THE PREMIER CYCLE AND FITNESS GROUP

ACCELL GROUP

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THE PREMIER CYCLE AND FITNESS GROUP
ACCELL GROUP

This is a translation of the Annual Report prepared in the Dutch language and in accordance with Dutch law. In the event of any difference in interpretation, the Dutch version of the Annual Report shall prevail.

Accell Group main brands

Batavus is more than 100 years old and traditionally one of the Netherlands' strongest bicycle brands. The Batavus range focuses on innovation and styling, which adds unique value to its bicycles and brand. In 2009, Batavus launched a new city bicycle, the BUB (Batavus Urban Bike) which received several awards. Batavus continues to set the trend with innovations focusing on the central themes of comfort, sustainability, design and safety. Recent introductions, such as the shock-absorbing 'safety handlebars' and the 'steering dock', generated a lot of attention. Batavus can also look back at a successful sporting year, with the highlight the Vacansoleil team's victory in a stage of Spain's Vuelta cycling race. The Batavus collection focuses on sub-segments in the market such as the demanding cyclist, families with children and the pensioners' growth segment. Batavus sells its products and services primarily to specialist retailers in the Netherlands and exports to countries including Belgium, Denmark, Germany, the United Kingdom and Sweden.

True biking experts and enthusiasts are more likely to refer it as a 'Koga', the absolute best in racing, trekking, touring and electrical bikes in the Netherlands, and increasingly in other countries too. In 2009, Koga once again successfully expanded its position in the international top segment of the bicycle market. The sports collaboration with the Skil-Shimano cycling team has also been a success, including in the field of product development. After a series of national team victories, Koga made a notable return to the Tour de France. This was a major factor in the remarkably enthusiastic reception for the new collection of racing bicycles. A high-end racing line has been added to the successful digital custom order programme 'Koga Signature', which can be used to order a custom-made Koga. Innovation is at the very heart of Koga's success. And craftsmanship is one of its foundations: every Koga is handmade by a single highly-trained professional. Add to these premium quality and exclusive design and you have all the ingredients that make Koga-Miyata a trendsetter in the European market.

Sparta is the specialist in special bicycles, a real speciality brand with bicycles for fathers and mothers, short and tall people, trendy bikes for young people, bicycles for city tours and transport trips, leisure touring or longer journeys. Sparta focuses on meeting consumers' special demands. Consumers know Sparta primarily as the brand behind electrically assisted bicycles, the Sparta ION®. Sparta set the trend in this segment many years ago and continues to develop the concept with new models and marketing concepts. Both market for and image of electrically assisted bicycles are developing strongly. Sparta is focusing its product development and promotion on short and middle-distance mobility for recreational purposes and as an alternative for commuter traffic. The recently introduced Heart Support Module, which can set the pedal assistance of the Sparta ION® according to the rider's heart rate, has been nominated for the Fiets Innovatie Award 2010, for cycling innovation.

Loekie has been the trendsetting brand for children's bicycles for almost 30 years. The Loekie collection of children's bikes targets all primary school-age children. A Loekie children's bicycle is safe, durable and has the right 'trendy look'. Loekie puts the emphasis on design, extraordinary colours and fashion trends and caters for the combined needs of the three target groups: the children who choose the bikes and ride them, the parents who pay for the bikes and want to be certain that the bikes are safe and the specialist retailers who are the expert advisers the main partners in the sale of the Loekie range.

Hercules has been around since 1886, making it the brand with one of the longest traditions in the German market. Hercules focuses on design, quality, innovation and a clearly defined profile for the brand. Expert retailers and consumers know Hercules mostly as the friendly German family brand. The company's 'Heroes Never Die' campaign in 2008 reinforced this image. In 2009, Hercules once again put its name firmly in the limelight, due in part to the opening of the first Hercules concept store, which includes the entire Hercules range. To further develop its broad range, Hercules uses various successful products and innovations within the Accell Group, including the line of electrically assisted bicycles based on the ION® technology. Hercules supports its strong position in the German specialist retail sector with training courses at the 'Hercules Academy'.

Winora is a household name in Germany: a broad brand that appeals to the entire family. The Winora collection ranges from children's bicycles to sporty trekking bikes. It is a modern line with an image that is perfectly in tune with the style of the modern, quality-conscious and service-focused independent specialist retailer. Winora introduced some notable models in 2009, including the Winora town:exp, an electrically assisted bike with a very striking and trendy design, which responds to the growing interest for theses types of bikes in the German market.

Staiger is a trendsetting brand in the fast-growing market for lightweight and high-quality bicycles in the trekking and comfort segment. The winning combination of superior parts, geared hubs and the specially designed lightweight frames is what gives the Staiger brand is really distinguishing power. The 'Sinus' programme, which allows consumers to assemble their ideal bicycle, either at a specialist retailer or via the internet, has been a big success, not least because Staiger is able to deliver its made-to-measure bicycles to expert retailers very quickly.

Hai Bike supplies top quality racing and mountain bikes. Hai's philosophy centres on the use of the highest quality components and high safety standards. A true and exceptional sports brand, which includes women's bikes, mountain bikes and BMX. Hai Bike traditionally scores well in the tests in German cycling magazines. The new models introduced in 2009, Sleek, Greed and Affair, received various awards. In the higher segment of the market, Hai focuses on custom-made bikes, which gives true enthusiasts the opportunity to put together their dream bikes. Hai aims to be a trendsetter in 'mass customisation' in this segment.

The Lapierre brand, founded 1946 by Gaston Lapierre, represents top sporting performance, top quality and innovation. In France and its export markets, Lapierre is recognised as the trendsetter in racing and mountain bikes. Lapierre is a lifestyle dominated by passion and performance, backed up by a constant flow of innovations. Examples of these include lightweight carbon frames and patented suspension design that virtually eliminate energy losses. And the top players in the sports world are more than happy to collaborate with Lapierre. In 2009, Lapierre restyled its entire range and added new city and electrically-assisted bicycles. Sporting performance remains the dominant theme at Lapierre: the notable performances of the Francaise des Jeux team in the Tour de France and good finishes by the mountain bikers has kept the brand firmly in the limelight. As an internationally recognised top brand, Lapierre is distributed across Europe and North America.

Redline is one of the oldest brands in the BMX (Bicycle Motor Cross) segment. In the United States, the USA Factory Team has been enjoying notable successes for many years. In Europe, Redline has been booking successes in a number of countries, including the European title for the Dutch team. BMX riders sponsored by Redline have also booked successes in Canada and Japan. In 2009, Redline introduced new models of city bikes, bikes for the growing freestyle market and bikes for young people, all of which respond to the strong growth in the bicycle market in the United States.

Juncker Bike Parts is one of the largest suppliers in the Benelux of parts and accessories for bikes, mopeds and scooters. Specialist retailers receive parts and accessories from the central warehouse within 24 hours. In addition to the exclusive distribution of a large number of top brands, Juncker also markets its own XLC brand and the accompanying wall display system. In 2009, Juncker further intensified its cooperation with the other companies within the group. Juncker added new Batavus parts to its product range and started selling Loekie children's bikes. Juncker's customers speak highly of its ease of use and the up-to-date stock information supplied via its online ordering system Accentry, which saw further functionality added in 2009.

Brasseur is an important partner for the specialist retailers in Belgium, particularly in the French-speaking part of that market, as an exclusive distributor of a number of top brands in bicycle parts and accessories. Brasseur is the distributor of a number of bicycle brands, including Viper and Diamond, positioned in the mid-range and higher segments of the market. Brasseur also sells Ghost and Redline branded bicycles in Belgium and Luxembourg. The cooperation with Accell companies, such as Juncker and Wiener Bike Parts, generates synergies in terms of portfolio management, logistics and purchasing.

Ghost, founded in 1993, focuses on designing bicycles that constantly set new standards: right down to the smallest details, fitted with the latest innovative technologies, robust and with a carefully balanced price-quality ratio. Ghost is a leading international brand. Following the mountain biking success at the 2008 Olympics, Ghost once again successfully increased its international brand recognition. In addition to its famous mountain bikes, Ghost also offers a broad range of trekking and racing bikes. The company also launched various innovations in 2009, including the E-Ndurance, an electrically assisted bike in which the brake system, the frame fitted solar power cells and the suspension system all contribute energy to the battery.

Wiener Bike Parts is a household name when it comes to bicycle parts and accessories in the German and French markets. Wiener Bike Parts has a large number of exclusive distribution contracts and an extensive product range, which gives German and French specialist retailers the opportunity to order all parts from a single source and buy doing so gain considerable logistical benefits. Wiener Bike Parts is rightfully seen as the specialist retailers' most important partner. The company uses a state-of-the-art logistics system to deliver the range of some 18,000 items to the retail trade within 24 hours. The B2B online order system gives clients access to the products 24 hours a day, seven days a week. In addition to the many exclusive brands in its range, Wiener Bike Parts also distributes its own XLC range with accompanying wall display system to the French and German markets.

SBS supplies a complete range of bicycles, parts and accessories to the North American specialist retail trade. The company has four distribution centres in strategic locations across the Unites States, giving it access to most of the bicycle stores in the Unites States and Canada. SBS launched a large number of new models under its own brands in 2009, including the 'PedElec bikes' (electrically-assisted bicycles), bicycles designed especially for shopping and bikes for commuter traffic and on-campus traffic. These product launches are SBS's response to the latest developments in the bicycle market in North American. SBS also supplies the in-house brand XLC to the specialist retail trade in North America.

XLC is the premium brand for bicycle parts and accessories. The brand caters to the demand for reliable and recognisable high-quality products. XLC has a complete range of products and is constantly improving to provide the best possible products for mountain bikers, racing bikers, touring and city bikers. All of Accell Group's suppliers of bicycle parts and accessories sell the XLC range: Juncker Bike Parts (Benelux), Brasseur (Belgium), Wiener Bike Parts (Germany and France), Tunturi (Finland and Sweden) and Seattle Bike Supply (North America). The presentation of the XLC products has been further professionalised and expanded with the addition of a display programme for the retail trade that was developed in-house. In addition, XLC plays a role as an OEM (Original Equipment Manufacturer) partner and the products are delivered to bicycle manufacturers as original components.

Originally a Finnish brand, Tunturi has been active in the worldwide market for fitness equipment since the 1970s. The fitness equipment range is characterised by a consistent structure, Scandinavian design down to the finest details and the latest technical possibilities, including scenic rides based on streaming videos. In 2009, Tunturi introduced the E60 Media, a home trainer with radio and television connection on the monitor. The 'From the Heart' motto represents a passion for products, design and the users' well-being. The main pillars of the system are heart rate-based training and continuing motivation. Tunturi has also been the market leader in the Finnish bicycle market for many years.

Under the header 'Fit for Life' Bremshey Sport provides attractive fitness equipment at friendly prices. The product label 'Designed and Engineered in Germany' represents solid quality. Bremshey allows the entire family to be engaged in exercise and healthy living with user-friendly equipment without unnecessary gadgets or complicated programmes. In 2009, Bremshey Sport introduced new models of treadmills and a vibration plate at price levels that makes this relatively expensive equipment affordable for larger groups of consumers. Bremshey Sport has also substantially extended its popular range of fitness accessories, such as steppers and halters.

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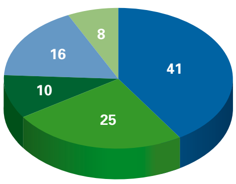
Profile of Accell Group

Accell Group N.V. ("Accell Group") is active internationally in the mid-range and higher segments of the market for bicycles, bicycle parts & accessories and fitness equipment. The group is market leader in Europe in the bicycle market. The market approach is based on the key concepts quality, innovation and recognisable added value. For consumers this means a broad and strong portfolio of brands, including international top brands and well-known national brands, often with a long history. Accell Group operates close to the market and largely because of its high added value and numerous innovations, sells primarily via the specialist retail trade.

Accell Group's best known brands are Batavus, Bremshey, Ghost, Hai Bike, Hercules, Koga-Miyata, Lapierre, Loekie, Redline, Sparta, Staiger, Tunturi, Winora and XLC. Accell Group has production facilities in the Netherlands, Germany, France, Hungary and Belgium. The Accell Group shares are traded on the official market of the NYSE Euronext in Amsterdam and included in the Amsterdam Small Cap Index (AScX).

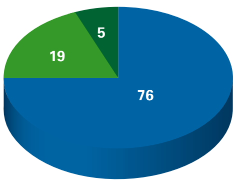
Accell Group recorded turnover of € 572.6 million in 2009, compared with € 538.0 million in 2008, and net profit of € 32.7 million, compared with € 28.6 million in 2008. Turnover is distributed across the company's keys markets as follows: the Netherlands 41%, Germany 25% and France 10%. Other EU countries, including Belgium, Denmark, Finland, Austria, Spain and the United Kingdom, account for 16% of turnover. The remaining 8% of turnover comes from countries outside the EU, including the US and Canada.

Accell Group turnover by country 2009



- The Netherlands → 41%
- Germany → 25%
- France → 10%
- Other EU countries → 16%
- Other countries → 8%

Accell Group turnover by product segment 2009



- Bikes → 76%
- Parts and accessories → 19%
- Fitness → 5%

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Key figures

(in euros, unless stated otherwise)

	2009	2008	2007	2006
Results (in millions of euros)				
Net turnover	572.6	538.0	476.1	431.7
Operating profit before depreciation and amortisations (EBITDA)	57.3	55.3	45.3	35.0
Operating profit (EBIT) [1]	49.9	46.2	39.6	30.1
Net profit [1]	32.7	28.6	24.4	18.4
Cash flow [1]	40.1	37.8	30.2	23.3
Balance sheet data (in millions of euros)				
Group equity	151.8	132.1	107.1	91.9
Net debt	84.8	99.0	99.6	87.1
Balance sheet total	337.3	335.4	277.6	245.6
Capital employed [2]	259.5	259.9	223.8	190.8
Investments in property, plant and equipment	6.7	12.9	12.6	10.7
Ratios (in %)				
ROCE	19.2	17.8	17.7	15.8
ROE	21.6	21.6	22.8	20.0
Operating profit [1]/turnover	8.7	8.6	8.3	7.0
Net profit [1]/turnover	5.7	5.3	5.1	4.3
Data per share [3]				
Number of issued shares at year-end	10,017,084	9,778,172	9,492,950	9,251,838
Weighted average number of issued shares	9,928,065	9,671,409	9,406,740	9,176,329
Net profit [1]	3.30	2.88	2.46	1.81
Cash flow [1]	4.04	3.81	3.04	2.36
Group equity	15.29	13.34	10.79	9.29
Dividend [4]	1.58	1.39	1.18	0.88
Average number of employees (FTE's)	1,787	1,778	1,713	1,671

1) Operating profit, net profit and cash flow (net profit + depreciation + impairments) without the allocation to the provision for the penalty imposed by the Netherlands Competition Authority (NMa) in 2007.
2) Capital employed is the balance sheet total minus current non-interest bearing liabilities; as of 2008 non-current provisons are included.
3) The data per share are calculated based on the weighted average number of issued shares. The data per share for the years 2006-2008 have been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The applied adjustment factor in the reporting year for 2008 and for previous years is 0.97615.
4) The dividend per share in 2009 concerns the proposal to be submitted to the Annual General Meeting of Shareholders.












Report of the Supervisory Board

The Supervisory Board is pleased to present to the shareholders the 2009 annual report and annual accounts contained therein as drawn up by the Board of Directors. The financial statements have been audited by Deloitte Accountants B.V., which firm has issued an unqualified audit report. This audit report can be found on page 124 of this annual report.

We propose that the Annual General Meeting of Shareholders adopt the annual accounts, as well as the appropriation of profit proposed therein and discharge the Board of Directors and the Supervisory Board for their management in the year under review and supervision of same respectively.

Composition Supervisory Board

The Supervisory Board comprises the following members:

→ S.W. (Sytse) Douma (67), Chairman

Mr. Douma (Dutch nationality) joined the company's Supervisory Board on 1 October 1998, and was appointed chairman of same in 2000. Mr. Douma is Professor Corporate Strategy at Tilburg University. He holds no positions at other companies. The Annual General Meeting of Shareholders held in the spring of 2006 re-elected Mr. Douma for a further period of four years. In line with the resignation roster, Mr. Douma's term will end after the Annual General Meeting of Shareholders to be held in the spring of 2010.

→ J.H. (Henk) Menkveld (63) Deputy Chairman

Mr. Menkveld (Dutch nationality) was appointed to the Supervisory Board on 26 April 2001. He was elected deputy chairman of the Supervisory Board on 4 February 2005. Mr. Menkveld was a member of the Board of Directors of CSM N.V. until the end of 2001. Mr. Menkveld is currently retired and is a member of the supervisory boards of the non-listed companies Bakkersland B.V. and Meneba B.V. At the recommendation of the Supervisory Board, Mr. Menkveld was re-elected for a four-year period at the Annual General Meeting of Shareholders of 23 April 2009.

J. (Jan) van den Belt (63)

Mr. Van den Belt (Dutch nationality) was appointed to the Supervisory Board on 20 April 2006. He was CFO and member of the Board of Directors of Océ N.V. until the end of October 2008. Mr. Van den Belt is now retired. He is also a member of the Supervisory Boards of Groeneveld Groep B.V., Scheuten Solar Holding B.V., Attero Holding N.V., as well as a member of the executive of Stichting Preferente Aandelen Gamma Holding and Stichting Preferente Aandelen Mediq. Mr. Van den Belt can be deemed a financial expert as referred to in Article III.3.2 of the Dutch Corporate Governance Code. Mr. Van den Belt's term in office runs until the Annual General Meeting of Shareholders to be held in the spring of 2010.

J.J. (Hans) Wezenaar (73)

Mr. Wezenaar (Dutch nationality) was appointed to the Supervisory Board on 1 September 1999. He was chairman of the Board of Directors of Accell Group until 1999. He is now retired. Mr. Wezenaar is a member of the supervisory board of the following non-listed companies: De Friesland Zorgverzekeraar U.A., Nooteboom Group B.V., Tjaarda Oranjewoud B.V. and Zaadnoordijk Yachtbuilders B.V. Mr. Wezenaar was re-appointed for a four-year period, on the nomination of the Supervisory Board and with the recommendation of the general works council, at the Annual General Meeting of Shareholders of 26 April 2007. Mr. Wezenaar's term of office runs until the Annual General Meeting of Shareholders to be held in the spring of 2011.

Each member of the Supervisory Board is considered independent, as outlined in the best practice provision III.2.2 of the Dutch Corporate Governance Code. During the 2009 financial year, none of the members of the Supervisory Board held an interest which was in conflict with the exercise of their duties as a member of the Supervisory Board.

Retirement schedule

As of the end of the Annual General Meeting of Shareholders to be held in the spring of 2010, Mr. S.W. Douma and Mr. J. van den Belt will step down in line with the current retirement schedule. Mr. Van den Belt is eligible for re-election and will put himself forward for a further four years. Mr. Douma is not eligible for re-election in view of the expiration of the maximum term of three times four years. The Supervisory Board drew up a profile for this vacancy on the basis of which Mr. A.J. Pasman, former CEO of Koninklijke Grolsch N.V., has been selected as a candidate to be put forward for appointment to the Supervisory Board.

The Central Works Council has been informed of the vacancies and accompanying profiles and has announced it will not use its right of recommendation. The Annual General Meeting of Shareholders has been given the opportunity to recommend candidates to the Supervisory Board, while taking into consideration the existing profile outline, for appointment as Supervisory Board members.

The Supervisory Board has discussed the reappointment and appointment and is unanimous in its opinion that the expertise and experience of the persons involved are in line with the requirements outlined in the profiles of the Supervisory Board. The Supervisory Board therefore puts forward Mr. Van de Belt and Mr. Pasman as candidates for (re)appointment as members of the Supervisory Board. The appointments will be for a four-year period. The Supervisory Board has also decided that, following the resignation of Mr. Douma as chairman of the Supervisory Board, Mr. Pasman will be appointed as chairman.

Accell Group is extremely grateful to Mr. Douma for his efforts and contributions for years in the Supervisory Board and his commitment to the company.

Activities in 2009

In the year under review, the Supervisory Board has fulfilled its tasks in line with the applicable regulations, which can be downloaded via the corporate website, www.accell-group.com.

During the year under review, the Supervisory Board supervised the policy of the Board of Directors and the general course of business at Accell Group. The Board devoted explicit attention to the company's overall strategy and the strategy of the most important brands and activities of Accell Group.

In view of the limited size of the Supervisory Board (four members), it does not have an Audit Committee, a Remuneration Committee or a Selection Committee. The duties assigned to those committees by the Dutch Corporate Governance Code are therefore assigned to the Supervisory Board as a whole.

Remuneration Board of Directors

The Supervisory Board has drawn up a remuneration report for 2009 with respect to the application of the remuneration policy for the Board of Directors. The full report is available on the Accell Group website (www.accell-group.com) under the header "Corporate Governance". The remuneration for the Board of Directors is in line with the policy established by the Annual General Meeting of Shareholders held on 24 April 2008.

In a meeting held on 20 February 2009, in the absence of the Board of Directors, the Supervisory Board discussed the performance of the Board of Directors as a whole and the members individually. At that same meeting, the Supervisory Board also established the salaries of the Board of Directors for 2009 and the bonus payments for 2008, as well as reaching a decision on the granting of share options and conditional shares. The 2008 bonuses are stated in the 2008 financial statements.

During the meeting of the Supervisory Board held on 19 February 2010, the Supervisory Board discussed the remuneration package of the Board of Directors for 2010, and determined the bonuses for the 2009, which are included in the 2009 financial statements.

The remuneration policy allows Accell to recruit and retain qualified people for the Board of Directors. The level and structure of the remuneration are based partly on factors including profit development, share price developments and other developments relevant to the company.

The remuneration policy is aimed at positioning the remuneration packages at a competitive level in the Dutch remuneration market for people with comparable levels of responsibility on the executive boards of larger companies. This comparison is based on the results of the Hay Boardroom Guide 2007. The Supervisory Board ordered participation in said study at that time.

The total remuneration of the Board of Directors of Accell Group N.V. comprises:

→ Annual salary

In order to determine the fixed remuneration of the Board of Directors, the Supervisory Board regularly commissions studies by a remunerations expert. The criteria used to determine the level of the fixed salaries for the individual members of the Board of Directors are included in the remuneration report.

→ Short-term bonus plan

The bonus to be awarded for 2009 is 80% dependent on turnover and profit targets, with the remaining 20% dependent on individual targets. The maximum bonus for members of the Board of Directors has been set at 50% of their fixed annual salary. In 2009, the Board of Directors received a bonus of 38% of their annual salary.

→ Long-term bonus plan

On 20 February 2009, the members of the Board of Directors were granted share options and conditional shares on the basis of performance in 2008 and in line with the policy for remunerations established by the Annual General Meeting of Shareholders on 24 April 2008.

On 19 February 2010, share options and conditional shares were granted to the Board of Directors on the basis of performance in the 2009 financial year.

The exercise price for the share options equals the average closing share price on the last five days prior to allocation. The number of options allocated is determined by dividing 50% of the annual salary of the member of the Board of Directors in question by the strike price of the options. Once allocated, the share options are unconditional and the directors are obliged to hold same for at least three years in order to reconcile the interests of the Board of Directors with those of the shareholders.

The number of conditional shares allocated is determined by dividing half the annual salary of the member of the Board of Directors in question by the average closing share price on the five days prior to allocation. In February 2012, it will be decided which percentage of the shares allocated conditionally in February 2010 will be allocated unconditionally. That percentage is dependent on the total shareholders return of Accell Group N.V. (TSRA) compared to the total shareholders return of shares included in the Amsterdam Midcap Index of Euronext Amsterdam (TSRM). The percentage is 50% if TSRA equals TSRM. After definitive allocation, a lock up period of two years applies.

