annual accounts 2002

BATAVUS > MODERN FIETSPLEZIER
Quality and reliability, cycling enjoyment for everybody. These features, together with innovations in design and technology, are part of the reason why Batavus bikes enjoy such a good reputation. The broad and varied range of models is updated and improved every year. Batavus products can only be found in specialist bike shops at home and abroad.

BE ONE > PAN-EUROPEES SUCCES
Be One is a new, successful pan-European brand in the mountain bike segment. Its success is due to the good value for money that it offers, as well as its zippy personality. The intensive promotional support given to this brand, including significant sponsoring activities, has been well received at home and abroad.

KOGA-MIYATA > EXCLUSIVITEIT EN PRESTIGE
Represents the scientific approach to bike design. Experts call it the cream of the crop. A trendsetter amongst the leading European bike brands. Right from the word go, Koga-Miyata has designed bikes for self-assured bike lovers who have an eye for exclusivity and prestigious products. Koga-Miyata products are very much in demand in the Netherlands, Belgium, Germany, Austria and Switzerland.

LOEKIE > EIGENTIJDS EN EIGENWIJS
Loekie, the undisputed No 1 in the Dutch children's bike market. A very broad range of bikes for children aged 3-12 years. Fresh, modern colours and designs, together with the special accessories, make it a very popular brand. Another important reason for its success is that it offers good value for money.

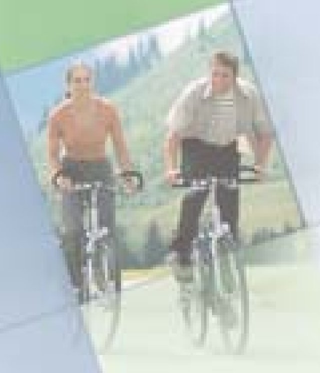
SPARTA > MEER DAN EEN FIETS...
In the Netherlands, Germany and Belgium, Sparta's broad range of models can only be found in specialist bike shops. Sparta's Pharos bike is the most successful electrically driven bike ever sold, which easily handles any headwinds or inclines. With Sparta, comfort and convenience go hand in hand.

LAPIERRE > TOPSPORT-IMAGE
In France, it is a quality, household name well respected by specialist bike shops and customers alike. In the last few years, Lapierre has raised its profile as a leading ATB and racing bike specialist and has made an excellent name for itself in the field of competitive sport. Lapierre's hybrid bikes and children's bikes are the vehicles it has chosen for its penetration of the French markets for mobility bikes and recreational bikes.

MERCIER > SPORTIEVE SUCCESSEN
The unforgettable Raymond Poulidor achieved all his major successes on Mercier bikes, which is an important reason for these bikes' household name and popularity. Mercier has been active in the French market for more than 30 years now. Its bikes are mainly sold in French hypermarkets, which have gained a substantial share of the market. Mercier has positioned itself in the upper segment.

HERCULUS > EXTRA GLANS
In Germany, it is a strong brand, and a jewel that has become even more brilliant since it was added to the Accell Group crown. Hercules is a name synonymous with very high quality. Its impressive range of models, with designs tailor-made for today's modern markets, has made it one of the leading brandnames in Germany.

WINORA > VOOR DE GEHELE FAMILIE
A brand for all the family, young or old, for sport or relaxation. The German supplier of quality bikes offers a complete range of cycles (from children's to activate trekking bikes). The modern design, coupled with the excellent price-quality ratio, has boosted Winora's image amongst quality-conscious and service-oriented bike distributors.



annual report 2002

ACCELL GROUP N.V.

THE PREMIER EUROPEAN CYCLE GROUP

ACCELL GROUP

annual report 2002

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D.J. Haank

J.H. Menkveld

J.J. Wezenaar

Board of Directors

R.J. Takens, CEO

H.H. Sybesma, CFO

This is a translation of the Annual Report prepared in the Dutch language and drawn up in accordance with accounting principles generally accepted in the Netherlands. In the event of any difference in interpretation, the Dutch version of the Annual Report shall prevail.

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THE PREMIER EUROPEAN CYCLE GROUP
ACCELL GROUP

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ACCELL GROUP N.V.

Turnover Distribution

Based on turnover, the Accell Group is the second largest bicycle group in Europe. The most important sales countries are the Netherlands, Germany and France. City and trekking bikes remain the largest segments.

Profile of the Accell Group N.V.

The Accell Group is a European group of companies operating in the design, production, and marketing and sales of bicycles and bicycle accessories. Based on its brand product range, the Accell Group occupies a strong position in the middle to higher segments of that market. Brands such as Batavus, Be One, Loekie, Hercules, Koga-Miyata, Lapierre, Mercier, Sparta, Staiger and Winora are primarily sold via the specialised trade industry.

The Accell Group has production plants in the Netherlands, France and Hungary. The sale of bicycles and bicycle accessories is effected from the Netherlands (49%), Germany (30%), France (15%) and in other countries (6%) such as Belgium, Denmark, Austria and Switzerland.

In terms of turnover, the Accell Group is the second largest bicycle group in Europe and number one in the middle and higher segments of the market. The annual turnover in 2002 is € 259.4 million (2001 € 205.6 million) and the net profit € 6.8 million (2001 € 5.1 million).

Accell Group shares are traded on the official market of the Amsterdam Euronext.

The Board of Directors of the Accell Group

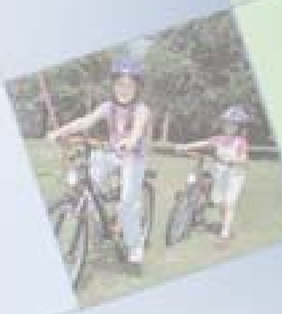
The Board of Directors of the Accell Group consists of René J. Takens (photo right), CEO, and Hielke H. Sybesma (photo left), CFO.

Mission and Strategy

The Accell Group's primary focus is on the continuous consolidation of the position of its brands, which it views as the basis for securing its competitive position and financial return. In practical terms this means the following:

- The creation of innovative products and services that will appeal to the consumer;
- The positioning and promotion of strong brands to ensure that they continue to enjoy consumer preference;
- Providing support to the professional trade industry in its sales efforts to the consumer;
- Ensuring autonomous volume growth by increasing the market share of the brands and realisation of turnover growth by means of the introduction of new high-quality products with existing brands;
- Realising further growth by acquiring complementary business by, for example, acquisition of other companies;
- Optimising synergies existing within the Accell Group;
- Investing in the skills and knowledge of the group's personnel;
- Consistent management of cost and operational processes to improve operating margins.

The Accell Group holds leadership positions in the Netherlands, Germany and France. The group's future goals are to further consolidate those positions and to establish leading positions in other European countries.



Accell Hunland

In mid 2002 the new production facilities in Hungary became operational. The plant is primarily intended for the production of bicycles for the German and Eastern European markets.

Key Figures

(in millions of Euro's, unless otherwise stated)

	2002	2001	2000	1999
Results				
Turnover	259.4	205.6	203.7	150.3
Operating result	13.8	11.4	9.7	6.0
Net income	6.8	5.1	4.3	3.0
Cash flow	9.6	7.4	6.6	5.2
Balance sheet information				
Shareholders' equity	42.3	37.4	28.2	24.5
Capital Base	49.8	37.4	28.2	24.5
Balance sheet total	112.5	117.5	96.5	79.7
Capital employed	97.3	102.9	84.9	70.7
Investments	5.5	5.5	2.4	3.5
Ratios (in %)				
ROCE	14.1	11.1	11.4	8.5
ROE	16.0	13.6	15.2	12.2
Operating result/turnover	5.3	5.5	4.8	4.0
Net income/turnover	2.6	2.5	2.1	2.0
Data per share *				
Number of shares in issue	3,323,761	3,215,853	2,925,853	2,851,328
Average number of shares	3,288,876	2,933,798	2,901,011	2,821,731
Net income	2.06	1.69	1.44	1.00
Cash flow	2.91	2.45	2.21	1.75
Shareholders' equity	12.86	12.39	9.46	8.43
Capital Base	15.14	12.39	9.46	8.43
Dividend	0.95	0.85	0.60	0.41
Number of employees	1,061	1,051	998	768

* The data per share are calculated based on the weighted average number of outstanding shares. In the years 1999-2001 the data per share are corrected for dilution due to issuance of stock dividends from the share premium reserve in accordance with the Directives for Annual Reporting (Richtlijnen voor de Jaarverslaggeving).

