ANNUAL REPORT

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.

TABLE OF CONTENTS

Mobility: Multiple Initiatives

Initiatives are being taken at every level to modify the consumer's mobility behaviour. For example, the decision by the City of London to charge a toll for motor vehicle use has resulted in an increase in the use of bicycles. Paris has a Master Plan for the promotion of bicycle usage, which includes a 300-kilometre bicycle path in the city and car-free areas on the banks of the River Seine on Sundays. These types of plans are dedicating an increasing amount of attention to safety, which is the most important condition for increasing bicycle usage and the number of bicycle kilometres.

PROFILE OF ACCELL GROUP N.V.

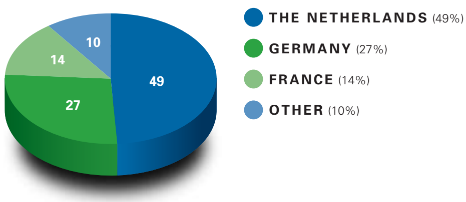
The Accell Group is a European group of companies operating in the design, production, marketing and sale of bicycles, bicycle accessories and fitness equipment. The Accell Group's brand portfolio has ensured it a strong position in the middle and upper segments of the market. Brands such as Batavus, Hercules, Koga-Miyata, Lapierre, Loekie, Mercier, Sparta, Staiger, Tunturi and Winora are mainly sold by the specialised retail trade.

The Accell Group owns production facilities in the Netherlands, Germany, Finland, France and Hungary. The sale of bicycles, bicycle accessories and fitness equipment takes place in the Netherlands (49%), Germany (27%), France (14%) and in other countries (10%) such as Belgium, Denmark, Finland, Austria, the United Kingdom and Switzerland.

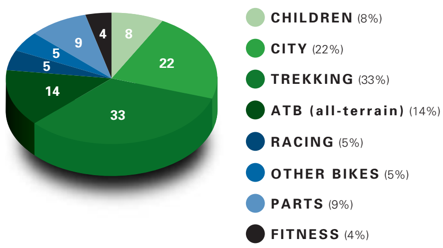
After the takeover of Tunturi, the Accell Group has become the market leader in Europe in the bicycle market and is currently in the Top 5 of the market segment for 'home use' fitness equipment. The company turnover in 2003 was 289.6 million (2002, 259.4 million) with a net profit of 9.2 million (2002, 6.8 million).

Accell Group equity is traded on the official market of Euronext Amsterdam.

Accell Group turnover by country in 2003 (in %)



Accell Group turnover by type of bike in 2003 (in %)



Sports and Recreation: In Motion!

The consumer is becoming increasingly aware of his/her health. The new motto is to eat more healthily and get more exercise. This applies to every layer of society, from top sports to normal recreation: Good weather or bad, indoors and out. The Accell Group produces and markets bicycles, accessories and fitness equipment that appeal to both recreational and sports consumers under the motto, ‘fun, fitness and free time’. In the summer, consumers use their bicycles, and in the winter, their fitness equipment. Undoubtedly this is a trend that will persist in the long term.

MISSION & STRATEGY

The Accell Group is primarily geared towards continuous consolidation of its brand positions with respect to short-distance mobility, fitness and active recreation, and considers this the basis for warranting its long-term competitive position and financial returns. In practise this entails:

- The creation of innovative products and services that appeal to the consumer;
- Positioning and promoting strong brands to ensure the consumer's continuing preference;
- Supporting the specialized retail industry in its sales efforts to the consumer;
- Autonomous growth in volume by increasing market share of the existing brands and the realisation of turnover growth through the introduction of new high-quality products;
- Obtaining complementary business through, amongst other things, acquisitions, to ensure further growth;
- Utilizing synergies within the Accell Group,
- Investing in the skills and knowledge of the company's personnel;
- Continuously managing costs and sales prices to improve operational margins.

The Accell Group holds leading positions in the Netherlands, Germany, France and Finland. Our future aim is to further improve the aforementioned positions and to establish leading positions in other European countries.

H.H. Sybesma (CFO):
"Do the things you do well even better – that is the main theme in our strategy. Our challenge is to continue growing while at the same time continuing to streamline all our processes. Never be satisfied, always remain critical, always seek further improvements in good cooperation with our customers, suppliers and personnel."

