

HEINEKEN HOLDING N.V.

Registered in Amsterdam

ANNUAL REPORT 2000



Report on the financial year 1 January – 31 December 2000

HEINEKEN HOLDING N.V.

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MANAGEMENT BOARD

A.H. Heineken (1923)
Dutch nationality
Chairman
1962 delegated member of Management Board
1979 chairman

D.P. Hoijer (1940)
Dutch nationality
1972 member of Management Board

C.L. de Carvalho (1954)
Dutch nationality
1988 member of Management Board

M. Das (1948)
Dutch nationality
1994 member of Management Board

A.R. Leemreis
Dutch nationality
1994 member of Management Board

A. Maas (1934)
Dutch nationality
1994 member of Management Board

REPORT OF THE MANAGEMENT BOARD TO THE SHAREHOLDERS

We have the honour of presenting to you the following report for the year 2000.

On 20 April 2000 the annual general meeting of shareholders of our company was held, at which the balance sheet, the profit and loss account for the 1999 financial year and the notes to these statements were adopted as recommended by the Management Board. The meeting also discharged the Management Board for its conduct of the company's affairs.

For 1999 a cash dividend of EUR 0.40 per share of NLG 5 par value was declared on class 'A' and class 'B' shares; of this EUR 0.14 was made payable as an interim dividend on 17 September 1999. In compliance with Article 12 of the company's Articles of Association, these payments were equal to the dividend payments made by Heineken N.V. to its shareholders. Following the allocation of EUR 195.5 million to the statutory reserve and after payment of a dividend of EUR 18.15 to holders of priority shares, the balance of profit for 1999 of EUR 62.7 million was paid out entirely to holders of class 'A' and class 'B' shares.

No changes occurred in the composition of the Management Board in the period covered by the report.

Heineken N.V. has recommended distribution of a dividend for the year 2000 of EUR 0.40 per share of NLG 5 par value, of which EUR 0.16 per share of NLG 5 par value has already been made payable as an interim dividend. After receiving the prior approval of the meeting of holders of priority shares, the Management Board resolved to cast its vote at the general meeting of holders of Heineken N.V. shares in the manner recommended by Heineken N.V., to determine the dividend for 2000 at EUR 0.40 per share of NLG 5 par value, EUR 0.16 of which has already been paid out as an interim dividend. Therefore, the dividend attributable to our company for 2000 totals EUR 62.7 million in cash; of this, the interim dividend of EUR 25.1 million has already been received. The final dividend therefore amounts to EUR 37.6 million.

In compliance with the provisions of Article 12 (7) of the Articles of Association of our company, an interim dividend of EUR 0.16 per share of NLG 5 par value was paid to holders of class 'A' and class 'B' shares on 26 September 2000. Pursuant to the provisions of Article 12 of our Articles of Association, a final dividend of EUR 0.24 per issued share of NLG 5 par value will be paid to holders of class 'A' and class 'B' shares from 10 May 2001. The holders of class 'A' and class 'B' shares will therefore receive a total dividend of EUR 0.40 per share of NLG 5 par value for 2000, as will the holders of Heineken N.V. shares. A total of EUR 62.7 million will be paid to holders of class 'A' and class 'B' shares. A dividend of EUR 18.15 will be paid to holders of priority shares.

The nominal amount of our company's holding in Heineken N.V. amounted to EUR 356 million on 31 December 2000. The nominal amount of the class 'A' and class 'B' shares issued by our company likewise amounted to EUR 356 million on that date.

On 31 December 2000 our company's interest in Heineken N.V., expressed as a percentage of the total issued capital of Heineken N.V., amounted to 50.005%.

In connection with the introduction of the euro and improvement of the marketability of the shares, a motion will be put before the general meeting of shareholders to convert every four shares of NLG 5 into five shares of EUR 2. This requires an amendment of the company's Articles of Association. The proposed amendment provides:

- in the first place for an increase in the par value of the class 'A' and class 'B' shares (from NLG 5 to EUR 2.50) and of the priority shares (from NLG 25 to EUR 12.50), in connection with the introduction of the euro;
- followed by a split of the class 'A' and class 'B' shares, with four class 'A' or class 'B' shares of EUR 2.50 entitling the holder to five class 'A' or class 'B' shares of EUR 2, as well as a splitting of the priority shares, with the 40 priority shares of EUR 12.50 that have been issued being converted into 250 priority shares of EUR 2.

The amendment of the Articles finally provides for an adjustment in the remuneration of the members of the Management Board and the possible use of the record date system.

In principle, a 25% Dutch withholding tax is payable on the increase of the par value from NLG 5 to EUR 2.50 per share. Dutch shareholders can reclaim this tax in full through their income tax return.

With regard to the company balance sheet and profit and loss account, the Management Board observes that the balance sheet value of our holding in Heineken N.V. is equal to the shareholders' equity of EUR 1,198 million stated on the consolidated balance sheet, excluding the priority shares.

In compliance with the statutory requirements relating to the format of annual financial statements, our company's share -50.005%- in the profit realized in 2000 by Heineken N.V. has been treated as a gain in the company profit and loss account. That share in the profit made by Heineken N.V. includes both the distributed and the non-distributed profit for the 2000 financial year. Pursuant to the statutory requirements referred to above, a sum of EUR 247.8 million has been added to the statutory reserve. This sum is equal to 50.005% of the profit for 2000 not distributed by Heineken N.V.

Our company heads the Heineken Group. For this reason, our company includes a consolidated balance sheet and profit and loss account for the Heineken Group in the notes to its annual financial statements.

After the allocation of EUR 247.8 million to the statutory reserve there remains available for distribution to the holders of class 'A' and class 'B' shares in our company the share held by our company –50.005%– in the dividend distributed by Heineken N.V. to its shareholders.

The result achieved by Heineken N.V. for 2000 is fully satisfactory. We would announce, perhaps unnecessarily, that holders of shares in our company are entitled to attend the meetings of holders of shares in Heineken N.V., to put questions at that meeting and to participate in the discussions. In this way shareholders of our company can obtain the information they desire concerning developments at Heineken N.V. directly.

The report received from Ernst & Young Accountants is incorporated in this report.