Supervisory Board

Mr. S.W. Douma (60), Chairman
Mr. Douma has been a member of the company's Supervisory Board since 1998. Mr. Douma was appointed to the position of Chairman of the Board of the Accell Group NV in 2000. Mr. Douma is a professor of the Katholieke Universiteit Brabant. Mr. Douma will occupy the position until 2006.

Mr. D.J. Haank (49)
Mr. Haank has been a member of the Supervisory Board of the Accell Group NV since 1998. Mr. Haank is Chief Executive Officer of Elsevier Science and a director of Reed Elsevier plc, Reed International plc and Elsevier NV. Mr. Haank is a board member of various other companies. Mr. Haank will occupy the position until 2006.

Mr. J.H. Menkveld (57)
Mr. Menkveld was appointed to the Supervisory Board of the Accell Group NV in 2001. Mr. Menkveld was a member of the Board of Directors of CSM NV up to and including 2001. Mr. Menkveld is a board member of various other companies. Mr. Menkveld will occupy the position until 2004.

Mr. J.J. Wezenaar (66)
Mr. Wezenaar was appointed to the Supervisory Board of the Accell Group NV in 2000. Mr. Wezenaar was the chairman of the Board of Directors of the Accell Group from 1987 to 1999. In 1999 Mr. Wezenaar was succeeded by Mr. Takens as the chairman of the Board of Directors. Mr. Wezenaar is a board member of various other companies. Mr. Wezenaar will occupy the position until 2003.

Report of the Supervisory Board

The Supervisory Board submits to you the following Annual Accounts prepared by the Board of Directors, which we approved on 19 February 2003. The annual accounts have been audited by the registered accountants office Deloitte and Touche Registered Accountants and have been given an unqualified audit opinion. The audit opinion is set out on page 48 of this Annual Report.

We propose that you adopt these Annual Accounts, including the proposal for profit appropriation contained therein, and ratify the actions of the Board of Directors with regard to its management, as well as the actions of the Supervisory Board members with regard to their supervision.

During the period under review, the Supervisory Board met five times. Every year, the Supervisory Board meets according to a fixed schedule and for meetings to make extraordinary decisions. During the regular meetings the Board discussed the following items, amongst others: general developments, periodic reporting, the Annual Accounts in the presence of the auditor, and the half-yearly report. In addition, the Board evaluated the strategic plan for the usual three-year planning period as drawn up by the Board of Directors. During the year, the Supervisory Board met twice with the Central Works Council (COR).

During the Annual General Meeting of Shareholders on Thursday 26 April 2002, Mr. Haank and the undersigned were reappointed for a period of four years.

Finally, the Supervisory Board would like to express its appreciation for the enthusiasm and efforts made by its employees and Board of Directors during the year 2002.

Heerenveen, 19 February 2003

On behalf of the Supervisory Board,

S.W. Douma

General Development

In 2002 the West European bicycle market saw a further downward trend in sales volumes. The main problem in 2002 was a time of failing consumer confidence. A more or less stagnant economy and uncertainty about the future were mainly responsible for reduced spending. In many instances consumer reluctance was expressed in a trend towards a preference for high-quality, more expensive bicycle brands. This was a favourable development for the Accell Group, which primarily operates in the mid to higher segments of the market. The company performed well in 2002.

In 2002 the pre-announced relocation of the production operations from Germany (Hercules) to Hungary was successfully completed. This step is in line with the Accell Group's choice (partially with a view to flexibility and quality) to paint most of its semimanufactures, and assemble its finished products inside Europe close to the market. In addition, the Accell Group sees these positions as the first foothold in Eastern Europe - an interesting market in the long term.

Concentration and continuous rationalisation of production is viewed separately from the sales and marketing efforts of the individual operating companies. Their primary task is to protect and, where possible, to consolidate the positions of the strong brands. In Germany, Hercules will remain active in the development, marketing and sales of bicycles for the German market. The takeover of the German Winora Group in 2001 has further consolidated the position of the Accell Group in the marketing and sales of bicycle parts and accessories in Germany. The latter development is increasingly important in a market where consumer reluctance to purchase new bicycles results in the repair of an existing bicycle or purchases of new equipment.

At the end of November 2002 the Nederlandse Mededingingsautoriteit (the Dutch Antitrust Agency) (NMa) published a press release regarding the outcome of its investigation into competitive positions in the Dutch bicycle industry. The Accell Group will now be entitled to react to the contents and conclusions of the investigation prior to a decision being taken by NMa. The Accell Group will take all necessary action to fight the NMa allegation of violation of the antitrust laws.

Financial

On 14 June an accord was reached with NIB Capital regarding the granting of a subordinate loan of € 7.5 million. This transaction (with a duration of 7.5 years) has significantly consolidated the Accell Group's capital base. The consolidation of its capital base provides the Accell Group with a stronger foundation to realise its ambitions, with respect to its ambitions for further company growth. The strong foundation makes it possible to react fast to opportunities as and wherever they arise.

Shortly thereafter, on 18 July 2002, the Accell Group reported on favourable developments in the first half-year of 2002 with an increase in net profit of 38% in relation to the first half-year of 2001. This was partially enabled by the autonomous growth of the strong brand product range and the successful integration of the Winora Group.

The latter report was followed in November 2002 with a report of higher profit expectations for the whole of 2002. The results up to and including September 2002 and presales of new bicycle collections provided sufficient foundation to expect profits for the second half of 2002 that would be at least equal those of the second half of 2001, yielding a net increase in profit over the full year 2002.

This expectation was abundantly exceeded. The overall profits in 2002 increased by 26% to € 259.4 million (€ 205.6 in 2001). The net profit rose by 33% to € 6.8 million (€ 5.1 million in 2001). The main reason for the net profit increase is the focus on sales of quality bicycles, with the accompanying favourable returns, and the company's ability to react rapidly to changing market circumstances.

Developments in Markets and Brands

Markets

The general mobility figures are subject to slow change. In Europe, 5% of all journeys are made by bicycle. This is more than the percentage of journeys by plane (0.1%) or by train (1%) but less than the percentage made by bus (10%), on foot (35%) or by car (50%). Since we know that 50% of all car journeys are less than 5 km in length, and as much as 30% are shorter than 2 km, it is clear that a substantial percentage of these journeys could instead be made by bicycle.

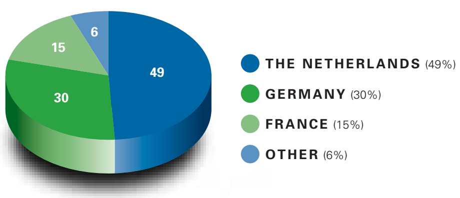
The number of kilometres travelled on bicycles is increasing. The bicycle is increasingly the alternative mode of transport of choice over short distances. Recreational use of the bicycle, in most instances in natural environments, continues to increase and the consumer is prepared to pay more for a suitable quality bicycle. Leisure time, sports cycling, longer trips form the terrain of the modern trekking bike. Market development varies from country to country.
The Accell Group is not against the use of the car, but appeals for the use of the best alternative choice of transport for every situation. The motorcar and public transport for longer distances, and the bicycle and public transport for shorter distances.

Traffic safety and the weather are two important impediments to increased bicycle usage. The Accell Group feels that the increased level of separation of traffic streams, including improved and wider bicycle paths, is important to remove the sense of insecurity regarding traffic safety. Promotional efforts by many central and local authorities of bicycle usage also demand the provision of good facilities.

