Commuting, Leisure & Sports

Annual report 2011

THE PREMIER CYCLE AND FITNESS GROUP

ACCELL GROUP

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This is a translation of Accell Group N.V.'s Annual Report 2011, prepared in the Dutch language and in accordance with Dutch law. By the event of any difference in interpretation, the Dutch version of the Annual Report shall prevail.

Accell Group main brands

Batavus (1904) | Batavus is more than 100 years old and traditionally one of the strongest and best-known bicycle brands in Netherlands. The Batavus brand combines a very strong sense of the familiar with top-notch quality. Continuous innovations, distinctive styling and a broad product range gives Batavus very wide audience appeal. Batavus continues to set the trend with innovations focused on the central themes of comfort, sustainability, design and safety. The Batavus range focuses on various sub-segments in the market, such as the demanding cyclist, families with children and the growth segment of retired cyclists. Batavus sells its products and services primarily to specialist retailers in the Netherlands and exports to Belgium, Denmark, Germany, the United Kingdom, Sweden and other countries.

Koga (1974) | Koga is a premium brand with a sporty character. Since its foundation in 1974, Koga has operated consistently on the basis of the company philosophy, which can be summed up as the design and construction of hand-made, exclusive, high-quality bikes incorporating the latest technologies. Continuous innovations and close ties with top sportsmen and women and professional cycling teams in international sports cyclist circles are the cornerstones of the brand. Koga has become an international brand and has its own extensive Quality Center for development and quality control. In addition to its home market in the Netherlands, Koga exports its range to Germany, Belgium, Scandinavia, Switzerland, Austria, England, Australia and Asia. Koga is also contributing to the international expansion of Van Nicholas, a specialist in the development of high-quality titanium bicycles and frames.

Sparta (1917) | Sparta is a true speciality brand, responsible for innovations such as special bicycles for mothers, trendy bikes for young people and the electric bicycle. Both the trendy bicycles and the electric bicycles began new market segments that are now an indispensible part of today's bicycle stores. Consumers know Sparta primarily as the brand behind electrically-assisted bicycles, the Sparta ION®. Sparta still sets the trend in this segment and continues to develop the concept with new models and marketing ideas. Both the market for and the image of electrically-assisted bicycles are developing strongly. The electrically-assisted bicycle is increasingly also seen as a way of meeting today's mobility demands while have a positive impact on the environment, which means the brand also appeals to new target groups.

Loekie (1980) | Loekie has been the trendsetting brand for children's bicycles for almost 30 years. The current generation of parents with young children often remember the brand from their own first attempts at cycling. Loekie is one of the key players in the world of children's bikes in the 3-to-7 age range. Under the motto 'A Loekie bike for every child' the brand invests in a new innovative range every year. In addition to developing new models and the latest colours based on trend surveys, Loekie puts a lot of emphasis on safety. As the largest brand in children's bicycles, Loekie continues to develop and innovate to attract the attention of dealers, parents and children.

Hercules (1886) | Hercules is the brand with one of the longest traditions in the German market. Hercules focuses on design, quality, innovation and a clearly defined brand profile. Expert retailers and consumers are most familiar with Hercules as the friendly German family brand. To continue the development of its broad range, Hercules uses various successful products and innovations developed within the Accell Group, including the line of electrically-assisted bicycles based on the ION® technology. Hercules strengthens its strong position in the German specialist retail sector by offering training courses at the 'Hercules Academy'.

Winora (1914) | Winora is a household name in Germany: a broad brand that appeals to the entire family. Winora develops and produces a broad range of bicycles that have one thing in common – they're all of the highest possible quality. The Winora range includes children's bicycles, sporty trekking bikes and trendy electrically-assisted bicycles. 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.

Staiger (1898) | 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 its distinctive image. The 'Sinus' programme, which allows consumers to assemble their ideal bicycle, either at a specialist retailer or via the internet, has been a huge success, not least because Staiger can deliver its made-to-measure bicycles to expert retailers with remarkable speed.

Haibike (1995) | Haibike supplies top quality racing and mountain bikes. Haibike's philosophy centres on the use of the highest quality components and the highest possible safety standards. A true and exceptional sports brand, which includes women's bikes, mountain bikes and BMX. Haibike traditionally scores high marks in the tests reported in German cycling magazines, and new models regularly receive awards. Haibike also sets the trend in 'e-mountain biking'. In the higher segment of the market, Haibike focuses on custom-made bikes, which gives true enthusiasts the opportunity to put together their own dream bikes. Haibike aims to be a trendsetter in the 'mass customisation' popular in this higher segment.

Ghost (1993) | Ghost 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, which is constantly expanding its brand recognition, for instance through sporting successes on the international stage. Positioned at the top-end of the market, Ghost bikes are now sold in more than 30 countries. In addition to its familiar line of mountain bikes and the successful 'Lady' series, Ghost also has a broad range of trekking and cross country bicycles and, more recently, a series of e-mountain bikes.

Lapierre (1946) | The Lapierre brand, founded 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 designs that virtually eliminate energy loss. And the top cyclists in the sports world are more than happy to collaborate with Lapierre. As an internationally recognised top brand, Lapierre is sold across Europe, Asia, Australia, and North and South America.

Redline (1974) | Redline is one of the oldest brands in the BMX (Bicycle Motor Cross) segment. Since its foundation in California, USA, Redline has expanded its scope, and now specialises in competitive bicycles for young people and adults. Initially in the US and now right across the globe, Redline is recognised for the numerous successes of its race teams and is seen as a leader and innovator in the BMX segment. Redline was one of the first brands to introduce carbon frame bicycles in this segment. Redline's product range responds to niches, such as the freestyle market and very specific, challenging bikes for both young people and older people.

Juncker Bike Parts (1912) | Juncker Bike Parts is one of the largest suppliers in the Benelux for 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 - often exclusive - distribution of a large number of top brands, Juncker also markets its own XLC brand and the accompanying wall system. Juncker cooperates closely with the other companies within the Accell group. Juncker's customers speak highly of the ease of ordering and the up-to-date stock information supplied via its online ordering system, Accentry. The company celebrates its centenary in 2012.

Brasseur (1913) | Brasseur is an important partner for 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 also 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.

Wiener Bike Parts (1918) | Wiener Bike Parts is a household name on the German market for bicycle parts and accessories. Wiener Bike Parts has a large number of exclusive distribution contracts and an extensive product range of it own. This gives German specialist retailers the opportunity to order all parts they need from a single source, generating considerable logistical benefits. The company's range of around 18,000 products covers almost every conceivable bicycle part and accessory. 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 Accell's own XLC range with accompanying wall system on the French, German, Spanish and Danish markets.

SBS (1974) | SBS supplies a complete range of bicycles, parts and accessories to the North American specialist retail trade, including its own brands Redline, Torker, Pryme Gear, SBS Wheel Works and XLC. 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. A location in France responds to the increasing demand for Redline products in Europe. The products and services of the other Accell Group brands are also rolled out in North America via SBS. SBS also supplies the North American specialist retailers with Accell's own XLC brand.

XLC (2001) | XLC is the premium brand for bicycle parts and accessories for daily and sports use, with reliable and recognisable products. The brand is presented in a specially developed – in-house - display programme for the retail trade, with a complete range of 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, France, Spain and Denmark), Tunturi-Hellberg (Finland and Sweden), Vartex (Sweden), Seattle Bike Supply (United States) and Atala (Italy). The parts are also distributed in countries where Accell Group has no representation of its own. XLC plays the role of OEM (Original Equipment Manufacturer) partner for the delivery of the products to companies within Accell Group.

Tunturi (1922) | Originally a Finnish brand, Tunturi has been active in the global market for fitness equipment since the 1970s. The fitness equipment range is characterised by Scandinavian design right down to the smallest details and the latest technical possibilities. 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. The Tunturi range includes fitness equipment for home use, as well as for the professional market. Tunturi has also been the market leader in the Finnish bicycle market for many years.

Bremshey Sport (1970) | 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 gives the entire family the chance to be engaged in exercise and healthy living, thanks to its user-friendly equipment without unnecessary gadgets or complicated programmes. In addition to fitness equipment, Bremshey Sport also has an extensive range of fitness accessories, such as yoga equipment and fitness weights.

Nishiki (1965) | As an international provider of trekking bikes, mountain bikes and racing bikes, Nishiki combines innovation with high-grade functionality. The brand develops and tests all its bicycles in Finland. Nishiki has developed into a modern European brand that represents modern technology and people who want something more than 'the ordinary'. The premium models are developed in close consultation with professional athletes and bicycle lovers and meet the various demands in the field of ergonomics, colour and design.

Atala (1921) | Atala is a legendary Italian brand that represents cycling comfort and durable quality. The brand covers a broad range of sporty bikes, children's bicycles and city bikes. Atala is also the name of the trading company that, in addition to its own brand Atala, also sells bikes under the brand names Whistle, Carraro and Dei. Atala has a strong distribution network of independent bicycle dealers in Italy.

Carraro (1924) | Carraro is a classic Italian brand that focuses exclusively on the top of the range segment in trekking and racing bicycles. Key drivers at Carraro are technical excellence, unlimited performance and reliability and innovative design. In addition, Carraro sets high standards for safety in all its models, from super lightweight bikes to the sturdiest mountain bikes.


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ALLES DRAAIT OM HET MIDDEN
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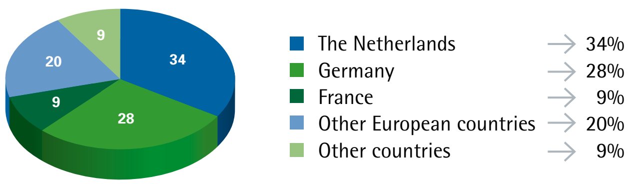
Profile of Accell Group N.V.

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

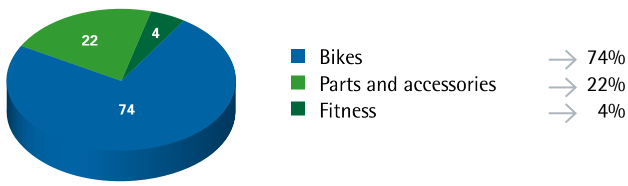
Accell Group's best known brands are Batavus, Koga, Sparta, Loekie, Winora, Haibike, Staiger, Ghost, Lapierre Atala, Redline, Tunturi, Bremshey and XLC. Accell Group has production facilities in the Netherlands, Germany, France, Hungary and Turkey. The Accell Group shares are traded on the official market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

Accell recorded turnover of € 628.5 million in 2011, up from € 572.2 million in 2010, and net profit of € 40.3 million, compared with € 36.4 million in 2010. Turnover is distributed across the company's keys markets as follows: the Netherlands 34%, Germany 28% and France 9%. Other EU countries, including Belgium, Denmark, Finland, Austria, Spain and the United Kingdom, account for 20% of turnover. The remaining 9% of turnover comes from countries outside the EU, including the US and Canada.

Accell Group turnover by country 2011



Accell Group turnover by product 2011

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carraro

Key figures

(in euros, unless stated otherwise)

	2011	2010	2009	2008
Results (in millions of euros)				
Net turnover	**628.5**	577.2	572.6	538.0
Profit before depreciation and amortizations 1)	**58.6**	53.9	57.5	55.5
Operating profit (EBIT)	**34.8**	46.4	49.9	46.2
Net profit	**40.3**	36.4	32.7	28.6
Free cash flow 2)	**16.9**	-1.1	27.1	12.2
Balance sheet data (in millions of euros)				
Group equity	**214.6**	180.4	151.8	132.1
Net debt	**115.7**	100.5	84.8	99.0
Balance sheet total	**434.0**	383.9	337.3	335.4
Capital employed 3)	**353.4**	302.5	259.5	259.9
Investments in property, plant and equipment	**11.2**	6.2	6.7	12.9
Ratios (in %)				
ROCE	**9.8**	15.3	19.2	17.8
ROE	**18.8**	20.2	21.6	21.6
Operating profit/turnover	**5.5**	8.0	8.7	8.6
Net profit/turnover	**6.4**	6.3	5.7	5.3
Data per share 4)				
Number of issued shares at year-end	**21,094,760**	20,609,012	20,034,168	19,556,344
Weighted average number of issued shares	**20,905,497**	20,385,290	19,856,130	19,342,818
Net profit	**1.93**	1.75	1.58	1.38
Free cash flow 2)	**0.81**	-0.05	1.31	0.59
Group equity	**10.27**	8.68	7.31	6.38
Dividend 5)	**0.92**	0.84	0.76	0.66
Average number of employees (FTE's)	**2,234**	1,877	1,787	1,778

1) This profit is the balance of net profit, taxes, financial income and expenses, depreciation and is including the result of investment.
2) Free cash flow is defined as the balance of the net cash flow from operating- and investment activities.
3) Capital employed is the balance sheet total minus current non-interest bearing loans (including non-current provisions).
4) The data per share are calculated based on the weighted average number of issued shares which includes the effect of the stock split 1 for 2 of 1 June 2011. The data per share for the years 2008-2010 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 2010 and for previous years is 0.98079.
5) The dividend per share relating to the financial year 2011 concerns the proposal to be submitted to the General Meeting of Shareholders.

Awards as a basis for future success

In 2011, various products from the Accell Group brands once again received important awards. Koga and Winora received a Eurobike Award for the WorldTraveller 29 and the Haibike Greed 29 respectively, and the WorldTraveller 29 also received a prize in the prestigious Bike of the Year awards in the Netherlands. In the United States, a number of trade publications awarded the various models from the new BMX collection, as well as Redline cross bikes with carbon frames, the title 'Bike of the year'. Moreover, last saw innovation awards going to a number of Accell innovations, such as the Batavus AXA Fusion lock and the Batavus E-go Remove, an e-bike with an easily detachable and 'invisible' battery. Accell Group sees these awards as a clear endorsement of our strategy, with strong brands that are leaders in their respective markets. Innovation and the constant creation of added value for the consumer are two of the guiding principles of this strategy.

Report of the Supervisory Board

The Supervisory Board is pleased to present shareholders with the 2011 annual report and annual accounts drawn up by the Board of Directors. The financial statements have been audited by Deloitte Accountants B.V., which has issued an unqualified audit report. You can find this audit report on page 126 of this annual report.

We propose that the Annual General Meeting of Shareholders adopt the annual accounts, together with the appropriation of profits 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.

This report provides more information about the composition and activities of the Supervisory Board in the 2011 financial year.

Composition Supervisory Board

The Supervisory Board comprises the following members:

A.J. (Ab) Pasman (1950), chairman

Mr. Pasman (Dutch) was appointed to the Supervisory Board on 22 April 2010 and became chairman as of that date due to the retirement of Mr. S.W. Douma as of that same date. Mr. Pasman was a member of the Board of Directors of Koninklijke Grolsch N.V. from 2003 to 2008 and was appointed chairman of said board in 2004. He is a member of the Supervisory Board at the following non-listed companies: Berenschot Holding B.V. and Westland Kaas Groep B.V. Mr. Pasman's term of office runs until the Annual General Meeting of Shareholders due to be held in the spring of 2014.

J.H. (Henk) Menkveld (1946), Deputy Chairman

Mr. Menkveld (Dutch) 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 a member of the supervisory boards of the non-listed companies Bakkersland B.V. and Meneba B.V. Mr. Menkveld's term of office runs until the General Meeting of Shareholders due to be held in the spring of 2013.

J. (Jan) van den Belt (1946)

Mr. Van den Belt (Dutch) 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 also a member of the Supervisory Boards of Groeneveld Groep B.V., Scheuten Solar Holding B.V., Attero Holding N.V. and of the Bosal Council, as well as a member of the Executive Board of Stichting Preferente Aandelen Mediq. Mr. Van den Belt qualifies as the financial expert referred to in the best practice Article III.3.2 of the Dutch Corporate Governance Code. Mr. Van den Belt's term of office runs until the Annual General Meeting of Shareholders due to be held in the spring of 2014.

P.B. (Peter) Ernsting (1958)

Mr. Ernsting (Dutch) was appointed to the Supervisory Board at the General Meeting of Shareholders of 28 April 2011. Mr. Ernsting was appointed at the proposal of the Supervisory Board after a recommendation from the Central Works' Council. As from June 2011, Mr. Ernsting is also Senior Vice President, Group Supply Chain, and member of the Executive Committee at Carlsberg. Mr. Ernsting previously held a number of management positions at Unilever, both in the Netherlands and abroad. Mr. Ernsting's term of office runs until the Annual General Meeting of Shareholders due to be held in the spring of 2015.

Each member of the Supervisory Board is independent in the meaning of best practice provision III.2.2. of the Dutch Corporate Governance Code. During the 2011 financial year, none of the members of the Supervisory Board held an interest which was in conflict with their position on said Supervisory Board.

Retirement schedule

On the basis of the current retirement schedule, no members of the Supervisory Board are due to retire at the end of the Annual General Meeting of Shareholders due to be held in the spring of 2012.

Activities in 2011

In the year under review, the Supervisory Board fulfilled its tasks in line with the statutes applicable to the Supervisory Board, which can be viewed on and downloaded via the corporate website, www.accell-group.com, under the header 'Corporate Governance'.

In 2011, the Supervisory Board supervised the policy of the Board of Directors and the general course of business at the Accell Group. The board devoted specific attention to the various acquisitions made in the past year and to the strategy of the most important brands and activities of Accell Group.

In the past year, the Supervisory Board held six plenary meetings with the Board of Directors, during which the strategy of the company as a whole was discussed several times.

The Supervisory Board also discussed general developments within the group, potential acquisitions and developments in the markets that are relevant to the company, as well as the financing and the financial policy of the company. In addition, the board periodically discussed the company's risk management with the Board of Directors.

One of the meetings with the Board of Directors was attended by the directors of the key group companies to discuss operational activities.

The external auditor attended three of the five meetings of the audit committee. The complete Supervisory Board also held two meetings with the external auditor in the presence of the Board of Directors and subsequently without the presence 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 board also determined the salaries for 2011 and the bonuses for the members of the Board of Directors at said meeting.

Another meeting was devoted to the company strategy and to the functioning of the (members of the) Supervisory Board, with each member of the board expressing their views of the functioning of the other members and of the board as a whole. It was concluded that each of the members is functioning well and that the Board as a whole is also functioning well. The Supervisory Board also discussed the changes to its statutes and profile outline and established the statutes for the audit committee and the selection/remuneration committee.