Amsterdam, 28 February 2001

A.H. HEINEKEN, *chairman and delegated member*
D.P. HOIJER
C.L. DE CARVALHO
M. DAS
A.R. LEEMREIS
A. MAAS

HEINEKEN HOLDING N.V.

BALANCE SHEET
(after proposed profit appropriation)

ASSETS	31 December 2000	31 December 1999
<hr/>		
(in thousands of euros)		
Financial fixed assets		
Participation in Heineken N.V.	1,198,120	1,309,268
Current assets		
Accounts receivable	37,634	41,376
Cash at bank and in hand	57	80
	<hr/>	<hr/>
	1,235,811	1,350,724
	<hr/>	<hr/>

LIABILITIES

31 December 2000

31 December 1999

(in thousands of euros)

Shareholders' equity

Issued capital:

Priority shares

1

1

Class 'A' shares

351,016

351,016

Class 'B' shares

4,764

4,764

355,781

355,781

Statutory reserve

422,213

563,363

General reserve

420,127

390,124

1,198,121

1,309,268

Current liabilities

Dividend for preceding financial years

56

79

Dividend for financial year

37,634

41,377

1,235,811

1,350,724

HEINEKEN HOLDING N.V.
PROFIT AND LOSS ACCOUNT

	2000	1999
<hr/>		
(in thousands of euros)		
Earnings from participation in Heineken N.V.	310,531	258,226
Profit	<u>310,531</u> ¹⁾	<u>258,226</u> ¹⁾

¹⁾ The allocation to the statutory reserve (2000 EUR 247,808; 1999 EUR 195,503) is deducted from the profit.

NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2000
AND THE PROFIT AND LOSS ACCOUNT FOR 2000

GENERAL	The amounts given in the notes are in thousands of euros, unless stated otherwise.	
ACCOUNTING POLICIES	The assets and liabilities are shown at par value, unless stated otherwise.	
ACCOUNTING POLICIES FOR DETERMINING THE RESULT	The earnings from the participation in Heineken N.V. correspond with the share in Heineken N.V.'s profit for the financial year.	
PARTICIPATION IN HEINEKEN N.V.	The participation in Heineken N.V., Amsterdam amounted to EUR 356 million par value as at 31 December 2000, corresponding to 50.005% of the total issued capital of Heineken N.V.	
	The valuation of the participation in Heineken N.V. is, as in previous years, equated to 50.005% of the shareholders' equity published by Heineken N.V. in its annual financial statements.	
	On the basis of the value of the shareholders' equity as stated in the consolidated financial statements of Heineken N.V. as at 31 December 2000, the balance sheet value on this same date amounted to 50.005% of EUR 2,396 million, therefore	1,198,120
	At the start of the 2000 financial year this value was 50.005% of EUR 2,618 million, therefore	1,309,268
	Capital depreciation in the year under review	111,148
	This capital depreciation breaks down into the following items: 50.005% of the net profit of Heineken N.V. for 2000 at about EUR 621 million	310,531
	Less: The total amount of dividend received/to be received by the company for this financial year	62,723
	Capital appreciation arising from the profit for 2000 not distributed by Heineken N.V.	247,808
	Less: Share in the capital depreciation resulting from movements in the general reserve of Heineken N.V.	358,956
	Net capital depreciation	111,148
	The market value of the participation in Heineken N.V. of EUR 356 million par value amounted on 31 December 2000 to EUR 10.1 billion (on 31 December 1999 EUR 7.6 billion).	

ACCOUNTS RECEIVABLE	This item relates to the final dividend of EUR 37.6 million to be received from Heineken N.V. for the 2000 financial year.	
CASH AT BANK AND IN HAND	This item relates to the current account balance at the bank on the balance sheet date and a deposit account relating to the priority shares.	
ISSUED CAPITAL	The authorized capital amounts to NLG 3 billion (EUR 1.4 billion). The issued capital amounts to NLG 784 million (EUR 356 million). 154,707,582 class 'A' shares of NLG 5 par value 2,100,000 class 'B' shares of NLG 5 par value and 40 priority shares of NLG 25 par value are in circulation.	
STATUTORY RESERVE	This reserve is the share in the profits realized by Heineken N.V., less the dividends distributed by Heineken N.V. and the share in the goodwill paid by Heineken N.V. on the participating interests it acquired. The movements in 2000 are as follows:	
	Balance on 1 January 2000	563,363
	Plus: The difference between the share in the profit of Heineken N.V. for 2000 and the total dividend received/ to be received for that financial year	247,808
	Less: Share in the movements incorporated direct in the general reserve at Heineken N.V. in regard to goodwill on participating interests acquired in 2000	388,958
	Balance as at 31 December 2000	<u>422,213</u>
GENERAL RESERVE	The movements in 2000 are as follows:	
	Balance on 1 January 2000	390,124
	Plus: Share in the movements incorporated direct in the general reserve at Heineken N.V. relating to revaluations in 2000	30,003
	Balance as at 31 December 2000	<u>420,127</u>

DIVIDEND FOR PRECEDING
FINANCIAL YEARS

This item includes the balance of the dividends not claimed in cash as well as the available balance for stock dividends to be paid out in cash.

DIVIDEND FOR FINANCIAL YEAR

This relates to the final dividend to be paid, the as yet unclaimed interim dividend for the 2000 financial year and the dividend on the priority shares.

EARNINGS FROM PARTICIPATION
HEINEKEN N.V.

This includes the share in the net profit of Heineken N.V. for 2000, which is 50.005% of about EUR 621 million.

HEINEKEN HOLDING N.V.