In the more detailed description of the allocation on 20 February 2009 of conditional shares the Supervisory Board pledged to the Board of Directors that it would use a three-year reference period for the calculation of TSRA and TSRM (see above), to with the financial years 2008, 2009 and 2010, and that the definitive allocation of the conditional shares allocated in February 2009 will take place in February 2011. However, this description is not entirely in line with the remuneration policy determined by the Annual General Meeting of Shareholders on 24 April 2008, on the basis of which the definitive allocation of conditional shares allocated on February 2009 cannot be effected until February 2012. In order to eliminate this inconsistency, the Supervisory Board will propose to the Annual General Meeting of Shareholders to be held on 22 April 2010 that the current remuneration policy and the existing share plan for the Board of Directors be amended in line with the above-mentioned description.

Pension

The pension scheme for the Board of Directors is a defined contributions scheme. Past pension agreements that differ from this will be maximised at a fixed annual contribution, which can be amended annually.

Other secondary benefits

No changes were agreed to these benefits.

We refer to the explanatory notes to the financial statements for the exact amounts of the remuneration of the members of the Board of Directors.

Meetings

The Supervisory Board held six plenary meetings with the Board of Directors in the year under review. The company's strategy was discussed on several occasions during these meetings. Other topics included the general developments within the group, possible acquisitions and developments in markets relevant to the company, as well as the financing and financial policy of the company. In addition, the Supervisory Board periodically discussed risk management with the Board of Directors. In order to improve the supply of information about operational activities, one of the meetings with the Board of Directors was also attended by the directors of the main subsidiaries. Partly on the basis of these meetings, the Supervisory Board expresses its confidence in the company's strategic plans.

The Supervisory Board also held two meetings with the external accountant, the CFO and the CEO. The company's first-half and full-year results were discussed at these audit meetings. A further two meetings were held with the external accountant in the absence of the Board of Directors.

The Supervisory Board also held three meetings in the absence of the Board of Directors. One such meeting was devoted to the functioning of the Board of Directors as a whole and its members individually. The Supervisory Board concluded at that time that both the Board of Directors as a whole and the individual members were functioning well. The salaries for 2010 and the bonuses for 2009 for the members of the Board of Directors were also determined during said meeting. Another meeting was devoted to the company strategy and to the performance of the (members of the) Supervisory Board. During that meeting, it was concluded that each of the members is functioning well and that the Board as a whole is also functioning well. In another meeting, the Supervisory Board discussed the filling of the vacancies on the board as a result of the expiration of the terms of office of Mr. Douma and Mr. Van den Belt. The fact that Accell Group does not (yet) have a separate internal auditing function was also discussed. After talks with the Board of Directors on that subject, it was concluded that setting up a separate internal auditing function is not yet desirable given the size of the company. This subject will return to the agenda during the 2010 financial year.

International promotion bicycle use

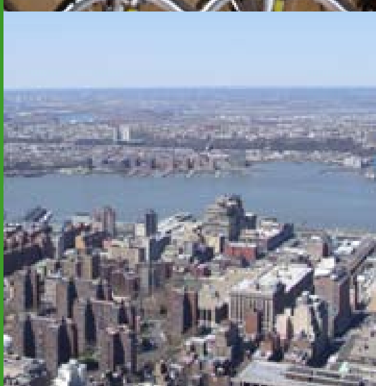
Accell Group devotes considerable attention to events where the use of bicycles can be brought into the limelight. For instance, during the UN climate summit in Copenhagen, Koga made a number of its Tesla E-bikes available to the delegations. The E-bikes took their green power from the solar panels the environment-friendly Crown Plaza hotel is covered in.

For the celebrations of the 400th anniversary of the city of New York, Batavus developed a unique bike to meet the specific American safety requirements. Dutch Crown Prince Willem-Alexander and his wife Princess Maxima cycled along the Hudson river. The bicycles were later made available for cycling lessons and maintenance courses in various deprived areas of New York. These initiatives received considerable attention in the international media.










Report of the Supervisory Board (continued)

The Supervisory Board also held two meetings with the Board of Directors and the Central Works Council. During these meetings, the general developments and the strategy of the company as a whole were discussed, as well as developments at the Dutch subsidiaries. The Supervisory Board was fully represented at virtually all of these meetings.

The Supervisory Board wishes to express its appreciation and gratitude to the management and all employees of Accell Group for their efforts and enthusiasm in the past year.

Heerenveen, March 8, 2010

On behalf of the Supervisory Board,

S.W. Douma, chairman

Board of Directors

Accell Group has an organisational structure with operating companies that have primary responsibility for the position in their respective markets. The holding steers, coordinates and continuously works on the synergy within the group. The integration of back office activities and the mutual exchange of knowhow of product development and innovations is cost effective and leads to the optimum utilisation of product concepts and innovations. For instance, improvements in the field of safety and comfort, including new anti-theft methods, lighting systems, the development of new parts and accessories and the development of technology in the broadest sense of the word is important to all operating companies.

Board of Directors

R.J. (René) Takens (55), Chief Executive Officer (CEO)

Mr. Takens succeeded Mr. Wezenaar as Accell Group's CEO in 1999. After graduating in Mechanical Engineering from Twente University of Technology, Mr. Takens began his career at the Svedex Bruynzeel Group, where he remained for ten years, ultimately in the position of managing director. He subsequently spent seven years as CSM's Managing Director for Italy.

H.H. (Hielke) Sybesma RC (42), Member of the Board of Directors (CFO)

Mr. Sybesma joined Accell Group in 1995 as Finance Manager for subsidiary Batavus. In the years that followed, Mr. Sybesma was closely involved with various Accell Group subsidiaries. Mr Sybesma has been Accell Group's CFO since April 2001. After graduating in Business Economics from Groningen University, he worked as a financial consultant with PriceWaterhouseCoopers for five years. Mr. Sybesma is also a Chartered Accountant (1995, Free University (VU), Amsterdam)

J.M. (Jeroen) Snijders Blok (51), Member of the Board of Directors (COO)

Mr. Snijders Blok studied Business Economics at the Technical University of Twente and joined Accell Group in 1992, initially at the Automation department. In subsequent years, he held the position of logistics manager at Batavus and Hercules and was later appointed managing director of Batavus. Following the acquisition of Sparta in 1999, he was appointed Managing Director of that subsidiary. Mr. Snijders Blok has been COO of Accell Group since April 2004.

Report of the Board of Directors

General course of events

In the course of 2009, it became clear that turnover and profit were developing in line with Accell Group's previously expressed outlook. A number of key social and demographic trends, including the ageing of the population, mobility problems, increasing attention for the environment and people's desire and need for more exercise, are proving to be sustainable and are important to the markets in which Accell Group is active.

Increase in turnover and net profit

In 2009, Accell Group's market and brand strategies once again paid off. Turnover increased by 6% to € 572.6 million (2008: € 538.0 million), with 5% of this organic growth. Net profit was up by 15% at € 32.7 million (2008: € 28.6 million). This resulted in a 12% rise in net earnings per share to € 3.30 (2008: € 2.95).

Bicycles/bicycle parts & accessories

The segment bicycles/bicycle parts & accessories saw a 9% increase in turnover to € 543.0 million (2008: € 498.6 million). These activities therefore accounted for around 95% of Accell Group's total turnover. The demand for electric bicycles, mountain bikes and bicycles for special target groups in the middle and higher segment was strong, while bicycles without special innovations or contemporary design, such as traditional city bikes saw lower sales than in 2008. Turnover from electric bicycles accounts by now for more than 25% of turnover from bicycle sales. Turnover in bicycle parts & accessories also increased further.

The number of bicycles sold rose to 986,000, compared with 974,000 in 2008, and the average price of all bicycles sold increased to € 439 (2008: € 415). The change in the sales mix and the increase in the sales of electric bikes and more expensive mountain bikes had a significant impact on the rise in the average price. The segment profit rose by 5% to € 61.6 million (2008: € 58.6 million).

Bicycle markets last year saw more shifts in the types of bicycles sold. As a result, the initially higher order books (particularly for the Netherlands) did not transform directly into similarly higher seasonal turnover levels. On the other hand, turnover levels in Germany and France grew faster than could be assumed on the basis of the order books at the beginning of the bicycle season. The predictability of consumer demand has clearly decreased in 2009, which makes dealers more reluctant to place orders well in advance and more cautious with regard to building up inventories in the winter period. This effect is enforced by less availability of financing options for dealers.

The second quarter was the centre of gravity of deliveries with regard to the sale of electric bicycles in 2009. This was unlike 2008, when many electric bicycles had to be delivered during the summer months.

The Netherlands saw a slight increase in turnover. Demand for electric bikes and bicycles for special target groups was again sound. The sale of traditional bikes in the mid segment and bicycles for children decreased. Accell Group again expanded its range of electric bikes, adding new models and other systems to make the company active at all relevant price levels. Turnover in bicycle parts & accessories was also higher, due to the increase in maintenance of and updates to existing bicycles, when customers postponed the purchase of a new bicycle.

Germany saw an increase in the sales of sports bicycles and mountain bicycles, including Hai Bike and Ghost. There was also a strong rise in the sale of electric bikes. Germany is something of a trendsetter in ‘green’ thinking in Europe, not just at the consumer level, but also at local and national government level. The bicycle industry has profited from this. It is clear that despite economic developments consumers seem prepared to invest in quality when buying a bicycle. The sale of bicycle parts & accessories also increased further in Germany, partly as a result of the rise in sales of Accell Group’s own XLC products.

In France, Accell Group had another good year with its international top brand Lapierre. Turnover was up due to the increased sales of both racing bicycles and mountain bikes in Lapierre’s home market. As in most other countries, France also saw an increase in the sales of bicycle parts & accessories, including XLC. Last year also saw the launch of a number of new models of Lapierre branded city bicycles and electric bicycles on the French market.

Accell Group further strengthened its position on the Scandinavian market with the acquisition of Hellberg. The integration of Tunturi and Hellberg in one organisation is virtually complete. The costs of the integration were largely taken in 2009. The Finnish market was relatively badly affected by the economic downturn in 2009. Especially in the summer months, sales to consumers stagnated. Turnover from bicycle parts & accessories rose slightly.

Exports of mainly sports bikes and mountain bikes to Spain, Austria and Switzerland increased. Turnover in Belgium (incl. Brasseur) showed a rising line, both in bicycles and in bicycle parts & accessories. In 2009, Brasseur became the distributor of Ghost and Redline bicycles for Belgium and Luxembourg.

Due to the impact of the economic developments in North America, Seattle Bike Supply (SBS) saw its bicycle turnover drop in the United States. Turnover of bicycle parts & accessories remained stable.

Fitness

Turnover in the fitness segment fell to € 29.7 million in the past year, from € 39.9 million in 2008. These activities accounted for around 5% of total Accell Group turnover. The segment result from the fitness segment dropped to € -2.5 million in 2009, from € -0.7 million in 2008.

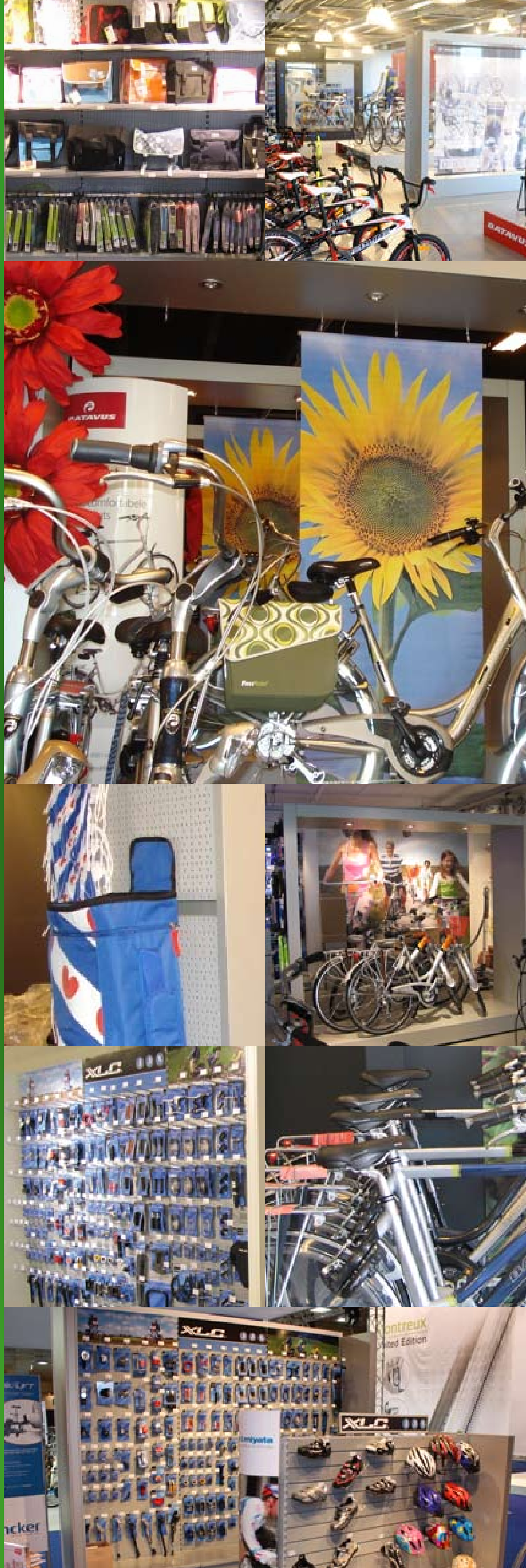
Fitness equipment sales dropped in virtually all markets in 2009. The economic conditions caused a reduction in the amount of fitness equipment consumers bought for home use. The turnover drop in the fitness segment was partly due to the postponement or cancelling of deliveries to some international distributors, due to more limited financing options. The effects of this were particularly visible in the first half of 2009.

In the past year, the fitness organisation has been adapted to the lower turnover level, and further cost savings have been realised. In 2010, Accell Group will further adapt the organisation, as well as introduce fitness equipment for the professional market, thus broadening the basis of the fitness activities. Distributors in a number of new countries will also be appointed.

In addition to turnover and profit development, considerable attention in the fitness segment was devoted to the sharp reduction of the working capital, which reduced inventory and credit positions. As a result, also the fitness segment recorded a positive cash flow in 2009. All strategic options will be reassessed as soon as the fitness market stabilises.

Cooperation specialist trade

Accell Group cooperates closely with specialist retailers and distributors, a deliberate choice that fits in with our brand strategy. Our cooperation with the expert trade covers a broad spectrum. For instance, for bicycle parts and accessories, a product segment which represents considerable turnover for the points of sale, we have the wall display system XLC available internationally. This allows for the extensive range of products to be presented to the consumer in an attractive and professional way. In 2009, Accell Group introduced Bikes & More Dealer Support, a joint initiative of the brands Batavus, Juncker Bike Parts, Koga-Miyata and Sparta. Bikes & More is a total package of various services all aimed at the presentation and communication on the shop floor. It devotes attention to issues including brands and segments, routing in the shop, the shelf plan and the placement of accessories. The specialist trade welcomed the initiative with enthusiasm.



Acquisition Hellberg

On 12 June 2009, Accell Group announced it had reached agreement on the acquisition of all the shares in Raul Hellberg Oy and its associated companies ("Hellberg"). Hellberg is active in the bicycle, bicycle parts and accessories markets and is based in Helsinki, Finland. Hellberg is one of Finland's largest players and serves its domestic market through an extensive dealer network. The company holds exclusive distribution rights for a number of top-end brands in bicycle parts and accessories and supplies the specialist retail trade, as is common practice within Accell Group. Hellberg's bicycle brand, Nishiki, is positioned in the mid-range and higher segment of the market for sports bikes, which makes it a good match for Accell Group's existing portfolio. Since its foundation in 1926, the company has gained a strong position as a reliable and respected supplier, as a result of which retailers have voted Hellberg the best distributor in Finland for many years now.

Hellberg has around 20 employees. In 2008, the profitable turnover was around € 6.3 million. The acquisition was financed from our own resources and consolidated in the results as from June 2009. The acquisition is in line with Accell Group's strategy to expand Tunturi's market position in Scandinavia, especially in its home market Finland. The combination of Hellberg and Tunturi creates a strong and efficient organisation that can approach the market more effectively.

Events after the balance sheet date

On 6 January 2010, Accell Group announced that it reached agreement on the acquisition of all the shares in Bäumker & Co. GmbH ("Bäumker"). Bäumker is a trading firm in bicycles, bicycle parts and accessories in Rheine, Germany, and distributor for brands including Batavus. The company operates through a network of regional dealers, primarily in northern and central Germany. The acquisition of this distributor will allow Batavus to expand its commercial activities in Germany, in addition to the existing sales via Bäumker, and complementary to the existing Accell Group sales channels. The acquisition also offers new opportunities for sales of electrically-assisted bicycles.

Founded in 1931, Bäumker has developed a strong reputation as a reliable and respected supplied for the specialist retail trade. The company has around 35 employees and recorded turnover of around € 10 million in 2008, with a modest level of profit. The acquisition was financed from our own resources and will be consolidated in the results of Accell Group as from January 2010.

Continuous innovations

In addition to functionality, when it comes to offering consumers true added value product design also plays an important role. In 2009, Batavus introduced a new city bike, the BUB, Batavus Urban Bike. Batavus designed and developed the BUB inhouse. The design, with a striking paperclip frame and colourful lifestyle concept can be completed by the cyclist to their own wishes, thus creating a 'personal bike'. The shape also increases the stability of the bike, which results in better cycling behaviour. Batavus received no less than two awards for the BUB: the GIO, which represents good industrial design and the prestigious IF award for product design. It was the first time Batavus received this award.

Mission and strategy

Accell Group's ambition is to be a trendsetter in the field of development and sale of sustainable consumer goods for short-distance mobility, fitness and active recreation. In doing so, Accell aims to achieve the following:

- a stimulating environment for its employees;
- a pro-active response to sustainable trends, such as 'more exercise and healthier living';
- a healthy and sustainable return for its shareholders.

In practical terms, this mission translates into the following strategic premises:

- creating innovative and distinctive products and services that appeal to consumers;
- positioning, promoting and further developing strong brands, by combining locally strong brands, often with a long history, with international top brands, to offer the consumer the most complete range of options possible;
- supporting the expert retail trade in their sales to consumers;
- organic volume growth by increasing the market shares of the existing brands and the realisation of turnover growth through the introduction of innovative high-grade products, with Accell Group making above-average investments in R&D;
- gaining complementary business, through acquisitions and other means, to realise further growth;
- utilising the synergies of the companies within Accell Group;
- investing in the skill and know-how of its employees;
- operating with the greatest possible consideration for people and the environment;
- consistently managing costs and revenues to improve operational margins.

Accell Group has leading positions in the Netherlands, Belgium, Germany, France, Finland and the United States. Accell Group's ambition is to further strengthen these positions and gain leading positions in other countries in the future.

Explanation of strategic premises

Innovative and distinctive products

Accell Group will continue to use its current brands and marketing strategy to supply innovative bicycle and fitness products that appeal to consumers. At a time when consumers are keeping a closer eye on their disposable income, Accell Group has noticed that large groups of consumers continue to opt for quality and added value. This makes it increasingly important to provide added value. Comfort, design and safety play major roles in this. This means active brand support, intensive cooperation with the specialist retail trade and targeted marketing at points of sale and directed at consumers will continue to be key issues.

Strong brands and innovation

Accell Group focuses on the mid-range and higher segments of the market. In these segments, where consumers are willing to make an extra investment, strong, high-profile brands, both nationally and internationally, are the key to success. An important strategic challenge for Accell Group is to ensure that these brands provide consumers and specialist retailers with sustainable added value. Continuous investments and a clear focus on innovation and design are therefore essential in these segments. Constant innovation and adaptation of the products to the wishes of discerning consumers ensure that the Accell Group brands and products remain attractive to their specific target groups and creates opportunities to further strengthen and develop Accell Group's strong market positions both nationally and internationally. The Accell Group companies must operate close to the market and must be able to respond to consumers' specific demands quickly, for instance through the production of small(er) series or custom-made products.

Intellectual property

Accell Group attaches great importance to the subject of intellectual property. Its brands have spent years investing in the development of widespread name recognition and a strong image, as well as the development of recognisable bicycle icons in the product range, and these represent a great deal of value which must be protected against possible abuse and infringements. Accell Group regularly takes action against third parties to protect its investments.

In addition to brand and model protection, Accell Group also makes considerable investments in technical innovation. Important finds, such as the manually adjustable stem, the integrated battery in the frame and various frame suspension systems are just some of the results. The R&D departments of various subsidiaries launch new discoveries and product improvements every year. Accell Group therefore holds many (internationally registered) patents.

Cooperation retail trade

Close cooperation with the specialist retail trade and distributors is vital for Accell Group. They are in the best position to guarantee the highest levels of service to the end user. Recent research in the Netherlands shows that consumers still see specialist retailers, which have an 80% share of the markets for new bicycles, as the most reliable partner when it comes to advice and the purchase of a new bicycle. The importance of the specialist retailers continues to increase, partly because of the rising average prices and the complexity of the products.

Especially when this involves relatively expensive purchases, consumers attach great value to service, especially during the actual purchase (advice and assistance) and afterwards (including checks, final assembly and ready-to-ride delivery). The specialist retail trade is also a key sounding board for Accell Group when it comes to taking stock of the ever changing demands of consumers. The internet plays an important role in the cooperation with the retail trade when it comes to providing information and service. For instance, the various Accell Group brands are seeing steady growth in the interest in their online facilities for the assembly of so-called custom-made bikes. Accell Group is not new to e-commerce. Advanced systems are also used in the specification of custom-made bikes. These allow consumers or dealers to easily put together and order a bicycle. Thanks to data linking, the information and order needs of the specialist retailer and the bike data are recorded meticulously. This initiative is part of Accell's response to what research reveals is one of the major wishes of the retail trade: further improvements in the field of logistics performance and automation.

Chain digitalisation

Accell Group continues to develop Accentry, an ordering system for bikes, fitness and parts, which allows dealers to find and order products easily. Accentry is now used by virtually all subsidiaries. This order system was further expanded in 2009. In addition to easy ordering, the system now also allows dealers to have deliveries automatically entered into their own store system and have part of their product range stocked up automatically. The system knows the number of items and records any sales. Once the stock in the store reaches a pre-set minimum, the item is ordered and delivered automatically. By comparing the turnover data and market data, the best possible product range can be recommended. This form of chain automation generates considerable efficiency gains.

Organic growth and acquisitions

Accell Group realises its growth through both organic growth and acquisitions. In 2009, once again considerable attention was devoted to the acquisitions strategy, which is based on the premise that candidates must be complementary and also add true value in terms of returns and synergy in the short term. This means that acquisitions are assessed on the basis of their value and are never made at all costs. The acquisitions of Hellberg and Bäumker described in this annual report clearly meet these criteria.

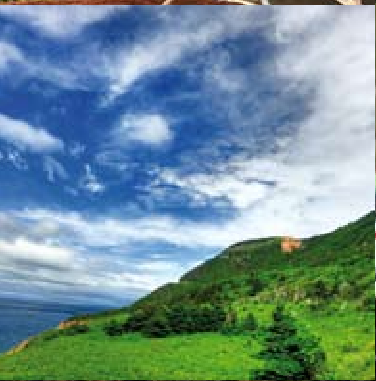
Production with respect for people and the environment

Accell Group attaches great value to environment-friendly production methods. The paint shops at the production facilities in Heerenveen and Hungary are among the most modern in Europe. They use 100% water-based paints and acrylic top coatings, eliminating emissions of harmful substances. The company takes the environment into account at all its production facilities. For instance, packaging materials are recycled where possible, both internally and externally, and suppliers increasingly provide products with minimum packaging. Accell Group is constantly working on projects for improvements in this field, both within its own organisation and at its suppliers.

