Schiphol Group 2014 Interim Report

Continued growth in passenger numbers and cargo volume

On 17 July a tragic accident occurred with flight MH 17. It was a disaster that caused worldwide shock and dismay. Our thoughts are with the families of the passengers and crew.

- Total revenue increased by 9.7% to EUR 712 million (2013: EUR 650 million), including the increase in revenue resulting from the acquisition of a remaining interest in a property fund (AREB C.V.). If this acquisition is excluded, revenue increased by 3.4% to EUR 672 million;
- Total operating expenses increased by 2.1% to EUR 515 million. Adjusted for the AREB C.V. acquisition, the operating expenses decreased by 0.8%;
- The net result is EUR 127 million (2013: EUR 110 million).

Key developments

- Passenger numbers at Amsterdam Airport Schiphol rose by 4.2% to 25.7 million in the first half of 2014. The number of air transport movements at Amsterdam Airport Schiphol rose by 2.6% to 209,800. Cargo volumes increased to 802,000 tonnes (+8.8%).
- The construction work for central security in the non-Schengen area and the new Hilton is in full swing. A significant part of the security filter in Departures 1 has now been renewed.
- Schiphol acquired the remaining 38.85% interest in the property fund AREB C.V. on 17 March 2014, leading to full control of a portfolio of 17 strategic properties on Amsterdam Airport Schiphol.
- The occupancy rate of Schiphol Group's total property portfolio is in line with the preceding year and was 87.1% as at 30 June 2014 (2013: 87.3%). There are signs of a slight upturn in the market.
- Average retail spending per departing passenger in the shops after passport control at Amsterdam Airport Schiphol fell from EUR 16.23 to EUR 14.79. This is exerting downward pressure on concession income and retail sales. Parking revenues increased.
- The share in results of associates decreased from EUR 40 million in the first half of 2013 to EUR 18 million in the first half of 2014, mainly as a result of the negative value development of the Brisbane Airport interest rate derivatives. Changes in value of this nature lead to volatility in the share in results of associates, while the underlying results are much more stable.
- A phased development of Lelystad Airport is necesarry in order to accommodate selective growth at Schiphol. For this purpose, Schiphol Group has drawn up the Lelystad Airport Business Plan and applied for an Airport Decree.

Response from Jos Nijhuis, Schiphol Group President & CEO

"We are once again experiencing positive growth in terms of both passengers and cargo. This trend seems set to continue, thanks to the daily efforts of all our business partners at the airport. To further consolidate the international competitiveness of the Mainport, Amsterdam Airport Schiphol is investing around EUR 1.5 million each day in the quality of its services and facilities. The first projects under the Master Plan have become operational. The new *state-of-the-art* security filter in Departure Hall 1 has recently been opened. Work on implementing central security is on schedule. Schiphol's healthy growth, cost containment and low interest rates have allowed us to propose a reduction in airport charges as of 1 April 2015. We expect this reduction to exceed -5%."

Key figures

EUR million unless stated otherwise	HY 2014	HY 2013	%
Results			
Revenue	**712**	650	9.7
Fair value gains on property	**-4**	-6	29.8
Operating expenses (excluding depreciation, amortisation and impairment)	**402**	386	4.1
EBITDA[1]	**306**	257	19.1
Depreciation and amortisation	**114**	118	-4.0
Operating result	**193**	139	38.9
Financial income and expenses	**-48**	-44	10.3
Share in results of associates	**18**	40	-55.0
Result before tax	**162**	135	20.3
Corporate income tax	**-36**	-23	54.6
Result after tax	**127**	112	13.0
Net result	**127**	110	15.4
Total equity	**3,307**	3,309	- 0
Investments in intangible assets and property, plant & equipment	**175**	134	31.0
Cash flow from operating activities	**184**	138	34.0
Ratios			
Leverage[2]	**36.7%**	36.2%	
Earnings per share[3]	**682**	591	
Business volume (in numbers)			
Air transport movements[4]	**232,401**	225,419	3.1
Passenger movements (x 1,000)[4]	**28,345**	26,996	5.0
Cargo (x 1,000 tonnes)[4]	**802**	737	8.8
Workforce in full-time equivalents	**2,040**	2,061	-1.0

1) Operating result plus depreciation, amortisation and impairment
2) Leverage: interest-bearing debt / (total equity + interest-bearing debt)
3) Based on net result attributable to shareholders
4) Schiphol Group: Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport

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Revenue

EUR million	HY 2014	HY 2013	%
Airport charges	**405**	382	6.0
Concessions	**77**	79	-3.1
Rents and leases	**92**	79	15.7
Parking fees	**51**	48	5.4
Retail sales	**38**	41	-7.0
Other activities	**105**	72	45.4
Elimination of internal revenue	**- 55**	- 52	5.3
Revenue	**712**	650	9.7

The total revenue of Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport from airport charges rose by 6.0% in the first half of 2014 to EUR 405 million. This was primarily the result of an increase in traffic and transport in combination with a modest increase in charges. Passenger numbers at Amsterdam Airport Schiphol rose by 4.2% to 25.7 million, while the number of air transport movements rose by 2.6% to 209,800. This growth is particularly visible in the segment of passengers for whom Schiphol was the point of departure or final destination. Cargo volumes rose by 8.8% to 802,000 tonnes. Passenger numbers also showed an increase at the regional airports. At Eindhoven Airport, the number rose by 18.2% to 1.8 million passengers, while at Rotterdam The Hague Airport it rose by 11.8% to 0.84 million passengers. The number of air transport movements in Eindhoven increased by 11.2% to 13,957. In Rotterdam, the number of air transport movements increased by 3.4% to 8,360.