CONSOLIDATED BALANCE SHEET
(after appropriation of profit)

ASSETS	31 December 2000	31 December 1999
<hr/>		
(in millions of euros)		
Fixed assets		
Tangible fixed assets	3,276	2,995
Financial fixed assets	615	422
	<hr/>	<hr/>
	3,891	3,417
	-----	-----
Current assets		
Stocks	550	490
Accounts receivable	1,024	903
Securities	23	42
Cash at bank and in hand	801	1,165
	<hr/>	<hr/>
	2,398	2,600
	-----	-----
	<hr/>	<hr/>
	6,289	6,017
	<hr/>	<hr/>

LIABILITIES

31 December 2000

31 December 1999

(in millions of euros)

Group assets

Shareholders' equity	1,198	1,309
Minority interests in Heineken N.V.	1,198	1,309
Minority interests in other Group companies	124	248

2,520

2,866

Investment facilities equalization account

26

31

Provisions

976

770

Liabilities

Long-term debts	875	490
Current liabilities	1,892	1,860

2,767

2,350

6,289

6,017

HEINEKEN HOLDING N.V.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2000	1999
(in millions of euros)		
Net turnover	8,107	7,148
Raw materials, other materials and services	4,324	3,805
Excise duties	1,093	984
Personnel costs	1,301	1,132
Depreciation and value adjustments	468	428
Total operating costs	7,186	6,349
Operating profit	921	799
Earnings of non-consolidated participations	59	51
Interest	– 66	– 41
	– 7	10
Profit before taxation	914	809
Taxation	– 277	– 265
Group profit after taxation	637	544
Minority interests in the profit of group companies of Heineken N.V.	– 16	– 28
Net profit of Heineken N.V.	621	516
Minority interests in the profit of Heineken N.V.	– 310	– 258
Net profit	311	258

HEINEKEN HOLDING N.V.

CONSOLIDATED CASH FLOW STATEMENT

2000

1999

(in millions of euros)

Cash flow from operating activities		
Operating profit	921	799
Earnings of non-consolidated participations	59	51
Depreciation and value adjustments	468	428
Changes in provisions	- 26	- 27
Working capital	- 29	- 46
	<hr/>	<hr/>
Cash flow from operations	1,393	1,205
Interest paid and received	- 67	- 42
Taxation paid on profit	- 291	- 227
	<hr/>	<hr/>
Cash flow from operating activities	1,035	936
Dividends paid	- 160	- 113
	<hr/>	<hr/>
Cash flow from operating activities less dividends paid	875	823
	<hr/>	<hr/>
Cash flow from investment activities		
Tangible fixed assets	- 418	- 441
Consolidated participations	- 939	- 55
Non-consolidated participations	- 107	- 33
Other financial fixed assets	- 39	2
	<hr/>	<hr/>
	- 1,503	- 527
	<hr/>	<hr/>
Cash flow from financing activities		
Long-term borrowings	480	83
Repayment of long-term debts	- 187	- 97
Issue of shares by group companies	41	-
Investment facilities	1	1
	<hr/>	<hr/>
	335	- 13
	<hr/>	<hr/>
Net cash flow	- 293	283
	<hr/>	<hr/>
Other movements in funds		
Changes in the consolidation	- 74	- 74
Changes in exchange rates	- 6	11
	<hr/>	<hr/>
Movement in balance of funds	- 373	220
	<hr/>	<hr/>
The balance of funds consists of		
Cash at bank and in hand	801	1,165
Securities	23	42
Amounts owed to credit institutions	- 206	- 216
	<hr/>	<hr/>
Position on 31 December	618	991
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT AND
THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE 2000 FINANCIAL YEAR

GENERAL

The annual financial statements and annual report are governed by the provisions of Part 9, Book 2 of the Netherlands Civil Code. A number of changes in the consolidation took place during the financial year. The most important changes in regard to the annual financial statements are listed below.

On 1 February 2000 Cruzcampo in Spain was fully consolidated. After the interest in Cruzcampo was increased to 99.1%, the company was merged with El Aguila to form a new company, Heineken España, in which Heineken N.V. holds an 80.9% interest. The Gemer and Martiner companies in Slovakia were consolidated as of 1 January 2000. As of this same date Affligem Brouwerij BDS in Belgium was proportionally (50%) consolidated. Added to these, a number of beverage wholesalers was fully included in the consolidation. These changes resulted in an increase in net turnover of EUR 494 million and a goodwill charge of EUR 778 million to Group assets.

The amounts given in the notes are in millions of euros unless stated otherwise.

ACCOUNTING POLICIES FOR THE
CONSOLIDATION

In the consolidated balance sheet and profit and loss account Heineken Holding N.V., Heineken N.V. and its subsidiaries, which form a group, are shown as fully consolidated. The minority interests in Group assets and in Group profit are expressed separately, split into Heineken N.V. and other Group companies. Participations in which the Heineken Group has a direct interest and exercises control with regard to management policy together with other shareholders are proportionally consolidated if the activities of the participations concerned are closely linked to those of the Heineken Group.

The heading 'Changes in the consolidation' incorporates in the statements of the movements in various assets and liabilities the changes relating to the expansion or reduction of our interests in consolidated participations.

TRANSLATION OF FOREIGN CURRENCIES

Hedging transactions are concluded solely to minimize the trading risks on receivables and debts as well as on future cash flows in foreign currencies which are virtually certain to occur. Forward transactions and options are used for this purpose. Before hedging, the incoming and outgoing flows of a given currency are offset centrally as far as is possible. Where forward transactions have been concluded to hedge positions in foreign currencies, these positions are translated at the rate of exchange at which they were hedged. The recognition of gains and losses from the translation of currency transactions entered into for the purpose of hedging future cash flows in foreign currencies is deferred until the time the cash flows in question are included in the accounts. Commercial transactions denominated in foreign currencies are entered at the current spot rate or forward rate where forward contracts have been concluded in connection with these transactions.

The annual financial statements of foreign companies are translated into euros. Assets and liabilities are translated at the balance sheet rate of exchange. The profit and loss account is translated at the average monthly rate of exchange. The profit and loss account of companies in countries experiencing hyperinflation is translated at the rate of exchange ruling on the balance sheet date.

The restating of shareholders' equity in euros at the start of the financial year of the foreign consolidated participations and of the funds provided to these participations as part of the Group results in value differences. These differences are regarded as a revaluation and are credited or debited direct to Group assets, allowing for possible taxation. Other differences relating to changes in rates of exchange are incorporated in the profit and loss account.