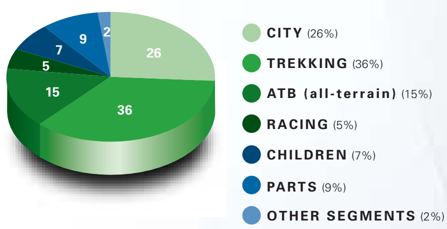
The Western European bicycle market showed a downward curve in sales volumes in 2002.
In the Netherlands, where the bicycle is a primary means of transport, more than 85% of the population own a bicycle. Volumes have again fallen in this market in the past year. The shift towards increasing demand for more expensive quality products continues unabated; which explains why the Accell Group sold more bicycles in the Netherlands. The new Batavus collection was especially successful in the autumn of 2002. In France, where the bicycle is mainly used for recreational purposes, specialist bicycle shops regained market share, which resulted in good business for the Accell Group. The Accell Group was able to consolidate its position in the chain store business in France. The German market was under pressure in 2002. Failing consumer confidence was responsible for greater problems in Germany than in any other country where the Accell Group operates. This development was also noticeable in the sales of brands via the organised, specialist bike chops.

The column below represents the sales distribution of the Accell Group in the aforementioned markets and segments:

Accell Group turnover by country 2002 (in %)



Accell Group turnover by type of bike 2002 (in %)



Brands

The Accell Group's brand product range remains unchanged in 2002. In the future, too, the Accell Group will focus on consolidating the market position of its brands by continuous investment in marketing and innovation of its products - the aim is to provide the consumer with increased comfort, pleasure, and mobility with their bicycles. Partially based on its size, the Accell Group has an extensive range of bicycle brands at its disposal. Each of those brands has a robust position in its specific market segment or country - in many instances this is supported by a long tradition and excellent cooperation with the specialised bike shops. This has enabled the Accell Group to build up the expertise to efficiently maintain its strong brands and to grow their markets wherever possible.

Batavus

Batavus was founded in 1904, making it the Accell Group's second oldest brand. Batavus is mainly sold by specialist bike shops in the Netherlands and Belgium. Batavus also exports limited numbers of bikes to Germany and Scandinavia. In these countries, Batavus offer a broad range of bikes, from children's bikes to racing bikes.

Batavus uses a broad range of marketing ploys. The Batavus marketing mix is multifaceted and targets a wide range of consumer target groups and consolidating relationships with the industry. The annual product brochure with the complete collection is the traditional measure. The Batavus is routinely visible on television in a special TV campaign, in the sponsoring of S.C. Heerenveen and the professional racing team. In addition, we put as much effort as possible into direct contact with the consumer, mostly in close collaboration with the bike shops by joint participation in specialised tradeshows and the effective application of direct marketing tools.

Koga-Miyata

The Koga-Miyata brand is the ultimate in racing, trekking and mountain bikes, and is well represented in the top segment of the Dutch, Belgian and German bicycle markets. The brand's sound performance remained unchanged in 2002. The brand philosophy is 'exclusive and prestigious'. This brand clearly shows that the consumer is not holding back in this segment.

Internationally, the interest in Koga-Miyata is growing too. In 2002 export activities were increased to Switzerland. Koga-Miyata is a brand with a very high added value, making perfect, guaranteed service provision indispensable. To that end it enjoys a well-distributed dealer network with expert employees that speak the Koga-Miyata language and are able to provide customers with the requisite service and advice.

The brand is supported by tailor-made marketing tools. In addition to exclusive product information and participation in trade fairs, the image of sporting excellence and reliability is supported through targeted sponsoring. Examples are the professional cycling team headed by Leontien van Moorsel and the global traveller, Timann Waldthaler.

Sparta

The Sparta brand has been around since 1917 and is available in the Dutch, Belgian and German markets. Sparta is the Accell Group's specialist in electrically assisted and fold-up bicycles. In addition to these specialisations, Sparta occupies a strong position in the mid market with a full range of children's bikes, city bikes, recreational bikes and hybrid bikes, as well as certain niche bikes, such as the special bike for mothers. In spite of moderate pressure on the mid segment of the Dutch market, Sparta has performed well thanks to the range of specialised and high-quality niche products.

The electrical bike, a product in which Sparta is the European market leader, is exported throughout Europe. The electrical bike is a relatively new product, which is growing in popularity thanks to many design and technical enhancements. Improved performance, travelling range and comfort make the electrical bike an ideal solution to current mobility issues. In 2001 a major design project was launched, which, in 2002 resulted in the introduction of the latest electrical bike, the Sparta ION. The launch was a major success and the Accell Group expects further growth in the interest in electrical and fold-up bikes in the future.

Loekie

Loekie is the biggest brand name in children's bikes in the Netherlands. Safety and durability play an important role in the development of children's bikes. The brand performed well in 2002 at specialist shops. Loekie is also distributed via other channels, with limited sales being realised under small-scale private labels. The brand played a central role in a number of successful special promotions in 2002, including the campaign conducted in collaboration with the World Wildlife Fund.

Design plays a major role in both children's and parent's choice of bicycle. The challenge for this brand is to combine the latter aspect with safety, especially in the areas of lighting, handle bars and brake handles, brake performance and avoidance of sharp protrusions.

Winora

The year 2002 was the first in which the German Winora Group, which was taken over in 2001, fully participated in the Accell Group. Despite the good positioning in the German market, Winora has been unable to maintain its turnover levels. The Staiger brand was used in some target groups. Winora has two divisions, namely bicycles and bicycle accessories. In 2002, Winora, in collaboration with ADAC (the German sister organisation of the local automobile association known as the ANWB), successfully launched a number of special models. Winora successfully expanded its assortment and customer numbers in the accessories division thanks to the new and exclusive representation of high-quality bicycle parts. Winora has contributed to the increase in profit per share.

Bicycle assembly, which was outsourced to third parties in the past, now takes place in the Accell Group, as a result of which the group's product capacity is even more optimally exploited. Moreover, the other brands within the Accell Group can also profit from the strong position and expertise in the fields of parts and accessories.

Hercules

Hercules, launched in 1899, is the Accell Group's oldest brand. Hercules occupies a leading position in the German specialist bike shop sector. It enjoys a strong position vis-à-vis the organised purchasing associations. The latter market was under enormous pressure in 2002 in what is, in any event, a very slow market.

Market difficulties and major reorganisation made 2002 an exceptionally hard year for Hercules. In 2003, the German company will focus on design, quality, marketing and innovation.

Lapierre

Lapierre performed excellently in 2002 - not only in its local market in France - but above all in exports to countries such as Switzerland and Germany. Lapierre is the absolute French leader in the top segment and well known for its sporting innovations. The new and unique X-control suspension system that was introduced in 2001, again proved to be a powerful sales attraction in 2002. Its uniquely conceived range of mountain bikes and racing bikes has made the Lapierre brand synonymous with sporting excellence and exclusivity.

Sponsoring of the successful racing team, FDJeux.com in the Tour de France confirmed this image with the consumer. Lapierre will continue to work with the slogan, ‘Lapierre Ultimate Cycles’ in the development of new concepts and directed marketing campaigns in which the passion for exclusive quality, service and sports performance are fundamental.

Mercier

The Mercier brand has a major presence in the French chain store business. In addition to the Mercier and Poulidor brands, the company also supplies private labels. This brand is characterised by its competitive pricing. Mercier performed well in the market for racing and mountain bikes in 2002. This was aided in no small measure by specific sales support, the creation of highly directed marketing support and good service to large-scale distribution chains. Consistent attention to the brand, distinctive design and good partnership with the distributors also proved to be the most important in this segment of the market.

The Organisation

Board of Directors

R.J. Takens (48), CEO

Mr. Takens joined Accell Group in 1999 as Mr. Wezenaar's successor. He began his career with the Svedex Bruynzeel Group, where he worked for ten years, most recently as general managing director. He then worked for CSM NV for seven years in the position of General Managing Director Italy.

H.H. Sybesma RC (35), CFO

Mr. Sybesma joined Accell Group in 1995 as controller and Finance Manager of the Batavus subsidiary. During that time Mr. Sybesma was closely involved with various subsidiaries of Accell Group. Mr. Sybesma was appointed to the position of CFO of Accell Group NV. effective from April 2001. He began his career as financial consultant at PricewaterhouseCoopers where he worked for five years.

Structure

The Group is characterised by an organisational structure with independent operating companies that are primarily responsible for their position in their respective markets. The Accell Group serves as the holding company and provides services, such as treasury, financial control, business development, investor relations and the coordination of product development and sales.
In addition, all ICT activities are centralised in the company. All companies work with a uniform computer system.

Wherever possible, synergy benefits are achieved by integrating back-office activities.
The automation system developed in-house allows business processes at the independent operating companies to be managed with a limited, indirect organisational structure.