The Supervisory Board also held two meetings in 2011 with the Board of Directors and the Central Works Council. During these meetings, they discussed the general developments and the strategy of the company as a whole, as well as developments at the company's 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 2011.

Committees

The Supervisory Board has installed an audit committee and a selection/remuneration committee. These committees are charged with supporting the Supervisory Board and advising same in their tasks as well as preparing the decisions of the Supervisory Board. The Supervisory Board as a whole remains responsible for the way in which it carries out its tasks, including the preparatory activities carried out by the audit and selection/remuneration committees.

The audit committee comprises Messrs. Van den Belt (chairman) and Ernsting. The composition of the audit committee is in accordance with the provisions of the Dutch Corporate Governance Code. The audit committee supports the Supervisory Board in the execution of its tasks, including those in the financial/administrative field and prepares the decision-making with respect to same. The audit committee met five times in 2011. Topics of discussion during the meetings of the audit committee included the quarterly results, the management letter from the auditor, the internal audit plan, the audit plan of the external auditor, the organisation of the financial function, the risk management (financial risks) and the budget for 2012.

The selection/remuneration committee comprises Messrs. Menkveld (chairman) and Pasman. The composition of the committee is in line with the provisions of the Dutch Corporate Governance Code. The tasks of the selection/remuneration committee include submitting proposals to the Supervisory Board regarding the selection criteria and appointment procedures for members of the Supervisory Board and the Board of Directors, the remuneration policy and the level of remuneration and the employment terms and conditions of the members of the Board of Directors. In the year under review, the selection/remuneration committee met three times and discussed preparations for the assessment of the functioning of the members of the Board of Directors, the functioning of the members of the Board of Directors, the determination of the performance-related remuneration of the members of the Board of Directors and the preparation for the evaluation of the functioning of the Supervisory Board members.

The Supervisory Board believes the instigation of the two committees has contributed to the continued intensification of the supervision of and advice related to the company's policies. The statutes of the two committees are available on the Accell Group NV website of (www.accell-group.com).

Remuneration Board of Directors

The Supervisory Board has drawn up a remuneration report for 2011 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 General Annual Meeting of Shareholders of 24 April 2008 and most recently amended on 22 April 2010. In a meeting held on 24 February 2011, in the absence of the Board of Directors, the Supervisory Board discussed the functioning of the Board of Directors as a whole and the members individually. At that same meeting, the Supervisory Board also determined the salaries of the Board of Directors for 2011 and the bonus payments for 2010, and reached a decision on the granting of share options. The 2010 bonuses are stated in the 2010 financial statements.

During the meeting of the Supervisory Board held on 23 February 2012, the Supervisory Board discussed the remuneration package of the Board of Directors for 2012, and determined the bonuses for 2011, which are included in the 2011 annual accounts.

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 boards of larger companies. This comparison is based on the results of the Hay Boardroom Guide 2011, which was commissioned by the Supervisory Board.

The total remuneration of the Board of Directors of Accell Group 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 2011 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 2011, the Board of Directors received a bonus of 24% of their annual salary.

Long-term bonus plan

On 24 February 2011, the members of the Board of Directors were granted share options and conditional shares on the basis of their performance in 2010.

On 23 February 2012, the members of the Board of Directors were not granted any share options or conditional shares on the basis of their performance in the 2011 financial year.

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 Annual Accounts for the exact amounts of the remuneration of the members of the Board of Directors.

Heerenveen, March 8, 2012

On behalf of the Supervisory Board,

A.J. Pasman, Chairman

Board of Directors

Accell Group has an organisational structure with operating companies, which are primarily responsible for their position in their respective markets. The holding directs, coordinates and constantly works on the synergies within the group. The integration of back office activities and the reciprocal exchange of know-how on product development and innovations is cost-effective and results in the best possible utilisation of product concepts and innovations. For instance, improvements in the field of safety and comfort, such as new antitheft security, lighting systems, the development of new parts and accessories and the development of technology in the broadest sense of the word, are important to all of Accell's operating companies.

Board of Directors

R.J. (René) Takens (1954), Chief Executive Officer (CEO)

Mr. Takens succeeded Mr. Wezenaar as Accell Group's CEO in 1999. After graduating in Mechanical Engineering from the 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 (1967), 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 (1959), Member of the Board of Directors (COO)

Mr. Snijders Blok studied Business Economics at the Twente University of Technology and joined Accell Group in 1992, initially in 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. He has been COO of Accell Group since April 2004.

Report of the Board of Directors

General

Accell Group booked an increase in turnover and profit despite the general economic conditions, which have led to reluctance among consumers to make major purchases. Turnover was up both organically and as a result of acquisitions. The electric bicycle continues to gain in popularity in the Netherlands and abroad, particularly in Germany. The increase in sales in this segment means it now accounts for 31% of Accell Group's total bicycle turnover. Turnover and profit from the bicycle parts and accessories business also showed healthy growth. Consumers choosing to postpone the purchase of a new bicycle are instead investing in the maintenance of their current bicycles. The weather also played a major role in 2011. The bicycle season started early in spring, but the poor weather in the summer months led to a shift in sales to after the end of the summer season. This meant we had to give extra discounts which put pressure on margins in the second half of the year.

In addition to a reduced tax burden, net profit was also lifted by the book profit of € 16 million on the sale of the 22% stake in the listed company Derby Cycle. This effect was largely undone by the impact of the definitive ruling in the NMa (Dutch competition authority) procedure, which had been dragging on for more than 10 years. We completed the integration of Accell Bisiklet (Turkey) and the 50% interest in Atala of Italy in early 2011. In June 2011, Accell Group acquired Vartex, a small distributor of bicycles and bicycle parts in Sweden. In November, we reached agreement on the acquisition of Van Nicholas, a Dutch niche player in titanium bicycles and frames for the high end of the market. In December of last year, we reached agreement on the acquisition of Currie Technologies, a key supplier in North America of electric bikes and mini e-scooters. The turnover in the fitness division, which was downsized considerably in recent years, continued to drop in 2011 due to reduced sales and the cut-back in activities in North America.

Turnover and net profit increase

Accell Group realised a further growth in turnover and net profit in 2011. Turnover rose by 9% to € 628.5 million, from € 577.2 million in 2010. Net profit was up 11% at € 40.3 million, compared with € 36.4 million in 2010.

Bicycles/bicycle parts & accessories

The segment bicycles/bicycle parts & accessories saw turnover increase by 11% in 2011 to € 607.6 million, from € 548.7 million in 2010. The acquisition of Accell Bisiklet in Turkey and Vartex in Sweden raised the total number of bicycles sold to 1,115,000, from 949,000 in 2010. The average price dropped to € 417, from € 449 in 2010, due to the addition of lower cost bicycle lines, in particular from Accell Bisiklet. In organic terms, the average bicycle price increased. Sales of electric bicycles increased by 21% and they now account for 31% of the total bicycle turnover. Turnover in sports bicycles increased 23%. The segment recorded a profit of € 52.8 million, compared with € 55.5 million in 2010.

Sales of bicycles in the Netherlands dropped in line with the market, while turnover in bicycle parts and accessories showed a strong increase. The poor summer weather meant that in the Netherlands in particular, a lot of bicycles had to be sold at a discount because they had failed to sell before the end of the season in September. The market is weak because consumer spending remains cautious. The media in particular are worrying consumers with the idea of an uncertain future, which means they are postponing major purchases more frequently. At the end of 2011, Accell Group acquired Van Nicholas, a niche player in titanium bicycles and frames for the top end of the bicycle market with attractive international growth potential. The greatest increase in turnover was recorded in Germany. Bicycle sales were up 26% and turnover in bicycle parts and accessories rose by 16%. In

Germany, national and regional authorities are strongly promoting cycling, plus the electric bicycle is gaining in popularity. Total sales of electric bicycles in the German market were estimated at 250,000 – 300,000 in 2011. The increase in the number of electric bicycles sold also led to an increase in the average bicycle price.

In France, turnover from bicycle sales was down due to a weak market. Turnover in bicycle parts and accessories in France rose by 26% in 2011.

Turnover in other countries increased, both in Europe and in other countries. The addition of Accell Bisiklet resulted in an increase in turnover in Turkey, Finland and Italy, while the acquisition of Vartex increased turnover in Sweden. In the United States, turnover in bicycles and bicycle parts remained stable, despite the uncertain economic climate. In December, Accell Group reached agreement on the acquisition of Currie Technologies, a major supplier of e-bikes and mini e-scooters. Accell's turnover from bicycles in Asia remains limited for the time being. Demand for bicycles in the higher segments will increase in the future, partly as a result of rapidly increasing wealth in Asia, and we have therefore strengthened our organisation in the region in preparation for that growth.

Fitness

Turnover in the fitness segment dropped to € 21.0 million, from € 28.5 million in 2010. This reduced the contribution to turnover from this segment to 3%. The loss from this segment increased to € 1.4 million, from a loss of € 0.4 million in 2010, as a result of the drop in turnover. This loss excludes extraordinary reorganisation charges of around € 4.0 million. This reorganisation charge pertains in particular to the costs of reducing inventories and receivables, reorganisation and relocation costs and deferred taxes. We continued with the gradual downsizing of the organisation in 2011 and reduced the cost base. A reduction in the working capital resulted in a positive cash flow in 2011.
The market for fitness equipment for home use, the main market for the products of Tunturi and Bremshey, remains weak. We adjusted the organisation in line with reduced turnover levels mainly through the previously announced downsizing of the activities in North America. We closed down the office and distribution centre and we are now only continuing the service activities. We relocated the head office in the Netherlands to a new and less expensive location and we have adjusted the organisation in the Netherlands. We have also farmed out all production activities to manufacturers in Asia. Accell Group has a distribution centre in Asia for centralised deliveries from suppliers. This centre supplies the full range of products to more than 40 distributors across the world. Accell Group is keeping all options open in terms of the future of the fitness activities.

Book profit on Derby Cycle stake

On 20 April 2011, Accell Group announced it had acquired, via its subsidiary In2Cycling B.V., a 5.7% interest in the Germany bicycle group Derby Cycle AG. Accell Group noted it recognised the group's strong development and successful strategy and considered the interest a financial investment. On 31 August, Accell Group announced it intended to increase this minority stake to 22%, partly by acquiring shares on the stock exchange and partly through the takeover of a significant interest from a third party. This increase in our interest in Derby Cycle was aimed at participation in the future growth of the company. We clearly indicated there were no talks ongoing about strategic cooperation or a public bid.

In September 2011, it became clear that Pon Holdings B.V. intended to make a public offer for all shares in Derby Cycle of € 28 per share. On 22 September, Accell Group announced it had no plans to make a competing offer. Accell Group believed a competing offer would create insufficient value and be too great a burden on the Group balance sheet. The proposed offer from Pon Holdings led to a strong increase in the value of Accell Group's 22% stake in Derby Cycle. On 11 October, Accell Group announced it had sold its 22% stake in Derby Cycle for € 28 per share. The sale of the shares resulted in a net book profit of € 16 million for Accell Group.

Settlement NMa procedure

In October 2011, the Trade and Industry Appeals Tribunal (CBb) ruled in the long-running NMa procedure against Accell and other bicycle manufacturers related to an alleged infringement of competition regulations. The CBb virtually halved the fine the NMa had originally imposed on Accell Group from € 12.8 million to € 6.9 million, excluding € 2.6 million in interest, in particular because the alleged actions from 2000 had no effect on the market. Accell is and remains convinced that it did not act inappropriately at the time, more than ten years ago now, and did not expect the CBb to view an exchange of general comments as an infringement. The ruling does not affect the operations and has limited consequences for the financial results of Accell Group. Accell Group took a provision of € 4.6 million in 2007, following the earlier ruling from the Rotterdam court and in line with IFRS accounting principles.

Acquisition Vartex

On 24 June 2011, Accell Group reached agreement on the acquisition by subsidiary Batavus of all shares in Vartex AB ("Vartex"). Vartex is a distributor of bicycles and bicycle parts, with its head offices in Varberg, Sweden. The company is an important player in the Swedish market and operates through a nationwide dealer network. The acquisition of a strong distributor will allow Accell Group to further expand its commercial activities in Sweden with the Batavus, Tunturi, XLC, Redline and Viper brands, as well as electric bicycles.

Acquisition Van Nicholas

On 12 December 2011, Accell Group announced it had reached agreement on the acquisition of all shares in Van Nicholas. The company, with its head offices in Numansdorp, the Netherlands, is a high-end niche player in titanium bicycles and frames and will become part of Accell Group's subsidiary Koga. Koga will use its market and logistics expertise to reap the greatest possible benefits from the international growth potential of Van Nicholas. In addition, Accell Group's R&D activities will benefit from the valuable and specialist know-how of Van Nicholas.

Acquisition Currie Technologies

On 21 December 2011, Accell Group reached agreement on the acquisition of all shares in Currie Technologies, of Chartsworth, California, USA. The company is market leader in the USA in e-bikes and e-mini scooters for all ages and has an extensive distribution network. Accell Group sees the acquisition as a solid investment in e-mobility in the United States. A growing number of Americans are discovering the bicycle as an alternative mode of transport. The American LEVA (Light Electrical Vehicle Association) expects to see the American e-bike market grow in the medium term in line with growth in Europe in recent years. Accell Group also sees good synergy benefits with its other activities in North America.

Key financial developments in 2011

Total turnover rose by 9% in 2011 to € 628.5 million, with 4% of this growth organic.

Added value (net turnover less material costs and inbound transport costs) as a percentage of turnover came in at 33% in 2011, compared with 35% in 2010. The slight drop in added value was primarily related to developments in the second half of the year. Due to a poor summer season, an unusual level of purchases were postponed until the autumn, which led to unusually large discounts on the sales of models from the 2010/2011 ranges. This in turn led to delays in the delivery of the new products for the 2011/2012 season, which had a negative impact on the added value percentage. Absolute added value rose by 2% to € 208.2 million, up from € 203.4 million in the previous year. Because season prices are agreed with most suppliers and exchange rates are largely hedged per season, price rises and drops in the cost of raw materials and parts have little impact on results during a season, but are felt when setting prices for the new season.

Operating costs as a percentage of turnover remained stable at 27%, unchanged from 2010. Personnel costs rose by 5% due to acquisitions and came in at 12.8% of turnover, compared with 13.3% in 2010. The total workforce increased in 2011 to an average of 2,234 employees, from 1,877 in 2010. The total workforce includes 306 FTEs with a temporary contract, compared with 346 in 2010. This is in line with the seasonal character of Accell Group's operations. The addition of the production activities of Accell Bisiklet in particular meant that the number of employees increased more rapidly than turnover, which in turn led to a 9% drop in the average turnover per employee compared with 2010. Other operating costs rose by 14% due to acquisitions, as well as an organic increase, and came in at 13.2% of turnover, up from 12.6% in the previous year. Excluding one-off reorganisation charges for the fitness operations and the extra charge taken for the fine imposed in the NMa procedure, the operating result (EBIT) came in at € 40.7 million, down from € 44.8 million in 2010. As a percentage of turnover (operational margin), this adjusted operating result came in at 6.5%, down from 7.8% in 2010. Including the reorganisation charges and the NMa fine, the operating result amounted to € 34.8 million.

Financial income and expenses (excluding the interest on the NMa fine) were up 25% due to on average higher credit requirements. The tax burden fell to 7%, from 14% in 2010, due to the participation exemption on the book profit from Accell's sale of Derby Cycle AG and the tax regime in the Netherlands, as well as the positive impact of the legal restructuring of the German activities, which came into effect in 2009. The application of the innovation box had an impact of € 0.8 million in 2011.

The result from minority participations came in at € 0.4 million in 2011, up from € 0.1 million the previous year, due to the addition of the 50% stake in Atala (Italy). The book profit on the sale of Accell's stake in Derby Cycle AG amounted to more than € 17 million, which fell to € 16.1 million after the deduction of costs.
Net profit for the 2011 financial year came in at € 40.3 million, up from € 36.4 million in 2010. Excluding one-off items in both 2010 (€ 5.9 million due to the innovation box deduction and the one-off release of provisions for taxes and acquisitions) and 2011 (€ 8.6 million due to the book profit on the sale of the stake in Derby and the innovation box, less the charges for the NMa fine and the reorganisation of the fitness activities), net operating profit rose by 4% to € 31.7 million, from € 30.5 million in 2010.

Due to acquisitions (Accell Bisiklet, Atala en Vartex), the balance sheet total had risen to € 434.0 million at year-end 2011, from € 383.9 million at year-end 2010. Total working capital amounted to € 222.0 million, compared with € 199.8 million in 2010. Working capital amounted to 35.3% of turnover, compared with 34.6% in 2010. Acquisitions had an impact of € 16.0 million. Inventories were down by 2% organically by year-end 2011, compared with year-end 2010.

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E-bikes: ahead in innovation and development

Accell Group wants to confirm and strengthen its lead in the market for electrically-assisted bicycles through constant innovation. This market is also showing strong growth internationally. Accell Group's ION® technology is the only system in the e-bikes market that can be constantly updated with new software releases. Accell Group continued to invest and innovate in 2011. The results include a new and fully automated system which allows cyclists to charge the e-bike during braking. This new software is also highly suited to use in hilly and mountainous areas. Accell Group has therefore also introduced a special Power Module for extra power in the mountains. The special software provides extra assistance when climbing a steep incline, which puts extra strain on the battery and the engine. An intelligent measurement and regulation system prevent overheating due to the extra workload. Accell Group also offers innovations in the field of speed regulation. These innovations are used in the new collections from Sparta, Batavus, Koga, Winora, Hercules and Lapierre.

Capital employed rose to € 353.4 million, from € 302.5 million in 2010. The return on capital employed (ROCE) stood at 11.5% at the end of the 2011 financial year, compared with 15.3% at year-end 2010, based on the operating result before adjustment for one-off items. Shareholders' equity stood at € 214.6 million at the end of the 2011 financial year, up from € 180.4 million at the same time in 2010. In addition to the impact of the profit realised in 2011, shareholders' equity was also influenced by the payment of a cash dividend of € 9.9 million (2010: € 7.6 million) and other movements of around € 3.9 million, including the impact of the revaluation of financial instruments (currency hedges and interest rate swaps). Provisions fell to € 22.5 million in 2011, from € 23.3 million in 2010, due on the one hand to the payment of the NMa fine and on the other to assumption of obligations as a result of acquisitions.