INTANGIBLE ASSETS

Goodwill, the difference between the price paid and the valuation – calculated in accordance with the Heineken Group accounting policies – of newly acquired participations in which at least a significant influence is exercised on management policy, is set off against shareholders' equity. In the case of the acquisition of beverage wholesalers, the purchase price is determined almost entirely by the customer base which, as an intangible fixed asset, is not – in accordance with the Heineken Group accounting policies – shown as an asset. Consequently, a significant portion of the purchase price is goodwill. Costs of other intangible assets, including brands, patents, licenses, software, research and development, are charged direct to the profit and loss account.

ACCOUNTING POLICIES FOR THE
VALUATION OF ASSETS AND LIABILITIES

FIXED ASSETS

Tangible fixed assets are valued at replacement cost and, with the exception of land, less accumulated depreciation. The following table of average service life is used to determine depreciation:

Industrial premises	30 - 40 years
Plant and machinery	10 - 30 years
Other fixed assets	5 - 10 years

The replacement cost is based on valuations made by company and external experts, making allowance for technical and economic developments and backed up by the experience gained in the construction of companies throughout the world.

Projects under construction are stated at historical cost.

The non-consolidated participations in which a significant influence is exercised on management policy, are stated at the Heineken share in their net asset value. This net asset value is determined in as far as is possible on the basis of the Heineken Group's accounting policies. The other non-consolidated participations are valued at historical cost after deduction of the provisions deemed necessary.

Loans to non-consolidated participations and other financial fixed assets are shown at par value, less a provision for bad debts.

CURRENT ASSETS

Stocks obtained from third parties are valued at replacement cost. This value is based on the prices of current purchase contracts and on market prices on the balance sheet date. Finished products and products in process are valued at total cost of production based on replacement cost and allowing for the stage of processing.

Depreciation on stocks of spare parts is applied on a straight-line basis in view of the reduced possibility of use. Provisions are made on stocks up to their trade value or net realizable value if this is lower than the replacement cost. Advance payments on stocks are stated at par value. Accounts receivable are shown at par value after deduction of a provision for bad debts and after deduction of the deposit amounts due in connection with the obligation to take back company packaging materials.

Securities are valued at historical cost, or at the market price or estimated market value of unlisted securities where this is lower.

Cash at bank and in hand is stated at par value.

REVALUATIONS	Valuation differences as a result of revaluation are credited or debited to Group assets, where applicable after deduction of an amount for deferred tax liabilities.
EQUALIZATION ACCOUNT INVESTMENT FACILITIES	The purpose of the investment facilities equalization account is to apportion the monies received under arrangements in a number of countries regarding investments over the estimated life of the assets in question.
PROVISIONS	<p>The provision for deferred tax liabilities is formed to cover temporary differences in valuation between the balance sheet and the statement of net assets for tax purposes and for the tax on profit distributions borne by the Group. The liabilities are calculated at the tax rates applicable on the balance sheet date and at par value. Deferred tax assets are set off against deferred tax liabilities, allowing for the terms of the tax deferrals. Net deferred tax assets are valued at zero unless their future realization can reasonably be expected.</p> <p>The provision for pension liabilities is determined using the accrued benefit valuation method based on present value in accordance with actuarial principles. Full provision is made for pension liabilities based on previous service. Back-service liabilities created as a result of improvements in pay and pension schemes are added to the provision for pension liabilities and charged direct to the result.</p> <p>The provision for other employee benefit schemes is calculated at the present value of the benefit commitment based on retirement, relocation, redundancy pay and incapacity for work, where applicable allowing for the expected degree of utilization of the benefit scheme in question.</p>
LIABILITIES	Long-term debts and current liabilities are stated at par value.
ACCOUNTING POLICIES FOR DETERMINING INCOME	Income and expenditure are in principle accounted for in the profit and loss account at the time the relevant goods or services are supplied. Net turnover means the income from products and services supplied to third parties after deduction of turnover taxes and discounts given to customers. The consumption of raw materials and other materials is stated at replacement cost in the profit and loss account. Excise duties are stated at the actual amount incurred. The depreciation based on replacement cost is applied on a straight-line basis in accordance with the estimated useful life of each asset, allowing for the withdrawals from the investment facilities equalization account.

The earnings of non-consolidated participations consist of the dividend received in the financial year from the participations valued at historical cost and the Heineken share in the net profit of participations valued at net asset value. The share in the earnings of participations valued at net asset value is determined in as far as is possible in accordance with the Heineken Group's accounting policies for determining income, allowing for taxation and minority interests.

Interest charges are allocated to the period to which they relate. The interest differences resulting from the use of financial instruments to control interest risks are recorded as interest income and/or charges. These interest instruments are used to hedge the risk of a reduction in interest income on surplus cash invested in short-term bank deposits. They are also used to minimize the risk of higher interest charges resulting from an increase in the rate of interest on interest-bearing liabilities. Interest-hedging instruments are not used without an underlying position.

Taxation on profit is calculated on the income according to the annual financial statements on the basis of nominal rates. Allowance is made for the tax on profit distributions of participations borne by the Group and for the applicable facilities. The differences with the taxes actually payable in respect of the financial year are set off against the provision for deferred tax liabilities.

NOTES TO THE CONSOLIDATED BALANCE SHEET

TANGIBLE FIXED ASSETS

	Total	Land and buildings	Plant and machinery	Other fixed assets	Projects under construction
Position on 1 January 2000	2,995	1,030	1,343	507	115
Changes in the consolidation	209	73	73	58	5
Investments less disposals	418	21	120	126	151
Completed projects	–	25	109	17	–
Revaluation	99	50	31	18	–
Depreciation and value adjustments	– 445	– 64	– 232	– 149	–
Position on 31 December 2000	3,276	1,135	1,444	577	120
This book value breaks down as follows:					
Replacement cost	8,052	2,315	4,081	1,536	120
Accumulated depreciation	– 4,776	– 1,180	– 2,637	– 959	–
	3,276	1,135	1,444	577	120
The aggregate of the revaluations included in the book value at 31 December 2000 is:	435	196	211	28	–

‘Other fixed assets’ includes means of transport and fixtures and fittings as well as returnable packaging materials.

‘Projects under construction’ also includes advance payments on tangible fixed assets on order.

