

Accell Group N.V.

Supervisory Board

J.B.Th. Manschot, Chairman

S.W. Douma

D.J. Haank

J.J. Wezenaar

Executive Board

R.J. Takens, Chairman

W.A. de Jong

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Accell Group Profile

Accell Group is an international group of companies, active in design, production, marketing and sales of bicycles. With national and international brands, Accell Group aims to build a strong position in the middle and higher segments of the market. Sale of the bicycles designed and produced by Accell Group mainly takes place through the bicycle retail specialists channel.

After the takeover of Sparta in 1999, Accell Group has subsidiary companies in the Netherlands (Batavus, Hadee, Koga and Sparta), Germany (Hercules), and France (Lapierre and Mercier). Sales take place in the Netherlands, Germany, France, Belgium, Scandinavia, Switzerland and Austria. Accell Group thereby operates an active national brand policy (Batavus, Cool!, Hercules, Koga-Miyata, Lapierre, Loekie, Mercier and Sparta) in order to better anticipate to the geographically differentiated bicycle market. In addition to this national brands strategy, Accell Group is also active with Be One, an international group brand (mountainbikes).

Differentiation by innovation

By continuing to introduce innovations to the market, Accell Group distinguishes itself from the competition within each segment. Also by innovations, we are laying the foundations to also in the future improve our position in the most important European markets.

Swing®

In 1999, Accell Group introduced an innovation in the field of adjustable handlebars on the European bicycle market: the Swing® handlebars. An invention aimed at improving individual bicycling comfort. With the help of a simple button placed on the handlebars, these may be set in twelve different positions, according to the individual wishes of the user. In the most forward position, the cyclist will have a low sporty position, while the most backward position will give a very comfortable position of the handlebars. The handlebars are available for the collections of various group brands.

Racing bicycles

In the year 2000, we intend, also inspired by our sponsoring of two professional racing teams with the Koga-Miyata and Batavus brands, to design and build the lightest race frame permitted, by the UCI, available in the market.

Comfort & Safety

In the future, further innovations regarding comfort and safety such as adjustable parts, further weight reductions, other and improved drive and suspension systems, lighting and locks may be expected.

Furthermore, bicycles will in future have an electronic tracing chip, useful in case of theft.

With sales of NLG 331.2 million (NLG 329.2 million in 1998) Accell Group is the third largest bicycle producer of Europe.



Key figures

| | <i>(in millions of guilders, unless otherwise stated)</i> | | | <i>(in millions of euros, unless otherwise stated)</i> | | |
|---------------------------|---|-------|-------|--|-------|-------|
| | 1999 | 1998 | 1997 | 1999 | 1998 | 1997 |
| | <i>pro forma*</i> | | | <i>pro forma*</i> | | |
| Results | | | | | | |
| Sales | 331.2 | 329.2 | 302.3 | 150.3 | 149.4 | 137.2 |
| Operating profit | 13.3 | 19.3 | 14.2 | 6.0 | 8.8 | 6.4 |
| Net profit | 6.6 | 9.8 | 6.7 | 3.0 | 4.4 | 3.0 |
| Cash flow | 11.5 | 14.5 | 11.5 | 5.2 | 6.6 | 5.2 |
| Balance sheet data | | | | | | |
| Group equity | 51.4 | 43.8 | 38,0 | 23.3 | 19.9 | 17.2 |
| Balance sheet total | 175.6 | 143.2 | 132.9 | 79.7 | 65.0 | 60.3 |
| Capital employed | 153.2 | 118.5 | 101.7 | 69.5 | 53.8 | 46.1 |
| Investments | 7.7 | 3.7 | 3.3 | 3.5 | 1.7 | 1.5 |
| Ratios (in %) | | | | | | |
| ROCE | 8.7 | 16.3 | 14.0 | 8.7 | 16.3 | 14.0 |
| ROE | 12.8 | 22.4 | 17.6 | 12.8 | 22.4 | 17.6 |
| Operating profit/sales | 4.0 | 5.9 | 4.7 | 4.0 | 5.9 | 4.7 |
| Net profit/sales | 2.0 | 3.0 | 2.2 | 2.0 | 3.0 | 2.2 |
| Per share data ** | | | | | | |
| Net profit | 2.34 | 3.53 | 2.49 | 1.06 | 1.60 | 1.13 |
| Cash flow | 4.08 | 5.23 | 4.27 | 1.85 | 2.37 | 1.94 |
| Group equity | 18.22 | 15.80 | 14.10 | 8.27 | 7.17 | 6.40 |
| Dividend | 0.90 | 1.36 | PM | 0.42 | 0.62 | PM |

| | 1999 | 1998 | 1997 |
|---|-----------|-----------|-----------|
| Weighted average number of outstanding shares | 2,821,731 | 2,686,545 | 2,574,339 |
| Number of employees | 768 | 785 | 758 |

* As Accell Group was demerged from Atag Holding N.V. as at 1 October 1998, the 1997 figures are on a pro forma basis

** On the basis of the weighted average number of outstanding shares



To the Shareholders

On behalf of the Supervisory Board I hereby present you with the financial statements, as drawn up by the Executive Board. These were adopted by us on 10 February 2000. The financial statements were audited by Deloitte & Touche Accountants, who issued an unqualified auditors' report. This auditors' report is included on page 45 of this annual report.

We advise you to adopt the financial statements, including the proposal of profit appropriation and to discharge the Executive Board of responsibility in respect of its management and the Supervisory Board of liability in respect of its supervisory activities.

The Supervisory Board met six times in the period under review. The Supervisory Board each year meets according to a fixed schedule. During the scheduled meetings, subjects discussed included the general state of affairs, periodic reporting, the financial statements in the presence of the auditors and the interim report, as well as the acquisition of Sparta B.V. In addition, ample attention was given to the strategic plan as drawn up by the Executive Board for the usual three-year planning period. Also discussed was the unexpected profit forecast adjustment and the subsequent action plans for the recovery of the company's profitability.

The Central Works Council was set up in 1999, and one meeting was held in the year under review. It is our intention in the coming years to meet twice with the Central Works Council during each year.

As of 1 September 1999, J.J. Wezenaar retired as Chairman of the Executive Board due to his age. Also on the basis of his vast experience and know-how, we appointed Mr. Wezenaar as member of the Supervisory Board of the company as of 1 September 1999. At the same time as Mr. Wezenaar retired, Mr. R.J. Takens was appointed Chairman of the Executive Board.

Finally, the Supervisory Board would like to express its appreciation for the enthusiasm and the efforts of the employees and the Executive Board during the year 1999.

For the Supervisory Board,
J.B.Th. Manschot, *Chairman*

Corporate Governance

There have been no changes in the views of the Executive Board and the Supervisory Board, as stated in the previous annual report, with regard to the 40 recommendations as drawn up by the Peters Committee.

General state of affairs, objectives and strategy

In the report on 1998, we stated that we viewed the year 1999, with regard to the expected sales and result increases, with confidence, while we expected to be able to strengthen our market positions in the middle and higher segments.

At the publication of the half-year results on 15 July 1999, the forecasts with regard to sales and result for 1999 were reiterated: For the whole year the Executive Board, barring unforeseen circumstances, expected a result in line with the development in the first half-year, resulting in a clearly higher net profit compared to the past year. Sales were expected to show a slight increase in the whole year.

During the year, we were forced to adjust these forecasts. On 17 November 1999, the following announcement was made: 'as a result of the strong rise of the Japanese yen, the purchase prices of various bicycle components have increased. Accell Group can only pass on the results of this development in the longer term, as a result of which margins are under pressure. The forecast for 1999 was that net profit would be approximately 30% to 35% below that of 1998, at a similar sales level. In addition to the rise of the yen, Accell Group is affected by problems in the supply of materials as a result of the earthquakes in Taiwan. The new model range, introduced in September, is characterised by a number of innovations, production of which takes place in Taiwan. The earthquakes have led to disruptions of the production process. In view of the complex logistic process of delivery, and the use of the just-in-time principle, these local production disruptions in Taiwan led to even larger disruptions in our own production process.' Net profit for 1999 was expected to be 30% to 35% below that of 1998, at comparable sales levels.

Hercules relocated to new premises in the third quarter. These new premises offer good possibilities to optimise the efficiency of the production and the organisation at Hercules. In this way, the relocation contributes to the strengthening of the leading position of Hercules in the higher market segments in Germany.