Accell Group selects its suppliers on the basis of stringent criteria. Integrity and responsibility are important issues for Accell Group and this also applies to the parties involved in the production and sourcing process. Accell Group's standards are laid down in a code of conduct for suppliers. These standards cover subjects such as a












ban on child labour, forced labour and discrimination, safety standards, environmental standards and working conditions. Accell Group continuously strives to improve the working conditions inside group companies and its suppliers.

Investing in employees

The employees of the various Accell Group subsidiaries are considered important stakeholders. Accell Group therefore strives to provide its employees within the group with a challenging working environment in line with their personal abilities and ambitions. Accell Group offers an open and professional corporate culture and good training and career opportunities. Many of the group's employees are entitled to a share in the profit of the company they work for. Accell Group regards its employees' safety and health as of paramount importance. The Board of Directors greatly appreciates the efforts of employees at all of the Accell Group subsidiaries in 2009.

Structure: continuous management of costs and revenues

The group has an organisational structure of subsidiaries that bear primary responsibility for their market positions. Accell Group maintains the holding function in this strategy and in addition to strategy it is responsible for matters including treasury, financial control, business development, legal and tax, investor relations and the coordination of marketing, product development, production planning and procurement. Most of the group's IT activities are also centralised. The company operates a uniform computer system wherever possible.

Synergy benefits are gained by integrating back-office activities. Computer systems developed in-house make it possible to control the operating companies effectively with limited indirect organisation.

The group works continuously on synergy in other areas, too, such as the intensification of partnerships with suppliers and the reciprocal exchange know-how related to product development and innovations. Developments in the fields of electrically-assisted bikes, safety and comfort, and the development of new parts and accessories are important to all the group brands.

Accell Group works together with its subsidiaries on the strategy governing the market position of the various brands, procurement, production-allocation and human resources. The subsidiaries are responsible for implementing the strategy.

Development E-bikes

Accell Group continues to set the tone with innovation and development of the functionality of electrically assisted bikes, E-bikes. For instance, Sparta's Heart Support Module was nominated for the 2010 bicycle innovations award (Fiets Innovatie Award). This module allows the peddle assistance of the Sparta ION® to be controlled by the rider's heart rate. This 'self-regulating' mechanism produces a new and very comfortable cycling experience. The Koga Miyata E-Light was awarded the title bike of the year 2010 (Fiets van het Jaar). The jury emphasised that the E-Light demonstrates that electrical assistance is now entirely fitting with the status of sporting bikes and the use for commuter traffic. These developments show that electrically assisted bikes are gaining an increasingly broad audience, partly because these bikes are the solution to daily mobility at longer distances.

Sound and Sustainable

Accell Group is actively responding to the important sustainable and current global trends and developments:

→ An ageing population, characterised by a growing number of older, healthier people who want to remain active, socially and mentally, as well as physically.

→ The increasing attention from governments – on an international level – directed at safe infrastructure for bicycles, inside and outside cities, as a solution for mobility problems.

→ Serious attention for the environment and measures to reduce car use in favour of alternative forms of transport, in particular for short distance mobility.

→ Broad concern across society for the issue of obesity, which is giving rise to numerous initiatives to get people to take more exercise.

→ The growing interest and preference among consumers for active ways to spend leisure time (“more exercise”) and the accompanying wishes in the field of design, sustainability, safety and comfort.

Accell Group is responding to these sustainability trends by providing products with a recognisable and distinctive added value. Innovations are geared primarily towards contributing to a change in behaviour in the field of mobility and a healthier lifestyle. And this involves more than just product innovation. Accell Group is therefore involved in a broad range of activities in this field, both inside and outside the company.

Differences in markets and regions

The Dutch market

The bicycle market is extremely differentiated in global terms. The Dutch market, for instance, is exceptional: Dutch people on average own more than one bicycle per person and use their bicycle for a very broad range of purposes: from commuter traffic to sports to leisure time activity. This could mean that the Dutch no longer need convincing that “cycling more” makes a considerable contribution to improved health, the environment and less congestion on the roads. However, research shows that cars are still frequently used to travel shorter distances. So even in the Netherlands considerable attention is still needed to encourage the use of bicycles, especially in the context of mobility.

In line with this, two major mobility sector lobby groups, BOVAG and the RAI Vereniging, have developed a manifesto entitled ‘Sustainable en route: towards a fully-fledged place for bicycles in mobility’, to encourage bicycle use. This includes the ambition to have bicycles account 45% of trips under 7.5 kilometres by 2020, compared with 35% now. This would lead to a 25% reduction in car movements at that distance. BOVAG and the RAI Vereniging have together formulated a number of action points that will be used to developed a plan of action to be carried out with the help of various partners (corporate, local and national government). Accell Group fully endorses this initiative.

International developments

The bicycle plays a different role in the majority of countries where Accell Group is active. Generally speaking, bicycles are used more for recreational or sports purposes, while the use of bicycles for commuter traffic or short-distance mobility is less common. However, there have been numerous developments in recent years and, partly as a result of the above-mentioned social trends, the bicycle is slowly but surely being discovered as a solution for short-distance mobility and other purposes.

There are growing number of initiatives to stimulate the use of the bicycle as a short-distance means of transport. The hotly discussed French bicycles projects, which gave residents of major cities including Paris and Lyon access to bicycles, have a received a great deal of attention and set the tone for other initiatives. The Velo-City 2009 conference in Brussels, for instance, resulted in the Brussels Charter, a set of measures to which various European cities have committed. These include realising improved facilities, such as bicycle parking facilities and anti-theft measures, as well the active encouragement of cycling to school and work. Velo-City also returned the bicycle to the top of the European Commission's agenda. In addition to the substantial investments in the bicycle infrastructure in the European regions (an estimated € 600 million in the period 2007-2013), the Commission will also devote even more attention to the promotion of the bicycle.

EuroVelo

Accell Group makes an active contribution to these initiatives where ever possible. To give one example, Accell Group is the main sponsor behind EuroVelo, a project of the ECF, the European Cyclists' Federation. The organisation is advocating the development of a network of high-quality cycle routes in Europe. These routes are aimed at both tourists covering long distances on bicycles and for local residents' every day 'work traffic'. EuroVelo is an interesting project, which should create a network of bicycle routes that in time will rival the network of motorways across Europe.

From Copenhagen to New York

Accell Group obviously devotes considerable attention to events which can be used to put bicycle use in the limelight. For instance, Koga was represented at the UN Climate Summit in Copenhagen, the largest (environment) event in 2009. Together with the 'green' hotel Crown Plaza Copenhagen, Koga made a number of its Tesla E-bikes available to the delegates during the summit. A green alternative to the usual limousines, taxis and buses. The E-bikes were 'filled up' from the green energy generated by the solar panels that cover the new hotel. This initiative generated considerable publicity in the international media.

Batavus developed a similar initiative around the celebration of the 400th anniversary of the city of New York. With these celebrations in mind, the company designed a special and unique bicycle, which complies with the specific US safety standards. Dutch Crown Prince Willem Alexander and his wife Princess Maxima rode the bikes along the Hudson river, and this received considerable publicity, not in the least because New York mayor Michael Bloomberg is a big supporter of the promotion of bicycle use in New York. The 200 Batavus bikes later were made available for cycling lessons and training courses in bicycle maintenance in various deprived neighbourhoods of New York.

Annual report

Transport and conveyance

A changing view of mobility also means that the bicycle has become more important as a means of transport. Accell Pro focuses entirely on the B2B market with bicycles for professional use. For this market we develop tailor-made solutions, including those for mail and parcel deliveries, inner city bike rental projects and industry bikes. These products are obviously built to withstand intensive everyday use, and using a modular system that enables us to deliver client-specific products. Accell Pro, together with experts in the field of bicycle parking and secure parking, has developed an entirely new bike rental concept for inner city mobility. The system can be used for parking of both rental and privately-owned bikes. The advanced electronics produce the optimum mix of ease of use, system management and maintenance. This development made use of the competencies and experience within Accell Group, in particular in terms of our R&D and testing facilities. The company's know-how in the field of electrically-assisted bikes is also gaining in importance in this market segment.

The operational cycle of Accell Group

Market research

The bicycle market is highly segmented at an international level. Each country has its own defining market characteristics distinguished by types of bicycle, average price, quality, 'look and feel' of the bicycle and distribution method. The diversity of the markets in which Accell Group's companies operate requires a varied and carefully balanced brand policy aimed at presenting a specific image for each brand and each country. These nationally strong brands, often backed by a long history and tradition, are combined with international top brands to ensure that consumers are offered the most complete range of choices possible.

Market research

The fitness market is less fragmented than the bicycle market. The product characteristics are more universal, and there is a single product portfolio for global sales and marketing. Most of Accell Group's bicycle and fitness brands are 'familiar faces': highly renowned brands that call for a unique and specific approach. All of the companies regularly carry out market research as a basis for charting the ever-changing requirements of demanding consumers. The companies communicate with consumers through consumer panels and targeted surveys. Also intensive contact is maintained with the specialist retail trade for that purpose. The exchange of information about consumer behaviour and trends is coordinated at group level, the premise being 'efficiency in inspiration'. This avoids overlapping research and promotes the optimum exchange of information and ideas.

Design


Design

Operating close to the market means that each brand has its own design and development teams that focus on the development of new parts, models and colours. It is also important to consumer research at this stage (through consumer panels for example) to assess the development process and adapt it where necessary. Product design is an important distinguishing factor. What the consumers want always comes first in that respect. The design and development teams come up with a new range every year, often with a focus on innovation and design. The use of electronics is also becoming increasingly important. Each brand has its own unique positioning. The holding optimises the positioning of the individual brands.

Marketing

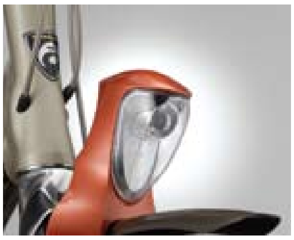

Marketing

The bicycle market differs in each country. In addition to a number of international top brands, Accell Group has a number of strong national brands that operate in their own market based on their own positioning. Many of these brands are trendsetters, with strong market shares in their own national markets. Operating close to the market enables the companies to respond directly to their customers' wishes. This translates into the shortest possible time-to-market for new products and innovations. Each brand has its own marketing organisation that produces a tailor-made brand strategy for its markets. For this a wide range of communication channels is being used, both thematically and in the form of direct marketing to the consumer and the retail trade.

Sponsoring is an increasingly important instrument for generating attention for brands, especially for those with international operations. In 2009, Batavus, Koga-Miyata and Lapierre were visibly represented at the main cycling events, such as the Vuelta in Spain and the Tour de France. Ghost and Lapierre are always frequently visible at the main mountain biking competitions. The cyclists of the Redline team scored some important victories during the European and World Championships. And looking ahead to the 2012 Olympic Games in London, Accell Group is cooperating with famous sports personalities in the various cycling disciplines, including world champion Marianne Vos, who may compete in multiple competitions (track, road, field).

Development

The group devotes a great deal of attention to various long-term innovation projects and to the exchange of knowledge. Thanks to the central coordination, Accell Group can apply innovations broadly right across the group. Partnership and team building in product development and production result in cost savings and accelerated innovation projects, and all of this combined translates into a shorter time-to-market.


Development

The year 2009 once again saw a large number of innovations and the cross-group application of these innovations by the Accell Group brands. The ongoing development of the ION® technology for electrically-assisted bicycles will be a high priority, partly because Accell Group wants to maintain and further expand its technological lead in that field. We will devoting attention to various aspects of this technology. In addition to further perfecting the design (including application in multiple bicycle models), we will also be devoting attention to the durability and sustainability of the batteries (quality, life, action radius, recycling) and the potential to recharge these quickly and at any given time. Brands such as Sparta, Batavus, Koga-Miyata, Lapierre, Winora and Hercules in turn translate the developments in the basic technologies for incorporation into their product ranges. They each have a complete and very up-to-date range of electrically-assisted bicycles. E-bikes are also being introduced in markets where they are relatively unknown, such as North America.

The interest in custom-made bicycles is still growing. The internet and web technology mean a consumer can put together his or her bike completely to their own specifications, often in consultation with a specialist retailer. Demanding consumers very much appreciate the advice and the service offered by the dealer: they provide the finishing touch when it comes to advice and final assembly and remain a key service partner for the consumer. The Koga-Miyata (‘Koga Signature’), Lapierre (‘Webseries’), Staiger (‘Sinus’) and Hai Bike brands have ample experience with programmes for custom-made bicycles.

In 2009, a broad range of Accell Group innovations and initiatives once again made national and international headlines, including:

GIO Awards for Batavus

GIO stands for Goed Industrieel Ontwerp (Good Industrial Design) and Batavus received two of these awards in 2009. Firstly an award for the safety handlebars, modern and sturdy handlebars on the brand's boys bike, which was designed to increase safety and at the same is appealing to young cyclists. The shock absorbing construction prevents boys from hitting their heads on the handlebars if they brake suddenly.

IF-award

The big eye-catcher in 2009 was the BUB, the Batavus Urban Bike. The BUB, with its striking paperclip frame and colourful lifestyle concept was designed and developed in-house at Batavus. The design is striking and the cyclist has the option to complete the bike to their own requirements to create a personal bike. The design also boosts the bike's stability, which results in improved riding behaviour. In addition to the GIO award, Batavus also received the prestigious IF Award 2010 for product design. The professional jury for the IF awards consists of respected and famous designers from all over the world. It was the first time Batavus had received the award.

Koga-Miyata Kimera technology

The development of the Kimera track bike for the Dutch track cyclists team, used in the World Championships and Olympic Games for instance, generated considerable publicity in 2008. In 2009, this top of the range carbon fibre technology, which allows for the construction of extremely lightweight and strong frames, can be found in all Koga-Miyata's top models. The Koga FullPro2Light is an ultra-light racing model weighing less than 6 kilograms. The technology is also used in the sporty touring bikes, such as the TerraLinerCarbolite, a sporty touring bike with a full range of deluxe accessories and an unprecedented low weight of 10.8 kilograms.

Development and design E-bikes

The continued development of the electrically-assisted bicycle is a perfect example of the cooperation between companies within Accell Group. Accell Group continues to set the trend when it comes to innovation and the development of functionality. Sparta was recently nominated for the 2010 Fiets Innovatie bicycle innovation award for its development of the Heart Support Module. This regulates the pedal assistance of the Sparta ION® bikes according to the cyclist's heart rate. This self-regulating mechanism creates a whole new cycling experience. When the heart rate increases,

the pedal assistance does too, to reduce the heart rate and make cycling more comfortable. This makes changing the support level unnecessary. The current heart rate is shown on a display on the handlebars. Because it allows cyclists to choose a target rate based on the desired level of effort, the Sparta ION® can in fact also be seen as a piece of cardio-fitness equipment.

Accell Group aims to use constant innovations to maintain and confirm its leadership in the market for electrically-assisted bicycles. The technology is now used by many of its subsidiaries, which obviously translate the technology to suit their brands' respective market positions and values. For instance, the Koga Miyata E-Light was designated Bicycle of the Year 2010. The jury noted in its comments that the bicycle was selected for more than the fact that the electrically-assisted bicycle provides a pedal assistance to ensure extremely light cycling comfort. The jury focused on the fact that Koga clearly demonstrates that electrical assistance is now entirely in line with the status of sports cycling. It also makes the E-Light remarkably suitable for commuter traffic, as the E-Light is fitted with high-grade components suited to the average higher speed at which this bike is ridden. Combined with the relatively low weight of 23.1 kilos, this means the Koga E-Light offers ample cycling and user comfort.

These developments are helping to eliminate the traditional image of electrically assisted cycling as something for the elderly and infirm.

Sourcing and production

Accell Group works closely with a number of production companies in Europe and Asia for the sourcing of its components and constantly evaluates whether that collaboration working optimally. The company outsources of (parts of) the assembly process when this is the best option in economic and quality terms. The majority of the assembly operations take place relatively close to the market. The fast and efficient production of small series is extremely important due to the fact that Accell Group focuses on the mid-range and top segments of the market. The growing demand for specialty and custom-made products makes this even more important.

Sourcing and production

Accell Group has production facilities in the Netherlands, Germany, France, Hungary and Belgium. Assembly close to its markets makes the company much more flexible, especially in terms of responding to its customers' wishes. Whenever possible, Accell Group invests in the use of modern production technologies. However, the bulk of assembly of Accell Group's products are assembled manually. Accell Group successfully manages to put high quality products on the market time and again.

All of Accell Group's production facilities devote a great deal of attention to internal training and equipping employees for multiple tasks. In addition, a number of employees in the production departments are employed on the basis of flexible and temporary contracts. This enables us to respond to seasonal changes in productions levels.

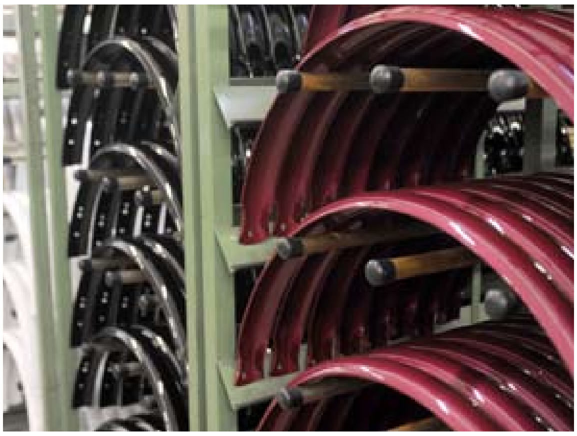
Sales and after market service

Sales

The individual operating companies are primarily responsible for their own product sales. They are close to their customers and know what is happening in the market. If and when possible or necessary, the various companies do cooperate in terms of bicycle sales. Companies active in the sale of parts and accessories also work closely together. Size and scale can be a major advantage in these trading activities.

International sponsoring supports strong brands

Sponsoring is an important tool for the internationally active brands to draw attention to themselves. In 2009, Batavus, Koga-Miyata and Lapierre were very visibly represented at major cycling events such as the Vuelta (in Spain) and the Tour de France. The visible presence at these events makes a notable contribution to a positive reception of new collections of racing bikes. This also applies to large events and races for mountain biking, where the Lapierre and Ghost show themselves. Redline booked notable successes in the BMX segment (Bicycle Motor Cross) during the European and World Championships. With a view to the upcoming Olympic Games in 2012 in London, the various Accell Group brands will once again collaborate with well known sports personalities and teams to bring the brands to the attention of a broad audience.



Distribution

Accell Group believes the best way to distribute its products is through intensive cooperation with and support for the specialist retail trade. Specialist retailers are in a perfect position to guarantee end-users the best possible service levels. The specialist retail trade is also developing rapidly: points of sale are becoming larger and more modern which creates opportunities for intensive cooperation in service, support, in-store marketing and direct marketing. Armed with the knowledge that 80% of purchase decisions is made in the store itself, the various brands are devoting considerable attention to in-store marketing. The specialist retail trade is and will remain an important partner for Accell Group. The majority of consumers considers specialist retailers an important partner for advice and service, especially in the 'after sales' process that involves the final checks and assembly and ensuring that a bicycle is ready for immediate use. These services are an important part of the added value of the Accell Group brands.

Distribution

Accell Group believes that a healthy and strong specialist retail trade is vital and supports this in the broadest sense of the word. One way it does is by organising informative and inspiring trade fairs and the like for the discussion of technical developments and the organisation of marketing and sales.

Accell Group's in-store marketing and sales support includes the XLC display system. XLC is a premium Accell Group brand for bicycle parts and accessories. All components companies within the group deliver products for the XLC range, which was developed because consumers were becoming more demanding in terms of the appearance, comfort and life span of their bicycles. The market for bicycle parts and accessories is also growing. The XLC display system responds to this trend in a number of ways. First of all, it is much easier for consumers to see the wide range of quality parts and accessories that are available. In addition, the specialist retail trade is given the opportunity to present this increasingly popular product group in a very professional manner. The professional display of the XLC quality products gives an extra impulse to the turnover of bicycle parts and accessories.

In 2009, Bikes & More Dealer Support was introduced, a joint initiative of the brands Batavus, Juncker Bike Parts, Koga-Miyata and Sparta. Bikes & More is a complete package of various services focused on shop-floor presentation and communication. These services, which are offered as a modular system, can be used to provide advice on and realise a set-up for the interior and exterior of a store. The overall store concept includes modules for the organisation according to brands and segments, the routing in the store, the shelf plan and the placement of accessories. But it can also be used for advice on construction issues, training courses for more professional entrepreneurship and the possibility of financing the changes. The specialist retail trade is enthusiastic about the The Bikes & More initiative.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Shareholders information and investor relations

Listing

The Accell Group share is traded on the official market of the NYSE Euronext in Amsterdam. As from September 2008, the Accell Group share has been included in the Amsterdam Small Cap Index (AScX).

The share

On 31 December 2009, a total of 10,017,084 ordinary shares with a nominal value of € 0.02 had been issued.

The closing share price as per year-end 2009 was € 29.17 (2008: € 18.00). An average 22,000 shares were traded per trading day. The closing price of € 29.17 as per 31 December 2009 amounts to a share price increase of around 62% compared with the closing price of 31 December 2008 (€ 18.00).

Turnover in shares Accell Group over 2009*

	Number of shares	Amounts (€ x mln)	Highest price (€)	Lowest price (€)	Closing price (€)
January	190,545	3.2	19.20	15.80	16.29
February	420,147	7.5	19.59	15.82	19.00
March	260,241	4.8	19.20	17.80	18.41
April	319,039	6.7	23.50	18.42	21.83
May	289,465	6.7	25.50	21.50	24.12
June	417,303	10.9	27.59	23.95	27.30
July	678,733	19.4	31.50	26.41	31.10
August	802,456	26.6	35.25	28.76	33.60
September	749,940	25.2	34.97	31.75	32.52
October	521,177	17.3	35.00	30.91	33.15
November	390,078	12.5	34.82	28.19	28.86
December	723,578	21.5	30.45	28.50	29.17
Total	5,762,702	162.3			

*source: NYSE Euronext

Pursuant to the Financial Supervision Act, the Netherlands Authority for the Financial Markets (AFM) published the following summary of shareholders in Accell Group reporting investments of 5% or more in the issued capital of Accell Group.

Disclosing party	Equity participation in %	Potential voting rights in %
ASR Nederland N.V.	5.75%	5.75%
Aviva Plc	9.94%	9.94%
Boron Investments N.V.	5.19%	5.19%
Darlin N.V.	7.40%	7.40%
Delta Deelnemingen Fonds N.V.	6.94%	6.94%
R.J.H. Kruisinga	6.90%	6.90%
J.H. Langendoen	5.13%	5.13%

Dividend policy

When the Accell Group share was listed on Euronext Amsterdam in 1998, it was announced that the company would pursue a stable dividend policy, aimed at paying out at least 40% of net profits. In 2009, the company paid out an optional dividend of € 1.42 on each outstanding ordinary share for 2008. The payout ratio was 48% of net profit, and the dividend yield was 7.7% (based on the 2008 closing price). 32% of Accell Group's shareholders opted once again for a stock dividend, despite a specific need for cash at the beginning of 2009 in connection with economic circumstances. This confirms shareholder confidence in Accell Group and also contributes to the strengthening of the company's shareholder's equity, which is an important basis for the company's continued growth.

Dividend proposal 2009

The shareholders will be asked at the Annual General Meeting of Shareholders to approve payment of a dividend for 2009, optionally payable in cash or shares, of € 1.58 per share. The dividend yield based on the closing price at the end of 2009 will be 5.4%. The pay-out ratio for 2009 is 48% and is therefore in line with the dividend policy and unchanged when compared with previous years.

An optional dividend makes it possible to operate a higher payout ratio while retaining a strong balance sheet for future acquisitions. Accell Group takes the view that this is perfectly in line with its growth strategy. As well as a high dividend yield for the shareholders, the optional dividend also improves the company's solvency. The Board of Directors believes that this dividend yield and type of dividend compares favourably with other listed companies.