FINANCIAL FIXED ASSETS

	Total	Non-consolidated participations		Other financial fixed assets
		Shares	Loans	
Position on 1 January 2000	422	188	1	233
Changes in the consolidation	66	-	1	67
Investments/Loans issued	225	108	5	112
Disposals/Repayments	- 79	- 1	- 2	- 76
Revaluation	- 2	- 2	-	-
Goodwill	- 25	- 25	-	-
Share in earnings	32	32	-	-
Dividends received	- 12	- 12	-	-
Other value adjustments	- 12	- 12	-	-
Position on 31 December 2000	615	275	4	336

'Other financial fixed assets' includes EUR 262 million for loans to customers; in 1999 the corresponding amount was EUR 176 million.

	2000	1999
STOCKS		
Raw materials	85	76
Products in process	51	49
Finished products	139	124
Merchandise	95	89
Non-returnable packaging materials	58	46
Other stocks	105	100
Advance payments on stocks	17	6
	550	490

	2000	1999
ACCOUNTS RECEIVABLE		
The accounts receivable falling due within one year relate to:		
Trade debtors	963	828
Deposits due on packaging materials	– 245	– 214
	718	614
Non-consolidated participations	42	45
Other receivables	140	132
Prepayments and accrued income	124	112
	1,024	903
SECURITIES		
Listed securities	7	3
Unlisted securities	16	39
	23	42
CASH AT BANK AND IN HAND		
Cash in hand, balances at banks	260	154
Short-term cash deposits	541	1,011
	801	1,165
The total amount of cash in hand and at banks is freely available.		
SHAREHOLDERS' EQUITY		
Position on 1 January	1,309	1,150
Revaluation	30	18
Goodwill	– 389	– 54
Net profit for the year	311	258
Dividend for the year	– 63	– 63
Position on 31 December	1,198	1,309

For a specification of the shareholders' equity reference may be made to the balance sheet of Heineken Holding N.V. as at 31 December 2000.

	2000	1999
	<u> </u>	<u> </u>
MINORITY INTERESTS IN HEINEKEN N.V.		
Position on 1 January	1,309	1,149
Revaluation	30	17
Goodwill	- 389	- 53
Net profit for the year	310	258
Dividend for the year	- 62	- 62
	<u> </u>	<u> </u>
Position on 31 December	1,198	1,309
	<u> </u>	<u> </u>
MINORITY INTERESTS IN OTHER GROUP COMPANIES		
Position on 1 January	248	256
Changes in the consolidation	- 172	- 34
Revaluation	11	13
Minority interests in Group profit	16	28
Dividend paid to minority shareholders	- 20	- 15
Share issue	41	-
	<u> </u>	<u> </u>
Position on 31 December	124	248
	<u> </u>	<u> </u>
INVESTMENT FACILITIES EQUALIZATION ACCOUNT		
Position on 1 January	31	38
Facilities received	1	1
Charged to the operating profit	- 6	- 7
Other movements	-	1
	<u> </u>	<u> </u>
Position on 31 December	26	31
	<u> </u>	<u> </u>

PROVISIONS

The movements can be specified as follows:

	Deferred tax liabilities	Pension liabilities	Employee benefit schemes	Other provisions	Total
Position on 1 January 2000	295	48	269	158	770
Changes in the consolidation	–	50	147	21	218
Revaluation/Changes in exchange rates	11	–	1	2	13
Additions/Releases	2	7	30	–	30
Payments	–	–	3	–	41
Other movements	4	–	1	–	2
Position on 31 December 2000	312	100	406	158	976

The provision for pension liabilities relates to pensions and life annuities which have not been funded with third parties. The average rate of interest used in calculating the present value of the provision for pension liabilities, taking account of applicable rates in the relevant countries, is 4% (1999: 4%).

The provision for other employee benefit schemes relates to several early retirement and reorganization schemes. Allocations based on planned restructuring programmes are charged to the profit and loss account, with the exception of restructuring programmes relating to interests acquired during the financial year; these form part of the goodwill upon acquisition.

The other provisions mainly comprise provisions formed for consolidated participations and for sureties given. In addition, provisions have been formed for current legal proceedings and for costs relating to the introduction of the euro. Some EUR 866 million of the provisions (1999: EUR 702 million) has a term in excess of one year.

	2000		1999	
LONG-TERM DEBTS				
The debts falling due after more than one year relate to:	Total	More than 5 years	Total	More than 5 years
Loans from credit institutions, in NLG, average effective rate of interest 5.2%, redeemable in 2 instalments in 2006 and 2008	227	227	227	227
Loans from credit institutions, in PLN, average effective rate of interest 20.3%	144	–	78	4
Loans from credit institutions, in FRF, average effective rate of interest 5.0%	46	35	72	–
Loans from credit institutions, in EUR, average effective interest 4.3%	278	278	–	–
Private contract loan, in EUR, interest 5.8%	68	68	–	–
Other private contract loans, in EUR, average interest rate 5.7% (1998: 7.2%)	76	35	72	11
Other debts, interest free	36	9	41	25
	<u>875</u>	<u>652</u>	<u>490</u>	<u>267</u>

In connection with the 'Other private contract loans' securities in the form of mortgages have been provided up to an amount of EUR 127 million (1999: EUR 112 million).

CURRENT LIABILITIES

The debts falling due within one year are as follows:

Repayment obligations in 2001 on other private contract loans	26	106
Credit institutions	206	216
Suppliers	529	457
Taxes and social security contributions	288	289
Dividend	78	87
Short-term deposits	196	166
Amounts owed to non-consolidated participations	6	11
Other creditors	196	205
Accruals and deferred income	367	323
	<u>1,892</u>	<u>1,860</u>

Equitable mortgages amounting to EUR 234 million (1999: EUR 180 million) have been granted on tangible fixed assets to the government authorities in a number of countries as security for the payment of excise duties on beer, soft drinks and spirits, as well as for import duties payable.

	2000	1999
OFF-BALANCE SHEET LIABILITIES		
Tenancy and operating leases	52	44
Assets on order, in so far as not included under tangible fixed assets	68	57
Long-term raw materials purchase contracts	32	72
Declarations of liability	261	208
Other off-balance sheet liabilities	14	14
FINANCIAL INSTRUMENTS		
Contract value on 31 December		
Currency hedging instruments US dollar	1,061	690
Currency hedging instruments other currencies	246	180
Interest hedging instruments	945	219

Financial instruments are used in the normal course of business to hedge the effects of fluctuations in exchange rates and interest rates on earnings.