Relative to the first half of 2013, total revenue from concessions decreased by 3.1%. This was mainly caused by a drop in average retail spending per departing passenger after passport control at Amsterdam Airport Schiphol. Average spending per passenger fell from EUR 16.23 in the first half of 2013 to EUR 14.79 in the first half of 2014. Spending is under pressure in almost all retail categories, due to refurbishment work being carried out and considerable congestion during peak times. External factors include adverse exchange rate effects and increased price sensitivity as a result of a more online offerings and price comparison. The total retail sales revenue of subsidiary Schiphol Airport Retail fell by 7.0% to EUR 38 million in the first half of 2014. The total parking revenue increased by 5.4% to EUR 51 million as a result of improved utilisation and yield management.

The total revenue from rents and leases increased by 15.7% to EUR 92 million, mainly as a result of the acquisition of the remaining interest in AREB C.V. The occupancy rate of the properties is in line with the preceding year and stood at 87.1% as at June 2014 (2013: 87.3%).

The revenue from other activities include non-recurring effects of the AREB C.V. acquisition and the sale of the interest in Arlanda Schiphol Development Company A.B., the proceeds of which amounted to EUR 5.4 million.

Operating expenses

EUR miljoen	HJ 2014	HJ 2013	%
Costs of outsourced work and other external charges	**302**	**293**	3.1
Employee benefits	**90**	**89**	1.2
Depreciation and amortisation	**114**	**118**	-4.0
Other operating expenses	**10**	**4**	135.1
Total operating expenses (including impairment)	**515**	**505**	2.1

Total operating expenses increased by 2.1% to EUR 515 million. Adjusted for the AREB C.V. acquisition, the operating expenses decreased by 0.8%.

The total costs of outsourced work and other external charges increased by 3.1% to EUR 302 million (2013: EUR 293 million). This increase is due largely to the property transfer tax related to the acquisition of the remaining shares in AREB C.V. Adjusted for the effects of the AREB C.V. acquisition, the total costs of outsourced work and other external charges increased by 1.1% as a result of higher security and maintenance costs. Depreciation charges deceased by 4.0%, from EUR 118 million to EUR 114 million mainly because of the impact of the extension of the economic service life of the baggage systems.

Operating result

EUR million	HY 2014	HY 2013	%
Aviation	**36**	9	290.7
Consumer Products & Services	**90**	89	2.0
Real Estate	**51**	27	89.2
Alliances & Participations	**16**	14	11.5
Operating result	**193**	139	38.9

Relative to the same period in the preceding year, the operating result for the first half of 2014 increased by 38.9% to EUR 193 million (2013: EUR 139 million). Because of the acquisition of AREB C.V., its results are now fully consolidated, whereas they were recorded as results from participating interests in 2013. Adjusted for this consolidation effect and the non-recurring effects of the AREB C.V. acquisition, the operating result increased by 21.7% to EUR 169 million.

The financial income and expenses for the first half of 2014 were EUR 48 million negative (2013: EUR -44 million). The increase of the financial expenses was primarily caused by no longer applying hedge accounting for the AREB C.V. interest rate derivatives and the non-recurring effects of the settlement of the AREB C.V. interest rate derivatives.

The share in results from associates and joint ventures decreased by EUR 22 million from EUR 40 million in the first half of 2013 to EUR 18 million in the first half of 2014. The decrease was mainly the result of the negative value development of Brisbane Airport's interest rate derivatives and the loss of the AREB C.V. share in results from associates because of the switch to full consolidation in 2014. In the first half of 2013 the value development of Brisbane Airport's derivatives was still positive. The underlying operating result of Brisbane Airport is largely unchanged with passenger growth of 2.7% to 10.5 million passengers.

The tax burden in the first half of 2014 was 22.0%, compared with 17.1% in the first half of 2013. The increase was in large part caused by the lower share in results of associates, over which no tax is levied. The increased tax burden can also be attributed to one-off effects, such as losses that are not available for set-off and past settlements.

The net result (result attributable to shareholders) increased by 15.4% to EUR 127 million in the first half of 2014 (2013: EUR 110 million). Adjusted for the effects of the AREB C.V. acquisition, the result increased by 9.9% to EUR 121 million.

Balance sheet and cash flow development

The balance sheet total decreased relative to 31 December 2013 and totalled EUR 5,657 million (2013: EUR 5,701 million). This fall can be attributed principally to the use of net cash balances to repay borrowings. At the same time, the fixed assets increased due to the AREB acquisition. Following consolidation of AREB, investment property increased by EUR 315 million. With a shareholders' equity of EUR 3,307 million (2013: EUR 3,309 million) and interest-bearing borrowings of EUR 1,920 million (2013: EUR 1,878 million), leverage relative to 31 December 2013 increased slightly from 36.2% to 36.7%.