Investor relations

Accell Group aims to provide its shareholders, potential shareholders and other stakeholders with all relevant financial and similar information as effectively and as timely as possible, in order to provide more insight into the company and the sector. To this end, financial results are published in the form of press releases. Accell Group organises meetings with analysts and the (financial) media to present and explain its full-year results and half-year results. The annual results for 2008 and the 2009 first-half results were both presented to (major) shareholders, press and analysts.

In addition to this regular flow of information, Accell Group has an active investor relations policy, targeting both professional and private investors. In 2009 for instance, Accell Group organised a number of international road shows during which analysts and investors were provided with information about the strategy, operating methods and activities and given the opportunity to meet the management. In addition, the company arranged regular meetings and guided tours for investors and shareholders at the various companies and gave regular interviews with (financial) newspapers and magazines.

The corporate website, www.accell-group.com, includes general information about the company, the latest news, presentations from the Board of Directors, information about corporate governance, annual reports, financial results and shareholder information, press releases, the financial calendar and information about transactions in Accell Group shares by directors.

Blauwe Bord Award

In November 2009, during the 31st Day of the Investor, Accell Group received the Blauwe Bord award, an annual award from the Dutch shareholders association (VEB) for a person or organisation that has made the most impressive contribution to the interests of the Dutch shareholders.

The VEB praised the Accell Group, among other things, for being an example of a listed company that continues to sail its own course despite the credit crisis or other external circumstances. The VEB also pointed out that Accell Group has a clear strategy, and has been doing what it is good at for many years with excellent results, which has made it a more than good investment in the past ten years.

Accell Group considers the award a great compliment for all staff at the group and as recognition for the successful long-term strategy which has also yielded good results for the shareholders.

Financial calendar 2010

The following publication dates and other relevant dates are on the calendar for 2010:

Date	Event
22 April 2010	Publication trading update
22 April 2010	Annual General Meeting of Shareholders
26 April 2010	Ex-dividend
28 April 2010	Record date for dividend
29 April -14 May 2010	Decision period optional dividend
17 May 2010	Determination of stock dividend exchange rate
19 May 2010	Payment of dividend
23 July 2009	Publication of half year results 2010
16 November 2010	Publication trading update

Corporate governance

The Board of Directors and Supervisory Board are responsible for the corporate governance structure of Accell Group and for compliance with the Dutch Corporate Governance Code.

Accell Group has always conducted a consistent policy in terms of improving its corporate governance in line with the Dutch and international developments. As reported in previous annual reports, Accell Group has acted in accordance with the Tabaksblat Code since 1 January 2005.

On 10 December 2008, the Frijns Committee presented an updated version of the Dutch Corporate Governance Code, which was subsequently published in the Dutch Government Gazette 2009, no. 18499, dated 3 December 2009 (the “Code”). This Code was designated by Order in Council on 10 December 2009 (Bulletin of Acts, Orders and Decrees 2009, 545) as the code of conduct with which listed companies must comply in the reporting in their annual reports as from the financial year 2009.

This section of the annual report first describes the corporate governance structure of Accell Group and subsequently explains where and why Accell Group deviates from the principles and best practice provisions of the Code.

Corporate governance structure

General

Accell Group is subject by law to the full two-tier board regime. The corporate governance structure of Accell Group is partly recorded in the articles of association. The full text of the articles of association can be found on the website (www.accell-group.com under ‘Corporate Governance’, ‘Articles of Association’).

Board of Directors

The Board of Directors is responsible for managing Accell Group and thus for the company achieving its goals, for the strategy and accompanying risk profile, the result development and the social aspects of entrepreneurship relevant to Accell Group. The Board of Directors is accountable to the Supervisory Board and the Annual General Meeting of Shareholders (“General Meeting”) on these issues. In the performance of its duties, the Board of Directors focuses on the interests of the company and its associated enterprise and in doing so weighs the relevant interests of the parties involved in the company. The Board of Directors provides the Supervisory Board with all the information that the Supervisory Board may need to fulfil its duties.

The Board of Directors is responsible for compliance with all relevant laws and regulations, for the management of the risks associated with the company's business operations and for the financing of the company. The Board of Directors reports on same and discusses the internal risk management and audit system with the Supervisory Board. One of the risk management tools Accell Group uses is the Code of Conduct posted on the website (under 'Corporate Governance'). This annual report includes a chapter titled 'Risks and Risk Management, which describes the internal risk management and audit systems in more detail.

Certain important decisions of the Board of Directors require the approval of the Supervisory Board, such as decisions on share issues and the establishment and/or termination of long-term alliances between Accell Group and other companies. The General Meeting's approval is required for decisions of the Board of Directors regarding significant changes to the identity or character of the company or the enterprise.

On 23 April 2009, the General Meeting granted the Board of Directors a mandate to acquire shares in the company's own capital. The mandate was granted under the following conditions:

→ the mandate would remain in effect for 18 months;
→ the Supervisory Board's approval would be required for the acquisition of shares in the company's own capital;
→ the number of shares would not exceed 10% of the issued share capital; and
→ the acquisition price would not exceed 110% of the average price on the preceding five trading days.

The agenda for the General Meeting of 22 April 2010 once again includes a proposal to grant the Board of Directors a mandate to acquire shares in the company's own capital under the same conditions as those set out above.

Decisions to issue shares are taken by the General Meeting, insofar as and as long as it has not appointed another company body to do so. The preferential right can be limited or excluded by the company body authorised to pass resolutions on issuing shares provided that said right is assigned expressly to that company body. A resolution of the General Meeting of 23 April 2009 has extended to 1 May 2011 the period in which the Board of Directors is empowered with the approval of the Supervisory Board, to:

→ issue cumulative preferential shares B;
→ issue ordinary shares up to a maximum of 10% of the outstanding share capital; and
→ limit or exclude the preferential right upon the issuance of ordinary shares.

The agenda for the General Meeting of 22 April 2010 includes a proposal to extend that term to 1 May 2012.

The Board of Directors represents the company insofar as the law does not stipulate otherwise. Each member of the Board of Directors has the authority to represent the company. If Accell Group has a conflict of interests with one or more members of the Board of Directors, the company will be represented by a member of the Supervisory Board appointed for said purpose by the Supervisory Board.

The Supervisory Board determines the number of members of the Board of Directors and appoints or dismisses the members of the Board of Directors. At the moment, the Board of Directors has three members. The Supervisory Board may appoint one of the directors as chairman of the Board of Directors.

In 2008, the Supervisory Board drew up a new remuneration policy for the Board of Directors. The remuneration policy, as modified by the Supervisory Board, was adopted at the General Meeting of 24 April 2008 and was also sent to the Central Works Council for review. The agenda for the General Meeting on 22 April 2010 includes a technical adjustment of the remuneration policy. A brief explanation of the proposed adjustment of the remuneration policy can be found on page 16 of this annual report in the chapter titled "Report from the Supervisory Board".

The Supervisory Board determines the remuneration of the individual members of the Board of Directors, using the policy adopted by the General Meeting. The Supervisory Board also compiles an annual remuneration report, which contains an explanation of the remuneration of the individual members of the Board of Directors. A summary of the main points of the Supervisory Board's remuneration report for 2009 is included in the chapter titled 'Report of the Supervisory Board' in this annual report.

Supervisory Board

It is the responsibility of the Supervisory Board to supervise the policy of the Board of Directors and the general developments in Accell Group and its affiliates. In addition, the Supervisory Board provides the Board of Directors with advice and support. In the fulfilment of its duties, the Supervisory Board is guided by the interests of Accell Group and its affiliates. Accordingly, it takes into account the interests of all those involved in Accell Group, as well as the social aspects of entrepreneurship that are relevant to Accell Group. The Supervisory Board receives all the information required for the performance of its duties from the Board of Directors in a timely manner.

The Supervisory Board has drawn up regulations which include the distribution of its tasks and its operating methods. The regulations include a section on its interaction with the Board of Directors, the General Meeting and the Central Works Council. The regulations are published on the Accell Group website (under 'Corporate Governance', 'Supervisory Board').

The Supervisory Board comprises at least three members (currently four). The General Meeting appoints the members of the Supervisory Board based on nominations submitted by the Supervisory Board. The General Meeting can reject the nomination with an absolute majority of the votes cast, these representing at least one-third of the issued and paid-up capital. If the nomination is rejected, the Supervisory Board shall draw up a new nomination. In the event that the General Meeting fails to appoint the nominated person and also fails to reject the nomination, the Supervisory Board shall appoint the nominated person. The Supervisory Board announces the recommendations simultaneously to the General Meeting and the Central Works Council. The General Meeting and the Central Works Council are entitled to recommend candidates for membership of the Supervisory Board. The Supervisory Board will fill the nominations for one-third of the positions on the Supervisory Board with persons recommended by the Central Works Council, unless the Supervisory Board objects to said recommendation and provides grounds for same.

A member of the Supervisory Board shall retire no later than the date of the first Annual General Meeting held four years after his or her initial appointment to that position and in such instance immediately at the end of said meeting. Members of the Supervisory Board may be appointed to the Supervisory Board for a maximum of three four-year terms. The members of the Supervisory Board receive a remuneration to be determined by the General Meeting. The Supervisory Board has drawn up a retirement schedule, which is published on the Accell Group website (under 'Corporate Governance', 'Supervisory Board').

In accordance with the Code, the Supervisory Board has decided to refrain from setting up separate audit, remuneration or selection and nomination committees. Instead, the Supervisory Board has taken responsibility itself for the duties of these committees.

General Meeting

Key authorisations reside with the General Meeting, such as powers regarding decisions to amend the articles of association and rules and regulations, legal mergers and spin-offs, and the adoption of the financial statements. In addition, the General Meeting determines the remuneration policy for the members of the Board of Directors. A General Meeting is convened at least once a year.

The General Meeting is chaired by the chairman of the Supervisory Board. All matters discussed and resolved in the General Meeting are recorded in the official minutes of the meeting. Accell Group considers it important that as many shareholders as possible participate in the decision-making processes of the General Meeting. Shareholders and other holders of voting rights are therefore offered the opportunity to issue voting proxies or voting instructions ahead of the General Meeting. The Board of Directors was delighted that the General Meeting of 23 April 2009 was attended by shareholders representing 45.4% of the total number of outstanding shares.

External auditor

The General Meeting appoints the external auditor. The auditor reports their findings with respect to the audit of the financial statements simultaneously to the Board of Directors and the Supervisory Board and records the results of their findings in a statement. The General Meeting may question the external auditor about their statements regarding the accuracy of the financial statements and the external auditor attends said meeting and is authorised to speak at same for that reason. The Supervisory Board has nominated the company's current external auditor, Deloitte Accountants B.V., for reappointment for the audit of the financial statements for 2010. The reappointment of the external auditor is on the agenda of the General Meeting of 22 April 2010.

Regulations

The Board of Directors has drawn up an internal code of conduct incorporating the basic principles that apply to the way in which employees of Accell Group and all of its group companies should conduct themselves. The complete text of this internal code of conduct is available on the Accell Group website (under 'Corporate Governance').

Accell Group has laid down its requirements for parties involved in the production and sourcing process in a code of conduct for suppliers. These requirements relate to issues including the prohibition of child labour, involuntary labour and discrimination, safety requirements, environmental requirements and labour conditions. The code of conduct for suppliers is available via the Accell Group website (under 'Corporate Governance').

The Board of Directors has laid down a whistleblower regulation and published same on the Accell Group website (under 'Corporate Governance'), so employees are able to report on alleged irregularities within Accell Group and its associated companies without harming their legal position.

The Rules of Procedure on Inside Information established by the Board of Directors aims to provide rules to support the legal stipulations to prevent trade with inside information. The basic premise of the Rules of Procedure on Inside Information is that people should not enter into or recommend transactions in Accell Group shares and other financial instruments within the meaning of the Financial Supervision Act (Wet op het financieel toezicht) if they have inside information. Under the Rules of Procedure on Insider Information, members of the Board of Directors, Supervisory Board and so-called designated persons at Accell Group are subject to various closed trading periods, announced by the Board of Directors or the compliance officer, in which they are not allowed to conduct any transactions, regardless of whether they have inside information or not. In line with the Rules of Procedure on Inside Information, people with a reporting obligations must report transactions they have conducted to the compliance officer. The members of the Board of Directors and the Supervisory Board also have to report their transactions to the Netherlands Authority for the Financial Markets (AFM).

Corporate governance policy

Conflict of interests in transactions

No transactions involving a conflict of interests, as specified in best practice provisions II.3.4, III.6.3 and III.6.4 of the Code, occurred in the 2009 financial year. The regulations applicable to the Supervisory Board include rules for dealing with potential conflicts of interest involving members of the Board of Directors, members of the Supervisory Board and the external auditor in relation to Accell Group. Furthermore, they determine the types of transaction that require the approval of the Supervisory Board.

Protective measures

To protect the continuity of Accell Group and its stakeholders, in 1998 Accell Group entered into a put and call agreement with Stichting Preferente Aandelen Accell Group (Accell Group Preference Shares Foundation – referred to below as “the Foundation”) with regard to preference shares.

Pursuant to said agreement, Accell Group has granted the Foundation the right, initially until 1 July 2009, to take such a number of cumulative preference shares B that after said acquisition the Foundation holds at least one half minus one share of the total issued (increased) capital.

Having obtained the permission of the Supervisory Board, the Board of Directors on 30 March 2009 decided to extend this call option until 1 July 2019. The amended put and call agreement between Accell Group and the Foundation came into effect on 2 April 2009. The Board of Directors’ decision to enter into a new put and call agreement and the content of said agreement were explained during the General Meeting of 23 April 2009.

Pursuant to the amended put agreement, the the Foundation is obliged to take the number of shares that will make it the holder of one half minus one share of the issued (increased) capital whenever Accell Group issues cumulative preference shares B. Accell Group may issue cumulative preference shares B at any time when it believes there is a threat to the independence and/or continuity and/or identity of the company, the associated enterprise and the parties involved in same.

Pursuant to a decision by the General Meeting dated 23 April 2009, the Board of Directors, subject to the approval of the Supervisory Board, will be entitled to issue cumulative preference B shares until 1 May 2011. An extension of the period, until 1 May 2012, will be requested at the General Meeting to be held on 22 April 2010.

Pursuant to the amended call agreement, the Foundation is entitled, until 1 July 2019, to subscribe for the number of cumulative preference shares B that makes the the Foundation holder of one half minus one share in the issued (increased) capital after said subscription. The Foundation is entitled to exercise this right any time it believes there is a threat to the independence and/or continuity and/or identity of the company, the associated enterprise and the parties involved in same.

Pursuant to the amended put and call agreement, the Foundation has the right to make an appeal for an inquiry (as meant in article 2:345 of the Dutch Civil Code) with the Corporate Chamber of the Amsterdam Court of Appeal. The articles of association of the Foundation were amended to this end on 19 March 2009.

The main aim of the Foundation, which has its registered offices in Heerenveen, the Netherlands, is to represent the interests of Accell Group and its associated enterprise, such including enterprises which are maintained by the companies with which it is affiliated in a group and all parties involved in same. In doing so, the Foundation, safeguards to the greatest possible extent the interests of Accell Group and its associated enterprise and all parties involved in same, while at the same time resisting as much as possible any influences which may affect the independence and/or continuity and/or identity of the company and its associated enterprise in conflict with those interests.

The board of the Foundation consists of three board members, namely Mr. H.M.N. Schonis, Mr. B. van der Meer, and Mr. H.A. van der Geest. In the joint opinion of the company and the board of the Foundation, the Foundation is independent from the company within the meaning of Section 5:71, paragraph 1c of the Financial Supervision Act.

In the event of a threat to the continuity of (the policy of) the company, also including a (potential) public bid on the company's shares which is considered a hostile takeover bid, the issue of cumulative preference shares B enables the company and its Board of Directors and its Supervisory Board to establish their joint position in relation to the bidder and their plans, to investigate alternatives, and to defend the interests of the company and its stakeholders.

Compliance with the Code

Accell Group in the past complied with most of the principles and best practice provisions stipulated in the Tabaksblat Code. Accell Group is currently in compliance with most of the principles and best practice provisions stipulated in the Frijns Code (the "Code"), insofar as these are applicable to the company. Accell Group holds the view that it is in its own best interest to deviate from the principles and best practice provisions as specified below due to the nature and character of the Accell Group organisation.

The points below outline in more detail why and to what extent Accell Group deviates from the stated provisions.

→ Best practice provision II.1.1
This provision refers to a system stipulating the appointment of directors for a maximum of four years. However, the present members of the Board of Directors have been appointed for an indefinite period. Accell Group has decided to respect the contractual status quo of the present members of the Board of Directors. Nevertheless, in the future, new members of the Board of Directors will generally be appointed for a maximum period of four years.

→ Best practice provision II.2.5
Shares allocated to the members of the Board of Directors provisionally have to be held for a period of only four years each time rather than five years. The Supervisory Board considers a period of four years long enough to establish the commitment of the members of the Board of Directors to the interests of the company.

→ Best practice provision III.4.3
In view of the size of the company, Accell Group has refrained from creating a position for a secretary to the company. The tasks of the secretary as described in best practice provision III.4.3 are performed by the deputy chairman of the Supervisory Board. Accell Group reviewed its decision on this subject in the past year and once again decided not to appoint a company secretary.

→ Best practice provisions and III.6.5
The members of the Board of Directors and the Supervisory Board currently fulfil no other executive or supervisory positions at other publicly listed companies. Therefore, there is no reason for a regulation laying down rules pertaining to the ownership of and transactions in securities by members of the Board of Directors and the Supervisory Board other than those issued by their own company: that is, preventing the possible use of insider information. Accell Group may reconsider its position on this matter if members of the Board of Directors or the Supervisory Board should hold positions in other publicly listed companies in the future.

→ Best practice provision IV.3.1
Best practice provision IV.3.1 requires that analyst meetings, analyst presentations, presentations to investors and press conferences be externally accessible via webcasting, telephone lines or other means. In view of the organisation involved by the aforementioned types of broadcasts and the current size of the company, Accell Group has decided not to comply for the time being.

→ Best practice provisions IV 3.13
At moment Accell Group has not outlined the basis framework of a policy on bilateral contacts with shareholders. Accell Group will outline such policy and publish said on its website.

→ Principe V.3
In view of the size of the company, Accell Group does not have its own internal audit department.

→ Regulation article 10 of the Takeover Directive
Below is an overview of the information required under article 1 of the Regulation article 10 of the Takeover Directive:

a. The company capital is € 650,000 divided into 32,500,000 shares with a nominal value of € 0.02 each, divided into 13,750,000 ordinary shares, 2,500,000 cumulative preference shares F, and 16,250,000 cumulative preference shares B. As of 8 March 2010, the issued and paid-up capital of Accell Group amounts to € 200,341.68 divided into 10,017,084 ordinary shares with a nominal value of € 0.02 each.
b. The company has no statutory or contractual limitation on the transfer of shares, with the exception of the statutory blocking provision with respect to the transfer of cumulative preference shares F.
c. An overview of substantial participations in Accell Group is included on page 48 of this annual report.
d. There are no extraordinary voting rights attached to the shares issued by the company.
e. Accell Group does not have an auditing mechanism for an employee share scheme.
f. There are no limitations on the execution of the voting rights attached to ordinary shares.
g. The company is not aware of any agreements in which a shareholder of the company is involved and which may cause limitations on the transfer of shares or limitation of the voting rights.

h. The provisions for the appointment and dismissal of members of the Board of Directors and the Supervisory Board and changes to the articles of association are incorporated in the articles of association of the company, which can be consulted on the Accell Group website (under 'Corporate Governance').
i. The powers of the Board of Directors and in particular their right to issue shares in the company and acquire shares in the company are described above on page 52.
j. A number of agreements between the company and its financiers include the provision that the financiers have the right to dissolve the agreements and reclaim the loans issued prematurely in the event of a substantial change to the control over the company following a public bid as meant in article 5:70 of the Financial Supervision Act.
k. The company is not aware of any agreements with directors or employees which provide for a payment in the event of the employment being terminated following a public bid as meant in article 5:70 of the Financial Supervision Act.

Risks and risk management

Introduction

There are inherent risks related to Accell Group's commercial activities and organisation. Strategic, operational and financial objectives may not be met in full and the company also faces risks in the field of financial reporting and the application of laws and regulations. The extent to which the company is willing to run these risks in trying to achieve its goals differs per risk category. Accell Group has a relatively high risk appetite related to innovation, development and marketing. At the same time, the company has a low level of risk appetite when this relates to product safety. The risks the company is not willing to take on independently have, to the extent possible, been transferred to an insurance company. The management of risk management is an important part of the tasks of the company management, aimed at having a positive impact on the extent to which the company's objectives are realised.

Risk analysis

The results of Accell Group are affected by the general economic conditions and the economic outlook of the countries in which the company is active. The conditions in the key purchasing markets also play a role.

Below you will find an explanation of the main risks the company faces and the way in which Accell Group has organised its risk management. The following overview – not arranged in any particular order – is not a complete list of risks to which the company is exposed.

Marketing and development

The brand strategy of Accell Group demands continuous innovation and the development of attractive products, due in part to developments at its competitors. This challenge must also be met in the long term. There is a risk that Accell Group will fail to develop and market sufficiently innovative products. Changes in consumer awareness of brands and products also play a role. Accell Group continuously invests in the development of its brands and products, and the availability of talented and motivated managers and staff is a key factor in this respect.

Seasonal sales and logistics risks

Turnover is subject to a great extent to seasonal influences. Bicycles are sold primarily in the spring and summer, while fitness equipment sales peak in the autumn and winter. There is a risk that the company will not be able to respond adequately in time, which could put pressure on timely deliveries. The weather may also affect seasonal sales. Poor weather in the spring and/or particularly hot or bad weather in the summer may have a negative impact on the demand for bicycles. Accell Group uses seasonal production and sales plans and aims to constantly improve the predictability of its sales. The company also aims to be as flexible as possible in its response to supply and demand during the season. Accell Group does not use hedging products to cover the impact of the weather.

Product liability

Defects in products may result in injury to and claims from end users. The negative impact on the company may include financial damage and/or damage to its reputation. Increasing self-awareness among consumers is a key development in this respect. The company takes great care to ensure the quality and safety of its products. To this end, it uses tools such as standards partly based on laws and regulations, test and control systems, and recall scenarios.

Acquisitions

Accell Group's growth strategy is partly dependent on acquisitions. However, it is possible that acquisitions may not be in a position to meet expectations and the goals set. This pertains to estimates and assessments made during the acquisition process and also to integration following the acquisition. Secondly, it is possible that Accell Group cannot execute its acquisition strategy because it is not sufficiently successful in acquiring suitable companies.

Accell Group uses varying internal know-how and experience, and also hires external experts. The Board of Directors is always directly involved in an acquisition. The Supervisory Board must approve the acquisition. New companies are generally integrated into the group in the short term. Accell Group is constantly looking for and in contact with potential acquisition candidates.

Currency, interest rate and credit risks

The turnover, profit and cash flow of the company are subject to exchange rate fluctuations of non-functional currencies. This pertains primarily the US dollar and to a lesser extent the Japanese Yen. Changes in interest rates also affect the company results and cash flow. Accell Group seeks to minimise the impact of non-functional currencies and controls the transaction risk by covering the currency needs with derivatives. All derivatives used have an underlying economic basis. Accell Group has an active interest rate policy, partly through the use of interest rate swaps.

