in 2007. Cargo terminal 9 was completed at Schiphol-Zuidoost, while three cargo buildings were purchased at Schiphol-Zuid.

Eindhoven – In 2007, the Flight Square building at the location Flight Forum in Eindhoven was sold.

International – A second industrial building was completed in 2007 at Avioport Logistics Park near Malpensa Airport (Milan) in Italy, measuring 12,000 m². The building is fully leased, which caused a rise in the occupancy level of our investment property at this site from 86% to 92%. Building activities on the third and final part commenced in 2007.



Occupancy

At 88.1%, the occupancy level of the buildings of the Real Estate business area at the end of 2007 was higher than at the end of 2006 (86.9%). Excluding Buildings 70 and 72 (two properties that are to be demolished and for whose tenants new premises are being sought), the occupancy level rose by 0.5 percentage points, from 92.8% to 93.3%.

Year-end (excluding buildings 70/72)	2007	2006	Difference in % points
Investment property, offices	**94,0%**	86,8%	7,2%
Investment property, industrial buildings	**90,4%**	96,7%	-6,3%
Property for operating activities	**98,7%**	99,1%	-0,4%
Property for operating activities, terminal	**95,7%**	93,2%	2,5%
Total for business area	**93,3%**	92,8%	0,5%
Including buildings 70/72	**88,1%**	86,9%	1,2%

The lower occupancy level of the industrial buildings is mainly attributable to the redemption of the lease for Cargo terminal 11. At the end of 2007, this industrial building was ready for letting. The improved occupancy of the offices (primarily the WTC Building) and the terminal resulted in the higher total occupancy level in comparison with year-end 2006.

In 2008, 2.1% of the leases will expire (6.4% in 2007). In the year under review, 66% of the expiring leases were renewed. The remaining 34% of premises were leased to new parties at higher rental levels.

Investment property

Our investment property (including the 50% interest in the ACRE Fund and investments in other associates on a pro rata basis) comprises offices, industrial buildings and land at and around Amsterdam Airport Schiphol and the airports of Rotterdam, Eindhoven and Malpensa (Italy). We are independently responsible for the management of the properties in these portfolios. At the end of 2007, the investment property accounted for 64% of our total asset base (54% in 2006). The market value of these investments as at year-end 2007 amounted to EUR 888 million, compared with EUR 660 million at the end of 2006. The average market value in 2007 was EUR 782 million (EUR 660 million in 20061). RONA before tax amounts to 20.9% (14.1% in 2006). The improvement in the RONA was brought about by the improvement in the overall result (direct and indirect result), which was stronger in relative terms than the increase in the average asset base.

Assets under construction or development

The assets under construction or development are intended either as future investment property or as property used for operating activities. This category comprises commercial development sites and property under construction. These assets tie up capital for

Cargo terminal 5 (acquired in 2007), Schiphol-Zuid

Cargo terminal 9, Schiphol-Zuidoost

the duration of the development period. As in 2006, the return on these assets was negative in 2007, owing to associated operating expenses, such as costs associated with planning procedures and surveys (which cannot be capitalised). From the moment of completion of the buildings concerned, however, such assets make a positive contribution to the RONA (in the form of fair value gains), which will be reflected in the return on the investment property portfolio. The assets under construction or development are carried at cost. The total net lettable area (NLA) completed in 2007 measures 60,781 m² (43,972 m² NLA in industrial space and 16,809 m² NLA in office space.

As at year-end 2007, the total carrying amount of the assets under construction and development was approximately EUR 160 million (EUR 171 million in 2006). The average carrying amount was EUR 165 million (EUR 147 million in 2006). The approved and current projects as at year-end 2007 are shown in the following table.

In 2007, work started on the development of a cargo terminal (approximately 12,000 m² NLA) at Schiphol-Zuidoost. By now, all of this building has been pre-leased.

Analyse of Returns

EUR million	2007			2006		
	RONA	Average asset base incl. FVG	Operating result incl. FVG	RONA	Average asset base [1]	Operating result incl. FVG
Investment property*	20.9%	782	164	14.1%	660	93
Assets under construction or development**	- 1.9%	165	-3	- 1.9%	146	- 3
Assets used for operating activities**	11.5%	272	31	9.1%	299	27
Total fixed assets	15.7%	1,219	192	10.6%	1,105	118
Other assets (including overhead and allocations)**	- 26.0%	80	-21	- 20.6%	81	- 17
RONA before tax	13.2%	1,299	171	8.5%	1,186	101
RONA after tax	9.3%			6.0%		
Share in results of associates		note***	3		note***	6
RONA before tax, including associates	13.4%	1,299	174	9.0%	1,186	107
RONA after tax, including associates	10.0%			6.3%		

* *Recognised at market value*
** *Recognised at the lower of cost or market value*
*** *Assets owned by associates are shown under "Other assets"*
FVG = fair value gains and losses on investment property

[1] *The figures for 2006 have been restated for comparison purposes.*

Approved and current projects

Location	Category	Total NLA in m²	Total NLA pro rata to our interest in m²	Pre-leased %	Estimated investment in EUR millions	Expected completion date
Schiphol-Centre	Office	16,500	16,500	0%	43	Q3 2008
Schiphol-Oost	Office	11,000	11,000	55%	16	Q2 2009
Schiphol-Oost	Office	11,000	11,000	100%	19	Q3 2009
Schiphol-Zuidoost	Industrial	12,000	12,000	100%	18	Q1 2009
Malpensa, Italy	Office	3,500	2,450	0%	5	Q1 2008
Malpensa, Italy	Office	8,200	5,740	0%	11	Q1 2008
Malpensa, Italy	Industrial	12,500	8,750	0%	10	Q4 2008
Total		**74,700**	**67,440**		**122**	

Building work on the third part of a new commercial building at Avioport Logistics Park, near Malpensa Airport, also began in 2007. When added to the construction of two office buildings commenced in 2006, this means that a total of approximately 24,200 m² NLA was being developed in Italy by the end of 2007. At the end of 2007, our development portfolio contained 74,700 m² NLA in assets under construction our development.

Assets used for operating activities

The category of assets used for operating activities includes the office space in the terminal building which we manage and operate (terminal rental) as well as Schiphol Group head office and a number of industrial buildings located on sites to be purchased for future operational use (other).

In the Amsterdam Airport Schiphol terminal building offices are leased to airlines and companies with airport-related activities. We manage and operate these offices.

The improvement in the return on these activities in relation to 2006 is mainly attributable to a higher return on the terminal complex, in particular because of a higher occupancy level and lower operating expenses, in combination with a lower average book value. These assets are carried at historical cost less depreciation.

Compared with the return on the investment property (carried at market value), the return on the terminal complex remains relatively low. Letting spaces in the terminal is characterised by relatively high operating expenses.

The above assets represented an average carrying amount of EUR 272 million in 2007 (EUR 299 million in 2006) and generated a RONA before tax of 11.5% in 2007 (9.1% in 2006).

Other assets

Apart from investment property we have investments in various associates, which are carried at net asset value. These include a minority interest in the investment activities of Tradeport Hong Kong Limited, a joint venture between Schiphol Real Estate, Fraport, China National Aviation Company Limited and Hong Kong Land Investment Limited. In 2007, the operation of the Tradeport Hong Kong logistics centre did not perform as well as expected.

A Letter of Intent has been signed with the Chinese company Chinamex as regards the development of a Chinese trade and exhibition centre near Amsterdam Airport Schiphol. This centre is meant to accommodate 1,000 to 1,500 Chinese businesses that want to use the centre as a base for selling their products to buyers from the European Union. Schiphol and ING Real Estate both have a 15% stake in this joint venture.

Our share in the results of associates (2007: EUR 2.7 million) is lower than the figure for the preceding year (EUR 4.2 million in 2006), partly because less land was released in the Flight Forum Business Park.

Also included in the category of other assets are the infrastructure assets directly attributable to the activities of the Real Estate business area, including associated operating expenses and other Schiphol Group overheads (and including the separate Real Estate business area overhead). The 'other assets category', with an average asset base of EUR 80 million (EUR 81 million in 2006), therefore generates a negative result, which in turn reduces the RONA of the Real Estate business area.

Alliances & Participations

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

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

Brisbane Airport

2007 highlights

- Rotterdam Airport taking shape as a business airport
- Eindhoven Airport again displayed strong growth
- Number of passengers using Terminal 4 of JFK Airport up by 16%
- Brisbane contributes over EUR 14 million to group result before tax
- Turnaround at Aruba, decreasing become increasing passenger numbers

Key Performance Indicators

Rotterdam Airport
Passengers x 1,000

2007	**1,093**
2006	1,077
2005	1,043
2004	1,135
2003	617

Brisbane Airport (Australia)
Passengers x 1,000

2007	**18,022**
2006	16,772
2005	15,947
2004	15,093
2003	12,843

Eindhoven Airport
Passengers x 1,000

2007	**1,544**
2006	1,144
2005	946
2004	694
2003	423

JFK IAT, New York (USA)
Passengers x 1,000

2007	**8,897**
2006	7,701
2005	6,577
2004	6,184
2003	4,644

Alliances & Participations Business Area	2007	2006	
EUR million			
Revenue	71	66	7.3%
Fair value gains on investment property	- 0.4	0.3	
Operating expenses	61	61	0.5%
EBITDA	20	17	18.6%
Operating result	10	6	66.7%
Average non-current assets	187	185	0.9%
RONA before tax	12.4%	9.0%	
RONA after tax	9.8%	6.5%	
Investments in fixed assets	10	6	81.4%

Financial performance

The revenue of the Alliances & Participations business area went up by 7.3% in 2007 (4.3% in 2006): from EUR 66.2 million to EUR 71.0 million. The principal sources of income are the airport charges at the airports at Rotterdam and Eindhoven and the revenue from other activities, the latter item being largely made up of revenue reported by Schiphol Telematics and Utilities.

EUR million	2007	2006	%
Airport charges	**26.9**	24.7	8.9%
Concessions	**2.3**	2.1	9.3%
Rents	**2.5**	2.2	10.7%
Parking fees	**8.5**	6.3	35.4%
Other activities	**30.8**	30.9	- 0.3%
Total	**71.0**	**66.2**	**7.3%**

EBITDA for 2007 went up by 18.6%, from EUR 16.9 million to EUR 20.0 million. The operating result for 2007 increased by 66.7%, from EUR 5.7 million to EUR 9.4 million. The greater part of the results on our investments in the associated airports of Brisbane and JFK New York is accounted for as share in results and as financial income, together amounting to EUR 13.8 million (EUR 10.9 million in 2006). This income is therefore not included in EBITDA and operating result.

2007 EUR 1,000	Airports in the Netherlands	Airports in other countries	Other investments	Allocation	Total
Revenue	44,452	2,723	22,945	904	**71,024**
Operating result	7,077	- 1,223	7,334	- 3,762	**9,426**
Share in results, interest income and results on other investments	–	14,695	-848	–	**13,847**
Total	**7,077**	**13,472**	**6,486**	**- 3,762**	**23,273**
Average asset base (excluding deferred tax)	**71,951**	**62,096**	**49,975**	**3,302**	**187,325**
RONA after tax [1]	**7.30%**	**18.10%**	**9.70%**	**–**	**9.80%**

2006	Airports in the Netherlands	Airports in other countries	Other investments	Allocation	Total
Revenue	39,198	2,574	23,571	874	**66,217**
Operating result	5,467	- 1,512	4,688	-2,990	**5,653**
Share in results, interest income and results on other investments	–	11,480	-566	–	10,914
Total	**5,467**	**9,968**	**4,122**	**- 2,990**	**16.567**
Average asset base (excluding deferred tax)	**70,782**	**59,878**	**48,132**	**6,235**	**185,027**
RONA after tax [1]	**5.40%**	**12.90%**	**6.00%**	**–**	**6.50%**

[1] *RONA after tax, including fair value gains and losses and including share in results, interest income and results on other investments.*

Rotterdam Airport

Lelystad Airport

Airports in the Netherlands

EUR 1,000	Rotterdam	Eindhoven	Lelystad	Total
Revenue	24,601	17,087	2,764	**44,452**
Operating result	4,125	3,352	- 400	**7,077**
Asset base as at year-end 2007	19,354	43,212	8,987	**71,553**

Airports in the Netherlands

Rotterdam Airport
Rotterdam Airport received EUR 16.2 million in airport charges in 2007 (EUR 15.2 million in 2006), an increase of 6.2% (12.4% in 2006). The operating result rose by 80.4% to EUR 4.1 million (EUR 2.3 million in 2006). An increase in revenue by EUR 2.4 million and operating expenses that remained virtually the same are responsible for the improvement in the operating result.

For the fourth year in a row, the number of passengers using Rotterdam Airport exceeded 1 million. In 2007, passenger numbers rose by 1.5% (3.2% in 2006), from 1,077,114 to 1,093,095. The number of air transport movements went up by 2.0% in 2007 (2.4% in 2006), from 15,928 to 16,243.

In anticipation of the procedure to increase the noise capacity, which started in 2005 but was not yet completed in 2007, the Ministry of Transport, Public Works & Water Management established a temporary noise zone for 2007 and 2008 that offers sufficient guarantees for further growth in 2008. The arrangements made in 2006 with the City of Rotterdam about developing Rotterdam Airport as a business airport are taking shape. In 2007, scheduled services to two new destinations (Milan Malpensa and Manchester) were added to the timetable. The number of business travellers rose by 3.1%, while the number of leisure travellers remained virtually the same. Eventually, the number of European destinations served by scheduled flights should be up by 25 in 2020.

During the summer, the first phase was carried out of the renovation of Runway 06-24. The second and final phase will be implemented in 2008. The total renovation costs will be EUR 4.3 million.

Eindhoven Airport
Eindhoven Airport received EUR 10.0 million in airport charges in 2007 (EUR 8.8 million in 2006), an increase of 13.8% (10.6% in 2006). The operating result fell by 7.7% in 2007 (against a 85.6% rise in 2006), from EUR 3.6 million to EUR 3.4 million.

This decrease is primarily due to the fair value losses on property in 2007, amounting to EUR 0.6 million (nil in 2006). As in previous years, Eindhoven Airport again displayed strong growth in 2007. Passenger numbers rose from 1,143,557 to 1,544,098, an increase of 35.0% (20.9% in 2006). The airport owes this growth to the increased number of flights by Ryanair, Wizzair, Iceland Express and OLT, and to the objective of the South-East Brabant region to develop into the Brain Port of the Netherlands. The aim is to grow to three million passengers in the coming five years. In order to do so, however, the support and cooperation from the local community will be essential.

The number of air transport movements went up by 21.2% in 2007, from 11,116 to 13,470. Half of the number of air transport movements at Eindhoven Airport are carried out by low-cost airlines. In 2007, direct flights to five new destinations were added to the timetable: Hamburg, Katowice, Reykjavik, Valencia and Stockholm. This has brought the total number of destinations served by direct flights to 20.

Investments in fixed assets by Eindhoven Airport totalled EUR 1.5 million in 2007, involving aspects such as the extension of the number of parking spaces, security and adjustments to the terminal and the apron.

Lelystad Airport
Lelystad Airport recorded an operating loss of EUR 0.4 million in 2007 (against a loss of EUR 0.5 million in 2006). The number of air transport movements went up by 1.7% (9.1% in 2006), from 114,619 to 116,519.

A decision of the Council of State has delayed the expansion plans of Lelystad Airport by at least a year. Whereas the Minister of Transport, Public Works & Water Management was expected to issue an airport operations ruling in the course of 2007 approving the extension of the runway, the Council of State overturned the amending order, because the ministries had paid insufficient attention to the overall development of Lelystad Airport into a business airport. This means that a new airport operations ruling procedure must be started, which should assess the overall development of the airport in the period 1991-2015 in a comprehensive environmental impact assesment. The planned expansion receives wide support from the region around the airport. On 1 November, the provincial authorities, the municipality of Lelystad, Schiphol Group and Lelystad Airport signed a covenant about the development of the airport. In this context, the parties agreed to strive to move 10,000 flights not tied to the main port from Amsterdam Airport Schiphol to Lelystad Airport in 2010.

Airports in other countries

Brisbane
Via Schiphol Australia we have an interest of 15.6% in Brisbane Airport Corporation Holdings (BACH). During the financial year 2006-2007, Brisbane Airport's pre-tax profit increased by 11.2% (18.9% in 2005-2006), to EUR 84 million (EUR 76 million in 2005-2006). In 2007, we received EUR 7.8 million (EUR 4.6 million in 2006) as our share in the results. In addition, we received EUR 4.6 million in interest income in 2007 (EUR 5.5 million in 2006) and a further EUR 1.7 million (EUR 1.6 million in 2006) was received in respect of Intellectual Property, presented under the heading 'Other operating income'. The total of EUR 14.1 million excludes the fair value gain on our interest in the airport.

In the last ten years, Brisbane has been the fastest-growing airport in Australia, recording a 6.8% increase in passenger numbers in 2007, to 18.0 million. At present work is in progress on various extensions, all of which are part of an overall AUD 2 billion investment programme for the coming five years. Brisbane wants to realise its growth in harmony with its surroundings. All extensions are carried out in such a way as to minimise the negative impact on the environment.

In 2007, the plans for the construction of a new runway (AUD 1 billion) were approved after a three-year period of environmental surveys and consultations with the local community. Brisbane Airport partly owes this prompt approval to the wide local support.

JFK New York – USA
Schiphol USA has a 40% interest in the joint venture

JFK IAT, which operates Terminal 4 at New York's JFK Airport. JFK IAT saw the number of passengers using Terminal 4 grow from 7.7 million to 8.9 million, an increase of 15.5% (17.1% in 2006). The number of air transport movements went up by 19.4% (18.6% in 2006), from 45,789 to 54,659. There were two factors behind the growth in passenger numbers and air transport movements. The first was that ten new airlines began using Terminal 4 and the second was an increase in the number of flights by existing airlines.

In order to accommodate the growing number of passengers, three additional passenger bridges and two additional bus gates were installed in 2007. At the end of 2007, 46 airlines were using Terminal 4. The dividend produced a figure of EUR 2.0 million (EUR 1.2 million in 2006) for our share in the result of this associate.

Aruba
From Aruba Airport Authority (with which the alliance was renewed in January 2008 until the end of 2012) we received EUR 0.5 million in management fees (EUR 0.5 million in 2006). The income is presented under the heading 'Other'.

The drop in passenger numbers of recent years has been curbed. In 2007 passenger numbers went up by 10%, to 1.8 million. This is the highest number ever of passengers using the airport. The number of air transport movements increased as well, by 8.1% to 35,774.

In order to meet the international safety requirements, runway end safety areas are being constructed. While this work is being carried out, another 60 metres will be added to Aruba Airport's runway. The approach lights will also be extended. The activities – at a cost of over EUR 5 million – should be completed by June 2008. November saw the opening of a renovated shopping area, the Main Concession Mall. Refurbishment work had started in 2006. The total cost amounted to EUR 1.3 million. The contracts with the concessionaires were renewed. Expectations are that income from this segment will greatly increase in the coming years. The baggage hall was renovated in 2007 and should be capable of handling three times as much baggage in 2008.

Other investments

Schiphol Telematics
Schiphol Telematics (ST) is a specialised telecom service provider for voice, data and Internet through mobile networks and which became a wholly-owned subsidiary in 2006.

The operating result in 2007 stabilised in relation to 2006 at EUR 4.4 million. Both revenue and costs increased by EUR 2.5 million.

Amsterdam Airport Schiphol is one of ST's principal 'customers'. At Schiphol, ST manages the largest wireless corporate network of the Netherlands. In 2007, the coverage of this network doubled to nearly 500,000 m^2. The wifi network can be used on the aprons and the perimeter roads, in the baggage basements of the terminal, in the arrival and departure halls, on all the piers, in the departure lounges, at Schiphol Plaza and on the Panorama Terrace. This network enables the airport-based companies to organise their processes even more efficiently, while providing passengers with wireless Internet access nearly everywhere in the terminal. Apart from Amsterdam Airport Schiphol, there are more than 400 other companies which procure telecom services from ST.

Dartagnan
Dartagnan BV, a wholly-owned Schiphol Group subsidiary, recorded a loss of EUR 0.4 million in 2007 (against a loss of EUR 0.9 million in 2006). The company is specialised in supplying biometric identification technology solutions for employee access control and automated border passage. Dartagnan developed the technical applications for our Privium service programme at Amsterdam Airport Schiphol and the Saphire programme in Indonesia (see the section on the Consumers business area).

Terminal 4, JFK Airport, New York

In November, following our selection via an EU-wide tender, we supplied a security system for the head office of an EU body in Poland. Further system extensions for this client are to be expected. In addition, various other projects were carried out in 2007 at banks, institutes and government authorities.

With regard to border passage, we further reinforced our position as the main player in the development of international registered-traveller programmes. We expect to start a Trans-Atlantic pilot project in collaboration with the Dutch and American authorities by the middle of 2008, a project that is at present unique in Europe. The programme is meant to offer travellers at Amsterdam Airport Schiphol, JFK Terminal 4, Houston and Washington accelerated border and security control facilities. It has been approved by the European Commission and creates further growth opportunities for Dartagnan in Europe. We hope to conclude a number of contracts with some other European airports in 2008 regarding the implementation of so-called registered-traveller programmes such as Privium.

Airport border control and security operations, matters that concern all areas of our business, will continue to play an increasingly important role. Through Dartagnan we remain closely involved in these developments and have an important international expertise centre in this area.

Utilities
Utilities covers the revenue generated from the transport of electricity, gas and the supply of water to third parties. The operating result reported for Utilities in 2007 went up by 178%, to EUR 3.2 million. This increase is attributable in particular to lower purchase costs for gas and electricity. Owing to the relatively cool summer and warm winter, both electricity and gas consumption was down by 2% and 6% respectively relative to 2006. The costs of energy purchases fell by 2% in 2007 in comparison with 2006. Amsterdam Airport Schiphol, as a electricity whole-sale consumer, joined the ENDEX energy exchange in December. We are happy to leave the trading to an Executing Broker.

Airports in other countries

EUR 1,000	Brisbane	JFK IAT, New York (USA)	Vienna	Other	Total
Net revenue	1,689	–	–	1,034	**2,723**
Operating result	1,689	–	–	- 2,912	**- 1,223**
Share in results, interest income and results on other investments	12,378	1,970	347	–	**14,695**
Total	**14,067**	**1,970**	**347**	**- 2,912**	13,472
Asset base as at year-end 2007	46,180	–	16,590	80	**62,850**

Other investments

EUR 1,000	Schiphol Telematics	Dartagnan	Utilities	Other	Total
Revenue	12,442	617	8,327	1,559	**22,945**
Operating result	4,404	- 358	3,244	44	**7,334**
Share in results, interest income and results on other investments	–	–	–	- 848	**- 848**
Total	**4,404**	**- 358**	**3,244**	**- 804**	**6,486**
Asset base as at year-end 2007	17,734	11	24,396	8,376	**50,517**

Snow simulator training, National Aerospace Laboratory, Amsterdam

Business Risks

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

The philosophy underpinning our risk management policy is that:

1. the Board of Management and managers are responsible for developing and testing the operation of internal risk management and control systems which are aimed at identifying significant risks, monitoring the achievement of objectives and safeguarding compliance with the relevant statutory rules and regulations;
2. effective internal risk management and control systems reduce the probability of mistakes, of making incorrect decisions and of surprises due to unforeseen circumstances;
3. risk-taking is vital to a thriving enterprise, with the Board of Management bearing ultimate responsibility for determining the maximum acceptable level of risk.

The risks potentially affecting the achievement of objectives are identified as thoroughly as possible. The most significant strategic, operational, financial and compliance risks are itemised below, together with an indication of their relevance to the various Schiphol Group business areas or Schiphol Group as a whole.

Amongst other things, these risks should be taken into account when evaluating any forward-looking statements contained in other parts of this annual report.

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

Strategic risks	Risk management action
A. Risk associated with the political decision to postpone privatisation	
Privatisation (in the form of stock market listing) is, we believe, crucial to the successful implementation of our growth strategy. A listing: ■ will give us access to the capital market to finance capital expenditure programmes and acquisitions while maintaining a prudent financial structure; ■ will subject us to the scrutiny of the capital market, leading to greater transparency and greater scope for benchmarking with competitors; ■ will create a level playing field for us on which to compete with our immediate rivals, which are all privatised and listed companies; ■ will enhance the perception of a favourable investment climate, attracting new businesses and therefore strengthening Schiphol's main-port function; ■ will increase our ability to attract and retain talented employees at all levels.	The decision to privatise Schiphol Group is in the hands of the shareholders. Besides making the necessary preparations in anticipation of such a decision, we can do little more than keep trying to convince those involved of the need for privatisation.
B. Risk associated with political uncertainty with regard to the realisation of the airport's planned growth	
The present government supports our ambition to accommodate a greater number of flights per annum subject to certain conditions. This will require an amendment of the existing statutory rules and regulations. Political willingness to make these amendments will depend partly on the level of local support for expansion. It is also uncertain whether the conditions that may be imposed on further growth will be in line with our strategic plans. These conditions will determine the manner and the timing of any permitted further growth and the associated investments.	We participate in the various consultative bodies concerned with this matter (CROS, BRS, the Alders platform). The environmental impact assessment for the short term, which we commissioned in 2007 together with LVNL, has resulted in a draft Airport Traffic Ruling under which the airport can expand to 480,000 air transport movements by 2010. The Lower House will decide on this early in 2008. In addition, an environmental impact assessment is being prepared for the medium term (2018-2020), based on which a decision will be made about any further sustainable growth of the airport. In the first half of 2008, the Alders platform will issue a recommendation on this subject to the ministers of Transport, Public Works & Water Management and Housing, Spatial Planning & the Environment. Support for further development of the airport is fostered by, amongst others, a constructive dialogue and better communication with local residents. In 2007, this resulted in the signing of the Disturbance-Reducing Measures Covenant and the Quality of Life Covenant, among other things. The BAS Foundation, a collaborative entity set up in 2007 between Schiphol Group and the LVNL, is responsible for recording and following up on noise complaints. Finally, Schiphol Group made one-off financial contributions in 2006 for the alleviation of 'distressing cases' among residents living in Amsterdam Airport Schiphol's environs suffering from aircraft noise and for land-scaping projects in the vicinity of the airport.
C. Risk associated with large (unexpected) changes in demand	
The risk of unexpected changes in the demand for our services could result in either under capacity or overcapacity. Such changes could be brought about by political, economic, regulatory, competitive or environmental developments or by developments in the aviation industry itself. Examples of such developments include the Air Passenger Tax, the launch of the Airbus A380, the 'open skies' treaty with the United States, but also terrorist attacks. Additionally, developments surrounding Air France-KLM's hub concept have a major impact on our overall activities.	To manage these risks we use short-term and long-term scenarios of the demand for our services and the matching capacity, coupled with stringent investment approval procedures. Furthermore, we maintain intensive contact with the airlines about their future plans (with regard to their fleet and network, among other things) and with the government in respect of legislation. Risk management actions regarding the environment are discussed under risks B and M, and actions in respect of terrorism under risk F. Air France has provided the Dutch government and KLM with guarantees up to the year 2012 concerning the position of Amsterdam Airport Schiphol as a hub airport.
D. Risk associated with material, long-term contracts	
Major investments will be required in the years ahead, particularly in baggage handling systems, security, the terminal, infrastructure and the property portfolio, investments which involve material, long-term contracts. Changes in the statutory rules and regulations, project delays, technological developments and developments in the aviation industry could all affect the magnitude of these investments.	We manage these risks by using medium-term scenario-based planning and by imposing stringent requirements with regard to the preparation of investment decisions. We try to limit the scope of investments by implementing a combination of innovative concepts. Professional project management by a specialised business unit oversees all major investment projects to ensure timely and cost-efficient completion.
E. Risk associated with international expansion	
Our business strategy is based partly on rolling out the AirportCity formula in other countries. A thorough knowledge of local conditions is vital to the success of this endeavour, as is the internal coordination of the various activities.	Economic, political and legal risks relating to international activities are managed through intensive involvement in these activities by members of Schiphol Group line and functional staff and through the production of management reports on our international activities. In principle, the services of local advisors are used as well.

Operational risks	Risk management action
F. Risk associated with insufficient safety and security	
A safety or security failure (including a failure of information) increases the risk of accidents, transmission of infectious diseases or terrorist attacks. Any such event could have serious repercussions for people and could disrupt our operations for some considerable time. The concentration of a large share of our activities in one location (Amsterdam Airport Schiphol) works to our disadvantage in this regard.	There are extensive risk management procedures in place relating to safety and security and we have formal security management systems to monitor compliance with procedures. We apply a systematic approach to the implementation of the rapidly changing statutory rules and regulations regarding safety and security, working closely together with the various authorities. We are currently working on the accelerated introduction of 100% staff security checks. Pursuant to the Minister's decision, this measure will have to be in place by 15 February 2008. The 100% security check already applies to passengers.
G. Risk associated with unexpected business interruptions	
Our operations are exposed to the risks of fire, flood, extreme weather, power failure, failure in automated systems, technical breakdown and explosion. Any such emergency as well as the resulting legal implications could have a serious impact on our operations, our results and our prospects.	We systematically keep our systems and procedures up-to-date with respect to these risks, including our corporate emergency plan. Where necessary, we make the appropriate investments, for example in backup systems. Furthermore, we carry insurance to protect us from the financial consequences of such emergencies.
H. Risk associated with dependence on third parties	
The smooth operation of an airport depends to a large extent on the efforts of third parties, such as air traffic control (use of the runway system), airlines (decisions with regard to destinations served), baggage handlers, central government and national authorities (changes in legislation), local government (e.g. for planning approvals that will affect airport access and property development) and Customs and the Dutch Border Police (Koninklijke Marechaussee) (e.g. staffing at peak times).	We are not responsible for the activities of these various parties and have only limited influence on them. Against this back-ground we are constantly working to ensure that agreements and covenants with these parties are kept up-to-date and to foster good relations.
I. Risk associated with failure to have the right people in key positions plus poor labour relations	
In our ability to achieve our objectives, an important factor for success is that we are able to have the right people in the right places in the organisation, both nationally and internationally, now and in the future. If we fail to do so to a sufficient extent, there is a risk that know-how will be lost, the operations will be disrupted or productivity will drop.	We are constantly working to nurture good labour relations and to recruit and retain, train and develop key managers. Important aspects of this endeavour are succession planning and an active labour market policy. Periodic satisfaction measurements and staff performance assessments provide important information in this respect.