Other areas are also subject to the continuous quest for synergy, for example through intensification of the cooperation with suppliers and mutual exchange of knowledge and innovation. Important examples are safety enhancements, such as the implementation of the anti-theft chip on bicycles in the Netherlands. Coordinated development and production makes this process extremely cost effective.

The Accell Group collaborates with subsidiaries to determine their strategy with respect to branding, purchasing, production allocation and human resources. The subsidiaries are responsible for the realisation and are required to submit daily, weekly and monthly reports.

Product Support Activities

The Accell Group has production facilities in the Netherlands, France and Hungary. By investing in high-quality production techniques (including spray painting techniques) and automation, the Accell Group has been able to market renowned, high-quality products. The production methods used are environmentally friendly and include the use of water-based paints and the elimination of emissions of hazardous substances. The Accell Group has decided to site its end-product assembly and spray painting facilities within Europe, close to its main markets. Only in exceptional cases will end products be imported whole from countries outside Europe.

The new production plant in Hungary became operational in mid 2002. The facility is primarily intended for the production of bicycles for the German market and possibly also, in the near future, for specific production operations for the other brands and further expansion in Eastern Europe. The development and production of electrically assisted and fold-up bicycles take place at the central Sparta facilities. The bicycles are sold under both the Sparta brand name and other brands.

The production facilities dedicate a substantial amount of time to internal training and flexible application of the work force. A number of employees are employed on flexible contracts, which makes it possible to adjust seasonal production output.

Brand Support Activities

Design & Development

The geographically differentiated bicycle market demands a balanced branding policy with its own image but taking into account cultural variety. Each brand has its own Design & Development teams working on the development of new parts, models and colours. They present their newest collections on an annual basis. Renewal occurs on the basis of the following criteria:

1. colour;
2. specific components based on the latest applications made available by suppliers;
3. complete renewal of existing models.

The development of new collections for the various brands is supplemented by centrally controlled, long-term innovation projects. This mainly concerns innovations that can be applied company-wide across the Accell Group and comprises bundling of development, design and production, resulting in the establishment of specialised knowledge centres. This process yields a synergy that results in further cost savings, faster innovation and a shorter time to market.

Sales and Marketing Support

The main distribution channel used for Accell Group products consists of the specialist bike outlets, which have a history of brand loyalty and focus on quality and service. The specialist bike outlets have been subject to major changes in recent years. The traditional small bicycle store/repair shop is increasingly disappearing from the streets and is systematically making way for a young and new generation of entrepreneurs. Sales points are becoming larger and more modern, which demands a different concept of service, support and in-store marketing.

The nationally strong brands have their own positioning in the market and have large market shares in their own markets. Each brand has its own sales, marketing, design and development, service, and guarantee organisation. This organisation ensures that the brand's brand policy remains focussed in the market. To do this, they deploy such communication tools as advertisements, public relations, in-store promotional activities, the Internet and direct marketing.

Carefully targeted sponsoring is used too. Sales efforts are steered according to market share and margin in each key market segment. The Accell Group is responsible for monitoring and co-ordinating the positioning and operations of the individual brands.

Share (Price) Support Activities

Investor Relations

Over the past year, the Accell Group made the news on a regular basis. The annual figures for 2001 and the half-yearly figures for 2002 were presented to shareholders, the press and analysts.

The Accell Group has an active investor relations policy. The company organised a number of guided tours for investors and shareholders and held presentations at various locations for the benefit of private investors.

The corporate Web site, www.accell-group.com, contains both general information about the company and the latest news, financial results and shareholder information, the Annual Report, press releases, the financial calendar and possible insider tradings in own shares.

The Accell Group share forms part of the Next Prime segment of Euronext and is permanently traded by two liquidity providers. A closing price of € 12.70 at 31 December 2002 established a price increase of 10.4% in relation to the closing price on 31 December 2001.

The Accell Group will continue to provide all interested parties with the latest information on the financial calendar, the latest news, financial publications, recent presentations and all other Accell Group share information, via the various media.

Dividend Policy

When the Accell Group NV shares were listed on Euronext Amsterdam in October 1998, it was announced that a stable dividend policy would be pursued with at least 40 percent (approximately) of the net income being distributed. This made it clear to investors that the Accell Group wishes to pay out a higher than average proportion of net income compared to other listed shares.
In addition, we pay close attention to the dividend yield. For some time now there has been strong interest in an above-average dividend distribution at the Accell Group.

It is proposed that a cash dividend of € 0.95 per ordinary share of nominal value € 0.05 or a share dividend from the share premium reserve be paid out, whereby the value of the stock dividend is approximately equivalent to the cash dividend. The Board of Directors is of the opinion that this yield and type of dividend offer advantages over those of similar listed companies. This yields dividends of 7.5% (2001: 7.4%) based on the most recent rates.

Corporate Governance

To supplement previous statements concerning corporate governance, this report can state that the profile sketch of the Supervisory Board has been evaluated and updated. The profile sketch is obtainable from the company.

The members of the Supervisory Board are not awarded performance related fees and that they do not have business relations with and interests in the company. Finally, in view of the limited size of the company, the Supervisory Board decided not to appoint a separate audit and remuneration commission - the entire Supervisory Board fulfils those functions.

Risk Factors

The main risks to the development of the Accell Group are:

Exchange Rate and Interest Rate Risk

The treasury activities of the Accell Group have been centralised. Some bicycle components purchased by the Group are acquired in foreign currencies, in particular US dollars and Japanese yen. The Accell Group strategy is to minimise exchange rate risk. Consequently, the company's policy is to cover the requirements in these currencies on a seasonal basis (September to August inclusive). The average forward rates used for hedging are taken into account when setting selling prices. In addition to the management of exchange rate risk, the company uses a number of tools to manage interest rate risk. Financing is taken out in Euros. Financial derivatives are only used when there is an underlying commercial basis for this.

The Weather

Demand in the markets in which Accell Group is active fluctuates according to a number of factors, including certain weather conditions. Bad weather in the spring and/or extremely hot or bad weather in the summer can negatively affect bicycle sales in general.

Logistics

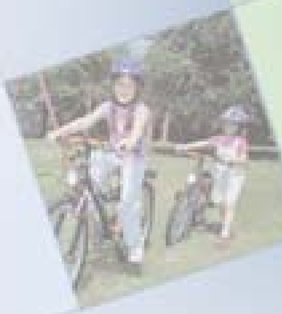
One facet of Accell Group's policy is to procure components from, and contract out activities to third parties, where this yields benefits and cost savings. This means that, to some extent, the business operations of the Group companies are dependent on the availability of the procured goods. Unavailability of those components when needed can create problems with bicycle delivery deadlines.

A number of suppliers have a dominant position. If component supply were to be disrupted, this could have a negative effect on business operations. Delivery time for components can be as much as 4-6 months. Should the actual demand in the market for bicycles deviate from budgeted sales, this could lead to too few or too many components being available, which could have a negative impact on turnover and/or inventory marketability.

Future Prospects

The Accell Group believes that for the year 2003 the situation with respect to the relevant markets will remain the same. The Accell Group is not expecting major economic recovery and holds the view that the situation within the company is stable and under control. The increasing popularity of bikes (in terms of kilometres travelled) for commuting and recreational purposes, together with the rising demand for innovative, comfortable and safe products, is a positive trend for the Accell Group's strong brands. The Accell Group should be able to capitalise on these developments, by concentrating on its strong brands, by continuing to work together with the specialised bike shops, and by deploying targeted marketing campaigns at sales outlets and the consumer.

Within the organisation, synergy benefits should be achieved through increased exploitation of the production facilities in Hungary, which are expected to be in full operation in 2003. This year (2003) will be the first in which Hercules will operate as sales & marketing organisation without its own production operations.



The Accell Group would have to continue its growth if it were to achieve economies of scale benefits in the fields of procurement, production and marketing. In addition to organic growth, this would have to be achieved through acquisitions, which is why the Accell Group continues to search for acquisition candidates that fit the profile and group brand product range.

Based on current market prospects, and barring any unforeseen circumstances,
the Accell Group expects turnover and share profits to improve further in 2003.