Import duties

Imports of bicycle components from outside Europe are subject to various types of duty. These are subject to a general import duty (5-15%), while certain countries enjoy discount rates. In addition, an anti-dumping duty applies to imports of bicycles from China and Vietnam. The regulation also applies to imports of specific bicycle components from China to prevent near-complete bicycles from being imported as if they were components. The main purpose of the regulations is to prevent the import of complete bicycles at unfair price levels. Bicycle manufacturers that import components for in-house assembly are exempt from this duty. All the Accell Group companies are exempt. The current duty for imports from China is 48.5%, and 34% for imports from Vietnam. The current duty will apply until 2010. There is a chance that the duty will be extended or that there will be an alternative duty. The absence of such a duty, or a substantial change to the level of the duty, could result in changes to the supply and demand structure in the European bicycle markets. Accell Group positions its bicycle range in the higher market segment. In terms of strategic positioning in this segment, quality and response time to market developments are of key importance. The share of assembly costs in the total cost price of bicycles in the higher segment is limited. This reduces the impact of a possible termination or substantial reduction of the import duty.

Risk management system

The company management's daily responsibilities include encouraging the realisation of the corporate strategy and objectives. The risk management system comprises the following components:

- Identifying and assessing the risks associated with the various strategic alternatives and formulating realistic objectives and associated control mechanisms;
- Identifying and evaluating the main strategic, operational and financial risks and the potential impact of same on the company;
- Developing a coherent system of measures to control, limit, avoid or transfer risks.

The risk management system is tailored to the size and decentralised structure of the company. Despite the risk management and control system, material errors, fraud and or violations of the regulations may occur. The system therefore provides no absolute certainty that objectives will be realised, but was developed to achieve a reasonable level of assurance as regards the effectiveness of management tools pertaining to financial and operational risks that may affect the organisation's objectives.

Roles and responsibilities

The Board of Directors is responsible for the set-up and operation of the internal risk management and control system. Market and operational risk management is, in principle, organized at operating company level. Management and control measures relating to acquisitions, treasury, financial reporting and taxation and legal issues are centralised at group level. The Supervisory Board is responsible for supervising the performance of the Board of Directors, and specifically monitors the strategic risks and the set-up and operation of the risk management and internal audit systems.

Risk management system

The Board of Directors and the management of the operating companies draw up periodical analyses of the strategic, operational and financial risks, which include an assessment of the control measures for the most important risks. The Board of Directors aims to constantly assess the system and improve same where necessary. The outcome relating to the main risks is discussed periodically with the Supervisory Board in the presence of the external auditor.

Financial planning cycle and management information

The various operating companies draw up a strategic plan each year based on the main development in the company's operating environment. Once harmonised and approved, these plans are translated into annual budgets. The consolidated strategic plan and budget are discussed with the Supervisory Board. Management information reports are compiled on a daily, weekly and monthly basis. Prognoses are drawn up at least three times a year. The budgets and prognoses are reviewed against the actual results on a monthly basis, and the outcome is reported to the Board of Directors.

Internal risk management and control system

To ensure the quality of the company's financial reporting and operational audits, Accell Group uses an extensive system of administrative organisation and internal controls. The internal control system is anchored, to a great extent, in the company's information systems.

Financial administration guidelines

The personnel of the financial departments are provided with directives and instructions pertaining to the set-up and maintenance of the financial administration and reporting systems. Details of these are provided in a reference document. The directives and instructions have been adjusted for compliance with the prevailing IFRS standards.

External audit

An annual audit plan is drawn up to review the quality of financial reporting. This targets the most important business processes. The audit of the financial statements is based on the assessment of the implementation and performance of operational directives and procedures. This assessment is carried out before the auditor's report on the financial statements is issued. It is reported in a formal letter to the management. The most important findings are discussed with the Supervisory Board.

Letter of Representation

All directors of operating companies each year sign a Letter of Representation, which is a detailed declaration related to financial annual reports and the existence and performance of the internal controlsystems.

Other risk management measures

→ On 1 December 2004, the Board of Directors of Accell Group drew up an internal code of conduct that was approved by the Supervisory Board. The Code of Conduct applies to all personnel of Accell Group and its group companies and is published on the Accell Group website.

→ The basic premises for the directors of Accell Group's operating companies are recorded in management regulations. These include detailed regulations on the subjects of internal decision making and communications.

→ In 2004, the Board of Directors introduced a whistleblower scheme to ensure that violations of existing policy and procedures could be reported without any negative consequences for the person reporting the violation.

Statement of the Board of the Directors

In accordance with Best Practice provision II.1.5 of the Frijns Code, and taking into account the aforementioned, the Board of Directors declare that the internal risk management and control system offers a reasonable level of assurance that the financial reporting contains no significant material inaccuracies. In the view of the Board of Directors, the risk management and control system performed adequately in the year under review and also expects the system to function adequately in the current financial year.

With reference to article 5:25c, paragraph 2, of the Financial Supervision Act and with due observance of the above, and based on the audit of the financial statements by the auditor, the Board of Directors state that:

- The financial statements as included on pages 69 through 126 of this report provide a true representation of the assets, liabilities and the financial position on the balance sheet date, as well as the profit for the financial year of Accell Group N.V. and the companies included jointly in the consolidation;
- The annual report as included on the pages 7 through 66 of this report provide a true representation of the situation on 31 December 2009, and the course of business at the company during the 2009 financial year. This annual report includes a description of the actual risks Accell Group faces.

The Board of Directors would like to note at this point that the internal risk management and control system is intended to identify and control significant risks to which the company is exposed, with due consideration for the nature and scope of the organisation. Such a system does not provide absolute certainty that objectives will be realized. Similarly, it is not possible to completely prevent potential material errors, damage, fraud or the violation of statutory regulations. Actual effectiveness can only be assessed based on the results achieved over the longer term.

Outlook

Despite more positive messages towards the end of 2009, it is still difficult to predict the economic developments for 2010. Accell Group's products and services are enjoying high levels of interest among consumers. The continuing trend towards healthy living, more exercise and a cleaner environment ensure that consumers are willing to spend their money on products with a recognisable added value in terms of innovation, comfort, environmental friendliness and safety.

Bicycles can make a contribution to the solution for mobility problems in cities and contribute to overall health through recreational use. The popularity of electric bicycles allows more people to use bicycles and use bicycles for commuter traffic. In addition, there is considerable consumer interest in the more expensive mountain bikes, sports bikes, racing bikes and bicycles for special target groups. With its strong brands, Accell Group continues to respond to the continuing demand for products with a high added value. Support for these brands, intensive cooperation with the specialist retail trade and targeted marketing at the points of sale and directed at consumers will continue to be focal points in 2010. Since the brands operate close to their markets and are capable of producing small series, Accell Group is able to respond relatively quickly to consumer demands.

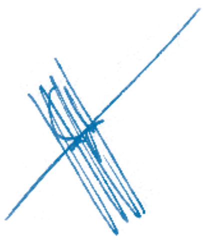
In 2010, Accell Group will continue to focus on realising further synergy benefits by optimising production and logistics processes and further boosting cooperation between the companies within the group. Increases in scale remain important to reap the benefits in purchasing, production, development and marketing.

In addition to organic growth, Accell Group may realise growth via acquisitions. Accell Group will continue to actively seek out possible acquisitions which fit into the profile and brand portfolio of the group. The conditions for such remain unchanged. Acquisitions must be complementary and add value to the group in terms of returns and synergies in the short term.

Outlook

Accell Group is convinced that bicycle use will increase in the coming years. Sustainability trends will continue to boost bicycle sales. On that basis, the company expects a further increase in turnover and result in 2010, barring unforeseen circumstances.

Heerenveen, March 8, 2010


R.J. Takens, CEO H.H. Sybesma, CFO J.M. Snijders Blok, COO

Notes to the financial figures

Accell Group saw its turnover increase by 6% in 2009 to € 572.6 million. Organic growth was 5% in 2009 and the remaining turnover growth came from the acquisition of Raul Hellberg Oy and associated companies ("Hellberg") (consolidated as per June 2009) and the acquisition of Ghost-Bikes GmbH ("Ghost") (consolidated as per 1 March 2008). The net earnings increased by 15% to € 32.7 million. Earnings per share rose by 12% to € 3.30 (2008: € 2.95). The balance sheet total increased by € 1.9 million to € 337.3 million (2008: € 335.4 million).

Turnover per segment

Turnover in the bicycles and bicycle parts segment rose by 9% in 2009 to € 543.0 million (2008: € 4908.6 million). Organic growth was 5% and the remaining turnover growth came from the acquisitions of Ghost in February 2008 and Hellberg in June 2009. A total of 986,000 bicycles were sold in the year under review, around 1% more than in 2008 (974,000). The average price per bicycle increased by 6% to around € 439 (2008: € 415). Accell Group's high-quality bicycle collection, aimed at the midrange and top segments of the market covers a wide range of models: from children's bikes to comfortable and luxurious city bikes and from electrically assisted bikes to exclusive trekking and racing bikes. The result for the segment increased by 5% to € 61,6 million (2008: € 58.6 million).

Turnover in the fitness segment dropped to € 29.7 million, from € 39.9 million in 2008. These activities account for around 5% of Accell Group's total turnover. The segment result fell to a loss of € 2.5 million, from a loss of € 0.7 million in 2008. Accell Group focuses its fitness activities on the midrange and top segments of the market and specifically at the home use market.

Accell Group's total turnover in the Netherlands increased and came in at € 236.7 million in 2009, from € 235.4 million in 2008. The contribution to turnover expressed as a percentage of total turnover was 41% compared with 44% in 2008. Turnover in Germany was up 14% to € 142.2 million (2008: € 124.6 million). The contribution to overall turnover increased to 25%, from 23%. Turnover in France increased 10% to € 57.5 million (2008: € 52.2 million) which means contribution to the overall turnover remained stable at 10%. The remaining countries realised turnover of € 136.1 million in 2009 (2008: € 125.8 million). This represents a share in the turnover of 24% (2008: 23%), with the turnover from Hellberg partly accounting for the increase.

Personnel

Total staff numbers in 2009 increased to 1,787 employees (2008: 1,778 employees). The total number of staff includes 305 FTE (2008: 322 FTE) with a temporary contract in line with the seasonal character of Accell Group's operations. The average turnover per employee increased by 6% in 2009.

Costs

The added value (net turnover minus materials costs and inbound transport costs) as a percentage of turnover was 36% (2008: 37%). The changes can be attributed to a shift in the type of products sold, a higher level of outsourcing, lower inbound transport costs and higher discounts towards the end of the season. We opted for higher availability and therefore greater inventories during the entire season to maximise turnover opportunities, which resulted in extra discounts in the second half of the year to enable sales of the remaining inventories. Absolute added value was up 3% to € 205.6 million (2008: € 199.0 million). Since most price agreements with suppliers last for the season, the effect of increases and decreases in the price of raw materials and parts during the season is only limited. We cover currency risks resulting from the purchase of components on a seasonal basis. This means currency benefits and/or risks during the season are limited.

Personnel costs were € 73.5 million in 2009 (2008: 71.5 million). Expressed as a percentage of turnover, personnel costs were 12.8% (2008: 13.3%). The average personnel costs per employee were down 3% in 2009. Other operating costs were € 75.0 million in 2009 (2008: € 71.6 million). As a percentage of turnover, other operating costs fell to 13.1% (2008: 13.4%). The operating results was up 8% in 2009 at € 49.7 million (2008: € 46.2 million). The operational margin (operating results as a percentage of turnover) increased to 8.7% (2008: € 8.6%). Interest costs were € 5.5 million in 2009 (2008: € 6.0 million).

Balance sheet total

The balance sheet total rose to € 337.3 million (2008: € 335.4 million). The acquisition of Hellberg has a limited effect on the balance sheet. Total working capital in 2009 was € 168.9 million (2008: 158.2 million) and in relation to turnover it was 29.5% (2008: 29.4%). With organic turnover growth at 5% the inventories and trade receivables remained virtually unchanged from last year. The effect of the Hellberg acquisition on the working capital is 2.6 million. The 16% drop in accounts payable compared to 2008 contributed to the higher net working capital excluding the consolidation of acquisitions in absolute terms by € 3.2 million (2008: decrease € 3.6 million). The capital employed remained stable at € 259.5 million) (2008: € 259.9 million). The return on capital employed was 19.2% in 2009, compared with 17.8% in 2008. The shareholders equity at year-end 2009 was € 151.8 million (2008: € 132.1 million). The solvency continued to increase and was 45.0% at the end of the year under review (2008: 39.4%). The net debt at year-end 2009 was € 85.6 million (2008: € 99.6 million) which meant the net debt ratio fell once again to 1.5 for the 2009 financial year (2008: 1.8). The operational cash flow before working capital was € 42.8 million (2008: € 38.8 million) while the cash flow from operational activities was € 39.3 million at year-end 2009 (2008: 42.4 million). The reduction in operational cash flow was largely due to the reduction in accounts payable.

financial statements 2009

Consolidated income statement

(in thousands of euros)

	2009	2009	2008	2008
Net turnover (1)		572,573		538,035
Cost of raw materials and components	366,946		339,005	
Cost of inventory change	-141		562	
Personnel costs (2)	73,528		71,540	
Depreciation and amortisation (3)	7,401		9,187	
Other operating expenses (4)	74,976		71,585	
		522,710		491,879
Operating profit		49,863		46,156
Result from subsidiaries (11)	193		178	
Financial income (5)	241		755	
Financial expenses (5)	-5,740		-6,708	
		-5,306		-5,775
Profit before taxes		44,557		40,381
Taxes (6)		-11,817		-11,814
Net profit		32,740		28,567
Earnings per share (7) (in euros)				
Earnings per share		3.30		2.88
Weighted average number of issued shares		9,928,065		9,671,409
Earnings per share (diluted)		3.25		2.84
Weighted average number of issued shares (diluted)		10,072,515		9,802,354

The figures following the various items refer to the notes on pages 88 through 115.

Consolidated balance sheet as at 31 December

Before dividend distribution (in thousands of euros)

Assets	2009		2008	
Non-current assets				
Property, plant and equipment (8)	61,219		61,329	
Goodwill (9)	26,702		25,273	
Other intangible fixed assets (10)	15,680		14,338	
Subsidiaries (11)	978		699	
Deferred tax assets (18)	6,174		5,407	
Other financial fixed assets (12)	2,933		3,183	
		113,686		110,229
Current assets				
Inventories (13)	137,835		136,050	
Trade receivables (14)	74,677		74,273	
Other financial instruments (20)	0		3,298	
Tax receivables	2,892		3,050	
Other receivables	7,363		7,880	
Cash and cash equivalents	849		640	
		223,616		225,191
Total assets		337,302		335,420

The figures following the various items refer to the notes on pages 88 through 115.

Equity & liabilities

	2009		2008	
Group Equity (15)				
Share capital	200		196	
Reserves	118,816		103,360	
Profit for the year	32,740		28,567	
		151,756		132,123
Non-current liabilities				
Subordinated loan (16)	0		500	
Interest-bearing loans (16)	59,836		65,216	
Provision for pensions (17)	4,110		4,175	
Deferred tax liabilities (18)	8,502		6,843	
Provisions (19)	9,512		17,118	
		81,960		93,852
Current liabilities				
Trade payables	43,615		52,166	
Interest-bearing loans and bank overdrafts (16)	25,812		33,926	
Other financial instruments (20)	4,424		2,303	
Tax liabilities	8,042		6,087	
Provisions (19)	11,013		3,155	
Other liabilities	10,680		11,808	
		103,586		109,445
Total equity & liabilities		337,302		335,420

Consolidated cash flow statement

(in thousands of euros)

	2009		2008	
Cash flows from operating activities				
Operating profit	49,863		46,156	
Result from subsidiaries (11)	193		178	
Interest paid and currency differences (5)	-5,417		-7,038	
Interest received (5)	248		609	
Corporate income tax paid (6)	-11,590		-11,132	
Depreciation and amortisation (3)	7,401		9,187	
Share-based payments (2)	207		234	
Movement in provisions	1,924		590	
Operating cash flows before changes in working capital		42,829		38,784
Movement in inventories	855		-8,225	
Movement in receivables	4,435		-2,799	
Movement in trade payables and other payables	-8,808		14,645	
Movement in working capital		-3,518		3,621
Net cash flows from operating activities		**39,311**		42,405
Cash flows from investing activities				
Investments in property, plant and equipment (8)	-6,612		-7,619	
Divestments of property, plant and equipment (8)	60		249	
Intangible fixed assets	-1,123		-2,937	
Financial fixed assets	338		248	
Acquisitions of subsidiaries (21)	-4,841		-20,179	
Net cash flows from investment activities		**-12,178**		-30,238
Cash flows from financing activities				
New loans	147		22,765	
Repayments of long-term loans	-6,335		-3,169	
Changes in bank overdrafts	-11,303		-27,121	
Cash dividend (22)	-8,711		-4,557	
Stock and option plans	-522		0	
Net cash flows from financing activities		**-26,724**		-12,082
Net cash flow		**409**		85
Effect of exchange rate differences on cash and cash equivalents		-200		347
Cash and cash equivalents as at 1 January		640		208
Cash and cash equivalents as at 31 December		**849**		640

Financial Statements

Consolidated statement of changes in equity

(in thousands of euros)

		Share capital	Share premium reserve	Revaluation reserve	Hedging reserve	Translation reserve	Statutory reserve	Other reserves	Profit for the year	Total equity
2008	**Balance as at 1 January 2008**	190	13,714	7,651	-1,547	-1,042	0	68,301	19,814	107,081
	Movement in statutory reserve intangible fixed assets						337	-337		0
	Realisation of revaluation through depreciation			-125				125		0
	Revaluation land and buildings			930						930
	Fair value adjustment of financial instruments				3,073					3,073
	Movement in deferred taxes			-204	-784			-144		-1,132
	Exchange rate differences arising on translation of foreign operations			-70		-1,652		-53		-1,775
	Changes in corporate income tax rate			6				-6		0
	Direct changes in equity in the year	0	0	537	2,289	-1,652	337	-415	0	1,096
	Profit for the year							19,814	8,753	28,567
	Total changes / profit for the year	0	0	537	2,289	-1,652	337	19,399	8,753	29,663
	Recognition of share-based payments (2)							234		234
	Cash dividend (22)							-4,557		-4,557
	Stock dividend	6	-6							0
	Options exercised									0
	Other movements							-298		-298
	Balance sheet as at 31 December 2008	196	13,708	8,188	742	-2,694	337	83,079	28,567	132,123
2009	**Balance as at 1 January 2009**	196	13,708	8,188	742	-2,694	337	83,079	28,567	132,123
	Movement in statutory reserve intangible fixed assets						1,047	-1,047		0
	Realisation of revaluation through depreciation			-103				103		0
	Fair value adjustment of financial instruments				-5,419					-5,419
	Movement in deferred taxes				1,382					1,382
	Exchange rate differences arising on translation of foreign operations			6		-55				-49
	Direct changes in equity in the year	0	0	-97	-4,037	-55	1,047	-944	0	-4,086
	Profit for the year							28,567	4,173	32,740
	Total changes / profit for the year	0	0	-97	-4,037	-55	1,047	27,623	4,173	28,654
	Recognition of share-based payments (2)							207		207
	Cash dividend (22)							-8,711		-8,711
	Stock dividend	4	-4							0
	Options exercised							-522		-522
	Other movements							5		5
	Balance sheet as at 31 December 2009	200	13,704	8,091	-3,295	-2,749	1,384	101,681	32,740	151,756

Consolidated statement of comprehensive income

(in thousands of euros)

	2009		2008	
Profit for the year		32,740		28,567
Revaluation land and buildings	0		930	
Fair value adjustment of financial instruments	-5,419		3,073	
Exchange rate differences arising on translation of foreign operations	-49		-1,775	
Movement in deferred taxes	1,382		-1,132	
Total comprehensive income for the year		28,654		29,663

Notes to the consolidated financial statements

For the financial year ending 31 December 2009

General information

Accell Group N.V. (hereafter: "Accell Group") in Heerenveen, the Netherlands, is the holding company of a group of legal entities. An overview of the data required pursuant to articles 2: 379 and 2:414 of the Netherlands Civil Code is enclosed on page 99 of the financial statements. Accell Group with its group of companies is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles, bicycle parts and accessories and fitness equipment.

Accell Group's consolidated financial statements 2009 have been prepared in accordance with the International Accounting Standards Board (IASB) standards as approved by the European Commission and applicable as of 31 December 2009.

The financial data of Accell Group are incorporated in the consolidated financial statements. An abbreviated income statement is therefore presented for the parent company, as permitted under article 2:402 of the Netherlands Civil Code.

Accounting policies

The consolidated financial statements have been prepared at historical cost, unless indicated otherwise. The accounting policies outlined below were applied consistently for all the periods presented in these consolidated financial statements.

Application of new and revised IFRS standards

Accell Group applied all new and amended standards and interpretations applicable to the year under review, as determined by the IASB and approved by the European Commission, which took effect for the period commencing on 1 January 2009.

→ IFRS 8 ('operating segments') is applicable to the reporting years commencing after 1 January 2009. IFRS 8 replaces IAS 14 and provides a number of additional criteria and regulations regarding the segmented information. The application of IFRS 8 did not lead to adjustments in segments reporting.

→ The revision of IFRS 2 ('share-based payments') is applicable as from the financial year 2009. This change explains that conditions for vesting conditions are only service period and performance related conditions and introduces 'non-vesting conditions'. This change had no effect on the reported profit and equity of Accell Group.

→ In the adjusted version of IAS 1 ('Presentation of Financial Statements') the term 'total comprehensive income' has been introduced. An summary of realized and unrealized income is added to the consolidated financial statements of Accell Group.

→ IAS 23 ('Borrowing costs') applies to reporting periods that commence on or after 1 January 2009, whereby earlier application is allowed. The most important change compared to the previous version is the cancellation of the option to account for borrowing costs directly as expenses, which concern assets for which the period required to be able to sell these assets is considerably long. This change has no material impact on the consolidated financial statements of Accell Group.

The following standards and interpretations are applicable as of the financial year 2010 and later:

→ The revision of IFRS 3 ('business combinations') and the corresponding revisions in IAS 27 ('consolidated financial statements and company financial statements') will apply as from the financial year 2010. In the new version of IFRS 3, transaction costs that can be attributed directly to the acquisition are no longer included in the consideration of the business combination. Furthermore, under IFRS 3, the acquiring party can opt with regard to each transaction whether to value the minority interest at fair value on the acquisition date or at the proportional interest in the fair value of the identifiable assets and liabilities of the acquired party. The changes have an effect on transactions as from the applicable date and not on the present consolidated financial statements of Accell Group.

Other changes in standards and interpretations, which have been approved by the European Commission and which will come into effect as from the financial year 2010, have not yet been applied. Accell Group is currently examining the influence of these changes.

No further explanation is provided regarding other changes and interpretations that were not yet approved by the European Commission on 31 December 2009.

Consolidation

The consolidated financial statements include the financial statements of Accell Group and its subsidiaries, being the group companies and other legal persons in which Accell Group has either a direct or indirect controlling interest with regard to the financial and operational policies.

The financial data of subsidiaries acquired during the year under review are consolidated as of the moment that Accell Group acquires a controlling interest. The financial data of subsidiaries disposed during the year under review are included in the consolidation until the moment that Accell Group ceases to hold a controlling interest. If necessary, the figures for the subsidiaries' financial statements are adjusted to bring the statements in line with the accounting standards applied by Accell Group.

The financial data of the consolidated subsidiaries are fully included in the consolidated financial statements after elimination of all intercompany balances and transactions. Unrealized profits and losses on intercompany transactions are eliminated from the consolidated financial statements.

Subsidiaries and joint ventures with an equity participation of 50% or less and in which Accell Group does not have a controlling interest are valued according to the equity method. Unrealized profits on intercompany transactions are eliminated pro rata based on the Accell Group interest in the company. Unrealised losses are also eliminated pro rata but only to the extent that there is no evidence for impairment.

A list of consolidated subsidiaries and non-consolidated subsidiaries is provided in note 11 to the consolidated financial statements.