Financial risks	Risk management action
J. Risk associated with insufficient insurance coverage	
Due to a lack of providers, the insurance market for airports is not particularly competitive. Therefore it could be difficult for us to obtain adequate insurance cover in the future at terms comparable to those of current contracts. This is especially true of the terrorism risk, which for Amsterdam Airport Schiphol is currently largely covered by the Dutch government. The relevant contract is still waiting to be cleared by the European Union. If approval is not given, we may be unable to insure terrorism risk elsewhere.	It is our policy in principle to insure all risks that can be insured on reasonable terms, including business interruptions. For each policy taken out, an evaluation is made of the acceptable level of deductible, depending on the associated saving in the premium.
K. Risk associated with funding of post-retirement benefit obligations	
Pension arrangements for the majority of our staff are insured with ABP. We (together with the employees themselves) are liable for the risk associated with the funding of the post-retirement benefit obligations (according to a defined benefit scheme). The amount of these liabilities depends to some extent on developments largely - and sometimes entirely - outside our control. Examples of such developments include regulations on funding ratios and the size of the return achieved on plan assets.	The ABP pension scheme does not provide for the possibility for members to make compulsory top-up payments into the pension fund. As far as we are concerned, therefore, the effect of underfunding is limited to changes in the amount of the contributions payable in the future, depending on the financial position of the pension fund, current and expected. More detailed information on this subject is given on page 164 of the financial statements. We have no intention to change over to a defined contribution scheme.
L. Market risk, credit risk and liquidity risk	
Due to the nature of our activities, we are dealing with a variety of financial risks: market risk (including price risk), credit risk and liquidity risk.	For a more detailed description and quantification of the market risk, credit risk and liquidity risk and the actions taken to manage those risks, reference is made to page 113 of the financial statements.

Compliance risks	Risk management action
M. Risk associated with non-compliance with noise and environmental standards	
Our activities, both in relation to aviation and with regard to property development, have to meet certain noise and environmental standards. There is a whole raft of national and international regulations, the drafting of which lies mostly outside our sphere of influence. These regulations in many cases effectively place restrictions on the conduct of our business. Breaches of the standards could result in sanctions with adverse financial and operational consequences.	We work closely with project teams in these fields in order to ensure that we continue to abide by the various statutory rules and regulations. We cultivate good working relations with the regulatory authorities to optimise the scope for development wherever possible. With regard to Amsterdam Airport Schiphol, we advocate the introduction of quieter aircraft and selective admission of night time operations in order to stay within the pre-set environmental restrictions. This is accomplished through, amongst other things, differentiated fees and operational measures.
N. Risk associated with economic regulation of Aviation and Security activities	
Our Aviation and Security activities at Amsterdam Airport Schiphol are regulated. Among other things, this means that the return we are permitted to generate on these activities is capped, and that changes in airport charges can only be implemented after consultation with the industry. The industry has the right to lodge objections with the Netherlands Competition Authority (NMa), which will then assess whether the charges have been arrived at in accordance with the rules. As a major part of the current regulations was established as recently as mid-2006, there is only limited experience with the application of the new rules and with the supervision of our activities by the NMa.	We have implemented suitable organisational arrangements and systems to ensure compliance with the regulations. For instance, as required by the regulations, we have transparent charges and separate accounting for aviation-related and security-related activities. In addition, a system that satisfies the applicable standards is in place for allocating the costs and revenues associated with these activities. The NMa, after consulting the industry, approved the Allocation system in 2007. Any ambiguities regarding the implementation of the regulations will be referred to the NMa at the earliest possible stage.
O. Risk associated with legal action and disputes	
Legal actions and disputes could jeopardise the achievement of our objectives. A more detailed description of legal action and disputes is given on page 161 of the financial statements. With regard to the dispute concerning the Groenenberg site, we also refer to the detailed overview of this particular case on www.schipholgroup.com under the heading 'About us', and to the explanatory notes on page 161 of the financial statements.	It is our constant endeavour to comply with the statutory rules and regulations, to avoid legal action and, where necessary, to resolve disputes.

Quantification of risks

Section C in the above table describes the risk of large (unexpected) changes in demand. In our case, demand primarily concerns the need for airport traffic and the transport of passengers and cargo. An accurate forecast of this demand is of vital importance, for instance for the purpose of reliable long-term planning of the required capacity and investments in providing this capacity. A fall in demand immediately translates into a drop in revenue as well as profitability. After all, fixed costs make up a substantial part of the costs of our operations. A 1% drop in passenger numbers at Amsterdam Airport Schiphol will cause a drop in Schiphol Group's turnover by approximately EUR 10 million. Profitability is expected to fall by a similar amount in that situation.

The property portfolio is becoming an increasingly important element of our business. As at 31 December 2007, we own EUR 911 million in property investments (EUR 690 million as at 31 December 2006). This property is valued at its fair value, and value movements are recognised directly in the profit and loss account. In recent years, these movements made a significant contribution to our profitability, as did the results from property developments and sales. Section L in the above table describes the price risk, which is part of the market risk. Developments in the market, and in the property market in particular, may cause the fair value of our property to drop. An average 10% rise in the net initial yield required by property investors would reduce the overall value of our offices and business premises by approximately EUR 65 million. Given the aforementioned accounting policy, our profitability in that situation would fall by the same amount.

Internal risk management and control system

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

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

- risk management: the identification and analysis of strategic, operational, financial and compliance risks and the implementation and monitoring of control measures to mitigate those risks. We have set up a risk management system based on the recommendations of the reports entitled 'Internal Control – Integrated Framework' (COSO – IC) and 'Enterprise Risk Management – Integrated Framework' (COSO – ERM). Responsibility for risk management lies with line management. The line managers are all expected, as part of the day-to-day operations, to identify the risks affecting their specific field of activity and to implement appropriate control measures to manage them. They report on this to the Risk Committee twice a year, which includes the submission of 'in control' statements for each business area, service unit and corporate staff department. The Risk Committee is comprised of the four members of the Board of Management, the Corporate Auditor and the Corporate Controller;
- a formal planning and control cycle, including the preparation and approval of a long-term business plan, budgeting and monthly management information reports (financial and operational);
- procedure manuals and an integrated, detailed description of the accounting policies;
- quality management systems such as the Environmental Management System, and security management systems such as the Airside Security System and the Terminal Security System;
- the Security & Environment Board, chaired by the Chief Operations Officer, which measures the progress and results of the security and environmental management systems and is responsible for the direct appraisal of these systems;
- codes of conduct, a whistleblower scheme and regulations on how to deal with fraud;
- periodic follow-up meetings held by the Chief Financial Officer with operational and commercial managers and their controllers to discuss the audit findings reported by the internal and external auditors;
- internal letters of representation from the Business Area Managers and Business Area Controllers to the Board of Management;
- follow-up of the recommendations contained in the external auditors' management letter.

The Board of Management reports on and accounts for the internal risk management and control system to the Supervisory Board after discussion in the Supervisory Board's Audit Committee. The corporate auditor plays an important role in providing an objective view and ongoing confirmation of the effectiveness of the overall internal risk management and control system. We believe, as regards the financial reporting risks, that the internal risk management and control systems offer a reasonable degree of assurance that the financial reporting does not contain any material misstatements, that regarding the financial reporting risks, the internal risk management and control systems functioned properly during the year under review and that there are no indications that the internal risk management and control systems will not function properly in 2008.

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

Human Resource Management

Our employees continue to take pride and be involved in our business, as evidenced by our most recent Personnel Monitor of October 2007. Compared with similar companies that conduct similar employee satisfaction surveys, we rank among the top 25%. Although this is obviously a gratifying result, it also means that significant efforts on the part of the management are required to retain this involvement and pride among our employees. This is a challenging task. The labour market is shrinking and competition is keen. Changing views and expectations among younger employees about their career development, the balance between work and private life as well as corporate social responsibility require a type of human resource management that is not yet fully in place. In the coming years, this area will be the focal point as we take up the challenge of policy innovation and renewing human resource management.

Talent and leadership development

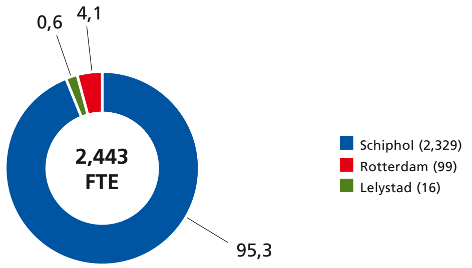
In order to recruit employees with management qualities, we will raise our profile on the labour market by intensifying our contacts with research universities and universities of professional education. For a long time, our company has benefited from its great spontaneous appeal. This is no longer sufficient, however. In 2007 the first steps were taken towards a more proactive approach, which included a scholarship arrangement with Nijenrode University. A campaign will be launched in 2008 with the motto ‘A world of opportunities’.

Attracting external talent is one thing, but finding talent in our own organisation and developing, stimulating and retaining it is just as important. In this connection, we will improve our internal scouting activities by introducing a more structured system of performance interviews and appraisals.

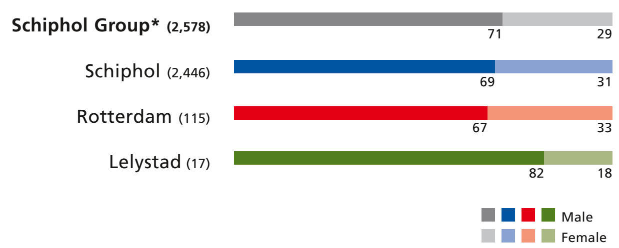
Following the successful completion in 2007 of the ‘360° feedback’ pilot, the decision was taken to make this instrument compulsory for all managers once every two years. In the 360° feedback system, immediate colleagues, senior staff members and other executives provide feedback about a manager’s performance and competences. The feedback thus obtained is subsequently discussed with the person involved and a psychologist. This approach has received a very positive response.

The uneven composition of our workforce remains a matter of constant concern. Our organisation as a whole is insufficiently diverse. In fact, significant cultural diversity can only be found among the staff members in operational positions. There is also insufficient mobility among bicultural employees to (middle) management positions, and among female employees to the most senior management positions. In this way, we are not only short-changing ourselves but also fail to do justice to the qualities of these employees. This issue will receive additional and special attention in 2008, therefore, ranging from awareness-raising among the management to targeted recruitment and internal mobility programmes.

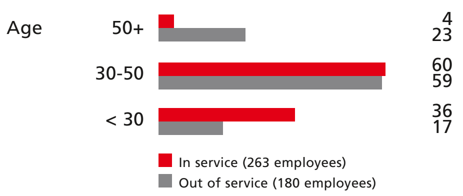
FTE’s Schiphol Group* total per 31 December 2007
(per location in %)



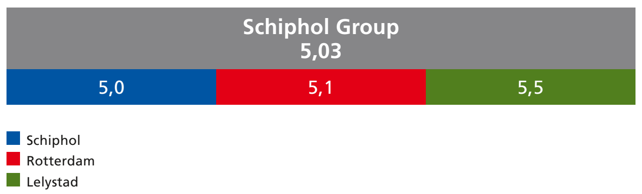
Gender split Schiphol Group*
(as a % of employees)



Staff turnover Schiphol Group* 2007



Absence rate Schiphol Group* in 2007 per location (in %)



** Employees of minority interests and of Eindhoven Airport have not been taken into consideration.*

Fireman at FireFly trainig aircraft, Amsterdam Airport Schiphol

New Collective Labour Agreement (CLA)
By far the greater part of Schiphol Group’s* employees (95.3%) work at Amsterdam Airport Schiphol. The CLA of Schiphol Nederland applies to over 96% of this group; individual contracts of employment have been concluded with the other employees. The negotiations about a new two-year CLA, effective from 1 April 2007 to 31 March 2009, were brought to a successful conclusion in June 2007.
The total pay rise for this period will be 6%. As at 1 April 2007 and 2008, all employees will receive a structural rise of 2.75%. In addition, the employees will receive two one-off payments equalling 0.25% of their annual salary.
In order to increase employee involvement in the company results, a participation scheme was introduced in 2007. During the reporting year, 42% of our employees eligible for this new participation scheme took part.
The new CLA also includes the life-course saving scheme. The childcare scheme – which has been replaced by a government scheme – and the compensation scheme for medical expenses have been discontinued.

Separate CLAs were agreed in 2007 for the employees of Rotterdam Airport, Schiphol Dienstverlening and Schiphol Airport Retail. The latter company is responsible for the liquor and tobacco retail sales acquired from KLM.

Schiphol College

The labour market is shrinking and changing noticeably, not only within our organisation but also among our business partners such as KLM and the cargo companies. In order to draw on the regional labour market in the most effective way and to show our social involvement, we set up the Schiphol College Foundation, in collaboration with the Amsterdam ROC (Regional Community College). Although this combination of training and work is targeted primarily at the long-term unemployed and at persons with, for instance, a language or learning disadvantage, it also offers opportunities to students at research universities and universities of professional education. The initiative has received considerable interest from all sides. At the end of the reporting year, the Amsterdam ROC was rewarded for its innovative approach by a grant of EUR 950,000 towards Schiphol College from the Vocational Education and Training Platform, covering a three-year period.

November saw the launch of the ‘Máxima’ training and employment programme at Amsterdam Airport Schiphol and Rotterdam Airport. Together with Schiphol College and the police authorities of Rotterdam Rijnmond, we are offering 64 unqualified young people the opportunity to obtain the ‘Basic Airport Worker Skills’ diploma. This will improve their chances on the labour market.

Fit for the future

In the autumn of 2007, we started preparations with the principal objective of renewing and ensuring the optimum staffing of a number of senior management positions.

Information employee, Amsterdam Airport Schiphol

With effect from 1 February 2008, we appointed a fourth member of the Board of Management who will be responsible for the non-aviation activities, as well as a new director of the Consumers business area. In the recent past we also recruited a new director for the Real Estate business area. Following these appointments, in combination with the talent and experience that were already available, a strong new team is in place to add further lustre to Schiphol Group's commercial activities.

At the end of 2007, the Works Council of the Aviation business area issued a positive recommendation regarding a large-scale organisational change. The new structure will involve a streamlined, more efficient operational organisation, capable of producing better results in terms of customer satisfaction and cost control.

Health and safety policy

Our health and safety policy aims to ensure health, safety and well-being during work and prevent physical or psychological trauma to our staff and third parties working on our behalf, as well as passengers and visitors. The principal objective is to prevent industrial accidents. In 2007, our own staff at Amsterdam Airport Schiphol, Rotterdam Airport and Lelystad Amsterdam were involved in 24 accidents leading to absence (21 in 2006) and two accidents not leading to absence (four in 2006).

Just as in 2006, we devoted particular attention in 2007 to health and safety in the baggage basements and among hired staff. In order to help reduce the physical strain on baggage staff, we take part in consultations about an international standard for baggage weight. Amsterdam Airport Schiphol chairs the Dutch Standardisation Taskforce, which aims to introduce a new ISO standard of no more than 23 kg per bag. The Dutch proposal has been submitted to the International ISO Committee, which is expected to decide on this matter in 2010.

Furthermore, we are conducting trials with 'lifting aid techniques' in the baggage basements. The number of lifting aids using vacuum lift technology was increased by six to fifteen. The vacuum lifters are suitable for loading open baggage trolleys, but not for closed containers. Where closed containers are concerned, the baggage robot has proved to be a reliable tool.

In order to promote safe working practices among hired staff (third parties), the Contractors Job Health & Safety Platform will be launched in 2008. This platform will discuss the most common industrial risks, and the measures required to promote safe working practices among airport staff, contractors and installation companies. A second health & safety platform will focus specifically on health and safety in relation to maintenance work on runways and taxiways.

Prospects

Our financial results are largely determined by the growth in passenger numbers and cargo volumes and the associated developments in air transport movements. With regard to Amsterdam Airport Schiphol, the largest and principal airport within Schiphol Group, we expect that there will be little or no increase in passenger numbers and air transport movements in 2008 because of the introduction of the Air Passenger Tax on 1 July. Cargo transport is expected to grow by 4% to 1.67 million tonnes. This expectation is based on the assumption that the world economy and the Dutch economy will not go into recession, that the aviation industry will not be hit by crises similar to those that have occurred in the past, and that the current negative developments in the financial markets will not have any major repercussions on the aviation sector.

No material changes in staff numbers are expected in 2008.

Investments in 2008 are estimated to be approximately EUR 550 million. Half of this amount will be spent on aviation facilities at Amsterdam Airport Schiphol. Financing charges will consequently increase. Given the repayment commitments, the funding of these extensive investments, the available cash resources and the projected cash flow from operating activities, we will attract debt capital in 2008 in order to meet our funding requirement.

We expect that the net result for 2008, excluding the fair value gains or losses on property, will be lower than the net result for 2007.

Schiphol, 13 February 2008

The Board of Management

Corporate Governance

Governance structure
Schiphol Group is a Public Liability Company, which is not publicly listed with a full two-tier board regime which complies with the provisions of the Corporate Governance Code where possible and advisable.

Corporate Governance Code
In 2004 and 2005, Schiphol Group implemented the principles and best practices of the Dutch Corporate Governance Code, as drawn up by the Tabaksblat Committee, in the company's various internal rules and regulations almost without exception. The principles and best practices of the Corporate Governance Code implemented by Schiphol Group remained effective unchanged throughout 2007. A document describing the ways in which the various provisions are reflected in internal rules (such as, for example, the Regulations governing inside information and the holding of securities and securities transactions, and the Whistleblowers' Rules) has been posted on our website www.schipholgroup.com under the heading Investor Relations. The internal rules governing the Supervisory Board, its subcommittees and the Board of Management can also be found here.

As an non-listed company, Schiphol Group cannot effectively apply a number of the Corporate Governance Code's provisions.

The provisions concerned are essentially II.2 (options as a component of remuneration), IV.2 (issue of depositary receipts for shares), and IV.1.3 (public response to a private bid for part of the company). Due to the very small number of shareholders, the Corporate Governance Code's provision V.2.1 (presence of an external accountant at a General Meeting of Shareholders) was applied narrowly with only a delegation of the Supervisory Board and the Board of Management attending the General Meeting of Shareholders.

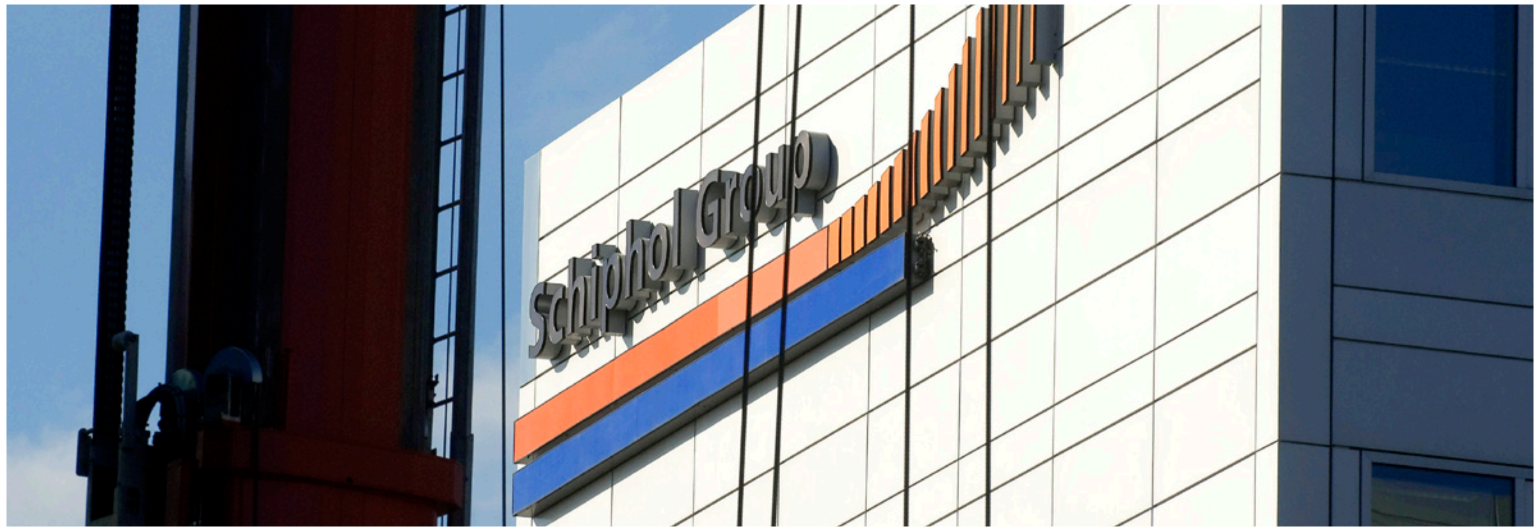
In 2004, when the Corporate Governance Code was first implemented, the Supervisory Board decided to honour the existing contracts of employment of the Board of Management members. The contracts of employment of Ad Rutten and Maarten de Groof, which were concluded thereafter, comply with the provisions of the Corporate Governance Code. A more detailed explanation of the above points has been posted on our website www.schipholgroup.com under the heading Investor Relations.

Last year, the shareholders were invited (once more) to pass a resolution amending the company's Articles of Association to reflect the changes in the Netherlands Civil Code in 2004 concerning the rules governing large companies. The Municipality of Rotterdam has agreed to this. Both the State of the Netherlands and the Municipality of Amsterdam have still to comment on the proposed amendments.

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

Supervisory Board
As permanent subcommittees, the Supervisory Board has an Audit Committee, a Selection and Appointments Committee, a Remuneration Committee and a Public Affairs & Corporate Responsibility Committee. The Privatisation Committee, which was established temporarily in 2005 in order to consider the proposed intentions on the part of one of the shareholders (and possibly more than one shareholder) to sell shares in Schiphol Group, was dissolved at the end of 2007. The Supervisory Board has drawn up rules for each permanent committee, which have been posted on the website www.schipholgroup.com under the heading Investor Relations.

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



Selection and Appointments Committee
This Committee has a minimum of three members. It meets, if necessary, and advises the Supervisory Board by drawing up selection criteria and appointment procedures for members of the Supervisory Board and members of the Board of Management, as well as advising on the company's management development policy. As the meetings of this Committee are discussed in the meetings of the entire Supervisory Board, the minutes of the Supervisory Board meetings report on its deliberations and findings.

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

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

Schiphol, 13 February 2008

The Supervisory Board
The Board of Management

Remuneration Report

The General Meeting of Shareholders approved the current remuneration policy for the Board of Management on 13 April 2006. Based on the results of an independent evaluation of the current remuneration policy by external remuneration consultants, the Supervisory Board concluded early in 2007 that no additional adjustment of the fixed salary and the long-term bonus is required as yet in order to remain in line with the reference group. The minor adjustment to the structure of the short-term bonus proposed in this context was approved by the shareholders during the General Meeting of Shareholders of 12 April 2007, albeit in amended form. In the shareholders meeting on 17 April 2008, no change in the remuneration policy for the members of the Board of Management will be submitted.

The General Meeting of Shareholders approved the remuneration for the members of the Supervisory Board on 14 April 2005. On 12 April 2007, the General Meeting of Shareholders approved a structural fee for the Supervisory Board members sitting on the Public Affairs & Corporate Responsibility Committee, which was established in 2006.

General remuneration policy for the Board of Management

Procedure

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

For the variable salary component, the Supervisory Board and the members of the Board of Management negotiate a performance contract at the beginning of each year. This contract lays down specific, challenging, measurable and controllable targets that need to be achieved for the short-term bonus and the long-term bonus for that year. The targets set for each Board of Management member on this occasion include not only financial targets, but also sustainability and/or operational targets. After having examined the performance of the previous year, the Supervisory Board assesses whether the members of the Board of Management have attained their collective and individual targets. Every year the Supervisory Board also examines whether the fixed and the variable salary components are in line with the market.

General information

The basic principle of the remuneration policy is that the reward should be competitive and that Schiphol Group should be able to attract, retain and motivate good managers on the basis of the agreed benefits package. The policy must also foster the achievement of the company's short-term and long-term objectives. To attain these goals, the levels of remuneration should be comparable to those of other, mainly Dutch companies. For that purpose, a reference group of comparable companies was compiled in 2002, based on aspects such as revenue, workforce, and complexity and nature of operations. At the end of 2006, external remuneration consultants carried out a market analysis to maintain an alignment with the reference group. Included in the reference group are the logistics sector (including Netherlands Railways and Fraport), the real estate sector (including Corio) and the retail sector (including OPG Groep and Macintosh Retail Group). Other general information about Dutch companies with similar revenues, complexity and staff numbers was also considered. The final calculation of the total value of the remuneration package for members of the Board of Management is based on information obtained from remuneration consultants and the insights and experience of the Remuneration Committee.

The basic principle of the present remuneration policy is that, in the case of on-target performance, the total remuneration package should not exceed the median level of the reference group. In the case of excellent performance, the total remuneration package can, in one year, exceed the reference group median.

The purpose of having a variable salary component includes providing an incentive for the management to focus on safeguarding the continuity of the business, sustainability, climate policy and value creation by Schiphol Group in general.

Structure of the remuneration package

The Supervisory Board considers the variable remuneration component to be an important part of the overall package. The performance criteria governing the short-term and long-term bonus are derived from the main parameters (financial, operational and/or sustainability) used for the management of the company. This is reflected in

the type and structure of the adopted benefits package. For this reason, a significant part of the overall remuneration is variable.

Fixed salary
In order to guarantee that Schiphol Group is able to attract, retain and motivate good managers, the Supervisory Board regularly compares the fixed salary component of the Board of Management members' with the reference group. The fixed salary component is not the same for all of the Board members, the ordinary members receiving a salary of approximately 80% of that received by the President.

Short-term bonus
The annual bonus arrangements depend on the achievement of financial targets, a number of personal performance targets and the Supervisory Board's assessment regarding general performance. The financial target (ROE) is derived by dividing the net result by the average total shareholders' equity according to the annual budget as approved by the Supervisory Board. The personal performance targets, which may vary from year to year, relate to aspects such as operational processes, sustainability and climate policy.

The "on target" level of the short-term bonus equals 35% of the fixed salary. If the financial targets are exceeded, the bonus payable to the president cannot exceed 1.625 times the on-target level, and 1.67 for the other members of the Board of Management. Therefore, in the event of exceptional performance, the maximum short-term bonus for the president amounts to 47.5% of the fixed salary; this is 45.1% for the other members of the Board of Management. The extent to which the targets have been achieved is determined partly on the basis of the audited financial statements.

As a percentage of fixed salary:

President

	on target		above target
ROE target	20.0%	*max. swing factor 1.625*	32.5%
Portfolio-linked	7.5%		7.5%
General performance	7.5%		7.5%
Total	**35.0%**		**47.5%**

Other members of the Board of Management

	on target		above target
ROE target	15.0%	*max. swing factor 1.67*	25.1%
Portfolio-linked 1	7.5%		7.5%
Portfolio-linked 2	7.5%		7.5%
General performance	5.0%		5.0%
Total	**35.0%**		**45.1%**

Long-term bonus
Schiphol Group is not a listed company and it is therefore not possible to grant Schiphol Group shares and/ or share options. Instead, to foster the achievement of Schiphol Group's long-term objectives, a long-term bonus scheme which rolls forward over a three-year period has been agreed. The long-term bonus is a remuneration component payable each year with an on-target level of 35% of the fixed salary, depending on the cumulative economic profit achieved over a period of three successive years, based on the medium-term business plan approved by the Supervisory Board. If the company performs exceptionally well, the bonus may be increased up to a maximum of 52.5% of the fixed salary. The performance criteria applicable to the long-term bonus payable for 2007 relate to the economic profit achieved over the three-year period 2007, 2008 and 2009, with payment being made in 2010.

At the end of each year, an estimate is made of the amount of the bonus payable after the three years and a pro-rata share of the amount thus calculated is accounted for in the year concerned. Payment will only be made on condition that the Board of Management member is still employed by the company at the end of the three-year period; if he or she has retired during this period, the bonus will be calculated on a pro rata basis. If the contract of employment is terminated by mutual agreement, a pro rata allocation is also made. It is also possible in such cases to calculate and pay out the amount of any future award.

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

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

Contracts of employment
Members of the Board of Management will be appointed, in accordance with the Corporate Governance Code, for an initial term of office of not more than four years. Depending on performance, a Board of Management member may subsequently be reappointed for periods again not exceeding four years. The point of departure in the contracts of employment is that new arrangements should be in line with the relevant provisions of the Corporate Governance Code, and that existing contracts, as agreed before 1 January 2004, will be honoured. Specifically, this means that the contracts of employment of Mr Cerfontaine and Mr Verboom have not been renegotiated, while the contracts of employment concluded with Mr Rutten and Mr De Groof are consistent with the provisions of the Corporate Governance Code.
Mr Cerfontaine's contract provides for a redundancy payment of three times the fixed salary as paid in the preceding year, while in the case of Mr Verboom the redundancy payment in the event of involuntary dismissal has been set at one and a half times the fixed salary as paid in the preceding year.

Remuneration of the Board of Management for 2007

With effect from 1 January 2007, the fixed salaries of the Board of Management members were increased by 2.75%, reflecting current salary increases for employees covered by the CLA. The members of the Board of Management met the ROE target in 2007. To an important extent, the personal performance targets for 2007, comprising aspects such as the pursuit of carbon neutral operations, customer satisfaction – both business to business and business to consumer -, compliance with statutory rules and regulations based on several external audits held in 2007, improvement of the results of parking activities and improvement of the performance management process as expressed in an objective Six Sigma score, were also achieved. The Economic Profit targets contained in the Business Plan were attained as well.

More detailed information on the remuneration of the Board of Management for 2007 can be found on page 174 of this annual report.

Remuneration of the Board of Management for 2008

Mid-2007, external remuneration consultants carried out a market analysis to verify alignment with the reference group. Based on the results of this analysis, the Supervisory Board, acting on the advice of the Remuneration Committee, decided that no change was required in the remuneration policy for the members of the Board of Management. With effect from 1 January 2008, therefore, the fixed salaries of the Board of Management members were increased by 2.75%, reflecting current salary increases for employees covered by the CLA.

Portfolio-linked targets for 2008

To be eligible for the short-term bonus, every Board of Management member has to meet personal portfolio-linked targets as well as the (general) financial targets. With regard to 2008, these targets are geared even more than before to relevant social developments. For 2008, the targets are as follows: Preparing an energy blueprint for Amsterdam Airport Schiphol, developing a business plan for Lelystad Airport, drawing up a plan to secure clean surface water for Amsterdam Airport Schiphol, effectuating anticipatory noise management for Amsterdam Airport Schiphol, drafting a proposal for the possible development of a golf course and golf hotel near Amsterdam Airport Schiphol, preparing a business case (including a plan of approach) for the development of 60 ha near Hoofddorp in order to reduce ground noise in this area, upgrade of Departure Lounge 3 in the terminal of Amsterdam Airport Schiphol, and developing a sustainable mobility vision for Amsterdam Airport Schiphol. As regards general performance, airport security aspects will play a particularly prominent role in the appraisal.