R.J. Takens (CEO):
"Consumers are prepared to pay a good price as long as they know they are getting something good in return. This is why we have to keep operating close to the market. Because, thanks to a consistent brand strategy, the best use of the marketing tools, and innovations that appeal to consumers' wishes and preferences, we will continue to perform well in changing markets."

KEY FIGURES

(in millions of Euros, unless otherwise specified)

	2003	2002	2001	2000
Results				
Turnover	**289.6**	259.4	205.6	203.7
Operating result	**16.6**	13.8	11.4	9.7
Net profit *	**9.2**	6.8	5.1	4.3
Cash flow	**13.0**	9.6	7.4	6.6
Balance sheet data				
Group capital	**48.1**	42.3	37.4	28.2
Capital base	**54.6**	49.8	37.4	28.2
Balance sheet total	**134.9**	112.5	117.5	96.5
Capital employed	**109.3**	97.3	102.9	84.9
Investments	**10.0**	5.5	5.5	2.4
Ratios (in %)				
ROCE	**15.2**	14.1	11.1	11.4
ROE	**19.1**	16.0	13.6	15.2
Operating result/turnover	**5.7**	5.3	5.5	4.8
Net profit/turnover	**3.2**	2.6	2.5	2.1
Data per share **				
Outstanding shares	**3,349,561**	3,323,761	3,215,853	2,925,853
Average number of shares	**3,328,176**	3,288,876	2,933,798	2,901,011
Net profit	**2.76**	2.06	1.69	1.44
Cashflow	**3.92**	2.91	2.45	2.21
Group capital	**14.44**	12.86	12.39	9.46
Capital base	**16.39**	15.14	12.39	9.46
Dividend	**1.30**	0.95	0.85	0.60
Number of employees				
	1,213	1,061	1,051	998

* Net profit from ordinary operations.
** The data per share are calculated based on the weighted average number of outstanding shares.

SUPERVISORY BOARD

Mr S.W. Douma (61), 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 in 2000. Mr Douma is a professor of Entrepreneurial Studies and rector of the Technology Management Faculty at the University of Eindhoven. Mr Douma will occupy the position until the Annual General Meeting of Shareholders in the spring of 2006.

Mr D.J. Haank (50)
Mr Haank has been a member of the Supervisory Board of the Accell Group NV since 1998. He has been Chief Executive Officer of Springer Science since January 2004 prior to which he held a number of positions at Reed Elsevier. Mr Haank is a board member of various other companies. Mr Haank will occupy the position until the Annual General Meeting of Shareholders in spring 2006.

Mr J.H. Menkveld (58)
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 up to and including 2001. Mr Menkveld is a board member of various other companies. Mr Menkveld will occupy the position until the Annual General Meeting of Shareholders in spring 2005.

Mr J.J. Wezenaar (67)
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. Mr Wezenaar is a board member of various other companies. Mr Wezenaar will occupy the position until the Annual General Meeting of Shareholders in spring 2007.

SUPERVISORY BOARD REPORT

The Supervisory Board hereby submits the annual account as compiled and determined by the Board of Directors on 24 February 2004. The annual account was audited and approved by Deloitte & Touche Chartered Accountants in the Strike price, which is enclosed herewith on page 55.

We propose unqualified adoption of the annual accounts with the enclosed proposal for profit appropriation and discharge the Board of Directors for actions in respect of management and the supervisors in respect of their supervision.

The Supervisory Board meets according to a fixed schedule as well as for extraordinary decisions. During the year under review, the Supervisory Board met with the Board of Directors on seven occasions. Extra meetings were called in regard to the proposed bid for Cannondale and, later in the year, the negotiations with Tunturi. Issues discussed during the regular meetings included normal operations, period reports, evaluation of the strategic plan compiled by the Board of Directors for the usual three-year period and the budget for 2004. In addition, the annual accounts over 2002 and the half-year report over the first six months of 2003 were discussed in the presence of the accountant. In addition, a number of other issues, including (the draft of) the Dutch Corporate Governance Code, were discussed.