Business combinations

Acquisitions of subsidiaries are accounted for by the purchase method of accounting. On the acquisition date, the acquisition price is applied to the sum of the fair value of the assets acquired, the liabilities incurred or assumed (at the date of exchange) and the equity instruments issued by Accell Group in exchange for the controlling interest in the company acquired, plus the costs that are directly attributable to the business combinations (irrespective to the extent of any minority interest).

Identifiable assets, liabilities and contingent obligations of the companies acquired that meet the criteria for accounting under IFRS 3 are recorded at their fair value on acquisition date. In compliance with IFRS 5, non-current assets (or groups of assets that will be divested) that are classified as “held for sale” will be recorded at their fair value less selling expenses.

Foreign currency

The balance sheet and income statement are stated in euro’s, which is the functional currency of Accell Group and the presentation currency for the consolidated financial statements. Receivables, debts and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date.

In order to hedge its currency risks, Accell Group uses derivative financial instruments. The basis for these currency derivatives is detailed under “Financial Instruments”.

Transactions in foreign currencies during the reporting period are recorded at the exchange rates applying on the transaction date. Currency differences arising from this conversion are recorded in the income statement.

Assets and liabilities of foreign subsidiaries are translated using the exchange rates applicable on the respective balance sheet dates. The income statements of foreign subsidiaries are converted at the weighted average monthly exchange rates applying for the periods involved. Differences arising from this conversion are recorded as a separate component of shareholders’ equity. These translation differences are recognized in the income statement at the time when the activities are sold.

Estimates

Accell Group makes certain estimates and assumptions when preparing the consolidated financial statements. These estimates and assumptions have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period being reported.

Important estimates and assumptions relate largely to provisions, pensions and other employee benefits, goodwill, deferred tax assets and liabilities. Actual results may differ from these estimates and assumptions.

All assumptions, expectations and forecasts that are used as a basis for estimates in the consolidated financial statements represent as accurately an outlook as possible for Accell Group. These estimates only represent Accell Group’s interpretation as of the dates on which they were prepared. Estimates relate to known and unknown risks, uncertainties and other factors that can lead to future results differing significantly from those forecasted.

Revenue recognition

Revenues comprise the fair value of the considerations received or receivable from sale of goods to third parties in the ordinary course of Accell Group activities, taking into account any discounts granted and value added taxes. Accell Group recognizes revenue when the amount of revenue can be reliable measured and it is probable that future economic benefits will flow to Accell Group. Revenues regarding the delivery of bicycles, bicycle parts and fitness equipment are recognized at the moment of delivery and/or transfer of legal title.

Corporate income tax

Corporate income tax consists of taxes currently payable and deferred taxes. Taxes currently payable are based on the taxable result for the year and are calculated on the basis of rates that are effective on the balance sheet date.
Differences between commercial and taxable results are caused by temporary and permanent differences. Deferred tax assets and liabilities are recorded for temporary differences between the values of assets and liabilities based on the accounting policies applied in the commercial accounts and those applied for tax purposes. The carrying value of deferred tax assets is assessed on each balance sheet date and is adjusted downwards insofar as it is unlikely that sufficient future taxable profits will be made.

Deferred taxes are calculated against the rate that is expected to apply at the time of settlement. Deferred taxes are recorded in the income statement, unless they are related to items that are directly included in shareholders' equity. In that case, the deferred taxes are also recorded in shareholders' equity.

Deferred tax assets and liabilities are balanced if there is a legal right to do so and the same fiscal authority levies the taxes.

Share-based payments

The company's long term incentive plan for the Board of Directors comprises of restricted shares and stock options. The Supervisory Board awards options and shares to the directors based on the realisation of targets set in agreement with the Board of Directors and the expected contribution that the members of the Board of Directors will make to the further development of the company. The option rights granted are unconditional once awarded and must be held for at least three years after they are awarded and have a of five years. Restricted share awarded as of 2009 are conditional. Two years after the initial award, the definitive number of restricted shares are determined based on the total shareholders return of Accell Group shares compared to the total return of the Midkap index of Euronext Amsterdam. After the definitive award restricted shares have to be held for another two years.

In addition, the company also has a restricted share plan for directors of subsidiaries that have made a significant contribution to the results of Accell Group. After the end of the financial year, conditional shares are allocated to the directors if the pre-determined targets for the financial year have been achieved.
Conditional shares become unconditional when a participating director is still dully employed by the company three years after the conditional awarding.

The option rights and share plans qualify as share-based payment transactions that can be settled in equity instruments and are stated at their fair value when awarded. Their fair value is recorded as expense on a straight-line basis during the awarding period, based on the company's estimate of the shares that will ultimately be awarded and adjusted to compensate for the effect of non-market-standard awarding conditions. The fair value of the option rights is determined using an option valuation model. The expected life used in the model is adjusted, according to the company's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Lease agreements

Lease agreements are classified as financial lease agreements if the economic advantages and disadvantages related to the underlying asset are largely at the risk and for the account of Accell Group. All other lease agreements are classified as operational lease agreements.
Lease payments for operational lease agreements are charged to expense on a straight-line basis over the duration of the agreement.

Property, plant and equipment

Land and buildings are valued at fair value, which is the fair value on the revaluation date, less accumulated depreciation and impairments. The reassessed value is determined based on valuation reports provided by independent appraisers using available market data. Such appraisals are conducted on a rotating basis, at least once every five years, in order to ensure that the carrying value does not differ materially from the fair value on the balance sheet date. All land and buildings were appraised again in 2008.

The revaluation of land and buildings is added to equity by means of a direct credit to the revaluation reserve. However, if and insofar as revaluation offsets a depreciation charge against the result in a previous period, then such an offset will be credited to the result. If the value of land and buildings must be reduced, then such a reduction is charged to the income statement. However, if and insofar as a reduction in value offsets a positive revaluation that was credited to the revaluation reserve in a previous period, then such a reduction in value will be charged to the revaluation reserve.

Depreciation of revalued buildings is charged to the income statement. Realised differences in value are transferred from the revaluation reserve to other reserves. When a building is sold, the accompanying revaluation reserve is transferred to other reserves.

Machinery and equipment are stated at historical cost less accumulated depreciation and any accumulated impairments.

Land is not depreciated. Depreciation of other tangible fixed assets is calculated on the basis of the straight-line method. As such, the cost price or revaluation value, less the residual value, is allocated to the expected economic life. The estimated economic useful life per category is:

Buildings	: 30 – 50 years
Machinery and equipment	: 3 – 10 years

The result of divestments of tangible fixed assets is equal to the difference between the proceeds from sale and the carrying value of the asset. The difference is accounted for in the income statement.

Impairment of non-current assets other than goodwill

On each balance sheet date, Accell Group tests whether there are indications that an individual non-current asset may be subject to impairment. If there are such indications, the recoverable amount of the asset involved is estimated in order to determine the extent to which impairment may apply. If it is not possible to determine the recoverable amount of the individual asset, then Accell Group determines the recoverable amount of the cash generating unit to which the asset belongs.

Impairment applies if the carrying value of an asset exceeds its recoverable amount. The recoverable amount is equal to the proceeds or value to the business, whichever is the greater, the business value being the present value of the estimated future cash flows from use of the asset and its ultimate disposal. An pre tax discount percentage is applied to determine present value, as such a percentage provides a good indication of the current market assessment of the money's time value and the asset's specific risks.

Impairment is charged to the result in the period in which it occurs, unless it relates to a revalued asset. In that case, the impairment is accounted for as a reduction of the revaluation.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets, liabilities and contingent obligations at the time that the subsidiary was acquired. Goodwill is initially accounted for as an asset and stated at cost. Goodwill resulting from the acquisition of a foreign activity is expressed in the functional currency of the foreign activity and is translated using at the exchange rate on balance sheet date.

Goodwill is measured at cost less any accumulated impairments. Goodwill acquired before 1 January 2004 is charged to other reserves, in accordance with the accounting principles generally accepted in the Netherlands that were applied by Accell Group until the end of 2003.

To determine whether any impairment has taken place, goodwill is attributed to the (group of) cash-generating units of Accell Group that are expected to benefit from the synergy created by the combination. Goodwill is tested annually for impairment and whenever indicators require earlier impairment. If the recoverable amount of the (group of) cash-generating units is less than its carrying amount the impairment loss is allocated first to reduce the carrying amount of the goodwill. The value that can be realized by the cash-generating unit is determined based on value in use, which is based on expected cash flows. These cash flows are based amongst others on realized results in the past and expectations in the future. Once a goodwill impairment loss is recognized, it is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in determination of the profit or loss on disposal.

Other intangible fixed assets

Research & Development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from development is recognised if, and only if, all the following criteria have been met:

- the asset is meticulously described and the costs can be identified separately;
- the technical feasibility of the asset has been sufficiently demonstrated;
- it is probable that the asset will generate future economic revenues;
- the development expenditures can be measured reliably.

If these criteria are not met, then the development costs will be recognized in the income statement in the period when expenses occur.

Capitalised development costs are amortised on a straight-line basis over the estimated economic useful life, which is expected to be three years.

Trademarks and patents
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Separately acquired intangible fixed assets are stated at fair values. Intangible fixed assets with a limited life, such as patents, are depreciated on a straight-line basis against the income statement over the expected economic life, which is generally estimated at five years. Assets with an unlimited life, such as trademark rights, are depreciated, but are adjusted for any impairment in value, as described under goodwill.

Inventories
Raw and auxiliary materials and finished goods are stated at the lower of either historical cost or net realisable value. Lower net realisable value is determined through valuation of individual inventory items.

Semi-finished and finished goods are stated at production cost or lower net realisable value. Lower net realisable value is determined through valuation of individual inventory items. Production cost includes direct material consumption, direct labour and machining costs, plus all other costs that can be attributed directly to production. The net realisable value is based on the expected selling price, less completion and selling expenses.

Financial instruments

Trade receivables
Trade receivables are initially recorded at fair value. Trade receivables are then subsequently recorded at amortised cost whereby using the effective interest rate method less a provision for impairment. Interest income is included on the basis of the effective interest rate unless the effect on the current liabilities is not material. The provisions are determined based on an individual assessment of the recoverability of the receivables.

Cash and cash equivalents
Cash and cash equivalents consist of petty cash and bank balances with a term of less than twelve months. Current account liabilities to credit institutions are included under current liabilities. Cash and cash equivalents are stated at fair value.

Bank loans
Interest bearing bank loans are initially recorded at fair value. Provided that these are material, transaction costs that can be attributed directly to procuring the loans are included in the valuation when recorded initially. These liabilities are initially recorded at amortised cost using the effective interest rate method. Considering the general characteristics of the bank loans, their nominal value can be considered to equal the amortised cost price.

Trade payables
Amounts due to trade creditors are initially recorded at fair value. These liabilities are then subsequently recorded at amortised cost using the effective interest rate method. Considering the short-term nature of these liabilities, their nominal value can be considered to equal the amortised cost.

Derivative financial instruments
Other financial instruments, such as currency future contracts, swaps and options used by Accell Group are stated on the balance sheet at their fair value. The fair value is determined either on the basis of the net present value of future cash flows or of the binomial option valuation model.

Cash flow hedging

Changes in the fair value of a derivative that is highly effective (and that is designated and qualifies as a cash flow hedge) are recorded in equity, until the income statement is affected by the variability in cash flows of the designated hedged item. To the extent that the hedge is ineffective, changes in the fair value are recognized in the income statement. In the event that the hedge results in the inclusion of a non-financial asset or non-financial liability, then the amounts that were included in shareholders' equity (in accordance with IAS 39.98b) are transferred to the initial cost price of the related asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognized in equity at that time remains in equity and is recognized in the income statement when the forecast transaction occurs. When a future transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately reclassified to the income statement.

Hedging of a net investment

Hedging of a net investment in a foreign entity is recorded in the same manner as a cash flow hedge. Changes in the fair value of the effective hedge are recorded in equity as translation reserve. To the extent the hedge is not effective, changes in the fair value are recognized in the income statement. Upon the disposal of a foreign entity, the cumulative value of the gains or losses, which were recorded in the translation reserve, are transferred to the income statement.

For hedging instruments that can be classified as a cash-flow hedge, Accell Group applies the following criteria:

(1) the hedge is expected to be effective in compensating for changes in anticipated future cash flows which can be attributed to the hedged risk;
(2) the effectiveness of the hedge can be reliably measured;
(3) the required documentation regarding the link between the hedged risk and the hedge instrument is on hand when the hedge instrument is present when the financial derivative is initiated;
(4) there must be a high probability that the recorded transactions will actually take place;
(5) the hedge has been assessed throughout its duration, and it has been determined that the hedge will be effective during the reporting period.

Provisions

General

Provisions are recorded to cover present legal or constructive obligations, arising from events on or before the balance sheet date, where it is likely that the company will have to meet these obligations and to the extent that the obligations can be estimated reliably. The level of the provisions reflects the best estimate of Accell Group on the balance sheet date regarding expected expenditures. If material, the liabilities are discounted to their present value.

Provisions for pensions

Defined benefit pension plans

The pension provision reflects the company's commitments arising from defined benefit pension plans. Individual rights to post-employment benefit plans are accumulated depending on criteria such as age, seniority and salary level. The liabilities under defined benefit pension plans are based on actuarial calculations. The present value of defined benefit pension entitlements is determined by the Projected Unit Credit Method of actuarial calculation.

Actuarial gains and losses are reflected in the income statement if and insofar as the amount of accumulated actuarial results that have not yet been reflected in the income statement at the beginning of the year should exceed the greater of either 10% of the present value of the claims awarded or 10% of the fair value of the fund investments. The results are reflected in the income statement on a straight-line basis over the remaining years that current employees are anticipated to participate in the respective plan.

Pension provision on the balance sheet relates to a capped defined benefit scheme set up at the time of the acquisition of one of the foreign subsidiaries.

Defined benefit pension plans accounted for as defined contribution schemes

The majority of the Dutch operating companies have transferred their pension plans to Metalektro, the pension fund for the metal industry. These schemes generally qualify as defined benefit plans. The industry sector pension fund has informed Accell Group that the pension plan of the members should be included under IAS 19 as a defined contribution plan. Member companies only have an obligation to pay annual pension premiums due. The member companies are under no obligation whatsoever to provide compensation for any deficits of the fund. The member companies are also not entitled to any existing surpluses. Member companies are subject to actuarial risks which relate to present and former employees of other companies, so that no consistent and reliable basis is available to allocate liabilities, plan assets and costs to the individual member companies.

Defined contribution plans

Liabilities under defined contribution plans are accounted for as expenses as soon as they are due. Payments under government pension plans are treated as payments under defined contribution plans if the liabilities of Accell Group are equal to the liabilities under a defined contribution plan.

Provision for deferred employee benefits

Other deferred personnel benefits, including anniversary bonuses, are based on actuarial calculations.

Provisions for warranties

The warranty provision represents the estimated costs under warranty obligations for supplied goods and services that are outstanding on the balance sheet date. For material amounts, discounting takes place to present value. Warranty claims are charged to the provision.

Cash Flow Statement

The cash flow statement is prepared using the indirect method. The cash balance in the cash flow statement consists solely of immediately available cash. Cash flows in foreign currencies are translated using the exchange rate on the transaction date. Receipts and expenditures for interest and corporation taxes are included in the cash flow from operational activities. Cash dividends are included in the cash flow from financing activities. The purchase price paid for acquisitions acquired during the year, as well as the selling price received for participations sold during the year, is included in the cash flow from investment activities. Non-cash items or effects are excluded from the cash flow statement. Currency translation effects on cash and cash equivalents in foreign currencies, are presented in the cash flow statement in order to have a reconsiliation between the cash and cash equivalents at the beginning and the end of the period.

Financial Statements

Information by segment

IFRS 8 requires Accell Group to identify operational segments separately on the basis of internal reports that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Accell Group identifies the following operational segment: bicycle & bicycle parts and fitness. Operating companies are not identified as an operational segment, but aggregated to one operation segment since operating companies show the same economical features and are also comparable in the nature of products, services and production processes, clients of their products and services and distribution channels of products and services. The bicycles and bicycle parts segment, which targets the middle and upper segments of the market, is extremely diverse: it ranges from children's bicycles to comfortable and luxury city bicycles right through to exclusive trekking and racing bikes, bicycle parts, and accessories. The fitness segments target the middle and upper segments and, more specifically, the home market.
Internal transfer prices between the operating segments are determined on a commercial basis, which is comparable to the approach adopted with third parties.

The sales to external customers reported in the geographical segments are based on the geographical location of the customers. The secondary segment information consists of information about the division of sales, assets and investments per country.

Notes

1) Net turnover

The net turnover can be specified as follows:

Turnover per product group:	2009 € x 1,000	2008 € x 1,000
Bicycles	433,474	404,159
Bicycle parts	108,952	93,891
Fitness	30,147	39,985
	572,573	538,035

Turnover and profit allocation per segment:

The segmentation is based on business segments as the risk and return profile of Accell Group is largely determined by the difference in the products that are manufactured. A distinction is made between two operational segments: bicycles & bicycle parts and fitness.

	Net turnover		Segment result	
	2009	2008	2009	2008
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	542,969	498,553	61,594	58,637
Fitness	29,748	39,893	-2,458	-679
Elimination of inter-segment turnover	-144	-411		
Goodwill impairment fitness			0	-2,306
Sub-total segments	**572,573**	538,035	**59,136**	55,652
Result from subsidiaries			193	178
Unallocated expenses			-9,273	-9,496
Financial income			241	755
Financial expenses			-5,740	-6,708
Profit before taxes			**44,557**	40,381

	Assets		Liabilities	
	2009	2008	2009	2008
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	296,230	284,051	139,507	134,304
Fitness	32,915	41,617	27,783	35,718
Unallocated	8,157	9,572	18,256	33,275
Sub-total segments	**337,302**	335,420	**185,546**	203,297
Equity			151,756	132,123
Balance sheet total			**337,302**	335,420

	Depreciation		Investments	
	2009	2008	2009	2008
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	5,258	4,958	9,052	39,057
Fitness	1,109	1,093	190	1,102
Unallocated	1,034	830	924	2,332
Sub-total segments	**7,401**	6,881	**10,166**	42,491

Geographical information:

The geographical segments are based on the physical location of the assets. The sales to external customers reported in the geographical segments are based on the geographical location of the customers.

	Net turnover		Non-current assets[1]	
	2009	2008	2009	2008
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
The Netherlands	236,723	235,410	36,195	53,837
Germany	142,234	124,583	43,797	26,408
France	57,493	52,228	2,844	3,045
Other EU countries	90,599	78,710	17,442	14,263
Other countries	45,524	47,104	7,234	7,269
	572,573	538,035	**107,512**	104,822

[1] Deferred tax assets are not included in the non-current assets, in accordance with IFRS 8.33b.

2) Personnel costs

The personnel costs are comprised of the following:

	2009	2008
	€ x 1,000	€ x 1,000
Wages and salaries	58,105	55,966
Social security charges	10,471	10,040
Pension contributions	3,334	3,688
Profit sharing	1,411	1,612
Share-based payments	207	234
	73,528	71,540

The remuneration of the Board of Directors and the Supervisory Board is covered in the notes to the company financial statements.

Share-based payments

The estimated fair value of the unconditional option rights granted to the Board of Directors in 2009 (share-based payment transactions to be settled in equity instruments) amounts to € 57,000 and is included in the income statement under personnel costs.

The fair value of the options has been determined using an option valuation model (Black-Scholes and Merton), applying the following criteria:

- weighted average share price: € 18.05
- exercise price: € 18.15
- expected volatility: 34.60%
- average duration of the option: 3.4 years
- dividend yield: 7.90%
- risk-free interest rate: 1.83%

The expected volatility was determined using the historical volatility of the equivalent period in the past from the moment of maesurement. In calculating the fair value of options, annual dividend payments in line with the company's dividend policy have been taken into account. The option plan for the Board of Directors is covered in the notes tot the company financial statements.

In 2009, 23,500 conditional shares were allocated to the Board of Directors with a share price of € 18.15 at the time of allocation. The fair value of the allocated shares is determined at the time of allocation and determined at € 144,000 whereby the various factors are taken into account which influence the final number of shares granted. The fair value will be charged to the income statement according to the straight-line method divided over the period between allocation and the time that the shares have become unconditional whereby adjustment will take place for the expected number to be distributed shares. As a result, € 48,000 has been charged to the income statement in 2009.

In addition, for the allocation of conditional shares to a number of directors of subsidiaries € 102,000 was recorded under personnel costs in 2009. The fair value is determined at the time of the allocation and will be charged to the income statement according to the straight-line method divided over the period between allocation and the time that the shares have become unconditional whereby adjustment will take place for the expected number of to be distributed shares.

In 2008, in total 6,900 conditional shares were allocated at a share price at the time of allocation of € 25.15 and in 2009, in total 10,250 conditional shares were allocated at a share price at the time of allocation of € 18.15.

3) Depreciation and amortisation

Depreciation and amortisation expenses are comprised of the following:

	2009	2008
	€ x 1,000	€ x 1,000
Depreciation of intangible fixed assets	540	347
Depreciation of property, plant and equipment	6,861	6,534
Impairment goodwill	0	2,306
	7,401	9,187

4) Other operating expenses

General, sales and business accommodation costs are also included in other operating expenses. The total operating expenses for the financial year include the following items:

	2009	2008
	€ x 1,000	€ x 1,000
Third-party research and development costs	1,796	2,449
Lease expenses	2,680	2,310
	4,476	4,759

5) Financial income and expenses

Financial income and expenses are comprised of the following:

	2009	2008
	€ x 1,000	€ x 1,000
Interest income	241	755
Interest expenses and bank charges	-5,623	-7,200
Exchange rate differences	-117	492
	-5,499	-5,953

The policy regarding interest and currency risks is covered in note 20, "Financial instruments and risk management".

6) Taxes

The effective corporate income tax charge is comprised of the following:

	2009	2008
	€ x 1,000	€ x 1,000
Current taxes	9,559	11,696
Deferred taxes	2,258	118
Taxes in income statement	11,817	11,814
Taxes based on the weighted average applicable rate	12,366	11,363
Non-deductible amounts	225	83
Non-deductible goodwill impairments	0	588
Participation exemption	-240	-45
Benefits from tax facilities	-84	-53
Deferred tax assets not carried forward	0	0
Adjustment of current taxes with regard to previous years	-244	60
Adjustment of deferred taxes with regard to previous years	-206	-182
Taxes in income statement	**11,817**	11,814

The effective tax burden in 2009 amounts to 26.5%. In 2010, Accell Group will contact the Dutch tax authorities on the applicability of the so-called patent/innovation box. Application will possibly have a positive effect on the current tax in previous years and coming years. As soon as it is probable that results of previous years will be taxed against lower rates and the amounts involved can be reliably estimated, Accell Group will record a tax receivable in accordance with IAS 12.

7) Earnings per share

The calculation of earnings per share and of diluted earnings per share is based on the following data:

	2009	2008
	€ x 1,000	€ x 1,000
Profit for earnings per share (net profit accruing to Accell Group N.V.'s shareholders)	32,740	28,567
Number of issued shares at year end	10,017,84	9,778,172
Weighted average number of issued shares for the earnings per share	9,928,065	9,671,409
Impact of share options and conditional shares on the issuance of shares	144,450	130,945
Weighted average number of issued shares (diluted)	10,072,515	9,802,354
Reported earnings per share	3.30	2.95
Reported earnings per share (diluted)	3.25	2.91
Adjustment factor according to IAS 33	1.00	0.97615
Earnings per share financial year	3.30	2.88
Earnings per share financial year (diluted)	3.25	2.84

8) Property, plant and equipment

The changes in property, plant and equipment are as follows:

	Land and buildings	Machinery and equipment	Total property, plant and equipment
	€ x 1,000	€ x 1,000	€ x 1,000
Fair value or cost			
Balance as at 1 January 2008	41,183	59,119	100,302
Investments	804	6,815	7,619
Investments as a result of business combinations	4,880	423	5,303
Change in revaluation	930	0	930
Divestments	-94	-155	-249
Currency translation differences	-593	-29	-622
Balance as at 1 January 2009	47,110	66,173	113,283
Investments	861	5,756	6,617
Investments as a result of business combinations	0	92	92
Divestments	0	-60	-60
Currency translation differences	89	13	102
Balance as at 31 December 2009	48,060	71,974	120,034
Accumulated depreciation			
Balance as at 1 January 2008	2,983	42,437	45,420
Depreciation	961	5,573	6,534
Balance as at 1 January 2009	3,944	48,010	51,954
Depreciation	1,006	5,855	6,861
Balance as at 31 December 2009	4,950	53,865	58,815
Carrying amount			
Balance as at 31 December 2009	43,110	18,109	61,219
Balance as at 31 December 2008	43,166	18,163	61,329

If the land and buildings would have been valued at historical cost less cumulative depreciation and impairments, the book value of the land and buildings as at 31 December 2009 would have amounted to approximately € 30.3 million (2008: € 30.0 million).