The most important inflow of foreign currency is denominated in US dollars and is generated by export activities. The expected net cash flow in US dollars, which totals some US\$ 630 million on an annual basis, is hedged well in advance by means of a combination of forward contracts and options. This policy reduces the vulnerability of export proceeds and results in short-term fluctuations in the US dollar rate and delays the inclusion of long-term fluctuations in the result.

As far as is possible, temporary cash surpluses are held centrally and invested in bank deposits in Dutch guilders with a maximum term of one year. The risk of a reduction in interest income on these deposits due to a fall in the interest rate and the risk of an increase in interest charges due to a rise in the interest rate on interest-bearing loans, is hedged to approximately 60% through the use of interest instruments. These interest-hedging instruments include interest rate swaps, forward rate agreements, and caps and floors.

Implementation of the currency and interest policy is tied to a stringently defined policy and strict rules. Only a limited number of other parties are used, all with excellent credit ratings. The activities are closely monitored, independently of implementation.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

INFORMATION PER GEOGRAPHIC AREA

In order to provide a clearer understanding of the Group's activities, it has been decided that with effect from the 2000 financial year information will be furnished in categories. As just one product group, namely beer, accounts for more than 80% of the Group's net turnover, the earnings will be broken down by geographic area only, the four regions distinguished being: Europe, Western Hemisphere, Africa and the Middle East, and Asia Pacific. As virtually all production facilities for exports are located in Europe, the results of these activities will be reported under Europe.

The results and assets per region are given in the table below.

Results per region	Europe (incl. Export)		Western Hemisphere		Africa and the Middle East		Asia Pacific		Eliminations		Consolidated	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Net turnover												
Proceeds from sales to third parties	6,139	5,410	987	808	363	284	497	525	-	-	7,986	7,027
Proceeds from sales between regions	1,009	894	-	-	-	-	-	-	-1,009	- 894	-	-
Total proceeds from sales	7,148	6,304	987	808	363	284	497	525	-1,009	- 894	7,986	7,027
Proceeds from services	124	117	-	-	29	25	7	5	- 39	- 26	121	121
Net turnover per region	7,272	6,421	987	808	392	309	504	530	-1,048	- 920	8,107	7,148
Operating profit per region	799	706	46	40	36	37	40	16	-	-	921	799
Earnings of non-consolidated participations	7	5	21	17	25	22	6	7	-	-	59	51
Interest											- 66	- 41
Taxation											- 277	- 265
Net profit											621	516

	Europe (incl. Export)		Western Hemisphere		Africa and the Middle East		Asia Pacific		Consolidated	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Operational assets per region	4,656	4,028	266	223	213	186	315	341	5,450	4,778
Non-consolidated participations	29	24	61	60	167	88	18	16	275	188
Total assets per region	4,685	4,052	327	283	380	274	333	357	5,725	4,966
Sums invested									564	1,051
Total assets as per the balance sheet									6,289	6,017
Total provisions and liabilities per region	3,188	2,638	186	133	223	198	172	182	3,769	3,151
Total liabilities as per the balance sheet									3,769	3,151
Group assets									2,520	2,866
Investments in tangible fixed assets	378	395	9	14	11	13	20	18	418	440
Depreciation and value adjustments of tangible fixed assets	391	314	8	8	19	15	27	48	445	385
							2000			1999
RAW MATERIALS, OTHER MATERIALS AND SERVICES										
Consumption of raw materials							439			367
Consumption of packaging materials							799			728
Merchandise							856			823
Marketing and selling expenses							1,107			964
Transport costs							302			243
Energy and water							127			91
Maintenance and repairs							140			113
Other expenses							554			476
							4,324			3,805

The change in the stocks of products in process and finished products (increase of EUR 3 million, excluding revaluation and changes in the consolidation) has been set off against the production costs, i.e. consumption of raw materials, consumption of packaging materials, excise duties and, as regards the fixed costs in stocks, against the other expenses.

	2000	1999
EXCISE DUTIES		
Excise duties paid less refunds of excise duty	1,093	984
PERSONNEL COSTS		
Wages and salaries	901	780
Pension costs	37	34
Other social security costs	197	173
Other personnel costs	173	154
	1,308	1,141
Personnel costs capitalized in connection with the production of tangible fixed assets for own purposes	– 7	– 9
	1,301	1,132

Appropriations relating to reorganizations of the balance sheet item 'Provisions for other employee benefit schemes' inter alia are accounted for under the heading 'Other personnel costs'.

PERSONNEL NUMBERS

The average number of employees was:

Fully consolidated participations:

The Netherlands	5,585	5,647
Rest of Europe	20,302	17,635
Western Hemisphere	860	813
Africa and the Middle East	4,852	5,421
Asia Pacific	1,176	1,119
	32,775	30,635

Proportionally consolidated participations:

Rest of Europe	955	932
Africa and the Middle East	546	537
Asia Pacific	3,581	4,629
	5,082	6,098
Total	37,857	36,733

	2000	1999
DEPRECIATION AND VALUE ADJUSTMENTS		
Depreciation on tangible fixed assets	414	355
Other value adjustments of tangible fixed assets	31	31
	<u>445</u>	<u>386</u>
Withdrawal from investment facilities equalization account	– 6	– 7
Value adjustments of other assets	29	49
	<u>468</u>	<u>428</u>
<p>Other value adjustments of tangible fixed assets relate to the accelerated depreciation of two breweries in Poland that are to be closed and a reduction in the book value of production assets in various countries and book losses on assets sold.</p>		
EARNINGS OF NON-CONSOLIDATED PARTICIPATIONS		
Dividends received and share in earnings	59	51
	<u>59</u>	<u>51</u>
<p>Included here are the net earnings of participations shown at a net asset value of EUR 32 million (1999: EUR 30 million) and dividend received from participations valued at a historical cost of EUR 27 million (1999: EUR 21 million).</p>		
INTEREST		
Interest paid	– 109	– 80
Interest received on cash deposits, etc.	43	39
	<u>– 66</u>	<u>– 41</u>