The Supervisory Board also met three times without the presence of the Board of Directors. One such meeting was a consultation with the accountant. Two further meetings dealt with the functioning and payment of the Board of Directors and the functioning of the Supervisory Board.

The Supervisory Board held two meetings with the Central Works Council and the Board of Directors. All members of the Supervisory Board were present at most of the twelve aforementioned meetings. None of the supervisors were frequently absent.

During the Annual General Meeting of Shareholders of Friday, 25 April 2003, Mr Wezenaar was reappointed for a period of four years.
The agenda of the forthcoming Annual General Meeting of Shareholders, on Thursday, 22 April 2004, will notify the shareholders of the appointment of Mr Snijders Blok as Chief Operating Officer of Accell Group. Mr Snijders Blok has been employed in various subsidiaries of the Accell Group since 1992, latterly as General Director of Sparta. As COO of the Accell Group he will be responsible within the Board of Directors for production, planning, purchasing and logistics.

The Supervisory Board finally wishes to acknowledge the efforts and enthusiasm of the personnel and directors in 2003.

Heerenveen, 24 February 2004

On behalf of the Supervisory Board,

S.W. Douma

GENERAL DEVELOPMENT

The year 2003 was, once again, notable for the low average levels of consumer confidence and limited economic growth to contraction in some countries.
The consumer this year appeared even more reluctant to spend his hard-earned cash than in 2002; which resulted in price pressure in many sectors. In spite of the persistently moderate general level of consumer confidence, the bicycle consumer still continued to opt for high-quality products. It is crucial to note that the increasingly critical consumer perceives those bicycles as actually offering added value. Brands must operate extremely close to the market and remain innovative in the fields of safety, comfort and design. In other words: the consumer in this market is still very much interested in the combination of a strong, demonstrably high-quality brand.
In that context close cooperation with the retail trade and distributors is of the essence. After all, they play a decisive role in the translation of the added value to the consumer. Thanks to its consistent strategy, aimed at the middle and higher segments of the market, the company was able to deliver a strong performance in 2003.

The year 2003 can be typified as an extremely active year: For example, in February 2003, the Accell Group reported that it was considering a bid on the bicycle division of the American/European company, Cannondale, which had filed for Chapter 11 protection. After thorough due diligence, the Accell Group decided to withdraw based on the view that such bids should at all times be responsible from a business perspective.

In June 2003 the Accell Group announced that it was in negotiation with the Finnish company, Tunturi, a market leader in the Finnish bicycle market and an internationally renowned supplier of high-quality fitness equipment for home use, such as fitness bikes and treadmills. Moreover, Tunturi operates in the middle and higher segments of the market. The takeover, which was effected in August 2003, gave the Accell Group an important European position in the market for fitness equipment. Tunturi's fitness related operations perfectly match the Accell Group's strategy, which is aimed at short-distance mobility, fitness and active recreation. The Tunturi takeover is a perfect fit with respect to business processes, product development, marketing and distribution, and thus a positive contribution to the profit per share of the Accell Group.

Besides the Tunturi takeover, a number of other transactions also took place in the Accell Group brand portfolio. In March 2003 the Accell Group took over the operations in the Benelux and Germany of the brand, Kronan. Kronan supplies unique contemporary bicycles and accessories, which they sell successfully via the Internet and the retail trade.

Thanks to the takeover, Kronan is able to profit from the advantages of scale and know-how available within the Accell Group, and the brand will be further expanded in the Netherlands, Belgium and Germany under the wings of subsidiary Sparta. The Swedish company, Kronan, which owns the brand, will continue to supply Kronan to other countries.

In addition, the Accell Group decided, in 2003, to terminate the sale and production of Be One bicycles and a decision was made to grant licensing rights to the Be One management. Be One will therefore pursue its brand operations independently.
Be One, which formed part of Batavus until the time of the transfer, has developed as a specialized brand of mountain bikes that demand an increasingly specialised approach to the market. The transfer will enable the Be One management to optimise its years of experience to further exploit its position in that market and established an independent corporate body to that end.