Solvency stood at 49.5% at year-end 2011, up from 47.0% at year-end 2010. Total loans and bank credits amounted to € 119.9 million at year-end 2011, compared with € 101.8 million at the same time in 2010. The financing ratio of Net Debt / EBITDA stood at 2.0 at the end of the 2011 financial year, compared with 1.9 a year earlier. Interest coverage on the basis of the adjusted operating result came in at 6.5 in 2011, down from 10.6 in 2010.

Operating cash flow before working capital and provisions amounted to € 58.6 million, compared with € 54.3 million in 2010. Net cash flow from operating activities rose to € 39.4 million, from € 3.3 million in 2010. The strong operating cash flow was largely due to the positive development of inventories in the second half of the year.

Earnings per share and dividend

Earnings per share on the basis of the average number of outstanding shares, which stood at 20,905,497 at year-end 2011, came in at € 1.93, up from € 1.75 in 2010. Due to the issue of 403,592 shares related to the stock dividend for the 2010 financial year, the correction factor for earnings per share from previous years is 0.981. The increase/decrease compared with the reported earnings per share in 2010 (€ 1.78) was 8%.

Accell will propose to its shareholders the payment of a dividend of € 0.92 per share for 2011, compared with € 0.84 in 2010, in cash or in shares. This results in a pay-out ratio of 48% (2010: 48%) and is therefore in line with Accell's dividend policy and unchanged from previous years. On the basis of the closing price of Accell shares at year-end 2011 (€ 14.10), the dividend yield amounts to 6.5%.

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Corporate social responsibility

The bicycle is an environment-friendly alternative mode of transport for short distances. Research shows that about half of all car trips are for short distances of up to 7.5 kilometres. Even distances of up to 2.5 kilometres are still regularly covered by car. The bicycle will continue to gain in popularity as a healthier and, very importantly, less expensive mode of transport.

For Accell Group as market leader in the European market, a product with a 'green character' implies a broad responsibility that goes beyond promoting cycling. Accell Group is aware of its responsibility in every part of the chain and takes the lead whenever possible. Koga, for instance, has started using 'hybrid clean' trucks for its transports, and other brands will follow suit in the future.

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, Italy, France, Finland, Turkey and the United States. Accell Group's ambition is to further expand 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, with a particular focus on comfort, design and safety. Consequently, 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, in which consumers are willing to make an extra investment in quality, strong, high-profile national and international brands 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. This makes continuous investment and a clear focus on innovation and design essential in these segments. Constant innovation and adaptation of the products to the wishes of discerning consumers guarantee that Accell Group brands and products remain attractive to their specific target groups. It also creates opportunities to further expand and develop Accell's strong market positions both nationally and internationally. The Accell Group companies also have to operate close to the market so they can respond rapidly to consumers' specific demands, for instance through the production of small(er) series or custom-made products.

Intellectual property

Accell Group attaches significant importance to the issue of intellectual property. Its brands have spent years investing in widespread name recognition and a strong image, as well as the creation of recognisable bicycle icons in the product range. These represent a great deal of value which Accell believes must be protected against potential abuse and infringements. We regularly take action against third parties to protect our investments in our intellectual property.

In addition to brand and model protection, Accell Group also makes considerable investments in technical innovation. Significant discoveries, such as the manually adjustable stem, the battery integrated in the fame and a number of frame suspension systems are just a few of the results of our innovation drive. The R&D departments of several subsidiaries launch new inventions and innovative product improvements every single year. Not surprisingly, therefore, Accell Group holds many (internationally registered) patents.

Cooperation retail trade

Accell believes it is vital to work closely with the specialist retail trade and distributors. They are in the best position to guarantee the highest levels of service to our end users, cyclists themselves. Recent research in the Netherlands revealed 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. And specialist retailers are becoming increasingly important, partly because of rising average bike prices and the complexity of the products themselves. Consumers attach great value to service, especially when they are making relatively expensive purchases. This high level of service is even more important during the actual purchase process (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 Accell's cooperation with the retail trade when it comes to providing information and service. Accell Group has been active in e-commerce for some time. The various Accell Group brands, for instance, are seeing a growing demand for their website-based creation of so-called custom-made bicycles. The specification of custom-made bikes uses advanced systems that allow consumers or dealers to assemble and order a bicycle quickly and easily. Thanks to data linking, the information and ordering needs of specialist retailers and the bike data are recorded down to the smallest detail.

Chain digitalisation

Accell Group continues to develop software which supports and simplifies store management for dealers. Some years ago, we introduced Accentry, an ordering system for bikes, fitness equipment and parts. In 2011, we added Accentry Retail, a complete store management system developed specifically for specialist bicycle retailers. In addition to placing orders, the dealer can enter minimum and maximum inventories and the system then orders items automatically. Packing slips can be read digitally and the system automatically adds the item to the inventories in the dealer's own shop system. All of Accentry Retail's functionalities can be used for all bicycle parts and bicycle brands the dealer stocks. The programme also comes with a dashboard which allows a dealer to check their sales figures by comparing their turnover data anonymously to market data. This form of chain digitisation creates considerable gains in efficiency and effectiveness.

Organic growth and acquisitions

Accell Group realises its growth through both organic growth and acquisitions. In 2011, we once again devoted considerable attention to our acquisitions policy, which is based on the premise that candidates must be complementary and also add real value in terms of returns and synergies 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 described in this annual report clearly meet these criteria.

Investing in employees

We consider the employees of the various Accell Group subsidiaries as important stakeholders. We therefore strive to provide our 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 for which they work. Accell Group regards the health and safety of its employees of paramount importance. The Board of Directors greatly appreciates the efforts of employees at all of the Accell Group subsidiaries in 2011.

Structure: continuous management of costs and revenues

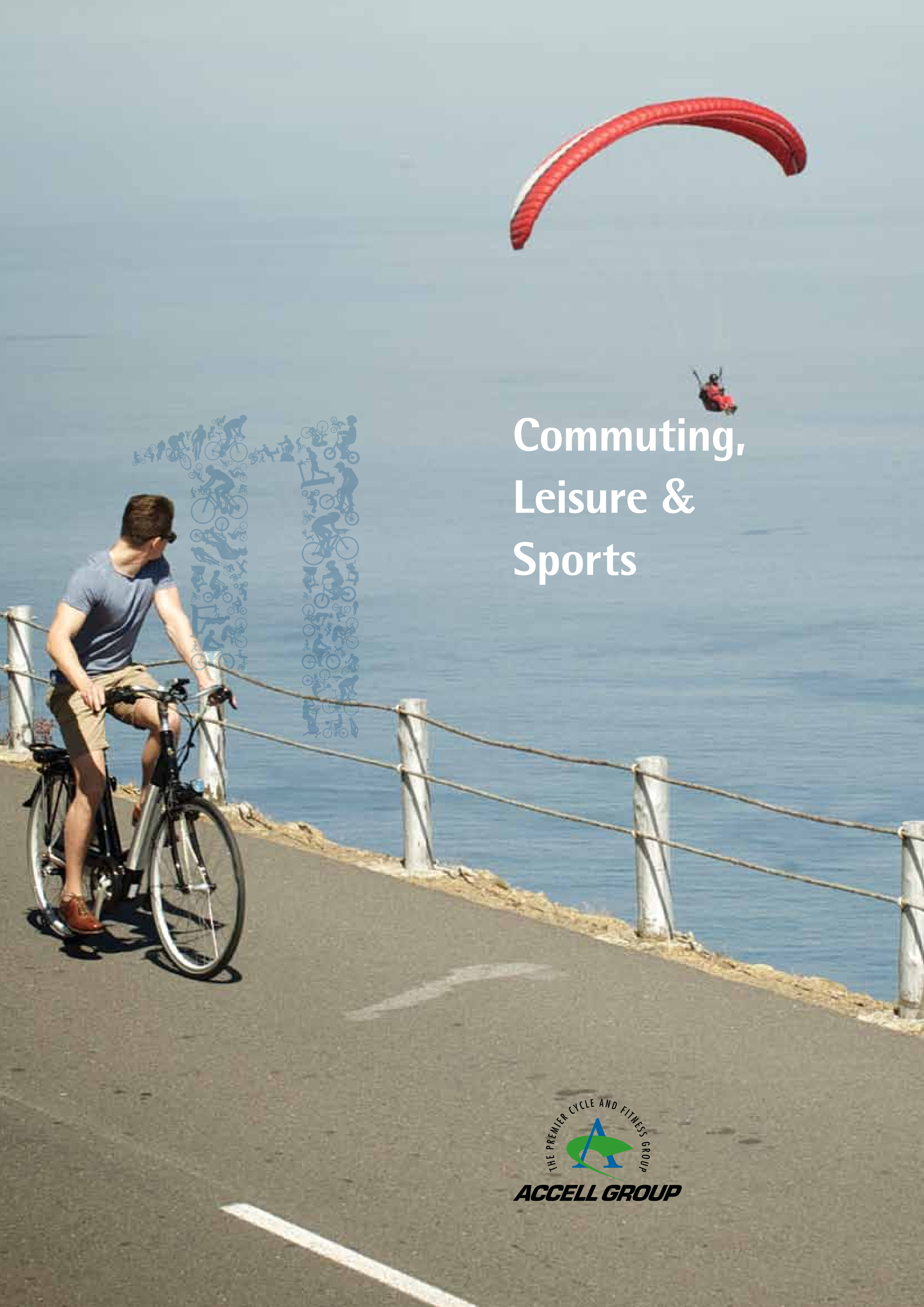
The group has an organisational structure with subsidiaries that bear primary responsibility for their market positions. Accell Group maintains the holding function in this structure and, in addition to strategy, is also responsible for matters including treasury, financial control, business development,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

Accell gains synergy benefits by integrating back-office activities. Computer systems developed in-house make it possible to manage the activities of the operating companies effectively with a relatively limited indirect organisation.

The group works continuously on synergy in other areas, too, such as the intensification of partnerships with suppliers and the group wide interchange across the group of know-how related to product development and innovations. Developments in the fields of electrically-assisted bicycles, 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 positioning of the various brands, procurement, production allocation and human resources. The subsidiaries are responsible for implementing the strategy at a country or brand level.

Corporate Social Responsibility

Accell Group's strategy and policy in the field of corporate social responsibility (CSR) are outlined in the next chapter of this annual report.



11 Commuting, Leisure & Sports

THE PREMIER CYCLE AND FITNESS GROUP
ACCELL GROUP

Commuting, Leisure & Sports

In this section of the annual report, Accell Group describes its approach to Corporate Social Responsibility (CSR), including its ambitions to increase the sustainability of its operations and improve the reporting on same. Accell Group has opted to integrate this information into its annual report so it can present its financial and social performances in one document. Accell also regards this annual report as a tool to create a dialogue with the company's stakeholders. Accell Group takes a broad view of its responsibilities and actively responds to the key sustainability and current trends and developments across the world. These include:

→ An ageing population, characterised by a growing group of older, healthier people who want to remain active socially, mentally and physically.
→ The increasing – international - government interest in safe infrastructure for bicycles within and outside city limits as a solution for mobility issues.
→ Serious attention for the environment and measures to reduce car use in favour of alternative modes of transport, especially for short distances. The continuing rise in fuel prices also contributes to this development.
→ Widespread concern in society about the phenomenon of obesity, which has sparked numerous initiatives aimed at encouraging people to get more exercise.
→ Consumers' increasing interest in and preference for active leisure time activities ('more exercise') and the ensuing demands in the fields of design, durability and comfort.

Accell Group is responding to these sustainability trends by manufacturing products with a recognisable and distinctive added value. Innovations are largely aimed at contributing to changing behaviour in the fields of mobility and healthier lifestyle. This involves much more than mere product development. Accell Group is therefore involved in a wide range of activities in this field, both within and outside the company.

Views on corporate social responsibility

For this CSR section, we looked at the international guidelines for sustainability reporting, the Global Reporting Initiative (GRI) 3.1. GRI is the worldwide benchmark for sustainability reporting. In this chapter of the annual report, Accell uses the various sections to outline which GRI indicators it plans to report on in the future. Our ambition in terms of the level of reporting corresponds to level C of the GRI reporting standards.

Basic criteria

Accell Group has defined a number of priorities for CSR. These take into account sustainability impact and the issues we know or presume are important to our stakeholders. To arrive at these choices, we looked at the issues and definitions ISO 26000 (international CSR guideline) uses for corporate social responsibility. To these issues, we have added subjects revealed in analyses of the sector (including competitors) and the chain, plus subjects outlined in previous annual reports. We then determined which subjects Accell Group believes have a high priority in its CSR policy. We then assigned levels of priority on the basis of the subject's relevance to Accell Group and its stakeholders.

We used the following criteria to determine the relevance of various issues:
→ Our own activities and decisions
→ The activities and decisions of organisations in the value chain and our organisation's sphere of influence

We used the criteria to determine the significance of various issues:

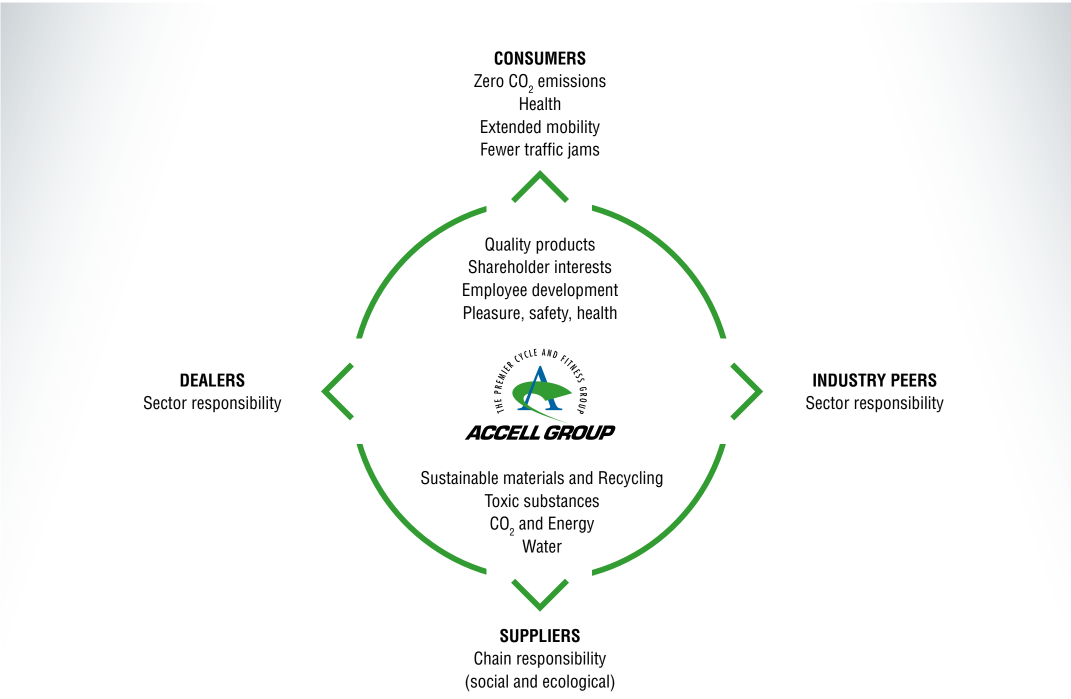
- The extent to which the issue has an impact on sustainable development and on our stakeholders
- The extent to which Accell Group can influence the issue
- The level of concern about the issue among our stakeholders
- What society expects from companies in terms of what is regarded as responsible conduct with respect to these issues

To determine the priorities we subsequently looked at the extent to which Accell Group considers a subject important to its CSR vision and strategy. This includes the extent to which Accell Group can exert direct influence on this issue or can do so more effectively as part of the sector via the World Federation of the Sporting Goods Industry (WFSGI). The contents of this report reflect our prioritisation of various CSR issues. These in turn form the basis of the dialogue with our stakeholders, which we will be broadening in 2012.

Accell Group and corporate social responsibility

Society is on the move; from worldwide economic difficulties to climate change, from rising raw materials prices to a rapidly growing, ever wealthier population, with increasing concern about the finite nature of the planet's resources and a growing demand for sustainable products. Some of these developments affect Accell Group directly, others indirectly. What CSR is for Accell Group is being open to these developments, taking them into account in our activities and accepting responsibility for possible solutions.

The diagram below shows the areas in which Accell Group wants to play a more active role in certain themes and developments:



A bicycle is by its very nature a sustainable product. Cycling contributes to health and vitality, bicycles emit no CO_2 during use and cycling helps reduce traffic jams in busy cities. Accell Group produces high-quality products with a long life. Accell Group is proud that it makes these great, sustainable products every single day. Accepting responsibility as a business goes beyond our responsibility for the functionality of our product. For Accell, operating with the greatest possible respect for people and the environment is a key part of our corporate mission. After all, to make a truly sustainable product, we need a responsible organisation and responsible production.

As a listed company, Accell Group believes it is extremely important to create added value for its shareholders. Accell Group wants to use its position as one of the largest bicycle manufacturing companies in the world to increase the sustainability of the sector. Bearing this in mind, Accell Group will focus on the following three main points in the near future:

1. Increasing the sustainability of our own operations, with the aim making Accell a trendsetter in the sector in the field of sustainable innovation.
2. In view of our central role in the value chain, Accell Group is also taking responsibility for helping to make suppliers, dealers and consumers operate more sustainably. After all, Accell Group is the link between these groups.
3. As a major player, Accell Group also feels responsible for the communal interests of the sector. Accell Group believes some aspects of CSR are too important to be considered competitive and believes these would benefit the most from a joint approach. Accell Group itself has taken the lead in some of these aspects, such as CSR in the supply chain.

Accell Group produces a sustainable product in a socially responsible manner, with respect for the environment. To do this we have to operate as a responsible organisation, and that includes transparent working methods.

Accell Group stakeholders

Accell Group always takes the interests of its stakeholders into account in its operations. Our main stakeholders are our employees, the dealer networks and consumers, our shareholders, the government (European and national authorities in the various production countries), suppliers and companies which may in future become a part of Accell Group. These groups of stakeholders have an effect on Accell Group's operations and vice versa.

Dialogue with our stakeholders

Accell Group is in touch with all of its stakeholders, for instance through its service contacts with dealers, with shareholders during shareholders meetings and with employees during the various staff consultations. In the coming years, Accell Group will further structure and extend the dialogue with its stakeholders.

Sustainable product

The bicycle as an environment-friendly alternative

Research by the Dutch Transport Ministry shows that about half of all car trips are short, or less than 7.5 kilometres. Even shorter distances, such 2.5 kilometres, are often covered by car. For these trips, a bicycle is not only less damaging to the environment, but also cheaper and healthier.