The net cash flow in the first half of 2014 amounted to EUR 357 million negative, compared with EUR 132 million negative in the first half of 2013. The cash flow from operating activities amounted to EUR 184 million (2013: EUR 138 million). The increase was primarily caused by an improvement in the operating result. The cash flow from investment activities was EUR 195 million negative (2013: EUR 149 million negative) in connection with the higher investments required for the refurbishment and renovation work at the Schiphol location. The cash flow from financing activities was EUR 345 million negative (2013: EUR 120 million negative), mainly on account of a higher dividend distribution and the repayment of borrowings by AREB C.V., following the AREB C.V. acquisition.

In accordance with policy and following refinancing, the net amount of cash balances decreased from EUR 482 million as at 31 December 2013 to EUR 125 million as at 30 June 2014. In addition to these cash balances totalling EUR 125 million, Schiphol Group can draw on a total sum of EUR 450 million in committed bank facilities that have not yet been used. Schiphol Group attaches great importance to this liquidity, as it ensures that even under difficult market conditions its financing needs for the next 12 to 18 months can be met.

Other developments

Construction and renewal

The construction work for central security in the non-Schengen area and the new Hilton is in full swing. A significant part of the security filter in Departures 1 has now been renovated, with nine new lanes added. The floor area of the security filter has almost doubled. The filter has been designed to enable passengers to pass through the compulsory security check as comfortably as possible. The security passage to the Schengen lounge will ultimately have 15 new lanes. We are now making preparations for the development of Area A. This also explains the substantial increase in investments, at EUR 175 million, compared with previous periods (2013: EUR 134 million).

Lelystad Airport Decree

Accommodation of selective growth at Amsterdam Airport Schiphol will require the development of Lelystad Airport as Schiphol's twin airport. The envisaged development is based on the phased construction of infrastructure and facilities. For this purpose, Schiphol Group has drawn up the Lelystad Airport Business Plan and applied for an Airport Decree. The Airport Decree is expected at the end of 2014.

Electric taxis

A new four-year contract for the provision of taxi services for passengers travelling from Schiphol was awarded by means of a European tendering procedure. Schiphol Group's sustainability goals regarding air quality and CO_2 emissions were key elements in the invitation to tender. From the end of 2014, taxi services for passengers will be provided to a much larger extent using fully electric vehicles.

Asset Wise!

Over 50% of all Aviation costs are directly related to the infrastructure – the assets – of Amsterdam Airport Schiphol. With the AssetWise! programme started in 2013 Schiphol set out to optimize the value from its assets, increase cost awareness throughout the supply chain and manage assets on the basis of Total Cost of Ownership. In addition Schiphol is seeking to extract more added value from new and exisiting relationships with suppliers through tighter contract management. Schiphol is challenging suppliers to apply their knowledge and skills to improve services and come up with smart, cost-effective and innovative solutions. The market consultation for the development of Area A is a good example of this. Schiphol is involving its future partners and suppliers at an early stage, inviting them to contribute ideas regarding the construction of a new pier and terminal and the associated tendering procedure.

MH 17 Crash

On 17 July 2014, Malaysia Airlines Flight MH 17, bound for Kuala Lumpur, tragically crashed in eastern Ukraine. There were no survivors. The aircraft, which had departed from Schiphol earlier that day, was carrying 298 people. A special temporary location was established at Schiphol to accommodate expressions of sympathy for the families and friends of passengers and crew members.

Business risks

Schiphol Group is exposed to various risks associated with its business activities. These risks can be of a strategic nature, operational risks, financial risks and compliance risks. In addition, the risks differ per business activity. The 2013 Annual Report describes the most important risks and threats facing Schiphol Group at this time, as well as Schiphol Group's risk management policy.

Particular attention is being paid in 2014 to the following risks:

- The geopolitical tensions in several parts of the world may lead to a change in the demand for air transport and an increase in security risks.
- Since major construction work is in progress in and around the terminal and piers, there is an increased risk of safety incidents directly related to this work at Schiphol.
- Risk relating to the political context have increased slightly, particularly as a result of political discussions and decision-making processes regarding crucial, long-term capacity issues.

In the second half of 2014 the most important risks are expected to be those listed above and the risks reported in the 2013 Annual Report.

Outlook

Barring unforeseen circumstances, we expect the growth in passenger numbers in 2014 and the result for 2014 to exceed earlier expectations.

(On 14 February 2014 the following outlook statement was provided: "Barring unforeseen circumstances, we expect a passenger growth at Schiphol Amsterdam Airport of 2% to 3% and a net result for 2014 in the same order of magnitude as the net result in 2013.")

The Management Board declares that, to its knowledge,

- the condensed consolidated interim financial statements give a true and fair view of the financial assets, liabilities, financial position and profits of Schiphol Group as well as the combined consolidated enterprises, and
- the interim report gives a true and fair view of the situation on the balance sheet date, developments over the course of the first half of Schiphol Group's financial year and of the associated enterprises whose data is included in the interim report.

The risks associated with business operations could result in discrepancies between actual results and the results described in forward-looking statements in this document.

Schiphol, 28 August 2014

The Management Board

Note for editors and investors:

- Schiphol Group provides access to the 2014 Interim Report through www.schiphol.nl /Schiphol Group
- Schiphol Group also makes the 2014 interim figures for Schiphol Nederland B.V. publicly available on its website . Schiphol Nederland B.V. is the legal entity that, among other things, issues debt for the purpose of financing Schiphol Group.