In its 2002 Annual Report the Accell Group mentioned the press release issued by the Netherlands Competition Board (NMa) in November 2002. The report dealt with the outcome of an investigation into the competitive relations in the Dutch bicycle industry. The Accell Group was only given the opportunity to react to the contents and conclusions of the report after its publication. The Accell Group strongly contests the substance of the NMa allegations regarding purported violations of the Competition Act. It was only in June 2003 that the Accell Group was first presented with the dossier on which the inquiry was based. The Accell Group issued a written reaction to the contents of the dossier. In August 2003, the NMa organised a hearing at which the Accell Group was able to explain its position for the first time. The NMa is expected to make a decision in the course of 2004.

The Accell Group is of the view that, apart from substantive inaccuracies in the NMa report, the public body, the NMa, had acted improperly. On 7 May 2003, the Accell Group therefore served a summons on the NMa, whereby the Accell Group claimed damages related to the aforementioned press release. The Accell Group accused the NMa of a damaging press policy, carelessness, factual inaccuracies in its reporting and corrosion of the judicial principles of hearing both sides of the story prior to uttering accusations. On 3 March 2004 the court made its decision. The court decided that the NMa had committed errors in its press policies with regard to the Accell Group. The court is however not of the view that those errors are wrongful. The latter pronouncement is the reason for the decision by the Accell Group to appeal the decision of the court.

FINANCIALS

Already during the Annual General Meeting of Shareholders, on 24 April 2003, the Accell Group reported on the favourable developments in the first quarter of 2003. Those reports were confirmed on 16 July 2003 with the publication of the half-yearly figures for 2003. Thanks to the continuing demand on the part of the consumer for high-quality brand bicycles and excellent weather conditions, the turnover over that period increased to 165 million, a growth of 4% in relation to the first half of 2002. A sound sales mix and improved margins gave rise to a net profit increase of 39% to 5.0 million (first half 2002: 3.6 million).

In the first half of 2003 the profit per share increased by 39% to a level of 1.51 (first half 2002: 1.09). In addition, at the time of the publication of the half-yearly figures, the hope was expressed that, barring any major changes in market conditions, a major increase in the profit per share could be expected over the entire 2003 financial year. The pronouncement of a profit expectation over the whole 2003 financial year was received well and contributed noticeably to the valuation of the Accell Group shares.

The aforementioned reports were followed in November 2003 with an interim trading update regarding higher profit expectations for the full 2003 financial year. The enthusiastic reception of the new bicycle collections by the dealers, production capacity and the successful integration of Tunturi gave rise to the announcement of a profit per share increase, in 2003, of at least 25%.

Those expectations were exceeded handsomely. Turnover for the full 2003 increased by 12% to 289.6 million (2002: 259.4 million). Profits increased by 35% to 9.2 million (2002: 6.8 million). The profit per share rose by 34% to 2.76 (2002: 2.06). The increase in the net profit is specifically due to the focus on the sale of quality bicycles, accessories and fitness equipment, good weather conditions, a sound sales mix and margin improvements on the products.

DEVELOPMENTS IN MARKETS AND BRANDS

MARKETS

The Western European bicycle market showed a stable to mildly downward volume trend in 2003. In the Netherlands, where the bicycle is primarily a means of transport, more than 85% of the population owns a bicycle. That ratio is quite different in many other European countries where the bicycle is more generally used for sports and recreational purposes. Based on mobility developments it is expected that this will change slowly but surely in the course of time.

Mobility

Most European countries are continuously developing initiatives to bring about change in the consumer's mobility conduct. The bicycle is playing an increasingly central role in those developments. The most obvious example of this was the decision by the City of London to impose a toll on traffic in the city centre. Surveys have shown that this has stimulated the use of bicycles. The success of this type of initiative stands or falls with the supplementary measures, such as the construction of bicycle paths and the separation of traffic streams. Safety is one of the most important considerations in the consumer's decision to use a bicycle.