	2000	1999
	<u> </u>	<u> </u>
TAXATION		
Taxation stands at 32.4% (1999: 34.9%) of Group profit before taxation, not including the earnings of non-consolidated participations. The lower burden of tax is primarily the result of carrying forward tax losses in Spain and a number of non-recurrent tax credits in different countries.		
Taxation on profit	- 277	- 265
	<u> </u>	<u> </u>

The principal elements of the tax charge are as follows:
Group profit before taxation, not including the earnings of non-consolidated participations

	855		
Tax charge at statutory rates in the Netherlands	299		35.0%
Impact of foreign tax rates	8		0.9%
Non-deductible costs	17		2.0%
Use of tax losses	- 27	-	3.2%
Unvalued tax losses	24		2.9%
Too little (too much) provision made in preceding years	- 15	-	1.8%
Tax incentives and other differences	- 29	-	3.4%
	<u> </u>	<u> </u>	
Effective tax burden	277		32.4%
	<u> </u>	<u> </u>	

CARRY-FORWARD LOSSES

The Group has EUR 203 million in tax loss carry-forward facilities as at 31 December 2000. For EUR 8 million of this the carry-forward is unlimited. The remaining EUR 195 million expires in the following years:

For 2001	14
For 2002	16
For 2003	27
For 2004	71
For 2005	51
After 2005 but not unlimited	16
	<u> </u>
	195
	<u> </u>

Of the above carry-forward losses, EUR 35 million has been entered as a deferred tax debit under financial fixed assets.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement was drawn up by the indirect method. The items on the consolidated balance sheet and profit and loss account have been adjusted for changes that have no impact on the income and expenditure for the financial year.

The working capital comprises stocks, accounts receivable and current liabilities (excluding amounts owed to credit institutions and repayment obligations on long-term debts in 2001).

The cash flow from investment activities relates to the net amount of investments and disposals.

The liquid resources consist of cash at bank and in hand, securities and short-term loans from credit institutions.

	Provisions	Long-term debts	Repayment obligations
	<hr/>	<hr/>	<hr/>
Position on 1 January 2000	770	490	106
Revaluation/Changes in exchange rates	13	3	–
Changes in the consolidation	218	–	9
Other non-cash movements	1	– 30	30
Cash flow statement	– 26	412	– 119
	<hr/>	<hr/>	<hr/>
Position on 31 December 2000	976	875	26
	<hr/>	<hr/>	<hr/>
 WORKING CAPITAL			
Position on 1 January 2000	– 144		
Movement relating to dividend, interest and taxation on profit	6		
Revaluation/Changes in exchange rates	18		
Changes in the consolidation	42		
Other non-cash movements	– 36		
Cash flow statement	29		
	<hr/>		
Position on 31 December 2000	– 85		
	<hr/>		

LIST OF CAPITAL INVESTMENTS
of significance for the true and fair view required by law

With regard to the legal entities established in the Netherlands marked with a * below, Heineken N.V. has issued a declaration of liability in compliance with the provisions of Section 403, Part 9, Book 2 of the Netherlands Civil Code.

		Interest in %
FULLY CONSOLIDATED	Heineken N.V.	Amsterdam 50.005
PARTICIPATIONS	*Heineken Nederlands Beheer B.V.	Amsterdam 100.0
	*Heineken Brouwerijen B.V.	Amsterdam 100.0
	*Heineken Nederland B.V.	Amsterdam 100.0
	*Heineken International B.V.	Amsterdam 100.0
	*Heineken Technical Services B.V.	Amsterdam 100.0
	*Amstel Brouwerij B.V.	Amsterdam 100.0
	*Amstel Internationaal B.V.	Amsterdam 100.0
	*Vrumona B.V.	Bunnik 100.0
	*Invebra Holland B.V.	Amsterdam 100.0
	*Brouwerij de Ridder B.V.	Maastricht 100.0
	*B.V. Beleggingsmaatschappij Limba	Amsterdam 100.0
	*Brand Bierbrouwerij B.V.	Wijlre 100.0
	*Beheer- en Exploitatiemaatschappij Brand B.V.	Wijlre 100.0
	Sogebra S.A.	Paris (France) 100.0
	Heineken España S.A.	Seville (Spain) 80.9
	Heineken Italia S.p.A.	Pollein (Italy) 100.0
	Athenian Brewery S.A.	Athens (Greece) 98.8
	Murphy Brewery Ireland Ltd. ¹⁾	Cork (Ireland) 100.0
	Amstel Brewery Hungary Inc.	Komárom (Hungary) 100.0
	Brewery Żywiec S.A.	Żywiec (Poland) 51.6
	Heineken Slovensko A.S.	Nitra (Slovakia) 100.0
	Heineken Beverages Switzerland A.G.	Chur (Switzerland) 100.0
	Mouterij Albert N.V.	Ruisbroek (Belgium) 100.0
	Ibecor S.A.	Brussels (Belgium) 100.0
	Heineken USA Inc.	White Plains (United States) 100.0
	Antilliaanse Brouwerij N.V.	Willemstad (Neth. Antilles) 56.3
	Commonwealth Brewery Ltd.	Nassau (Bahamas) 53.2
	Windward & Leeward Brewery Ltd.	Vieux Fort (St. Lucia) 72.6
	Brasseries, Limonaderies et Malteries	
	'Bralima' S.A.R.L.	Kinshasa (D.R. Congo) 94.3
	Brasseries et Limonaderies du Rwanda	
	'Bralirwa' S.A.	Kigali (Rwanda) 70.0
	Brasseries et Limonaderies du Burundi	
	'Brarudi' S.A.	Bujumbura (Burundi) 59.3
	Brasseries de Bourbon S.A.	St. Denis (Réunion) 85.4
	Ghana Breweries Ltd.	Kumasi (Ghana) 75.6
	Brasseries du Logone S.A.	Moundou (Chad) 100.0
	P.T. Multi Bintang Indonesia Tbk.	Jakarta (Indonesia) 84.5

PROPORTIONALLY CONSOLIDATED
PARTICIPATIONS

The participations listed below are proportionally consolidated because control in the companies concerned is exercised jointly and directly with the other shareholders by virtue of an agreement.