Heerenveen, 19 February 2003

R.J. Takens, CEO **H.H. Sybesma, CFO**

Notes to the Financial Figures

General

In the year 2002, turnover rose by 26% to € 259.4 million. This increase in turnover took place against the background of a market with falling sales volumes. The Accell Group was able to sell more bicycles in this market. The increase in the number of bicycles sold by the Accell Group in 2002 is not only due to the contribution of Winora, but the sales figures also increased independently. The average price per bicycle sold remained more or less stable. The year 2002 was the first year in which Winora fully contributed to the turnover and result of the Accell Group. Net profits over the financial year increased by 33%. The earnings per share increased to € 2.06, entailing an increase of 20% (before correction based on stock dividend).

The near stagnant economy and uncertainty about the future dealt a blow to consumer confidence in 2002. The demand for quality bicycles however remained consistent. Effective use of targeted marketing and soundly compiled collections enabled most of the Accell Group brands to expand their market share.

The poor economic situation in Germany severely inhibited consumer spending and this was especially visible at the specialised bike dealers. The final shutdown of production at Hercules and the start-up of new production facilities in Hungary demanded a great deal of flexibility, especially in the German section of the organisation.

Results

In 2002 the net income rose by 33% to € 6.8 million. The operating result rose by more than 20% percent to € 13.8 million, equivalent to 5.3% of turnover (2001: 5.5%). This light percentage drop was due to the somewhat higher than average returns of the turnover of the Winora Group. Enhanced internal control of processes resulted in a lower level of capital employed than in 2001. This had a positive effect on interest costs.

Turnover per Segment

An increase in turnover in 2002 was realised company-wide in the Accell Group. The trekking, ATB and racing segments registered solid growth. The growth was mainly due to the addition of Winora and the solid performance of the French brands that are all specialists in the sports bike segment. The turnover in parts also registered strong growth due to the addition of Winora.

Turnover - Geographical Breakdown

The year 2002 saw a clear shift in the turnover distribution per country. This was mainly due to the takeover of Germany company Winora in 2001, which increased the share of turnover in Germany in 2002 to 30% of the total turnover of the Accell Group. This is an important turn-around, as, for the first time in the history of the Accell Group, the Dutch share of the total company turnover fell to just below 50%. With turnover increases of respectively more than 7% and 21% in the Netherlands and France, the Accell Group was able to expand its position in those countries in the face of powerful competition operating in the market.

Workforce

The total average workforce increased to 1,061 employees in 2002 (2001: 1,051 employees). This includes 127 employees with temporary contracts. The increase in turnover and the number of bicycles produced made the effect of the relocation of part of the production operations to Hungary, and continuous attention to efficiency clearly evident in the Accell Group in 2002. There was a light increase in the number of temporary employment contracts (2001: 112), which demonstrates that the Accell Group has sufficient labour flexibility to adjust to sales fluctuations.

Costs

In 2002, materials consumption amounted to 66.8% of the turnover (2001: 65.2%). The increase in relation to 2001 was mainly due to the increased number of purchased bicycles.
Personnel costs in 2002 amounted to € 38.7 million. This signifies a turnover drop of 1.5%.
In 2002, personnel costs amounted to 14.9% of the total turnover (2001: 16.4%).
The Other Operating Costs item is partially dependent on volume variations. Based on sales increases, those costs increased in 2002 to € 30.9 million, which corresponds to 11.9% of total turnover (2001: 11.8%).
The Interest Charges item dropped in 2002 by 9% due to reduced employment of working capital and a modified financing structure.

Balance Sheet

The balance sheet total dropped by 4.3% in 2002 to € 112.5 million. Inventory was reduced thanks to undiminished attention to stocks and tight control of the operating capital. The supply of finished products dropped by more than € 3 million in relation to 2001. In 2002, the financing of the Accell Group again underwent a number of changes. Halfway through 2002, NIB Capital granted a subordinated loan of € 7.5 million. Long-term debts rose by € 14.7 million due to an increase in the rollover loan and the acquisition of the subordinated loan. Short-term Debts item fell by € 21.7 million, mainly due to the reduction in bank credits. As at balance sheet date, solvency based on the equity capital was 37.6% and 44.3% based on the guarantee capital.

annual accounts 2002 | ACCELL GROUP N.V.

Consolidated balance sheet as at 31 December 2002

Before profit appropriation (in thousands of Euro's)

Assets	2002	2001
Fixed assets		
Intangible fixed assets (1)	796	558
Tangible fixed assets (2)	23,791	21,432
Financial fixed assets (3)	2,734	3,700
	27,321	**25,690**
Current assets		
Inventory (4)	50,872	57,961
Accounts recievable (5)	34,236	33,818
Cash at bank and in hand	80	31
	85,188	**91,810**
Total assets	**112,509**	**117,500**

Liabilities		
Group equity (6)	42,292	37,437
Equalisation account for investment grants	0	224
Provisions (7)	5,939	8,482
Long-term debt (8)	30,001	15,320
Short-term debt (9)	34,277	56,037
Total liabilities	**112,509**	**117,500**

The figures in brackets relate to the Notes on pages 37 to 39

Consolidated profit and loss account for 2002

(in thousands of Euro's)

	2002	2001
Net turnover (10)	**259,430**	**205,634**
Cost of raw and ancillary materials	173,288	133,997
Personnel costs (11)	38,683	33,717
Depreciation (12)	2,808	2,303
Other operating expenses (13)	30,889	24,188
	245,668	**194,205**
Operating result	13,762	11,429
Financial expenses	-3,239	-3,562
Result from ordinary activities before tax	10,523	7,867
Taxation	-3,744	-2,764
Net income	**6,779**	**5,103**

The figures in brackets relate to the Notes on pages 40 to 41

Consolidated cash flow statement

(in thousands of Euro's)

	2002	2001
Cash flow from operating activities		
Net income	6,779	5,103
Depreciation	2,865	2,324
Movement in investment subsidies	- 57	- 21
Movement in financial fixed assets	966	122
Movement in provisions	- 258	180
Movement in reorganisation provisions	- 2,285	2,617
Movement in inventory	7,089	1,077
Movement in accounts receivable	- 418	275
Movement in working capital through new consolidations	0	- 11,209
Movement in short-term debt	632	407
Net cash flow from operating activities	**15,313**	**875**

Cash flow vis-à-vis investments		
Investments in intangible fixed assets	- 238	- 558
Investments in tangible fixed assets	- 5,465	- 3,865
Investments in tangible fixed assets		
through consolidation	0	- 6,616
Disposals of tangible fixed assets	308	25
Other movements	- 234	- 4
Net cash flow from vis-à-vis investments	**- 5,629**	**- 11,018**

Cash flow vis-à-vis financing activities		
Share issue	0	3,061
Inclusion of subordinated loans	7,500	0
Inclusion of other long-term debts	7,700	1,406
Long-term debt: repayments	- 519	- 262
Movement in bank credit	- 22,392	4,931
Dividend payout	- 1,612	- 1.756
Movement in third-party interest	- 50	50
Other movements	- 262	2.737
Net cash flow vis-à-vis financing activities	**- 9,635**	**10,167**

Liquidity		
Total net cash flow	49	24
Cash at bank and in hand: opening balance as at 1 January	31	7
Cash at bank and in hand: closing balance as at 31 December	**80**	**31**

Accounting principles used for the Annual Accounts

General accounting principles for the preparation of the consolidated Annual Accounts

Intragroup relationships

Accell Group N.V. heads a group of legal entities. A summary of the information required by virtue of the Netherlands Civil Code Book 2 Articles 379 and 414 is set out on page 46 of this Annual Report.

Basis for consolidation

The consolidated annual accounts for Accell Group N.V. includes the financial information for the companies belonging to the Group. The consolidated Annual Accounts have been prepared using the accounting policies of Accell Group N.V. The financial information for the group companies is included in full in the consolidated Annual Accounts, with the elimination of intragroup relationships and transactions. Third-party interests in the equity and in the result of group companies are shown separately in the consolidated Annual Accounts. The results of newly acquired participating interests are consolidated from the time when they joined the Group. The results for participating interests disposed of shall, in so far as this shall relate to a corporate spin-off or direct sale, be included in the consolidation up to the time when the participating interest left the Group. The financial information for Accell Group N.V. shall be included in the consolidated Annual Accounts such that, utilising Netherlands Civil Code Book 2 Article 402, it shall be sufficient to publish a summarised profit and loss account in the company Annual Accounts.