Schiphol Group 2014 condensed consolidated interim financial statements

Consolidated statement of income for the first half of 2014

(in thousands of euros)	HY 2014	HY 2013[1]
Revenue	**712,432**	649,710
Sales of property	**200**	15
Fair value gains and losses on property	**-4,500**	-6,408
Other income from property	**-4,300**	-6,393
Cost of contracted work and other external costs	**301,751**	292,656
Employee benefits	**90,462**	89,405
Depreciation and amortisation	**113,585**	118,368
Impairment	**-**	49
Other operating expenses	**9,598**	4,082
Total operating expenses	**-515,396**	-504,559
Operating profit	**192,736**	138,758
Financial income	**5,561**	5,487
Financial expenses	**-53,917**	-49,339
Financial income and expenses	**-48,356**	-43,853
Share of results of associates	**18,017**	40,064
Profit before income tax	**162,397**	134,969
Income tax	**-35,782**	-23,139
Profit	**126,615**	111,830
Attributable to:		
Non-controlling interests	**-335**	1,811
Shareholders (net result)	**126,950**	110,020
Earnings per share (in euros)	**682**	591
Diluted earnings per share (in euros)	**682**	591

1) Comparative figures have been restated

Consolidated statement of comprehensive income for the first half of 2014

(in thousands of euros)	HY 2014	HY 2013[1]
Result	**126,615**	111,830
Translation differences	**6,182**	-7,664
Changes in fair value on hedge transactions	**2,282**	41,796
Share in total result associates after taxes	**-1,800**	979
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	**6,664**	35,111
Total comprehensive income	**133,279**	146,941
Attributable to:		
Non-controlling interests	**-334**	1,961
Shareholders (net result)	**133,613**	144,980

1) Comparative figures have been restated

Consolidated balance sheet as at 30 June 2014

Assets

(in thousands of euros)	30 June 2014	31 December 2013[1]
Non-current assets		
Intangible assets	**38,517**	38,039
Assets used for operating activities	**2,471,127**	2,463,800
Assets under construction or development	**461,105**	350,878
Investment property	**1,196,037**	917,587
Deferred tax assets	**187,979**	200,134
Loans to associates	**11,216**	11,280
Associates	**842,710**	913,382
Receivables on associates	**66,466**	-
Derivative financial instruments	**6,023**	1,668
Other non-current receivables	**33,101**	31,793
	5,314,281	4,928,561
Current assets		
Loans	**33**	32
Receivables on associates	**-**	59,543
Derivative financial instruments	**-**	13,017
Trade and other receivables	**203,118**	206,081
Income tax	**14,084**	11,585
Cash and cash equivalents	**125,038**	482,182
	342,273	772,440
	5,656,554	5,701,001

1) Comparative figures have been restated

Equity and liabilities

(in thousands of euros)	30 June 2014	31 December 2013[1]
Share capital and reserves attributable to shareholders		
Issued share capital	**84,511**	84,511
Share premium	**362,811**	362,811
Retained profits	**2,940,097**	2,948,497
Other reserves	**- 105,111**	- 111,774
	3,282,307	3,284,045
Non-controlling interests	**24,665**	25,221
Total equity	**3,306,972**	3,309,267
Non-current liabilities		
Borrowings	**1,816,019**	1,401,206
Lease liabilities	**53,486**	53,963
Employee benefits	**35,232**	35,475
Other provisions	**10,164**	10,658
Deferred tax liabilities	**14,681**	14,442
Other non-current liabilities	**105,580**	106,693
	2,035,163	1,622,436
Current liabilities		
Borrowings	**47,352**	420,146
Lease liabilities	**2,763**	3,182
Derivative financial instruments	**3,766**	33,429
Trade and other payables	**260,537**	312,542
	314,419	769,298
	5,656,554	5,701,001

1) Comparative figures have been restated

Condensed statement of changes in equity

(in thousands of euros)			Attributable to shareholders		Non-	
	Issued share capital	Share Premium	Retained profits	Other reserves	controlling interests	Total
Balance at 1 January 2013	**84,511**	**362,811**	**2,829,370**	**- 100,547**	**21,998**	**3,198,143**
Comprehensive income	-	-	110,020	34,958	1,964	**146,941**
			-	-		
Dividend paid	-	-	- 108,365	-	-	**- 108,365**
Balance at 30 June 2013	**84,511**	**362,811**	**2,831,025**	**- 65,589**	**23,964**	**3,236,719**
Comprehensive income	-	-	117,473	- 46,185	1,481	**72,769**
Dividend paid	-	-	-	-	- 222	**- 222**
Balance at 31 December 2013	**84,511**	**362,811**	**2,948,497**	**- 111,774**	**25,221**	**3,309,267**
Comprehensive income	-	-	126,950	6,664	- 334	**133,279**
Dividend paid	-	-	- 135,349	-	- 222	**- 135,573**
Balance at 30 June 2014	**84,511**	**362,811**	**2,940,097**	**- 105,111**	**24,665**	**3,306,972**

	dividend for 2013, paid in 2014	dividend for 2012, paid in 2013
Dividend attributable to shareholders (in euros)	**135,349,345**	108,365,000
Average number of shares in issue during the year	**186,147**	186,147
Dividend per share (in euros)	**727**	582

The dividend was approved at the General Meeting of Shareholders of 16 April 2014 and a gross dividend totalling EUR 135.3 million (EUR 727 per share) was paid on 6 May 2014.