Air pollution is an increasing problem in big cities around the world, and it has a direct impact on the health of the population. Replacing cars with (electric) bicycles provides an immediate contribution to improved air quality in the residential environment and to the health of the population.

Healthy living and more exercise

People who cycle regularly have the condition of a sportsperson and are physically ten years younger than their real age, according to research from the Dutch Transport Ministry. They are also more resistant to illness and have 50 percent less chance of suffering a heart attack.

Longer and more mobile with an electric bicycle

The electric bike offers people with physical limitations the opportunity to travel around independently. This is an important development for the growing group of older people in society and an improvement to their quality of life. In addition to this more traditional role for the electric bicycle, Accell Group is promoting the notion that electric bikes play an increasingly important role in everyday mobility (commuting for example) and active leisure time (including e-mountain biking), partly thanks to constant innovation. This is making the electric bike increasingly a lifestyle product for all ages.

Goal

Accell Group makes a recognisable contribution to increasing the sustainability of mobility by reducing the number of kilometres in short-distance car trips. Accell Group also promotes the health and safety of consumers and helps older people remain mobile for longer.

Current status

Accell Group contributes to sustainable mobility by providing a sustainable means of transport. Accell Group takes this one step further and also works on innovative solutions and concepts for sustainable mobility, such as the electric bicycle. In doing so, we think beyond the confines of the product 'bicycle' and cooperate with other players on innovative total concepts for sustainable mobility in which the bicycle plays a role. Accell Group has for some time now been the supplier of the public bicycles for the city rental systems of JC Decaux (Vélib), but also for the Calllock and Macbike bicycles and the public transport bicycles in the Biked-spenser system. Sparta and Eneco run a joint campaign for electric bicycles and green power, and there are numerous ION charging points available in public spaces. International interest in the electric bicycle is also growing, partly as a result of innovations from Accell Group that mean the electric bike also performs well in hilly and mountainous terrain.

Accell Group stimulates consumer health by supplying products that encourage exercise and sport. In addition, Accell Group supports initiatives that promote exercise among young people and that aim to combat social problems such as obesity. These efforts are aimed at national and international forums and initiatives and are often in cooperation with international peer companies in the World Federation of the Sporting Goods Industry (WFSGI). WFSGI itself works with the World Health Organisation (WHO) and supports various initiatives, including those aimed at fighting obesity. Accell Group is involved in these activities as a member of the WFSGI's bicycle sector executive. In our next annual report, we will report on our support for organisations that work towards this goal, both nationally and internationally, and Accell Group will use this information to monitor and steer its efforts on this front.

Accell Group makes no concessions when it comes to safety. All our products meet international safety standards as laid down in the European Standards (ENs). We use high-quality components to manufacture our products. Our electric bicycles offer flexible support and the option to choose appropriate riding programme to fit the experience and skills of each individual user, and the option to limit the maximum assisted speed to 20 km/h, compared with the standard 25 km/h.

Accell Group works constantly and continuously on innovations related to sustainable mobility and healthy exercise. The group's innovation platform includes representation from all Accell Group companies, and the key topics discussed include sustainable mobility and healthy exercise. For instance, a recent Accell innovation makes it possible to charge the battery of electric bicycles when the rider is not actually peddling (for instance while rolling downhill or during braking). This results in more efficient energy use and an increase in range.

Employee satisfaction, safety, health and development

Employees are the beating heart of every company. Every company has a basic role to play as an employer, but being a good employer is about a lot more than simply managing recruitment, selection and remuneration. Being a good employer also means providing a stimulating and satisfying company culture and a safe and healthy working environment. A good employer is attractive on the labour market and knows how to bind talented and knowledgeable employees to its business.

Proud and loyal employees who feel at home and enjoy their work, who can make the best possible use of their talents and ambitions, and who can develop their careers, are far more productive and healthier. So being a good employer creates benefits for the company, too.

> Objective
> Accell Group wants to be a good employer, providing its employees with a challenging working environment that fits their personal abilities and ambitions. Accell Group wants to commit know-how and talent to the company and provide its employees with a safe and healthy work environment.

Current status

The employees of the various Accell Group companies are important stakeholders. Accell Group has an open and professional culture with good training and career opportunities. But Accell Group is well aware that it needs to offer more. This is why most Accell Group companies offer their employees an opportunity to share in the company profits. Employees also suggest local activities for sponsoring, usually to sports cycling. Accell's sponsorship of these activities boosts our employees' commitment and corporate pride. And it is visible in the local community. To increase employee satisfaction, each company organises a staff party for its employees at least once a year. A pleasant working environment that devotes attention to reciprocal commitment improves the connection between company and employees.

Accell Group devotes extra attention to the labour participation of people for whom finding employment is more difficult. To this end, we collaborate with various assisted workplace facilities and adapt work places within our companies where necessary. Other efforts include ensuring that we do not ask for higher qualifications than necessary. What this means, for instance, is that illiterate employees are able work in production environments.

Accell Group also considers the health and safety of our employees a very high priority. All operations comply with national laws and regulations. We communicate regularly with local management and/or local employee representatives on health and safety issues.

In the next edition of our annual report, Accell will report on the following indicators on the basis of the GRI:

- The composition of the workforce divided by age, gender, contract and region.
- Staff turnover by age group, gender and region.
- The average number of hours per employee devoted to training, divided by contract and gender.

CO_2 and energy

CO_2 emissions are contributing to climate change and are currently a hot topic on the political stage. If companies and consumers maintain current consumption levels then worldwide energy use will have increased by 50% in 2030 compared with 2007 levels. Global warming will therefore continue to increase.

Energy prices are rising and the reliability of energy supplies is falling due to geopolitical developments. It is vital to reduce fossil fuel consumption, increase energy efficiency and increase the use of sustainable energy sources, to save costs but also to ensure future supplies.

Objective
Accell Group wants to reduce energy consumption and CO_2 emissions in both its production facilities and its logistics system.

Current status

Energy and/or fuel is used right across Accell Group. Production locations use energy for the assembly and painting of products. The transport of parts to production locations and the distribution to the dealer network requires fuel. So Accell Group's activities produce CO_2 emissions. The emissions in the production process are relatively limited, as assembly is not an energy-intensive activity. Accell Group will measure its energy consumption and CO_2 emissions in 2012. Based on that data, we will formulate concrete targets to reduce energy use and CO_2 emissions. These will be reported in line with GRI guidelines.

Sustainable materials and recycling

A shortage of raw materials is among the biggest global challenges in terms of sustainability. Expert projections are very worrying: a large number of raw materials are rapidly becoming scarcer. The shortages are due to a combination of physical and political factors. A country like China is rich in raw materials but is increasingly using these raw materials for its own industrial production, reducing the amount of raw materials available for export. It is important to develop products that use less or no scarce raw materials in their production cycle. The use of alternative, sustainable raw materials is an obvious move in this respect. The challenge lies in enabling the reuse or recycling of materials on a larger scale.

Objectives
Accell Group want to increase the proportion of sustainable materials in its products. Sustainable materials can be recycled efficiently, comprise recyclable raw materials and have other, yet to be determined, sustainable properties. Accell wants to recycle the materials it uses as much as possible. We use smart design to make the use of sustainable materials and the recycling of same more effective. We recognise that the amount of packaging in the value chain, from supplier right through to dealer, has to be reduced and we encourage the use of used and out-of-demand parts.

Current status

The Accell Group companies have separated the waste flows of various waste materials to ensure these can be disposed of correctly, for recycling (materials such as metals, paper and plastic) or for proper processing. The proportion of materials that can be recycled is relatively high, as bicycles are 80% metal and we have a well-organised metal recycling system. The recycled percentages of other materials, such as plastic, rubber and carbon are unknown, but we expect these to be much lower. Accell Group will actively seek out additional opportunities for recycling and the use of sustainable products. For instance, we will devote attention to the recyclability of materials and parts as early as the design stage. Partly as a result of this, Accell Group will provide an overview in its next annual report of the materials used per bicycle, divided into recyclable and non-recyclable. We will also be doing this for production waste. On the basis of this data, we will then monitor and actively manage the proportion of recyclable material per bicycle, to reduce our impact in terms of the use of raw materials.

Accell Group also encourages its partners in the chain to reduce the amount of packaging they use. For instance, packaging materials are reused both internally and externally whenever possible. Suppliers increasingly deliver their products with a minimum amount of packaging. In line with the plans for the use of materials, Accell Group will quantify the packaging received from suppliers, divided into recyclable and non-recyclable. We will then complete this with an overview of the amount of packaging materials Accell uses to deliver its products. In the future we will monitor and manage the percentage of recyclable packaging materials per bicycle based on those data.

Accell Group is also actively encouraging the use of out-of-demand parts, offering such parts for various projects where the looks of the bicycle are less important.

Toxic substances

The use of chemicals comes with risks to both the safety and health of employees and to the users of the products in which they have been incorporated. There is considerable legislation governing the permissible use of chemicals in products and production processes and protection against the hazards of such substances. Manufacturers using hazardous substances or potentially substances in their production processes face compulsory registration of these substances at a European level. And they may have to look for alternatives for non-registered substances.

> Objective
> Accell Group wants to operate in compliance with REACh (Registration, Evaluation, Authorisation and Restrictions of Chemical substances) and work only with registered substances, under the correct conditions and with the right protection measures in place. Where possible, we operate with alternative materials without hazardous substances. Any adverse effects of working with hazardous substances are eliminated where possible.

Current status

Accell Group has set up its own testing laboratory as part of its effort to comply with REACh. Accell does not use chromed frames. We have a number of projects ongoing to research how we can reduce the chemical pretreatment of bicycle frames. Accell has been using 100% water-based paints in its paint shops for many years.

Accell Group has developed its own system for the return of used and defective closed circuit batteries. Once taken back, external experts repair or dismantle and process the batteries correctly. This controlled returns system prevents the batteries from polluting the environment.

Water

Water use and pollution are increasingly part of corporate CSR policy. Fresh water is an increasingly scarce commodity. Although 70% of the earth's surface is water, only 3 percent of that is fresh water. Fresh water of a sufficiently high quality is essential to the survival of human society and natural eco systems. By 2030, the demand for clean water will exceed the supply by 40%. This means that a large part of the world's population will be living in areas suffering from water shortages. Water shortages can lead to tension and conflict. But water shortages also affect companies, as they could lead to reduced production or higher costs.

Water management is an essential part of corporate social responsibility, in particular when it comes to the impact a company has on water consumption and pollution in the production chain. The World Business Council for Sustainable Development (WBSD) and other international organisations are calling attention to this issue and are offering tools for companies to take stock of the impact their production chain has on water sources.

Objective
Accell Group wants to minimise the negative impact on water sources in its operating activities. Water is used in paint shops and in the pre-treatment and production of frames. We are actively involved in organising the sustainable use of water in other parts of the bicycle production chain, for instance at an international through our membership of the World Federation of the Sporting Goods Industry (WFSGI).

Current status

Accell Group's production activities (assembly) and the production processes of our direct suppliers use very little water. The water used at a large majority of suppliers is reused and purified before it is discharged into the public water system.

Three of Accell Group's companies have paint shops. Two of these have their own water purification plants and only discharge purified water. The third company has a contract with a local purification company that processes containers of 'polluted water' into clean water.

Chain responsibility

Employee rights and human rights are increasingly important subjects in the corporate world. The recently adopted UN Guiding Principles on Business and Human Rights offer companies an international framework to determine their responsibility within the chain and how to meet that responsibility. The economy of the Western world has a global character and companies have supply chains reaching across the world. These internationally operating companies are increasingly expected to be aware of potential abuses in the field of labour conditions within their supply chain and take action to prevent these abuses.

Objective
Accell Group is one of the leading companies in the international bicycle sector. Together with a number of other key players, it has taken the initiative, via the World Federation of the Sporting Goods Industry (WFSGI), to define and develop the chain responsibility in the international bicycle sector.

Current status

The international bicycle sector has set up a CSR taskforce for the sector within the WFSGI. Accell is a member of the chief executive committee of the WFSGI. The WFSGI is developing an approach using the experiences of fellow members in the international sports shoes and sports clothing industry. Within the WFSGI, we strive for a joint sector-wide approach, defining criteria for suppliers, such as joint supplier audits and actions to improve labour conditions and the environmental aspects of the supply chain.

Accell Group has a Code of Conduct for its suppliers, in which they commit to compliance with internationally accepted standards for employee rights and human rights. Accell Group visits its suppliers to assess whether they comply with the standards in the Code of Conduct.

In the 2012 annual report, Accell Group will report on our approach to improve the labour conditions in the supply chain. This will be based on the following factors (based on GRI standards):

- Number of key suppliers
- Percentage of suppliers that have been audited
- Percentage of suppliers included in an improvement programme
- Percentage of suppliers that have introduced one of more improvements

Accell Group's operational cycle

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 geared towards 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.

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 reputable 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. We also maintain close contact with the specialist retail trade for the same purpose. We coordinate the exchange of information about consumer behaviour and trends at group level, the premise being 'efficiency in inspiration'. This prevents overlapping research and promotes the optimum exchange of information and ideas

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. Consumer research is also important at this stage (through consumer panels, for example), to evaluate the development process and adapt it where necessary. Product design is an important differentiating factor. What consumers want is always a priority 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 company optimises the positioning of the individual brands.

Development

Accell Group devotes a great deal of attention to various long-term innovation projects and to the exchange of knowledge. Thanks to 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. The year 2011 once again saw a large number of innovations and the application of those innovations by the Accell Group brands. The continued development of the ION® technology for the electrically assisted bicycle is a high priority, partly because Accell Group wants to maintain and if possible extend its technological lead in this field. The ION technology is the only system in the E-bikes market that can be continuously updated through new software releases.

Innovations in the area of battery performance and speed regulation allow Accell to secure and increase its lead in the market for electrically-assisted bicycles. The new fully automated charging systems means the E-bike is charged during braking. Just like in the most recent generation of cars, the ART software (Automatic Regenerating Technology) charges the bicycle's battery with the energy released during braking. The system also charges the battery automatically during so-called freewheeling, when a rider not peddling or braking. The new software is perfect for use in hilly or mountainous areas.

In a related move, Accell Group has also developed a special Power Module for extra capacity in the mountains. The special software provides extra support when climbing steep inclines. This is extremely demanding for both the battery and the engine with extended use, so intelligent measurement and regulating switches prevent overheating in these instances. In addition, Accell Group's Comfort Cruise Control (CCC) software is the next big innovation in speed regulation. The programme offers the rider the option to reduce the maximum speed of 25 km/h to a safer cruising speed in busy traffic conditions.

These innovations are used in the new ranges from Sparta, Batavus, Koga, Winora, Hercules and Lapierre. All of these brands have a complete and state-of-the-art range of electrically-assisted bicycles. Accell Group also devotes considerable attention to the introduction of e-bikes in markets where these are relatively unknown, such as North America and Asia.

Partly as a result of the increasing use and possibilities of the internet, the demand for custom-made bicycles continues to grow. Using the internet and web technology allows a consumer to put together a bicycle entirely according to their own wishes, often in consultation with a dealer. These initiatives have also been successful among specialist retailers. Demanding consumers appreciate the advice and service of the dealer and the dealer provides the finishing touches in terms of advice and getting the bicycle ready to ride, while also remaining an important service partner for the consumer. The brands Koga ('Koga Signature'), Lapierre ('Webseries'), Staiger ('Sinus') and Haibike all have extensive experience with programs for custom-made bicycles.

In 2011, a broad range of Accell Group in novations and initiatives once again received considerable media attention, both nationally and internationally. These included:

Redline 'Cross bike of the year'

The American Redline brand is also known outside the United States as the predominant brand for BMX (Bicycle Motor Cross) bicycles. In 2011, Redline introduced the BMX and cross bicycles with carbon frames, an innovation in this segment of the market. These models are around 20% lighter than competing models and the strength of the frames improves the performance of the bicycles. Various trade publications in the USA declared the various models to be 'Bike of the year" and even 'Best BMX Bike ever'. A number of national teams will use these bicycles at the 2012 Olympic Games in London.

Koga and Van Nicholas develop titanium frames

In the field of innovation, Accell Group also made an important acquisition at the end of 2011, with the takeover of all shares in Van Nicholas, a high-end niche player in titanium bicycles and frames. What makes titanium special is that it is 30% stronger than steel. The material is also much lighter and, unlike aluminium and steel, it does not corrode. Titanium will play a key role in the mountain bikes, racing bikes and touring bikes sectors. Koga will use its know-how and logistical expertise to take full advantage of the international growth potential created by the Van Nicholas acquisition. The know-how in the field of titanium will obviously also be very important to high profile brands such as Lapierre, Ghost and Haibike.

Eurobike awards for Koga and Winora

Koga received a Eurobike award for its new WorldTraveller 29. The jury called the touring bike, which is based on a 29" mountain bike frame, a ‘dream for the long distance cyclist’. The bigger, wider tires give the bike greater balance and comfort and the bike also performs well when fully loaded. The Haibike Greed 29 (Winora Group) was also honoured at the Eurobike awards. “Racing technology with effective controls on difficult ground results in unknown levels of comfort in the high-end top sports segment,” the jury report noted.

Koga WorldTraveller 29 Bicycle of the year 2012

The Koga WorldTraveller 29 also received an award in the Netherlands, in the form of the prestigious title Bicycle of the Year 2012. The jury report lauded the quality of the frame and final assembly, the subtle design and the 29" wheels: “Not only a dream come true for long distance cyclists, but also a bike you want to ride for a Sunday pleasure trip ride or to work during the week.”

Fusion lock Batavus and AXA

Theft prevention remains a focal point in the Accell Group’s product development. The integrated AXA Fusion lock received an Innovation Award in 2011. The expert jury of bicycle specialists singled out the increasing integration of indispensible parts in the bicycle itself. The Fusion concept, which fully integrates the ART approved fixed lock into the rear fork, is considered a striking innovation. The Fusion was developed jointly by bike lock specialist AXA and Accell brand Batavus. The main advantages of this lock are improved theft prevention and slim line design, combined with tried and operation.

Accell Group's operational cycle (continued)

Batavus again nominated for e-bike and innovations

Last year saw the first ever e-bike of the year awards and the Batavus E-BUB came out a clear winner. Another bicycle from the Batavus range, the Batavus Fuego E-go 8P, has been nominated for the 2012 awards. This nomination shows that Batavus is a trendsetter in the market for electric bikes. Batavus also received the Bicycle Innovation Award for its E-go RemovE, an electric bicycle with an 'invisible' battery that can be easily detached. The battery is cleverly integrated into the chain guard and contributes to the bike's low centre of gravity. This is another step towards the sleekly-designed and comfortable e-bikes that are difficult to distinguish from ordinary bicycles.