Remuneration of the Supervisory Board

General information

The Chairman of the Supervisory Board's remuneration amounts to EUR 33,000 per annum. The ordinary members' remuneration is EUR 24,000 per annum. All the members of the Supervisory Board also receive an expense allowance of EUR 1,600 per annum. Members of a Supervisory Board committee are entitled to an additional fee. A member of the Audit Committee receives EUR 6,000 per annum, a member of the Privatisation Committee receives EUR 6,000 per annum, a member of the Remuneration Committee receives EUR 5,000 per annum and a member of the Public Affairs & Corporate Responsibility Committee receives EUR 5,000 per annum. A member of the Selection and Appointments committee receives a fee of EUR 5,000 per annum.

Remuneration of the Supervisory Board for 2007

Information on the remuneration of the Supervisory Board for 2007 can be found on page 174 of this annual report.

Schiphol, 13 February 2008
The Supervisory Board

Events after the balance sheet date

Groenenberg site

On 30 January 2008 the Court of Haarlem definitively set the compensation which Schiphol Group should pay to Chipshol at a maximum of EUR 16 million (to be increased by statutory interest accrued up to and including 31 December 2007 in the amount of EUR 4.0 million). A further tax claim of EUR 4.3 million submitted by Chipshol was rejected. Appeal against this judgement lies exclusively with the Dutch Supreme Court. Both Schiphol Group and Chipshol have decided to lodge an appeal. The compensation concerns the impairment in the land value of the Groenenberg site caused by the development ban which the State Secretary at the Ministry for Transport, Public Works and Water Management lawfully imposed in 2003. According to the insights that prevailed in 2003 and Chipshol's building plan at the time, development of the Groenenberg site could have seriously affected the use of Runway 18L-36R.

In compliance with an interlocutory order Schiphol Group, in mid 2007, had already paid an advance of EUR 19 million to Chipshol. This amount will be deducted, therefore, from the compensation set by the court in its final judgement of 30 January 2008.

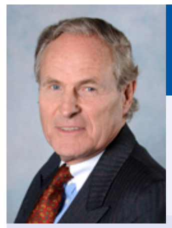
In the meantime, Schiphol Group has instituted proceedings in which it has asked the Court to establish the increase in the value of the site since the development ban was lifted, in order to determine the amount to be paid by Chipshol or to be deducted from the advance payable by Schiphol Group. As a financial security, Chipshol was instructed by the Court to provide a bank guarantee for Schiphol Group in the amount of EUR 21.5 million to cover the restitution risk with respect to that amount following these proceedings.

Interlocutory proceedings to stop the Air Passenger Tax

Schiphol Group and the Dutch Association of Travel Agents and Tour Operators (Algemeen Nederlands Verbond van Reisondernemingen – ANVR) instituted joint interim injunction proceedings against the State concerning the introduction of the Air Passenger Tax. The proceedings will be before the court of The Hague on 5 March 2008. Proceedings against the Air Passenger Tax instituted by BARIN (the sector organisation representing airlines in the Netherlands) will come up in court on the same day.

The Board & Management

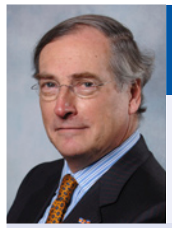
The Supervisory Board



P.J. Kalff
(1937, Dutch nationality)

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

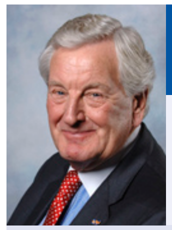
- Chairman of the Supervisory Board of Stork NV
- Member of the Supervisory Board of Royal Volker Wessels Stevin NV
- Member of the Supervisory Board of HAL Holding NV
- Member of the Board of Directors of Aon Corporation
- Former Chairman of the Board of Management of ABN Amro Holding NV



A. Ruys
(1947, Dutch nationality)

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

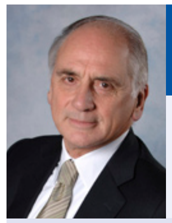
- Member of the Board of Management of Lottomatica SpA
- Member of the Board of Management of British American Tobacco PLC
- Member of the Supervisory Board of Janivo Holding BV
- Member of the Supervisory Board of ABN Amro NV
- Chairman of the Board of Trustees of the Rijksmuseum
- Former Chairman of the Board of Management of Heineken NV



T.H. Woltman
(1937, Dutch nationality)

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

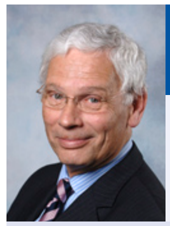
- Member of the Supervisory Board of BCD Holding NV
- Member of the Supervisory Board of Royal Saan BV
- Member of the Supervisory Board of Royal Porceleyne Fles NV
- Former Chairman of the Chamber of Commerce and Industry of Amsterdam
- Former Senior Vice President of KLM North America



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

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

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



H. van den Broek
(1936, Dutch nationality)

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

- Minister of State
- Chairman of the Emergencies Committee of Stichting Calamiteiten Fonds
- Chairman of the Board of Management of Radio Netherlands Wereldomroep
- Member of the Board of Advisors of Stuart Lammert&Co
- Member of the Global Leadership Foundation
- Former Member of the European Commission
- Former Minister of Foreign Affairs

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

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

- Member of the Supervisory Board of ABN Amro NV
- Member of the Supervisory Board of Royal Philips Electronics Nederland BV
- Member of the Supervisory Board of Arbo Unie
- Member of the Supervisory Board of Twynstra Gudde
- Member of the Governing Council of Van Leer Group Foundation
- Former President of HayVision Society
- Former Member of the Dutch Upper House (First Chamber)

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

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

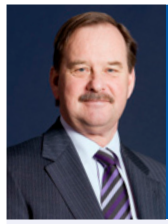
- Vice Chairman of the Supervisory Board of Fugro NV
- Member of the Supervisory Board of NV Netherlands Railways
- Member of the Supervisory Board of Royal Vopak NV
- Member of the Supervisory Board of Unibail-Rodamco SA
- Member of the Supervisory Board Parcom Ventures BV
- Member of the Capital Markets Committee of the AFM
- Member of the Board of the protective foundation for Océ and Philips
- Former CFO and Member of the Board of Management of VNU NV

Board of Management

prof. G.J. Cerfontaine
(1946, Dutch nationality)

President since 1 August 1998

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



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

Member of the Board of Management and COO since 1 September 2005

- Member of the Board of Advisors of NIVR
- Member of the Executive Committee of ACI Europe
- Member of the Board of Advisors of the ROC Amsterdam, werkmaatschappij Airport
- Member of the Board of Advisors of Aviation Studies - Hogeschool van Amsterdam
- Member of the Board of Advisors of National Aerospace Laboratory (NLR)

dr. P.M. Verboom
(1950, Dutch nationality)

Member of the Board of Management and CFO since 1 September 1997

- Member of the Supervisory Board of VastNed Retail NV

M.M. de Groof
(1957, Dutch nationality)

Member of the Board of Management and CCO since 1 February 2008

Rutten	Verboom	de Groof
Aviation	Consumers *	Consumers **
	Real Estate *	Real Estate **
	Alliances & Participations	

* *until 1 February 2008*

** *as of 1 February 2008*

Managers of the Business Areas & Staff Departments

Business Areas	
Ad Rutten	Aviation business area
Dick Flink	Consumers business area *(until September 2007)*
Eric-Paul Dijkhuizen	Consumers business area *(as of February 2008)*
Ad Mast	Real Estate business area *(until April 2008)*
André van den Berg	Real Estate business area *(as of April 2008)*
Pieter Verboom	Alliances & Participations business area
Regional and International activities	
Jacques Greitemann	Schiphol International
Roland Wondolleck	Rotterdam Airport
Bart de Boer	Eindhoven Airport
Lex Oude Weernink	Lelystad Airport
Koen Rooijmans	Brisbane Airport Corporation
Alain Maca	JFK IAT
Peter Steinmetz	Aruba Airport Authority
Anne-Marie Zuidweg	Arlanda Schiphol Development Company
Jonas van Stekelenburg	Angkasa Pura Schiphol
Frits Bosch	Dartagnan Biometric Solutions
Staff & support	
Paul Luijten	Corporate Communications & Public Affairs
Jan Stringer	Corporate Audit
Charles Evers	Corporate Controller
Joris Backer	Corporate Legal
Frits Bosch	Corporate Procurement
Gerard Ellerman	Corporate Treasury
Wim Mul	Human Resources
Joop Krul	Airport Development
Ad Benschop	Project Management Schiphol
Kees Jans	Information & Communication Technology

Central Works Council

Rick Krebbers	*Chairman*
Jan Koomen	*Vice Chairman*
Frans Sam	*Secretary*
Hans Fritzsche	*Vice Secretary*
Frieda van Barneveld	
Marja Goeman	
Rob Holtslag	

Siard Hovenkamp
Rabia Karahan
Ramnarai Khoenkhoen
Hans Lem
Remon Mersmann
Wim Roozendaal
Rob van der Zee
Joop Zorn

Schiphol Group Financial Statements 2007

Contents

Consolidated financial statements

Corporate financial statements

(in thousands of euros)	Note	2007	2006
Revenue	1	**1,146,219**	1,036,705
Sales of property		**8,942**	40,465
Cost of sales of property		**6,132**	30,021
Result on sales of property	2	**2,810**	10,444
Fair value gains and losses on property	3	**111,673**	28,570
Other income, from property		**114,483**	39,014
Costs of outsourced work and other external charges	4	**486,511**	412,713
Employee benefits	5	**167,960**	152,824
Depreciation and amortisation	6	**170,763**	160,771
Impairment	7	**3,935**	982
Overige bedrijfskosten	8	**11,846**	32,026
Total operating expenses		**- 841,015**	- 759,316
Operating result		**419,687**	316,403
Financial income and expenses	9	**- 35,413**	- 35,668
Share in results of associates	10	**10,896**	10,714
Result before tax		**395,170**	291,449
Corporate income tax	11	**- 79,146**	236,686
Result		**316,024**	528,135
Attributable to:			
Minority interests	12	**238**	1,226
Shareholders (net result)		**315,786**	526,909
Earnings per share (in euros)	13	**1,844**	3,077
Diluted earnings per share (in euros)	13	**1,844**	3,077

Consolidated Balance Sheet as at 31 December 2007

Assets

(in thousands of euros)	Note	31 December 2007	31 December 2006*)
Non-current assets			
Intangible assets	14	**41,722**	22,938
Assets used for operating activities	15	**2,085,464**	2,068,640
Assets under construction or development	16	**537,079**	483,896
Investment property	17	**911,361**	690,057
Deferred tax	18	**234,267**	283,231
Investments in associates	19	**46,626**	45,654
Loans to associates	20	**46,180**	45,628
Other financial interests	21	**16,590**	15,624
Lease receivables	22	**9,230**	10,771
Other loans	23	**3,400**	4,142
Derivative financial instruments	32	**1,071**	459
Other non-current receivables	24	**12,131**	10,306
		3,945,121	3,681,346
Current assets			
Lease receivables	22	**1,540**	1,363
Other loans	23	**41**	327
Assets held for sale	25	**15,851**	15,851
Trade and other receivables	26	**182,827**	158,128
Cash and cash equivalents	27	**141,786**	307,577
		342,045	483,246
		4,287,166	4,164,592

Equity and liabilities

(in thousands of euros)	Note	31 December 2007	31 December 2006*)
Share capital and reserves attributable to shareholders			
Issued share capital	28	**77,712**	77,712
Retained profits	29	**2,848,570**	2,611,841
Other reserves	30	**11,667**	14,322
		2,937,949	2,703,875
Minority interests	31	**18,644**	18,489
Total equity		**2,956,593**	2,722,364
Non-current liabilities			
Borrowings	32	**699,270**	652,737
Lease liabilities	33	**121,465**	125,027
Employee benefits	34	**43,794**	52,751
Other provisions	35	**10,000**	10,000
Derivative financial instruments	32	**15,558**	16,031
Other non-current liabilities	36	**78,186**	71,379
		968,273	927,925
Current liabilities			
Borrowings	32	**83,103**	116,860
Lease liabilities	33	**3,463**	3,247
Derivative financial instruments	32	**129**	40,858
Corporate income tax	37	**8,617**	93,519
Trade and other payables	38	**266,988**	259,819
		362,300	514,303
		4,287,166	4,164,592

*) Restated for comparison purposes

Consolidated Statement of Changes in Shareholders' Equity

The dividend per share paid in 2007 and 2006 can be calculated as follows:

	dividend for 2006, paid in 2007	dividend for 2005, paid in 2006
Dividend attributable to shareholders (in euros)	**79,057,000**	55,300,000
Average number of shares in issue during the year	**171,255**	171,255
Dividend per share (in euros)	**462**	323

(in thousands of euros)		Attributable to shareholders				
	Note	Issued share capital	Retained profits	Other reserves	Minority interests	Total
Balance as at 31 December 2005		**77,712**	**2,140,230**	**4,710**	**22,658**	**2,245,310**
Translation differences	30	-	-	89	-	**89**
Changes in fair value on hedge transactions	30	-	-	6,602	-	**6,602**
Changes in fair value on other financial interests	30	-	-	2,921	-	**2,921**
Changes recognised directly in equity		-	-	9,612	-	**9,612**
Result		-	526,909	-	1,226	**528,135**
Sum of the result and changes recognised directly in equity		-	526,909	9,612	1,226	**537,747**
Dividend paid	29	-	- 55,300	-	- 111	**- 55,411**
Increase of share in subsidiaries	41	-	-	-	- 5,284	**- 5,284**
Other movements		-	2	-	-	**2**
Balance as at 31 December 2006		**77,712**	**2,611,841**	**14,322**	**18,489**	**2,722,364**
Translation differences	30	-	-	499	-	**499**
Changes in fair value on hedge transactions	30	-	-	- 4,120	28	**- 4,092**
Changes in fair value on other financial interests	30	-	-	966	-	**966**
Changes recognised directly in equity		-	-	- 2,655	28	**- 2,627**
Result		-	315,786	-	238	**316,024**
Sum of the result and changes recognised directly in equity		-	315,786	- 2,655	266	**313,397**
Dividend paid	29	-	- 79,057	-	- 111	**- 79,168**
Balance as at 31 December 2007		**77,712**	**2,848,570**	**11,667**	**18,644**	**2,956,593**

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)	Note	2007	2006
Cash and cash equivalents	27	**141,786**	307,577
Bank overdrafts	38	**- 82**	- 8,322
		141,704	299,255

(in thousands of euros)	Note	2007	2006[*)]
Cash flow from operating activities:			
Cash flow from operations	40	**462,677**	**441,590**
■ Corporate income tax paid		**- 125,260**	- 63,071
■ Interest paid		**- 46,227**	- 34,473
■ Interest received		**11,923**	10,974
■ Dividend received		**10,357**	6,935
		- 149,207	**- 79,635**
Cash flow from operating activities		**313,470**	**361,955**
Cash flow from investing activities:			
■ Investment in intangible assets	14	**- 10,613**	- 9,927
■ Investment in property, plant and equipment	16	**- 339,452**	- 234,397
■ Proceeds from disposals of investment property	2	**8,942**	21,347
■ Proceeds from disposals of property, plant and equipment	15	**259**	246
■ Acquisitions	41	**- 25,203**	- 19,292
■ Contributions of share capital to associates	19	**- 343**	-
■ Repayment on other loans	23	**-**	38
■ New long leases purchased	24	**-**	- 3,993
■ Finance lease instalments received	22	**2,860**	2,737
Cash flow from investing activities		**- 363,550**	**- 243,241**
Free cash flow		**- 50,080**	**118,714**
Cash flow from financing activities:			
■ New borrowings	32	**135,094**	9,136
■ Repayment of borrowings	32	**- 120,737**	- 21,604
■ Settlement derivative financial instruments	30	**- 37,104**	-
■ Dividend paid	29	**- 79,168**	- 55,411
■ New long leases purchased	36	**7,940**	-
■ Finance lease instalments paid	33	**- 13,357**	- 13,242
Cash flow from financing activities		**- 107,332**	**- 81,121**
Net cash flow		**- 157,412**	**37,593**
Opening balance of cash and cash equivalents	27	**299,255**	261,860
Net cash flow		**- 157,412**	37,593
Exchange differences	9	**- 139**	- 198
Closing balance of cash and cash equivalents	27	**141,704**	**299,255**

[*)] Aangepast voor vergelijkingsdoeleinden

General information

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

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

At the Supervisory Board Meeting held on 13 February 2008, 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 17 April 2008.

Accounting policies

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

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

The application of IFRS 7, Financial Instruments: Disclosures, is mandatory with effect from the financial statements for 2007. The standard introduces new requirements for the notes in respect of financial instruments. In conjunction with IFRS 7, IAS 1, Presentation of Financial Statements, has been adjusted as well. The amended standard provides that additional notes should be included in respect of capital management objectives, policy and processes. IFRS 7 and IAS 1 apply to Schiphol Group, and both have been taken into account in these financial statements. IFRS 7 and IAS 1 do not, for that matter, affect the classification and valuation of Schiphol Group's financial instruments.

In addition, the application of IFRIC 10, Interim Financial Reporting and Impairment, is mandatory with effect from 2007. This interpretation prohibits the reversal at year-end of impairment losses relating to particular balance sheet items that were charged to the result on the occasion of an interim closure. Although Schiphol Group applies this interpretation from 2007, this has not affected the figures for that financial year.

The other new interpretations for existing standards that are mandatory with effect from the financial statements for 2007 (IFRIC 7, Applying the Restatement Approach under IAS 29, IFRIC 8, Scope of IFRS 2, and IFRIC 9, Reassessment of Embedded Derivative financial instruments) are not relevant to Schiphol Group.

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

Schiphol Group has not voluntary applied of new standards, amended standards or new interpretations in advance that will not be mandatory until 2008 or afterwards.

IFRS 8, Operating Segments, will be mandatory with effect from the financial year 2009. The same applies to the amendments to standards IAS 1, Presentation of Financial Statements, and IAS 23, Borrowing Costs. IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, will be mandatory with effect from 2008. The possible consequences of these new regulations for Schiphol Group are still under investigation. The new interpretations IFRIC 11, Group and Treasury Share Transactions, IFRIC 12, Service Concession Arrangements, and IFRIC 13, Customer Loyalty Programmes, whose application will be mandatory with effect from the financial statements for 2008, are not relevant to Schiphol Group.

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

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

Changes in presentation

With effect from 2007, only the interest-earning assets or interest-bearing liabilities from financial lease contracts falling within the scope of IAS 17 Leases will still be recognised on the lines 'lease assets (current and non-current)' and 'lease liabilities (current and non-current)' on the consolidated balance sheet. The assets and liabilities arising from lease incentives and the lump sums received to purchase long leases are not interest earning or bearing and, for this reason, will be accounted for under 'other receivables' and 'other liabilities'. Consequently, receivables arising from lease incentives and long leases purchased were reclassified in the financial statements 2007 from 'non-current lease receivables' to 'other non-current receivables' for an amount of EUR 12.2 million (EUR 10.3 million as at 31 December 2006), and from 'current lease receivables' to 'trade and other receivables' for an amount of EUR 1.6 million (EUR 1.4 million as at 31 December 2006). In addition, liabilities arising from lease incentives and long leases purchased were reclassified in the financial statements 2007 from 'non-current lease liabilities' to 'other non-current liabilities' for an amount of EUR 57.9 million (EUR 51.1 million as at 31 December 2006), and from 'current lease liabilities' to 'trade and other payables' for an amount of EUR 2.4 million (EUR 1.9 million as at 31 December 2006). The comparative figures for 2006 have been adjusted accordingly. In addition, the name of the line 'other receivables' has been changed to 'loans'. The aforementioned changes do not affect equity.

Consolidation

(a) General

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

(b) Subsidiaries

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

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

(c) Joint ventures

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

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

(d) Associates

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

(e) Acquisition of subsidiaries, joint ventures and associates

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

(f) Eliminations

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

Corporate profit and loss account

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

Cash flow statement

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

Segment information

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

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

Foreign currency

(a) Functional currency and presentation currency

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

(b) Transactions, assets and liabilities

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

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

(c) Subsidiaries, joint ventures and associates

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

Revenue

Many of Schiphol Group's activities generate turnover that qualifies as turnover from the provision of services (airport charges, concession fees, rents and leases and parking fees). This turnover is recognised by reference to the stage of completion at the balance sheet date, provided that the result can be reliably estimated. The turnover from retail sales is generated by the sale of goods and is recognised at the moment when these sales transactions, effected exclusively in cash, take place.

Revenue represents the income from the supply of services less discounts and tax (VAT and excise duty). Costs are recognised in the profit and loss account in the year in which the related revenue is recognised.

Financial income and expenses

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

Earnings per share

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

Intangible assets

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

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

The item contract related assets concerns contracts, acquired upon the acquisition of retailing activities from third parties, regarding the operation of shops in the terminal (concession contracts). The fair value of these contracts, determined in accordance with the purchase method (as described under Consolidation, letter e), has been set at cost, which is amortised over the remaining contract period.

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

Assets under construction or development

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

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

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

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

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

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

Assets used for operating activities

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

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

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

Depreciation and amortisation

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

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

Intangible assets	
■ Contract related assets	5 years
■ ICT hours charged to application development	3 years
■ Software licences	3 years
Assets used for operating activities	
■ Runways and taxiways	15–60 years
■ Aprons	30–60 years
■ Paved areas etc.	
Car parks	30 years
Roads	30 years
Tunnels and viaducts	40 years
Drainage systems	20–40 years
■ Buildings	20–40 years
■ Installations	5–30 years
■ Other assets	3–20 years

Impairment

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

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

Investment property

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

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

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

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

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

Investment property is not depreciated.

Deferred tax

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

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

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

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

Leases

(a) Classification

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

(b) Schiphol Group as lessee in a finance lease

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

(c) Schiphol Group as lessee in an operating lease

In the case of leases where economic ownership is in the hands of third parties, recognition is restricted to presenting the lease payments in equal instalments, allowing for lease incentives, as expenses in the profit and loss account.

(d) Schiphol Group as lessor in a finance lease

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

(e) Schiphol Group as lessor in an operating lease

Assets leased out on a contract that qualifies as an operating lease are recognised in the balance sheet and accounted for according to the type of asset. The lease payments receivable under such leases are recognised as income in equal instalments, allowing for lease incentives, in the profit and loss account.

Loans to associates and other loans

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

Other financial interests

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

Derivative financial instruments

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.

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

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

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

Other non-current receivables

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.

Assets held for sale

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

Trade and other receivables

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

Cash and cash equivalents

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

Equity

(a) Issued share capital

Issued share capital comprises amounts paid in on issued shares.

(b) Retained profits

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

(c) Other reserves

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

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

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

Borrowings

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

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

Employee benefits

There are four categories of employee benefits:

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

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

(a) Short-term employee benefits

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

(b) Post-employment benefits

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

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

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

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

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

are granted but is charged to the profit and loss account over the remaining years of service; and

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

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

(c) Other long-term employee benefits

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

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

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

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

(d) Termination benefits

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

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

Other provisions

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

Other non-current liabilities

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.

Trade and other payables

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

Judgement regarding application of accounting policies

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

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

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

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

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

Distinction between assets used for operating activities and investment property
Investment property is distinguished from operating property on the basis of the following criteria:

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

The above assessment is made for each individual property.

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

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

Key assumptions and estimates

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

Impairment of goodwill and other non-current assets

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

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

Useful life and residual value of assets used for operating activities

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

Valuation of investment property at fair value

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

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

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

Deferred tax assets

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

Actuarial assumptions with regard to employee benefit provisions

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

Assets and liabilities with regard to claims and disputes

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

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

Financial risk management

Financial risk factors

Due to the nature of its activities, Schiphol Group faces a variety of risks: market risk, credit risk and liquidity risk. The financial risk management programme (which is part of Schiphol Group's total risk management programme) focuses on the unpredictability of the financial markets and on minimising any adverse effects this may have on Schiphol Group's financial results. Schiphol Group uses derivative financial instruments to hedge certain risk positions. The financial risk management is carried out by a central treasury department (Corporate Treasury) and is part of approved management policy. In addition to drawing up written guidelines for financial risk management, the Board of Management determines the policy for specific key areas such as currency risk, interest-rate risk, credit risk, the use of derivative and non-derivative financial instruments (derivatives), and the investment of a temporary liquidity surplus.

Market risk

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

(a) Currency risk

Currency risk occurs if future business transactions, recognised assets and liabilities and net investments in activities outside the euro zone are expressed in a currency other than the functional currency of the entity (in the case of Schiphol Group this is the euro). Schiphol Group operates at international level and faces currency risks via several currency positions, in particular the Japanese yen (borrowings), the US dollar (net investments in activities outside the euro zone) and the Australian dollar (net investments in activities outside the euro zone).

Schiphol Group manages the currency risk with regard to borrowings by using futures contracts. The financial risk management policy is that virtually 100% of the expected cash flows is hedged. As at 31 December 2007, only 3.9% of total borrowings had been drawn in foreign currency (EUR 30.3 million, being the equivalent of 5 billion Japanese yen) compared with 15.7% of total borrowings (EUR 56.8 million, being the equivalent of 75 million US dollars and 10 billion Japanese yen) a year earlier. These positions are fully hedged by means of currency swaps, in accordance with the aforementioned policy. Therefore a change in the rate of the relevant foreign currency will not affect the results relating to these borrowings. The effect on equity is temporary (i.e., only for the duration of the hedging transaction) and small (given the development in the balance of the reserve for hedging transactions from EUR 6.3 million as at 31 December 2006 to EUR 2.2 million as at 31 December 2007).

Schiphol Group has a number of strategic investments in activities outside the euro zone, of which the net investments, recognised in the balance sheet under 'investments in associates' and 'loans to associates', are affected by a translation risk. In accordance with the policy, the currency position relating to Schiphol Group's net investments in the activities outside the euro zone, totalling EUR 46.2 million as at 31 December 2007 (EUR 45.4 million as at 31 December 2006), is not hedged, with the exception of the Redeemable Preference Shares included herein which Schiphol Group owns in Brisbane Airport Corporation Holdings Pty Ltd. The currency risk on this receivable, with a book value as at 31 December 2007 of EUR 46.2 million (EUR 45.6 million as at 31 December 2006), is hedged with forward exchange transactions. A change in the rate of the relevant foreign currency will not, therefore, affect the results relating to this receivable. Accordingly, the currency position is not hedged up to an amount of zero as at 31 December 2007 (a negative of EUR 0.2 million as at 31 December 2006). This only concerns the balance sheet item investments in associates, whereby the investments in Brisbane Airport Corporation Holdings Pty Ltd en JFK IAT LLC have been valued at zero because of the negative equity as at 31 December 2007. Translation differences on this position are recognised in the reserve for translation differences, and have no direct influence on the result. The effect on equity is small (given the development in the balance of the reserve for translation differences from EUR 0.5 million as at 31 December 2006 to zero as at 31 December 2007).

Corporate Treasury is responsible for the management of the net position in the individual foreign currencies.

(b) Price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices. Schiphol Group is affected especially by the price risk of land and buildings which it recognises at fair value under ‘property investments’. This fair value is influenced by developments in supply and demand and changes in interest rates and the rate of inflation.

Furthermore, Schiphol Group owns shares that also involve a price risk. These shares are recognised under ‘other financial interests’ at their fair value, which is derived from the market price of these shares. Changes in the fair value are recognised in the reserve for other financial interests, which is part of equity. Therefore these changes have no direct influence on the result. The effect on equity is small (given the development in the balance of the reserve for other financial interests from EUR 8.6 million as at 31 December 2006 to EUR 9.5 million as at 31 December 2007).

(c) Interest-rate risk

The interest-rate risk is divided into a fair value interest-rate risk and a cash flow interest-rate risk.

Fair value interest-rate risk

The fair value interest-rate risk is the risk of fluctuations in the value of a financial instrument as a result of fluctuations in the market interest rate. Schiphol Group does not have any significant financial assets that attract a fair value interest-rate risk. Schiphol Group is affected by the fair value interest via fixed-interest borrowings. Schiphol Group’s policy is to take out at least 75% of the funds borrowed at a fixed interest rate, where necessary by using derivative financial instruments. With regard to Airport Real Estate Basisfonds CV (AREB CV), at least 60% of all borrowings should be fixed-interest or capped-interest borrowings. As at 31 December 2007, the percentage of fixed-interest borrowings for Schiphol Group was 81.6% (against 90.0% as at 31 December 2006). For AREB CV this percentage was 60.2%, both as at 31 December 2007 and as at 31 December 2006. It is the management’s intention to retain borrowings until the end of the term. As a result, these borrowings are valued at amortised cost. This means that interim fluctuations in the fair value of borrowings have little effect on the financial position and the result.

Cash flow interest-rate risk

The cash flow interest-rate risk is the risk of fluctuations in the future cash flows of a financial instrument as a result of fluctuations in the market interest rate. Except for liquid resources, Schiphol Group has no significant financial assets that attract a cash flow interest-rate risk. If the average interest paid on deposits during the year 2007 had been 1% lower, the interest income relating to deposits would have been lower by EUR 1.5 million.

In addition, Schiphol Group runs a cash flow interest-rate risk in respect of long-term borrowings at a variable interest rate. This position is hedged by Schiphol Group’s policy to take out no more than 25% of the funds borrowed at a variable interest rate, where necessary by using derivatives, excluding the borrowing portfolio of Airport Real Estate Basisfonds CV (AREB CV). For AREB CV, a maximum of 40% applies. As at 31 December 2007, the percentages of variable-interest borrowings were for Schiphol Group 18.4% and for AREB CV 39.8% (10.0% and 39.8% respectively as at 31 December 2006).

The cash flow interest-rate risk is managed by using interest rate swaps, with which a variable interest rate can be changed to a fixed interest rate, and interest rate caps, with which any increase in interest rates is limited. As part of an interest rate swap, Schiphol Group agrees with a counterparty to effect a swap, at predetermined moments, of the difference between a fixed contract rate and a variable interest rate. This difference is calculated on the basis of the underlying principal sum agreed. In the event of an interest rate cap, the increase in the variable interest rate in excess of a pre-arranged maximum is paid by the counterparty. If the average variable interest rate during the year 2007 had been 1% higher, the interest expense relating to loans would have been higher EUR 1.4 million.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to fulfil its obligations, causing the other party to sustain a financial loss.