Consolidated statement of cash flow for the first half of 2014

(in thousands of euros)	HY 2014	HY 2013
Cash flow from operating activities		
Cash flow from operations	**277,490**	225,454
Income tax paid	**- 30,962**	- 47,914
Interest paid	**- 81,600**	- 65,706
Interest received	**3,247**	2,321
Dividends received	**16,226**	23,460
Cash flow from operating activities	**184,401**	**137,615**
Cash flow from investing activities		
Investment in intangible assets	**- 6,541**	- 7,665
Investment in property, plant and equipment	**- 168,319**	- 143,694
Finance lease investments property, plant and equipment	**-**	2,801
Proceeds from disposals of investment property	**200**	15
Proceeds from disposals of property, plant and equipment	**59**	83
Acquisitions	**- 26,688**	-
Sale of subsidiaries	**5,932**	-
Share capital contributions to associates	**- 627**	- 404
Repayment on other loans	**63**	54
Cash flow from investing activities	**- 195,922**	**- 148,810**
Free cash flow	**- 11,521**	**- 11,196**
Cash flow from financing activities		
New borrowings	**379,970**	29,201
Repayment of borrowings	**- 554,431**	- 4,727
Settlement derivative financial instruments	**- 32,528**	- 32,874
Dividend paid	**- 135,572**	- 108,365
Other non-current liabilities paid	**-**	137
Finance lease instalments paid	**- 3,033**	- 3,750
Cash flow from financing activities	**- 345,594**	**- 120,379**
Net cash flow	**- 357,115**	**- 131,575**
Opening balance of cash and cash equivalents	**482,182**	437,352
Net cash flow	**- 357,115**	- 131,575
Exchange and translation differences	**- 29**	- 6
Closing balance of cash and cash equivalents	**125,038**	**305,772**

Notes to the 2014 condensed consolidated interim financial statements

General information

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

Schiphol Group is an airport business, and Amsterdam Airport Schiphol is its main airport. Schiphol Group wishes to create sustainable value for its stakeholders, taking account of their wide range of interests. Our core values of reliability, efficiency, hospitality, inspiration and sustainability play a central role in how we conduct our business. The mission of Schiphol Group is to connect the Netherlands with all of the world's major cities and economic, political and cultural centres. Amsterdam Airport Schiphol aims to be and remain Europe's Preferred Airport: the airport that is valued for its quality, capacity and vast network of destinations. We wish to serve travellers, airlines and handlers as efficiently as possible, with a well-positioned airport and modern facilities.

Accounting policies

These condensed consolidated interim financial statements (hereinafter: 'interim financial statements') have been prepared in accordance with IAS 34 'Interim Financial Reporting' and have not been audited but have been reviewed. These interim financial statements should be read in conjunction with the Schiphol Group financial statements for the financial year ended 31 December 2013.

Full details of the accounting policies for consolidation, measurements, assumptions and estimates used in these interim financial statements can be found in Schiphol Group's 2013 financial statements. These accounting policies are in accordance with IFRS and have been consistently applied to all the information presented in these interim financial statements except where otherwise indicated.

The corporate income tax in the interim financial statements is based on the expected average tax rate for 2014 and was adjusted for untaxed and non-deductible items in line with the preceding year and the nominal tax taxe.

The estimated useful life of the baggage systems and the components that form part of those systems was adjusted and extended in 2014. This reduced the depreciation charges to EUR 6.8 million in the first half of the year.

Schiphol Group has been applying IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities' since 1 January 2014.

As a result of applying IFRS 11 'Joint Arrangements', interests in joint ventures are no longer consolidated proportionately. In accordance with IFRS 11, the equity method will be applied with effect from 2014. The comparative figures have been adjusted for this purpose. The effect of the adjustments on the income statement and balance sheet is as follows:

(in thousands of euros)	HY 2013 adjusted	HY 2013	2013 adjusted	2013
Revenue	649,710	658,181	1,364,055	1,382,069
Other income from property	- 6,393	- 5,889	3,209	2,726
Total operating expenses	504,559	504,354	1,062,071	1,064,097
Operating profit	138,758	147,938	305,193	320,698
Financial income and expenses	- 43,853	- 46,167	- 89,947	- 94,822
Share of results of associates	40,064	33,338	60,892	50,553
Profit before income tax	**134,969**	**135,109**	**276,138**	**276,429**
Income tax	- 23,139	- 23,279	- 45,354	- 45,645
Profit	**111,830**	**111,830**	**230,784**	**230,784**

Assets

(in thousands of euros)	31 December 2013 adjusted	adjustment	31 December 2013
Non-current assets	4,928,560	- 121,708	5,050,269
Current assets	772,440	- 4,984	777,424
Total	**5,701,001**	- 126,692	5,827,693
Equity and liabilities			
Total equity	3,309,267	-	3,309,267
Non-current liabilities	1,622,436	- 119,077	1,741,513
Current liabilities	769,298	- 7,616	776,914
Total	**5,701,001**	- 126,693	5,827,694

Schiphol Group has not applied any amended and/or new standards and interpretations that have a significant influence on the notes and financial data in these interim financial statements. In these interim financial statements, Schiphol Group has not introduced the voluntary application of other IFRS standards or interpretations that will not become mandatory until a later date.