Besides this obvious example, it is also the case that local and regional authorities are dedicating an increasing amount of attention to behavioural changes. In some instances such behavioural changes are presented in novel manners, as in the case of Paris, where the roads on the banks of the River Seine are reserved for bicycle use every Sunday. That idea forms part of a Master Plan to promote the use of the bicycle. The plan includes, amongst other things, the construction of 300 kilometres of bicycle paths in the city, bicycle parking spaces and an expansion of bicycle rental facilities. This is but one example of the initiatives being developed in many places. Major infrastructure and construction projects are also increasingly taking into account the role played by pedestrians and cyclists. These initiatives are partially responsible for a continuing increase in bicycle usage and bicycle kilometres.

Recreation and Sports

The popularity of the bicycle is undiminished in sports and recreation. The consumer's focus on healthier lifestyles (nutrition and more exercise) is increasing. The bicycle is being used for activities such as trekking and top sports. The Accell Group has bicycles, accessories and fitness equipment on all those fronts that appeal to both the recreational and sports consumer. The fitness activities, under the motto, 'fun, fitness and free time', are perfectly in line with this development. Consumers who want to stay fit use the bicycle in the summer and fitness equipment in winter.

With regard to top sports, the Accell Group in 2003 experienced a number of high points. Leontien van Moorsel rode her Koga-Miyata to a new world record. Lapierre had a major success with the fdjeux.com racing team in the 100th Edition of the Tour de France: for example, the team was the only one during the entire Tour to win all class jerseys at the same time, and to reach Paris in a green jersey. This kind of success contributes in a big way to the consumer's brand experience.

BRANDS

The Accell Group brand portfolio went through some changes in 2003: One such change was the licensing of Be One. A second very important change was the acquisition of the Finnish company Tunturi, which has given new scope to the group's brand portfolio. The arrival of Tunturi means that the Accell Group has now also entered the fitness equipment market. There is no question of change with regard to the brands themselves: the Accell Group will continue to focus on consolidating the market position of its brand in the future with continuous investment in marketing and product innovation. In view of the strong national character of the European bicycle market, the Accell Group carries a relatively large number of traditionally recognised brands. Each one of those brands holds a strong position in its own specific market segment; in many instances supported by a long tradition of excellent cooperation with the specialised retail trade. As such, the Accell Group has developed the expertise to efficiently maintain and built out strong brands.

Batavus

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

The Batavus brand, in 2003, was subject to major innovations in the fields of safety, comfort and design. One such innovation is the Batavus dynamo switch, which can be used to switch the bicycle's lights on and off with a single turn on the handlebars. Another is the Batavus Logic Light, a halogen lamp, which is completely integrated in the handle bar. The result: reliable lighting with a high lighting yield and an end to loose-hanging lighting wires and ripped off headlights. The Batavus Skirtlight is a new concept in rear lighting, being mounted in the lightweight rear mudguard. This concept also enhances safety and makes for a distinctive design. Innovations such as these promote the distinctive quality and added value of the Batavus brand.

The Batavus marketing mix is multifaceted and targets a wide range of consumer target groups and consolidates relationships with the industry. The valued annual product brochure will, this year, put extra emphasis on the brand's 100th anniversary under the title 'Jubilee Collection 2004'. The Batavus is routinely visible on television in, amongst others, the sponsored programme, 'Destination The Netherlands', the support of a racing team and the advertising spots. 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 has been renowned since 1974 for its hand-built quality, exclusive design and innovation. Consistent management of this philosophy has made the brand accepted as the absolute top in racing bikes, trekking bicycles and mountain bikes. Koga-Miyata is a powerful brand in the top segment of the Dutch and other markets inside and outside Europe.

The sales efforts were more focused on sales in the export markets, which yielded a demonstrable increase in international interest in the brand. Despite moderate consumer confidence in Germany, the largest export market, sales remained stable in that market. The principal growth markets were Switzerland and Denmark, where the turnover was increased by existing and new dealerships.
The most important success factors for Koga-Miyata are the carefully developed and well maintained dealer network, high level of service orientation and dedicated, professional personnel. The exclusive house style, translated into high-quality product presentations and sponsoring of (inter-)national sportsmen and sportswomen from various branches of bicycle sport, supports the strong brand loyalty amongst the buyers. In that context the breaking of the world record this year by 'Koga' racer, Leontien van Moorsel was a major high point.