E-Mountain bikes

The Dutch market serves as our nursery for the international development of E-Bikes. In 2011, a number of Accell Group companies adapted and applied ION technology, always in line with the positioning of the individual brands. Ghost, for instance, added a number of e-mountain bikes to its product line using ION technology. The Germany company Haibike, operating at the top of the market with high-end bicycles for sports performance, received considerable attention for its eQ series, which are the next step in e-mountain bikes. The latter are also an example of a local development which can be applied internationally. After all, mountain biking is something for all ages everywhere these days.

The various awards support a key component of Accell Group's strategy: the group wants to use constant innovations to maintain and strengthen its lead in the market. Electrically-assisted bicycles are the focal point, because that market has enormous long-term international growth potential. The technology is used at many of our subsidiaries, all of which obviously translate the technologies to suit the positioning and values of their own brands. The market for electrically-assisted bikes is developing rapidly. Lifestyle plays a key role, as the traditional image of the electrically-assisted bike for 'elderly people' is changing into use by an ever-widening group and a broad range of applications, including use for middle-distance mobility for commuter travel.

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 is working optimally. Accell also outsources (parts of) the assembly process when this is the best option in terms of economy and quality. The majority of the assembly operations take place relatively close to the various markets. 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.

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

All of Accell's production facilities devote a great deal of attention to internal training and to 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.

Marketing

The bicycle market is different in every 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 on the basis of 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 group company has its own marketing organisation that produces a tailor-made brand strategy for its markets. For this we use a wide range of communication channels, both thematically and in the form of direct marketing to the consumer and the retail trade.

Accell Group's operational cycle (continued)

Sponsoring is an increasingly important instrument for generating attention for brands, especially for those with international operations. Internationally-active brands such as Koga, Lapierre and Ghost are often visibly active at major sports events. The other brands are on the whole more active in local sponsoring. In that respect, too, the brands operate close to their respective markets.

Sales and after market service

The individual Accell Group operating companies are primarily responsible for their own sales. They are close to their customers and know what is happening on their markets. 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.

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 very close cooperation in service, support, in-store marketing and direct marketing. Armed with the knowledge that 80% of purchase decisions are 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 consider 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.

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 this is by organising informative and inspiring trade fairs to discuss 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 are 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 sales of bicycle parts and accessories.

In addition to the XLC display range, Accell Group continues to support the development of the retail trade and assists independent dealers wherever possible by developing software, services and products that make their business easier. One very clear contribution to this is Bikes & More, a joint initiative from the Dutch Accell Group companies. Bikes & More has become a provider of a broad range of services with a clear link to the key activities in bicycle shops.

Following the introduction of Accentry, an order system for bicycles, fitness and parts, we introduced Accentry Retail in early 2011. This is a complete shop management system developed specifically for the specialist bicycle trade. In addition to placing orders, the dealer can also set a minimum and maximum stock level and items are then ordered automatically on the basis of that data. Packing slips can be read digitally and goods added to the dealer's stocks automatically, plus booking repairs is made extremely easy. All the Accentry Retail functionalities can be used for all bicycle parts and bicycle brands the dealer stocks. The programme also comes with a dashboard which allows a dealer to check their sales figures by comparing their turnover data anonymously with market data.

If a dealer requires additional advice, they can use the category management service, for which Accell develops a category plan at dealer level. The category plan outlines the risks and opportunities for the company at a sector level and provides clear recommendations for realising greater returns. In addition to the category plan for bicycles, Accell produces shelving plans for parts and accessories that fit in with the bicycle segments seen in the store and the market situation in the region.

In addition to the category plan, Bikes & More offers dealers the opportunity to respond to the various points of action that came out of the plan with a number of marketing materials, such as a website with webshop, store window services and 'Publish to Print', a media bank which the dealer can use to compose, print and distribute their own communications media.

If a dealer wants to completely overhaul their store, Bikes & More also has the know-how, means and contacts to take care of that entire process from start to finish, on the basis of the dealer's specific requirements.

Well trained personnel are as important to a healthy business as an effective store presentation. Bikes & More organises training courses that link to other Bikes & More services, enabling dealers to implement those services quickly and efficiently.

Shareholders information and investor relations

Listing

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

The share

The General Meeting of Shareholders of 28 April 2011 approved an amendment to the articles of association under which each existing ordinary share in Accell Group with a nominal value of € 0.02 would be split into two new ordinary shares with a nominal value of € 0.01 per share. This share split took effect on 1 June 2011. On 31 December 2011, a total of 21,094,760 ordinary shares with a nominal value of € 0.01 had been issued.

The closing price at year-end 2011 was € 14.10, compared with € 18.90 a year earlier. The number of shares traded was around 6.5 million in 2011, compared with 5.5 million in 2010. An average of 25,000 shares were traded per trading day. The closing price of € 14.10 on 31 December 2011 constituted a drop in the share price of around 25% compared with the closing price of € 18.90 on 31 December 2010.

Turnover in Accell Group shares during 2011*:

	Number of shares	Amounts (€ x million)	Highest price (€)	Lowest price (€)	Closing price (€)
January	548,212	10.6	19.75	18.72	18.90
February	315,852	6.1	19.50	18.50	19.20
March	611,352	11.4	19.50	18.01	18.43
April	496,894	9.7	20.37	18.38	20.10
May	638,052	12.6	20.70	18.79	19.80
June	515,099	10.1	20.98	17.75	19.85
July	763,427	14.7	20.25	17.90	18.07
August	735,035	12.6	18.49	15.86	17.37
September	559,488	9.5	18.11	16.00	17.00
October	313,960	5.1	16.97	15.78	16.30
November	432,047	6.3	16.42	12.37	13.13
December	603,220	8.0	14.28	12.56	14.10
Total	6,532,638	116.7			

*source: NYSE Euronext. The data for January through May have been amended to allow for the share split (factor 1:2)

The Financial Markets Authority publishes the following summary of shareholders in the Accell Group, reporting investments of 5% or more in the issued capital of Accell Group pursuant to the Financial Supervision Act.

Disclosing party	Date reporting obligation	Equity participation in %	Voting rights in %	Potential voting rights in %
ASR Verzekeringen N.V.	6 October 2008	5.75%	5.75%	
Beleggings- en exploitatie-maatschappij "De Engh" B.V.	27 October 2010	5.10%	5.10%	
Darlin N.V.	1 November 2006	7.40%	7.40%	
Delta Lloyd Deelnemingen Fonds N.V.	1 November 2006	6.94%	6.94%	
Delta Lloyd N.V.	6 May 2011	6.59%	6.59%	
FMR LLC	20 July 2011	5.04%	5.04%	
J.H. Langendoen	1 November 2006	5.13%	5.13%	
Stichting Preferente Aandelen Accell Group	1 November 2006			100%

Dividend policy

When the Accell Group share was listed on Euronext Amsterdam in 1998, it was announced that Accell would pursue a stable dividend policy, aimed at paying out at least 40% of net profits. In 2011, the company paid out an optional dividend for 2010 of € 1.71 on each outstanding ordinary (pre-split) share. Taking into consideration the share split as per 1 June 2011, the dividend for the full year 2010 was € 0.86 per share. The payout ratio was 48% of net profit, and the dividend yield was 4.5% (based on the 2010 closing price). Upon expiry of the optional period, it transpired that 44% of Accell Group shareholders had once again opted for a stock dividend. This percentage 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 2011

The shareholders will be asked at the General Annual Meeting of Shareholders to approve payment of a dividend for 2011 of € 0.92 per share, optionally payable in cash or shares. The dividend yield based on the closing price at the end of 2011 will be 6.5%. The pay-out ratio for 2011 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 matches up perfectly 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 as effectively and timely as possible with all relevant financial and similar information, in order to provide more insight into the company and its sector. To this end, financial results are published in a press release. Accell Group organises meetings with analysts and the (financial) media to present and explain the annual results and half-year results. The annual results for 2010 and the 2011 first-half results were 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 2011, for instance, Accell Group organised a number of international road shows, during which analysts and investors were provided with information about the company's strategy, operating methods and activities and given the opportunity to meet the management. In addition, Accell organised regular meetings and tours for investors and shareholders at the various companies and arranged 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 share by members of the Board of Directors.

Financial calendar 2012

The following publication dates and other relevant dates are on the calendar for 2012.

Date	Evenement
29 March 2012	Registration date GMS
26 April 2012	Trading update
26 April 2012	General Meeting of Shareholders
30 April 2012	Ex-dividend listing
3 May 2012	Registration date for those entitled to dividends
3 May - 18 May 2012	Decision period optional dividend
21 May 2012	Determination exchange ratio optional dividend
23 May 2012	Dividend payable
26 July 2012	Publication half-year results
14 November 2012	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 ensuring that the company achieves 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 ("General Meeting") of Shareholders 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 (page 62 and beyond), 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 of Shareholders' 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 28 April 2011, 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 26 April 2012 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 28 April 2011 has extended to 1 May 2013 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 26 April 2012 includes a proposal to extend that term to 1 May 2014.

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 has appointed one of the directors as chairman of the Board of Directors.

The Supervisory Board determines the remuneration of the individual members of the Board of Directors, using the policy adopted by the General Meeting most recently on 22 April 2010. 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 2011 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 of Shareholders and the Works Council. The regulations were most recently amended in a decision of the Supervisory Board dated 21 July 2011. The regulations can be found 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 Works Council. The General Meeting and the 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 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').
The Supervisory Board has appointed from its midst an audit committee comprising Messrs. J. Van den Belt (chairman) and P.B. Ernsting, and a selection/remuneration committee, comprising Messrs. J.H. Menkveld (chairman) and A.J. Pasman. These committees are charged with preparatory activities as part of the decision-making process of the Supervisory Board. In a decision dated 21 July 2011, the Supervisory Board established regulations for the audit committee and the selection/remuneration committee. These regulations can be found on the Accell Group website, under 'Corporate Governance', 'Supervisory Board'.

The Supervisory Board has drawn up a profile of its size and composition, taking into account the nature and operations of Accell Group and the desired expertise and background of the members of the Supervisory Board. The profile was most recently revised in a Supervisory Board decision dated 21 July 2011 and is available on the Accell Group website under 'Corporate Governance', 'Supervisory Board'. The Supervisory Board elects a chairman and a deputy chairman from among its members. The Supervisory Board aims to attune the experience and expertise of its members effectively to the nature, activities and strategy of Accell Group. The Supervisory Board's composition is such that the members are able to operate independently and critically, vis-à-vis each other, the Board of Directors and any company interest whatsoever.

General Meeting of Shareholders

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 28 April 2011 was attended by shareholders representing 57.1% of the total number of outstanding shares.

External accountant
The General Meeting appoints the external accountant. The external accountant reports their findings with respect to the audit of the annual accounts 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 accountant about their statements regarding the accuracy of the annual accounts and the external accountant attends said meeting and is authorised to speak at same for that reason. The Supervisory Board has nominated the company's current external accountant, Deloitte Accountants B.V., for reappointment for the audit of the annual accounts for the 2012 financial year. The reappointment of the external accountant is on the agenda of the General Meeting of 26 April 2012.

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 Insider Trading Regulation established by the Board of Directors aims to provide rules to support the legal stipulations to prevent insider trading. The basic premise of the Insider Trading Regulation is that people should not enter into or recommend transactions in Accell Group shares and other financial instruments within the meaning of the Law on financial supervision if they have insider knowledge. Under the Insider Trading Regulation, 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 insider knowledge or not. In line with the Insider Trading Regulation, people with a reporting obligation 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 Dutch Financial Markets Authority AFM.

Corporate governance policy

Conflicts of interest 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 2011 financial year. The regulations governing 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, on 2 April 2009 Accell Group entered into an (amended) put and call agreement with Stichting Preferente Aandelen Accell Group.

Pursuant to the put agreement, the Stichting Preferente Aandelen Accell Group 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 28 April 2011, the Board of Directors, subject to the approval of the Supervisory Board, will be entitled to issue cumulative preference B shares until 1 May 2013. An extension of the period, until 1 May 2014, will be requested at the General Meeting to be held on 26 April 2012.

Pursuant to the amended call agreement, the Stichting Preferente Aandelen Accell Group is entitled, until 1 July 2019, to subscribe for the number of cumulative preference shares B that makes the Stichting Preferente Aandelen Accell Group holder of one half minus one share in the issued (increased) capital after said subscription. The Stichting Preferente Aandelen Accell Group 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 put and call agreement, Stichting Preferente Aandelen Accell Group 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.
The main aim of the Stichting Preferente Aandelen Accell Group, which has its registered offices in Heerenveen, 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 Stichting Preferente Aandelen Accell Group 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 Stichting Preferente Aandelen Accell Group 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 Stichting Preferente Aandelen Accell Group, the Stichting Preferente Aandelen Accell Group 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, which is also deemed to include 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 size 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 were appointed for an indefinite period prior to 2005.. 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

The regulation for share options stipulates a three-year reference period before the unconditional allocation of shares. Following definitive allocation, the shares must be held for at least two years. Although formally the period between conditional and unconditional allocation is two years, the reference period for allocation is three years and the Supervisory Board believes the term stipulated by the entire arrangement is sufficient to secure the commitment of the members of the Board of Directors to the company and its interests.

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.

Best practice provision 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 entailed by the aforementioned types of broadcasts and the current size of the company, Accell Group has decided not to comply with this provision for the time being.

Best practice provision IV 3.13

Accell Group has not yet outlined a policy in principle with respect to bilateral contacts with shareholders.

Regulation article 10 of the Takeover Directive

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

a. The company capital is € 650,000 divided into 65,000,000 ordinary shares with a nominal value of € 0.01 each, divided into 27,500,000 ordinary shares, 5,000,000 cumulative preference shares F, and 32,500,000 cumulative preference shares B. As of 8 March 2012, the issued and paid-up capital of Accell Group amounted to € 211,177.28 divided into 21,117,728 ordinary shares with a nominal value of € 0.01 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 52 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 from page 55 onwards in this annual report.
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 as much as possible been transferred to an insurance company. The management of risk 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 an exhaustive 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 in this. 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.

Changes in the market

Behaviour in the market may change. Reduced consumer confidence may inspire consumers to postpone large acquisitions, while dealers may reduce their stocks by postponing purchases when faced with more limited financing opportunities.

Seasonal sales and logistical 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 adapt quickly enough, 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. Long supply lines combined with the unpredictability of the weather and the sales can result in raised stock levels. The company therefore 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 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 is an active partner in the acquisition process and must approve acquisitions. 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.

The changing conditions in the worldwide economy and changing financing opportunities may make it more difficult or even impossible to finance acquisitions. Acquisition parties with greater capital strength may be at an advantage in those situations.

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 and Taiwanese dollar. 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 its currency needs with derivatives. All derivatives used have an underlying economic basis. This principle is applied strictly to prevent potentially speculative positions. Accell 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. There is 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 the import of near-complete bicycles in the guise of 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%. The European Commission is currently reviewing the extension of the anti-dumping duty on imports from China. 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 certainty 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, organised 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.

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 audits. The audit system is largely anchored 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 and internal 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 annual financial statements by the external auditor includes an 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. Accell Group also appointed an internal auditor and initiated internal audits in 2011. The company has drawn up an internal audit plan for 2012.

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 presence and functioning of the internal control systems.

Other risk management measures

→ On 1 December 2004, the Board of Directors of Accell Group drew up a 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 corporate 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 regulation to ensure that possible 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 control and auditing system offers a reasonable level of certainty 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 the Board 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 130 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 accounts as included on the pages 5 through 66 of this report provide a true representation of the situation on 31 December 2011, and the course of business at the company and at companies included in the joint consolidation during the 2011 financial year. This annual report includes a description of the actual risks Accell Group N.V. faces.

The Board of Directors would like to note at this point that the internal risk management and audit 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 on the basis of the results across a longer period of time.

Outlook

Health, environmental awareness, mobility and active leisure time are lasting underlying trends that continue to boost consumer demand for Accell Group products. Young people in particular also increasingly see bicycles as lifestyle products. In the coming years, the use of bicycles for leisure activities and sport and as an alternative for the car will continue to increase both in the Netherlands and abroad. Consumers are currently very interested in electric bikes, the more expensive mountain bikes, sports bikes, racing bikes and special (target group) bikes.

Accell Group will continue to use its strong brands to respond to the persistent demand for high added value products, with the differentiating qualities of innovation and modern design the key success factors. Support for these brands, intensive cooperation with the specialist retail trade and targeted marketing at points of sale and directed at consumers will remain key focal points in 2012.

In view of the macro economic developments, Accell Group is assuming that the reluctance among consumers to make major purchases will persist for the time being. We also expect the market to remain highly volatile. As in recent years, there will be more shifts in consumer demand through the seasons. Since the brands operate close to their markets, Accell Group is able to adapt to consumer demand relatively quickly. The willingness of dealers to build up stocks remains low, as they presume products will be available from the supplier. These developments will demand more from the organisation's ability to adapt if it is to realise continued growth in turnover and profit.

Continued increases in scale are important to realise synergy benefits in purchasing, production, development and marketing. In 2012, Accell Group will once again actively seek out potential acquisitions that fit within the group's profile and brand portfolio. Acquisitions must be complementary and add value in terms of returns and synergy in the short term.

Forecast

The outlook for the medium to long term remains positive. There is a structurally healthy demand for bicycles for mobility and health reasons and for active sports. This will continue to stimulate turnover from electric bicycles and sports bicycles in the higher segments in particular. However, the macro economic situation is highly uncertain, especially in Europe.

Based on the above developments and barring unforeseen circumstances, Accell Group expects a rise in turnover and net operating result for 2012.