Acquisition of the remaining interest in AREB C.V.

Schiphol Group acquired the remaining 38.85% of the shares in AREB C.V. on 17 March 2014, thereby securing full control of AREB C.V. The investments of this property fund mainly concern offices and logistics centres in and around Amsterdam Airport Schiphol; 17 properties in total.

One shareholder exchanged its shares for a profit-sharing loan of EUR 25.6 million with a term of six years. Payment on this loan will depend on the development of AREB C.V.'s property portfolio.

Following the acquisition of the remaining shares, Schiphol Group's existing interest in AREB was restated at fair value. This resulted in a pre-tax book profit of EUR 30.4 million, which was included in the revenue. The acquisition implicitly included the settlement of an existing contractual agreement between AREB (as lessor) and Schiphol (as lessee) of the Schiphol Building. This resulted in a settlement loss of EUR 7.9 million, an amount determined on the basis of the present value of the current non-market part of the future rents which was included under other operating expenses.

Furthermore, AREB C.V. contributed EUR 10.5 million to Schiphol Group's revenue and a positive EUR 4.1 million to the net profit in the first half of 2014 as a result of its consolidation .

The acquisition also resulted in the discontinuation of hedge accounting within this property fund. When hedge accounting was applied, changes in the value of the interest rate derivatives concerned were included in the hedging transactions reserve through the total result. Following the acquisition, the pre-tax amount of EUR 7.1 million thus realised was included as an expense under financial income and expenditure.

As a result of the acquisition, the following assets and liabilities were acquired:

Investment property	**315,252**
Other non-current receivables	4,188
Current assets	2,563
Cash and cash equivalents	4,688
Total assets	326,691
Non-current liabilities	188,203
Current liabilities	12,170
Total liabilities	200,373
Sum of net identified assets	**126,318**
Paid in cash	23,500
Shareholder loan	25,575
Fair value 61.15% stake	77,243
Consideration	**126,318**

The following valuation methods are used for the fair value measurement of assets and liabilities:

Investment property is measured at fair value in a leased state, taking into account the ground lease. These valuations were carried out by independent external surveyors. The fair value of the other assets and liabilities was determined on the basis of the market value at which these assets and liabilities were or are being settled with the contracting party concerned, including financial institutions.

No goodwill was created upon the acquisition of the remaining interest of 38.85% in AREB C.V. EUR 7.4 million in transfer tax is owed as a result of the transaction. This amount was included in the costs of outsourced work and other external charges.

Management of financial and tax risks

Due to the nature of its activities, Schiphol Group faces a variety of risks, including market risk, counterparty risk, liquidity risk and tax risks. These interim financial statements must be read in conjunction with the Schiphol Group 2013 financial statements, which include comprehensive descriptions of these risks. Other than as described, there have been no significant changes to these risks and other circumstances which have an effect on the value of the assets and liabilities.

Fair value

The financial instruments are valued at fair value. These concern receivables on derivatives in the amount of EUR 6 million (2013: EUR 14.7 million) and derivative liabilities in the amount of EUR 3.8 million (2013: EUR 33.4 million). The valuation method used is a Level 2 method based on quoted prices for similar assets and liabilities in active markets or inputs that are derived from or corroborated by observable market data. The relevant valuations take place every reporting period.

No shifts have occurred between the different valuation levels. The fair value of these financial instruments is determined on the basis of the present value of the projected future cash flows converted into euros, with reference to the relevant exchange rates and the market interest rate applied by Schiphol Group on the balance sheet date. With regard to the receivables from associates, debtors, cash at bank and in hand and debts to suppliers, it is assumed that the nominal value approximates the fair value.

The book value of the loan-related liabilities amounts to EUR 1,863.4 million. The fair value amounts to EUR 2,143.1 million. The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower and for similar financial instruments. This concerns a Level 2 valuation method.

Investment property is stated at fair value. All buildings are appraised at least once a year by independent external surveyors. The fair value at which investment property is stated in the balance sheet takes account of lease incentives granted. The land pertaining to investment property is also stated at fair value, and is valued by internal and external surveyors. Each year, independent external surveyors value a different portion of our total land holdings. Investment property is classified as Level 3 valuation method. The following valuation elements were used at the Schiphol location (see following page):

(in thousands of euros)	Valuation technique	Range (average) in euros
Offices	Net initial yield	5,92%-10,70% (7,93%)
	Gross initial yield	7,22%-16,78% (10,86%)
	Rental value per m²	115-425 (218)
	Management expenses (% of rental value)	8,59%-12,94% (10,21%)
Commercial space	Net initial yield	6,50%-9,75% (7,37%)
	Gross initial yield	7,35%-12,63% (9,30%)
	Rental value per m²	70-132 (102)
	Management expenses (% of rental value)	7,82%-15,27% (10,60%)
Land:	Gross initial yield	6,75%-8,00% (7,42%)
	Construction cost per m² (gross floor area) /ppl	1.000-1.600 (1.267)
	Residual land value per m² (gross floor area)	296 - 949 (586)

For offices, the rental value capitalisation method is used to calculate the net initial yield, and the discounted cash flow method is used to calculate the gross initial yield. For land the residual land value is used. See the investment property table for a statement of movements and changes. The fair value of the property is influenced by developments in supply and demand and changes in interest rates and the rate of inflation. An average 10% increase in the net initial yield demanded by property investors would cause the value of our portfolio of offices and business premises to fall by EUR 80 million. An average 10% decrease in the net initial yield would cause an increase of EUR 98 million.