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 bicycles. In addition to these specialisations, Sparta occupies a strong position in the mid market with a full range of city bikes, recreational bikes and hybrid bikes, as well as certain niche bikes, such as the special bike for mothers. The integration of the operations of the Kronan brand operations under the operations of the Accell Group's Sparta brand, in March 2003, in the Benelux and Germany is therefore a logical step.
Sparta performed well in 2003, partially thanks to its wide range of specialised and high-quality niche products. The recently launched Sparta ION, the latest generation of electrically assisted bikes, was a major success. The Sparta ION is fitted with, amongst other things, a battery and motor, both of which are barely visible from the outside.

The bicyclist has a wide range of options, including the intensity of the electrical assistance. The Sparta ION is a combination of innovations that appeal to the consumer.

Loekie

Loekie is specialised in the development and distribution of children's bikes and is the largest brand in the Netherlands in that segment. The children's bikes are primarily distributed by the specialised retail trade. In addition, a number of sub brands are also available to the consumer via alternative sales channels.

Safety and durability are the main properties of this market segment, with important aspects being lighting, handle bar and brake grips, brake operation and avoidance of sharp protrusions. Moreover, the 'little cyclists' are already critical consumers with respect to colour and design. The result is a well-balanced brand assortment alternating between cool all-rounders and harmonious models. The trend is a contemporary bicycle for both boys and girls. The brand routinely holds dedicated sales promotions with special appeal for this young target group.

Winora

Despite the difficulties in the German market, Winora succeeded in maintaining its position in that market. Winora has two divisions, namely, bicycles and bicycle accessories. In the accessories market Winora was able to expand both its assortment and customer network thanks to new and exclusive representation of high-quality bicycle parts. In market conditions in which the consumer will often live longer with his or her old bicycle, the demand for spares saw sharp growth. In 2003 Winora launched its 'modular system' programme, a tool whereby consumers are able to assemble their own ideal bicycles in collaboration with the retail trade, after which Winora delivers the product in a short time span through the retail trade. Staiger is another brand that is sold alongside Winora.

Sales are mainly effected by the specialised, non-organised retail trade, which gives the Accell Group a robust position in a section of the market where the sales slowdown in brand bicycles has had relatively little effect.
The other brands in the Accell Group also profit from the strong position and expertise in the field of accessories and parts.

Hercules

Hercules was established in Nuremberg in 1886, making it the oldest brand in the Accell Group. Hercules holds a leading position in the German retail trade and a robust position in the organised retail organisations. The troubled German home market has resulted in sales of Hercules remaining below target levels in 2003, as a result of which costs are still not in line with turnover, and extra discounts had to be introduced to move excessive inventory in the industry and trade. The relocation of the production facilities, in the autumn of 2002, to Hungary (which will also benefit the other brands), enables the German operations to focus on design, quality, marketing and the application of innovations. The 2004 collections were received favourably in the autumn of 2003 by the retail trade: an important signal that could influence the sales results. In that context developments in the German market remain critical.

Lapierre

Lapierre performed excellently in 2003, both in the French home market and in the export markets, of which Germany and Switzerland are the most important. The growing attention to its export operations has yielded positive results: Lapierre has been able to consolidate its position in the top segment of the market for racing and mountain bikes. The application and integration of the latest technologies, including the 'monocoque carbon concept' (lightweight carbon frames) and the patented 'FPS rear suspension system' (suspension system with no energy loss) contributed in a big way. The continuing attention to quality and innovation means that the Lapierre brand has become synonymous with top sports performance and exclusivity.

The professional racing team, fdjeux.com, of which Lapierre is a co-sponsor, achieved unparalleled success in the 2003 Tour de France – it was the only team that won all four class jerseys at once in this Tour (general, promising youth, points and mountain classes) and also finished with the green jersey. This exceptional performance once again confirms the quality and performance of the Lapierre brand.

In recent years Lapierre explored a number of partnership and co-branding options in its ambition to further expand the added value of its products. Those efforts yielded a number of new products and promotional concepts. One such concept was the development of a new line of 'downhill/free-ride bikes' in close collaboration with ten times 'downhill' world champion Nicolas Vouilloz. Another was the partnership with trendsetting French textile company, Lafuma, to launch a clothing line for active sportsmen and sportswomen. The latter initiatives are also aimed at expanding the expressive value of the Lapierre brand, in which passion for the exclusive quality, service and top sports performance takes centre stage.