Heerenveen, March 8, 2012

R.J. Takens, CEO

H.H. Sybesma, CFO

J.M. Snijders Blok, COO


central

Financial Statements


FRANÇAISE
DES JEUX
LAPIERRE

Consolidated income statement

(in thousands of euros)

	2011	2011	2010	2010
Net turnover (1)		628,475		577,226
Costs of raw materials and components	420,246		373,859	
Cost of inventory change	-120		-399	
Personnel costs (2)	80,642		76,607	
Depreciation and amortization (3)	7,355		7,494	
Other operating expenses (4)	83,244		73,310	
		591,367		530,871
		37,108		46,355
NMa penalty (20)		-2,307		0
Operating result		34,801		46,355
Result from investment (5)	16,079		0	
Result from non-consolidated subsidiaries (12)	356		75	
Financial income (6)	414		250	
Financial expenses NMa penalty (6)	-2,579		0	
Financial expenses (6)	-5,680		-4,478	
		8,590		-4,153
Result before taxes		43,391		42,202
Taxes (7)		-3,114		-5,822
Net profit		40,277		36,380
Earnings per share (8) (in euros)				
Earnings per share		1.93		1.75
Weighted average number of issued shares		20,905,497		20,385,290
Earnings per share (diluted)		1.91		1.73
Weighted average number of issued shares (diluted)		21,130,897		20,665,050

The figures following the various items refer to the notes on pages 88 through 117.

Consolidated balance sheet per 31 December

Before dividend distribution (in thousands of euros)

	2011		2010	
Assets				
Non-current assets				
Property, plant and equipment (9)	64,110		59,600	
Goodwill (10)	34,022		27,022	
Other intangible fixed assets (11)	16,008		15,222	
Subsidiaries (12)	4,569		992	
Deferred tax assets (19)	4,694		5,863	
Other financial fixed assets (13)	2,683		2,808	
		126,086		111,507
Current assets				
Inventories (14)	189,087		178,941	
Trade receivables (15)	85,576		76,369	
Other financial instruments (22)	7,626		248	
Tax receivables	10,178		6,417	
Other receivables	11,184		9,130	
Cash and cash equivalents	4,259		1,322	
		307,910		272,427
Total assets		**433,996**		383,934

The figures following the various items refer to the notes on pages 88 through 117.

Equity & liabilities

	2011		2010	
Group equity (16)				
Share capital	211		206	
Reserves	174,158		143,806	
Profit for the year	40,277		36,380	
		214,646		180,392
Non-current liabilities				
Interest-bearing loans (17)	47,994		51,686	
Provision for pensions (18)	4,276		3,745	
Deferred tax liabilities (19)	8,580		7,280	
Provisions (20)	4,068		7,078	
Deferred revenue (21)	1,935		2,165	
		66,853		71,954
Current liabilities				
Interest-bearing loans and bank overdrafts (17)	71,918		50,146	
Trade payables	52,711		55,519	
Other financial instruments (22)	4,708		3,639	
Current tax liabilities	7,026		5,929	
Provisions (20)	2,676		2,642	
Deferred revenue (21)	1,000		400	
Other liabilities	12,458		13,313	
		152,497		131,588
Total equity & liabilities		**433,996**		383,934

Consolidated cash flow statement

(in thousands of euros)

	2011	2010
Cash flows from operating activities		
Operating result	34,801	46,355
Result investment	16,079	0
Depreciation and amortization (3)	7,382	7,549
Share-based payments (2)	355	399
Operating cash flows before changes in working capital and provisions	**58,617**	54,303
Movement in inventories	6,729	-37,984
Movement in receivables	-161	-2,288
Movement in trade payables and other liabilities	-8,995	11,123
Movements in provisions and deferred revenue	-4,059	-8,170
Cash-flow from operating activities	**52,131**	16,984
Interest paid	-8,200	-3,968
Corporate income tax paid	-4,567	-9,741
Net cash flows from operating activities	**39,364**	3,275
Cash flows from investing activities		
Interest received	346	272
Investments property, plant and equipment (9)	-8,646	-6,058
Divestments of property, plant and equipment (9)	199	1,371
Investments intangible fixed assets	46	-268
Movements financial fixed assets	340	350
Acquisitions of subsidiaries (23)	-14,748	-60
Net cash flows from investment activities	**-22,463**	-4,393
Free cash flow [1)]	**16,901**	-1,118
Cash flows from financing activities		
New loans	14	480
Repayments of long-term loans	-6,741	-6,997
Changes in bank overdrafts	2,745	14,951
Cash dividend (24)	-9,890	-7,593
Stock and option plans	-80	952
Net cash flows from financing activities	**-13,952**	1,793
Net cash flow	**2,949**	675
Effect of exchange rate changes on cash and cash equivalents	-12	-202
Cash and cash equivalents per 1 January	1,322	849
Cash and cash equivalents per 31 December	**4,259**	1,322

1) Free cash flow is defined as the balance of the net cash flow from operating- and investment activities and is not defined as a financial performance indicator in IFRS.

Consolidated statement of changes in equity

(in thousands of euros)

	Issued share capital	Share premium reserve	Revaluation reserve	Hedging reserve	Translation reserve	Other Statutory reserve	Other reserves	Result financial year	Total equity
2010									
Balance per 1 January 2010	200	13,704	8,091	-3,295	-2,749	1,384	101,681	32,740	151,756
Movements in statutory reserve intangible fixed assets						-127	127		0
Realization of revaluation			-203				203		0
Fair value adjustment of financial instruments				-2,414					-2,414
Movements in deferred taxes				615					615
Exchange differences arising on translation of foreign operations			3		395				398
Changes in corporate income tax rate			34	-34			-34		-34
Direct changes in equity in the financial year	0	0	-166	-1,833	395	-127	296	0	-1,435
Profit for the year							32,740	3,640	36,380
Total changes / profit for the year	0	0	-166	-1,833	395	-127	33,036	3,640	34,945
Recognition of share-based payments (2)							399		399
Cash dividend (24)							-7,593		-7,593
Stock dividend	5	-5							0
Options exercised	1	951							952
Other movements					147		-214		-67
Balance per 31 December 2010	206	14,650	7,925	-5,128	-2,207	1,257	127,309	36,380	180,392
2011									
Balance per 1 January 2011	206	14,650	7,925	-5,128	-2,207	1,257	127,309	36,380	180,392
Movements in statutory reserve intangible fixed assets						-178	178		0
Realization of revaluation			-125				125		0
Fair value adjustment of financial instruments				6,670					6,670
Movements in deferred taxes				-1,668					-1,668
Exchange differences arising on translation of foreign operations					-1,406				-1,406
Direct movements in equity in the financial year	0	0	-125	5,002	-1,406	-178	303	0	3,596
Profit for the year							36,380	3,897	40,277
Total changes / profit for the year	0	0	-125	5,002	-1,406	-178	36,683	3,897	**43,873**
Recognition of share-based payments (2)							355		355
Cash dividend (24)							-9,890		-9,890
Stock dividend	4	-4							0
Options exercised and stock option plan	1	-81							-80
Other movements							-4		-4
Balance per 31 December 2011	**211**	**14,565**	**7,800**	**-126**	**-3,613**	**1,079**	**154,453**	**40,277**	**214,646**

Consolidated statement of comprehensive income

(in thousands of euros)

	2011	2011	2010	2010
Profit for the year		**40,277**		36,380
Fair value adjustment of financial instruments	6,670		-2,414	
Exchange differences arising on translation of foreign operations	-1,406		398	
Changes in deferred taxes	-1,668		581	
Total comprehensive income for the year		**43,873**		34,945

Notes to the consolidated financial statements

For the financial year ending 31 December 2011

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 98 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 2011 have been prepared in accordance with International Accounting Standards Board (IASB) standards as approved by the European Commission and applicable as of 31 December 2011.

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 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 2011. The new and adjusted standards, amongst others IAS 1 and IFRS 3, applied in these financial statements have no material effect on the consolidated financial statements.

Standards and interpretations, which have been approved by the European Commission and which will come into effect as from the financial year 2012, 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 2011.

Consolidation

The consolidated financial statements include the financial statements of Accell Group and its subsidiaries, being the group companies and other legal entities 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 acquired a controlling interest. The financial data of subsidiaries disposed of during the year under review are included in the consolidation until the moment that Accell Group ceased 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 or valued proportional interest in the fair value. 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 12 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.

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 the acquisition date. The changes in the fair value of conditional liabilities are accounted for in the income statement. 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 euros, 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 under review.

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 reliably measured and it is probable that future economic benefits will flow to Accell Group. Revenues related to the delivery of bicycles, bicycle parts and fitness equipment are recognized at the moment of delivery and/or transfer of legal title. The revenue from rendering services are accounted for in proportion to the performances rendered on balance sheet date.

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 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 life of five years. Restricted share awarded as of 2009 are conditional. Two years after the initial award, the definitive number of restricted shares will be determined based on the total shareholders' return of Accell Group shares compared to the total return of the Midcap index of NYSE in 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 duly employed by the company three years after the conditional award.

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 an 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 expenses 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 non-current assets 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 expected future cash flows from the use of the asset and its ultimate disposal. A pre-tax discount percentage is applied to determine present value, as such a percentage provides a good indication from the assessment of the current market conditions regarding time value of money 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 the 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 for impairment annually or more frequently if there are indications that goodwill might have to be impaired. 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, among other things, on realized results in the past and expectations for the future. Once a goodwill impairment loss is recognized, it is not reversed in a subsequent period.

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

Other intangible fixed assets

Trademarks, patents and clientportfolios

Intangible assets like trademarks, patent and clientportfolios, acquired in a business merger 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 value. Intangible fixed assets with a limited life, such as patents and clientportfolios, are depreciated on a straight-line basis against the income statement over the expected economic life, for patents generally estimated at five years and for clientportfolios generally estimated at 20 years. Assets with an unlimited life, such as trademark rights, are not depreciated, but are adjusted for any impairment in value, as described under goodwill.

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 the expenses occur.

Capitalised development costs are amortised at the moment when they are put into use on a straight-line basis over the estimated economic useful life, which is expected to be three to five years.

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 the 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 the valuation of individual inventory items. Production costs include 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, using the effective interest rate method less a provision for impairment. Interest income is included on the basis of the effective interest rate unless there is no material effect on the current liabilities. Provisions are determined on the basis of 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 initially recorded. 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 equal to 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 equal to 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 using 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 a 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 any hedging instrument 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 set aside 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 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 expected to participate in the respective plan.

The 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. 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 as well as receipts from interests. Received cash received in an acquisition is deducted from the acquisition price. Non-cash items 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 achieve reconciliation between the cash and cash equivalents at the beginning and the end of the period.

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 segments: bicycle & bicycle parts and fitness. Operating companies are not identified as an operational segment, but aggregated to one operational segment since operating companies show the same economic features and are also comparable as regards the nature of products, services and production processes, clients for 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:	2011	2010
	€ x 1,000	€ x 1,000
Bicycles	465,566	425,765
Bicycle parts	141,288	122,926
Fitness	21,621	28,535
	628,475	577,226

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	
	2011	2010	2011	2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycle & bicycle parts	607,623	548,703	52,777	55,524
Fitness	20,999	28,534	-1,434	-383
Elimination of inter-segment turnover	-147	-11		
NMa penalty			-2,307	0
Sub-total segments	**628,475**	577,226	**49,036**	55,141
Result from non-consolidated companies			356	75
Result investment			16,079	0
Unallocated expenses			-14,235	-8,786
Financial income			414	250
Financial expenses			-8,259	-4,478
Profit before taxes			**43,391**	42,202

Assets and liabilities per segment:

	Assets		Liabilities	
	2011	2010	2011	2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	407,079	346,889	157,055	164,061
Fitness	18,735	24,503	20,319	14,958
Unallocated	8,182	12,542	41,976	24,523
Sub-total segments	**433,996**	383,934	**219,350**	203,542
Equity			214,646	180,392
Balance sheet total			**433,996**	383,934

	Depreciation		Investments	
	2011	2010	2011	2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	5,669	5,659	18,486	5,715
Fitness	638	819	146	148
Unallocated	1,048	1,016	1,057	615
Sub-total segments	**7,355**	7,494	**19,689**	6,478

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]	
	2011	2010	2011	2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
The Netherlands	216,365	224,929	33,873	34,655
Germany	176,249	144,541	45,560	43,721
France	58,004	53,745	3,232	3,042
Other Europe	123,432	110,105	30,938	16,597
Other countries	54,425	43,906	7,789	7,629
	628,475	577,226	**121,392**	105,644

[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:

	2011	2010
	€ x 1,000	€ x 1,000
Wages and salaries	63,919	60,376
Social security charges	10,152	9,639
Pension contributions	4,823	4,380
Profit sharing	1,393	1,813
Share-based payments	355	399
	80,642	76,607

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 2011 (share-based payment transactions to be settled in equity instruments) amounts to € 87,000 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: € 19.36 (corrected for stock split of 2011)
- exercise price: € 19.39 (corrected for stock split of 2011)
- expected volatility: 34.18%
- average duration of the option: 3.5 years
- dividend yield: 4.50%
- risk-free interest rate: 1.66%

The expected volatility was determined using the historical volatility of the equivalent period in the past from the moment of measurement. The calculation of the fair value of options has taken into account annual dividend payments in line with the company's dividend policy. The option plan for the Board of Directors is covered in the notes to the company's financial statements.

Accell Group has a stock option plan for the allocation of conditional shares to the members of the Board of Directors and directors of subsidiaries which contribute significantly to the result of Accell Group.

The fair value is determined at the time of allocation, accounting for factors which will influence the final number of distributed shares. The stock option entitlements that have been conditional granted are comprised of the following:

	Number	Granting date	Expiry date	Share price at granting date	Fair value at granting date
Conditional shares				in €	in €
Granted in 2009	7,900	20-02-09	3 jaar	9.08	122,000
Granted in 2010	25,640	19-02-10	2-3 jaar	16.65	275,000
Granted in 2011	24,480	24-02-11	2-3 jaar	19.39	296,000

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 become unconditional, whereby adjustment will be made for the expected number of shared to be distributed. As a result, € 268,000 has been charged to the income statement in 2011.

3) Depreciation and amortization

Depreciation and amortization expenses comprise the following:

	2011	2010
	€ x 1,000	€ x 1,000
Depreciation of intangible fixed assets	785	836
Depreciation of property, plant and equipment	6,597	6,713
Capital gain on sale tangible fixed assets	-27	-55
	7,355	7,494

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 amongst others the following items:

	2011	2010
	€ x 1,000	€ x 1,000
Third-party research and development costs	2,085	2,054
Lease expenses	2,998	2,847
	5,083	4,901

5) Result investment

This is the result realized with the sale of the in 2011 acquired 22% investment in Derby Cycle AG. The result consist of the capital gain less corresponding expenses.

6) Financial income and expenses

Financial income and expenses comprise the following:

	2011	2010
	€ x 1,000	€ x 1,000
Interest income	414	250
Interest expenses	-6,063	-4,318
Interest expenses NMa penalty	-2,579	0
Exchange rate differences	383	-160
	-7,845	-4,228

The policy regarding interest and currency risks is covered in note 22, "Financial instruments and risk management".

7) Taxes

The effective corporate income tax charge comprises the following:

	2011	2010
	€ x 1,000	€ x 1,000
Current taxes	3,114	6,108
Deferred taxes	0	-286
Taxes in income statement	3,114	5,822
Taxes based on the weighted average applicable rate	7,592	9,544
Non-deductible amounts	808	261
Participation exemption	-4,089	-395
Benefits from tax facilities	-807	-1,015
Deferred tax assets not carried forward	-38	288
Adjustment of current taxes with regard to previous years	-482	-1,702
Adjustment of deferred taxes with regard to previous years	130	-1,159
Taxes in income statement	3,114	5,822

The effective tax rate consists of the reported taxes which can be allocated to the current book year divided by the result before taxes. The effective tax burden amounts to 8.0% (2010: 20.6%). Accell Group and the Dutch tax authorities agreed early 2011 on the applicability of the so-called patent/innovation box. For the years 2007 - 2009 part of the Dutch taxable profit is taxed against a tax rate of 10% (in stead of 25.5%), resulting in a refund of € 1.7 million. In 2010 and 2011 part of the Dutch taxable profit is taxed against a tax rate of 5% (in stead of 25.5% or 25%) resulting in a tax saving for the year 2010 of approx. € 1.0 million and € 0.8 million for 2011.

The effective tax burden has not only be influenced by the application of the patent/innovation box, but also by the legal restructuring of the German activities of Accell Group which became effective in 2009.

8) Earnings per share

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

	2011	2010
Profit for earnings per share (net profit accruing to Accell Group N.V.'s shareholders)	€ 40,277,000	€ 36,380,000
Number of issued shares	21,094,760	20,609,012
Weighted average number of shares for the earnings per share	20,905,497	20,385,290
Impact of share options and conditional shares on the issuance of shares	225,400	279,760
Weighted average number of issued shares (diluted)	**21,130,897**	20,665,050
Reported earnings per share	€ 1.93	€ 1.78
Reported earnings per share (diluted)	€ 1.91	€ 1.76
Adjustment factor according to IAS 33	1.00	0.98079
Earnings per share financial year	€ 1.93	€ 1.75
Earnings per share financial year (diluted)	€ 1.91	€ 1.73

9) 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 per 1 January 2010	48,060	71,974	120,034
Investments	1,524	4,395	5,919
Investments as a result of business combinations	0	303	303
Divestments	-1,201	-170	-1,371
Currency translation differences	79	164	243
Balance per 1 January 2011	48,462	76,666	125,128
Investments	2,603	5,958	8,561
Investments as a result of business combinations	2,070	580	2,650
Divestments	0	-199	-199
Currency translation differences	96	-1	95
Balance per 31 December 2011	**53,231**	**83,004**	**136,235**
Accumulated depreciation			
Balance per 1 January 2010	4,950	53,865	58,815
Depreciation	916	5,797	6,713
Balance per 1 January 2011	5,866	59,662	65,528
Depreciation	940	5,657	6,597
Balance per 31 December 2011	**6,806**	**65,319**	**72,125**
Carrying amount			
Balance per 1 January	42,596	17,004	59,600
Balance per 31 December	**46,425**	**17,685**	**64,110**

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 per 31 December 2011 would have amounted to approximately € 31.3 million (2010: € 30.1 million).

10) Goodwill

The changes in goodwill are as follows:

	2011	2010
	€ x 1,000	€ x 1,000
Cost		
Balance per 1 January	29,328	29,008
Additions as a result of business combinations	6,841	0
Currency translation differences	159	320
Balance per 31 December	**36,328**	29,328
Accumulated impairments		
Balance per 1 January	2,306	2,306
Impairments	0	0
Balance per 31 December	**2,306**	2,306
Carrying amount		
Balance per 1 January	27,022	26,702
Balance per 31 December	**34,022**	27,022

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:

	2011	2010
	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	34,022	27,022
Fitness	0	0
	34,022	27,022

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The following important assumptions were used in determining the value in use of the segment bicycles & bicycle parts and are based on historical experiences in specific markets and countries:
- Turnover development based on the historical average of the last 5 years (6.0%)
- Operating margin based on the average of the last 4 years (9.0%)
- Working capital development based on the historical average ratios in relation to the turnover (29%)
- 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 7.6% was used for the discounting of the cash flows.