Information on seasonal effects

Operating airports is subject to seasonal effects. The income and expenditure included in these interim financial statements for the first six months of 2014 relate to approximately 48% (first six months of 2013: 48%) of the expected air transport movements for the full year and approximately 47% (first six months of 2013: 48%) of the expected passenger movements for the full year.

Other notes

Segment information

HY 2014 (in thousands of euros)	Aviation		Consumer Products & Services			Real Estate	Alliances & Participations			
	Aviation	**Security**	**Concessions**	**Parking**	**Other**		**International airports**	**Domestic airports**	**Other participations**	**Total**
Airport charges	244,450	133,142	-	-	-	-	-	27,085	-	**404,677**
Concessions	6,248	-	65,605	2,078	-	619	-	2,305	-	**76,855**
Rent and leases	-	-	8,989	243	-	80,511	-	1,825	-	**91,568**
Parking fees	2	-	2	41,187	- 13	1,996	-	7,403	-	**50,577**
Retail sales	-	-	-	-	38,488	-	-	-	-	**38,488**
Other activities	7,110	178	10	742	18,842	34,457	4,215	2,239	37,204	**104,995**
Total revenue	**257,809**	**133,320**	**74,606**	**44,249**	**57,316**	**117,583**	**4,215**	**40,856**	**37,204**	**767,158**
Elimination of internal revenue	- 160	- 9	- 14,270	- 512	- 268	- 13,007	- 2	- 245	- 26,253	**- 54,727**
Revenue	**257,649**	**133,310**	**60,336**	**43,737**	**57,048**	**104,576**	**4,213**	**40,611**	**10,950**	**712,432**
Operating result	**37,309**	**- 1,809**	**54,916**	**26,684**	**8,708**	**51,245**	**2,939**	**7,461**	**5,283**	**192,736**
Total assets as per 30 June 2014	**2,101,799**	**272,757**	**127,920**	**185,326**	**15,545**	**1,942,099**	**811,591**	**124,461**	**75,056**	**5,656,554**

HY 2013 (in thousands of euros)	Aviation		Consumer Products & Services			Real Estate	Alliances & Participations			
	Aviation	**Security**	**Concessions**	**Parking**	**Other**		**International airports**	**Domestic Airports**	**Other participations**	**Total**
Airport charges	230,790	126,422	-	-	-	-	-	24,415	-	**381,628**
Concessions	6,193	-	69,075	1,767	-	561	-	1,758	-	**79,354**
Rent and leases	-	- 0	9,450	184	- 0	68,152	- 0	1,325	- 1	**79,111**
Parking fees	-	-	1	39,594	-	1,913	-	6,486	-	**47,995**
Retail sales	-	-	-	-	41,398	-	-	-	-	**41,398**
Other activities	6,775	305	190	938	12,965	5,645	4,126	2,300	38,943	**72,188**
Total revenue	**243,759**	**126,727**	**78,716**	**42,484**	**54,362**	**76,271**	**4,126**	**36,285**	**38,943**	**701,673**
Elimination of internal revenue	- 223	- 90	- 15,329	- 421	- 313	- 7,804	- 2	- 127	- 27,653	**- 51,963**
Revenue	**243,535**	**126,637**	**63,387**	**42,063**	**54,049**	**68,467**	**4,124**	**36,158**	**11,289**	**649,710**
Operating result	**14,003**	**- 4,917**	**60,103**	**25,408**	**3,001**	**27,091**	**2,587**	**6,839**	**4,641**	**138,758**
Total assets as per 30 June 2013	**2,207,003**	**231,757**	**129,077**	**188,961**	**18,217**	**1,726,146**	**845,703**	**128,051**	**81,539**	**5,556,454**

Assets used for operating activities

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
Carrying amount as at 1 January 2013	**358,466**	**433,405**	**779,349**	**814,251**	**107,128**	**2,492,600**
Movements first half year 2013						
Completions	5,053	20,955	36,142	46,564	9,807	**118,520**
Depreciation	- 10,803	- 5,623	- 19,296	- 58,136	- 15,726	**- 109,584**
Other	-	-	- 5,022	- 1,172	- 532	**- 6,726**
Total movements	**- 5,751**	**15,332**	**11,823**	**- 12,744**	**- 6,451**	**2,210**
Carrying amount as at 30 June 2013	**352,716**	**448,737**	**791,173**	**801,507**	**100,677**	**2,494,810**
Movements second half year 2013						
Completions	6,240	6,390	22,405	43,909	12,941	**91,885**
Depreciation	- 11,431	- 5,946	- 24,388	- 60,416	- 18,091	**- 120,272**
Other	-	- 540	1,290	- 3,224	- 149	**- 2,623**
Total movements	**- 5,190**	**- 95**	**- 693**	**- 19,731**	**- 5,300**	**- 31,010**
Carrying amount as at 31 December 2013	**347,525**	**448,641**	**790,480**	**781,776**	**95,377**	**2,463,800**
Movements first half year 2014						
Completions	9,774	8,947	4,646	29,485	3,075	**55,927**
Depreciation	- 11,329	- 6,027	- 23,273	- 51,591	- 14,668	**- 106,888**
Other	-	- 15	41,483	17,359	- 539	**58,288**
Total movements	**- 1,555**	**2,905**	**22,856**	**- 4,748**	**- 12,131**	**7,327**
Carrying amount as at 30 June 2014	**345,970**	**451,546**	**813,336**	**777,028**	**83,246**	**2,471,127**