In October, Accell Group acquired Sparta. The takeover was financed from Accell Group's own means. Sparta's sales and result will be included in the consolidation as of 1 January 2000. The acquisition is expected to make a positive contribution to earnings per share of Accell Group in 2000.

Improvement of operating result

Within Accell Group, we are continually searching for ways to improve the operating result. In doing this, we follow three main strategies: a right margin strategy, investing in new technologies that enable us to produce flexibly and efficiently and the combining of know-how and expertise within the group in order to benefit from economies of scale.

Margin strategy

In view of the developments of the past year, including the value increase of the yen and the US dollars, the prices of all brands have been raised. Cost reductions may, by more efficient purchasing and further standardisation, also within the various parts of the company, be realised.

Investing in technology

By making significant investments in the field of high-quality production techniques and computerisation, Accell Group has succeeded in the past few years to market high-quality and renowned products. Investments in Internet and intranet, linked with the logistic operation using an in-house developed system, enable Accell Group to operate with a relatively limited indirect organisation.

This creates a high level of flexibility, and the possibility of relatively limited supplies.

This is essential for the bicycle industry, in view of the seasonal character of sales.

Comparable investments will also be made in the future, in combination with economies of scale which are to be realised, in order to maintain our strategic advantage on the competition.

For 2000 and after, the programme includes the following investments:

- Completion of internal European network for the improvement of communication between the various companies.
- Expansion of the existing specialist retailers intranet in the Netherlands, Belgium and Germany. Sparta will participate in this intranet. Through this intranet, the bicycle specialist retailers are able to directly place purchasing orders, to trace placed purchasing orders.

Initiatives involving more subsidiaries

As a group of companies, we make the best use of the available know-how and expertise in the field of product and innovation development, purchasing, logistics, production, sales and marketing of bicycles.

With the takeover of Sparta in 1999, Accell Group did not just acquire a strong brand name with a strong reputation in the Netherlands, Germany and Belgium.

As a result of the acquisition, we also obtained important technical know-how of the development and production of electrically driven bicycles. In order to make maximum use of this know-how, Sparta becomes responsible for development and production of electrically driven bicycles for the other brands. This will in the longer term result in an improvement of quality and reduction of development costs. Sparta may also benefit from the economies of scale in the field of, among other things, purchasing, computerisation and distribution.

We are also working on further standardisation of parts. This, and more central purchasing conditions of parts must lead to further cost reductions being realised in purchasing.

Strategic Acquisitions

Strategic acquisitions have in the past years enabled us to increase our market share and penetrate new markets. In 1999, owing to the takeover of Sparta, we managed to increase our market share and realise an excellent starting position in the European market for electrically driven bicycles.

In order to ensure that Accell Group in the future does not just grow autonomously, we are continually looking for possible takeover candidates that meet the following criteria:

- renowned brands with growth potential;
- contribute to earnings per share within 2 years;
- focus on products complementary to the existing business;
- fun, fitness, free time;
- synergy with existing Accell Group brands.

Accell Group and the World Wide Web

The various brands of Accell Group all benefit from their presence on the Internet. They all manage to present their products to the consumer, who compares products and services online via the Internet. Access to the various websites is gained via the Accell Group Internet site, *www.accell-group.com*. This site also contains the latest financial information, press releases and other general information.

Some sites already offer the possibility of buying products, which are subsequently delivered by the dealer.

Except increasing brand awareness and giving product information, dealer locations and general information on bicycles and bicycle tours, the sites are also intensively used to collect information on the buying and using habits of our consumers.

This is valuable information, which can help us at further product innovations.

In the past year, our sites had millions of visitors, the majority of which came from the Netherlands, Germany and the United States. Individually, the Koga-Miyata website showed the best results.

Developments of the markets and brands

In the last decades of the twentieth century, mobility and active recreation have shown explosive growth. The many daily movements within a city or region form the basis of sustainable mobility: a busy coming and going, continuously, for everyone. They are the daily movements to and from school, shops and, for most people, also to and from work. Most of the movements are short, varying from 'directly around the corner' to a maximum of around 10 to 15 kilometres, and thereby perfectly suited to the bicycle. With increasing amounts of free time, more attention for health and less financial dependence, people are looking for high-quality products for active recreation. The bicycle industry reacts to this development. In addition to the usual bicycles, such as city bicycles, Accell Group is experiencing increased attention for trekking bicycles, folding bicycles and electrically driven bicycles.

Definitive market figures for Western Europe are currently not yet available. The various country organisations normally publish these late in the year. In our experience, own sales developments and external sources, we have been able to deduct the following trends. The following diagram gives a review of the Western European bicycle market, based on the 1998 figures of the country organisations.

| | 1998 |
|---------------------------|----------------|
| | <i>X 1,000</i> |
| The Netherlands | 1,350 |
| Germany | 4,500 |
| France | 2,100 |
| Scandinavia | 1,100 |
| Belgium/Luxembourg | 450 |
| United Kingdom | 2,150 |
| Italy | 1,350 |
| Other countries | 2,200 |
| Total | 15,200 |

The Western European bicycle market, as the markets relevant to us, with the exception of France and Scandinavia, has been characterised in the past year by slight growth.

There were, however, relatively major switches to products of better quality, at the expense of cheaper import products of a lesser quality, and switches within the various bicycle segments. The mountainbike segment is under some pressure in the whole of Western Europe, while in general the trekking segment enjoyed a favourable development.

In the markets relevant for us, with the exception of France and Scandinavia, a slight growth has been noticeable.

The Dutch market for bicycles, sold through the bicycle retail trade, showed a slight increase in 1999, especially in the middle and higher segments. The city bicycle is still the best sold bicycle in the Netherlands, followed by the trekking bicycle and mountain bikes.

The three best sold bicycle segments in Germany are still trekking, mountainbikes and city bicycles. In the coming years, we expect that especially the trekking segment will grow further, at the expense of the mountainbike segment.

The French market saw volumes drop slightly in 1999. The mountainbike is still the best sold bicycle in France. Still, a change has been noticeable, in particular the trekking bicycle is gaining popularity. It has also become very clear imports, mainly from the Far East and Eastern Europe, have been strongly declining since 1994.

In these varied and segmented markets, Accell Group carries its own strong national brands. In this way, the company can best anticipate the local wishes and demands of the consumer.

Brands

Batavus

Quality, reliability, cycling fun for everyone and innovation in design and technology contribute to the highly respected reputation of the complete range of Batavus bicycles.

In 1999, Batavus gained appreciation from its dealers following the introduction of a selection from the total programme under the name 'star bicycles'. The combining of both push and pull activities have led to a concentration on these core models, with positive effects for all parties on prices and turnover rate. In addition to this, the consumer communication proved to be a success, also in the improved co-operation with the retail chains.

As a result of the logistic problems with regard to Taiwanese deliveries, Batavus was unable to fully meet the demand from the market in the autumn of 1999.

For 2000, the distribution and communication policy will be implemented more forcefully. No less than four nation-wide actions with (inter)national partners are to be started, with an impact on result targets. For the short and medium term, Batavus will mainly concentrate on further innovations and strengthening its commercial efforts.

Be One

The Be One product range consists of mountainbikes for all the different disciplines and price ranges. The history of this trendy brand, aimed at youngsters, is a short one. The distribution takes place via the specialist retail channel.

In a declining market for mountainbikes, our targets were realised, partly through extensive marketing. Separate sales units have been set up in France and Germany as from 2000 to realise further growth. The existing sales organisations are used for sales in the Netherlands, Belgium and Scandinavia.

The Be One World Team has had an excellent season, with 2 World Cup victories and a minimum of 6 Olympic nominations. As a result of the team's performances and the Olympic nominations, the brand was well presented to the specific target group.

Cool!, Loekie

Cool! and Loekie offer bicycles for children. Both brands are sold in the Netherlands, Belgium, France and Germany. By further concentrating on quality and styling of the products, increase of sales in Germany and optimising the co-operation with the large-scale distribution chains, we expect that the Cool! and Loekie brands can in the future grow further in the European market for children's bicycles. Sales outside the Netherlands thereby take place through the other subsidiary companies.