Mercier

Mercier holds a strong position in the French chain store sector, which, besides Mercier and Poulidor also sell private labels. This market segment is characterised by strong competition whereby the principal sales weapon is pricing. The average sale price in this segment continued to be under pressure in 2003. Mercier responded by enhancing production efficiency and targeted sales support. Despite the focus on pricing, it would appear that continued attention to the brand, distinctive design and good partnership with the distributors are also of utmost importance in this market.

Tunturi

Tunturi has been a subsidiary of the Accell Group since August 2003. This Finnish brand, which was established in 1922, has its head quarters in Turku, Finland, and branch offices in the Netherlands and Great Britain. Tunturi is the Finnish market leader in bicycles and accessories. The brand's market orientation in fitness equipment is international: the brand is sold in more than 40 countries with special emphasis on Europe. Both product groups are positioned in the middle and upper segments of the market.

Tunturi managed to maintain its leadership position in the Finnish bicycle market in 2003. The brand showed satisfactory volume growth in the modestly growing markets for fitness equipment in North America and Europe. Thanks to continuing efforts in research and development, Tunturi's product range is considered 'state-of-the-art' - a precondition for establishing and maintaining a solid relationship with the specialised sales channels in this fast-moving market.

THE ORGANISATION

BOARD OF DIRECTORS

R.J. Takens (49), Chairman of the Board of Directors (CEO)
Mr. Takens joined the 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 (36), Financial Director (CFO)
Mr Sybesma joined Accell Group in 1995 as Finance Manager of the Batavus subsidiary. During that time Mr Sybesma was closely involved with various subsidiaries of the Accell Group. Mr Sybesma was appointed to the position of CFO of the Accell Group 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 own positions 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 purchases. In addition, all ICT activities are centralised in the holding 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 and comfort enhancements, such as the implementation of the anti-theft chip on bicycles in the Netherlands, and new concepts in bicycle lighting for all brands. Coordinated development and production makes this process extremely cost effective.

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

PRODUCT SUPPORTING ACTIVITIES

The Accell Group has production facilities in the Netherlands, Finland, France and Hungary. By investing in the most modern production techniques (including spray painting techniques and robots) 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, which is primarily intended for the production of bicycles for the German market, operated at full throttle in 2003. The development and production of electrically assisted bicycles take place at the central Sparta facilities.

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

BRAND SUPPORTING ACTIVITIES

DESIGN & DEVELOPMENT

The geographically differentiated bicycle market demands a balanced branding policy with regard to its own image, but taking into account cultural variety.
The Accell Group's brands are 'old' and renowned brands. Merging these brands would demand excessive investment in relation to the potential savings it could bring about. 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 and graphic design,
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 shorter time to market.

MARKETING & SALES 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, TV programmes, sponsoring, in-store promotional activities, the Internet and direct marketing.

Sales efforts are steered according to market share and margins 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 2002 and the half-yearly figures for 2003 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 management transactions in own shares.

Accell Group equity forms part of the Next Prime segment of Euronext. A closing price of € 20.25 at 31 December 2003 established a price increase of 59.4% in relation to the closing price on 31 December 2002. This major price increase is based on a solid foundation, and Accell Group equity is enjoying the growing attention of its investors. The number of shares traded in 2003 amounted to 840,876; an increase of 41% in relation to 2002 (596,778 shares traded).

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 NV share information, via the various media.

DIVIDEND POLICY

When the Accell Group equity was listed on Euronext Amsterdam in October 1998, it was announced that a stable dividend policy would be pursued with at least 40 percent of the net profit being distributed.

A dividend with stock options at € 1.30 has been proposed; this entails a profit payout of 47.1%. The dividend yield based on the stock price at the end of 2003 amounts to 6.4%. The Accell Group views the proposed dividend with stock options as an excellent match with its growth strategy. The dividend with stock options will enable both a higher dividend yield for shareholders and increased solvability. This would create a better point of departure for the balance sheet with respect to future acquisitions. The Board of Directors is of the view that those types of returns and dividends are competitive in relation to those offered by other listed companies.