Accell Group believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

11) Other intangible fixed assets

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

	Trademarks and patents	Clientportfolio	Development costs	Total other intangible fixed assets
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Cost				
Balance per 1 January 2010	15,216	0	1,384	16,600
Investments	94	0	162	256
Investments as a result of business combinations	0	0	0	0
Currency translation differences	122	0	0	122
Balance per 1 January 2011	15,432	0	1,546	16,978
Investments	0	0	86	86
Investments as a result of business combinations	404	1,147	0	1,551
Currency translation differences	61	-127	0	-66
Balance per 31 December 2011	15,897	1,020	1,632	18,549
Accumulated depreciation				
Balance per 1 January 2010	920	0	0	920
Depreciations	547	0	289	836
Balance per 1 January 2011	1,467	0	289	1,756
Depreciations	521	0	264	785
Balance per 31 December 2011	1,988	0	553	2,541
Book value				
Balance per 1 January	13,965	0	1,257	15,222
Balance per 31 December	13,909	1,020	1,079	16,008

The investments in trademarks and patents consist mainly of the trademarks (€ 0.4 million) relating to acquisitions. The investments in trademarks consist for € 9.4 million to the trademarks from the in 2008 acquired Ghost. Furthermore, trademarks of SBS, Brasseur and Hellberg are valued for an amount of € 3.3 million.
The investment in the clientportfolio consists of the Turkish dealer network accounted for in the acquisition of Accell Bisiklet based on purchase price allocation. The amortization term is estimated at 20 years. As of next year, the clientportfolio will be depreciated.
The development costs relate to a development project in connection with electric bicycles. Amortization will start when the developed asset is put into use.

Amortization expenses with respect to patents are accounted for in the income statement under depreciations. The remaining amortization term for patents is 1.5 years. Trademarks have an indefinite useful life since it is not possible to determine a predictable limitation to the useful life.

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

	2011	2010
Bicycles & bicycle parts	13,193	12,732
Fitness	0	0
	13,193	12,732

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

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12) Subsidiaries

The consolidated 2011 financial statements include Accell Group N.V., in Heerenveen, and the financial information of the following companies.

Consolidated subsidiaries	Participation percentage
Accell Bisiklet A.S., Manisa. Turkey	100%
Accell Duitsland B.V., Heerenveen, The Netherlands	100%
Accell Fitness Division B.V., Almere, The Netherlands	100%
Accell Hunland Kft, Toszeg, Hungary	100%
Accell Germany GmbH, Sennfeld, Germany	100%
Accell IT Services B.V., Heerenveen, The Netherlands	100%
Accell Ltd., St. Peter Port, Guernsey	100%
Accell Suisse A.G., Alpnach Dorf, Switzerland	100%
Batavus B.V., Heerenveen, The Netherlands	100%
Batavus Vartex AB, Varberg, Sweden	100%
Brasseur S.A., Liège, 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%
Juncker Bike Parts B.V., Veenendaal, The Netherlands	100%
Ghost-Bikes GmbH, Waldsassen, Germany	100%
Koga B.V., Heerenveen, The Netherlands	100%
Seattle Bike Supply Inc., Seattle, United States of America	100%
Sparta B.V., Apeldoorn, The Netherlands	100%
Tunturi-Hellberg 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 2011	2010
In2Sports B.V., Eindhoven, The Netherlands	44%	44%
Jalaccell OÜ, Tallinn, Estonia (ii)	35%	35%
Babboe B.V., Utrecht, The Netherlands (iii)	28%	28%
Atala SpA, Monza, Italy (iv)	50%	0%

(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. set up for the assembly and storage of fitness equipment. Currently, Jalaccell develops other activities in the metal business.

(iii) Babboe B.V. is a company that is active in the marketing and sale of carrier bicycles.

(iv) Atala SpA is company active in the development and sales of bicycles under its own brands.

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

	2011	2010
	€ x 1,000	€ x 1,000
Total assets	11,954	2,464
Total liabilities	8,659	1,796
Total turnover	18,199	3,085
Total net profit	356	75

13) Other financial fixed assets

	Non-current		Current	
	31-12-2011	31-12-2010	31-12-2011	31-12-2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Loans provided to related parties	2,683	2,808	125	125

During 2006, a loan was provided to a non-consolidated company with a term of 10 years. The interest rate on this loan is currently 3%. 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. In line with 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'.

14) Inventories

	2011	2010
	€ x 1,000	€ x 1,000
Sailing goods	18,945	25,094
Raw materials	66,482	57,192
Semi-finished goods	4,611	4,093
Trading and finished goods	99,049	92,562
	189,087	178,941

Sailing goods relate to shipped goods for which Accell Group had 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 € 12.4 million are valued at lower net realizable value. The cost of inventories recognized as an expense includes € 3.2 million (2010: € 2.1 million) with respect to write-downs of inventory to net realizable value.

The costs of inventory that are recorded as an expense during the financial year is € 458.0 million (2010: € 410.4 million).

15) Trade receivables

	2011	2010
	€ x 1,000	€ x 1,000
Trade receivables	90,963	79,909
Provision for impairment of receivables	-5,387	-3,540
	85,576	76,369

The carrying-amount of the trade receivables approximate the fair value. Trade receivables are non-interest-bearing and, depending on the season, are governed by a 30-150 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 22, "Financial instruments and risk management".

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

	2011	2010
	€ x 1,000	€ x 1,000
Balance per 1 January	3,540	3,604
Usages	-1,374	-1,545
Dotation	3,378	1,656
Releases	-176	-183
Currency translation differences	19	8
Balance per 31 December	**5,387**	3,540

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

Per 31 December 2011	Gross	Impaired trade receivables	Provision for impairment	Net
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Not matured	67,963	229	28	67,935
0-90 days	9,048	2,686	234	8,814
90-150 days	3,791	1,157	299	3,492
older than 150 days	10,161	6,389	4,826	5,335
Total	**90,963**	**10,461**	**5,387**	**85,576**

Per 31 December 2010	Gross	Impaired trade receivables	Provision for impairment	Net
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Not matured	58,357	0	0	58,357
0-90 days	8,340	1,672	212	8,128
90-150 days	3,273	1,135	312	2,961
older than 150 days	9,939	4,839	3,016	6,923
Total	**79,909**	**7,646**	**3,540**	**76,369**

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.

16) 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.

17) Interest-bearing loans

	Non-current		Current	
	31-12-2011	31-12-2010	31-12-2011	31-12-2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Roll-over loan	4,629	4,483	0	0
EURIBOR loans	27,000	31,000	4,000	4,000
Other bank loans	16,365	16,203	2,179	2,860
Bank overdrafts	0	0	65,739	43,286
	47,994	**51,686**	**71,918**	**50,146**

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 for another 5 years in the end of 2012. An interest rate swap has been negotiated in connection with this loan, due to which a fixed interest rate of 5.1% will apply for the next six years.
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 year. Both the loan and the swap have repayment schedules of twenty consecutive three-monthly installments of € 1 million. The first installment 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. The remaining term of this loan is 10 years. The interest rate on this loan is in principle fixed at 6% per annum whereby the credit spread in this interest rate will be determined yearly. In connection with the other loans, collateral was provided in the form of security rights on company assets of a foreign operating company. The average interest rate on the other loans is 3.9%.

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 2011, the available credit facility amounted to € 156.7 million.

The policy regarding interest rate risks is covered in note 22, "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
Roll-over loan	4,629	0	4,629
EURIBOR-loans	31,000	0	31,000
Other bank loans	3,526	15,018	18,544
Subtotal	39,155	15,018	54,173
Proportion of loans with a term of less than 1 year	-6,179	0	-6,179
Balance per 31 December 2011	32,976	15,018	47,994

18) Provision

Accell Group has ultimo 2011 three defined benefit plans. The pension provision as recorded in the balance sheet relates primarily to 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:

	2011	2010
Discount rate	4.6% - 5.3%	4.75% - 4.93%
Expected return on plan assets	4.5% - 5.0%	4.93% - 5.32%
Inflation	1.4% - 5.1%	1% - 1.5%
Average salary increase	0% - 1.4%	0% - 1.4%

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

	2011	2010
	€ x 1,000	€ x 1,000
Pension costs attributed to the service year	36	20
Interest charges	258	252
Expected return on plan assets	-21	-21
Amortization of actuarial gains/losses	0	-18
Total	273	233

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

	2011	2010
	€ x 1,000	€ x 1,000
Present value of funded pension obligation	1,138	678
Minus: Fair value of plan assets	-584	-644
Deficit	554	34
Present value of unfunded defined benefit obligation	4,491	4,207
Fund status	5,045	4,241
Unrecognized actuarial result	-769	-496
Net liability	**4,276**	3,745

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

	2011	2010
	€ x 1,000	€ x 1,000
Balance per 1 January	4,885	4,586
Interest charges	258	252
Current service costs	36	20
Benefits paid	-384	-368
Actuarial results	182	631
Amortization of actuarial result	0	-18
Administrative expenses	-5	-6
Movement due to business combinations	657	0
Termination	0	-212
Defined benefit obligation per 31 December	**5,629**	4,885

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

	2011	2010
	€ x 1,000	€ x 1,000
Balance per 1 January	644	579
Expected return	21	21
Actuarial results	-101	60
Employers' contributions	30	36
Benefits paid	-5	-11
Administrative expenses	-5	-6
Termination	0	-35
Fair value of the plan assets per 31 December	**584**	644

Historical information defined benefit obligation:

	2011	2010	2009	2008
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Present value of funded pension obligations	1,138	678	956	760
Minus: fair value of plan assets	-584	-644	-579	-390
Deficit	**554**	34	377	370
Experience adjustments on plan liabilities	-27	-13	-36	-8
Experience adjustments on plan assets	-71	-12	160	-140

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

Accell Group expects to make a contribution of € 0.32 million in 2012 with regard to the defined benefit plans.

Defined contribution 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 2010 shows a negative general reserve. From press releases issued by Metalelektro in early 2012, it appears that cover ratio was below 105% at year-end 2011.

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 2011, an expense of € 4.1 million has been included in the income statement for the defined benefit plan.

19) Deferred taxes

The deferred taxes are comprised of the following:

	2011	2010
	€ x 1,000	€ x 1,000
Deferred tax assets	4,694	5,863
Deferred tax liabilities	8,580	7,280
Balance deferred taxes	**-3,886**	-1,417

The movement in the deferred tax assets and liabilities is as follows:

	Loss carry forwards consolidated companies	Revaluation of property, plant and equipment	Financial instruments	Trademark valuation	Other deferred taxes	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance per 1 January 2010	**5,045**	**-3,722**	**1,129**	**-2,996**	**-1,784**	**-2,328**
Added through business combination	0	0	0	0	51	51
Charged through equity	0	0	581	0	0	581
Charged through income statement	-922	142	0	-6	1,072	286
Transfer from/to current tax	0	0	0	0	0	0
Currency translation differences	30	-2	0	0	-35	-7
Balance per 31 December 2010	**4,153**	**-3,582**	**1,710**	**-3,002**	**-696**	**-1,417**
Added through business combination	0	-419	0	-313	3	-729
Charged through equity	0	0	-1,668	0	0	-1,668
Charged through income statement	628	129	0	-5	-619	133
Charged change in income tax rate	-140	0	0	11	-4	-133
Transfer from/to current tax	0	2	0	0	-28	-26
Currency translation differences	11	-16	0	-1	-40	-46
Balance per 31 December 2011	**4,652**	**-3,886**	**42**	**-3,310**	**-1,384**	**-3,886**

The majority of the deferred tax assets consist of tax loss carry forwards and deferred depreciation rights of Tunturi-Hellberg Oy Ltd. It is expected that the loss carry forwards will be realized before expiry date within a period from 2015 to 2021. The deferred depreciation rights have no expiry date. As a result of the downsizing of the activities in North America, a deferred tax asset has been taken up in the Netherlands under the liquidation loss compensation rules.

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

20) Provisions

	Non-current		Current	
	31-12-2011	31-12-2010	31-12-2011	31-12-2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Deferred employee benefits	636	695	49	63
Warranties	2,216	1,773	2,557	2,187
Other provisions	1,216	4,610	70	392
	4,068	**7,078**	**2,676**	**2,642**

The movement in provisions is as follows:

	Deferred employee benefits	Warranties	Other provisions	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance per 1 January 2011	758	3,960	5,002	9,720
Dotation	30	3,141	1,233	4,404
Usage	-21	-2,114	-4,713	-6,848
Release	-93	-38	-239	-370
Effect discounting	11	-172	0	-161
Currency translation differences	0	-4	3	-1
Balance per 31 December 2011	**685**	**4,773**	**1,286**	**6,744**

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.

Other provisions in 2007 included 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 to lodge 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. The Dutch Trade and Industry Appeals Tribunal (CBb) in The Hague increased in appeal the penalty to € 6.9 million, which has been paid in October 2011.

The per 31 December 2011 remaining other provisions relate mainly to obligations in connection with acquisitions.

21) Deferred revenue

	Non-current		Current	
	31-12-2011	31-12-2010	31-12-2011	31-12-2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Deferred revenue	1,935	2,165	1,000	400

Deferred revenue consists of the receipts emerged from the extra warranty obligation to be realized in the coming five years.

22) Financial instruments and risk management

	2011	2010
	€ x 1,000	€ x 1,000
Assets		
Amortized cost		
Non-current receivables	2,683	2,808
Trade and other receivables	96,760	85,499
Cash and cash equivalents	4,259	1,322
Fair value through cash flow hedging		
Other financial instruments	7,626	248
Liabilities		
Amortized cost		
Interest bearing liabilities	119,912	101,832
Trade and other liabilities	65,169	68,832
Fair value through cash flow hedging		
Other financial instruments	4,708	3,639

The fair value of the 'other financial instruments' is determined on the basis of other inputs than quoted prices that are observable (level 2). For the determination the general accepted valuation methods are used. The determined value in this way is equal to the price at which the derivative can be sold in a transparent market.

The other financial instruments comprise:

	2011	2010
	€ x 1,000	€ x 1,000
Currency derivatives - cash flow hedging	7,626	248
Interest rate swap - cash flow hedging	-4,708	-3,639
	2,918	-3,391

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 2011, € 5.0 million was added to the hedging reserve (2010: € -1.8 million) pursuant to the fair value adjustments of the instruments to cover future cash flows. With respect to cash flow hedging of interest rate risks, it is expected that the underlying cash flows materialize at the time that the interest is due on the loans with a one-month or three-month floating interest rate. The cash flow hedges of the currency and interest derivatives were assessed as effective in 2011.

Movement of the hedging reserve:

	2011	2010
	€ x 1,000	€ x 1,000
Balance per 1 January	-5,128	-3,295
amount included in equity	5,887	-2,888
amount included in cost of inventories	-1,702	10
amount included in interest expenses	817	1,045
Balance per 31 December	**-126**	-5,128

Currency derivatives

The currency derivatives stated as at the balance sheet date will be effectuated during the year 2011. 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	Currency	2011	2010	2011	2010
Put	USD	40,912	75,180	3,384	-1,056
Call	USD	14,583	61,417	1,665	754
Put	JPY	9,367	1,269	234	-112
Call	JPY	7,759	20,035	2,616	741
Put	HUF	3,520	3,617	-481	-79
Call	HUF	0	0	0	0
Put	TWD	9,000	0	208	0
Call	TWD	0	0	0	0
				7,626	**248**

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. In 2010 and 2011 a interest rate swap is concluded to control interest risks relating to working capital.

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:

	2011	2010
	€ x 1,000	€ x 1,000
Nominal value	8,438	9,683
Fair value	3,730	6,044

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

As at 31 December 2011, on the basis of group equity the solvency amounted to 49.5% (as at 31 December 2010: 47.0%). 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 to cover the credit risk other then a potential retention of ownership of goods delivered.
Bicycles and bicycle parts are sold to a wide network of specialized bicycle shops, whereby many of the customers with whom Accell Group conducts business 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 a credit limit must also 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 € 91.0 million, the provision for impairments amounted to € 5.4 million. The actual non-payment in 2011 amounted to € 1.4 million (2010: € 1.5 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 sale of bicycles & bicycle parts.

Liquidity risk

In managing the liquidity risk, Accell Group takes into account the seasonal nature of the activities. 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 2011, Accell Group has a net debt / EBITDA ratio of 2.0, an adjusted solvency ratio of 42% and an interest coverage of 6.5. In calculating these ratio's both the result of the investment Derby Cycle AG as the NMa penalty has been taken into account.

Total loans and bank overdrafts provided to Accell Group amounted to € 119.9 million at the end of the financial year; 40% of this is of a long-term nature. In addition to bank overdrafts, the group's other short-term liabilities amounted to € 80.6 million at the end of the financial year.

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

	Book value	Contractual cash flows	< 1 year	1-5 year	> 5 year
	€ million	€ million	€ million	€ million	€ million
Non-current liabilities	58.2	70.9	8.6	41.9	20.4
Current liabilities	146.3	140.6	140.6	-	-

Market risk

The market risk encompasses currency risks and interest risks. Accell Group uses a variety of instruments to hedge currency and interest risks arising from the operating, financing and investment activities. Accell Group's treasury activities are centralized 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 (USD), Japanese yen (JPY) and Taiwanese Dollars (TWD) and operational costs in Hungarian Forints (HUF) 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.

Unrealized gains and losses on the derivatives resulting from the concluded cash flow hedge transactions are temporarily included in the hedging reserve of the group equity. The cash flow hedge transactions entered into in 2011 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. € 0.6 million respectively € 0.2 million change in the hedging reserve of the group 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 2011, 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 for the EURIBOR loans, in order to control interest rate risks. In 2010 a interest-rate cap and in 2011 is an interest-rate swap has been concluded to cover interest rate risks relating to working capital financing. These instruments are generally available, and are not regarded as specialized or as entailing significant risk.

Per 31 December 2011, the term of 40% of the interest-bearing loans is longer than one year. An increase or decrease of 1% in market interest rate governing short-term bank credit would have resulted in a decrease or increase in the profit before taxes of approx. € 0.7 million.