Koga-Miyata

The scientific approach of the bicycle, the cream of the crop for the connoisseurs. Right from the start, Koga-Miyata developed models for self-assured enthusiasts looking for exclusiveness and prestige. The range consists of advanced hybrid, trekking, racing bicycles and mountainbikes. The brand is strongly present in the Dutch, German, Belgian and Danish markets.

In 1999, Koga-Miyata gained the honour of being chosen 'bicycle of the year'. In addition to this success, Koga-Miyata's 25th anniversary as a company was celebrated. To remember this fact, a special bicycle was released in a very limited edition.

The consumer has more free time, and becomes more and more aware of quality and innovations. All this is shown by the increase of the average price of bicycles on the markets relevant for Koga-Miyata. In the Dutch market, Koga-Miyata increased its sales in the past year, while export markets grew, also because of the consumers' demand for top quality and high comfort. Koga-Miyata is fully meeting this demand. The fully suspended tandem, introduced in the autumn, is a good example of this.

The forecast for the year 2000 is that the growth will continue. As a result of the sponsoring of one of the most renowned Dutch professional racing teams, we expect that Koga-Miyata will be able to raise its profile under its target group.

Sparta

The Sparta range consists of the traditional Sparta bicycles, electrically driven bicycles and folding bicycles.

For Sparta, 1999 was the year of takeover and restructuring. Despite everything, Sparta managed to improve its position, know-how and expertise in the field of bicycles with electric engines.

From the year 2000, Accell Group intends to transfer the development and production of folding bicycles and electrically driven bicycles to Sparta. All activities in these fields, which until now were carried out at the other subsidiary companies, will be concentrated at Sparta.

The production of the Spartamet bicycle, a bicycle with a petrol engine, was terminated after the takeover. It was agreed with the supplier of these engines that it would continue the activities with its subsidiary companies. All current and future warranty obligations were transferred simultaneously.

Hercules

A strong brand which has been given extra allure within Accell Group. Hercules stands for excellent quality.

With the convincing, drastically revamped image, and the model range of, among other things, suspended bicycles, which is tuned to the current market, the brand has been a leading force in 1999 in Germany.

The sales department was extended, as a result of which the coverage in the whole of Germany has improved. From the new facilities, there are excellent possibilities to further improve production and organisation.

The policy implemented in the past year of increasing the number of specialist retailers and to realise closer co-operation with the important German purchasing associations, will bear fruit as from 2000.

Lapierre

In France, Lapierre is one of the leaders in the quality segment of the bicycle retail trade. Lapierre has strengthened its image as specialist in sports bicycles in the last years, building a name for itself in French bicycle racing.

Historically, the brand has a strong position in the eastern part of France. In 1999, its sales area was extended to the whole of France.

As a result of the extended national coverage, we expect that Lapierre can improve its market position in the coming years. In doing so, the focus will remain on exclusivity, striking designs and the right price/quality ratios.

Mercier

Under the Mercier brand, mostly mountainbikes and racing bicycles are distributed. Derivative products are supplied under private labels.

Through these, and through the Mercier brand, the large-scale distribution chains are supplied on an exclusive basis. This is a market segment in France that is characterised by strong price competition with accompanying returns.

By focusing on distinctive design, flexible distribution and good service, we managed to retain Mercier's market share in the French market and raise the average price in 1999.

For the future, Mercier wants to further concentrate on retaining its position in the French large-scale distribution market and, where possible, try to set up export activities in the same distribution channels.



Explanation of the figures

General

For Accell Group, the development of the result for 1999 as a whole was disappointing. We did not achieve our goals for 1999. In the meantime, a number of measures have been taken, which will result, among other things, in improvement of the results in the longer term.

A large part of this lower result was caused by currency developments in some important purchasing countries for Accell Group, especially by the strong rise of the yen.

The strong rise of the yen and the logistic problems with regard to Taiwanese supplies influenced margins and productivity, respectively. As a result of the production process, market demand could not be completely met.

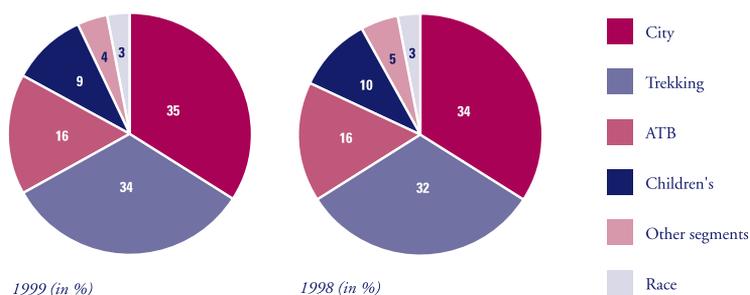
Results

In 1999, the net profit came to NLG 6,6 million, which meant a 33% decline compared to 1998. The operating result amounted to NLG 13,3 million (- 31%), and amounted to 4.0% of sales.

Sales per segment

In 1999, sales of both the trekking and the city segments increased. These segments are characterised by relatively many innovations. As a result of the greater complexity of these products, we are able to take a distinguishing position with our specialist know-how in the field of logistics and development. The mountainbike market is under pressure in the whole of Europe. The relative share in our sales could, however, be stabilised.

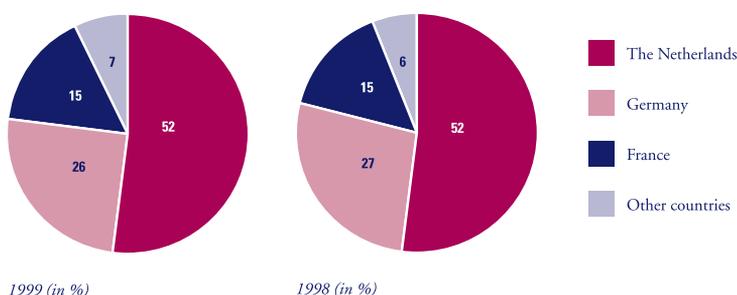
Sales by segment



Sales – geographical

Compared to 1998, total sales remained almost unchanged. Geographically, however, there are some slight changes. The sales differences came about autonomously, as the sales of Sparta, acquired in October, will be included in the consolidation as from 1 January 2000. Especially Koga-Miyata was able to further strengthen its market position in the Netherlands. As a result of delivery problems, the positions of the other brands active in the Netherlands remained stable. Despite an again pressurised French market, the respective market positions of both Mercier and Lapierre could be consolidated. Sales in Germany remained behind as a result of the parts problems. Despite the delivery problems, the order intake was higher than in previous years for all companies. This has led to relatively well-filled order portfolios.

Sales by country



Personnel

Excluding Sparta, the number of employees declined to 768. This includes 137 employees with temporary employment contracts. As a result of the relatively strong seasonal pattern, Accell Group strongly emphasises the importance of having maximum flexibility with regard to the use of personnel. The increased shortage in the various labour markets had no effect on the recruitment of personnel in 1999. As a result of the acquisition of Sparta, the number of employees will increase by approximately 100 in 2000.

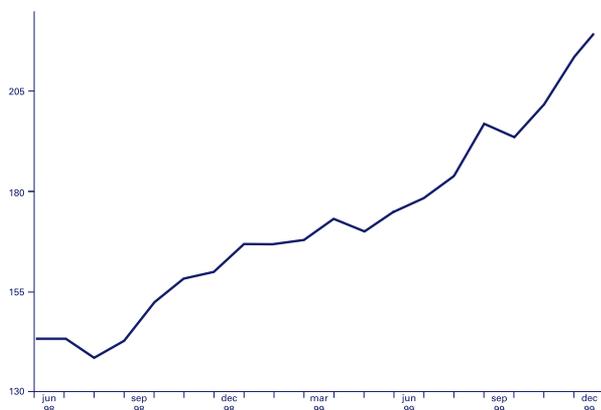
Development of the average number of employees

| | 1999 | 1998 | 1997 |
|--|------|------|------|
| | 768 | 785 | 758 |

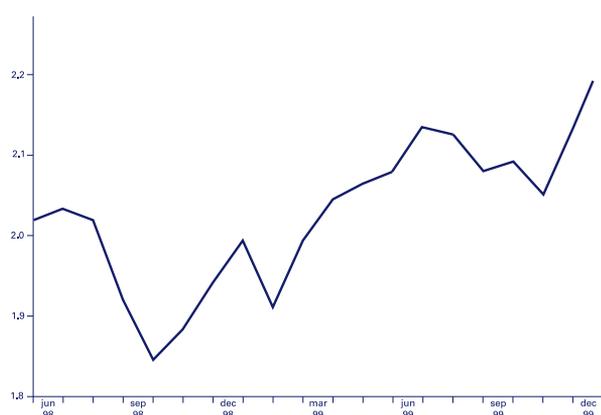
Costs

In the whole year 1999, the use of material remained almost stable on just over 63% of sales. A clear difference was visible between the two halves of the year. While use of materials accounted for 61% of sales in the first half of the year, this had increased to 65% in the second half. Especially in the last months of 1999, the explosive rises of both US dollar and Japanese yen had a substantial effect on our cost level.