Assets under construction or development

(in thousands of euros)	Assets under construction for operating activities	Assets under construction for investment property	Total
Carrying amount as at 1 January 2013	**214,025**	**89,291**	**303,316**
Movements first half year 2013			
Capital expenditure	97,542	46,153	**143,694**
Construction period borrowing cost capitalised	732	234	**966**
Completed assets and investment property	- 118,520	- 33,814	**- 152,334**
Fair value gains and losses	-	- 487	**- 487**
Total movements	**- 20,247**	**12,086**	**- 8,161**
Carrying amount as at 30 June 2013	**193,778**	**101,377**	**295,155**
Movements second half year 2013			
Capital expenditure	155,949	11,192	**167,141**
Construction period borrowing cost capitalised	1,025	143	**1,168**
Completed assets and investment property	- 91,885	- 13,759	**- 105,644**
Fair value gains and losses	- 349	- 16,525	**- 16,874**
Reclassifications	- 1,548	11,480	**9,932**
Total movements	**63,192**	**- 7,469**	**55,723**
Carrying amount as at 31 December 2013	**256,970**	**93,908**	**350,878**
Movements first half year 2014			
Capital expenditure	161,565	6,754	**168,319**
Construction period borrowing cost capitalised	1,695	217	**1,912**
Completed assets and investment property	- 55,927	- 4,077	**- 60,004**
Total movements	**107,333**	**2,894**	**110,227**
Carrying amount as at 30 June 2014	**364,303**	**96,802**	**461,105**

Investment property

(in thousands of euros)	Buildings	Sites	Total
Carrying amount as at 1 January 2013	**540,831**	**329,049**	**869,880**
Movements first half year 2013			
Completions	33,814	-	**33,814**
Fair value gains and losses	- 5,506	- 465	**- 5,971**
Reclassifications	3,930	4,394	**8,324**
Total movements	**32,238**	**3,930**	**36,167**
Carrying amount as at 30 June 2013	**573,068**	**332,978**	**906,047**
Movements second half year 2013			
Completions	13,572	188	**13,759**
Fair value gains and losses	- 11,005	20,004	**8,999**
Reclassifications	- 7,370	- 3,848	**- 11,219**
Total movements	**- 4,804**	**16,343**	**11,540**
Carrying amount as at 31 December 2013	**568,265**	**349,322**	**917,587**
Movements first half year 2014			
Completions	4,077	-	**4,077**
Acquisitions	315,252	-	**315,252**
Fair value gains and losses	- 4,094	- 406	**- 4,500**
Other	- 36,379	-	**- 36,378**
Total movements	**278,856**	**- 406**	**278,451**
Carrying amount as at 30 June 2014	**847,121**	**348,916**	**1,196,037**

The change of EUR 315.2 million with respect to the buildings is the result of the full consolidation of AREB C.V. following the acquisition of the remaining shares in this entity (formerly equity accounting).

Events after balance sheet date

On 11 July 2014, Schiphol Group acquired the remaining 30% interest in Avioport SpA and therefore now holds all of the shares in Avioport SpA. The mortgage loan in the amount of EUR 42.4 million of Banca Popolare Italiana provided to Avioport SpA was assumed by Schiphol Group on 24 July 2014.

Amsterdam Airport Schiphol, 28 August 2014

For the 2014 interim financial statements:

Management Board
J.A. Nijhuis RA, President & Chief Executive Officer
M.M. de Groof, Chief Commercial Officer
E.A. de Groot, Chief Financial Officer
A.P.J.M. Rutten, Chief Operations Officer

Supervisory Board
A. Ruys, Chairman
H.J. Hazewinkel RA, Vice Chairman
J.G.B. Brouwer
F.J.G.M. Cremers
L. Galzy
L.J. Gunning-Schepers
M.A. Scheltema
J.G. Wijn

Review report

To: the Supervisory Board and the Management Board of N.V. Luchthaven Schiphol

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements as set out on pages 8 to 24 of the Interim Report for the six-month period ended 30 June 2014 of N.V. Luchthaven Schiphol, Schiphol, which comprises the consolidated balance sheet as at 30 June 2014, the consolidated statement of income, the consolidated statement of comprehensive income, the condensed statement of changes in equity and the consolidated statement of cash flow for the six-month period then ended, and the notes. The Management Board is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2014 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 28 August 2014

KPMG Accountants N.V.

E. Eeftink RA