General

Assets and liabilities are valued on the basis of historical cost. Unless stated otherwise for the relevant item, assets and liabilities have been included at nominal value. Income and expenditure have been allocated to the year to which they relate. Profits have only been included to the extent that they have been realised. Losses and risks that originate before the end of the year under review shall be taken into account in the relevant year.

Translation of foreign currency

Accounts receivable and debts and commitments denominated in foreign currencies shall be translated at the exchange rate prevailing as at balance sheet date, excepting where and to the extent that the exchange rate risk has been hedged. In such cases, valuation shall be made on the basis of the agreed forward rates. Transactions denominated in foreign currencies during the period under review have been included in the Annual Accounts at the settlement rate. Exchange rate differences arising from translation as at balance sheet date have been included in the profit and loss account. The exchange rate as at balance sheet date has been used for the translation of the annual accounts of the foreign Group companies and non-consolidated participating interests. The translation differences that occur shall be directly credited to or charged to Group equity.

Accounting principles for valuation of assets and liabilities and for the determination of the result

The most important principles are as follows:

Intangible fixed assets

Intangible fixed assets are valued at cost minus cumulative depreciation. Annual depreciation is set at a percentage of cost.

Tangible fixed assets

Tangible fixed assets are valued at acquisition price minus the cumulative depreciation, calculated taking the expected useful life of the relevant asset into account, along with any residual value.

Financial fixed assets

Those participating interests where significant influence in the areas of commercial policy and financial policy is exercised are valued at net asset value. This value is calculated using the same principles that Accell Group uses for valuation and result determination. Participating interests where no significant influence is exercised are valued at acquisition price. Valuation of participating interests takes into account any decrease in value, provided that this is permanent.

Inventory

Inventory is valued at cost, minus a provision for unmarketability should this be deemed necessary.

Accounts receivable

The provision for bad debt risk is deducted from the accounts receivable item.

Revaluation reserve/badwill

The badwill arising from the acquisition of participating interests is credited to the profit and loss account pro rata to the remaining useful life of the related non-monetary asset.

Equalisation account for investment grants

Claims for investment grants are credited to the profit and loss account from the time they are first used pro rata to the depreciation instalments for the relevant asset.

Provisions

Provisions are not related to specific assets. They are formed in respect of commitments and risks associated with business operations.

Pensions
The pension provision is based on actuarial calculations and is included at present value.

Deferred taxes
The provision for deferred taxes includes the temporary differences that arise from the fact that deviations between the valuation in the Annual Accounts and the fiscal valuation of assets and liabilities cause a postponement of the tax levy at that time. The provision formed for this purpose is calculated at the nominal rate.

Turnover
Turnover is deemed to mean the revenue from goods and services supplied to third parties, excluding taxes.

Taxes on income
Taxes are calculated on the result determined in accordance with the above-mentioned accounting principles. The taxes on the result from ordinary activities are determined taking applicable tax incentives into account.

Accounting policies for the cash flow statement

General
The cash flow statement is drawn up using the indirect method. The funds stated in the cash flow statement consist entirely of liquid funds. Cash flows in foreign currencies are translated at the exchange rates as at balance sheet date. Receipts and expenditure arising from interest and taxes on income are included in the cash flow from operating activities.
Dividends to be paid are included under the cash flow from financing activities. Transactions for which no cash has been exchanged, including financial leasing, have not been included in the cash flow statement.

Composition of cash at bank and in hand
This item consists entirely of cash balances present and is at the free and immediate disposal of the company.

Notes to the cash flows
The item Investment in intangible fixed assets only includes those investments where cash balances were spent during 2002. The investments partly relate to replacements.

Notes to the consolidated figures

(in thousands of Euro's)

1. Intangible fixed assets

This concerns the capitalisation of costs related to a major development project. A legal reserve is determined for the capitalised amount. Depreciation will start as soon as the project come into use.

	Research and Development Costs
Book value as at 31 December 2001	558
Investments	238
Depreciation	0
Book value as at 31 December 2002	**796**

2. Tangible fixed assets

	Land and buildings	Plant and machinery	Tangible fixed assets (work in progress)	Total tangible fixed assets
Book value as at 31 December 2001	13,927	5,773	1,732	21,432
Investment	2,312	3,153	0	5,465
Investment in acquisitions	0	0	0	0
Disposals	- 264	- 44	0	- 308
Depreciation	- 887	- 1,978	0	- 2,865
Movement t.f.a. in execution	746	986	- 1,732	0
Various movements	288	- 221	0	67
Book value as at 31 December 2002	**16,122**	**7,669**	**0**	**23,791**
Balance as at 31 December 2002				
Purchase price	23,308	23,781	0	47,089
Cumulative depreciation	- 7,186	- 16,112	0	- 23,298
Book value as at 31 December 2002	**16,122**	**7,669**	**0**	**23,791**

The following depreciation rates are used for fixed assets:

Land	0%
Buildings	2-5%
Plant and machinery	10-35%

3. Financial fixed assets

This relates to the long-term portion of the deferred tax claim arising from offsettable losses on participating interests.

4. Inventory	2002	2001
Raw and ancillary materials	17,996	20,653
Semi-finished good	2,900	3,992
Finished product	29,976	33,316
	50,872	**57,961**

5. Accounts recievable		
Trade receivables	32,408	32,380
Other receivables and prepayments and accrued income	1,828	1,438
	34,236	**33,818**

The 'Other receivables' item is short-term in nature.

6. Group equity		
Shareholders' equity	42,292	37,387
Third-party interest in group companies	0	50

Please refer to the Notes to the company balance sheet for notes on the company's shareholders' equity.

Capital Base	49,792	37,387

The capital base, or own funds, consists of shareholder's equity and a subordinated loan of € 7.5 million granted in 2002 by NIB Capital. The subordinated loan has been consolidated into the long-term debts.

7. Provisions		
Pensions	2,193	2,626
Deferred taxes	938	645
Guarantees	792	903
Other provisions	2,016	4,308
	5,939	**8,482**

Pension, tax and guarantee provisions are predominantly long term in character. The item other provisions relates mainly to provisions for the reorganisation of the German activities. Provisions for the reorganisation of the German activities had already been included in the balance sheet for the Accell Group NV as at 31 December 2001. The reorganisation costs for the financial year (approx. € 2.3 million) were consolidated under special provisions put aside for that purpose.

8. Long-term debt	Outstanding	Short-term	Remaining	Lifetime < 5 years	Lifetime > 5 years
a) Subordinated loan	7,500	1,000	6,500	4,000	2,500
b) Rollover loan	20,000	0	20,000	20,000	0
c) Mortgage (real estate)	2,247	560	1,687	1,687	0
d) Other loans	254	27	227	227	0
	30,001	**1,587**	**28,414**	**25,914**	**2,500**

The subordinated loan is characterised as a general subordination with an initial duration of 7.5 years. The subordinate loan will be paid back by means of a linear payback scheme with the first repayment being due in 2003. The rollover loan is a five-year standby credit facility made available by ABN-AMRO with a variable withdrawal period and variable interest rate depending on the duration. With the exception of the general conditions, no securities were issued for the rollover loan. The mortgage loan was granted for the real estate in Hungary and has a duration of five years. The average interest rate of all long-term debt is 5.2%.

9. Short-term debt	2002	2001
Credit institutions *	19,054	41,446
Suppliers	11,715	9,401
Taxes and social security charges	721	305
Other liabilities and accruals and deferred income	2,787	4,885
	34,277	**56,037**

** With the exception of a number of general conditions, no security has been provided for the bank loans. The interest rate is variable.*

Additional Information Based on Current Values

Determination of capital and results based on current value yields alternative outcomes than those consolidated in the annual accounts. The influence of price fluctuation is calculated as follows:
The current value of the land is an approximation based on the pricing provided by external sources.
The current value of the business buildings is based on the replacement value, which was determined by independent assessors. To calculate the effect on the capital and results, the established values are corrected by accumulated depreciations based on the replacement value. The current value of the inventory is approximately equivalent to the valuation in the balance sheet. A provision is made for the latent tax obligations over the calculated value corrections and calculated on the basis of current nominal rates. When applied, the aforementioned calculations yield capital based on current values of approximately € 6.0 million more than the capital in the consolidated balance sheet as at 31 December 2002. The adjustment of the 2002 results due to higher depreciation based on current values amounts to approx. € 0.7 million after taxes.