Average Japanese yen exchange rate



Average US dollar exchange rate



As a result of this exchange rate development, our margins came under pressure, in particular in the second half of the year. At the determination of the sales prices, currency futures contracts were only closed for part of our total needs. In view of, on the one hand, the high costs of derivatives and, on the other, the expectation that the Euro would develop into a relatively strong currency, we initially pursued a reserved policy with regard longer-term hedging. In the end, this has led to interim adjustments of our sales prices of those products which contain the components mentioned. This price adjustment has in the meantime been followed almost across the whole sector, and internationally.

Personnel costs increased by almost 5% to NLG 61 million. In addition to the autonomous increase of wage costs of more than 3%, this figure also shows the declined productivity. This decline was mainly realised in the second half of 1999, when part of our suppliers were hit by the effects of the Taiwan earthquake. The disruption that followed led to logistic problems, as a result of which loss of productivity occurred. The supply of material has been almost restored.

The other item operating costs increased further in 1999. Although the costs are partly variable, advertising costs in 1999 increased in connection with certain advertising campaigns. The level of net financial expense declined compared to 1998, also because of the higher average solvency.

Balance sheet

The balance sheet total increased by approximately 23% to NLG 176 million. The increase mainly arose at the acquisition of Sparta. If these effects are excluded, the balance sheet total for our sector remained on a relatively low level. Investments in 1999 (excluding Sparta) amounted to NLG 6.4 million. Investments mainly concerned a large number of relatively smaller replacements. Investments in land and buildings relate to the acquisition of industry land and expansion of storage space. The increase of stocks amounted to 7%, and was completely due to the takeover of Sparta. Excluding Sparta, stocks would have declined compared to last year. Receivables amount to NLG 74 million. The major part of the increase was caused by the consolidation of Sparta. The acquisition of Sparta results in a contingent tax claim of NLG 9.4 million. This item will be released in the coming years, as a result of which we will also in the future account for a normal tax rate. At year-end, solvency amounted to 29.3%.

Prospects

For 2000, we are expecting stable situations in our markets. Further strengthening can take place in the middle and higher segments.

More free time for the consumer, growth of the target group 'older' consumers, attention for health, increased traffic and increasing attention from European governments for the bicycle, are positive developments for our product.

The year 2000 will be aimed at improvement of market positions and operating result. Higher exchange rates can be partly passed on. The order portfolio at the start of the year was strong.

Logistics remain very important in order to ensure undisturbed production.

An active search will take place for suitable acquisitions.

On the basis of the above starting points, we expect that the result will recover in 2000, compared to 1999. In the first half of the year the consequences of the supply and currency effects arisen in the second half of 1999 will still be noticeable in the results. For the whole year 2000, however, the Executive Board of Accell Group, barring unforeseen circumstances, expects an increase of the net profit.

Heerenveen, 11 February 2000

R.J. Takens, Chairman

W.A. de Jong



Consolidated balance sheet as at 31 December 1999

After appropriation of profit (in thousands)

| | 1999 <i>in euros</i> | 1999 <i>in guilders</i> | 1998 <i>in guilders</i> |
|------------------------------|-------------------------|----------------------------|----------------------------|
| ASSETS | | | |
| <i>Fixed assets</i> | | | |
| Tangible fixed assets (1) | 13,345 | 29,409 | 26,659 |
| | 13,345 | 29,409 | 26,659 |
| <i>Current assets</i> | | | |
| Stocks (2) | 34,668 | 76,399 | 71,476 |
| Receivables (3) | 31,647 | 69,741 | 44,966 |
| Cash | 10 | 22 | 62 |
| | 66,325 | 146,162 | 116,504 |
| Total assets | 79,670 | 175,571 | 143,163 |

(The numbers refer to the notes on pages 34 to 36)





| | 1999 <i>in euros</i> | 1999 <i>in guilders</i> | 1998 <i>in guilders</i> |
|------------------------------|--------------------------------|-----------------------------------|-----------------------------------|
| LIABILITIES | | | |
| Group equity (4) | 23,304 | 51,356 | 43,770 |
| Deferred investment premiums | 268 | 591 | 639 |
| Provisions (5) | 6,193 | 13,647 | 10,929 |
| Long-term liabilities (6) | 14,383 | 31,696 | 32,140 |
| Current liabilities (7) | 35,522 | 78,281 | 55,685 |
| Total liabilities | 79,670 | 175,571 | 143,163 |

(The numbers refer to the notes on pages 34 to 36)



Consolidated profit and loss account for 1999

(in thousands)

| | 1999 <i>in euros</i> | 1999 <i>in guilders</i> | 1998 <i>in guilders</i> |
|--|-------------------------|----------------------------|----------------------------|
| Sales (8) | 150,279 | 331,172 | 329,240 |
| Other operating income (9) | 29 | 64 | 614 |
| Net sales | 150,308 | 331,236 | 329,854 |
| Costs of goods sold | 95,198 | 209,791 | 208,521 |
| Personnel costs (10) | 27,595 | 60,811 | 58,030 |
| Depreciation (11) | 2,226 | 4,905 | 4,674 |
| Other operating expenses | 19,257 | 42,436 | 39,325 |
| | 144,276 | 317,943 | 310,550 |
| Operating profit | 6,032 | 13,293 | 19,304 |
| Net financial income and expense | - 1,404 | - 3,095 | - 3,697 |
| Profit on ordinary activities before taxes | 4,628 | 10,198 | 15,607 |
| Taxes | - 1,643 | - 3,619 | - 5,771 |
| Net profit | 2,985 | 6,579 | 9,836 |

(The numbers refer to the notes on pages 34 to 36)



Consolidated cash flow statement

(in thousands)

| | 1999 <i>in euros</i> | 1999 <i>in guilders</i> | 1998 <i>in guilders</i> |
|---|-------------------------|----------------------------|----------------------------|
| Cash flow from operating activities | | | |
| Net profit | 2,985 | 6,579 | 9,836 |
| Depreciation | 2,248 | 4,953 | 4,730 |
| Movements in investment grants | - 22 | - 48 | - 56 |
| Movement in provisions | - 220 | - 484 | - 965 |
| Movements in stocks | 1,911 | 4,212 | - 17,602 |
| Movements in receivables | - 5,058 | - 11,147 | 6,315 |
| Investments in working capital through new consolidations | - 7,119 | - 15,689 | 0 |
| Movements in current liabilities | - 2,510 | - 5,531 | - 3,724 |
| Net cash flow from operating activities | - 7,785 | - 17,155 | - 1,466 |
| Cash flow from investments | | | |
| Investments in tangible fixed assets | - 2,909 | - 6,411 | - 3,772 |
| Investments in tangible fixed assets through consolidation | - 584 | - 1,287 | 0 |
| Disposals tangible fixed assets | 10 | 21 | 84 |
| Other transactions | 0 | 0 | 31 |
| Net cash flow from investments | - 3,484 | - 7,677 | - 3,657 |
| Cash flow from financing activities | | | |
| Long-term liabilities contracted | 0 | 0 | 30,000 |
| Repayments of long-term liabilities | - 201 | - 444 | - 18,879 |
| Loan conversions | | | |
| Movements in bank overdraft | 11,274 | 24,844 | - 1,951 |
| Dividend payments | - 1,194 | - 2,632 | - 3,934 |
| Effectuation optional dividend | 1,384 | 3,051 | 0 |
| Other movements | - 12 | - 27 | - 87 |
| Net cash flow from financing activities | 11,250 | 24,792 | 5,149 |
| Solvency | | | |
| Total net cash flow | - 18 | - 40 | 26 |
| Cash as at 1 January | 28 | 62 | 36 |
| Cash as at 31 December | 10 | 22 | 62 |

Accounting policies

General principles for the compilation of the consolidated financial statements

Changes in accounting policies

In 1999, the way of processing the consolidation was adjusted. Said changes have no effect on capital and result, in accordance with the figures included in these financial statements for reasons of comparison.