The right of first mortgage was established on a building and land with a book value of € 4.8 million as security for a bank loan up to an amount of € 2.1 million.

9) Goodwill

The changes in goodwill are as follows:

	2009 € x 1,000	2008 € x 1,000
Cost		
Balance at beginning of year	27,579	10,991
Additions as a result of business combinations	1,535	17,232
Currency translation differences	-106	-644
Balance at end of year	29,008	27,579
Accumulated impairments		
Balance at beginning of year	2,306	0
Impairments	0	2,306
Balance at end of year	2,306	2,306
Carrying amount		
Balance at beginning of year	25,273	10,991
Balance at end of year	26,702	25,273

Goodwill is reviewed annually for impairment or more frequently if there are indications that goodwill might have to be impaired. For the purposes of this review the goodwill is allocated to the cash-generating unit. The allocation is made to the cash-generating (group of) unit(s) that is expected to benefit from the business combination from which the goodwill arose. The cash-generating units used in the assessment correspond with the operational segments.

The carrying amount of the goodwill (with indefinite useful life) on the segment level can be specified as follows:

	2009 € x 1,000	2008 € x 1,000
Bicycles & bicycle parts	26,702	25,273
Fitness	0	0
	26,702	25,273

The following important assumptions were used in determining the value in use of the segment bicycles & bicycle parts and are based on historical exeperiences in specific markets and countries:

- Turnover development based on the historical average of the last 5 years (7.5%)
- Operating margin based on the average of the last 2 years (9.5%)
- Working capital development based on the historical average ratios in relation to the turnover (27%)
- A constant growth rate of 3% was used for the estimates of the perpetual cash flow after the initial period of 5 years.
- A weighted average cost of capital (before tax) of 7.4% was used for the discounting of the cash flows.

10) Other intangible fixed assets

The other intangible fixed assets concern trademarks, patents and development costs. The changes are as follows:

	Trademarks and patents	Development costs	Total other intangible fixed assets
	€ x 1,000	€ x 1,000	€ x 1,000
Cost			
Balance as at 1 January 2008	2,296	0	2,296
Investments	2,600	337	2,937
Investments as a result of business combinations	9,400	0	9,400
Currency translation differences	85	0	85
Balance as at 1 January 2009	14,381	337	14,718
Investments	75	1,047	1,122
Investments as a result of business combinations	800	0	800
Currency translation differences	-40	0	-40
Balance as at 31 December 2009	15,216	1,384	16,600
Accumulated depreciation			
Balance as at 1 January 2008	33	0	33
Depreciation	347	0	347
Balance as at 1 January 2009	380	0	380
Depreciation	540	0	540
Balance as at 31 December 2009	920	0	920
Carrying amount			
Balance as at 31 December 2009	14,296	1,384	15,680
Balance as at 31 December 2008	14,001	337	14,338

The investments in trademarks and patents in 2009 concern the valuation of the trademarks (€ 0.8 million) in connection with acquisitions. The trademarks consist for € 9.4 milion for the valuation of trademarks of the acquisition of Ghost last year. The development costs relate to a development project in connection with electric bicycles. Amortisation will start when the developed asset is put into use.

Amortisation expenses with respect to patents accounted for in the income statement under depreciations. The remaining amortisation term for patents is 3.5 years. Trademarks have a indefinite useful life since no predictable limitation to the useful life can be determined.

The carrying amount of the trademarks (with indefinite useful life) on segment level can be specified as follows:

	2009	2008
Bicycles & bicycle parts	12,516	11,682
Fitness	0	0
	12,516	11,682

Similar to goodwill, the trademarks with indefinite useful life are subject to impairment review.

11) Subsidiaries

The consolidated 2009 financial statements include Accell Group N.V., in Heerenveen, and the financial information of the following companies.

Consolidated subsidiaries	Participation percentage
Accell Duitsland B.V., Heerenveen, The Netherlands	100
Accell Fitness Division B.V., Almere, The Netherlands	100
Accell Fitness North America Inc., Kitchner, Canada	100
Accell Fitness Österreich GmbH, Graz, Austria	100
Accell Hunland Kft, Toszeg, Hungary	100
Accell Germany GmbH, Sennfeld, Germany	100
Accell IT Services B.V., Heerenveen, The Netherlands	100
Batavus B.V., Heerenveen, The Netherlands	100
Brasseur S.A., Liege, Belgium	100
Cycles Lapierre S.A.S., Dijon, France	100
Cycles France-Loire S.A.S., Andrezieux, France	100
E. Wiener Bike Parts GmbH, Sennfeld, Germany	100
Raul Hellberg Oy Ltd, Helsinki, Finland	100
Juncker B.V., Veenendaal, The Netherlands	100
Ghost-Bikes GmbH, Waldsassen, Germany	100
Koga B.V., Heerenveen, The Netherlands	100
Koga Trading A.G., Zurich, Switzerland	100
Lacasdail Holdings Ltd., Nottingham, United Kingdom	100
Seattle Bike Supply Inc., Seattle, United States of America	100
Sparta B.V., Apeldoorn, The Netherlands	100
Tunturi Oy Ltd, Turku, Finland	100
Winora Staiger GmbH, Sennfeld, Germany	100

Some subsidiaries that are immaterial to the consolidated financial statements are not included in the overview above. A complete list of subsidiaries is filed with the Trade Register of the Chamber of Commerce in Leeuwarden.

Non-consolidated companies	Participation percentage 2009	2008
In2Sports B.V., Eindhoven, The Netherlands (i)	44%	44%
Jalaccell OÜ, Tallinn, Estonia (ii)	35%	35%
Babboe B.V., Utrecht, The Netherlands (iii)	28%	30%

(i) In2Sports B.V. is a company that is active in the field of information and communication technology and the development of sport and fitness technology.
(ii) Jalaccell OÜ is a joint venture of Accell Fitness Division B.V. for the assembly and storage of fitness equipment.
(iii) Babboe B.V. is a company that is active in the field of marketing and selling of carrier bicycles.

Summary of the financial data for the interests in non-consolidated companies:

	2009	2008
	€ x 1,000	€ x 1,000
Total assets	2,540	2,556
Total liabilities	1,856	2,155
Total turnover	2,214	3,138
Total net profit	193	178

12) Other financial fixed assets

	Non-current		Current	
	31-12-2009	31-12-2008	31-12-2009	31-12-2008
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Loans provided to related parties	2,933	3,183	250	250

During 2006, a loan was provided to a non-consolidated company at an interest rate of 7% per annum and with a term of 10 years. As security for this loan a mortgage was vested on the building and a right of pledge was established on other assets. This loan is valued against amortized cost based on the effective interest method. Following the characteristics of the loan, the nominal value equals the value at amortized cost. The current part of the loan is represented under ‘other receivables’.

13) Inventories

	2009	2008
	€ x 1,000	€ x 1,000
Sailing goods	17,308	17,361
Raw materials	49,224	46,552
Semi-finished goods	3,174	3,597
Trading and finished goods	68,129	68,540
	137,835	136,050

Sailing goods relate to shipped goods for which Accell Group acquired the economic ownership per balance sheet date, but which have not as yet been received.

As at balance sheet date, inventories with a carrying amount of approximately € 6.5 million are valued at lower net realisable value. The cost of inventories recognised as an expense includes € 1.4 million (2008: € 1.1 million) with respect to write-downs of inventory to net realisable value.

The costs of inventory that are recorded as an expense during the financial year is € 400.8 million (2008: € 375.0 million).

14) Trade receivables

	2009	2008
	€ x 1,000	€ x 1,000
Trade receivables	78,281	77,280
Provision for impairment of receivables	-3,604	-3,007
	74,677	74,273

The carrying-amount of the trade receivable approximate the fair value. Trade receivables are non-interest-bearing and, depending on the season, are governed by a 30-90 day term of payment. The provision for impairment is determined on the basis of an individual assessment of matured trade receivables. Accell Group has developed a credit policy to maintain control over credit risks relating to trade receivables. The policy regarding credit risks is covered in note 20, “Financial instruments and risk management”. Following the characteristics of the loan, the nominal value equals the value at amortized cost. The current part of the loan is represented under ‘other receivables’.

The changes in the provision for impairment of trade receivables are as follows:

	2009 € x 1,000	2008 € x 1,000
Balance at beginning of year	3,007	2,767
Usages	-1,032	-727
Addition	1,740	954
Releases	-151	-88
Currency translation differences	40	101
Balance at end of year	3,604	3,007

An aging analysis of the trade receivables is provided in the overview below, whereby the aging of receivables is shown in relation to the due date.

	2009 € x 1,000	2008 € x 1,000
0-90 days	8,254	5,724
90-150 days	2,552	2,346
older than 150 days	4,856	5,048
	15,662	13,118

Accell Group has agreed various specific and, to a limited extent, individual terms of payment with its customers that differ depending on the nature of the suppliers and that can also differ depending on the country. Due to the seasonal nature of the activities, customers are offered so-called winter terms, whereby the customers can opt for an extra payment discount or a longer payment period. This is customary in the sector.

15) Equity

The consolidated equity is equal to that of the parent company. The explanatory notes and movement overviews of the equity are included in the company financial statements.

16) Interest-bearing loans

	Non-current		Current	
	31-12-2009	31-12-2008	31-12-2009	31-12-2008
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Subordinated loan	0	500	500	1,000
Roll-over loan	4,187	4,286	0	0
EURIBOR loans	35,000	39,000	4,000	4,000
Other bank loans	20,649	21,930	431	339
Bank overdrafts	0	0	20,881	28,587
	59,836	**65,716**	**25,812**	**33,926**

The subordinated loan has the character of a general subordination and an initial term of 7.5 years. The interest rate for this loan is fixed at 7.2%. The repayments of the subordinated loan are on a straight-line basis. The first instalment was in 2003 and the last instalment in 2010.

The roll-over loan is a US dollar loan issued by ABN-AMRO in 2006 with a term of 10 years. This loan has a variable withdrawal period and a floating interest rate based on the length of the term. At the end of 2007, a 5-year EURIBOR loan of € 25 million was provided by ABN-AMRO, whereby it is expected that this loan will be extended in 2012 for another 5 years. An interest rate swap has been negotiated in connection with this loan through which for the next 8 years a fixed interest rate of 5.1% will apply.
In March 2008, ABN-AMRO provided another 5-year EURIBOR loan. For this loan of € 20 million, an interest rate swap was concluded so that a fixed interest rate of 5.1% will be applicable for the coming 3 years. The loan as well as the swap has a repayment schedule of twenty consecutive three-monthly instalments of each € 1 million. The first instalment was due on 1 July 2008. Except for conditions of a general nature no security was provided for these loans.

The other loans include a loan of € 15 million provided in 2006 by Deutsche Bank with a term of 5 years. The fixed interest rate on this loan is 4.25% per annum.

In connection with the other loans, collateral was provided in the form of security rights on company assets and on a building of two foreign operating companies. The average interest rate on the other loans is 5.2%.

General terms and conditions have been stipulated for bank overdrafts granted by a number of banks. The interest rate is floating. As at year-end 2009, the available credit facility amounted to € 124.6 million. The policy regarding interest rate risks is covered in note 20, “Financial instruments and risk management”.

The non-current interest-bearing liabilities are subject to repayment as follows:

	Term less than 5 years	Term more than 5 years	Total
	€ x 1,000	€ x 1,000	€ x 1,000
Subordinated loan	500	0	500
Roll-over loan	0	4,187	4,187
EURIBOR loans	39,000	0	39,000
Other bank loans	19,896	1,184	21,080
Sub-total:	**59,396**	**5,371**	**64,767**
Proportion of loans with a term of less than 1 year	-4,931	0	-4,931
Balance as at 31 December 2009	**54,465**	**5,371**	**59,836**

17) Provision for pensions

Accell Group has three defined benefit plans. The pension provision as recorded in the balance sheet mainly concerns a fixed defined benefit plan that arose at the time of the acquisition of one of the foreign subsidiaries. The actuarial calculations pursuant to IAS 19 were performed by actuaries of certified actuarial firms.

The principal assumptions applied in determining the pension obligations are as follows:

	2009	2008
Discount rate	5.3% - 6%	6% - 6.7%
Expected return on plan assets	4.5% - 6.7%	4.5% - 5.6%
Inflation	1% - 2%	1% - 2%
Average salary increase	0% - 2%	0% - 2%

The following amounts are recorded in the income statement with regard to the defined benefit plans:

	2009	2008
	€ x 1,000	€ x 1,000
Pension costs attributed to the service year	48	50
Interest charges	271	269
Expected return on plan assets	-26	-26
Amortisation of actuarial gains/losses	-174	-25
Total	**119**	**268**

The following amounts are recorded in the balance sheet with regard to the defined benefit plans:

	2009	2008
	€ x 1,000	€ x 1,000
Present value of funded pension obligations	956	760
Minus: Fair value of plan assets	-579	-390
Deficit	**377**	370
Present value of unfunded defined benefit obligation	3,630	3,802
Fund status	**4,007**	4,172
Unrecognised actuarial result	103	3
Net liability	4,110	4,175

The movement in the present value of the defined benefit obligation is as follows:

	2009	2008
	€ x 1,000	€ x 1,000
Balance at beginning of year	4,562	4,225
Interest charges	271	249
Current service costs	48	24
Benefits paid	-201	-196
Actuarial results	58	-419
Amortisation of actuarial result	-173	-25
Administrative expenses	-3	-7
Movement due to bussiness combinations	24	711
Defined benefit obligation as at end of year	4,586	4,562

The movement in the fair value of the plan assets is as follows:

	2009	2008
	€ x 1,000	€ x 1,000
Balance at beginning of year	390	459
Expected return	26	26
Actuarial results	160	-140
Employers' contributions	18	40
Benefits paid	-12	-12
Administrative expenses	-3	-7
Movement due to bussiness combinations	0	24
Fair value of the plan assets as at end of year	579	390

The amounts for the financial year and the previous financial year are as follows:

	2009	2008
	€ x 1,000	€ x 1,000
Present value of funded pension obligations	956	760
Fair value of plan assets	-579	-390
Deficit	**377**	**370**
Experience adjustments on plan liabilities	-36	-8
Experience adjustments on plan assets	160	-140

Until 2007, Accell Group only had a fixed defined benefit pension plan. This plan only has a unfunded defined benefit obligation. Plan assets for the pension provision do not apply. In addition, in this plan no further entitlements are granted.

It is expected that in 2010 Accell Group will make a contribution of € 0.22 million with regard to the defined benefit plans.

Defined contibution plans

The majority of the Dutch operating companies have transferred their pension plans to Metalektro, the pension fund for the metal working industry. The Metalelektro pension fund informed us that the pension plans of the members should be included under IAS 19 as a defined contribution plan. Member companies only have an obligation to pay the annual pension premiums due. There is no obligation to supplement any deficits in the industrial pension fund, other than paying higher annual premiums. Nonetheless, the annual report of Metalelektro for 2008 shows a negative general reserve. From press releases issued by Metalelektro early 2010, it appears that cover ratio was below 105% end 2009.

Employees of the company's foreign subsidiaries generally fall under a local government pension plan. These subsidiaries are only required to contribute a certain percentage of payroll costs to the local pension institutions.

In 2009, an expense of € 3.2 milion has been included in the income statement for the defined benefit plan.

18) Deferred taxes

The deferred taxes are comprised of the following:

	2009 € x 1,000	2008 € x 1,000
Deferred tax assets	6,174	5,407
Deferred tax liabilities	8,502	6,843
Balance of deferred taxes	-2,328	-1,436

The movements in the deferred tax assets and liabilities are as follows:

	Loss carry forwards consolidated companies € x 1,000	Revaluation of property, plant and equipment € x 1,000	Financial instruments € x 1,000	Trademark valuation € x 1,000	Other deferred taxes € x 1,000	Total € x 1,000
Balance as at 1 January 2008	5,174	-3,146	531	0	193	2,752
Added through business combinations	0	-608	0	-2,640	106	-3,142
Charged to equity	0	-204	-784	0	-144	-1,132
Charged to income statement	-73	86	0	0	-131	-118
Transfer from/to current tax	284	61	0	-170	27	202
Currency translation differences	0	31	0	0	-29	2
Balance as at 31 December 2008	5,385	-3,780	-253	-2,810	22	-1,436
Added through business combinations	0	0	0	-186	48	-138
Charged to equity	0	0	1,382	0	0	1,382
Charged to income statement	-400	72	0	0	-1,930	-2,258
Transfer from/to current tax	37	0	0	0	48	85
Currency translation differences	23	-14	0	0	28	37
Balance as at 31 December 2009	5,045	-3,722	1,129	-2,996	-1,784	-2,328

The majority of the deferred tax assets consist of tax-loss carryforwards relating to Tunturi Oy Ltd that was acquired in 2003. As a result of intregation of the activities of Tunturi and the recent acquired Hellberg it is expected that the tax-loss carryforwards will be realised within the applicable term.

In ‘other deferred taxes’ an amount of € 1.6 million is recorded for possible future tax payments based on Article 13c Dutch corporate income tax on future German dividend distributions. This amount follows a legal restructuring of the German activities of Accell Group which became effective in 2009. This restucturing could have a positive effect on the effective tax rate in the future.

Accell Group and its 100% Dutch subsidiaries form a fiscal unity for corporate income tax purposes.

19) Provisions

	Non-current		Current	
	31-12-2009	31-12-2008	31-12-2009	31-12-2008
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Deferred employee benefits	1,158	1,095	30	54
Warranties	3,744	2,161	2,441	2,769
Other provisions	4,610	13,862	8,542	332
	9,512	**17,118**	**11,013**	**3,155**

The movements in the provisions are as follows:

	Deferred employee benefits	Warranties	Other provisions	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance as at 1 January 2008	1,112	3,537	5,217	9,866
Addition to provision	120	3,865	9,515	13,500
Usage of the provision	-74	-2,422	-538	-3,034
Release from the provision	-9	-50	0	-59
Balance as at 31 December 2008	**1,149**	**4,930**	**14,194**	**20,273**
Addition to provision	111	4,189	267	4,567
Usage of the provision	-45	-2,885	-272	-3,202
Release from the provision	-27	-49	-1,037	-1,113
Balance as at 31 December 2009	**1,188**	**6,185**	**13,152**	**20,525**

The deferred employee benefits relate to the provision for future anniversary bonuses. The warranty provision represents the estimated costs under warranty obligations for supplied goods and services that are outstanding on the balance sheet date. The provisions for deferred employee benefits and warranty obligations are expected to have a term of between one and five years.

In other provisions is included in 2007 the penalty imposed by the Netherlands Competition Authority (NMa). In April 2004, the NMa imposed a € 12.8 million penalty on Accell Group for alleged price-fixing agreements. Following a procedure for lodging an objection, the NMa reduced this penalty by 10% to € 11.5 million, in November 2005. The appeal was officially submitted to the District Court of Rotterdam, and the decision was given on 18 July 2007. The District Court of Rotterdam has reduced the penalty to € 4.6 million, and a provision has been formed for this penalty. However, Accell Group is still of the opinion that the amount of the penalty is out of proportion since it considers the accusations entirely unjustified. Both Accell Group and the NMa have lodged an appeal with the Dutch Trade and Industry Appeals Tribunal (CBb) in The Hague. In determining this provision, the effect of discounting estimated future cashflows have been considered to outweigh potential future interest obligations. The other provisions also comprise obligations entered into in connection with business combinations.

20) Financial instruments and risk management

Categories of financial instruments:

	2009	2008
	€ x 1,000	€ x 1,000
Assets		
Amortised cost		
Non-current receivables	2,933	3,183
Trade and other receivables	82,040	82,153
Cash and cash equivalents	849	640
Fair value through casflow hedging		
Other financial instruments	0	3,298
Liabilities		
Amortised cost		
Interest bearing liabilities	85,648	99,142
Trade and other liabilties	54,295	63,974
Fair value through cashflow hedging		
Other financial instruments	4,424	2,303

The fair value of the 'other financial instruments' are derived from official listings in the active market (level 2).

The other financial instruments are comprised of:

	2009	2008
	€ x 1,000	€ x 1,000
Currency derivatives - cash flow hedging	-980	3,298
Interest rate swap - cash flow hedging	-3,444	-2,303
	-4,424	995

The fair value of currency derivatives and interest rate swaps is calculated by the financial institutions concerned using the Mark to Market method (MTM method). In 2009, € -4.0 million was charged to the hedging reserve (2008: € 2.3 million) pursuant to the fair value adjustments of the instruments to cover future cash flows. From cash flow hedging of interest rate risks, it is expected that the underlying cash flows take place at the time that the interest is due on the loans with a one-month floating interest rate.
The cash flow hedges of the currency derivatives and interest rate swaps were assessed as effective in 2009.

Movement of the hedging reserve:

	2009	2008
	€ x 1,000	€ x 1,000
Balance as at 1 January	742	-1,547
amount included in equity	-2,654	-4,862
amount included in the cost of inventories	-2,391	7,227
amount included in interest expenses	1,008	-76
Balance as at 31 December	**-3,295**	**742**

Currency derivatives

The currency derivatives stated as at the balance sheet date will be effectuated during the year 2010. Currency derivatives outstanding as at the balance sheet date can be specified as follows:

		Contract value in € 1.000		Fair value in € 1.000	
Currency derivative	Valuta	2009	2008	2009	2008
Call	USD	59,481	48,006	-1,833	-2,252
Put	USD	66,894	71,398	757	4,154
Call	JPY	6,814	12,805	-137	1,473
Put	JPY	17,256	12,805	290	0
Call	HUF	2,983	2,335	-153	-187
Put	HUF	5,966	4,669	96	110
				-980	3,298

Interest rate swaps

Accell Group concluded an interest rate swap in 2007 and 2008 to convert the floating interest rate of the EURIBOR loans into a fixed interest rate. The following table lists the nominal value and fair value of the interest rate obligations in connection with the EURIBOR loans in combination with the interest rate swaps as at the balance sheet date:

	Nominal value	Fair market value
	€ x 1,000	€ x 1,000
2009	11,607	8,163
2008	12,889	10,586

The policy of Accell Group regarding credit, liquidity and market risks (currency and interest rate risk) is outlined below.

Management of operating capital

The company conducts a funding policy that is based on the continuity of Accell Group. This is reflected in management of the capital. Accell Group is required to comply with the ratios stipulated by the lender.

As at 31 December 2009, based on the group equity the solvency amounted to 45.0% (as at 31 December 2008: 39.4%). As explained in the section on currency and interest rate risks, the movement in the hedging reserve has an effect on the solvency per year-end. Accell Group cannot exert any influence on the changes in the value of the underlying derivative financial instruments.

Credit risk

The activities of Accell Group entail various credit risks. The maximum credit risk is equal to the carrying amount of the trade receivables and other receivables. No collateral is obtained for covering the credit risk other then a potential retention of ownership of goods delivered.
Bicycles and bicycle parts are sold to a wide network of specialised bicycle shops, whereby the company usually conducts business with customers many of which have a long-standing commercial relationship with Accell Group.