10. Turnover

	2002	2001
The breakdown in turnover for the Netherlands, Germany, France, other EU countries and the rest of Europe is as follows:		
The Netherlands	126,100	117,793
Germany	79,002	43,390
France	37,853	31,243
Other EU countries	14,711	12,767
Other ountries	1,764	441
	259,430	**205,634**

11. Personnel costs

Wages and salaries	29,204	24,718
Social security charges	7,156	6,747
Pension contributions	1,538	1,428
Profit-sharing scheme	785	824
	38,683	**33,717**

In accordance with the provisions of the Netherlands Civil Code Book 2 Article 383c, we disclose that: The amounts charged to the company during the financial year were paid to Messrs. Takens and Sybesma as follows:
- para 1c sub a (periodic remunerations): € 205,000 respectively € 110,000
- sub b (long-term remuneration): € 97,928 respectively € 13,025
- para 1c sub d (profit share and bonuses): € 82.000 respectively € 44.000

The amounts paid in salaries to the Supervisory Board during the financial year to Messrs. Douma, Haank, Menkveld and Wezenaar are, respectively, € 16,452, € 11,916, € 11,916 and € 11,916. In accordance with Article 2:383e of the Civil Code it is disclosed that, at the end of the financial year, an amount of € 113,445 is outstanding to Mr. Takens. This concerns a three-year interest-only loan with an interest rate of 5.0%.

The average number of employees per country is:	2002	2001
The Netherlands	667	649
Germany	207	266
France	134	134
Hongary	53	2
	1,061	**1,051**

12. Depreciation

	2002	2001
Tangible fixed assets	2,865	2,324
Investment grants	- 57	- 21
	2,808	**2,303**

13. Other operating expenses

In contrast to 2001, the release of the revaluation reserve was consolidated under Other Operating Expenses. The classification of the cost effects of the inventory movements have also been changed - those costs are consolidated under Other Operating Expenses instead of under Other Operating Income. Neither of the presentation changes have any effect on either the capital or the results. The comparative figures of the previous years have accordingly been adjusted.

15. Commitments not evident from the balance sheet

The company has a number of commitments based on long-term lease agreements for IT equipment and cars. The commitment amounts to approximately € 0.9 million per annum with an average remaining duration of 2.7 years. In addition, the company has financial commitments based on long-term rental agreements amounting to approximately € 1.0 million per annum and with an average remaining duration of 5.0 years.

Company balance sheet as at 31 December 2002

Before profit appropriation (in thousands of Euro's)

Assets	2002	2001
Fixed assets		
Intangible fixed assets	796	558
Tangible fixed assets	0	0
Financial fixed assets (A)	73,790	61,947
Current assets	3.184	515
Total assets	**77,770**	**63,020**

Liabilities		
Shareholders' equity (B)		
Issued capital	166	146
Share premium reserve	12,311	12,233
Revaluation reserve for participating interests	2,500	2,929
Statutory reserve	796	558
Other reserves	26,519	21,521
	42,292	**37,387**
Long-term debt		
Subordinated loan	7,500	0
Rollover loan	20,000	13,613
	27,500	**13,613**
Short-term debt		
Debts vis-à-vis group companies	1,037	3,769
Credit institutions	6,941	8,251
Other debt	0	0
	7,978	**12,020**
Total liabilities	**77,770**	**63,020**

The figures in brackets relate to the Notes on pages 44 to 45

Company profit and loss account for 2002

(in thousands of Euro's)

	2002	2001
Result from participating interests after tax	6.933	5.196
Other results	- 154	- 93
Net income	**6.779**	**5.103**

Supervisory Board

S.W. Douma, Chairman

D.J. Haank

J.H. Menkveld

J.J. Wezenaar

Board of Directors

R.J. Takens, CEO

H.H. Sybesma, CFO

Heerenveen, 19 February 2003

Notes to the company balance sheet

(in thousands of Euro's)

A) Financial fixed assets	**2002**	**2001**
The course of the financial fixed assets is as follows:		
Participating interests		
Balance as at 1 January	35.390	28.848
Results	6.933	5.196
	42.323	**34.044**
Investments/disposals	73	152
Other movements	- 432	1.194
Balance as at 31 December	**41.964**	**35.390**
Claims on group companies		
Balance as at 1 January	26.557	27.692
Loans provided	8.719	3.906
Loans repaid	- 3.450	- 5.041
Balance as at 31 December	**31.826**	**26.557**
Total financial fixed assets	**73.790**	**61.947**

Commitments not evident from the balance sheet

The legal entity forms part of the 'Accell Group NV' tax unity, which is liable for all taxes of the tax unity as a whole.

Shares and Share Option Plans

The number of shares owned by Messrs. Takens and Sybesma at the end of 2002 was, respectively 7,822 and 6,500. Members of the Supervisory Board that own shares are Messrs. Haank and Wezenaar who, at the end of 2002, owned respectively 1,785 and 2,279 shares. The company has a share option plan for the Board of Directors. In the case of all share options granted to date being exercised, the number of issued shares will increase by 2.6%. Based on company policy, options are not covered by the purchase by the company of its own shares. The following option movements with respect to (former) directors occurred in the course of the financial year:

Bestuurders	**Number of options at the start of the financial year**	**Options issued**	**Options exercised**	**Options at the end of the financial year**	**Average exercise price**	**Remaining period**
Takens	33,800	15,000	0	48,800	10.13	max. 4 years
Sybesma	0	7,500	0	7,500	11.50	max. 4 years
Gewezen bestuurders						
De Jong	11,100	0	11,100	0		
Wezenaar	9,500	0	0	9,500	11.25	1.5 year

The exercise price of options exercised by Mr. de Jong in the financial year is € 9. For the issuance of the shares required at the time of the exercise of options, the company issued 11,100 shares at a share price of € 9. The premium is processed in the company's share premium reserve. Share options issued to directors in the course of the financial year are unconditional and have a maximum duration of five years. The exercise price of the options issued in the financial year is € 11.50. Members of the Board of Directors are offered a financing scheme to cover the tax consequences of share option ownership. Both directors used those facilities in the course of the financial year.

B) Equity Capital	2002
The authorised capital is € 650,000 distributed over 5,500,000 ordinary shares in the Accell Group, 1,000,000 ‘F’ preference shares and 6,500,000 ‘B’ preference shares, each with a nominal value of € 0.05. Of those shares, 3,323,761 ordinary shares are issued and fully paid up resulting in an outstanding equity capital of € 166,188.05.	
I. Issued capital	
Balance as at 31 December 2001	146
Stock Dividends	4
Redenomination	15
Other movements	1
Balance as at 31 december 2002	**166**
II. Share premium reserve	
Balance as at 31 December 2001	12,233
Stock Dividends	-4
Other movements	82
Balance as at 31 december 2002	**12,311**
III. Revaluation reserve vis-à-vis participating interest	
Balance as at 31 December 2001	2,929
From new acquisitions	0
Realised	- 429
Balance as at 31 december 2002	**2,500**
IV. Statutory reserve	
Balance as at 31 December 2001	558
Movements	238
Balance as at 31 december 2002	**796**
V. Other reserves	
Balance as at 31 December 2001	21,521
Result for financial year 2002	6,779
Dividend payment for the year 2001	- 1,612
Redenomination	- 15
Movements in reserve for valuation differences	0
Other movements	- 154
Balance as at 31 december 2002	**26,519**
Total shareholders’ equity	**42,292**

Subsidiaries

Group companies	% age holding
Batavus B.V., Heerenveen, The Netherlands	100
Koga B.V., Heerenveen, The Netherlands	100
Koga Trading A.G., Buttisholz, Switzerland	100
Hadee B.V., Kesteren, The Netherlands	100
Sparta B.V., Apeldoorn, The Netherlands	100
Accell Duitsland B.V., Heerenveen, The Netherlands	100
Accell-Hercules Fahrrad GmbH & Co. KG, Nürnberg, Germany	100
Winora Staiger GmbH, Sennfeld, Germany	100
E. Wiener Bike Parts GmbH, Sennfeld, Germany	100
Accell Group France S.A., Andrézieux, France	100
Cycles Mercier France-Loire S.A., Andrézieux, France	100
Cycles Lapierre S.A., Dijon, France	100
Accell Hunland Kft., Tószeg, Hongary	100
In2Sports B.V., Eindhoven, The Netherlands	24

Other information

Provisions in the Articles of Association regarding profit appropriation

Article 26 (part)

Paragraph 4

The Board of Directors has, with the approval of the Supervisory Board, the authority to determine which part of the profit, after payment of dividend to the holders of both the ‘B’ preference shares and ‘F’ preference shares, shall be allocated to the reserves.