Group hierarchy

Accell Group N.V. heads a group of legal entities. A summary of the details required on the basis of articles 2:379 and 2:414 of the Dutch Civil Code is included in the title sheet of this annual report.

Consolidation

The financial details of the companies belonging to the group are incorporated in the consolidated financial statements of Accell Group N.V. The consolidated financial statements are drawn up using the principles for the valuation and determination of the results of Accell Group N.V. The financial details of the group companies are included in their entirety in the consolidated financial statements with the exception of intercompany transactions and balances. Third party interests in the capital and in the results of group companies are individually stated in the consolidated financial statements. The results of newly acquired subsidiaries are consolidated from the time of their entry into the group. The results of demerged subsidiaries, as far as these concern a demerger or direct sale, are incorporated in the consolidation until the date the subsidiary leaves the group. Results of subsidiaries for which the decision to liquidate has been made, are consolidated from 1 January of the year in which this decision was made. The goodwill is charged directly to the shareholders' equity. The financial details of Accell Group N.V. are incorporated into the consolidated financial statements so that, using article 2:402 of the Dutch Civil Code, we have made do with an abridged profit and loss account in the company financial statements.

General

The valuation of assets and liabilities is carried out on the basis of historic cost. Unless stated with the relevant item, the assets and liabilities are included against nominal value. Income and expenditure are charged to the year to which they relate. Profits are only included insofar as they have been realised. Losses and risks originating from before the end of the year under review will be taken into consideration in the year in question.

Foreign currency translation

Receivables, payables and other liabilities in foreign currencies are converted at the rate of exchange ruling on the balance sheet date, unless the exchange rate risk is covered, in which case, valuation is made against contracted forward rates. Transactions in foreign currencies during the period under review are incorporated into the financial statements at the rate on the date of settlement. The exchange rate differences arising from the translation on the balance sheet date are included in the profit and loss account. The rate of exchange on the balance sheet date is used for the translation of the financial statements of the group companies outside The Netherlands and non-consolidated subsidiaries. Any currency translation differences arising will be debited or credited directly to the group equity.

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Valuation principles for assets and liabilities and for the determination of the results

The main principles are as follows:

Tangible fixed assets

The tangible fixed assets are stated at cost, less accumulated depreciation, calculated on the basis of the estimated useful economic life of the asset concerned. If any, the residual value will be taken into account.

Financial fixed assets

Interests in companies over whose commercial and financial policy the group exercises a significant influence are shown at net asset value. This value is determined using the accounting policies applied by Accell Group. Interests in companies where the group does not exercise a significant influence are stated at cost. The valuation of participating interests takes into account permanent impairment in value, if any.

Revaluation reserve participating interests

The negative goodwill realised at the acquisition of participations is added to the revaluation reserve as part of the shareholders' equity. The revaluation reserve is systematically added to the other reserves.

Stocks

Stocks are valued at cost less provisions for obsolescence, if deemed necessary.

Receivables

The provision for collection risk is deducted from the receivables.

Provisions

No specific asset-related provisions are made. General provisions are made to cover commitments and risks arising from business operations.

Pensions

The provision for pensions is based on actuarial calculations and is stated at discounted value.

Deferred taxation

The provision for deferred taxation includes those temporary differences in tax liability caused by differences between the commercial and fiscal valuation of assets and liabilities. The provision is calculated at the current rate at the end of the year.

Deferred investment premiums

Investment premiums are released to the profit and loss account over the term of the depreciation of the assets concerned, from the moment the asset is put into use.

Sales

Sales represent the net amounts charged to customers in respect of services rendered and goods supplied in the period under review, excluding taxes.

Extraordinary income and charges

Extraordinary income and charges are those resulting from events outside the group's normal business activities.

Taxes

Taxes are calculated on the results as determined in accordance with the accounting policies as stated above. Taxes due are calculated using current fiscal regulations. Taxation on extraordinary income is calculated at the current rate.

Principles of the cash flow statement

General

The cash flow statement is compiled according to the indirect method. The funds in the cash flow statement consist of liquid resources. Cash flow in foreign currency is converted against the rate of exchange current on the balance sheet date. Income and expenditure with regard to interest and tax on profits are included under the cash flow from operating activities. Dividends to be paid out are included in the cash flow from financing activities. Transactions where no exchange of cash occurs, including financial leasing, are not included in the cash flow statement.

Composition of liquid resources

This item consists entirely of cash in hand and at the bank and is immediately freely available.

Explanation of the cash flow

Investments in tangible fixed assets include only those investments for which funds have been used in 1999. The investments mainly relate to replacements.

Notes to the consolidated financial statements

(in thousands, unless otherwise stated)

1. TANGIBLE FIXED ASSETS

| | <i>Land and buildings</i> | <i>Machinery, installations and other fixed assets</i> | <i>Total tangible fixed assets</i> |
|--|-------------------------------|--|--|
| Net book value as at 31 December 1998 | 16,076 | 10,583 | 26,659 |
| Additions | 3,045 | 3,366 | 6,411 |
| Investments as a result of acquisitions | 0 | 1,287 | 1,287 |
| Disposals | 0 | 0 | 0 |
| Depreciation | - 1,295 | - 3,674 | - 4,969 |
| Various movements | 69 | - 48 | 21 |
| Exchange rate differences | 0 | 0 | 0 |
| Net book value as at 31 December 1999 in guilders | 17,895 | 11,514 | 29,409 |
| Net book value as at 31 December 1999 in euros | 8,120 | 5,225 | 13,345 |

Position as at 31 December 1998

| | | | |
|--|---------------|---------------|---------------|
| Book value | 28,748 | 62,817 | 91,565 |
| Accumulated depreciation | - 10,853 | - 51,303 | - 62,156 |
| Net book value as at 31 December 1999 in guilders | 17,895 | 11,514 | 29,409 |
| Net book value as at 31 December 1999 in euros | 8,120 | 5,225 | 13,345 |

The following depreciation percentages apply to the fixed assets:

| | |
|--|---------------|
| <i>Land</i> | <i>0%</i> |
| <i>Buildings</i> | <i>3-5%</i> |
| <i>Machinery, installations and other fixed assets</i> | <i>10-35%</i> |





2. STOCKS

| | 1999 | 1999 | 1998 |
|-------------------------------|-----------------|--------------------|--------------------|
| | <i>in euros</i> | <i>in guilders</i> | <i>in guilders</i> |
| Raw materials and consumables | 20,625 | 45,452 | 39,996 |
| Work in progress | 2,394 | 5,276 | 5,671 |
| Finished goods | 11,649 | 25,671 | 25,809 |
| | 34,668 | 76,399 | 71,476 |

3. RECEIVABLES

| | | | |
|--|---------------|---------------|---------------|
| Trade debtors | 25,162 | 55,452 | 41,391 |
| Deferred tax liability | 4,281 | 9,433 | 0 |
| Other debtors and prepayments and accrued income | 2,204 | 4,856 | 3,575 |
| | 31,647 | 69,741 | 44,966 |

The deferred tax liability has a term of more than one year.

The other receivables are of a current nature.

4. GROUP EQUITY

See notes to the company balance sheet.

5. PROVISIONS

| | | | |
|-----------------------|--------------|---------------|---------------|
| Pensions | 2,379 | 5,244 | 5,432 |
| Deferred taxes | 514 | 1,132 | 1,197 |
| Guarantee commitments | 1,362 | 3,001 | 1,429 |
| Other provisions | 1,938 | 4,270 | 2,871 |
| | 6,193 | 13,647 | 10,929 |

The provisions are predominantly of a long-term nature.

The other provisions, in addition to provisions for major maintenance and reorganisations, concern a restructuring provision in connection with Sparta.