Schiphol Group’s counterparties in derivative financial instruments and liquidities transactions are limited to financial institutions with high creditworthiness (a minimum S&P credit rating of A), whereby the net position for each counterparty should not exceed EUR 200.0 million. In practice, the institutions concerned have a minimum credit rating of AA- and the net position was EUR 53.0 million at maximum.

As at 31 December 2007, the item accounts receivable is EUR 82.0 million (EUR 84.9 million as at 31 December 2006). This amount includes a bad debt provision of EUR 3.8 million (EUR 2.9 million as at 31 December 2006) and EUR 1.1 million in security deposits received. The provision fully covers receivables owed by debtors that went into liquidation or applied for a moratorium. The same applies to receivables older than one year and larger receivables younger than one year which are expected to be irrecoverable.

The movements in the bad debt provision are as follows:

(in millions of euros)	2007
Carrying amount 1 January	**2.9**
Utilised during the year	**- 1.1**
Added during the year	**2.0**
Carrying amount 31 December	**3.8**

The ageing analysis of accounts receivable is as follows:

(in millions of euros)	2007
Younger than 60 days	**82.6**
Older than 60 days	**2.3**
Older than 360 days	**1.9**
Bankruptcies	**0.1**
	86.9
Provision for bad debt	**- 3.8**
Security deposits received	**- 1.1**
Total Trade receivables	**82.0**

Parties procuring services from Schiphol Group are first assessed on their creditworthiness. Depending on the outcome of this assessment, the buyer may be required to provide security (in the form of a bank guarantee or deposit) in order to limit the bad debt risk. As at 31 December 2007, Schiphol Group has an amount of EUR 14.6 million in bank guarantees and security deposits. Among the debtors there is one company, Koninklijke Luchtvaartmaatschappij N.V. (KLM), whose individual balance exceeds EUR 10.0 million.

Liquidity risk

Liquidity risk is the risk that Schiphol Group will have difficulty in raising the financial resources required to honour the commitments relating to financial instruments. Careful liquidity risk management entails that Schiphol Group maintains sufficient liquid resources and has access to sufficient financing opportunities, in the form of promised (and preferably committed) credit facilities and in the form of the EMTN programme. Our financing policy is also aimed at reducing the refinancing risk.

The remaining term as at 31 December 2007 and 31 December 2006 respectively of the (net) obligations relating to borrowings, finance lease contracts and derivative financial instruments is as follows:

(in thousands of euros)	Total 2007	≤ 1 year	> 1 year	> 1 year but ≤ 5 years	> 5 years
Borrowings	**782,373**	83,103	699,270	367,788	331,482
Finance lease liabilities	**124,928**	3,463	121,465	18,853	102,612
Finance lease receivables	**- 10,770**	- 1,540	- 9,230	- 9,230	-
Derivative financial instrument liabilities	**15,687**	129	15,558	15,558	-
Derivative financial instrument receivables	**- 1,071**	-	- 1,071	- 1,071	-
	911,147	**85,155**	**825,992**	**391,898**	**434,094**

(in thousands of euros)	Total 2007	≤ 1 year	> 1 year	> 1 year but ≤ 5 years	> 5 years
Borrowings	**769,597**	116,860	652,737	282,157	370,580
Finance lease liabilities	**128,274**	3,247	125,027	15,670	109,357
Finance lease receivables	**- 12,134**	- 1,363	- 10,771	- 7,471	- 3,300
Derivative financial instrument liabilities	**56,889**	40,858	16,031	16,031	-
Derivative financial instrument receivables	**- 459**	-	- 459	- 459	-
	942,167	**159,602**	**782,565**	**305,928**	**476,637**

All the items in the above overview are shown at the amounts for which they are also recognised in the balance sheet, together with the year of redemption or settlement agreed for each item with the other party. Schiphol Group's policy dictates that no more than 25% of obligations may have a term of less than one year. As at 31 December 2007, this percentage was 9.3% (against 16.9% as at 31 December 2006).

Fair value estimate

The fair value of financial instruments that are traded on active markets (such as negotiable derivative financial instruments and securities held for sale) is based on their market prices on the balance sheet date. For financial assets this is the bid price, for financial liabilities this is the offer price.

The fair value of financial instruments that are not traded on active markets (such as derivative financial instruments traded over the counter, loans to associates, other receivables and loans) is determined with the aid of valuation techniques. Schiphol Group uses various methods for this purpose and applies assumptions based on the market conditions on the balance sheet date.

With regard to borrowings, market prices or prices quoted by traders for comparable instruments are used. Other valuation techniques, such as expected cash flow models, are used to determine the fair value of the remaining financial instruments. The fair value of interest rate swaps is calculated as the discounted value of the expected future cash flows. The fair value of forward exchange contracts is determined on the basis of the price on the forward exchange market on the balance sheet date.

It is assumed that the nominal value, reduced by the estimated adjustments for trade receivables and trade payables, approximates the fair value. For information provision purposes, the fair value of financial assets and liabilities is estimated by factoring in the future contractual cash flows at the current market interest rate which Schiphol Group applies to comparable financial instruments. Furthermore, account is taken of the possibility of early repayments; the chance that such repayments will be made is presently estimated at zero.

Capital management

Schiphol Group's long-term capital strategy and dividend policy is geared towards returning value to its shareholders, facilitating sustainable long-term growth and preserving an appropriate financial structure and sound creditworthiness whilst bearing in mind its limited access to the capital market. With the current shareholder base (public shareholders) Schiphol Group only has access to the debt market. Nonetheless, Schiphol Group has a continued focus on further optimising its capital structure and cost of capital.

Schiphol Group makes use of certain financial ratios, including cash flow-based metrics to capture the dynamics of capital structure, dividend policy and cash flow generation and monitor its capital structure in line with credit rating agencies and comparable best practices. In this context, key financial ratios employed include:

- Funds From Operations (FFO) Interest Coverage concerns the FFO plus interest charges divided by the interest charges
- Leverage concerns interest-bearing debt divided by equity plus the interest-bearing debt
- Funds From Operations (FFO) / Total debt. Funds From Operations and Total debt are structured as follows:

(in thousands of euros)	2007	2006
Operating result	**419,687**	316,403
Depreciation and amortisation	**170,763**	160,771
Impairment	**3,935**	982
Other income, from property	**- 114,483**	- 39,014
Movements in provisions	**- 9,055**	- 2,589
Income tax paid	**- 125,260**	- 63,071
Interest paid	**- 46,227**	- 34,473
Interest received	**11,923**	10,974
Funds From Operations	**311,283**	**349,983**

The amount of Funds From Operations used for calculating the ratios differs from the cash flow from operating activities as calculated in the consolidated cash flow statement.

(in thousands of euros)	2007	2006
Non-current liabilities		
Borrowings	**699,270**	652,737
Lease liabilities	**121,465**	125,027
Current liabilities		
Borrowings	**83,103**	116,860
Lease liabilities	**3,463**	3,247
Total debt	**907,301**	**897,871**

For capital management purposes, debt capital consists of the non-current and current liabilities as shown under Total debt. Equity for capital management purposes is equal to equity shown in the consolidated balance sheet. As at 31 December 2007, equity was EUR 2,956.6 million (EUR 2,277.4 million as at 31 December 2006).

As at 31 December, the FFO / Total debt and leverage were:

	2007	2006
FFO / Total debt	**34.3%**	39.0%
Leverage	**23.5%**	24.8%

The FFO / Total debt fell from 39.0% in 2006 to 34.3% in 2007. This is attributable in particular to the higher corporate income tax payment in 2007 of EUR 125.3 million, against EUR 63.0 million in 2006.

The FFO / Interest coverage for 2007 was 7.7x (against 8.3x for 2006).

Segment Information

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

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances & participations	2007
Profit and loss account					
Total revenue	664,988	321,367	162,641	120,904	**1,269,900**
Elimination of internal revenue	- 14,612	- 20,888	- 38,302	- 49,879	**- 123,681**
Revenue	**650,376**	**300,479**	**124,339**	**71,025**	**1,146,219**
Fair value gains and losses on investment property	-	-	112,119	- 446	**111,673**
Depreciation and amortisation	- 121,291	- 22,154	- 16,809	- 10,509	**- 170,763**
Impairment	-	-	- 3,852	- 83	**- 3,935**
Other non-monetary expenses	- 1,028	- 574	- 225	- 606	**- 2,433**
Operating result	95,080	143,936	171,244	9,427	**419,687**
Share in results of associates*)	743	-	2,702	13,846	**17,291**
Balance sheet					
Total assets	2,168,897	285,494	1,615,978	216,797	**4,287,166**
Total non-current assets (excluding corporate income tax)	1,877,337	247,115	1,398,746	187,656	**3,710,854**
Investments in associates and other financial interests	2,815	25	35,749	24,627	**63,216**
Total liabilities (excluding corporate income tax)	646,648	53,199	542,022	80,087	**1,321,956**
Capital expenditure **)	208,264	47,499	109,395	10,207	**375,365**

*) The share in results of associates in 2007 and 2006 shown here includes the share in results of associates presented as such in the profit and loss account and the share of interest income and dividends presented as part of financial income and expenses that is attributable to investments in associates, lease receivables and other financial interests.

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances & participations	2006
Profit and loss account					
Total revenue	641,399	232,314	157,724	91,645	**1,123,082**
Elimination of internal revenue	- 10,471	- 1,842	- 48,636	- 25,428	**- 86,377**
Revenue	630,928	230,472	109,088	66,217	**1,036,705**
Fair value gains and losses on investment property	-	-	28,303	267	**28,570**
Depreciation and amortisation	- 116,936	- 14,340	- 19,246	- 10,249	**- 160,771**
Impairment	-	-	-	- 982	**- 982**
Other non-monetary expenses	- 20,726	- 248	- 341	- 94	**- 21,409**
Operating result	73,240	136,487	101,024	5,652	**316,403**
Share in results of associates*)	1,311	-	5,805	10,915	**18,031**
Balance sheet					
Total assets	2,188,209	241,738	1,505,203	229,442	**4,164,592**
Total non-current assets (excluding corporate income tax)	1,785,478	197,247	1,228,176	187,214	**3,398,115**
Investments in associates and other financial interests	2,573	25	34,170	24,510	**61,278**
Total liabilities (excluding corporate income tax)	672,743	46,450	520,604	108,912	**1,348,709**
Capital expenditure	173,370	12,269	68,758	5,627	**260,024**

**) The capital expenditure in 2007 concern investments in intangible assets (EUR 34.6 million, including the cost of the contract related intangible assets of EUR 24.0 obtained through acquisition) and tangible assets (EUR 340.8 million, including EUR 1.3 million obtained through acquisitions).

The Aviation business area operates solely at Amsterdam Airport Schiphol. Aviation provides services and facilities to airlines, passengers and handling agents. The Netherlands Competition Authority (NMa) regulates the charges which are levied and sets limits on the returns generated. Sources of revenue include airport charges (aircraft, passenger and security charges) and concession fees (paid by oil companies for the right to provide aircraft refuelling services).

The activities of the Consumers business area concern independent operation of retail outlets and car parks, the granting of concessions for airport shopping and cafe, bar and restaurant facilities and the marketing of advertising opportunities at Amsterdam Airport Schiphol. The business area also has activities outside the Netherlands such as the operation of retail outlets via management contracts. Sources of revenue include retail sales, parking charges, concession fees, advertising and management fees.

The Real Estate business area develops, manages, operates and invests in property at and around airports at home and abroad. The greater part of the portfolio, comprising both operational buildings and commercial properties is located at and around Amsterdam Airport Schiphol. Sources of revenue include income from development and letting out buildings and sites . The business area also makes a significant contribution to Schiphol Group results via other property results (sales, the fair value gains or losses on property and the granting of long lease of land).

The Alliances & Participations business area rolls out the AirportCity formula internationally. Alliances & Participations consists of Schiphol Group's interests in regional airports as well as its interests in airports abroad, other associates and Utilities. Airport charges and parking charges are the main sources of revenue of the regional airports. The airports abroad contribute to the group result through performance fees and dividends as accounted for in share in results, through the interest paid on loans and through intellectual property fees. Schiphol Telematics delivers telecomservices to companies on and around the airport. The Utility activities generate revenue from the transport of electricity and gas and from the supply of water.

Information relating to alliances specifically associated with a particular business area is presented under the business area of Aviation, Consumers or Real Estate. The information relating to other alliances is presented under the Alliances & Participations business area. Group overheads are allocated to the business segments largely on the basis of their relative share in the costs of Schiphol Group.

Since Schiphol Group's current activities are largely concentrated in the Netherlands (99.5% of the consolidated revenue in 2007), there is no geographical segmentation.

Notes to the Consolidated Profit and Loss Account

1. Revenue

The analysis by activity and business segment is as follows:

(in thousands of euros)	Aviation	Consumers	Real Estate	Alliances & Participations	2007
Airport charges	629,522	-	-	26,939	**656,461**
Concessions	11,709	112,835	1,972	2,312	**128,828**
Rents and leases	162	14,981	108,994	2,476	**126,613**
Parking fees	-	79,795	1,068	8,534	**89,397**
Retail sales	-	64,437	-	-	**64,437**
Other activities	8,983	28,431	12,305	30,764	**80,483**
	650,376	**300,479**	**124,339**	**71,025**	**1,146,219**

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

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

Airport charges

The activities of the Aviation business area (the operation of Amsterdam Airport Schiphol) are regulated. This means, among other things, that the annual process of fixing the airport charge rates is overseen by the Netherlands Competition Authority (NMa) and that the aviation industry should be consulted as part of this process. The Aviation business area’s profitability is also limited to an average weighted cost of capital (WACC) calculated according to a formula laid down in the Aviation Act. Under the Aviation Act Schiphol Group is obliged to settle any surpluses or deficits relative to the aforementioned WACC with the industry each year. The settlement of the airport charges is required to take place after the close of each year using the new airport charge rates then applicable. In accordance with the accounting policies, surpluses and deficits due to be settled in the airport charge rates are not presented as assets and liabilities in the balance sheet. The above procedure does not apply to the airport charges of Rotterdam, Eindhoven and Lelystad, which are accounted for by the Alliances & Participations business area.

For the financial years 2005 and 2006 a settlement takes place in the rates applicable from 1 November 2007 to 31 October 2008 inclusive. Following applications from a number of airlines, the NMa ruled that Schiphol Group had incorrectly settled a number of cost items from 2005 and 2006, involving a total amount of more than EUR 39 million, in the rates which would apply to Amsterdam Airport Schiphol from 1 November 2007. As a result of this ruling, Schiphol Group is obliged to reduce the intended aircraft and passenger charges (but not the security charges) in the period from 1 November 2007 to 31 October 2008 inclusive by nearly EUR 37 million (8.71%). As at 31 December 2007, there still remains an amount of EUR 31 million to be settled. Schiphol Group has appealed against the aforementioned decision of the NMa. The other applications submitted by the airlines in response to the proposed charges from 1 November 2007 and the procedure followed in this respect were dismissed by the NMa.

The income from airport charges has the following analysis:

(in thousands of euros)	2007	2006
Aircraft-related fees	**188,897**	186,624
Passenger-related fees	**234,110**	225,989
Security service charge	**226,543**	214,823
Aircraft parking fees	**6,911**	6,927
	656,461	**634,363**

Concessions

Schiphol Group’s Consumers business area has a total of 102 concession contracts (2006: 94 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. At balance sheet date, around 56% of the concessions had a remaining term of less than three years (2006 around 83%), 28% had between three and five years to run (2006 around 11%) and 6% had more than five years to run (2006 around 6%).

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

Rents and leases

The analysis is as follows:

(in thousands of euros)	2007	2006
Investment property buildings, including service costs	**46,999**	38,407
Investment property sites	**23,736**	23,994
Operating property, including service costs	**55,878**	53,708
	126,613	**116,109**

Average occupancy of the buildings in the Real Estate business area portfolio in 2007 was 88% (86% in 2006). The occupancy figure as at 31 December 2007 was 88% (87% as at 31 December 2006) in the Real Estate business area.

The proportion of all leases (measured in terms of income from rents and leases) expiring within one year is approximately 2% (6% in 2006). Approximately 57% expires after one year and within five years (50% in 2006) and approximately 41% expires after more than five years (44% in 2006).

Property management expenses can be analysed as follows:

(in thousands of euros)	2007	2006
Occupied buildings	**32,657**	28,974
Unoccupied buildings	**4,498**	5,233
	37,155	**34,207**

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

Parking fees

The analysis is as follows:

(in thousands of euros)	2007	2006
Parking at Amsterdam Airport Schiphol:		
Short-stay car park	**42,438**	40,723
Long-stay car park	**23,969**	21,809
Other public car parking	**3,592**	3,220
Business parking	**10,864**	10,053
	80,863	**75,805**
Parking at other locations	**8,534**	**6,302**
	89,397	**82,107**

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

Retail sales

In 2006, Schiphol Group reached final agreement with KLM NV on the full acquisition of the liquor and tobacco concession in the See Buy Fly area. With effect from 3 January 2007, the takeover date, these activities are carried out by Schiphol Airport Retail BV (a wholly owned subsidiary of Schiphol Nederland BV). The revenue from retail sales of EUR 64.4 million in 2007 concerns the proceeds from these retail activities. The cost of sales of EUR 38.1 million related to this revenue is accounted for on the line ‘Costs of outsourced work and other external charges’ under operating expenses. Previously, these activities were performed by KLM Tax Free Services, and Schiphol Group received a concession fee. Up to and including 2006, this fee was accounted for under income from concessions.

Other activities

The analysis is as follows:

(in thousands of euros)	2007	2006
Advertising	**15,796**	14,201
Services and activities on behalf of third parties	**27,284**	19,241
Electricity, gas and water	**6,459**	6,381
Other operating income	**18,914**	18,636
Miscellaneous	**12,030**	10,124
	80,483	**68,583**

2. Result on sales of property

The result from property sales amounted to EUR 2.8 million in 2007. This concerns the sale of the Flight Square office building in Eindhoven. The cost of sales of property sales consists of the fair value of the property sold of EUR 5.3 million and costs related to these sales of EUR 0.9 million.

The result of EUR 10.4 million on the sale of property in 2006 concerned the contribution of land to Schiphol Logistics Park CV (EUR 7.4 million) and the sale of the EGL building and the Prestwick building (EUR 3.0 million). The total cost of sales of property in 2006, amounting to EUR 30.0 million, was made up of EUR 11.7 million for the contribution of land to Schiphol Logistics Park CV (EUR 9.5 million from assets held for sale, EUR 1.7 million from assets under construction and EUR 0.5 million for site preparation costs) and EUR 18.3 million for the two buildings (EUR 17.7 million from investment property and EUR 0.6 million in selling costs). Out of the total figure of EUR 40.5 million for property sales income in 2006, an amount of EUR 19.2 million related to the above contribution of land and did not result in a cash flow in 2006. This explained the figure of EUR 21.3 million for the proceeds from disposals of investment property in the consolidated cash flow statement.

3. Fair value gains and losses on property

The analysis is as follows:

(in thousands of euros)	2007	2006
New long leases granted	**1,935**	601
Acquisition and completions of buildings	**65,566**	5,533
Residual values on long leases	**2,684**	2,280
Market value adjustments	**41,488**	20,156
	111,673	**28,570**

The fair value gains on the investment property in 2007 amounted to EUR 111.7 million (EUR 28.6 million in 2006). The purchase and completion of buildings and the granting of new long leases, in combination with a higher occupancy ratio and better rental levels of new lease contracts resulted in an appreciation of the property portfolio by EUR 67.5 million. In addition, a fall in the yield and the attribution of residual value of longleases caused an additional appreciation by EUR 44.1 million.

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 upon the release of the leasehold land. The fair value is calculated by discounting the annual ground rents from the leases concerned (DCF method), using a discount rate based on the interest rate on Dutch State Loans plus a risk mark-up.

Prior to completion, new buildings are carried at cost. On completion they are revalued at an internally appraised fair value. Furthermore, existing buildings (some of which were purchased recently) are regularly reconstructed in order to improve the lease conditions of these buildings, which increases their fair value.

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 fair value of all the properties is 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 resulting adjustments to the fair value are included in the market value adjustments in the above analysis.

4. Costs of outsourced work and other external charges

The analysis is as follows:

(in thousands of euros)	2007	2006
Outsourcing	**237,015**	219,986
Maintenance	**57,780**	54,200
Energy and water	**22,506**	23,626
Cost price retail sales	**38,089**	-
Insurance	**22,487**	22,764
Other external charges	**108,634**	92,137
	486,511	**412,713**

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

As at 31 December 2007, there were commitments (not included in the balance sheet) in respect of long-term security, maintenance and cleaning contracts etc. totalling EUR 650.3 million (31 December 2006: EUR 98.8 million). The increase in the size of these commitments is primarily attributable to five-year contracts (2008 to 2012 inclusive) in relation to security, with a total value of EUR 549 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)				> 1 year but	
	Total	≤ 1 year	> 1 year	≤ 5 years	> 5 years
Rental and lease contract commitments	**64,804**	6,465	58,339	19,294	39,045

5. Employee benefits

The analysis is as follows:

(in thousands of euros)	2007	2006
Short-term employee benefits		
Salaries	**137,005**	120,875
Social security charges	**11,968**	12,134
Internal hours capitalised	**- 12,552**	- 11,605
	136,421	**121,404**
Post-retirement benefits		
Pension charges (defined contribution plans)	**16,143**	15,072
Pension charges (defined benefit plans)	**2,023**	970
Early retirement benefits	**2,101**	1,390
Pensioners' medical expenses	**- 6,541**	911
	13,726	**18,343**
Other long-term employee benefits		
Long-service bonuses	**410**	- 121
Management long-term bonuses	**827**	734
Other employee benefits	**115**	174
	1,352	787
Termination benefits	**3,089**	**- 41**
Other staff costs	**13,372**	**12,331**
Total employee benefits	**167,960**	**152,824**

The average number of employees, on a full-time equivalent basis, of NV Luchthaven Schiphol and its subsidiaries totalled 2,459 (2006: 2,293).

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

The release in 2007 (caused inter alia by a change to the scheme) with regard to post-retirement benefits concerns the allowance for medical expenses paid to retired employees. In 2007, agreement was reached with the retired employees about the surrender of their allowance for medical expenses, which resulted in a release of the provision of EUR 6.5 million.

6. Depreciation and amortisation

The analysis is as follows:

(in thousands of euros)	2007	2006
Intangible assets		
Contract related assets	**4,800**	-
Automated application development	**4,993**	3,306
Software licences	**2,161**	1,854
	11,954	**5,160**
Assets used for operating activities		
Runways, taxiways and aprons	**20,705**	19,580
Paved areas, roads etc.	**10,216**	9,527
Buildings	**27,938**	29,208
Installations	**72,362**	72,011
Other assets	**24,853**	23,241
	156,074	**153,567**
Depreciation and amortisation relating to disposals	**2,735**	**2,044**
Total depreciation and amortisation	**170,763**	**160,771**

The amortisation of contract related assets concerns the concession contracts relating to the takeover of liquor and tobacco retailing activities. This intangible asset is explained in more detail in note 14.

7. Impairment

The analysis is as follows:

(in thousands of euros)	2007	2006
Intangible assets		
Goodwill	**3,852**	-
	3,852	-
Assets used for operating activities		
Paved areas, roads etc.	**-**	22
Installations	**-**	751
Other assets	**83**	147
	83	920
Assets under construction		
For operating activities	**-**	62
	-	62
Total impairment losses	**3,935**	**982**

The goodwill impairment of EUR 3.9 million concerns Villa Carmen BV. A more detailed explanation can be found in note 14, dealing with intangible assets.

The impairment losses recognised on assets used for operating activities relate to Schiphol Telematics, Lelystad Airport and Eindhoven Airport.

In connection with the projected short and medium-term losses and negative cash flows from operating activities, an impairment loss of EUR 0.1 million (in 2006 EUR 0.2 million) was recognised on the assets of Lelystad Airport in 2006.

With the break-up of Schiphol Telematics into a network business and a service business with effect from 1 January 2006 (the network business being continued by Schiphol Group and the service business by KPN), the assets were divided between the two businesses. The carrying amount of property, plant and equipment remaining with the network business was written down by EUR 0.8 million in respect of technological obsolescence affecting the Welan network and the transmission platform.

8. Other operating expenses

The other operating expenses for 2006 include, among other things, the contribution of EUR 8.5 million made by Schiphol Group to Stichting Mainport en Groen and Schiphol Group's EUR 10.0 million contribution for the alleviation of the airport nuisance 'distress' cases. These expense items and the liabilities they have given rise to have been described in greater detail in note 38. In 2007, the other operating expenses included no such exceptional cost items.

9. Financial income and expenses

The analysis is as follows:

(in thousands of euros)	2007	2006
Interest expense		
Borrowings	**- 36.635**	- 37.749
Lease liabilities	**- 9.993**	- 10.171
Tax collection	**- 3.680**	- 4.300
	- 50.308	**- 52.220**
Interest income		
Cash and cash equivalents	**6.995**	7.122
Loans to associates	**4.551**	5.395
Lease receivables	**1.497**	1.607
Capitalised constructions period borrowing costs	**3.062**	3.547
Tax collection	**-**	587
Other	**585**	598
	16.690	**18.856**
Other financial gains and losses		
Exchange differences on loans to associates	**- 5**	- 1.727
Exchange differences on cash and cash equivalents	**- 139**	- 198
Exchange differences on other assets, equity and liabilities	**- 250**	- 321
Derivative financial instruments	**- 1.244**	- 315
Dividends from other financial interests	**347**	315
Other	**- 504**	- 58
	- 1.795	**- 2.304**
Total financial income and expenses	**- 35.413**	**- 35.668**

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

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

The currency risk on this long-term loan has been hedged using currency swap contracts with effect from September 2006. The exchange differences recognised in the profit and loss account in 2006 and 2007 relate to periods durng which no hedge was in place.

When the settlement agreement concerning the opening balance sheet for tax purposes as at 1 January 2002 was concluded with the Tax Authorities in September 2006, it became possible to prepare revised tax returns for the years from the financial year 2002 onwards. Interest is due on the resultant amounts of corporate income tax due. Accordingly, interest was paid and/or reserved in both 2006 and 2007 with regard to the tax returns for 2002 to 2007 inclusive.

10. Share in results of associates

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

11. Corporate income tax

The corporate income tax charge in the profit and loss account can be analysed as follows:

(in thousands of euros)	2007	2006
Profit before tax	**395,170**	291,449
Share in result of associates [*)]	**- 9,128**	- 5,619
	386,042	285,830
Standard rate of corporate income tax	**25.5%**	**29.6%**
Corporate income tax calculated at the standard tax rate	**98,441**	84,606
Different rate for foreign associates	**2,620**	1,233
Income related to the management of foreign associates	**- 833**	- 1,174
Other	**- 309**	201
Corporate income tax before extraordinary itemsn	**99,919**	84,866
Effective rate of corporate income tax before extraordinary items	**25.9%**	**29.7%**
Impact due to the agreement on the opening balance sheet for tax purposes:		
■ Recognition of deferred tax assets	**-**	- 286,178
■ Release from deferred tax liabilities	**-**	- 22,975
Release of current corporate income tax liabilities	**- 21,935**	- 5,152
Opening balance sheet for tax purposes Eindhoven Airport NV	**1,162**	-
Release of deferred tax assets and liabilities due to reduction in the tax rate to 25,5%	**-**	- 7,247
Corporate income tax in the profit and loss account	**79,146**	- 236,686
Effective rate of corporate income tax after extraordinary items	**20.5%**	**- 82.8%**

[*)] In calculating the corporate income tax payable, the share in results of associates is deducted because they satisfy the substantial holding privilege tax rule. This does not apply to the results of limited partnerships (CVs), which are not independently liable for tax and whose results are included in the NV Luchthaven Schiphol fiscal entity.

In 2007, the effective tax burden was 20.5% at a nominal rate of 25.5%. This difference is attributable in particular to non-recurring income from the provisional settlement of the corporate income tax returns for 2004 and 2005, amounting to EUR 21.9 million.

In 2006, the effective tax burden was a negative of 82.8% at a nominal rate of 29.6%. This difference was caused primarily by the recognition of one-off effects of the settlement agreement. In 2006, this agreement resulted in non-recurring income totalling EUR 309.2 because of the creation of a deferred tax asset of EUR 286.2 million and the release to the 2006 profit and loss account of a deferred tax liability of EUR 23.0 million created in the past. Further information can be found in note 18, concerning deferred tax. After a settlement agreement was concluded with the Tax Authorities, revised corporate income tax returns were filed in 2006 in respect of the financial years 2002 (final) and 2003 (provisional), which resulted in a release to the 2006 profit and loss account of current liabilities relating to corporate income tax in the amount of EUR 5.2 million.

12. Result attributable to minority interests

Included in the result attributable to minority interests in 2007 is the share of third parties in the results of the group companies Eindhoven Airport NV and Avioport SpA.

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

13. Earnings per share

Earnings per share is calculated as follows:

	2007	2006
Result attributable to shareholders (net result, in euros)	**315,786,000**	526,909,000
Average number of shares in issue during the year	**171,255**	171,255
Earnings per share (in euros)	**1,844**	**3,077**

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.

14. Intangible assets

The analysis and movements were as follows:

(in thousands of euros)	Goodwill	Contract related assets	Automated application development	Software licences	Software under development	Total
Analysis as at 31 December 2005						
Cost	7,598	-	6,103	2,298	5,740	**21,739**
Cumulative amortisation and impairment	- 1,247	-	- 1,918	- 709	-	**- 3,874**
Carrying amount	**6,351**	**-**	**4,185**	**1,589**	**5,740**	**17,865**
Movements in 2006						
Additions	-	-	-	-	9,927	**9,927**
Completions	- 7	-	6,542	3,547	- 10,082	**-**
Acquisitions	-	-	-	38	-	**38**
Amortisation	-	-	- 3,306	- 1,854	-	**- 5,160**
Reclassification	-	-	- 153	421	-	**268**
Total movements in the year	**- 7**	**-**	**3,083**	**2,152**	**- 155**	**5,073**
Analysis as at 31 December 2006						
Cost	7,591	-	12,474	6,304	5,585	**31,954**
Cumulative amortisation and impairment	- 1,247	-	- 5,206	- 2,563	-	**- 9,016**
Carrying amount	**6,344**	**-**	**7,268**	**3,741**	**5,585**	**22,938**
Movements in 2007						
Additions	-	-	-	-	10,613	**10,613**
Completions	-	-	6,151	1,270	- 7,421	**-**
Acquisitions	-	24,000	-	8	-	**24,008**
Amortisation	-	- 4,800	- 4,993	- 2,161	-	**- 11,954**
Impairment	- 3,852	-	-	-	-	**- 3,852**
Reclassification	-	-	- 46	30	-	**- 16**
Disposals	-	-	- 15	-	-	**- 15**
Total movements in the year	**- 3,852**	**19,200**	**1,097**	**- 853**	**3,192**	**18,784**
Analysis as at 31 December 2007						
Cost	7,591	24,000	18,564	7,612	8,777	**66,544**
Cumulative amortisation and impairment	- 5,099	- 4,800	- 10,199	- 4,724	-	**- 24,822**
Carrying amount	**2,492**	**19,200**	**8,365**	**2,888**	**8,777**	**41,722**

The goodwill recognised as at 31 December 2007 consists of an amount of EUR 0.8 million that relates to Schiphol Telematics BV and an amount of EUR 1.7 million that relates to Villa Carmen BV.