23) Business Combinations

Early 2011, Accell group NV acquired all shares in Bianchi Bisiklet A.S. ("Bisiklet") in Manisa, Turkey. The name of the company has been changed to Accell Bisiklet. The acquisition is including 100% of the shares in Carraro Srl in Padova and 50% of the shares in Atala SpA in Monza, Italy. Bisiklet is a company active in the development, marketing sale and production of bicycles. Bisiklet is consolidated as of 1 February 2011. The 50% of Atala is at the same date accounted as a non-consolidated company.

Per June 30, 2011 the acquisition of Vartex AB ("Vartex") in Varberg, Sweden finalized. Vartex is a distributor of bicycles and bicycle parts distributing through a network of dealers. Vartex is consolidated as of 30 June 2011.

All transactions are accounted for by the purchase method of accounting. 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	7,533	1,663	5,870
Other assets	29,905	-686	30,591
Cash and cash equivalents	363	0	363
Other liabilities and acquisition obligations	-29,531	-4,779	-24,752
	8,270		
Goodwill	6,841		
Cash and cash equivalents acquired	-363		
Net cash flow of business combinations	**14,748**		

The consideration paid for the acquisitions consist of a premium for expected synergies, growth of turnover and the assembled workforce. These benefits of the acquisition cannot be measured reliably and are therefore not reported separately from goodwill. The paid goodwill is tax non-deductible. The other assets consist of brut contractual trade receivables and other receivables of € 13.6 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounts to € 0.3 million. The acquisition liabilities consist of amongst others a limited earn-out plan based on the result development of Accell Bisiklet up to and including 2013. The acquisitions attributed € 28.8 million in turnover and € 2.1 million to the net result in financial year 2011 from the period of consolidation to balance sheet date. The turnover would have been € 4.9 million higher if the acquisitions took place at 1 January 2011. The effect on the net result would have been approximately € -0.4 million. Costs relating to the acquisition (legal and due dilligence costs) amounted to € 0.4 million. The costs are accounted for in other operating expenses in the income statement.

24) Dividend

The dividend of financial year 2010 has been determined at € 1.71 per share or as stock option during the General Meeting of Shareholders of 28 April 2011. On 20 May 2011 € 9,890,000 has been distributed as cash dividend and 201,796 shares are issued as stock dividend. Per 1 June 2011, the number of shares has been doubled as a result of the stock split. Taking into account the split, the dividend per share amounts for the book year 2010 to € 0.86 per share.

With respect to the current year, the Board of Director proposes to make available to the shareholders a dividend with stock option of € 0.92 per share. This dividend proposal is still subject to approval by the General Meeting of Shareholders on 26 April 2012 and is not reflected as a liability in these financial statements.

25) Off-balance sheet disclosures

Operational lease obligations

The company has financial obligations arising from long-term lease obligations, leases on IT equipment and cars. The total obligation amounts to approx. € 2.6 million per year and has an average remaining term of 1.9 years. The company also has financial obligations arising from long-term leases. This obligation amounts to approximately € 5.1 million a year and has an average remaining term of 3.9 years.

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

	2011	2010
	€ x 1,000	€ x 1,000
Within one year	697	573
Within two to five years	14,464	14,681
After five years	9,750	6,148
	24,911	21,402

26) Events after balance sheet date

Early 2012, the acquisition of all shares in Currie Technologies, LLC ("Currie") in Chatsworth, USA has been finalized. Currie is a developer and distributor of high quality hybrid electrically powered bikes and e-steps. The company distributes its products via superstores as well as specialist bike shops. Currie has 40 employees.

Also, early 2012, all shares in Van Nicholas BV in Numansdorp have been acquired. Van Nicholas is specialized in the development, design and assembly of titanium bicycles (mountain bikes, racing bikes and touring bikes). Van Nicholas has 7 employees.
Both companies are consolidated as of 1 January 2012.

The provisional 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	1,452	1,331	121
Other assets	4,471	-241	4,712
Cash and cash equivalents	407	-21	428
Other liabilities and acquisition obligations	-7,292	-636	-6,656
	-962		
Goodwill	3,282		
Cash and cash equivalents acquired	-407		
Net cash flow of business combinations	1,913		

Currie and Van Nicholas had a turnover in 2011 of approximately € 17 million.

27) Transactions with related parties

Intercompany transactions and balances between Accell Group and its non-consolidated companies have not been eliminated for consolidation purposes.

Trading transactions

During the year group companies entered into the following trading transactions with related parties:

	Sales of goods		Purchases of goods	
	31-12-2011	31-12-2010	31-12-2011	31-12-2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Related parties Accell Group NV	7,215	0	18	640

The following balances were outstanding at the end of the reporting period:

	Amounts owed by		Amounts owed to	
	31-12-2011	31-12-2010	31-12-2011	31-12-2010
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Related parties Accell Group NV	1,519	0	0	0

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Loans from related parties

	31-12-2011	31-12-2010
	€ x 1,000	€ x 1,000
Loans from related parties	3,008	3,233

Loans from related parties consists of both long- and short term financing agreements. Ultimo 2011, Accell Fitness Division B.V. had an outstanding amount payable by Jalaccell OÜ of € 2.8 million in connection with fixed assets and working capital whereby a right of mortgage on the business premises and pledge rights on other assets serve as security. Ultimo 2011 Accell Group has provided a loan to Babboe BV of € 0.2 million. For these loans the interest rates are determined based on financing policies.

For explanatory notes on the total of benefits for managers in key positions, please refer to the notes on the company financial statements on page 122.

28) External auditors costs

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

	2011			2010		
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
	Deloitte accountants B.V.	Other Deloitte network	Total Deloitte	Deloitte Accountants B.V.	Other Deloitte network	Total Deloitte
Audit of the annual accounts	297	48	345	308	29	337
Other audit assignments	137	0	137	111	0	111
Tax services	0	59	59	0	13	13
Other non-audit services	87	0	87	51	0	51
	521	107	628	470	42	512

Financial Statements

Company balance sheet per 31 December

Before profit appropriation (in thousands of euros)

Assets

	2011	2011	2010	2010
Fixed assets				
Property, plant and equipment	126		208	
Goodwill	3,391		3,391	
Other intangible fixed assets	480		800	
Financial fixed assets [a)]	236,642		214,556	
		240,639		218,955
Current assets				
Amounts receivable from group companies	8,510		7,089	
Other receivables	12,797		2,363	
Cash and cash equivalents	35,990		17,392	
		57,297		26,844
Total assets		297,936		245,799

Liabilities

	2011	2011	2010	2010
Equity [b)]				
Share capital	211		206	
Share premium reserve	14,565		14,650	
Revaluation reserve	7,800		7,925	
Hedging reserve	-126		-5,128	
Translation reserve	-3,613		-2,207	
Other statutory reserve	1,079		1,257	
Other reserves	154,453		127,309	
Profit for the year	40,277		36,380	
		214,646		180,392
Long-term liabilities				
Interest-bearing loans	46,629		50,483	
Other provisions	0		4,610	
		46,629		55,093
Current liabilities				
Amounts owed to group companies	209		389	
Interest-bearing loans and bank overdrafts	28,963		4,000	
Other current liabilities	7,489		5,925	
		36,661		10,314
Total liabilities		297,936		245,799

The letters following the various items refer to the notes on pages 120 to 124.

Company income statement

(in thousands of euros)

	2011	2010
	€ x 1,000	€ x 1,000
Result from subsidiaries after taxes	42,645	34,517
Other results	-2,368	1,863
	40,277	36,380

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 Dutch Civil Code. In accordance with article 2:362 (8) of the Dutch Civil Code, the accounting policies for the parent company are identical to the policies that Accell Group NV 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 NV are incorporated in the consolidated financial statements. Therefore an abbreviated income statement is presented for the company under article 2:402 of the Dutch Civil Code.

Subsidiaries

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

Notes to the company balance sheet

(in thousands of euros)

a) Financial fixed assets

The changes in the financial fixed assets are as follows:

	2011	2010
Subsidiaries		
Balance per 1 January	161,900	131,543
Results	42,645	34,517
Investments / divestments	2,150	20,925
Dividend payments	-27,147	-25,711
Translation differences	-1,364	718
Other movements	-2,703	-92
Balance per 31 December	**175,481**	161,900
Receivables from group companies		
Balance per 1 January	52,656	39,052
Loans provided	26,643	21,374
Loans repaid	-18,138	-7,770
Balance per 31 December	**61,161**	52,656
Total financial fixed assets	**236,642**	214,556

b) Equity

The authorized capital amounts to € 650,000, divided into 27,500,000 Accell Group NV ordinary shares, 5,000,000 preference shares F and 32,500,000 preference shares B, each with a nominal value of € 0.01. Of these, 21,094,760 ordinary shares have been issued and duly paid, as a result of which the issued and paid-up share capital amounts to € 210,947.60.

Statement of movements in shareholders' equity

I. Share capital		
Balance per 31 December 2010	206	
Stock dividend	4	
Options exercised and stock option plan	1	
Balance per 31 December 2011		**211**
II. Share premium reserve		
The share premium reserve includes amounts paid in on the shares over and above the nominal value.		
Balance per 31 December 2010	14,650	
Stock dividend	-4	
Options exercised and stock option plan	-81	
Balance per 31 December 2011		**14,565**
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 per 31 December 2010	7,925	
Realization of the revaluation reserve	-125	
Exchange differences arising on translation of foreign operations	0	
Balance per 31 December 2011		**7,800**
IV. Hedging reserve		
The hedging reserves 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 per 31 December 2010	-5,128	
Fair value adjustment of financial instruments	6,670	
Change in deferred taxes	-1,668	
Balance per 31 December 2011		**-126**
V. Translation reserve		
The translation reserve comprises of foreign currency exchange differences on the translation of the foreign currency balance in participations.		
Balance per 31 December 2010	-2,207	
Exchange differences arising on translation of foreign operations	-1,406	
Balance per 31 December 2011		**-3,613**
VI. Statutory reserve		
The statutory reserve comprises of capitalized research & development expenditure.		
Balance per 31 December 2010	1,257	
Change in intangible fixed assets	-178	
Balance per 31 December 2011		**1,079**
VII. Other reserves		
Balance per 31 December 2010	127,309	
Movement profit 2010	36,380	
Dividend payment 2010	-9,890	
Recognition of share-based payments	355	
Realization of the revaluation reserve	125	
Change in intangible fixed assets	178	
Other movements	-4	
Balance per 31 December 2011		**154,453**
VIII. Profit for the year		
Balance per 31 December 2010	36,380	
Movement profit 2010	-36,380	
Profit for 2011	40,277	
Balance per 31 December 2011		**40,277**
Total equity per 31 December 2011		**214,646**

The statutory reserves, including the revaluation reserve and hedging reserve (Article 2:390 of the Dutch Civil Code), the translation reserve (Article 3:389 paragraph 8 of the Dutch Civil Code) and other statutory reserves (R&D expenses, Article 2:365 lid 2 Dutch Civil Code) are regarded as other statutory reserves pursuant to Article 2:373 of the Dutch 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	387,400	92,976	131,429	**98,087**
H.H. Sybesma	307,600	73,824	50,394	**77,877**
J.M. Snijders Blok	253,000	60,720	59,785	**64,109**
Total	**948,000**	**227,520**	**241,608**	**240,073**

[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. 24% 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 €
A.J. Pasman	47,645
J.H. Menkveld	36,958
J. van den Belt	36,958
P.B. Ernsting	24,599
J.J. Wezenaar	10,499
Total	**156,659**

Shares

Ultimo 2011 Mr. Takens has 118,000, Mr. Sybesma 9,500 and Mr. Snijders Blok 8,226 shares.

Stock option plan

The company has a stock option plan for members of the Board of Directors. In the event of full exercise of the option entitlements granted until now the number of issued shares would increase by 1.0%. 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 options are exercised.

An overview of the outstanding options is mentioned below:

	Number per		Granting date	Expiry date	Exercise price	Fair value at granting date	Average exercise price
Options	31-12-2010	31-12-2011			in €	in €	in €
Granted in 2007	23,000	0	2-03-07	3-5 jaar	13.40	2.52	16.46
Granted in 2008	65,400	45,000	22-02-08	3-5 jaar	12.58	2.82	16.46
Granted in 2009	47,000	47,000	20-02-09	3-5 jaar	9.08	1.86	
Granted in 2010	25,640	25,640	19-02-10	3-5 jaar	16.65	2.84	
Granted in 2011	0	24,480	24-02-11	3-5 jaar	19.39	3.57	

At 7 September 2011, 43,400 options are settled.

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

	Number per 01-01-2011	Issued in 2011	Exercised in 2011	Number per 31-12-2011	Average exercise price beginning of period	Average exercise price at year-end	Weighted average term at year-end
Directors:					in €	in €	
R.J. Takens	79,880	10,000	23,000	66,880	12.51	13.23	2.22
H.H. Sybesma	43,920	7,940	20,400	31,460	12.14	13.68	2.94
J.M. Snijders Blok	37,240	6,540	0	43,780	12.14	13.22	2.22
	161,040	24,480	43,400	142,120			

The Supervisory Board awards options to the directors based on the realization 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.

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 Dutch 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

A.J. Pasman, Chairman
J.H. Menkveld, vice-chairman
J. van den Belt
P.B. Ernsting

Board of Directors

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

Heerenveen, March 8, 2012

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 General Meeting of Shareholders, for the holders of ordinary shares.

Dividend proposal

The Board of Directors proposes to pay shareholders a dividend of € 0.92 per share (2010: € 0.86), to be paid in cash or shares at the shareholder's discretion.

Events after balance sheet date

See for events after balance sheet date note 26.

Independent 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 2011 of Accell Group N.V., Heerenveen. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated income statement for the year then ended, consolidated balance sheet per December 31 2011, consolidated cash flow statement, consolidated statement of changes in equity and consolidated statement of comprehensive income for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet per December 31 2011, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 December 31, 2011 and of its result and its cashflows 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 Dutch 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 December 31, 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report (page 5 to 66), to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Utrecht, March 8, 2012
Deloitte Accountants B.V.

Signed by: M. Beelen

Historical summary

(in millions of euros, unless stated otherwise)

	2011	2010	2009	2008	2007	2006	2005	2004
Net turnover	628.5	577.2	572.6	538.0	476.1	431.7	372.1	341.1
Personnel costs	80.6	76.6	73.5	71.5	67.5	66.1	57.7	53.8
Profit before depreciation and amortizations [1]	58.6	53.9	57.5	55.5	45.4	35.1	30.3	27.4
Operating profit (EBIT)	34.8	46.4	49.9	46.2	39.6	30.1	25.7	22.8
Interest	-7.8	-4.2	-5.5	-6.0	-5.6	-3.9	-3.0	-2.8
Taxes	3.1	5.8	11.8	11.8	9.6	7.9	7.2	7.1
Net profit	40.3	36.4	32.7	28.6	24.4	18.4	15.5	13.2
Depreciation	7.4	7.5	7.4	6.9	5.8	4.9	4.6	4.4
Free cash flow [2]	16.9	-1.1	27.1	12.2	-10.0	-32.9	18.5	-10.5
Investments in property, plant and equipment	11.2	6.2	6.7	12.9	12.6	10.7	8.8	7.7
Balance sheet total	434.0	383.9	337.3	335.4	277.6	245.6	183.8	173.6
Property, plant and equipment	64.1	59.6	61.2	61.3	54.9	48.7	43.1	39.0
Capital employed [3]	353.4	302.5	259.5	259.9	223.8	190.8	138.2	137.9
Group equity	214.6	180.4	151.8	132.1	107.1	91.9	77.4	60.7
Guarantee capital	115.7	100.5	84.8	99.0	99.6	87.1	49.5	67.1
Provisions	22.5	23.3	33.1	31.3	16.9	11.6	11.3	10.0
Average number of employees (FTEs)	2,234	1,877	1,787	1,778	1,713	1,671	1,438	1,405
Number of issued shares at year-end	21,094,760	20,609,012	20,034,168	19,556,344	18,985,900	18,503,676	18,030,030	17,312,534
Weighted average number of issued shares	20,905,497	20,385,290	19,856,130	19,342,818	18,813,480	18,352,658	17,759,498	17,099,604
Market capitalization	297.4	389.5	292.2	176.0	235.0	240.5	183.9	135.9
Data per share [4] (in euros)								
Group equity	10.27	8.68	7.31	6.38	5.16	4.45	3.79	3.00
Cash flow from ordinary activities [2]	0.81	-0.05	1.31	0.59	-0.48	-1.59	0.91	0.87
Net profit on ordinary activities [2]	1.93	1.75	1.58	1.38	1.18	0.86	0.76	0.65
Dividend [5]	0.92	0.84	0.76	0.66	0.57	0.42	0.36	0.30
Ratios (in %)								
ROCE	9.8	15.3	19.2	17.8	17.7	15.8	18.6	16.5
ROE	18.8	20.2	21.6	21.6	22.8	20.0	20.1	21.7
Operating profit/turnover	5.5	8.0	8.7	8.6	8.3	7.0	6.9	6.7
Net profit/turnover	6.4	6.3	5.7	5.3	5.1	4.3	4.2	3.9
Free cash flow [2]/turnover	2.7	7.6	7.0	7.0	5.4	5.4	5.0	5.2
Balance sheet total/turnover	69.1	66.5	58.9	62.3	58.3	56.9	49.4	50.9
Solvency (based on group capital)	49.5	47.0	45.0	39.4	38.6	37.4	42.1	34.9
Net debt/ EBITDA	2.0	1.9	1.5	1.8	2.2	2.5	1.6	2.4
Pay-out ratio	47.8	47.9	47.9	48.1	48.1	47.4	47.5	47.3
Dividend yield (including dilution [3])	6.5	4.5	5.4	7.4	4.6	3.2	3.5	3.9
Closing price of share	14.10	18.90	14.59	9.00	12.38	13.00	10.20	7.85

1) This profit is the balance of net profit, taxes, financial income and expenses, depreciation and is including the result of investment.
2) Free cash flow is defined as the balance of the net cash flow from operating- and investment activities.
3) Capital employed is the balance sheet total minus current non-interest-bearing liabilities (including non-current provisions).
4) The data per share are calculated based on the weighted average number of issued shares which includes the effect of the stock split 1 for 2 of 1 June 2011. The data per share for the years 2004-2010 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 2010 and for previous years is 0.98079.
5) The dividend per share relating to the financial year 2011 concerns the proposal to be submitted to the General Meeting of Shareholders.

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