6. LONG-TERM LIABILITIES

| | <i>Outstanding</i> | <i>Due within</i> | <i>Remaining</i> | <i>Term</i> | <i>Term</i> |
|--------------------|--------------------|-------------------|------------------|---------------------|---------------------|
| | | | | <i>< 5 years</i> | <i>> 5 years</i> |
| a) Roll-over loan | 30,000 | 0 | 30,000 | 30,000 | 0 |
| b) Other loans | 1,696 | 527 | 1,169 | 1,169 | 0 |
| In guilders | 31,696 | 527 | 31,169 | 31,169 | 0 |
| In euros | 14,383 | 239 | 14,144 | 14,144 | 0 |

7. CURRENT LIABILITIES

| | 1999 | 1999 | 1998 |
|---|-----------------|--------------------|--------------------|
| | <i>in euros</i> | <i>in guilders</i> | <i>in guilders</i> |
| Bank loans * | 25,400 | 55,974 | 31,130 |
| Creditors | 4,784 | 10,542 | 8,218 |
| Dividends | 1,194 | 2,632 | 3,934 |
| Taxes and social security contributions | 304 | 670 | 8,846 |
| Other creditors and accrued charges | 3,840 | 8,463 | 3,557 |
| | 35,522 | 78,281 | 55,685 |

* With the exception of some conditions of a general nature, no securities have been given with regard to bank credit. The rate of interest is variable.

Additional information based on current valuations

The determination of assets and results based on current value leads to a different outcome than which is included in the financial statements. The influence of the price changes is calculated as follows. The current value of the land is estimated on the basis of quotations from external sources. The current value of the company buildings is determined on the basis of valuations made by independent valuers. The current value of stocks is almost the same as the valuation in the balance sheet. A reserve is made for deferred tax liabilities on the valuation adjustments calculated in this way, calculated on the basis of the nominal applicable rate. Application of the above leads to a group equity, based on current value, which is approximately NLG 8.7 million higher than the capital in the consolidated balance sheet at 31 December 1999. The adjustment of the 1999 results as a result of higher depreciation based on current value comes to approximately NLG 1,200,000, after deduction of taxes.





8. SALES

The distribution of sales covering The Netherlands, Germany, France, the remaining EU countries and the rest of Europe is as follows:

| | 1999 | 1999 | 1998 |
|-----------------|-----------------|--------------------|--------------------|
| | <i>in euros</i> | <i>in guilders</i> | <i>in guilders</i> |
| The Netherlands | 77,868 | 171,598 | 171,159 |
| Germany | 39,195 | 86,375 | 89,693 |
| France | 23,282 | 51,307 | 48,833 |
| Rest of EU | 9,720 | 21,420 | 18,752 |
| Rest of Europe | 214 | 472 | 803 |
| | 150,279 | 331,172 | 329,240 |

9. OTHER OPERATING INCOME

This item includes the share of costs from stock movements.

10. PERSONNEL COSTS

| | | | |
|-------------------------------|---------------|---------------|---------------|
| Wages and salaries | 20,404 | 44,966 | 43,273 |
| Social security contributions | 5,483 | 12,082 | 10,835 |
| Pension costs | 1,065 | 2,346 | 2,370 |
| Profit sharing scheme | 643 | 1,417 | 1,552 |
| | 27,595 | 60,811 | 58,030 |

In accordance with the provisions of Article 2:383, Section 1 of the Dutch Civil Code,

we hereby declare that the following have been charged to the company in the year under review:

- as directors' remuneration NLG 783,000

- as Supervisory Board members' remuneration NLG 73,000 (as of 1st October 1998)

The average number of employees was 768 (1997: 785).

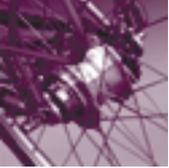
11. DEPRECIATION

| | | | |
|-----------------------|--------------|--------------|--------------|
| Tangible fixed assets | 2,248 | 4,953 | 4,730 |
| Investment grants | - 22 | - 48 | - 56 |
| | 2,226 | 4,905 | 4,674 |

| | 1999 <i>in euros</i> | 1999 <i>in guilders</i> | 1998 <i>in guilders</i> |
|--|-------------------------|----------------------------|----------------------------|
| LIABILITIES | | | |
| <i>Group equity</i> (B) | | | |
| Issued share capital | 129 | 285 | 276 |
| Share premium account | 9,189 | 20,250 | 20,259 |
| Revaluation reserve of participating interests | 267 | 589 | 0 |
| Other reserves | 13,719 | 30,232 | 23,235 |
| | 23,304 | 51,356 | 43,770 |
| <i>Current liabilities</i> | | | |
| Dividends | 1,194 | 2,632 | 3,934 |
| Amounts owed to group companies | 2,165 | 4,771 | 1,306 |
| Banks | 19,553 | 43,086 | 35,016 |
| Other liabilities | 963 | 2,123 | 5,254 |
| | 23,875 | 52,612 | 45,510 |
| Total liabilities | 47,179 | 103,968 | 89,280 |

(The letters refer to the notes on pages 41 and 42)





Company profit and loss account for 1999

(in thousands)

| | 1999 | 1999 | 1998 |
|---|-----------------|--------------------|--------------------|
| | <i>in euros</i> | <i>in guilders</i> | <i>in guilders</i> |
| Results from participations after taxes | 2,922 | 6,440 | 10,065 |
| Other results | 63 | 139 | - 229 |
| Net profit | 2,985 | 6,579 | 9,836 |

Supervisory Board

J.B.Th. Manschot, chairman

S.W. Douma

D.J. Haank

J.J. Wezenaar

Executive Board

R.J. Takens, chairman

W.A. de Jong

Heerenveen, 10 February 2000



Notes to the company balance sheet

(in thousands)

A) FINANCIAL FIXED ASSETS

| | 1999 | 1999 | 1998 |
|---|-----------------|--------------------|--------------------|
| | <i>in euros</i> | <i>in guilders</i> | <i>in guilders</i> |
| The movements of the financial fixed assets are as follows: | | | |
| Participating interests | | | |
| Position as at 1 January | 25,296 | 55,745 | 47,895 |
| Results | 2,922 | 6,440 | 10,065 |
| | 28,218 | 62,185 | 57,960 |
| Investments/disposals | 2,179 | 4,800 | 0 |
| Participating interest | - 6,241 | - 13,753 | - 2,215 |
| Other movements | | | |
| Position as at 31 December | 24,156 | 53,232 | 55,745 |
| Receivables from group companies | | | |
| Position at 1 January | 15,218 | 33,535 | 22,360 |
| Loans granted | 7,805 | 17,201 | 22,209 |
| Repayments | 0 | 0 | - 11,034 |
| | 23,023 | 50,736 | 33,535 |
| Total financial fixed assets | 47,179 | 103,968 | 89,280 |

Liabilities not included in the balance sheet

The legal entity is part of the 'Accell Group N.V.' fiscal entity and by virtue of this is liable for taxes payable by the fiscal entity as a whole.

Option scheme

The company has a share option scheme for members of the Executive Board. In the case that all options rights currently granted are exercised, the number of shares issued increases by 1%. At year-end 1999, the total number of outstanding option rights amounted to 1999. No option rights were granted in 1999.

B) GROUP EQUITY

The company's authorised share amounts to NLG 1,300,000, divided into 5,500,000 Accell Group ordinary shares, 1,000,000 preference shares F and 6,500,000 preference shares B, each with a nominal value of NLG 0.10. Of these, 2,851,328 are issued and paid up ordinary shares, so that the outstanding share capital is NLG 285,132.80.

| | 1999 | 1999 |
|---|-----------------|--------------------|
| | <i>in euros</i> | <i>in guilders</i> |
| I Issued share capital | | |
| Position at 31 December 1998 | 125 | 276 |
| Share issues | 4 | 9 |
| Position as at 31 December 1999 | 129 | 285 |
| II Share premium account | | |
| Position as at 31 December 1998 | 9,193 | 20,259 |
| Share issues | - 4 | - 9 |
| Position as at 31 December 1999 | 9,189 | 20,250 |
| III Revaluation reserve participations | | |
| Position as at 31 December 1998 | 0 | 0 |
| From new acquisitions | 267 | 589 |
| Position as at 31 December 1999 | 267 | 589 |
| IV Other provisions | | |
| Position as at 31 December 1998 | 10,544 | 23,235 |
| Results for the 1999 financial year | 2,985 | 6,579 |
| Proposed dividend for 1999 | - 1,194 | - 2,632 |
| Effectuation optional dividend | 1,384 | 3,050 |
| Position as at 31 December 1999 | 13,719 | 30,232 |
| Total group equity | 23,304 | 51,356 |



Other information

Provisions of the Articles of Association regarding profit appropriation

Article 26 (partial)

Clause 4

The Executive Board, with the approval of the Supervisory Board, has the authority to determine which part of the profit shall be reserved, after payment of dividends to the holders of both preference shares B and preference shares F.