Schiphol Group acquired an additional interest of 16.66% in Schiphol Telematics BV in 2001. At year-end 2007, an impairment test was performed on the carrying amount of the related goodwill, comparing it with the value in use of the related cash-generating unit (Schiphol Telematics BV) calculated on the basis of information taken from its 2008–2012 business plan using a discount rate of 6.1%. The test did not indicate any need to recognise an impairment loss.

Malpensa Real Estate II BV (MRE II BV, a subsidiary of Schiphol Group) acquired an interest of 47.44% in Villa Carmen BV in 2005. The goodwill this creates is derived from the appreciation of the land contributed by MRE II BV on acquisition of its share. On the basis of a recent external appraisal of the Villa Carmen BV real estate project in its entirety, the fair value of the land decreased in 2007. This resulted in a goodwill impairment of EUR 3.9 million in 2007.

Of the payment agreed with regard to the takeover in 2006 of liquor and tobacco retailing activities an amount of EUR 24.0 million has been allocated to the concession contracts taken over from KLM Tax Free Services. These contracts are accounted for as contract related intangible assets in Schiphol Nederland BV. These assets are amortised according to the straight-line method over a period of five years, and taken to the depreciation/amortisation item in the profit and loss account. The acquisition did not result in any goodwill.

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.

15. Assets used for operating activities

The analysis and movements were as follows:

(in thousands of euros)	Runways, Taxiways and aprons	Paved areas, roads etc.	Building	Installations	Other assets	Total
Analysis as at 31 december 2005						
Cost	564,332	527,991	1,056,266	1,109,159	268,480	**3,526,228**
Cumulative depreciation and impairment	- 191,009	- 104,765	- 338,692	- 546,386	- 169,988	**- 1,350,840**
Carrying amount	**373,323**	**423,226**	**717,574**	**562,773**	**98,492**	**2,175,388**
Movements in 2006						
Completions	26,292	7,095	- 58,616	49,324	19,970	**44,065**
Depreciation	- 19,580	- 9,527	- 29,208	- 72,011	- 23,241	**- 153,567**
Impairment	-	- 22	-	- 751	- 147	**- 920**
Sales	-	- 39	-	-	- 58	**- 97**
Acquisitions	-	-	-	9,718	544	**10,262**
Changes in the consolidation	-	-	-	- 3,774	-	**- 3,774**
Disposals	- 1,066	- 348	- 117	- 392	- 121	**- 2,044**
Reclassification	3,109	- 2,037	364	- 1,362	- 742	**- 668**
Exchange differences	-	-	-	-	- 5	**- 5**
Total movements in the year	**8,755**	**- 4,878**	**- 87,577**	**- 19,248**	**- 3,800**	**- 106,748**
Analysis as at 31 december 2006						
Cost	591,097	531,959	997,140	1,153,117	269,678	**3,542,991**
Cumulative depreciation and impairment	- 209,018	- 113,612	- 367,143	- 609,592	- 174,986	**- 1,474,351**
Carrying amount	**382,079**	**418,347**	**629,997**	**543,525**	**94,692**	**2,068,640**
Movements in 2007						
Completions	33,775	29,132	26,760	58,281	21,996	**169,944**
Depreciation	- 20,705	- 10,216	- 27,938	- 72,362	- 24,853	**- 156,074**
Impairment	-	-	-	-	- 83	- **83**
Sales	-	-	-	-	- 48	- **48**
Acquisitions	-	-	31	63	1,198	**1,292**
Disposals	- 1,845	-	- 200	- 555	- 120	**- 2,720**
Reclassification	4,012	- 4,181	3,940	2,759	- 2,020	**4,510**
Exchange differences	-	-	-	-	3	**3**
Total movements in the year	**15,237**	**14,735**	**2,593**	**- 11,814**	**- 3,927**	**16,824**
Analysis as at 31 december 2007						
Cost	627,685	556,726	1,022,779	1,209,541	281,017	**3,697,748**
Cumulative depreciation and impairment	- 230,369	- 123,644	- 390,189	- 677,830	- 190,252	- **1,612,284**
Carrying amount	**397,316**	**433,082**	**632,590**	**531,711**	**90,765**	**2,085,464**

Included under the heading of buildings in the assets used for operating activities is an amount of EUR 42.4 million (31 December 2006: EUR 43.9 million) relating to the carrying amount of assets (P1 car park/walkway) to which the company does not have legal title (finance lease). The related liabilities are included in lease liabilities.

For an explanation of the impairment losses, see note 7.

16. Assets under construction or development

The analysis and movements were as follows:

(in thousands of euros)	Assets under construction for operating activities	Assets under construction for investment property	Total
Carrying amount as at 31 December 2005	**153,347**	**136,628**	**289,975**
Movements in 2006			
Capital expenditure	201,103	48,994	**250,097**
Construction period borrowing cost capitalised	3,386	161	**3,547**
Completed assets and investment property	- 44,065	- 13,964	**- 58,029**
Impairment	- 62	-	**- 62**
Sales	- 1,765	-	**- 1,765**
Acquisitions	1,316	-	**1,316**
Changes in the consolidation	- 1,582	-	**- 1,582**
Reclassification	400	- 1	**399**
Total movements in the year	**158,731**	**35,190**	**193,921**
Carrying amount as at 31 December 2006	**312,078**	**171,818**	**483,896**
Movements in 2007			
Capital expenditure	234,162	105,290	**339,452**
Construction period borrowing cost capitalised	2,438	624	**3,062**
Completed assets and investment property	- 169,944	- 119,542	**- 289,486**
Reclassification	-	155	**155**
Total movements in the year	**66,656**	**- 13,473**	**53,183**
Carrying amount as at 31 December 2007	**378,734**	**158,345**	**537,079**

The capitalisation of borrowing costs during the construction period is calculated by applying a percentage that is determined on a quarterly basis according to the current ratio of equity to borrowed capital. In 2007, the rate varied between 1.1% and 1.3% per annum.

The capital expenditure of EUR 250.1 million in 2006 includes an investment of EUR 15.7 million which, while recognised as a liability in the balance sheet as at 31 December 2006 and 31 December 2007 under the heading of other non-current liabilities, did not result in a cash outflow in 2006 (or in 2007, for that matter). The amount shown in the consolidated cash flow statement in respect of investments in property, plant and equipment in 2006 is therefore EUR 234.4 million.

As at 31 December 2007, Schiphol Group was committed to investments in assets under construction or development totalling EUR 202.6 million, of which EUR 31.8 million concerned property (31 December 2006: EUR 107,5 million, including EUR 55.9 million in property).

17. Investment property

The analysis and movements were as follows:

(in EUR 1,000)	Buildings	Sites	Total
Carrying amount as at 31 December 2005	**421,795**	**243,476**	**665,271**
Movements in 2006			
Completions	13,532	432	**13,964**
Fair value gains and losses	24,533	4,037	**28,570**
Sales	- 17,748	-	**- 17,748**
Reclassification	1,029	- 1,029	**-**
Total movements in the year	**21,346**	**3,440**	**24,786**
Carrying amount as at 31 December 2006	**443,141**	**246,916**	**690,057**
Movements in 2007			
Completions	113,565	5,977	**119,542**
Fair value gains and losses	110,773	900	**111,673**
Sales	- 5,264	-	**- 5,264**
Reclassification	7,569	- 12,216	**- 4,647**
Total movements in the year	**226,643**	**- 5,339**	**221,304**
Carrying amount as at 31 December 2007	**669,784**	**241,577**	**911,361**

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

Buildings includes an amount of EUR 100.8 million (31 December 2006: EUR 97.5 million) in respect of the fair value of assets (Triport) where the company has the risks and rewards incidental to ownership but not legal title (finance lease). Land includes land leased under long-lease contracts.

The calculation of the cash flows (which are a factor in determining the fair value at which investment property is presented in the balance sheet) takes into account the existence of deferred lease incentives. For an explanation of the sales and fair value gains and losses, see notes 2 and 3, respectively, in the notes to the consolidated profit and loss account.

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

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

18. Deferred tax

With effect from 1 January 2002, Schiphol Group has been subject to corporate income tax. Schiphol Group and the Tax Authorities signed the settlement agreement on 8 September 2006. Among other things, this agreement specifies the final opening balance sheet for tax purposes and contains some further agreements on the determination of Schiphol Group's taxable profit.

Assets used for operating activities and assets under construction are valued at cost both for reporting purposes and for tax purposes. However, the aforementioned settlement agreement resulted in differences between the cost for reporting and tax purposes respectively of assets held as at 1 January 2002. The balance sheet for tax purposes equates the cost with the market value as at 1 January 2002, whereas the balance sheet for reporting purposes equates the cost with the (lower) historical cost. In addition, property investments and derivative financial instruments are valued at fair value for reporting purposes and at cost for tax purposes. Furthermore, the property is depreciated for tax purposes, whereas there is no depreciation of property for reporting purposes. Deferred tax assets and liabilities are recognised in respect of all these valuation differences.

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

(in thousands of euros)	2007	2006
Deferred tax assets		
Assets used for operating activities	**158,709**	158,709
Assets under construction or development	**76,201**	76,201
Investment property	**-**	33,973
Derivative financial instruments	**3,734**	14,348
Deferred tax liabilities		
Investment property	**- 4,377**	-
	234,267	**283,231**
Non-current (settlement is not expected)	**84,939**	84,939
Non-current (expected to be recovered or settled after longer than 12 months)	**149,328**	187,873
Current (expected to be recovered or settled within 12 months)	**-**	10,419
	234,267	**283,231**

Pursuant to IAS 12, Income Taxes, a deferred tax asset should be included insofar as it is likely that sufficient taxable profit will be available against which the deductible temporary difference can be utilised. However, it is not to be expected that the deferred tax assets will actually be realised in relation to a part of the operating assets (EUR 84.9 million). The difference between the value for reporting and tax purposes respectively will be realised only in the event of a sale (resulting in a lower profit for tax purposes and a lower corporate income tax liability), in the event of impairment (resulting in higher costs for tax purposes and a lower corporate income tax liability), or upon termination of the aviation activities (resulting in higher costs for tax purposes, because compensation will only be obtained up to the book value for reporting purposes). Schiphol Group is not authorised to sell the land for operating activities. The expectations with regard to future cash flows do not suggest that impairment losses will be necessary. Finally, it is not likely either that the activities will be terminated.

As at 31 December 2007, a total amount of EUR 9.7 million in deductable temporary differences and tax losses carry forward in relation to Schiphol Belgium NV (EUR 7.3 million) and Tradeport Hongkong Ltd (EUR 2.4 million, our share) existed, for which no deferred tax assets were recognised owing to the uncertainty regarding the availability of future taxable profits allowing such assets to be utilised by offsetting deductible temporary differences and tax losses. There are no other deductible temporary differences or tax losses carry forwards for which no deferred tax asset was recognised.

The deferred tax assets and liabilities are presented as a net amount, because these assets and liabilities are part of the same fiscal unity and the company at the head of this fiscal unity has a legally enforceable right to do so.

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

(in thousands of euros)	Assets used for operating purposes	Assets used construction or development	Investment property	Derivative financial instruments	Total
Carrying amount as at 31 December 2005	**-**	**-**	**- 33,192**	**14,277**	**- 18,915**
Movements in 2006					
Impact due to the agreement on the opening balance sheet for tax purposes:					
▪ Recognition of deferred tax assets	158,709	76,201	51,268	-	**286,178**
▪ Release from deferred tax liabilities	-	-	22,975	-	**22,975**
Deferred tax on depreciation for tax purposes on investment property	-	-	- 5,667	-	**- 5,667**
Deferred tax on fair value gains recognised in the profit and loss account	-	-	- 8,457	-	**- 8,457**
Deferred tax on fair value gains recognised in equity	-	-	-	2,382	**2,382**
Adjustment due to the reduction in the tax rate	-	-	7,247	- 2,311	**4,936**
Other movements	-	-	- 201	-	**- 201**
Total movements in the year	**158,709**	**76,201**	**67,165**	**71**	**302,146**
Carrying amount as at 31 December 2006	**158,709**	**76,201**	**33,973**	**14,348**	**283,231**
Movements in 2007					
Deferred tax on depreciation for tax purposes on investment property	-	-	- 4,763	-	**- 4,763**
Deferred tax on reinvestment reserve	-	-	- 4,738	-	**- 4,738**
Deferred tax on fair value gains recognised in the profit and loss account	-	-	- 28,893	-	**- 28,893**
Deferred tax on fair value gains recognised in equity	-	-	-	- 10,614	**- 10,614**
Other movements	-	-	44	-	**44**
Total movements in the year	**-**	**-**	**- 38,350**	**- 10,614**	**- 48,964**
Carrying amount as at 31 December 2007	**158,709**	**76,201**	**- 4,377**	**3,734**	**234,267**

According to the opening balance sheet for tax purposes in the settlement agreement, there is a total difference of EUR 1.3 billion between the fiscal equity as at 1 January 2002 of EUR 3.2 billion and the reported equity as at that date of EUR 1.9 billion.

In 2006, this resulted in the following non-recurring movements in the deferred tax assets and liabilities:
- the creation of a deferred tax asset of EUR 286.2 million with regard to valuation differences of EUR 1,122.6 million. This concerns assets which were valued at cost equalling the market value as at 1 January 2002 in the balance sheet for tax purposes, and at (lower) historical cost in the balance sheet for reporting purposes;
- the release of the deferred tax liability of EUR 23.0 million created in the past with regard to valuation differences of EUR 90.1 million. This difference relates to projects (development sites and assets under construction) that were completed before the opening balance sheet for tax purposes was filed in 2003. In the opening balance sheet for tax purposes as at 1 January 2002, these projects were valued at fair value, whereas for reporting purposes as at the same date they were recognised at historical cost and at fair value only if they were completed afterwards. Upon this completion, a revaluation and deferred tax liability was recognised, which is now partly released in view of the higher cost for tax purposes.

The valuation of property as at 1 January 2002 for reporting and tax purposes equals the fair value as at that date. Because property is subsequently depreciated for tax purposes (whereby account should be taken of a residual value of 25%) and no depreciation takes place for reporting purposes, a valuation difference arises. With regard to this difference, a transfer is made each year from current liabilities relating to corporate income tax to the deferred tax liability. In 2006, the depreciation of property for tax purposes in respect of 2002 and 2003 of EUR 16.4 million resulted in a transfer of EUR 5.7 million from current liabilities relating to corporate income tax to the deferred tax liability. The depreciation for tax purposes regarding 2004 and 2005 was EUR 18.7 million, which resulted in a transfer of EUR 4.8 million. Such transfers will also be made for the years 2006 and 2007 but have not yet been recognised, pending the submission of revised corporate income tax returns for these years.

In 2007, account was taken of the creation of a reinvestment reserve in relation to the tax returns for 2004 and 2005. The gain on sales of operating assets are reserved for tax purposes with a view to reinvestment. For reporting purposes, the gain on sales are recognised immediately in the profit and loss account. The gain on sales recognised for 2004 and 2005 in the reinvestment reserve amounted to EUR 18.6 million, which resulted in a transfer of EUR 4.7 million from current tax liabilities to deferred tax liabilities.

In addition, a revaluation of the property for reporting purposes gave rise to a valuation difference. For tax purposes, property is not revalued. With regard to this difference, EUR 28.9 million was recognised under deferred taxes relating to property investments in 2007 (EUR 8.6 million in 2006). This concerns the fair value gains on property of EUR 111.7 million (EUR 28.6 million in 2006) as recognised in the profit and loss account.

Finally, 2007 saw the settlement of EUR 42.3 million in derivative financial instruments associated with a number of loans, at the time when these loans were repaid. The deferred tax asset of EUR 10.8 million recognised in respect of these derivative financial instruments therefore ceased to apply, and is part of the total movement of EUR 10.6 million in deferred tax assets in relation to derivative financial instruments.

19. Investments in associates

The movements were as follows:

(in thousands of euros)	2007	2006
Carrying amount as at 1 January	**45,654**	**17,842**
Movements in the year		
Investments	**343**	23,708
Share in results	**10,896**	10,714
Dividend	**- 10,010**	- 6,620
Exchange differences	**- 281**	10
Other movements	**24**	-
Total movements in the year	**972**	**27,812**
Carrying amount as at 31 December	**46,626**	**45,654**

The investments of EUR 0.3 million in 2007 concern Chinamex Europe Trade & Exhibition Center BV (EUR 0.1 million) and Tradeport Hong Kong Ltd (EUR 0.2 million).

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

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

20. Loans to associates

The movements were as follows:

(in thousands of euros)	2007	2006
Carrying amount as at 1 January	**45,628**	**45,520**
Movements in the year		
Exchange differences in periods not hedged	**- 5**	- 1,727
Exchange differences in hedged periods	**60**	112
Accrued interest	**497**	1,723
Total movements in the year	**552**	**108**
Carrying amount as at 31 December	**46,180**	**45,628**

The loans to associates exclusively concern the redeemable preference shares of Brisbane Airport Corporation Holdings Pty Ltd (BACH), which confer a cumulative right to dividends. The nominal value of these shares is also repayable to the shareholders within a period of not more than 10 years (by 2014 at the latest). On the basis of these features, the redeemable preference shares, amounting to AUD 73.5 million (EUR 46.2 million), are classified as a long-term loan to an associate and the dividend on these shares is treated as interest income.

The accrued interest in 2006 exclusively concerns an adjustment in the carrying amount of the redeemable preference shares from nominal value to amortised cost. Measuring the carrying amount at amortised cost means that, if BACH should decide to exercise its option of early redemption, Schiphol Group would then have to recognise a loss equal to the difference between the amortised cost and the nominal value. As at 31 December 2007, this difference amounted to EUR 2.2 million.

The currency risk on this long-term receivable has been hedged using a forward exchange contract with effect from September 2006, hedging the position in Australian dollars against the euro. The hedge has been recognised as a cash flow hedge. The exchange differences in periods not hedged are recognised in the profit and loss account, while the exchange differences in hedged periods are recognised in the reserve for hedging transactions.

The fair value of the loans to associates as at 31 December 2007 amounted to EUR 44.9 million (AUD 71.5 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.

21. Other financial interests

Other financial interests concern the 1% interest in Flughafen Wien A.G. The investment is recognised at fair value, derived from the quoted price of the shares. In 2007, the fair value increased by EUR 1.0 million from EUR 15.6 million to EUR 16.6 million. The fair value gain has been recognised in the other financial interests reserve.

22. Lease receivables

The movements were as follows:

(in thousands of euros)	2007	2006
Carrying amount as at 1 January	**12,134**	**13,505**
Movements in the year		
Accrued interest on lease receivables	**1,497**	1,607
Lease instalments received	**- 2,861**	- 2,737
Other movements	**-**	- 241
Total movements in the year	**- 1,364**	**- 1,371**
Carrying amount as at 31 december	**10,770**	**12,134**

The current portion of the lease receivables as at 31 December 2007, amounting to EUR 1.5 million (31 December 2006: EUR 1.4 million), is presented under current assets.

Beheer- en beleggingsmaatschappij Balnag BV (Balnag – a wholly-owned subsidiary of Schiphol Group) took out a 20-year lease on the air traffic control tower at the centre of the airport from a financing company, Abinton BV, in 1992. The control tower was in turn leased to Air Traffic Control the Netherlands (LVNL) for a similar period. Both contracts qualify as finance leases, resulting in the recognition of a lease receivable under the lease to LVNL and a lease liability to Abinton BV. On expiry of the lease LVNL has the option of purchasing the control tower for a payment of EUR 6.8 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 2007 can be analysed as follows. The portion of the lease receivables due within one year is presented under current assets (trade and other receivables).

(in thousands of euros)	Total	≤ 1 year	> 1 year	> 1 year but ≤ 5 years	> 5 years
Face value of finance lease instalments	**14,438**	2,737	11,701	11,701	-
Interest component in finance lease instalments	**- 3,668**	- 1,197	- 2,471	- 2,471	-
Carrying amount of finance lease receivables	**10,770**	**1,540**	**9,230**	**9,230**	**-**

23. Loans

The movements were as follows:

(in thousands of euros)	2007	2006
Carrying amount as at 1 January	**4,469**	**4,811**
Movements in the year		
Accrued interest	**156**	143
Changes in the consolidation	**416**	- 220
Repayments	**-**	- 38
Write-off	**- 1,600**	- 227
Total movements in the year	**- 1,028**	**- 342**
Carrying amount as at 31 December	**3,441**	**4,469**

The current portion of the other loans as at 31 December 2007, amounting to EUR 0.04 million (31 December 2006: EUR 0.3 million) is presented under current assets.

The other loans include two loans to the Ministry of Transport, Public Works and Water Management with a combined redemption value of EUR 2.7 million at an interest rate of 0% and with a remaining term to maturity of 5 years. The carrying amount of the loans as at 31 December 2007 amounted to EUR 1.7 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 redemption value of EUR 1.6 million. In view of the Aviodrome's current financial situation, it was decided in 2007 to recognise a provision covering the loan in full.

24. Other long-term receivables

The composition of the other long-term receivables is as follows:

(in thousands of euros)	2007	2006
Purchased long leases	**3,781**	3,860
Lease incentives	**8,350**	6,446
Total other non-current receivables	**12,131**	**10,306**

The purchased long leases concern the rent instalments which Schiphol Group paid in advance in respect of land it acquired on a long lease. Lease incentives concerns the cost of benefits which Schiphol Group provided to tenants at the start of their lease. Both items are charged to the profit and loss account over the term of the underlying contracts.

In establishing the cash flows underlying the determination of the fair value of property, account is taken of the existence of lease incentives.

25. Assets held for sale

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

The item concerns the A4 Zone East and West, with a carrying amount of EUR 15.8 million. Schiphol Group has the economic 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).

26. Trade and other receivables

The analysis is as follows:

(in thousands of euros)	2007	2006
Trade receivables	**82,002**	84,891
Accrued income	**27,367**	21,176
Value-added tax reclaimable	**25,332**	18,920
Prepayments	**16,596**	19,404
Stock	**5,571**	2,565
Lease incentives	**1,503**	1,272
Receivable from shareholders and associates	**72**	1
Purchased long leases	**80**	80
Other receivables	**24,304**	9,819
	182,827	**158,128**

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 2007 takes account of bad debt provisions of EUR 3.8 million (31 December 2006: EUR 2.9 million) and received security deposits of EUR 1.1 million. With respect to these provisions, an amount of EUR 1.1 million (2006: EUR 0.9 million) was utilised for bad debts and an amount of EUR 2.0 million (2006: EUR 0.8 million) was added and charged to the profit and loss account in 2007 .

The other receivables include an amount of EUR 19.0 million which Schiphol Group paid to Chipshol. A more detailed explanation can be found in note 35, dealing with other provisions.

27. Cash and cash equivalents

Cash concerns for EUR 101.7 million as at 31 December 2007 (31 December 2006: EUR 260.8 million) deposits with original terms ranging from 0.1 to 2.0 months (average: 0.5 months). The average interest rate on these deposits is 4.0% (31 December 2006: 3.6%). The cash is freely available.

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

28. 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 2007, with no change compared with 31 December 2006, the number of shares in issue and fully paid was 171,255. The shareholders' interests are as follows:

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

29. 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 79.1 million for 2006. This amount, paid in 2007, was deducted from retained profits. The dividend for 2005, which amounted to EUR 55.3 million, was paid out in 2006 and deducted from retained profits.

The entire amount of the net result for 2007 has been added to retained profits so that retained profits as at 31 December 2007 still includes the proposed dividend distribution for 2007, as detailed in the other information section.

30. Other reserves

The movements were as follows:

(in thousands of euros)	Translation differences reserve	Other financial interests reserve	Hedging transactions reserve	Total
Balance as at 31 December 2005	**- 628**	**5,645**	**- 307**	**4,710**
Movements in 2006				
Translation differences	89	-	-	**89**
Fair value changes	-	2,921	-	**2,921**
Translation differences on hedged borrowings	-	-	14,603	**14,603**
Translation differences on hedged loans to associates	-	-	112	**112**
Fair value changes on derivative financial instruments	-	-	- 8,499	**- 8,499**
Of which are reported through the profit and loss account	-	-	315	**315**
Deferred tax fair value changes	-	-	2,382	**2,382**
Effect of change in the tax rate	-	-	- 2,311	**- 2,311**
Total movements in the year	**89**	**2,921**	**6,602**	**9,612**
Stand per 31 december 2006	**- 539**	**8,566**	**6,295**	**14,322**
Movements in 2007				
Translation differences	499	-	-	**499**
Fair value changes	-	966	-	**966**
Translation differences on hedged borrowings	-	-	2,138	**2,138**
Translation differences on hedged loans to associates	-	-	60	**60**
Fair value changes on derivative financial instruments	-	-	- 2,034	**- 2,034**
Of which are reported through the profit and loss account	-	-	1,244	**1,244**
Deferred tax fair value changes	-	-	157	**157**
Settlement of hedge transactions	-	-	- 5,635	**- 5,635**
Other	-	-	- 50	**- 50**
Total movements in the year	**499**	**966**	**- 4,120**	**- 2,655**
Balance as at 31 December 2007	**- 40**	**9,532**	**2,175**	**11,667**

Translation differences reserve

The translation 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 derivative financial instruments, net of deferred tax assets and liabilities. Also included in the hedging transactions reserve are the translation 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.

The settlement of hedging transactions of EUR 5.6 million in 2007 concerns the repayment of EUR 88.0 million, consisting of USD 75 million and JPY 5 billion. The cumulative translation differences on the two loans, amounting to EUR 37.1 million, were released upon repayment from the reserve for hedging transactions, as was the fair value of the associated derivative financial instruments of EUR 42.3 million, reduced by the deferred tax liability of EUR 10.8 million.

Further details of the restrictions on the distribution of reserves can be found in note 44 shareholders' equity included in the corporate balance sheet.

31. Minority interests

Minority interests as at 31 December 2007 represents the shares of third parties in the net assets of the group companies Eindhoven Airport NV and Avioport SpA.

32. Borrowings

The analysis is as follows:

(in EUR 1,000)	Year redeemable	Interest rate	Currency	Nominal amount (x 1,000)	Hedging reference	2007	2006
ISIN898	2007	0.67%	JPY	5,000,000	A	**-**	31,823
ISIN798	2009	1.08%	JPY	5,000,000	B	**30,318**	31,823
ISIN052	2009	Euribor+mark-up	EUR	27,000	C	**27,000**	27,000
ISIN238	2007	USDlibor+mark-up	USD	75,000	D	**-**	56,827
ISIN245	2018	5.16%	EUR	30,000		**29,925**	29,918
ISIN610	2010	Euribor+mark-up	EUR	30,000		**30,000**	30,000
ISIN269	2013	4.38%	EUR	300,000		**299,104**	298,941
ISIN603	2008	Euribor+mark-up	EUR	50,000		**50,000**	-
ISIN392	2009	4.67%	EUR	70,000		**70,000**	-
EMTN programme						**536,347**	**506,332**
ING Bank	2011	Euribor+mark-up	EUR	21,715	E,G,H	**21,715**	21,715
Fortis Bank	2011	Euribor+mark-up	EUR	10,463	I	**10,463**	10,463
ING Bank	2011	Euribor+mark-up	EUR	4,727		**4,727**	4,727
ING Bank	2011	Euribor+mark-up	EUR	11,927		**11,927**	11,927
ING Bank	2011	Euribor+mark-up	EUR	12,448	J	**12,448**	12,448
Fortis Bank	2011	Euribor+mark-up	EUR	15,135	F	**15,135**	15,135
AREB CV loans						**76,415**	**76,415**
European Investment bank	2006-2011	3.75%	EUR	150,000		**107,888**	**136,222**
Avioport phase 1	2013	Euribor+mark-up	EUR	28,000	K	**28,000**	27,497
Avioport phase 2	2010	Euribor+mark-up	EUR	21,750		**8,157**	-
Villa Carmen phase 1	2011	Euribor+mark-up	EUR	14,100	L	**5,195**	1,081
Other						**20,371**	22,050
Other borrowings						**61,723**	**50,628**
Total borrowings						**782,373**	**769,597**

The current portion of the borrowings as at 31 December 2007, amounting to EUR 83.1 million (31 December 2006: EUR 116.9 million), is presented under current liabilities.

Schiphol Group launched a Euro Medium Term Note (EMTN) programme in 1999, making it possible to raise funds as required in the years ahead up to a maximum of EUR 1,000 million, provided the prospectus is updated annually. The prospectus was updated in the spring of 2007. As at year-end 2007, borrowings under the programme totalled EUR 536.3 million. Schiphol Group could be obliged to redeem the notes prematurely in the event of specific circumstances commonly stipulated for this type of instrument. No such circumstances arose in 2007.

In June 2007, Schiphol Group repaid two loans from the EMTN programme. This concerns a loan of JPY 5 billion and a loan of USD 75 million. At the same time, two derivative financial instruments associated with these loans were settled; a currency swap of JPY 5 billion and a currency interest swap of USD 75 million. These transactions resulted in a joint cash outflow totalling EUR 125.1 million. In June 2007, a new loan of EUR 50.0 million was placed under the EMTN programme with a term of 1.5 years and a variable interest rate (Euribor + margin). In October 2007, a new loan of EUR 70.0 million was placed under the EMTN programme with a term of 2 years and a fixed interest rate of 4.67%.

In addition, in 2002, the company contracted a facility of EUR 150.0 million with the European Investment Bank. This amount was drawn down in 2003. Repayment commenced in August 2006, involving ten six-monthly instalments. Schiphol Group could be obliged to repay the loan prematurely if (in addition to the usual circumstances) other loans are repaid early or shareholders' equity falls below 30% of total assets. These conditions did not occur in 2007. Additional security may be demanded if the company's credit rating falls below A (S&P's) or A2 (Moody's). As in previous years, the debt notes issued under the EMTN programme by NV Luchthaven Schiphol and Schiphol Nederland BV were given a credit rating of AA– by S&P and Aa3 by Moody's in 2007. On 29 June 2006, in anticipation of the proposed privatisation, Standard & Poor's placed the credit rating on Negative Outlook. This was decided because of the shareholders suggestion to distribute a substantial one-off dividend to the current shareholders at the time of the privatisation. By now the shareholders have indicated that such a dividend distribution should be considered, irrespective of the privatisation. So far, there is no clarity about the size of the dividend.