The credit policy stipulates, inter alia, that upon the acceptance of large customers, the creditworthiness of this potential customer must be verified both internally and externally and also a credit limit must be set. There is no significant concentration of credit risks within Accell Group as the group has a large number of customers. No customers add more than 10% to the turnover.

The credit risks are continuously monitored. Outstanding receivables exceeding the due date are assessed individually at the end of the financial year, resulting in a substantiation of the provision for the impairment of receivables. For the total outstanding trade receivables of € 78.3 million, the provision for impairments amounted to € 3.6 million. The actual non-payment in 2009 amounted to € 1.0 million (2008: € 0.7 million). Fitness equipment is also mostly sold to a network of retail stores and distributors. Credit risks are dealt with in the same manner as in the selling of bicycles & bicycle parts.

Liquidity risk

In managing the liquidity risk, Accell Group takes the seasonal nature of the activities into account. Therefore, in the funding of the group a distinction is made between long-term (core) funding and the seasonal credit facility. The credit agreements contain financial covenants consisting of:

- Net debt/ EBITDA ratio (debt ratio) at year end below 3.0-3.5
- Solvency ratio higher than 20% (whereby the equity and the balance sheet total at year-end are adjusted for inter alia, intangible fixed assets and deferred taxes)
- Interest cover higher than 3.0

It is Accell Group's strategy to maintain a debt ratio of 3.0 or less. At year-end 2009, Accell Group has a net debt / EBITDA ratio of 1.48, an adjusted solvency ratio of 36% and an interest cover of 9.1.

Total loans and bank overdrafts provided to Accell Group amounted to € 85.6 million at the end of the financial year; 70% thereof is of a long-term nature. In addition to bank overdrafts, other short-term liabilities of the group amounted to € 77.8 million at the end of the financial year.

In the table below, an indication is provided of the total financial liabilities including the estimated interest payments on long-term loans.

	Book value	Contractual cash flows	< 1 year	1-5 years	> 5 years
	€ million	€ million	€ million	€ million	€ million
Non-current liabilities	64.8	81.4	7.9	67.2	6.3
Current liabilities	98.7	94.2	94.2	-	-

Market risk

The market risk encompasses currency risks and interest risks. Accell Group deploys a variety of instruments to hedge currency and interest risks arising from the operating, financing and investment activities. Accell Group's treasury activities are centralised and carried out in accordance with the objectives and regulations stipulated by Accell Group. Accell Group's policy stipulates that no instruments shall be used for speculative purposes.

Accell Group's currency and interest risks have not changed during the year. Moreover, Accell Group's approach to these risks has not changed during the financial year.

Control of currency risks

In view of the international nature of its activities, Accell Group is exposed to risks when buying and selling in foreign currency. This relates, in particular, to purchases of parts in US dollars and Japanese yen and operational costs in Hungarian Forints and sales in US dollars.
Accell Group mitigates the currency risks of its estimated purchases and sales in foreign currencies by hedging a significant percentage of the currency risks prior to each year. This involves the use of currency future contracts and related swaps and options.

Unrealised gains and losses on the derivatives resulting from the concluded cash flow hedge transactions are temporarily included in the hedging reserve of the equity. The cash flow hedge transactions entered into in 2009 achieved their objective. The hedging reserve is subject to changes as a result of developments in the value of the concluded currency derivatives and interest rate swaps. Accell Group cannot exert any influence on these value developments.

A 1% change in the EUR/USD and EUR/JPY exchange rate from the current year-end exchange rate would result in an approx. € 0.8 million respectively € 0.2 million change in the hedging reserve of the equity. Covering future cash flows and the use of cash flow hedging exerts an influence on equity as a result of changes in the value of the underlying derivatives.
All derivative financial instruments are concluded with ABN-AMRO or Deutsche Bank. The company incurs credit risks with these banks as long as these derivative financial instruments have a positive fair value and are not yet settled. This risk is considered acceptable in view of the creditworthiness of these banks.

Control of interest risks

As at 31 December 2009, the interest on the majority of the long-term interest-bearing liabilities is fixed, and the interest on the short-term interest-bearing liabilities is floating. In 2007 and 2008, Accell Group concluded interest-rate swaps hundred basic points for the EURIBOR loans in order to control interest risks. This instrument is generally available, and is not regarded as specialised or entailing significant risk.

As at 31 December 2009, the term of 70% of the interest-bearing loans is longer than one year. An increase or decrease of one in market interest rate governing short-term bank credit would have resulted in a decrease or increase in the profit before taxes of approx. € 0.4 million.

21) Business Combinations

In 2009, Accell Group acquired 100% of the shares in Raul Hellberg Oy and its affiliates (hereafter: "Hellberg"). Hellberg is active in the market of bicycles, bicycle parts and -accessoiries. The company is established in Helsinki, Finland. The transaction is accounted for by the purchase method of accounting. Hellberg was consolidated as of June 2009. The acquired net assets consist of the following:

	Fair value on acquisition	Fair value adjustments	Book values
	€ x 1,000	€ x 1,000	€ x 1,000
Fixed assets	892	690	202
Other assets	6,126	-100	6,226
Cash and cash equivalents	599	0	599
Other liabilities and acquisition obligations	-3,712	382	-4,094
	3,905		
Goodwill	1,535		
Cash and cash equivalents acquired	-599		
Net cash flow of business combinations	4,841		

The consideration paid for Hellberg consists of a premium for exepected synergies, revenue growth of turnover and the assembled workforce. These benefits are not recognised seperately from goodwill because they do not meet the recognition criteria for identifiable intangible assets and cannot be measured reliably. The paid goodwill is non-deductible for tax purposes. The consideration paid for Hellerg includes also the costs relating to the acquisition. The other assets consist amongst others of trade receivable of € 3.9 million, for which it is expected that they will be collected fully; no provision for bad debts has been taken up. The turnover of Hellberg was in 2009 € 5.2 million. During the period from the consolidation date to the balance sheet date, Hellberg attributed € 2.1 million turnover. The acquisition's contribution to the net result in the financial year 2009 amounted to € -0.2 million.

22) Dividend

On 15 May 2009, a dividend with stock option was declared of € 1.42 per share. On 15 May 2009, a cash dividend of € 8,711,000 was paid, and 238,912 shares were issued as stock dividend.

With respect to the current financial year, the Board of Directors proposes to make a dividend with stock option of € 1.58 per share available to the shareholders.

This dividend proposal is still subject to approval by the General Meeting of Shareholders and is not reflected as a liability in these financial statements.

23) Off-balance sheet disclosures

Operational lease obligations

The company has financial obligations arising from long-term lease obligations, leasing IT equipment and cars. The total obligation amounts to approx. € 2.6 million per year and has an average remaining term of 2.6 years. The company also has financial obligations arising from long-term leases. This obligation amounts to approximately € 3.4 million a year and has an average remaining term of 3.3 years.

As at the balance sheet date, Accell Group has outstanding non-terminable operational lease obligations expiring as follows:

	2009	2008
	€ x 1,000	€ x 1,000
Within one year	16	145
Within two to five years	5,141	4,430
After five years	825	1,242
	5,982	**5,817**

24) Events after the balance sheet date

Early January 2010, Accell Group announced that it acquired all shares in Bäumker & Co. GmbH (hereafter: “Bäumker”), Rheine, Germany. Bäumker is a trading company in bicycles, bicycle parts and accessories, which are distributed to specialized dealers. Bäumker has approx. 35 employees. The total assets of Baumker per the end 2009 amounts to € 4 million, of which € 0.4 million property, plant and equipment and € 3.6 million other assets. The other liabilities amounted to € 3.1 million. The turnover of Bäumker in 2009 amounted to € 10.6 million.

25) Transactions with related parties

Intercompany transactions and balances between Accell Group and its subsidiaries have been eliminated for consolidation purposes.
The transactions of Jalaccell OÜ resulting from the delivery of goods to Accell Fitness Division B.V. amounted to € 0.8 million. At the end of the financial year, Accell Fitness Division B.V. had an outstanding amount payable by Jalaccell OÜ of € 3.2 million in connection with fixed assets, working capital and interest, whereby a right of mortgage on the business premises and pledge rights on the other assets serve as security. In 2009 Accell Group has provided a current loan to Babboe B.V. of € 0.3 million.

For explanatory notes on total of benefits for managers at key positions, please refer to the notes on the company financial statements on page 118.

26) External auditor costs

The total costs for the services provided by Deloitte Accountants B.V. are:

	2009	2008
	€ x 1,000	€ x 1,000
Audit of the annual accounts	359	348
Other audit assignments	29	42
Tax services	0	0
Other non-audit services	50	58
	438	447

Financial Statements

Company balance sheet as at 31 December

Before dividend distribution (in thousands of euros)

Assets	2009		2008	
Fixed assets				
Property, plant and equipment	212		313	
Goodwill	3,391		20,623	
Other intangible fixed assets	1,120		1,440	
Financial fixed assets [a]	170,595		142,962	
Current assets				
Amounts receivable from group companies	5,624		12,790	
Other receivables	1,468		4,936	
Cash and cash equivalents	48,386		33,044	
Total assets		230,796		216,108

Liabilities	2009		2008	
Equity [b]				
Share capital	200		196	
Share premium reserve	13,704		13,708	
Revaluation reserve	8,091		8,188	
Hedging reserve	-3,295		742	
Translation reserve	-2,749		-2,694	
Statutory reserve	1,384		337	
Other reserves	101,681		83,079	
Profit for the year	32,740		28,567	
		151,756		132,123
Non-current liabilities				
Subordinated loan	0		500	
Interest-bearing loans	54,187		58,287	
Other provisions	12,860		13,610	
		64,047		72,397
Current liabilities				
Amounts owed to group companies	64		73	
Interest-bearing loans	4,500		5,000	
Other liabilities	7,429		6,515	
		11,993		11,588
Total liabilities		230,796		216,108

The letters following the various items refer to the notes on pages 118 to 122.

Company income statement

(in thousands of euros)

	2009	2008
	€ x 1,000	€ x 1,000
Result from subsidiaries after taxes	33,229	29,209
Other results	-489	-642
	32,740	**28,567**

Valuation principles and accounting policies relating to the determination of the result

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. In accordance with article 2:362 (8) of the Netherlands Civil Code, the accounting policies for the parent company are identical to the policies that Accell Group N.V. applies with regard to the consolidated financial statements. Information on the accounting policies is given in the notes to the consolidated financial statements.

The financial data of Accell Group N.V. are incorporated in the consolidated financial statements. Therefore an abbreviated income statement is presented for the company under article 2:402 of the Netherlands Civil Code.

Subsidiaries

In accordance with article 2:362 (8) of the Netherlands Civil Code, subsidiaries that are included in the consolidation are stated at net asset value. The equity and results of the subsidiaries have been determined in accordance with the accounting policies of Accell Group N.V.

Notes to the company balance sheet

(in thousands of euros)

a) Financial fixed assets

The changes in the financial fixed assets are as follows:

	2009	2008
Subsidiaries		
Balance as at 1 January	101,430	80,645
Results	33,229	29,209
Investments / divestments	26,222	13,371
Dividend payments	-29,335	-20,807
Currency translation differences	-8	-1,472
Other movements	5	484
Balance as at 31 December	131,543	101,430
Receivables from group companies		
Balance as at 1 January	41,532	51,174
Loans provided	19,302	15,455
Loans repaid	-21,782	-25,097
Balance as at 31 December	39,052	41,532
Total financial fixed assets	170,595	142,962

b) Equity

The authorised capital amounts to € 650,000, divided into 13,750,000 ordinary shares, 2,500,000 cumulative preference shares F and 16,250,000 cumulative preference shares B, each with a nominal value of € 0.02. Of these, 10,017,084 ordinary shares have been issued and duly paid, as a result of which the issued and paid-up share capital amounts to € 200,341.68

Statement of movements in equity

I. Share capital		
Balance as at 31 December 2008	196	
Stock dividend and options exercised	4	
Balance as at 31 December 2009		**200**
II. Share premium reserve		
The share premium reserve includes amounts paid in on the shares over and above the nominal value		
Balance as at 31 December 2008	13,708	
Stock dividend and options exercised	-4	
Balance as at 31 December 2009		**13,704**
III. Revaluation reserve		
A revaluation reserve is formed for the revaluation of land and buildings against fair value, after allowing for deferred tax liabilities		
Balance as at 31 December 2008	8,188	
Realisation of the revaluation reserve	-140	
Movement in deferred taxes	37	
Exchange differences arising on translation of foreign operations	6	
Balance as at 31 December 2009		**8,091**
IV. Hedging reserve		
The hedging reserve comprises of the effective part of the cumulative net movement in the fair value of the cash-flow hedging instrument, after allowing for deferred taxes.		
Balance as at 31 December 2008	742	
Fair value adjustment of financial instruments	-5,419	
Movement in deferred taxes	1,382	
Balance as at 31 December 2009		**-3,295**
V. Translation reserve		
The translation reserve comprises of foreign currency exchange differences on the translation of the foreign currency balance in participations		
Balance as at 31 December 2008	-2,694	
Exchange differences arising on translation of foreign operations	-55	
Balance as at 31 December 2009		**-2,749**
VI. Statutory reserve		
The statutory reserve comprises of capitalised research & development expenditure		
Balance as at 31 December 2008	337	
Movement in statutory reserve intangible fixed assets	1,047	
Balance as at 31 December 2009		**1,384**
VII. Other reserves		
Balance as at 31 December 2008	83,079	
Movement profit 2008	28,567	
Cash dividend 2008	-8,711	
Recognition of share-based payments	207	
Exchange differences arising on translation of foreign operations	-522	
Realisation of the revaluation reserve	103	
Movement in deferred taxes	-1,047	
Other movements	5	
Balance as at 31 December 2009		**101,681**
VIII. Profit for the financial year		
Balance as at 31 December 2008	28,567	
Movement profit 2008	-28,567	
Profit for the year 2009	32,740	
Balance as at 31 December 2009		**32,740**
Total equity as at 31 December 2009		**151,756**

The revaluation reserve, hedging reserve and translation reserve are regarded as statutory reserves pursuant to Article 2:373 of the Netherlands Civil Code and, consequently, are therefore not available for distribution to shareholders.

Remuneration of the Board of Directors and the Supervisory Board

Board of Directors
The remuneration of the individual members of the Board of Directors is as follows[1)]:

	Salary	Bonus	Pension contributions	Share-based payments
	in €	in €	in €	in €
R.J. Takens	347,800	132,164	127,900	42,990
H.H. Sybesma	276,100	104,918	45,082	34,033
J.M. Snijders Blok	227,100	86,298	44,215	28,212
Total	**851,000**	**323,380**	**217,197**	**105,235**

[1)] The company's remuneration policy is reflected in the remuneration report that has been presented to the General Meeting of Shareholders for approval. The bonuses reflected in the financial statements relate to the financial year and depend on the targets set by the Supervisory Board. 38% of the maximum to be achieved bonus (50%) was paid out.

Supervisory Board
The remuneration of the individual members of the Supervisory Board is as follows:

	in €
S.W. Douma	41,500
J.H. Menkveld	31,100
J. van den Belt	31,100
J.J. Wezenaar	31,100
Total	**134,800**

Shares
The number of shares held by Mr. Takens at year-end 2009 amounts to 65.772.

Stock option plan
The company has a stock option plan for members of the Board of Directors. In the event of full exercise/award of the option rights and conditional shares granted until now, the number of issued shares would increase by 1.3%. According to company policy, the option entitlements are not covered by the company's purchase of its own shares. New shares are issued by the company at the moment option rights are exercised through equity settlement.

An overview of the outstanding options is mentioned below:

	Number	Grating date	Expiry date	Exercise price	Fair value at granting date
Options					
Granted in 2006	19,900	22-02-06	22-02-11	€ 26.00	€ 5.08
Granted in 2007	27,700	2-03-07	2-03-12	€ 26.80	€ 5.04
Granted in 2008	32,700	22-02-08	22-02-13	€ 25.15	€ 5.64
Granted in 2009	23,500	20-02-09	20-02-14	€ 18.15	€ 3.72

The stock option entitlements that have been granted are comprised of the following:

	Number at 01-01-2009	Issued in 2009	Exercised in 2009	Number at 31-12-2009	Exercise price beginning of period	Average exercise price at year-end	Weighted average term at year-end
Directors:							
R.J. Takens	52,835	9,600	16,235	46,200	€ 23.22	€ 24.32	2.63 jaar
H.H. Sybesma	38,765	7,600	11,765	34,600	€ 23.22	€ 24.22	2.66 jaar
J.M. Snijders Blok	32,445	6,300	15,745	23,000	€ 23.48	€ 23.79	3.10 jaar
	124,045	23,500	43,745	103,800			

The Supervisory Board awards options to the directors based on the realisation of targets set in agreement with the Board of Directors and the expected contribution that the members of the Board of Directors will make to the further development of the company.

After granting, the stock options are unconditionally. The stock options granted to members of the Board of Directors during the financial year have terms ranging between 3 and 5 years and an exercise price of € 18.15. On 27 July 2009, the in February 2005 granted options of in total 36,945 with a weighted average exercise price of € 17.00 are one-time cash settled. The share price per 27 July was € 29.70. On 23 September 2009, 6,800 of the in February 2006 granted options with a weighted average exercise price of € 26.00 are one-time cash settled. The share price per 23 September was € 33.86.

Off-balance sheet commitments

The legal entity is part of the "Accell Group N.V." fiscal unity, and as such is jointly and severally liable for the tax liability of the fiscal unity as a whole.

In accordance with article 2:403 (1f) of the Netherlands Civil Code, the company has accepted joint and several liability for the liabilities arising from acts with legal consequences of the Dutch subsidiaries to that effect have been filed with the chamber of commerce where the legal entity on whose behalf the notice of liability has been given is registered.

Supervisory Board

S.W. Douma, Chairman
J.H. Menkveld, Deputy Chairman
J. van den Belt
J.J. Wezenaar

Board of Directors

R.J. Takens, CEO
H.H. Sybesma, CFO
J.M. Snijders Blok, COO

Heerenveen, March 8, 2010

Other information

Profit appropriation pursuant to the Articles of Association

Article 25 (partial)

Paragraph 4
The Board of Directors, subject to the approval of the Supervisory Board, is authorised to determine which part of the profit shall be allocated to the reserves, after payment of dividends to the holders of both 'B' preference shares and 'F' preference shares.

Paragraph 5
The remaining part of the profit is placed at the disposal of the Annual General Meeting of Shareholders, for the holders of ordinary shares.

Dividend proposal

The Board of Directors proposes to pay Accell Group shareholders a dividend of € 1.58 per share (2008: € 1.42), to be paid in cash or shares at the shareholder's discretion.

Auditor's report

To the Supervisory Board and Shareholders of Accell Group N.V., Heerenveen, the Netherlands

Report on the financial statements

We have audited the accompanying financial statements 2009 of Accell Group N.V., Heerenveen. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated income statement, consolidated balance sheet as at 31 December, consolidated cash flow statement, consolidated statement of changes in equity and consolidated statement of comprehensive income, and notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2009 the company income statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Accell Group N.V. as at 31 December 2009, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Accell Group N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report (page 7 through 66) is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, March 8, 2010
Deloitte Accountants B.V.

Signed by: M. Beelen

Historical summary[1)]

(in millions of euros, unless stated otherwise)

	2009	2008	2007	2006	2005	2004	2003	2002
	IFRS							
Net turnover	572.6	538.0	476.1	431.7	372.1	341.1	289.6	259.4
Personnel costs	73.5	71.5	67.5	66.1	57.7	53.8	45.2	38.7
Operating profit before depreciation and amortisations (EBITDA)	57.3	55.3	45.3	35.0	30.3	27.2	20.5	16.6
Operating profit (EBIT) 2)	49.9	46.2	39.6	30.1	25.7	22.8	16.6	13.8
Financial income and expences	5.7	6.0	5.6	3.9	3.0	2.8	2.6	3.2
Taxes	11.8	11.8	9.6	7.9	7.2	7.1	4.9	3.7
Net profit 2)	32.7	28.6	24.4	18.4	15.5	13.2	9.2	6.8
Depreciation	7.4	6.9	5.8	4.9	4.6	4.4	3.9	2.8
Cash flow 2)	40.1	37.8	30.2	23.3	20.1	17.6	13.0	9.6
Investments in property, plant and equipment	6.7	12.9	12.6	10.7	8.8	7.7	10.0	5.5
Balance sheet total	337.3	335.4	277.6	245.6	183.8	173.6	134.9	112.5
Property, plant and equipment	61.2	61.3	54.9	48.7	43.1	39.0	28.9	23.8
Capital employed 3)	259.5	259.9	223.8	190.8	138.2	137.9	109.3	97.3
Group equity	151.8	132.1	107.1	91.9	77.4	60.7	48.1	42.3
Net debt	84.8	99.0	99.6	87.1	49.5	67.1	54.2	49.0
Provisions	33.1	31.3	16.9	11.6	11.3	10.0	7.0	5.9
Average number of employees (FTEs)	1,787	1,778	1,713	1,671	1,438	1,405	1,213	1,061
Number of issued shares at year-end	10,017,084	9,778,172	9,492,950	9,251,838	9,015,015	8,656,267	8,373,903	8,309,403
Weighted average number of issued shares	9,928,065	9,671,409	9,406,740	9,176,329	8,879,749	8,549,802	8,320,440	8,222,190
Market capitalisation	292.2	176.0	235.0	240.5	183.9	135.9	67.8	42.2
Data per share 4) (in €)								
Group equity	15.29	13.34	10.79	9.29	7.93	6.27	4.94	4.40
Cash flow 2)	4.04	3.81	3.04	2.36	2.06	1.82	1.34	1.00
Net profit 2)	3.30	2.88	2.46	1.81	1.59	1.36	0.94	0.70
Dividend 5)	1.58	1.39	1.18	0.88	0.76	0.64	0.44	0.33
Ratios (in %)								
ROCE	19.2	17.8	17.7	15.8	18.6	16.5	15.2	14.1
ROE	21.6	21.6	22.8	20.0	20.1	21.7	19.1	16.0
Operating profit 2)/turnover	8.7	8.6	8.3	7.0	6.9	6.7	5.7	5.3
Net profit 2)/turnover	5.7	5.3	5.1	4.3	4.2	3.9	3.2	2.6
Cash flow 2)/turnover	7.0	7.0	5.4	5.4	5.4	5.2	4.5	3.7
Balance sheet total/turnover	58.9	62.3	58.3	56.9	49.4	50.9	46.6	43.4
Solvency (based on group capital)	45.0	39.4	38.6	37.4	42.1	34.9	35.6	37.6
Net debt/ EBITDA	1.5	1.8	2.2	2.5	1.6	2.5	2.6	3.0
Pay-out ratio	47.9	48.1	48.1	47.4	47.5	47.3	47.1	46.1
Dividend yield (including dilution 4))	5.4	7.7	4.8	3.4	3.7	4.1	5.5	6.4
Closing price of share	29.17	18.00	24.76	26.00	20.40	15.70	8.10	5.08

1) The key figures from 2004 onwards are calculated on the basis of the IFRS.
2) Operating profit, net profit and cash flow (net profit + depreciation + impairments) without the allocation to the provision for the penalty imposed by the Netherlands Competition Authority (NMa) in 2007.
3) Capital employed is the balance sheet total minus current non-interest bearing liabilities; as of 2008 non-current provisions are included.
4) The data per share are calculated based on the weighted average number of issued shares. The data per share for the years 2002-2008 have been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The adjustment factor that was applied in the reporting year for 2008 and for previous years is 0.97615.
5) The dividend per share in 2009 concerns the proposal to be submitted to the General Meeting of Shareholders

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