Clause 5

The profit, after reservation in accordance with the previous clause, is available to the General Meeting of Shareholders.

The appropriation of profit has been incorporated in the balance sheet in accordance with Article 26 of the Articles of Association.

Dividend proposal

Dividend to be paid in cash at NLG 0.90 per ordinary share of NLG 0.10 nominal value, or a dividend in shares charged to the share premium reserve, the final percentage of which will be announced later. Determination of the exchange ratio will take place at the end of the choice period of 14 days after the ex-dividend date (26 April 2000), on the basis of the average share price on the determination date, on 9 May after trading.

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Accell Group Preference Shares Foundation

(Stichting Preferente Aandelen Accell Group). Accell Group Preference Shares Foundation is incorporated under Dutch law and is registered, in accordance with the Articles of Association, in Heerenveen. An agreement has been reached with the foundation on the basis of which preference shares B can be issued to the corporation. At present, no preference shares B in the capital of the company have been issued.

The Board of the foundation consists of two management members A, Messrs. H.J.M.N. Honée and B. van der Meer and one management member B, G.F.W.M. Pikkemaat. In the joint opinion of the company and the Board of the foundation, the foundation is independent from the company in accordance with appendix X of the Listing and Issuing Rules of Amsterdam Exchanges N.V.

Background information on members of the Supervisory Board of Accell Group N.V.

J.B.Th. Manschot (57)

Nationality: Dutch
Chairman of the Board of Directors of Atag Group N.V.
Major other positions:

- member of the Supervisory Board of Almanova B.V.
- member of the Supervisory Board of Nedcon Groep N.V.
- member of the Supervisory Board of NUON-ENW N.V.
- member of the Supervisory Board of Stork N.V.
- Chairman of the Supervisory Board of Ubbink N.V.

First appointment: 1998
Current term: 1998 - 2002

S.W. Douma (57)

Nationality: Dutch
Professor of business economics at the Katholieke Universiteit Brabant
Additional positions:

- member of the Supervisory Board of Atag Group N.V.
- Chairman of the Supervisory Board of Univé Verzekeringen

First appointment: 1998
Current term: 1998 - 2002

D.J. Haank (46)

Nationality: Dutch
Member of the Executive Board of Reed Elsevier plc.
First appointment: 1998
Current term: 1998 - 2002

J.J. Wezenaar (63)

Nationality: Dutch
Former Chairman of the Executive Board Accell Group N.V.
Major additional positions:

- Chairman of the Supervisory Board of Eromes B.V.
- member of the Supervisory Board of Motip Dupli Group N.V.
- Chairman of the Supervisory Board of Koninklijke Nootboom Trailers B.V.
- member of the Supervisory Board of S.C. Heerenveen N.V.
- member of the Supervisory Board of Tjaarda Oranjewoud B.V.

First appointment: 1999
Current term: 1999 - 2003

Auditors' report

Introduction

We have audited the 1999 financial statements of Accell group N.V. at Heerenveen. 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 financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

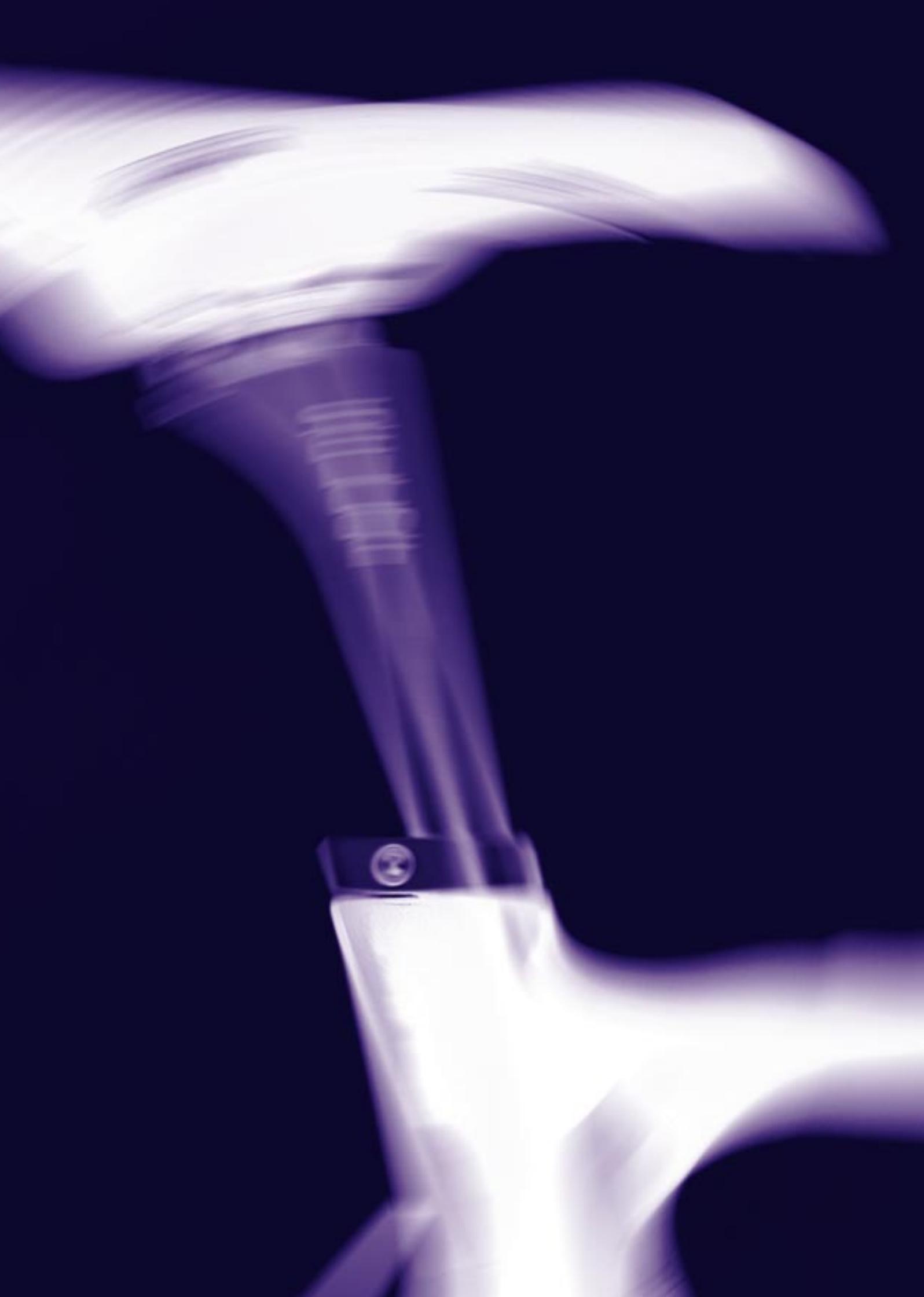
Opinion

In our opinion, the financial statements of Accell Group N.V. give a true and fair view of the financial position of the company as of 31 December 1999 and of the result for the year then ended in accordance with accounting principles generally accepted in The Netherlands and comply with legal requirements for financial statements as included in Part 9, Book 2 of The Netherlands Civil Code.

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Amersfoort, 10 February 2000

Deloitte & Touche Accountants



Risk factors

In addition to several general risk factors, such as the influence of weather, dependency on suppliers, product liability and environmental aspects, the following risks also play a role.

Currency and interest risks

The treasury activities of Accell Group are integrated at some larger operating companies, under the supervision of the financial department. The treasury activities are not seen as a separate profit centre. Part of the components used by our group are purchased in foreign currencies, mainly U.S. Dollars and Japanese Yen. The strategy of Accell Group is aimed at minimising currency risks. It is therefore also our policy to hedge our requirements for these currencies to a large extent per bicycle season (September through August). Therefore, when setting our sales prices we also take into account, as far as commercially possible, the average hedged forward rates. In addition to controlling currency risks, several methods are employed for controlling interest risks. Financing is done mainly in the Euro currency and is principally short-term. A substantial part of the interest rates is hedged annually in advance.