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 275.0 million including EUR 200.0 million to which the banks are committed, which are currently unutilised.

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

Avioport Spa (a 70% subsidiary of Schiphol Group) arranged a mortgage loan with two banks (Efibanca and Banca Popolare Italiana) for a total amount of EUR 49.8 million (EUR 28.0 million for phase 1 and EUR 21.8 million for phase 2). Of this loan, EUR 36.2 million was utilised as at 31 December 2007 (EUR 28.0 million for phase 1 and EUR 8.2 million for phase 2). The collateral for phase 1 consists of the buildings, the shares and the rental income, while the collateral for phase 2 is the entire project. Furthermore, the shareholders have committed themselves to contributing financial resources – in addition to the aforementioned loan – in order to fund the overall project.

Villa Carmen Srl (a subsidiary of the joint venture Villa Carmen BV, in which Schiphol Group owns a 47.44% interest) arranged a mortgage loan with three banks (Efibanca, Banca Popolare Italiana and Unicredit) for a total amount of EUR 29.8 million (our proportional share being EUR 14.1 million). Of this loan, EUR 11.0 million was utilised as at 31 December 2007 (our proportional share being EUR 5.2 million). The buildings constitute the collateral. As a shareholder in Villa Carmen BV, Malpensa Real Estate II BV (MRE II BV) has committed itself to contributing its share (47.44%) of EUR 11.0 million in the form of equity or non-interest-bearing debt capital, subordinated to the aforementioned loans.

Finally, the other borrowings include a loan of EUR 7.8 million drawn by Malpensa Real Estate BV from Efibanca. The loan will mature in 2008. Schiphol Group acts as guarantor for the liabilities arising from this loan.

Of the total loan amount, EUR 30.3 million has been drawn in Japanese yen (JPY 5 billion). Variable-interest loans are outstanding for an amount of EUR 159.0 million. 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. In principle, the transactions concerned correspond 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 derivative financial instruments comprise the following contracts, with the references relating to various loans in the analysis of borrowings.

							Fair value in thousands of euros	
			Interest		Notional	Maturity	31 December	31 December
Reference	Counterparty	Type	rate	Currency	amount	date	2007	2006
A	UBS AG	Currency swap	5.27%	JPY	5,000,000	2007	-	13,152
B	UBS AG	Currency swap	5.59%	JPY	5,000,000	2009	**14,566**	14,499
C	UBS AG	Rate swap	5.63%	EUR	27,000	2009	**992**	1,488
D	ABN AMRO	Currency/rate swap	5.26%	USD	75,000	2007	-	27,228
E	ING	Rate swap	4.84%	EUR	10,858	2011	**- 146**	11
F	ING	Rate swap	4.12%	EUR	12,600	2011	**- 168**	33
G	ING	Rate cap	4.25%	EUR	7,250	2011	**- 124**	- 81
H	ING	Rate cap	4.12%	EUR	3,600	2011	**- 71**	- 47
I	ING	Rate cap	4.12%	EUR	900	2011	**- 18**	- 12
J	ING	Rate cap	3.50%	EUR	10,800	2011	**- 399**	- 319
K	Efibanca	Rate swap	4.32%	EUR	21,000	2013	**- 123**	-
L	Efibanca	Rate swap	4.30%	EUR	12,041	2011	**- 22**	-
M	ING	Forward	n.v.t.	AUD	73,500	2008	**129**	-
M	ABN AMRO	Forward	n.v.t.	AUD	73,500	2007	-	478
Total							**14,616**	**56,430**

	2007	2006
Recognised in the balance sheet under:		
Non-current assets	**- 1,071**	- 459
Non-current liabilities	**15,558**	16,031
Current liabilities	**129**	40,858
	14,616	**56,430**

Reference M concerns the derivative financial instruments for the translation differences on the redeemable preference shares presented in loans to associates.

Reference L concerns a hedge of the funding of the property development in Villa Carmen Srl. The assumptions concerning the growth of the loan have not been realised, which means that its growth is now lagging behind the growth of the derivative. For this reason, this hedging transaction cannot be regarded as effective in 2007. The movements in the fair value of the derivative are recognised in the profit and loss account under ‘financial income and expenses’.

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 2007 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	> 1 year	> 1 year but ≤ 5 years	> 5 years
EMTN programme	**536,347**	49,830	486,517	156,637	329,880
AREB CV borrowings	**76,415**	-	76,415	76,415	-
European Investment Bank	**107,888**	29,407	78,481	78,481	-
Other borrowings	**61,723**	3,866	57,857	56,255	1,602
Total borrowings	**782,373**	**83,103**	**699,270**	**367,788**	**331,482**

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 2007	Fair value as at 31 december 2007
EMTN programme	**536,347**	**570,458**
AREB CV borrowings	**76,415**	**76,415**
European Investment Bank	**107,888**	**94,101**
Other borrowings	**61,723**	**63,597**
Total borrowings	**782,373**	**804,571**

(in thousands of euros)	Carrying amount as at 31 december 2006	Fair value as at 31 december 2006
EMTN programme	506,332	534,082
AREB CV borrowings	76,415	76,415
European Investment Bank	136,222	123,448
Other borrowings	50,628	52,286
Total borrowings	**769,597**	**786,231**

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

The movements in borrowings during the year were as follows:

(in thousands of euros)	Borrowings > 1 year	Borrowings ≤ 1 year	Total
Carrying amount as at 31 December 2005	**775,252**	**28,359**	**803,611**
Movements in 2006			
New borrowings	9,136	-	**9,136**
Accrued interest	529	-	**529**
Transferred to current liabilities	- 117,577	117,577	**-**
Repayments	-	- 21,604	**- 21,604**
Acquisitions	-	- 7,642	**- 7,642**
Exchange differences	- 14,603	-	**- 14,603**
Other movements	-	170	**170**
Total movements in the year	**- 122,515**	**88,501**	**- 34,014**
Carrying amount as at 31 December 2006	**652,737**	**116,860**	**769,597**
Movements in 2007			
New borrowings	135,094	-	**135,094**
Accrued interest	388	-	**388**
Transferred to current liabilities	- 86,812	86,812	**-**
Repayments	-	- 120,737	**- 120,737**
Exchange differences	- 2,137	-	**- 2,137**
Other movements	-	168	**168**
Total movements in the year	**46,533**	**- 33,757**	**12,776**
Carrying amount as at 31 December 2007	**699,270**	**83,103**	**782,373**

Schiphol Group's financial instruments comprise the borrowings and derivative financial instruments described in this note, as well as the loans to associates (20), other financial interests (21), loans (23), trade and other receivables (26), cash and cash equivalents (27), a number of items under the other non-current liabilities (36) and trade and other payables (38). Further information on these financial instruments can be found in the notes shown in brackets.

33. Lease liabilities

The analysis is as follows:

(in thousands of euros)	Counterparty	Effective interest rate	Expiry date of lease	2007	2006
P1 car park / walkway	ABP	6.7%	2035	54,720	55,472
Triport	ABP	7.0%	2034	56,342	57,122
Control tower	Abinton BV	7.7%	2012	11,043	12,455
Other				2,823	3,225
Total lease liabilities				**124,928**	**128,274**

The current portion of the lease liabilities as at 31 December 2007, amounting to EUR 3.5 million (31 December 2006: EUR 3.2 million), is presented under current liabilities.

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

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

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

The remaining terms of the lease liabilities as at 31 December 2007 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	**267,472**	12,023	255,449	50,091	205,358
Interest component in finance lease instalments	**- 142,544**	- 8,560	- 133,984	- 31,238	- 102,746
Carrying amount of finance lease liabilities	**124,928**	3,463	121,465	18,853	102,612

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

(in thousands of euros)	2007	2006
Carrying amount as at 1 January	**128,274**	**132,272**
Movements in the year		
New lease contracts	**68**	287
Changes in the consolidation	**-**	- 2,380
Acquisitions	**-**	1,352
Accrued interest on lease liabilities	**9,993**	10,171
Lease instalments paid	**- 13,356**	- 13,242
Other movements	**- 51**	- 186
Total movements in the year	**- 3,346**	**- 3,998**
Carrying amount as at 31 December	**124,928**	**128,274**

34. Employee benefits

The employee benefits 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 2006				
Present value of benefit obligation	52,195	9,066	5,005	**66,266**
Fair value of plan assets	12,047	-	-	**12,047**
	40,148	**9,066**	**5,005**	**54,219**
Unrecognised actuarial gains and losses	- 1,451	-	- 17	- 1,468
Benefit liability in the balance sheet	**38,697**	**9,066**	**4,988**	**52,751**
Carrying amount as at 31 December 2007				
Present value of benefit obligation	45,738	9,361	4,286	**59,385**
Fair value of plan assets	14,091	-	-	**14,091**
	31,647	**9,361**	**4,286**	**45,294**
Unrecognised actuarial gains and losses	- 1,492	-	- 8	- 1,500
Benefit liability in the balance sheet	**30,155**	**9,361**	**4,278**	**43,794**

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

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

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

The defined benefit pension scheme which ABP administers on Schiphol Group's behalf is recognised as a defined contribution scheme. A more detailed explanation of this scheme can be found in note 39. The pension schemes of a number of subsidiaries that also qualify as defined benefit schemes are indeed recognised as such. As regards these pension schemes, the developments in the present value of benefit obligation, the fair value of plan assets and the actuarial gains and losses not taken into account have been as follows in recent years:

(in thousands of euros)	2007	2006	2005	2004
Carrying amount as at 31 December				
Present value of benefit obligation	**16,585**	14,420	11,014	7,638
Fair value of plan assets	**13,631**	12,047	8,413	5,571
	2,954	**2,373**	**2,601**	**2,067**
Unrecognised actuarial gains and losses	**- 951**	- 240	- 473	151
Benefit liability in the balance sheet	**2,003**	**2,133**	**2,128**	**2,218**

The different employee benefits 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	3,159	1,408	606	**5,173**
Interest cost on benefit obligation	2,093	273	234	**2,600**
Net actuarial gain/loss recognised in the year	3	- 899	-	**- 896**
Released (as a result of amended plan terms)	- 1,564	-	- 881	**- 2,445**
Expected return on plan assets	- 474	-	-	**- 474**
Other costs	54	5	-	**59**
Total net benefit expense in 2006	**3,271**	**787**	**- 41**	**4,017**
Current service cost	2,708	1,318	2,977	**7,003**
Interest cost on benefit obligation	1,850	284	105	**2,239**
Net actuarial gain/loss recognised in the year	-	- 242	-	**- 242**
Released (as a result of amended plan terms)	- 6,507	-	-	**- 6,507**
Expected return on plan assets	- 548	-	-	**- 548**
Other costs	80	- 8	7	**79**
Total net benefit expense in 2007	**- 2,417**	**1,352**	**3,089**	**2,024**

The release in 2007 (caused inter alia by a change to the scheme) with regard to post-retirement benefits concerns the allowance for medical expenses paid to retired employees. Further information can be found in note 5, dealing with employee benefits. Please note that the provision for this scheme was created entirely at the expense of equity, as part of the transition to IFRS as at 1 January 2004.

With regard to the defined benefit pension schemes, a total expense of EUR 1.1 million is expected for the employer in 2008 in relation to post-retirement benefits. In 2007, the actual expenses under these schemes amounted to EUR 2.0 million, as explained in note 5, dealing with employee benefits.

The movements resulting from the relevant employee benefit liabilities during the year were as follows:

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
Carrying amount as at 31 December 2005	**38,915**	**9,474**	**6,555**	**54,944**
Movements in 2006				
Total net benefit expense for the year	3,271	787	- 41	**4,017**
Changes in the consolidation	396	-	-	**396**
Benefits paid during the year	- 2,518	- 1,195	- 1,832	**- 5,545**
Payment of contributions	- 1,369	-	-	**- 1,369**
Other movements	2	-	306	**308**
Total movements in the year	**- 218**	**- 408**	**- 1,567**	**- 2,193**
Carrying amount as at 31 December 2006	**38,697**	**9,066**	**4,988**	**52,751**
Movements in 2007				
Total net benefit expense for the year	- 2,417	1,352	3,089	**2,024**
Benefits paid during the year	- 3,666	- 1,140	- 3,799	**- 8,605**
Payment of contributions	- 2,552	-	-	**- 2,552**
Other movements	93	83	-	**176**
Total movements in the year	**- 8,542**	**295**	**- 710**	**- 8,957**
Carrying amount as at 31 December 2007	**30,155**	**9,361**	**4,278**	**43,794**

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

	31 december 2007	31 december 2006
Discount rate	5.25%	4.50%
Return on plan assets	5.25%	4.50%
Inflation	2.00%	2.00%
General pay increase	2.00%	2.00%
Life expectancy	GBM/V mortality table 2000-2005 including mortality trend (generation tables) with age reduction of 3 years for men and 1 year for women	GBM/V mortality table 1995-2000 with age reduction of 2 years for men and 1 year for women
Individual pay rises, depending on age	3.00% (age untill 39), 2.00% (age 40-49), 1.00% (age 50-59), 0.00% (age 60-65)	3.00% (age untill 39), 2.00% (age 40-49), 1.00% (age 50-59), 0.00% (age 60-65)
Age difference	Men 3 years older than female partners	Men 3 years older than female partners
Incapacity risk	GMD table 1994, multiplied by 25%	GMD table 1994, multiplied by 25%
Termination probability, depending on age	0.10% (age 60) to 4.20% (age 25)	0.10% (age 60) to 4.20% (age 25)
Continued service probability (job-related early retirement scheme)	100%	100%

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

35. Other provisions

In 2004 it was established that Schiphol Group faced a liability in connection with several claims and disputes. As in 2006, the provision of EUR 10.0 million recognised in respect of the combined amount of these claims and disputes in 2004 remained unchanged in 2007.

The most important of the above claims and disputes concerns the consequences of the ban on development of the Groenenberg site. Based on the insights available in 2003, development of the Groenenberg site could seriously compromise the use of Runway 18L–36R. In February 2003, The State Secretary at the Ministry of Transport, Public Works and Water Management accordingly prohibited development of this site under the provisions of Section 38 of the Aviation Act (old act). In June 2003, the beneficial owner of the site (Chipshol) filed a claim against Schiphol Group for the losses resulting from the imposition of this prohibition.

Based on enhanced insight and new data, the Minister decided that it was no longer necessary to maintain the ban for the entire site. On 28 June 2007, in response to the request from Schiphol Group and Chipshol, the Minister of Transport, Public Works and Water Management lifted the development ban. This means that the Groenenberg site offers development opportunities. The lifting of the development ban therefore causes the value of the site to increase. The law provides for a scheme to deal with value increases when bans are lifted, similar to the compensation provided for when a development ban is imposed. This is the separate repayment procedure under Section 55 of the Aviation Act. Schiphol Group has instituted this procedure against Chipshol.

In its final decision of 30 January 2008 the Court, by virtue of Section 50 of the Aviation Act, set the compensation amount, which Schiphol Group should pay Chipshol at EUR 16.0 million (to be increased by statutory interest accrued up to and including 31 December 2007 in the amount of EUR 4.0 million). Chipshol's claim regarding tax damage was rejected. Both parties have decided to lodge an appeal against the judgment with the Dutch Supreme Court. In compliance with an interlocutory order Schiphol Group, in mid 2007, paid an advance of EUR 19.0 million to Chipshol. To hedge the restitution risk with respect to that amount, Chipsol was instructed by the Court to provide a bank guarantee for Schiphol Group in the amount of EUR 21.5 million. In the proceedings it instituted under Section 55 of the Aviation Act, Schiphol Group asked the Court to determine the amount by which the value of the site has increased so as to be able to calculate the amount payable by Chipshol or to be deducted from the advance paid by Schiphol Group.

Based on the above, the Board of Management takes the view that there is no need to review the estimates of Schiphol Group's liabilities which it made when the financial statements for 2006 were compiled. The Board expects that the remaining amount of the compensation which Schiphol Group will eventually have to pay to Chipshol with respect to the Groenenberg site will not exceed the provision recognised in this respect.

36. Other non-current liabilities

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

(in thousands of euros)	2007	2006
Purchased long leases	**57,046**	50,304
Liability to Martinair Holland NV	**15,700**	15,700
Unrealised profit on contribution in kind Schiphol Logistics Park CV	**4,590**	4,590
Lease incentives	**850**	785
	78,186	**71,379**

The aforementioned liability of EUR 15.7 million to Martinair Holland NV is connected with a contract signed by SRE BV and Martinair Holland NV at the end of 2006 for the construction of a new head office for Martinair Holland NV with a floor area of approximately 13,000 m^2 in Schiphol-East. With the premature cancellation of its existing leasehold, which was not due to expire until 2042, and relocation from Schiphol Centre to Schiphol-East, Martinair Holland NV is making room for a possible future expansion of the terminal. The investment relates to the acquisition by Schiphol Group of the beneficial ownership of the land concerned. The land will be handed over to Schiphol Group by Martinair Holland NV (cleared of buildings) as soon as Martinair has been able to move into its new head office and demolish the old one. The amount of EUR 15.7 million has been added to the carrying amount of the land under the assets under construction for operating activities. Payment will be made no later than 31 December 2009.

In 2006, SRE BV contributed a site to Schiphol Logistics Park CV and in so doing acquired an interest in this company in excess of 38%. The difference between the fair value of the site at the time of its contribution, amounting to EUR 23.7 million, and the total historical cost of the site, of EUR 11.7 million is EUR 12 million. Applying the accounting policies, an amount in excess of 38% of this profit, representing SRE BV's share in Schiphol Logistics Park CV, or EUR 4.6 million, should be treated as unrealised.

The purchased long leases concern the rent instalments which Schiphol Group received in advance in respect of land leased out to third parties on a long lease. This item is credited to the profit and loss account over the term of the underlying contracts.
"Lease incentives" concern the cost of benefits which Schiphol Group provided to tenants at the start of their lease. These are credited to the profit and loss account over the period during which the lease incentives apply.

37. Corporate income tax

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

The corporate income tax liability of EUR 8.6 million shown in the balance sheet as at 31 December 2007 concerns the sum of the corporate income tax payable in respect of the years 2003–2007 net of provisional assessments already paid.

38. Trade and other payables

The analysis is as follows:

(in thousands of euros)	2007	2006
Trade payables	**84,529**	70,069
Bank borrowings	**82**	8,322
Payable in respect of wage tax and social security contributions	**5,269**	6,776
Payable in respect of pensions	**756**	536
Interest payable	**14,967**	21,407
Payable in respect of airport nuisance 'distress' cases	**10,000**	10,000
Payable to Stichting Mainport en Groen	**8,500**	8,500
Accruals	**80,758**	70,320
Deferred income	**30,921**	31,634
Purchased long leases	**1,162**	1,003
Lease incentives	**1,197**	891
Other payables	**28,847**	30,361
	266,988	**259,819**

In 2006, Schiphol Group made available EUR 10.0 million for improvements in the living and working environment in the vicinity of the airport. The money, which is expected to be paid out in 2008, is earmarked for the benefit of local residents whose situation is 'distressing', namely those people who are severely affected by the air traffic but do not qualify for the various statutory schemes designed to provide compensation. Tailored solutions are being developed in an attempt to alleviate the problems of these residents.

Also in 2006, Schiphol Group made available EUR 8.5 million to Stichting Mainport en Groen. The money was promised in 1996 on condition that payment would be made in 2006, based on specific plans. Payment is now expected in 2008. Stichting Mainport en Groen exists to promote an attractive, green landscape around Amsterdam Airport Schiphol.

Both contributions, of EUR 10.0 million and EUR 8.5 million, are presented in the profit and loss account under other operating expenses chargeable to 2006.

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

39. Contingent assets and liabilities

Pension scheme

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

With regard to Schiphol Group's share in surpluses or deficits of the pension fund, it should be noted that the pension scheme does not contain any provisions whatsoever concerning additional contributions to the fund or withdrawals from the fund. For Schiphol Group, therefore, any surpluses and deficits will result exclusively in changes in the amount of the contributions payable in the future, which will depend on the financial position of the pension fund (and expectations in that regard), as reflected in the funding ratio. As at 31 December 2007, ABP's funding ratio was 140.3% (against 134% as at 31 December 2006). Through this development in the funding ratio, ABP has met the targets and requirements of the reserve deficiency recovery plan, also in view of the fact that from 2007 the contribution is cost effective. The contribution level in 2008 remains almost unchanged.

Covenants "quality of life" and "disturbance-reducing measures at Schiphol"

In June 2007, the Minister of Transport, Public Works and Water Management and the Minister of Housing, Spatial Planning and the Environment, the Province of North Holland, the cities of Haarlemmermeer, Amsterdam and Amstelveen, Air Traffic Control the Netherlands, NV Luchthaven Schiphol (Schiphol Group) and Koninklijke Luchtvaart Maatschappij NV concluded two covenants.

"Quality of life" covenant

The objective of this covenant is to draw up two implementation plans, in an integrated fashion and no later than on 1 January 2008. The first plan concerns the environmental projects at micro-climate level for the short term, which will contribute to the improvement of the environmental quality in specific residential areas (Zwanenburg, Halfweg, Aalsmeer, Uithoorn, Amstelveen). The second plan concerns the so-called 'distressing cases': cases of residents and businesses which, in the spirit of the law, are, but to the letter of the law, are not eligible for legal compensation, and which can be characterised as 'distressing'. The Province of North Holland keeps a list of these cases and, in cooperation with Schiphol Group, draws up a framework on the basis of which individual cases can be compensated. In 2006, Schiphol Group made a one-off amount of EUR 10 million available with respect to distressing cases. Moreover, the covenant dictates that the parties will set up an administrative committee to be chaired by the Province of North Holland, and that this administrative committee will establish a foundation to promote the quality of the residential, working and living environment in the Schiphol region, for example by implementing the covenant, the approved plans and the associated engagements. Finally, the covenant establishes that the parties will conclude a covenant for the medium term, no later than in January 2008 and following on from the short-term plans. From their own position and responsibilities and in the shortest possible term, the parties will study the options and the desirability of financing the implementation of the planned projects. The requirement to assist in the financing of the projects concerned will be imposed on the municipalities cities in which these projects will be realised.

"Disturbance-reducing measures at Schiphol" covenant

The goal of this covenant is to realise measures that will reduce noise disturbance from air traffic and improve the utilisation of the environmental area. In cooperation with one or more of the other parties involved, Schiphol Group has in particular a role in the promotion of quiet air traffic by means of charges differentiation and the prioritisation of slots, the limitation of disturbance from ground noise in the north of Hoofddorp through the construction of a ridged noise barrier (under certain conditions, no later than in September 2009) and research into further disturbance-reducing measures behind this noise barrier, research into disturbance-reducing measures for the residents of Amstelveen, the continuation of the current activities with respect to noise measurement (NOMOS) and the limited expansion thereof, and the development of an environmental simulator (no later than in March 2008), which will provide clarity into the perception of aircraft noise on the ground. Finally, Schiphol Group will make efforts to move approximately 10,000 flights from Schiphol airport to Lelystad airport before 2010 and to adapt the local airport infrastructure in a timely manner for this purpose. Other planned measures will include the adaptation of runway use and flight routes and research into custom solutions for noise disturbance. Schiphol Group and Air Traffic Control the Netherlands will determine in consultation how the measures included in this covenant will be funded. Any problem areas that arise will be submitted to the committee of parties involved in the covenant (the 'Alders table').

The Schiphol Group management is not yet able to draw up a reliable estimate of the investments and costs Schiphol Group will have to bear in the coming years on the basis of these covenants, with the exception of the aforementioned one-off contribution of EUR 10.0 million for the alleviation of 'distressing cases'.

Rerouting of the A9

In 2005, an agreement was signed by the Dutch Government, the North Holland Provincial Government, the Haarlemmermeer Municipal Authority, the Amsterdam Regional Governing Body, the City of Amsterdam and Schiphol Nederland BV concerning the financing of the rerouting of the A9 motorway near Badhoevedorp. On condition that the rerouting of the A9 meets the conditions stipulated by Schiphol Group relating to areas such as cost-effectiveness, easing of traffic flow and improved access to the airport zone, the company has undertaken to contribute towards the cost of the project up to a maximum amount of EUR 15.0 million, which will become payable in 2011 according to the existing timetable. This contribution will be subject to annual indexation, which has not yet been applied to the figure mentioned above.

In the spring of 2007, Schiphol Group and the Haarlemmermeer Municipal Authority reached agreement on a contribution of EUR 14.8 million from the Elzenhof area development budget for the diversion of the A9 motorway. This amount will be indexed. To this contribution Schiphol Group has attached the condition that irrevocable planning cooperation must be provided to the development of 100,000 m^2 of the Elzenhof site that is owned by Schiphol Group. This cooperation may be in the form of an exemption from Article 19 or in the form of zoning plans. The latter co-determines the time at which Schiphol Group will make the abovementioned payment, and the relevant instalments.

Rerouting of the N201

In 2005, agreement was reached between the North-Holland Provincial Government and Schiphol Nederland BV concerning the financing of the project to reroute the N201 provincial road between Uithoorn and Hoofddorp. Under the terms of the agreement, Schiphol Group has promised to contribute up to EUR 5.0 million in cash (payable on completion in equal annual instalments) and up to EUR 7.0 million in kind. Conditions relating to completion of those parts of the project of material importance to Schiphol Group, guarantees regarding the airport's strategic and immediate interests and position as a main port, cost-effectiveness of the expenditure and transparency with regard to financial reporting have been attached to this contribution. The first instalment of the cash contribution falls due twelve months from the date on which the necessary spatial planning changes relating to those parts of the project of material importance to Schiphol Group are irreversibly approved. Current expectations are that this will be in 2008. In anticipation that the obligation would become unconditional, the secondment of Schiphol Group or third-party project management and support staff actually commenced in 2005 in fulfilment of the commitment to make a contribution in kind.

Runway 18L-36R

Maintenance work was carried out on Runway 18L-36R in 2006, involving partial resurfacing. After completion of the work, the runway had to be taken out of service on several occasions following damage to an aircraft. In connection with the damage to its aircraft, KLM has lodged a provisional claim for compensation with Schiphol Group amounting to EUR 16.0 million. Even if liable, Schiphol Group is insured.

Noise level violations

The operating year 2006, which ended on 31 October 2006, closed with registered noise impact levels that exceeded the statutory limit value at three measurement points. In May 2007, the Inspectorate for Transport, Public Works and Water Management (IVW) imposed measures on the aviation sector. These measures are meant to prevent that the noise limits at Runway 09-27 are exceeded for the second year in a row. The principal measure dictates that two weeks before the closure of the operating year 2007, which ends on 31 October, no more than 90 percent of the noise capacity then applicable to Runway 09-27 should have been used up. This creates a buffer at the end of the operating year, in order to prevent the sector from violating noise levels again if Runway 09-27 must be used more frequently than average during the last two weeks of the operating year. In July 2007, Schiphol Group, Air Traffic Control the Netherlands (LVNL) and KLM, at the request of IVW, submitted a joint plan explaining how this measure is implemented. They also informed IVW and local residents at regular intervals about the implementation of the measure. Further to the evaluation of the Schiphol Act, a process was set in motion in order to establish new limit values in the Airport Traffic Ruling (LVB), such in combination with a package of adequate disturbance-reducing and compensatory measures. Following the decision by the Minister of Transport, Public Works and Water Management to apply these new limit values to the operating year 2007, the Inspectorate for Transport, Public Works and Water Management decided to lift the measures imposed. It will still have to be determined whether the sector remained within the limit values in the operating year 2007.

Airport charge increases

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

Capital expenditure commitments and obligations under other long-term contracts

For disclosures concerning commitments to invest in intangible assets and assets under construction or development already entered into on the balance sheet date, see the notes to intangible assets (note 14) and assets under construction or development (note 16), respectively. For disclosures concerning obligations (not shown in the balance sheet) under long-term contracts for maintenance, cleaning and the like, see the notes to the costs of outsourced work and other external charges (note 4).

Other contingent assets and liabilities

The company is committed to making a contribution of EUR 0.7 million to the Schiphol Fund and has given guarantees for loans taken out by employees as well as other guarantees together totalling EUR 1.0 million. A bank guarantee amounting to EUR 2.3 million relating to payment commitments connected with the 'Storage in Underground Tanks' Order has been given to the Noord-Holland Provincial Authority.

Bank guarantees totalling EUR 5.1 million have been issued by the subsidiary Avioport SpA relating to the development of Avioport Logistics Park (our share being EUR 3.6 million). Villa Carmen Srl issued a bank guarantee to construction companies in the amount of EUR 8.8 million, of which EUR 5.2 million had been effectuated as at 31 December 2007 (our share being EUR 2.5 million).

Various other claims have been filed against NV Luchthaven Schiphol (hereafter: 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. However, as it is impossible to predict the outcomes with any certainty 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. Schiphol Group has provided a bank guarantee for EUR 1.8 million in connection with one of the claims against the company.

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

Notes to the Consolidated Cash Flow Statement

40. Cash flow from operations

The analysis is as follows:

(in thousands of euros)	2007	2006
Result	**316,024**	**528,135**
Corporate income tax	**79,146**	- 236,686
Share in result of associates	**- 10,896**	- 10,714
Financial income and expenses	**35,413**	35,668
	103,663	**- 211,732**
Operating result	**419,687**	**316,403**
Adjustments for:		
Depreciation and amortisation	**170,763**	160,771
Impairment	**3,935**	982
Result on sales of property	**- 2,810**	- 10,444
Costs related to sales of property	**- 868**	- 583
Negative goodwill on MRE BV and MRE II BV acquisition	**-**	- 2,319
Write-off of long-term receivables	**1,600**	227
Fair value gains and losses on property	**- 111,673**	- 28,570
Other non cash changes lease receivables and liabilities	**- 2,738**	- 2,881
Result on disposal of assets	**- 211**	- 149
Movements in provisions	**- 9,055**	- 2,589
	48,943	**114,445**
Operating result after adjustments	**468,630**	**430,848**
Change in working capital	**- 5,953**	**10,742**
Cash flow from operations	**462,677**	**441,590**

41. Acquisitions

The acquisitions can be analysed as follows:

(in thousands of euros)	2007	2006
Break-up of Schiphol Telematics	**-**	8,292
Increase of interest in MRE BV and MRE II BV	**-**	11,000
Take over of liquor and tobacco retailing activities	**25,203**	-
	25,203	**19,292**

Takeover of liquor and tobacco activities from KLM Tax Free Services

In 2006, Schiphol Group reached a firm agreement with KLM NV on the takeover with effect from 3 January 2007 of the liquor and tobacco retailing activities in the See Buy Fly area. The activities were previously carried out by KLM Tax Free Services. The takeover is in line with the strategy of Schiphol Group's Consumers business area to strengthen its retail activities. The newly acquired activities will be fully consolidated by Schiphol Group with effect from 3 January 2007.