Paragraph 5

After the allocation to the reserves in accordance with the preceding paragraph, the profit shall be placed at the disposal of the General Meeting of Shareholders. In the balance sheet, the profit appropriation has been included after application of Article 26 of the Articles of Association.

Dividend Proposal

The Board of Directors propose to pay shareholders in the Accell Group dividends of € 0.95 or a dividend paid out in shares.

Stichting Preferente Aandelen Accell Group

The Stichting Preferente Aandelen Accell Group (‘Foundation for Preference shares of the Accell Group’) was incorporated in accordance with Dutch law and has its registered office in Heerenveen. An agreement has been entered into with Stichting Preferente Aandelen Accell Group, under which ‘B’ preference shares may be placed with the Stichting.
At the current time, no ‘B’ preference shares in the company’s capital have been issued.
The Stichting’s board consists of two ‘A’ board members, namely Messrs. H.M.N. Schonis and B. van der Meer, and one ’B’ board member, Mr. F.J.S de Groen.
In the joint opinion of the company and the Stichting’s board, the Stichting is independent of the company within the meaning of Schedule X of the Listing and Issuing Rules of Euronext Amsterdam.

Audit opinion

Introduction

We have audited the Annual Accounts 2002 of Accell Group N.V., Heerenveen, included in this annual report. These annual accounts are the responsibility of the company's management. Our responsibility is to express an opinion on these Annual Accounts based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. These standards require that we plan and perform the audit in such a way as to obtain a reasonable assurance as to whether the Annual Accounts are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Accounts. An audit also includes assessing the accounting principles used for financial reporting and the important estimates made by the management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the annual accounts for Accell Group N.V. give a true and fair view of the size and composition of the assets of the company as at 31 December 2001 and of the result for the year then ended, in accordance with accounting principles for financial reporting generally accepted in the Netherlands, and comply with the statutory requirements regarding annual accounts as set out in Part 9 Book 2 of the Netherlands Civil Code.

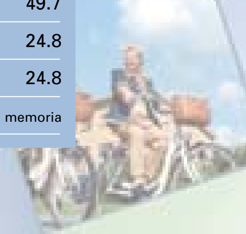
Amersfoort, 19 February 2003

Deloitte & Touche Accountants

Long-term overview

(in millions of Euro's, unless stated otherwise)

Year	2002	2001	2000	1999	1998	1997 pro forma	1996 pro forma
Turnover	259.4	205.6	203.7	150.3	149.4	137.2	130.2
Personnel costs	38.7	33.7	35.1	27.6	26.3	25.1	26.2
Operating result	13.8	11.4	9.7	6.0	8.8	6.4	7.9
Interest	3.2	3.6	3.0	1.4	1.7	1.8	1.9
Taxes	3.7	2.8	2.4	1.6	2.6	1.6	2.7
Net income	6.8	5.1	4.3	3.0	4.4	3.0	3.3
Depreciation	2.8	2.3	2.3	2.2	2.1	2.2	2.5
Cash flow	9.6	7.4	6.6	5.2	6.6	5.2	5.7
Investments	5.5	5.5	2.4	3.5	1.7	1.5	3.7
Balance sheet total	112.5	117.5	96.5	79.7	65.0	60.3	64.8
Tangible fixed assets	23.8	21.4	13.3	13.3	12.1	12.6	16.7
Capital employed	97.3	102.9	84.9	70.7	55.6	47.5	50.8
Shareholders' equity	42.3	37.4	28.2	24.5	21.6	18.6	16.0
Capital Base	49.8	37.4	28.2	24.5	21.6	18.6	16.0
Provisions	5.9	8.5	5.7	6.2	4.9	5.4	7.1
Average number of employees	1,061	1,051	998	768	785	758	842
No. of shares in issue as at year-end	3,323,761	3,215,853	2,925,853	2,851,328	2,762,537	2,603,707	2,544,972
Average number of shares	3,288,876	2,933,798	2,901,011	2,821,731	2,686,545	2,574,339	2,507,118
Data per share *							
Shareholders' equity	12.86	12.39	9.46	8.43	7.82	7.01	6.20
Capital Base	15.14	12.39	9.46	8.43	7.82	7.01	6.20
Cash flow	2.91	2.45	2.21	1.75	2.24	1.83	2.06
Net income	2.06	1.69	1.44	1.00	1.51	1.07	1.17
Dividend	0.95	0.85	0.60	0.41	0.60	pro memoria	pro memoria
Ratios (in%)							
ROCE	14.1	11.1	11.4	8.5	15.8	13.6	15.5
ROE	16.0	13.6	15.2	12.2	20.6	16.3	20.3
Operating result/turnover	5.3	5.5	4.8	4.0	5.9	4.7	6.0
Net income/turnover	2.6	2.5	2.1	2.0	3.0	2.2	2.5
Cash flow/turnover	3.7	3.6	3.2	3.5	4.4	3.8	4.4
Balance sheet total/turnover	43.4	57.1	47.4	53.0	43.5	44.0	49.7
Solvency (subject to equity capital)	37.6	31.9	29.3	30.8	33.3	30.8	24.8
Solvency (subject to guarantee capital)	44.3	31.9	29.3	30.8	33.3	30.8	24.8
Payout percentage	46.1	49.6	41.4	38.5	40.0	pro memoria	pro memoria



** The data per share are calculated based on the weighted average number of outstanding shares. The data per share for the period 1999-2001 are corrected for dilution due to issuance of stock dividends charged to the share premium reserve in accordance with the Directives for Annual Reporting.*

The Accell Group share

Accell Group NV has been listed as a publicly trading company on the Euronext Amsterdam Stock Exchange market since 1 October 1998. By 31 December 2002 the company had issued 3,323,761 ordinary shares at a nominal value of € 0.05.

Main interests in listed companies disclosed on the basis of the Disclosure of Major Holdings in Listed Companies Act

The following notifications have been made by virtue of the above-mentioned Act:

B.V. Algemene Holding en Financierings Maatschappij
Amev Stad Rotterdam Verzekeringsgroep N.V.
CGU Delta Lloyd
Darlin N.V.
Driessen Beleggingen B.V.
Friesland Bank N.V.
Holding Aarts-Heerkens B.V.
J.H. Langendoen
Smoorenburg B.V.
Zipart B.V.

Share option scheme

At the time of the stock exchange listing, the Supervisory Board implemented a share option scheme for the Board of Directors of Accell Group.

Share trading volumes for the Accell Group share during 2001:

	Number of shares	High	Low	Closing price
January	33,679	11.70	11.15	11.40
February	93,903	12.85	11.45	12.60
March	92,306	14.10	12.60	14.00
April	57,645	15.10	13.50	14.70
May	32,963	14.70	13.40	14.00
June	90,750	14.35	13.40	14.00
July	62,591	14.25	13.55	14.00
August	21,246	14.00	13.50	13.75
September	29,963	13.90	11.15	12.20
October	22,109	12.45	11.45	12.10
November	39,072	14.00	12.50	13.80
December	20,551	13.65	12.60	12.70

Belangrijke data 2003

General Meeting of Shareholders: 18 April 2002 at 2.00 p.m.,
to be held at subsidiary Batavus B.V.,
Industrieweg 4, 8444 AK Heerenveen.

Publication of half-yearly figures: 18 July 2002, prior to official stock exchange