Financial derivatives are only used when there is an underlying commercial basis.

Introduction of the euro

The phased introduction of the euro will have consequences for Accell Group. The introduction of the euro within Accell Group is co-ordinated centrally. The introduction of the euro is expected to lead to several modifications of our ERP system. The costs incurred in this will be debited to the profit and loss account. As far as we can judge, the introduction of the euro into our computerised system will not lead to any significant extra costs.

Financial overview

(in millions of guilders, unless otherwise stated)

| | 1999 | 1998 | 1997 | 1996 |
|-----------------------------------|-----------|-----------|------------------|-----------|
| | | | <i>pro forma</i> | |
| Sales | 331.2 | 329.2 | 302.3 | 286.9 |
| Personnel costs | 60.8 | 58.0 | 55.4 | 57.8 |
| Operating profit | 13.3 | 19.3 | 14.2 | 17.3 |
| Interest | 3.1 | 3.7 | 3.9 | 4.1 |
| Taxes | 3.6 | 5.8 | 3.6 | 6.0 |
| Net profit* | 6.6 | 9.8 | 6.7 | 7.2 |
| Depreciation | 4.9 | 4.7 | 4.8 | 5.4 |
| Cash flow | 11.5 | 14.5 | 11.5 | 12.6 |
| Investments | 7.7 | 3.7 | 3.3 | 8.2 |
| Balance sheet total | 175.6 | 143.2 | 132.9 | 142.7 |
| Fixed assets | 29.4 | 26.7 | 27.7 | 35.2 |
| Capital employed | 153.2 | 118.5 | 101.7 | 109.4 |
| Group equity | 51.4 | 43.8 | 38.0 | 32.8 |
| Provisions | 13.6 | 10.9 | 11.9 | 15.6 |
| Employees (average) | 768 | 785 | 758 | 842 |
| Shares issued at year-end | 2,851,328 | 2,762,537 | 2,603,707 | 2,544,972 |
| Weighted average number of shares | 2,821,731 | 2,686,545 | 2,574,339 | 2,507,118 |
| Per share data** | | | | |
| Group equity | 18.22 | 15.80 | 14.10 | 12.49 |
| Cash flow | 4.08 | 5.23 | 4.27 | 4.80 |
| Net profit* | 2.34 | 3.53 | 2.49 | 2.74 |
| Dividend | 0.90 | 1.36 | PM | PM |
| Ratios (in %) | | | | |
| ROCE | 8.68 | 16.29 | 13.96 | 15.81 |
| ROE | 12.84 | 22.37 | 17.63 | 21.95 |
| Operating profit/sales | 4.02 | 5.86 | 4.70 | 6.00 |
| Net profit*/sales | 1.99 | 2.98 | 2.22 | 2.51 |
| Cash flow/sales | 3.47 | 4.40 | 3.80 | 4.39 |
| Balance sheet total/sales | 53.02 | 43.50 | 43.96 | 49.74 |
| Solvency | 29.27 | 30.59 | 28.59 | 22.99 |
| Pay-out ratio | 38.46 | 40.03 | PM | PM |

* Net profit from ordinary activities

** On the basis of the weighted average number of outstanding shares

(in millions of euros, unless otherwise stated)

| | 1999 | 1998 | 1997 | 1996 |
|-----------------------------------|-----------|-----------|------------------|-----------|
| | | | <i>pro forma</i> | |
| Sales | 150.3 | 149.4 | 137.2 | 130.2 |
| Personnel costs | 27.6 | 26.3 | 25.1 | 26.2 |
| Operating profit | 6.0 | 8.8 | 6.4 | 7.9 |
| Interest | 1.4 | 1.7 | 1.8 | 1.9 |
| Taxes | 1.6 | 2.6 | 1.6 | 2.7 |
| Net profit* | 3.0 | 4.4 | 3.0 | 3.3 |
| Depreciation | 2.2 | 2.1 | 2.2 | 2.5 |
| Cash flow | 5.2 | 6.6 | 5.2 | 5.7 |
| Investments | 3.5 | 1.7 | 1.5 | 3.7 |
| Balance sheet total | 79.7 | 65.0 | 60.3 | 64.8 |
| Fixed assets | 13.3 | 12.1 | 12.6 | 16.7 |
| Capital employed | 69.5 | 53.8 | 46.1 | 49.6 |
| Group equity | 23.3 | 19.9 | 17.2 | 14.9 |
| Provisions | 6.2 | 4.9 | 5.4 | 7.1 |
| Employees (average) | 768 | 785 | 758 | 842 |
| Shares issued at year-end | 2,851,328 | 2,762,537 | 2,603,707 | 2,544,972 |
| Weighted average number of shares | 2,821,731 | 2,686,545 | 2,574,339 | 2,507,118 |
| Per share data** | | | | |
| Group equity | 8.27 | 7.17 | 6.40 | 5.67 |
| Cash flow | 1.85 | 2.37 | 1.94 | 2.18 |
| Net profit* | 1.06 | 1.60 | 1.13 | 1.24 |
| Dividend | 0.42 | 0.62 | PM | PM |
| Ratios (in %) | | | | |
| ROCE | 8.68 | 16.29 | 13.96 | 15.81 |
| ROE | 12.84 | 22.37 | 17.63 | 21.95 |
| Operating profit/sales | 4.02 | 5.86 | 4.70 | 6.00 |
| Net profit*/sales | 1.99 | 2.98 | 2.22 | 2.51 |
| Cash flow/sales | 3.47 | 4.40 | 3.80 | 4.39 |
| Balance sheet total/sales | 53.02 | 43.50 | 43.96 | 49.74 |
| Solvency | 29.27 | 30.59 | 28.59 | 22.99 |
| Pay-out ratio | 38.46 | 40.03 | PM | PM |

* Net profit from ordinary activities

** On the basis of the weighted average number of outstanding shares

The Accell Group share

Accell Group N.V. has been listed on the AEX-Stock Exchange since 1 October 1998.

On 31 December 1999, 2,851,328 ordinary shares of NLG 0.10 nominal value had been issued.

Major holdings based on the Act on Disclosure of Major Holdings in Listed Companies as at 31 December 1999.

Based on the above-mentioned act, the following announcements have been made:

ABN-AMRO Small Companies Netherlands Fund N.V.

Aegon N.V.

B.V. Algemene Holding en Financierings Maatschappij

Commercial General Union PLC.

Darlin N.V.

Fortis N.V.

Henderson Investors

Share option scheme

When the company was introduced on the Stock Exchange, the Supervisory Board introduced a share option scheme for the Executive Board of Accell Group.

Turnover in Accell Group shares during 1999

| | <i>Number (double count)</i> | <i>High</i> | <i>Low</i> | <i>Closing price</i> |
|-----------|------------------------------|-------------|------------|----------------------|
| January | 493,694 | 17.00 | 12.00 | 12.30 |
| February | 273,897 | 15.90 | 12.50 | 12.90 |
| March | 407,566 | 13.55 | 12.55 | 13.40 |
| April | 130,405 | 14.65 | 13.30 | 14.00 |
| May | 101,502 | 14.50 | 13.35 | 13.50 |
| June | 66,099 | 13.60 | 12.75 | 13.20 |
| July | 206,570 | 15.50 | 12.80 | 13.20 |
| August | 85,866 | 13.35 | 12.30 | 12.40 |
| September | 59,773 | 13.00 | 11.80 | 11.75 |
| October | 131,077 | 12.15 | 11.00 | 11.95 |
| November | 289,304 | 12.25 | 8.85 | 9.20 |
| December | 370,164 | 9.90 | 8.80 | 9.40 |

Source: Amsterdam Exchanges

Dividend policy

Accell Group aims to pursue a stable dividend policy geared at payment of approximately 40% of the net profit.

The Executive Board proposes to offer shareholders in Accell Group an optional stock dividend.

Important dates in 2000

General Meeting of Shareholders 14:00 hrs, 20 April 2000

In Hotel Golden Tulip Tjaarda Oranjewoud Hotel,

Koningin Julianaweg 68, 8453 WH Oranjewoud, The Netherlands.

Publication of the interim results (before trading) 13 July 2000

Colophon

Coordination, production and distribution

De Bussy Amsterdam BV, Amsterdam,
in cooperation with Concepts Design, Amsterdam (design)

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