As regards the profit and loss account, the takeover means that Schiphol Group (and the Consumers business area) will itself be recognising the entire revenue generated by the liquor and tobacco retailing activities instead of the concession fees payable by KLM Tax Free Services to Schiphol Group up to the end of 2006. In addition, the costs relating to these activities (including the wholesale cost of liquor and tobacco, staff costs for the shop assistants and support staff and equipment depreciation charges) will form part of the operating expenses with effect from 2007.

The amount of EUR 25.2 million relating to the takeover of the liquor and tobacco concession is equal to the net fair value of the identifiable fixed assets and non-current liabilities. A significant part of the acquisition fee (EUR 24.0 million) was allocated to the concession contracts that were taken over from KLM Tax Free Services. These contracts are accounted for as contract related intangible assets in Schiphol Nederland BV. This is the main cause of the increase in the intangible assets balance sheet item. These assets are amortised according to the straight-line method over a period of five years, and taken to the depreciation/amortisation item in the profit and loss account. The remaining part of the acquisition fee (EUR 1.2 million) is allocated to other fixed assets (EUR 1.3 million) and other non-current liabilities (EUR 0.1 million) and cash and cash equivalents accounted for within Schiphol Airport Retail BV. No goodwill was recognised as a result of the takeover.

Break-up of Schiphol Telematics into a network business and a service business

Early in 2006, Schiphol Nederland BV (Schiphol) and KPN Telecom BV (KPN), the limited partners in the Schiphol Telematics BV joint venture, reached an agreement under which the activities of the joint venture would be split into a 'service business' and a 'network business'. The network business was continued by Schiphol Telematics CV and its net assets were accordingly attributed to Schiphol Group. The service business was attributed to KPN. KPN transferred all its shares in the joint venture to Schiphol Group. As a result of the above transaction, the network business has been included in full in the Schiphol Group consolidation with effect from 1 January 2006 and Schiphol Group's share in the service business ceased to be consolidated with effect from the same date. An amount of EUR 8.3 million was paid to KPN in connection with the purchase of the KPN share of the network business and the sale of the Schiphol Group share of the service business.

Takeover of Grontmij's minority interest in Malpensa Real Estate BV and Malpensa Real Estate II BV
On 18 October 2006, Schiphol Group acquired the 40% share of Grontmij Real Estate International BV (Grontmij) in Malpensa Real Estate BV (MRE BV) and Malpensa Real Estate II BV (MRE II BV) for a combined payment of EUR 11.0 million. This amount includes the repayment of loans granted by Grontmij to MRE BV and MRE II BV together amounting to EUR 8.0 million. The payment therefore made for 40% of the shares of MRE BV and MRE II BV, of EUR 3.0 million, is less than the fair value of the separately identified assets and liabilities, of EUR 5.3 million. The resultant negative goodwill of EUR 2.3 million has been recognised in the profit and loss account as part of revenue from other activities, in accordance with the accounting policies. In the case of both MRE BV and MRE II BV, Schiphol Group already had control of the business operations prior to the aforementioned transaction, on the basis of which the financial information of the two companies was included in full in the consolidation. There is therefore no change in this following the transaction except for the fact that minority interests in MRE BV and MRE II BV are no longer recognised in either equity or results.

Events after the balance sheet date

On 30 January 2008, the Court of Haarlem delivered its judgement in the lawsuit which Chipshol had started against Schiphol Group following the ban on the development of the Groenenberg site. The judgement and its consequences for Schiphol Group's financial statements are discussed in more detail in note 35, which deals with other provisions.

Related Party Disclosures

Shareholders

The shareholders are:

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

Dividend policy

Commencing with 2006, there has been agreement with the shareholders that the dividend should be 40% (was 30% since 2003) of the net result attributable to shareholders, excluding the fair value gains and losses on investment property after tax and excluding the non-recurring income from the finalisation of the opening balance sheet for tax purposes.

Operation of the airport

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

Sections 8.7 and 8.17 of the Aviation Act set forth the constraints on the development and use of Amsterdam Airport Schiphol. The Airport Traffic Decree lays down rules for airport use and stipulates limits for noise levels, air pollution and risks to public safety. The Airport Planning Decree describes the airport zone and the restrictions governing the use of the area in and around the airport.

Pursuant to the provisions of Section 8.18 of the Aviation Act, the operator is under obligation to keep the airport open in accordance with the rules laid down in the Airport Traffic Decree. The operator may ignore this requirement if necessary in the interests of safety. The airport operator together with the provider of air traffic services and the airlines is required to promote the smooth operation of air traffic in accordance with the Airport Traffic Decree.

Pursuant to the provisions of Section 8.25a of the Aviation Act, the operator of Amsterdam Airport Schiphol is under obligation to operate the airport, making such provisions as are necessary for the proper handling of the airport traffic and the associated transport of persons and goods, having due regard to the provisions of Section 8.3 of the Aviation Act -- the objective of achieving sustainable growth of Schiphol as a main port. This concerns important elements of the services provided by an airport, such as the runway system, the baggage system, the aircraft parking aprons, the terminal building, the piers and the gates etc.

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

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

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

Supervision of operation

There are two lines along which supervision of the operation of Amsterdam Airport Schiphol is exercised.

- One line of supervision concerns preventing of use of a position of economic power by the operator. The body responsible for this supervision is the Netherlands Competition Authority (NMa). The supervision relates to the charges and the conditions fixed by the operator pursuant to Section 8.25d of the Aviation Act to be met by the airport users in the forthcoming year. The charges are regulated on the basis of the mandatory annual consultation of users by the operator concerning the proposed charges and conditions for the forthcoming year. In submitting its proposal, the operator provides the users with a statement of the level of service to be provided as measured by the indicators stipulated in the Amsterdam Airport Schiphol Operation Decree. The NMa exercises supervision on the basis of complaints from users concerning the question of whether the charges have been arrived at in accordance with the statutory requirements. By law, the charges for all of the airport activities should be transparent. This also applies to the revenue from activities that are directly associated with the aviation activities at the airport that are factored into the charges. For this purpose, the operator is required to keep separate accounts for the airport activities, including subaccounts for the costs of security relating to passengers and their baggage and the revenue generated by security charges. For the income and expenses of these activities, the operator has implemented an industry-standard allocation system that is proportionate and comprehensive. The NMa, after consulting the airlines, approved the allocation system in 2007.

- The other line of supervision involves the Ministry of Transport, Public Works and Water Management and relates to the operation of Amsterdam Airport Schiphol, for which a licence has been granted pursuant to Section 8.25 of the Aviation Act. The operator reports to the Minister on the operation of the airport at least once every three years, in particular concerning the investments that are important to the development of the airport. Based on information obtained from the operator, the Minister makes an assessment of whether the airport is in danger of being mismanaged in a way which could jeopardise its continuity. The ability to foster the main port status of the airport, to the extent that the operator is able to influence that status, is particularly dependent on the development of the airport infrastructure in the medium and long term.

Incidentally, the Aviation Act provides for the exchange of information between the two regulators to avoid the need for the operator to provide the same information more than once.

Supervisory Board

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

(in euros)	2007	2006
Jan Kalff	**50,000**	45,000
Hans van den Broek	**29,000**	29,000
Frans J,G,M, Cremers	**39,750**	21,000
Trude A, Maas-de Brouwer	**41,500**	29,000
Anthony Ruys	**29,000**	18,000
Willem F,C, Stevens	**48,500**	36,000
Toon H, Woltman	**32,750**	29,000
Former members of the Supervisory Board		
Jan-Michiel Hessels	**-**	12,000
Schelto Patijn	**-**	12,000
Total	**270,500**	**231,000**

The Supervisory board Chairman's remuneration is EUR 33,000 per annum. The ordinary members receive directors' fees of EUR 24,000 per annum. In addition to the above remuneration, membership of a Supervisory Board committee confers the right to supplementary remuneration. Audit Committee members receive an additional fee of EUR 6,000, Privatisation Committee members receive an additional EUR 6,000, Remuneration Committee members receive an additional EUR 5,000 per annum and Public Affairs & Corporate Responsibility Committee members receive an additional EUR 5,000 per annum. Members of the Selection and Appointments Committee also receive an additional fee of EUR 5,000 per annum.

All the members of the Supervisory Board also receive expense allowances of EUR 1,600 per annum, which have not been included in the above remuneration for members of the Supervisory Board.

No shares, options, loans, advances or guarantees have been or will be granted to members of the Supervisory Board.

Board of Management

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

The regular salary comprises gross pay plus holiday allowances. With effect from 1 January 2007, the regular salaries of the Board of Management members were increased by 2.75%, reflecting current salary increases for employees covered by the CLA.

Regular salary (in euros)	2007	2006
Gerlach J. Cerfontaine	**365,410**	355,630
Pieter M. Verboom	**285,436**	277,796
Ad P.J.M. Rutten	**285,436**	277,796
Total	**936,282**	**911,222**

The annual bonus payable (short-term bonus scheme) depends on the achievement of financial targets, a number of personal performance targets and the Supervisory Board's assessment regarding general performance. The financial target is given by the net result divided by the average shareholders' equity (ROE) according to the budget for the year approved by the Supervisory Board. The personal performance targets may vary from year to year. The on-target level of the short-term bonus is 35% of the fixed salary, with achievement of the financial target accounting for approximately two-thirds of the total short-term variable remuneration. If the financial targets are exceeded, the bonus payable can be up to 1.625 times the on-target level for that component for the CEO, for the other members of the Board of Management this can be up to 1.67. In the event of exceptional performance the maximum short-term bonus for the CEO can be 47,5%, of the fixed salary and for the other members of the Board of Management this can be 45.1% for the other members of the Board of Management. The extent to which the targets have been achieved is determined partly on the basis of the audited financial statements.

Based on the assessment by the Supervisory Board of the extent to which the targets were achieved, the following bonus has been charged to the result for 2007 in respect of the bonus scheme (short-term) for 2007. Pieter Verboom was also paid a one-off extra bonus of EUR 50,000 in 2006 in view of the fact that he has also been responsible for the management of the Consumers business area since 1 January 2005 in addition to his usual portfolio.

Bonus payments (short term) (in euros)	2007	2006
Gerlach J. Cerfontaine	**146,164**	168,924
Pieter M. Verboom	**121,453**	175,008
Ad P.J.M. Rutten	**121,453**	125,008
Total	**389,070**	**468,940**

Schiphol Group is not a listed company and therefore does not have the ability to award Schiphol Group shares or share options. Instead, to foster the achievement of Schiphol Group's long-term objectives, there is a long-term bonus scheme which rolls forward over a three-year period. The long-term bonus is a remuneration component payable each year with an on-target level of 35% of the fixed salary, depending on the cumulative economic profit realised over a period of three successive years, based on the medium-term business plan approved by the Supervisory Board. If the company performs exceptionally well, the bonus may be increased up to a maximum of 52.5% of the fixed salary.

The long-term bonus in each case relates to the period of three years from the time of award of the bonus (the reference period):

- The performance criteria for the 2005 long-term bonus relate to the economic profit for the three-year period 2005, 2006 and 2007, with payment, if applicable, made in 2008.
- The performance criteria for the 2006 long-term bonus relate to the economic profit for the three-year period 2006, 2007 and 2008, with payment, if applicable, made in 2009.
- The performance criteria for the 2007 long-term bonus relate to the economic profit for the three-year period 2007, 2008 and 2009, with payment, if applicable, made in 2010.

At the end of each year, an estimate is made of the amount of the bonus payable on conclusion of the three-year period. During the reference period, a pro rata part thereof is charged each year to the result for the relevant year. Payment is only made if the relevant Board of Management member is still employed by the company at the end of the three-year period. If it is mutually agreed that the contract of employment should be terminated, the award is made pro rata. It is also possible in that case to calculate and pay out future bonuses in advance.

In respect of the bonus scheme (long-term), the Supervisory Board's assessment of the developments in the economic profit warrants the recognition of the following provisions chargeable to 2007:

- one-third of the long-term bonus for 2005 including swing factor (reference period 2005–2007; and
- one-third of the long-term bonus for 2006 including swing factor (reference period 2006–2008).
- one-third of the long-term bonus for 2007 including swing factor (reference period 2007–2009);

The foregoing gives rise to the following costs chargeable to the financial year:

Bonus payments (long term) (in euros)	2007	2006
Gerlach J. Cerfontaine	**187,018**	183,454
Pieter M. Verboom	**146,086**	143,303
Ad P.J.M. Rutten	**98,565**	48,614
Total	**431,669**	**375,371**

In 2007, payment was made of the 2004 long-term bonus, for which provisions had been built up. Accordingly, the payment did not lead to a charge on the 2007 result. In 2008, payment will be made out of the provisions accumulated for the 2005 long-term bonus, relating to the economic profit over the three-year period 2005, 2006 and 2007.

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

Pension costs (in euros)	2007	2006
Gerlach J. Cerfontaine	**77,224**	78,887
Pieter M. Verboom	**59,828**	61,117
Ad P.J.M. Rutten	**59,828**	61,117
Total	**196,880**	**201,121**

The other payments concern allowances for private healthcare insurance costs and entertainment expenses, the employers' share of social security contributions and various non-recurring benefits.

Other payments (in euros)	2007	2006
Gerlach J. Cerfontaine	**11,249**	13,855
Pieter M. Verboom	**9,708**	12,131
Ad P.J.M. Rutten	**9,708**	11,531
Total	**30,665**	**37,517**
Total remuneration to the Board of Management members charged to profit and loss	**1,984,566**	**1,994,171**

Past-service cost of Board of Management pensions

The Remuneration Committee has decided that the pensions of the Board of Management members should be increased to competitive levels. ABP, the pension provider, has recalculated the associated past-service cost. In 2007, the recalculation by ABP for Gerlach Cerfontaine related to the period 1998–2007, for Pieter Verboom the period 1997–2007 and for Ad Rutten the period 2005–2007. The resultant benefit expenses are summarised in the following table (not included in the total remuneration of the Board of Management members set out above):

Past-service costs (in euros)	2007	2006
Gerlach J. Cerfontaine	**80,000**	76,399
Pieter M. Verboom	**48,711**	43,321
Ad P.J.M. Rutten	**17,519**	13,792
Total	**146,230**	**133,512**

Subsidiaries

The following subsidiaries are fully consolidated:

	Registered in	Direct / indirect interest in %
Schiphol Nederland BV [1]	Schiphol	100.00
Schiphol Belgium NV	Antwerp	100.00
Schiphol Australia Pty Ltd	Schiphol	100.00
Schiphol North American Holding Inc	Delaware	100.00
Schiphol Retail US Inc	Delaware	100.00
Schiphol Services Inc	Delaware	100.00
Eindhoven Airport NV	Eindhoven	51.00
Schiphol Asia Sdn. Bhd.	Kuala Lumpur	100.00
NV Luchthaven Lelystad	Lelystad	100.00
Schiphol USA Inc	New York	100.00
Schiphol USA LLC	Delaware	100.00
Rotterdam Airport BV [1]	Rotterdam	100.00
Rotterdam Airport Supplies Services BV	Rotterdam	100.00
Rotterdam Airport Holding BV [1]	Rotterdam	100.00
Rotterdam Airport Vastgoed BV	Rotterdam	100.00
Beheer- en beleggingsmaatschappij Balnag BV	Schiphol	100.00
Brisbane Airport Real Estate BV	Schiphol	100.00
Malpensa Real Estate BV	Schiphol	100.00
Malpensa Real Estate Italy Srl	Lonate Pozzolo	100.00
Malpensa Real Estate II BV	Schiphol	100.00
Schiphol Real Estate Caravelle BV	Schiphol	100.00
Schiphol Dienstverlening BV [1]	Schiphol	100.00
Schiphol Flexservices BV	Schiphol	100.00
Schiphol International BV	Schiphol	100.00
Schiphol Project Consult BV [1]	Schiphol	100.00
Schiphol Real Estate Logistics Park BV	Schiphol	100.00
Schiphol Real Estate BV [1]	Schiphol	100.00
Schiphol Real Estate Eindhoven BV	Schiphol	100.00
Schiphol Real Estate Eindhoven Finance BV	Schiphol	100.00
Schiphol Real Estate Eindhoven II BV	Schiphol	100.00
Schiphol Real Estate International BV	Schiphol	100.00
Schiphol Real Estate Tristar BV	Schiphol	100.00
HAFOK BV	Schiphol	100.00
Schiphol Real Estate World Trade Center BV [1]	Schiphol	100.00
Schiphol Real Estate Italy Srl	Lonate Pozzolo	100.00
Airport Real Estate Management BV	Schiphol	100.00
Airport Property Management BV	Schiphol	100.00
Dartagnan BV	Amsterdam	100.00
Dartagnan Biometric Solutions US Inc	New York	100.00
Avioport SpA	Lonate Pozzolo	70.00
Schiphol Telematics BV	Schiphol	100.00
Schiphol Telematics CV	Schiphol	100.00
Schiphol Consumer Services Holding BV	Schiphol	100.00
Schiphol Airport Retail BV	Schiphol	100.00
European Chinese Trade center BV	Schiphol	100.00

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

The existing legal structure of Schiphol Telematics BV and CV, in the form of a Dutch limited partnership (CV), is no longer appropriate due to the division of the joint venture. The necessary changes will be made in 2008 by transferring the activities from Schiphol Telematics CV to Schiphol Telematics BV and winding up the former company. Until this change has been accomplished, Schiphol Telematics BV will continue to act as managing partner with joint and several liability for the debts of Schiphol Telematics CV.

Joint ventures

The interests in the following companies are proportionately consolidated:

	Registered in	Direct / indirect interest in %
Airport Real Estate Basisfonds CV	Schiphol	50.00
Schiphol Travel Taxi BV	Schiphol	50.00
Flight Square Beheer BV	Schiphol	50.00
Flight Square CV	Schiphol	50.00
Flight Forum Beheer Vennoot BV	Eindhoven	50.00
Beheer Personeelsrestaurant Schiphol BV	Schiphol	50.00
VOF Proefdraaiplaats Holding 27	Schiphol	50.00
P.T. Angkasa Pura Schiphol	Jakarta	50.00
Pantares Tradeport Asia Ltd	Hong Kong	50.00
Arlanda Schiphol Development Company AB	Stockholm	40.00
Villa Carmen BV	Amsterdam	47.44
Villa Carmen Srl	Milan	47.44

The subsidiary Airport Real Estate Management BV and joint ventures Flight Forum Beheer BV and Flight Square Beheer BV, as managing partners, bear joint and several liability for the debts of Airport Real Estate Basisfonds CV, Flight Forum CV and Flight Square CV, respectively.

Similarly, Schiphol Nederland BV bears joint and several liability for the debts of VOF Proefdraaiplaats Holding 27.

Despite the fact that Schiphol Group does not have an interest of 50% in the companies Arlanda Schiphol Development Company AB, Villa Carmen BV and Villa Carmen Srl, there is joint control and the interests in the companies concerned are therefore proportionately consolidated. In the contractual arrangements establishing these joint ventures, the venturers have agreed that decisions on important strategic, financial and operational matters shall require their unanimous consent.

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

(in thousands of euros)	31 December 2007	31 December 2006
Assets		
Non-current assets	**198,657**	190,229
Current assets	**12,248**	11,904
	210,905	**202,133**
Equity and liabilities		
Total equity	**113,136**	101,189
Non-current liabilities	**86,823**	84,577
Current liabilities	**10,946**	16,367
	210,905	**202,133**

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

(in thousands of euros)	31 December 2007	31 December 2006
Revenue	**25,104**	**22,744**
Other income, from property	**10,870**	**9,230**
	35,974	31,974
Total operating expenses	**12,585**	**11,107**
Operating result	**23,389**	**20,867**
Financial income and expenses	**- 3,876**	- 3,340
Share in result of associates	**- 369**	4
Result befor tax	**19,144**	**17,531**
Corporate income tax	**- 245**	- 286
Result	**18,899**	**17,245**

Associates

As at 31 December 2007, this concerns the investments in the following companies measured by applying the equity method:

	Registered in	Direct / indirect interest in %
Flight Forum CV	Eindhoven	49.00
Brisbane Airport Corporation Holdings Ltd	Brisbane	15.62
JFK IAT LLC	New York	40.00
Cargonaut BV	Schiphol	36.93
Schiphol Area Development Company NV	Schiphol	33.33
Schiphol Logistics Park BV	Schiphol	45.00
Schiphol Logistics Park CV	Schiphol	38.08
Tradeport Hong Kong Ltd	Hong Kong	18.75
Airport Medical Services BV	Haarlemmermeer	20.00
Airport Medical Services CV	Haarlemmermeer	20.00
Chinamex Europe Trade & Exhibition Center BV	Haarlemmermeer	15.00

Apart from SRE BV, Schiphol Area Development Company BV and Schiphol Logistics Park BV have interests in Schiphol Logistics Park CV of 3.03% and 0.04%, respectively. These interests are not included in the above interest of 38.08%.

Schiphol Group has an interest of 15.62% in Brisbane Airport Corporation Holdings Pty Ltd. The latter company owns 100.00% of Brisbane Airport Corporation Holdings No.2 Pty Ltd, which in turn owns 100.00% of Brisbane Airport Corporation Ltd. (BACL). Despite Schiphol Group's interest in Brisbane Airport Corporation Ltd (BACL) being smaller than 20%, the company does have a significant influence on the basis of the following considerations:

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

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

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

Below is some financial information relating to the Schiphol Group share of the above associates:

(in thousands of euros)	2007	2006
Total assets	**262,261**	244,949
Total equity	**1,868**	- 27,383
Revenue	**90,082**	83,119
Net result	**25,058**	19,915

At the time when these financial statements were compiled, Schiphol Group did not yet possess the complete financial information for 2007 (profit and loss account) or as at 31 December 2007 (balance sheet) for all the aforementioned associates. This is partly attributable to the non-calendar financial year of some of these associates. With regard to certain associates, therefore, the above financial information has been compiled on the basis of the most recent financial data available to Schiphol Group. In nearly all cases this information is not older than three months.

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 44.4 million negative as at 31 December 2007). There is no obligation incumbent on Schiphol Group to make good this negative equity. The investments in the associates concerned have therefore been presented at a net asset value of nil.

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

As at 31 December 2007, Tradeport Hong Kong had a loan outstanding of EUR 26.0 million, with a guarantee covering 20% of this amount. On the basis of Schiphol Group's share in Tradeport Hong Kong (18.75%), the amount of the maximum guarantee attributable to Schiphol Group is EUR 1.0 million. Because of Tradeport Hong Kong's negative equity, the interest was valued at zero. Schiphol Group has also given guarantees for a maximum amount of EUR 15.8 million in respect of the liabilities of Tradeport Hong Kong relating to land on which the company has a concession for the operation of the logistics centre.

As at 30 June 2007, Brisbane Airport Corporation Ltd (BACL) had a contingent liability on the basis of passenger and traffic growth forecasts to capital expenditure at Brisbane Airport totalling EUR 212.1 million over a multiple-year period. For the coming years, major expansions have been planned in the form of a new runway and an extension of the terminals and the infrastructure. On the basis of our indirect interest of 15.62% in BACL, the associate's contingent liability amounts to EUR 33.1 million.

Schiphol, 13 February 2008
For the consolidated financial statements for 2007:

Supervisory Board
Peter-Jan Kalff, Chairman
Anthony Ruys, Vice-chairman

Hans van den Broek
Frans J.G.M. Cremers
Trude A. Maas-de Brouwer
Willem F.C. Stevens
Toon H. Woltman

Board of Management
Gerlach J. Cerfontaine, President
Maarten M. de Groof, Chief Commercial Officer
Ad P.J.M. Rutten, Chief Operations Officer
Pieter M. Verboom, Chief Financial Officer

Corporate Profit and Loss Account for 2007

(in thousands of euros)	2007	2006
Result on ordinary activities after tax	**910**	3,518
Results of subsidiaries	**314,876**	523,391
Result attributable to shareholders (net result)	**315,786**	**526,909**

Corporate Balance Sheet as at 31 December 2007

Before proposed profit appropriation

Assets

(in thousands of euros)	Note	31 December 2007	31 December 2006
Non-current assets	42		
Investments in subsidiaries		**2,895,859**	2,618,422
Other investments		**16,590**	15,624
		2,912,449	**2,634,046**
Current assets	43		
Receivables		**26,452**	72,591
Cash and cash equivalents		**1,789**	10,626
		2,940,690	**2,717,263**

Equity and liabilities

(in thousands of euros)	Note	31 December 2007	31 December 2006
Issued share capital		**77,712**	77,712
Retained profits		**2,491,159**	2,278,397
Translation differences reserve		**11,667**	14,322
Revaluation reserve		**331,572**	311,324
Other statutory reservess		**25,839**	22,120
Shareholders' equity	44	**2,937,949**	**2,703,875**
Current liabilities	45	**2,741**	**13,388**
		2,940,690	**2,717,263**

General

The corporate financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code, utilising the option provided by Section 2:362, subsection 8, of the Netherlands Civil Code of applying the same accounting policies for the corporate financial statements as have been applied in preparing the consolidated financial statements.

Use has also been made of the provisions of Section 2:402 of the Netherlands Civil Code, permitting presentation of an abridged profit and loss account.

Accounting policies

General

The accounting policies for the corporate financial statements are the same as for the consolidated financial statements. Where no specific policies are mentioned, reference should therefore be made to the accounting policies relating to the consolidated financial statements.

Subsidiaries

Companies in which Schiphol Group is able to exercise control or which Schiphol Group effectively manages are carried at net asset value determined by measuring the assets, provisions and liabilities and results according to the policies applied in preparing the consolidated financial statements.

If the share of losses attributable to Schiphol Group exceeds the carrying amount of a subsidiary, losses over and above that amount are not recognised unless Schiphol Group has given guarantees to the entity concerned or other commitments have been entered into or payments have been made on behalf of that entity. In that case, a provision is made for the consequent liabilities.

Results on transactions with subsidiaries are eliminated in proportion to the interest in the entities concerned, except where the results arise on transactions with third parties. Losses are not eliminated if there are indications of impairment of the assets concerned.

Elements of shareholders' equity

Various statutory reserves required by Part 9, Book 2, of the Netherlands Civil Code have been retained in the corporate balance sheet which form part of the retained profits in the consolidated balance sheet. These reserves restrict the ability to distribute equity. They are the reserve for property revaluations, the reserve for intangible assets and the reserve for participating interests. The latter two reserves have been combined under other statutory reserves.

The revaluation reserve (Section 2:390.1) is maintained in respect of fair value gains on individual items of investment property (buildings and land) held by companies forming part of Schiphol Group. Additions to this reserve are made via the profit appropriation, after allowing for corporate income tax. On the sale of investment property, the amount of the revaluation reserve for the property in question is transferred to other reserves.
The other statutory reserves are the reserve for intangible assets and the reserve for investments in associates.

The reserve for intangible assets (Section 2:365.2) is maintained in connection with capitalised research and development costs (software) carried by companies forming part of Schiphol Group.

The reserve for investments in associates (Section 2:389.6) is formed in respect of the share in the positive results of the entities concerned and in fair value gains accounted for directly in equity. Amounts are not recognised in respect of entities whose cumulative results are not positive. The reserve is reduced by the amount of dividend distributions, fair value losses accounted for directly in equity and any distributions which Schiphol Group would be able to effect without restriction.

Total equity in the consolidated balance sheet includes a exchange differences reserve, an other financial interests reserve and a hedging transactions reserve. These reserves (included collectively in the corporate financial statements under the heading of 'Other reserves of Schiphol Group') are also presented as part of corporate shareholders' equity since they likewise restrict the ability to distribute the reserves.

Pending the necessary resolution by the General Meeting of Shareholders, the net result and the dividend payable according to the proposed profit appropriation are part of the 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.

42. Non-current assets

The analysis and movements were as follows:

(in thousands of euros)	Investment in subsidiaries	Other financial interests	Total
Carrying amount as at 31 December 2005	**2,088,016**	**12,703**	**2,100,719**
Movements in 2006			
Result for the year	523,391	-	**523,391**
Fair value gains and losses	-	2,921	**2,921**
Translation differences	90	-	**90**
Changes in the hedging transactions reserve	6,626	-	**6,626**
Other movements	299	-	**299**
Total movements in the year	**530,406**	**2,921**	**533,327**
Carrying amount as at 31 December 2006	**2,618,422**	**15,624**	**2,634,046**
Movements in 2007			
Result for the year	314,876	-	**314,876**
Contributions of share capital to subsidiaries	27,238	-	**27,238**
Dividend	- 61,198	-	**- 61,198**
Fair value gains and losses	-	966	**966**
Translation differences	499	-	**499**
Changes in the hedging transactions reserve	- 3,975	-	**- 3,975**
Other movements	- 3	-	**- 3**
Total movements in the year	**277,437**	**966**	**278,403**
Carrying amount as at 31 December 2007	**2,895,859**	**16,590**	**2,912,449**

The investments in subsidiaries concern the wholly-owned subsidiaries Schiphol Nederland BV and Schiphol International BV. For Schiphol Nederland BV, the provisions of Section 2:403 are applicable.

Other financial interests concern the 1% interest in Flughafen Wien AG.

43. Current assets

The receivables can be analysed as follows:

(in thousands of euros)	2007	2006
Current-account receivables		
■ Schiphol Nederland BV	**26,368**	18,755
■ Schiphol International BV	**-**	53,796
Other receivables	**84**	40
	26,452	72,591

Cash and cash equivalents as at 31 December 2007 do not include deposits.

Both receivables and cash are stated at fair value, which is usually the face value.