		<u>Interest in %</u>
	Affligem Brouwerij BDS N.V.	Opwijk (Belgium) 50.0
	Zagorka Brewery A.D.	Stara Zagora (Bulgaria) 48.0
	Ariana Brewery A.D.	Sofia (Bulgaria) 42.3
	Pivara Skopje A.D.	Skopje (Macedonia) 25.2
	Brasseries du Congo S.A.	Brazzaville (Congo) 50.0
	Asia Pacific Breweries (Singapore) Pte. Ltd.	Singapore 42.5
	Shanghai Mila Brew Co. Ltd.	Shanghai (China) 44.9
	Hainan Asia Pacific Brewery Ltd.	Haikou (China) 42.5
	South Pacific Brewery Ltd.	Port Moresby (Papua New Guinea) 32.1
	Vietnam Brewery Ltd.	Ho Chi Minh City (Vietnam) 25.5
	Cambodia Brewery Ltd.	Phnom Penh (Cambodia) 34.0
	DB Group Ltd.	Auckland (New Zealand) 32.6
NON-CONSOLIDATED PARTICIPATIONS SHOWN AT NET ASSET VALUE	Guinness Anchor Berhad	Petaling Jaya (Malaysia) 10.8
	Nigerian Breweries Plc.	Lagos (Nigeria) 42.3
OTHER NON-CONSOLIDATED PARTICIPATIONS AND CAPITAL INVESTMENTS VALUED AT HISTORICAL COST	Quilmes International (Bermuda) Ltd.	Hamilton (Bermuda) 15.0
	Cervejarias Kaiser S.A.	Rio de Janeiro (Brazil) 14.2

- ¹⁾ In compliance with the provisions of Section 17 of the Republic of Ireland Companies (Amendment) Act 1986, Heineken N.V. has given irrevocable guarantees in respect of the financial year 1 January 2000 to 31 December 2000 in respect of liabilities as referred to in Section 5(c) of this Act for its subsidiaries Murphy Brewery Ireland Limited and Murphy Brewery Sales Limited.

Amsterdam, 28 February 2001

THE MANAGEMENT BOARD

A.H. HEINEKEN, *chairman and delegated member*
D.P. HOIJER
C.L. DE CARVALHO
M. DAS
A.R. LEEMREIS
A. MAAS

SUPPLEMENTARY NOTES

RIGHTS OF HOLDERS OF PRIORITY SHARES	<p>The outstanding priority shares of NLG 1,000 par value, being 40 of NLG 25 par value, held by Stichting Administratiekantoor Prioeres 20 shares</p> <p>The board of this organization is made up of A.H. Heineken</p> <p>Stichting Beheer Prioriteits aandelen Heineken Holding N.V. 20 shares</p> <p>The board of this organization is made up of C.L. de Carvalho, chairman J.C. Posch H.A. Oosters</p> <p>The company and directors of the above organizations hereby declare that in their joint opinion the provisions of Appendix X to the Listing and Issuing Rules of Euronext Amsterdam have been complied with.</p> <p>For the rights attached to the priority shares reference may be made to Articles 4 (8), 7 (2), 8 (5), 9 (1), 12 (1), 15 (1) and 16 (3) of the company's Articles of Association.</p>
PROVISIONS OF THE ARTICLES OF ASSOCIATION RELATING TO APPROPRIATION OF PROFIT	<p>The provisions of the Articles of Association in regard to the appropriation of profit, to the extent they are relevant here, read as follows:</p> <p>Article 12 (1): From the net profit as evidenced by the profit and loss account adopted by the general meeting of shareholders a dividend shall, after any compulsory allocations have been made to the reserves required by law, be paid in the first place to the holders of class 'A' shares and then to the holders of class 'B' shares equal to the dividend per share distributed by Heineken N.V. for the relevant financial year, all this with due regard for the provisions of paragraph 5.</p> <p>Of the balance remaining after payment has been made to the holders of class 'A' and class 'B' shares, the holders of priority shares shall receive four per cent dividend, whilst the balance shall be at the disposal of the meeting of holders of class 'B' shares, which may allocate the profit accruing to the holders of class 'B' shares for distribution to holders of class 'B' shares or for the formation of a dividend reserve, in so far as payment is made in cash. This dividend reserve shall be at the disposal of the meeting of holders of class 'B' shares.</p> <p>Article 12 (5): Profits may only be distributed if the shareholders' equity of the company is greater than the amount of the called-up and paid-up part of the issued capital plus the reserves required by law.</p>
EMOLUMENTS OF MANAGEMENT BOARD	<p>Under Article 7 (4) of the company's Articles of Association, no emoluments are paid to the members of the Management Board.</p>
SHARES MANAGEMENT BOARD	<p>On 31 December 2000 the Management Board represented 92,231,710 shares in the company.</p>

APPROPRIATION OF PROFIT
(in thousands of euros)

The profit for the 2000 financial year according to the profit and loss account	310,531
Allocation to the statutory reserve	247,808
Balance for distribution of dividend	<u>62,723</u>
Of this, an interim dividend was paid on 26 September 2000 amounting to	25,089
Assuming that the general meeting of shareholders of Heineken N.V. will approve the dividend for 2000 recommended by the Executive Board and Supervisory Board of Heineken N.V. and amounting to a final dividend for 2000 of EUR 0.24 per share of NLG 5 par value, dividend at the disposal of holders of class 'A' and class 'B' shares, less the interim dividend of EUR 0.16 per share already paid out, amounts to	37,634 ¹⁾
Total	<u>62,723</u>

¹⁾ This amount also includes the 4% dividend to be paid to holders of priority shares.

REGIME APPLICABLE TO
DUAL-BOARD ENTITIES

Heineken Holding N.V. is not a 'structuurvennootschap' as defined in the Netherlands Civil Code.

AUDITORS' REPORT

Introduction

We have audited the financial statements of Heineken Holding N.V., Amsterdam, for the year 2000. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2000 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

Rotterdam, 28 February 2001

Ernst & Young Accountants