44. Shareholders' equity

The analysis and movements were as follows:

(in thousands of euros)	Issued share capital	Retained profits	Other reserves of Schiphol Group	Revaluation reserve	Other statutory reserves	Dividend	Total
Balance as at 31 Dec. 2005	**77,712**	**1,825,569**	**4,710**	**299,967**	**14,694**	**-**	**2,222,652**
Movements in 2006							
Appropriation of result for previous year	-	- 75,111	-	12,385	7,426	55,300	**-**
Exchange differences	-	-	89	-	-	-	**89**
Changes in fair value on other financial interests	-	-	2,921	-	-	-	**2,921**
Changes in fair value on hedging transactions	-	-	6,602	-	-	-	**6,602**
Net result	-	526,909	-	-	-	-	**526,909**
Distribution of dividend	-	-	-	-	-	- 55,300	**- 55,300**
Realised gains on sale of property	-	1,028	-	- 1,028	-	-	**-**
Other movements	-	2	-	-	-	-	**2**
Total movements in the year	**-**	**452,828**	**9,612**	**11,357**	**7,426**	**-**	**481,223**
Balance as at 31 Dec. 2006	**77,712**	**2,278,397**	**14,322**	**311,324**	**22,120**	**-**	**2,703,875**
Movements in 2007							
Appropriation of result for previous year	-	- 103,024	-	20,248	3,719	79,057	**-**
Exchange differences	-	-	499	-	-	-	**499**
Changes in fair value on other financial interests	-	-	966	-	-	-	**966**
Changes in fair value on hedging transactions	-	-	- 4,120	-	-	-	**- 4,120**
Net result	-	315,786	-	-	-	-	**315,786**
Distribution of dividend	-	-	-	-	-	- 79,057	**- 79,057**
Total movements in the year	**-**	**212,762**	**- 2,655**	**20,248**	**3,719**	**-**	**234,074**
Balance as at 31 Dec. 2007	**77,712**	**2,491,159**	**11,667**	**331,572**	**25,839**	**-**	**2,937,949**

The other statutory reserves comprise the reserve for intangible assets and the reserve for investments in associates.

The other reserves of Schiphol Group comprise a exchange differences reserve, an other financial interests reserve and a hedging transactions reserve. These reserves are part of the consolidated equity and are also presented as part of corporate shareholders' equity since, like the revaluation reserve and the other statutory reserves, they restrict the ability to distribute the reserves. As a consequence, the ability to distribute shareholders' equity is restricted to retained earnings.

Upon the sale of property in 2006, the revaluation of EUR 1.0 million relating to this property was realised and therefore transferred from the revaluation reserve to the general reserve. In 2007, no buildings were sold whose revaluation was still included in the revaluation reserve.

45. Current liabilities

The analysis is as follows:

(in thousands of euros)	2007	2006
Bank borrowings and overdrafts	-	8,240
Corporate income tax payable	**1,982**	3,138
Derivative financial instruments	**129**	478
Internal forward foreign exchange contract	**630**	1,532
	2,741	13,388

Derivative financial instruments concerns the currency swap contract hedging the long-term loan to an associate in Australian dollars contracted by NV Luchthaven Schiphol on behalf of Schiphol International BV.

Schiphol, 13 February 2008

For the corporate financial statements for 2007:

Supervisory Board

Peter-Jan Kalff, Chairman

Anthony Ruys, Vice-chairman

Hans van den Broek

Frans J.G.M. Cremers

Trude A. Maas-de Brouwer

Willem F.C. Stevens

Toon H. Woltman

Board of Management

Gerlach J. Cerfontaine, President

Maarten M. de Groof, Chief Commercial Officer

Ad P.J.M. Rutten, Chief Operations Officer

Pieter M. Verboom, Chief Financial Officer

Auditor's report

Report on the financial statements
We have audited the accompanying financial statements 2007 of N.V. Luchthaven Schiphol, Amsterdam as set out on pages 84 to 191. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2007, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2007, the company profit and loss account for the year then ended and the notes.

The Board of Management's responsibility
The Board of Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of N.V. Luchthaven Schiphol as at 31 December 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of N.V. Luchthaven Schiphol as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal requirements
Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the annual report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 13 February 2008
PricewaterhouseCoopers Accountants N.V.

J.A.M. Stael RA

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	**315,786**
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)	- 82,035
Addition to the statutory reserve (sum of the results of associates, less dividend distributions, and investments in research and development less amortisation)	- 15,731
Dividend distribution (40% of the net result less fair value gains and losses on property after deduction of corporate income tax)	- 93,036
	- 190,802
Addition to retained profits	**124,984**

Events after the balance sheet date

For details of the events after the balance sheet date, reference is made to the notes to the consolidated financial statements on page 171.

Historical Summary

Figures as from 2004 have been restated according to IFRS. The figures up to year-end 2003 are based on previous accounting policies.

(in millions of euros unless stated otherwise)		2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Profit and loss account	Revenue	**1,146**	1,037	948	876	860	774	695	637	575	553
	Fair value gains and losses on property	**-**	-	-	-	83	15	74	63	16	2
	Own work capitalised	**-**	-	-	-	13	16	11	10	11	11
	Total operating revenue	**-**	-	-	-	956	805	780	710	603	566
	Other income, from property	**114**	39	23	23	-	-	-	-	-	-
	Total operating expenses before depreciation, amortisation and impairment	**- 666**	- 598	- 492	- 475	- 488	- 452	- 383	- 340	- 312	- 287
	EBITDA	**594**	478	478	424	468	353	397	370	291	280
	Depreciation, amortisation and impairment	**- 175**	- 162	- 167	- 160	- 131	- 106	- 101	- 107	- 82	- 83
	Operating result	**420**	316	311	265	338	247	296	263	209	197
	Financial income and expenses	**- 35**	- 36	- 34	- 26	- 43	- 39	- 35	- 35	- 32	- 30
	Taxation and share in operating result of associates and minority interests	**- 68**	246	- 84	- 78	- 104	- 71	3	4	6	3
	Result on ordinary activities after tax	**316**	527	193	161	191	137	263	232	183	169
	Extraordinary income and expenses	**-**	-	-	-	-	-	-	- 18	- 29	-
	Net result	**316**	527	193	161	191	137	263	214	154	169
Balance sheet	Non-current assets	**3,945**	3,681	3,249	3,157	3,047	2,729	2,522	2,219	1,976	1,700
	Current assets	**342**	483	432	399	422	209	254	213	196	267
	Total assets	**4,287**	4,165	3,681	3,556	3,469	2,938	2,775	2,432	2,172	1,967
	Equity (excl, minority interests)	**-**	-	-	-	2,024	1,871	1,783	1,548	1,356	1,207
	Equity (incl, minority interests)	**2,957**	2,722	2,245	2,093	-	-	-	-	-	-
	Provisions	**54**	63	84	115	64	41	38	54	71	43
	Non-current liabilities (incl minority interests)	**-**	-	-	-	1,044	523	459	448	342	536
	Non-current liabilities (excl minority interests)	**914**	865	1,006	958	-	-	-	-	-	-
	Current liabilities	**362**	514	346	391	337	502	494	382	403	180
	Total equity and liabilities	**4,287**	4,165	3,681	3,556	3,469	2,938	2,775	2,432	2,172	1,967
	Operating cash flow [1]	**313**	362	307	327	298	293	216	251	290	283
Ratios	Operating result as % of revenue	**36,6**	30,5	32,8	30,2	39,3	31,9	42,6	41,2	36,4	35,5
	Return on average equity in % (ROE)	**11,1**	21,2	8,9	7,9	9,8	7,5	15,8	14,7	12,0	14,9
	Return on Net Assets in % (RONA) [2] [3]	**12,3**	10,1	9,7	8,6	11,7	9,4	12,5	12,5	11,4	12,2
	Return on Capital Employed in % (ROCE) [4], (ROACE) [5] [6]	**11,7**	9,8	9,9	8,7	11,5	9,4	12,8	13,8	11,8	11,5
	FFO / Total debt in % [7] [8]	**34,3**	39,0	28,7	33,4	-	-	-	-	-	-
	FFO interest coverage ratio [8] [9]	**7,7**	8,3	6,8	7,9	-	-	-	-	-	-
	Leverage [10] [11]	**23,5**	24,8	29,4	32,0	34,2	28,0	25,2	22,6	24,1	26,9
Figures per share	Earnings per share	**1,844**	3,077	1,126	939	1,117	799	1,536	1,250	901	987
	Operating cash flow per share	**1,830**	2,114	1,754	1,912	1,738	1,710	1,258	1,468	1,696	1,655
	Dividend per share	**543**	462	323	271	239	245	263	133	119	119
Personnel	Average effective full-time equivalent employees	**2,459**	2,293	2,179	2,216	2,231	2,134	2,038	1,864	1,868	1,928

[1] For analysis see the cash flow statement
[2] Up to and including 2005: Operating result / average non-current assets less deferred taxes
[3] As from 2006: Operating result + resultaat en rentebaten deelnemingen / average non-current assets less deferred taxes.
[4] Up to and including 2003: operating result / average of equity and liabilities less non-interest bearing short term debt
[5] As from 2004: operating result / average of equity and interest-bearing debt
[6] As from 2006: Operating result + resultaat en rentebaten deelnemingen/ average of equity and interest-bearing debt
[7] Up to and including 2005: Funds from operations adjusted for working capital / total debt
[8] As from 2006: see calculation FFO / Total debt and FFO/ Interest coverage in the note on Financial Risk Management
[9] Up to and including 2005: Funds from operating activities adjusted for working capital plus interest income / interest costs
[10] Up to and including 2003: interest-bearing debt / total equity and liabilities
[11] As from 2004: Interest-bearing debt / equity plus interest-bearing debt in %

Appendix 1

Appendix 1a: Traffic volume
Amsterdam Airport Schiphol

	2007	2006	%
Passengers (excluding transit direct)	**47,744,748**	45,987,132	3.8%
Transit direct passengers	**50,246**	78,918	- 36.3%
Total passengers	**47,794,994**	46,066,050	3.8%
Air cargo (in tonnes)	**1,610,282**	1,526,501	5.5%
Air mail (in tonnes)	**41,103**	40,327	1.9%
Air transport movements	**435,973**	423,122	3.0%
Other	**18,388**	17,031	8.0%
Total aircraft movements	**454,361**	440,153	3.2%

Bijlage Ib: Traffic volume
Rotterdam Airport

	2007	2006	%
Passengers (excluding transit direct)	**1,060,043**	1,037,966	2.1%
Transit direct passengers	**33,052**	39,148	-15.6%
Total passengers	**1,093,095**	1,077,114	1.5%
Air cargo (in tonnes)	**23**	15	53.3%
Air transport movements	**16,243**	15,928	2.0%
Other	**49,288**	48,339	2.0%
Total aircraft movements	**65,531**	64,267	2.0%

Bijlage Ic: Traffic volume
Eindhoven Airport

	2007	2006	%
Passengers (excluding transit direct)	**1,544,098**	1,143,557	35.0%
Air transport movements	**13,470**	11,116	21.2%
Other	**5,082**	4,837	5.1%
Total aircraft movements	**18,552**	15,953	16.3%

Bijlage Id: Traffic volume
Lelystad Airport

	2007	2006	%
Total aircraft movements	**116,519**	114,619	1.7%

Bijlage Ie: Traffic volume
Terminal 4 JFK Airport

	2007	2006	%
Passengers (excluding transit direct)	**8,897,683**	7,701,434	15.5%
Total aircraft movements	**54,659**	45,789	19.4%

Bijlage If: Traffic volume
Brisbane Airport Corporation

	2007	2006	%
Passengers (excluding transit direct)	**18,022,329**	16,879,439	6.8%
Total aircraft movements	**171,412**	152,222	12.6%

Bijlage Ig: Traffic volume
Aruba Airport

	2007	2006	%
Passengers (excluding transit direct)	**1,735,066**	1,638,126	5.9%
Total aircraft movements	**35,774**	33,088	8.1%

Appendix 2

Ten largest airports in Western Europe

Air transport movements
(x 1,000)

		2007	2006	%
1	Paris Charles de Gaulle	544	533	2.0%
2	Frankfurt	486	482	0.7%
3	Madrid	483	435	11.1%
4	London Heathrow	476	471	1.0%
5	**Amsterdam**	**436**	**423**	**3.0%**
6	Munich	420	399	5.1%
7	Barcelona	352	328	7.6%
8	Rome Fiumicino	328	310	5.8%
9	Milan Malpensa	264	247	6.5%
10	London Gatwick	259	254	1.7%

Passenger movements
(x 1,000) (including transit direct passengers counted once)

		2007	2006	%
1	London Heathrow	67,855	67,343	0.8%
2	Paris Charles de Gaulle	59,922	56,852	5.4%
3	Frankfurt	53,893	52,468	2.7%
4	Madrid	52,143	45,530	14.5%
5	**Amsterdam**	**47,795**	**46,066**	**3.8%**
6	London Gatwick	35,169	34,091	3.2%
7	Munich	33,959	30,758	10.4%
8	Rome Fiumicino	32,856	30,102	9.1%
9	Barcelona	32,801	30,008	9.3%
10	Paris Orly	26,441	25,616	3.2%

Air cargo
(x 1,000 tonnes)

		2007	2006	%
1	Frankfurt	2,074	2,031	2.1%
2	Paris Charles de Gaulle	2,053	1,884	8.9%
3	**Amsterdam**	**1,610**	**1,527**	**5.5%**
4	London Heathrow	1,314	1,264	3.9%
5	Luxembourg	860*	753	14.3%
6	Brussels	762	706	7.9%
7	Cologne	719	698	3.0%
8	Liege	490	407	20.5%
9	Milan Malpensa	471	405	16.2%
10	Madrid	322	316	2.0%

** Preliminary data based on December estimates*

Source: publications and websites of the respective airports

Appendix 3

Scheduled airlines operating at Amsterdam Airport Schiphol in 2007

Adria Airways	P
Aer Lingus	P
Aeroflot Russian Int. Airlines	P
Afriqiyah Airways	P
Air Astana	P
Air Berlin	P
Air France	P
Air Nostrum [1]	P
Air Transat [3]	P
Airbridge Cargo	FF
Airlinair	P
Alitalia	P
Armavia	P
Asiana Airlines	FF
Atlantic Air [1]	FF
Austrian	P
Blue1	P
bmi	P
bmibaby	P
BMI Regional [2]	P
British Airways	P
Bulgaria Air	P
Cathay Pacific Airways	P
China Airlines	P+FF
China Southern Airlines	P+FF
Clickair [1]	P
Continental Airlines	P
Croatia Airlines	P
Cyprus Airways	P
CSA Czech Airlines	P
Delta Air Lines	P
DHL	FF
Dragonair [2]	FF
Easyjet	P
Egypt Air	P
El Al Israel Airlines	P+FF
Emirates Skycargo	FF
Ethiopian Airlines [2]	P
European Air Express [2]	P
Eva Airways	P
Finnair	P
Flybe	P
flyLAL – Lithuanian Airlines	P
Georgian Airways	P
Great Wall Airlines	FF
Iberia	P
Icelandair	P
Iranair	P
Jade Cargo International	FF
Japan Airlines	P+FF
JAT Airways	P
Jet2.com	P
Kalitta	FF
KD Avia [1, 2]	P
Kenya Airways	P
KLM	P+FF
Korean Air	P+FF
LAN Cargo	FF
LOT Polish Airlines	P
Lufthansa German Airlines	P
MAT Macedonian Airlines [3]	P
Malaysia Airlines	P+FF
Malev Hungarian Airlines	P
Air Malta	P
Martinair Holland	P+FF
Meridiana	P
Myair [1]	P
Nippon Cargo Airlines	FF
Northwest Airlines	P
Nouvelair [1, 2]	P
Olympic Airlines	P
PIA Pakistan Int. Airlines [2]	P
Polar Air Cargo	FF
Portugalia Airlines [2]	P
Qatar Airways	FF
Royal Air Maroc	P
Rossiya Airlines	P
Royal Jordanian Airlines	P
SAS Scandinavian Airlines	P
Sata International [3]	P
ScotAirways [2]	P
Singapore Airlines	P+FF
SkyEurope	P
South African Airways	FF
Sterling	P
Sun Express [1]	P
Surinam Airways	P
Swiss Int. Airlines	P
Syrian Arab Airlines	P
TACV Cabo Verde Airlines	P
TAP Portugal	P
Thomsonfly.com [2]	P
Turkish Airlines	P
transavia.com	P
Tunis Air	P
Ukraine International Airlines	P
United Airlines	P
US Airways	P
Variglog [2]	FF
VLM Airlines	P+FF
Vueling	P
Westair	FF

P = passagiers (-combi) diensten
FF = full freighter diensten

P = passengers + cargo services
FF = full freighter services

[1] started in 2007
[2] stopped (temporarily) in 2007
[3] seasonal operations

Glossary

70 MB
Investment programme aimed at handling 70 million bags by 2015 at a lower cost and with a reduced IR rate (see also the section on the Aviation business area)

ACRE Fund (AirportCity Real Estate Fund)
A property fund to which a number of Schiphol Real Estate buildings have been transferred, 50% of the shares of which have been placed with institutional investors

Airport charges
Aircraft, passenger, and security related charges

Aviation Act (Wet luchtvaart) Amendment governing the operation of Amsterdam Airport Schiphol
Legislation laying down the terms of the operating licence and the supervision of the charges and conditions for using Amsterdam Airport Schiphol, applicable since July 2006

Aviation Act (Wet luchtvaart) governing the organisation and use of Amsterdam Airport Schiphol
Legislation laying down new standards for noise, air quality, odour and third-party risk at Amsterdam Airport Schiphol, applicable since February 2003

Catchment area
The geographical area from which passengers can reach Amsterdam Airport Schiphol by road or rail

Concession income
Income derived from a concession, i.e. a licence to carry on specific activities such as operating a restaurant or a retail outlet at the airport, generally in the form of a percentage of sales

Corporate Governance Code
The Corporate Governance Code for listed companies as drawn up in 2003 by the Tabaksblat Committee

De-icing
The process of removing ice and snow from the fuselage, wings and other surfaces of an aircraft prior to takeoff

Departure Lounge 1
Waiting area for passengers travelling to a Schengen country departing from Piers A, B, C or D

Departure Lounges 2 & 3
Waiting area for passengers travelling to a non-Schengen country departing from Piers D, E, F, G or H

Departure Lounge 4
Waiting area for passengers travelling to a Schengen country departing from Pier M

Dual-hub system
A system under which an airline alliance with a global network uses two primary hubs to serve a particular continent; also referred to as a multi-hub system

Economic profit
RONA (after tax) minus the WACC, multiplied by average non-current assets

Euro Medium Term Note (EMTN)
A generic name for a programme under which unsecured debt instruments (notes) can be issued by investment-grade entities

FFO
Funds From Operations

Air Passenger tax
Also known as eco-tax or flight tax; a tax which the Dutch government intends to impose from 1 July 2008 on O&D passengers departing from airports in the Netherlands. This tax amounts to EUR 11.25 for destinations situated in the EU or within a 2,500-km radius, and EUR 45 for other destinations

FPU
Flexibel pensioen en uittreden ('flexible pension and retirement'); an early retirement scheme still applicable to a limited number of employees

FTEs
Full-time equivalents or the number of full-time positions calculated on the basis of full working weeks

Full freighter
An aircraft that transports cargo only

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

Groenenberg site
A site close to Runway 18L-36R owned by the property developer Chipshol to which a development ban applied for a number of years. Chipshol is claiming compensation from Schiphol Group because of the ban

Hub
A central airport providing connections for continental and intercontinental flights

Hub carrier
Main network carrier at a hub airport

IR rate
Irregularity rate – the percentage of bags that do not arrive at the destination at the same time as the passenger

Key Performance Indicator (KPI)
A key indicator used to measure the performance of a company or business area

Low-cost carrier
A 'no frills' airline specialised in offering low air fares

Main port
A multi-modal hub for air, road and rail transport, which serves as home base to an airline alliance, generating significant economic activity within the region

MTOW
Maximum Take-Off Weight of an aircraft upon which take-off and landing charges are based

NLA
Net lettable area (measured in square metres)

O&D passenger
Origin & Destination. A passenger beginning or ending his or her journey at Amsterdam Airport Schiphol

Passenger service charge
The charge departing passengers pay for using airport facilities

Pax-combi aircraft
Aircraft in which both cargo and passengers are transported on the main deck

Pier H
New pier opened in 2005 for point-to-point carriers flying to non-Schengen destinations

Pier M
New pier opened in 2006 for point-to-point carriers flying to Schengen destinations

Point-to-point carrier
Airlines operating flights that carry predominantly O&D passengers

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

Randstad
The urbanised area in the west of the Netherlands encompassing the major cities of Amsterdam, The Hague, Rotterdam and Utrecht

ROE
Return on Equity: Results attributable to shareholders (net result) divided by average total equity

RONA
Return on Net Assets: Operating results divided by the average fixed assets, excluding deferred tax assets and receivables on derivatives longer than 1 year

Runways
Runway 06-24 (Kaagbaan)
Runway 09-27 (Buitenveldertbaan)
Runway 18C-36C (Zwanenburgbaan)
Runway 18L-36R (Aalsmeerbaan)
Runway 18R-36L (Polderbaan)

Runway incursion
An incident involving the unauthorised presence of an aircraft, vehicle or person at a location designated for aircraft takeoffs and landings

Schengen countries
Countries in Europe which signed a treaty allowing unrestricted movement of persons and goods (named after the town in Luxembourg where the treaty was ratified)

Schiphol Regional Consultative Committee (CROS) Commissie Regionaal Overleg luchthaven Schiphol; a consultative body between the aviation sector and the region

Security Service Charge
Charge that departing passengers pay for security measures

See Buy Fly
The brand name of the partnership of retailers located in that part of the terminal that is only accessible to airline passengers using Amsterdam Airport Schiphol

Six Sigma
Method used for the ongoing improvement of business processes

SkyTeam
Worldwide alliance of airlines grouped around Air France-KLM

Smart Parking
Online service enabling advance booking of discounted parking spaces in the P3 long-stay car park via www.schiphol.nl

Terminal
The airport building, including the arrival and departure halls

Transfer passenger
A passenger who changes planes at an airport

Transit direct passenger
A passenger arriving at an airport and continuing his or her journey on the same plane

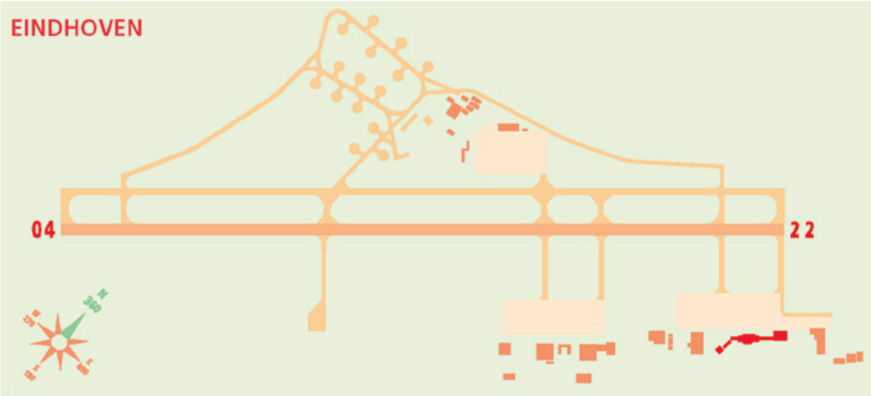
VIP Valet Parking
Product name for a service allowing passengers flying from Amsterdam Airport Schiphol to leave their car outside the departure hall and have it waiting for them on their return

Visit costs
The total costs an airline pays for visiting the airport

WACC
Weighted average cost of capital according to the capital asset pricing model (CAPM)

Work Load Unit (WLU)
A term used to measure production = 1 passenger and / or 100 kg of cargo

WTC World Trade Centre Schiphol Airport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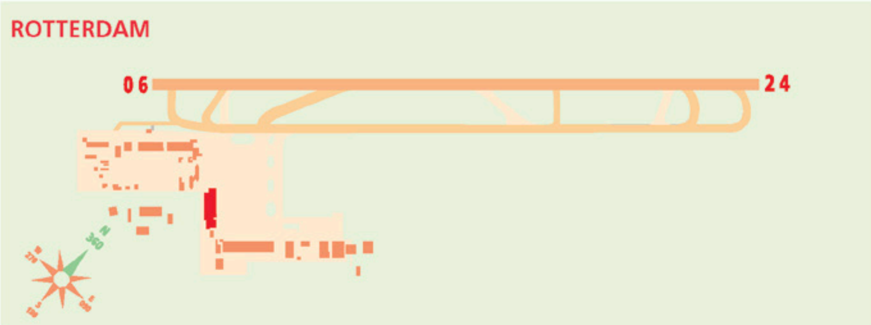
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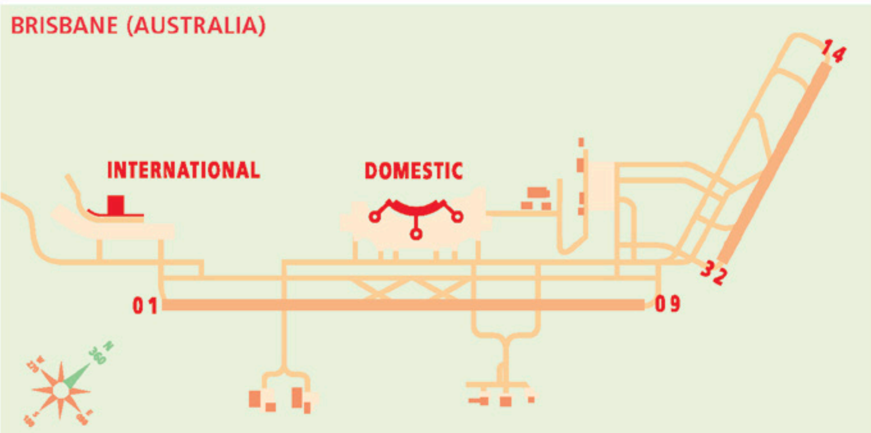
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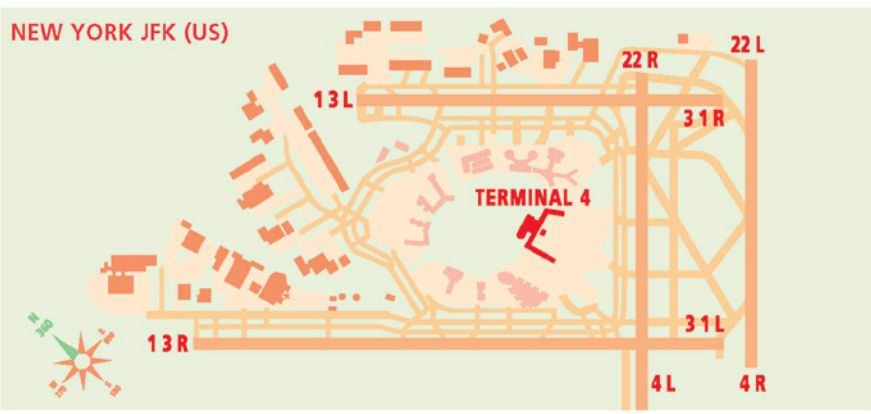
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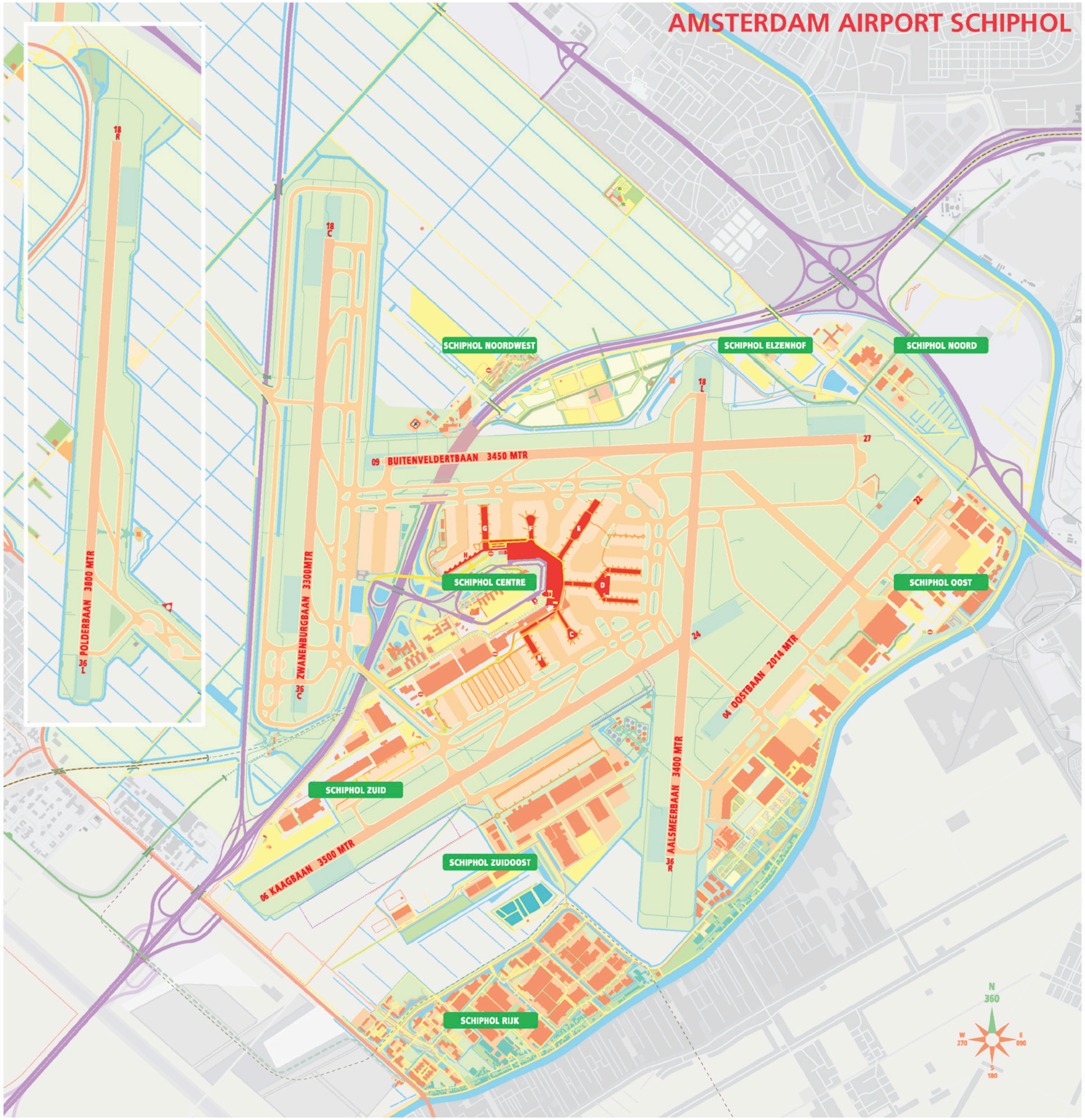
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