This firmly establishes to investors the fact that the Accell Group wishes to pay out more than the average cut of the annual net profits than other listed companies. The Accell Group has shown an interested in an above-average dividend yield for some time now.

The Board of Directors of the Accell Group is proud of the increased attention in Accell Group equity, which, in 2003 translated into greater volume and higher share prices, and the Board will continue to put in every effort to ensure a realistic value for the company's equity.

CORPORATE GOVERNANCE

On 9 December 2003, the Tabaksblat Commission published the new Corporate Governance code. The Supervisory Board and the Board of Directors discussed the report during an extraordinary meeting on 26 January 2004. It was decided that the "Corporate Governance Code of the Netherlands" provides a sound point of departure for Accell Group policies.

It was concluded that the Accell Group already complies with a great many of the recommendations and that compliance with most of the recommendations will be possible in future without the need for dramatic intervention. In a general sense, the Accell Group wishes to comply with the provisions of the code wherever applicable, possible and meaningful in view of the size of the company.

The code was only recently finalized, as a consequence of which it is as yet too early to comment in too much detail on the Code in this 2003 annual report. All principles and best-practice provisions will be tested in the course of 2004, after which definite positions will be adopted and it will be determined to what extent and over which period the recommendations of the commission are to be implemented.

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 risks. 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 the 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 the 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 regard to bicycle delivery deadlines.

A number of suppliers have a dominant position. If component supply were to be disrupted, this could have a negative impact on business operations. Delivery time for components can be as much as 6 months and more. 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 expects a a relatively unchanged situation in the relevant markets in 2004. 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 2004 financial year will be the first full year of participation of Tunturi in the Accell Group. Based on the experience of Tunturi's integration, the company expects a healthy contribution to the turnover and profits of the Accell Group.

The increasing number of bicycle kilometres travelled for commuting and recreational purposes, the growing attention to healthy lifestyles and fitness together with the rising demand for products that offer added value (innovative, comfortable and safe), all offer opportunities 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 aimed at sales outlets and the consumer.

Within the organisation, synergy benefits should be achieved through increased attention to production and logistical processes. Scale of economy remains essential to fully exploit advantages in purchasing, production, development 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 2004.

Heerenveen, 24 February 2004

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

NOTES TO THE FINANCIAL FIGURES

GENERAL

In 2003 the turnover of the Accell Group grew by 12% to 289.6 million. Half of the growth of turnover was organic, and the balance came from the turnover of Tunturi, which was taken over in 2003 and which formed part of the consolidated earnings as of August 2003. The net profit of the Accell Group increased by 35% in the year under review. The profit per share rose to 2.76 (2002: 2.06) - an increase of 34%.

The average sales price of bicycles sold in 2003 saw a moderate increase, which means that the Accell Group was able to maintain and, in some instances, consolidate its position in the various markets, most of which showed a moderately downward trend. Consumer spending and confidence vary from market to market. In the Netherlands and France, the consumer was prepared to pay for the added value offered by the brands. The German consumer was less eager to spend, and market conditions were consequently not good.

RESULTS

In 2003 the net profit rose by 35% to the level of 9.2 million. The operating result increased by 21% amounting to 5.7% of the turnover (2002: 5.3%). The improved results were due to an increase in turnover, whereby it was also possible to profit from good weather conditions, a sound sales mix and improved profit margins in the various companies. In addition, the average level of capital employed was somewhat lower than 2002 levels. This, combined with lower interest rates, resulted in reduced interest repayments, namely 2.6 million in 2003 (2002: 3.2 million).

TURNOVER PER PRODUCT SEGMENT

Six percent of the 2003 increase in turnover was due to the addition of the (fitness) products of the acquired Tunturi. Autonomous growth in turnover occurred across the whole company, whereby children's bikes, trekking bikes and special products, such as electrically assisted bicycles, contributed more than the average.

TURNOVER – GEOGRAPHICAL BREAKDOWN

There was a shift in turnover distribution per country in 2003, which was primarily due to the addition of Tunturi's turnover. Turnover in the Netherlands grew by 12%, based on which the share of turnover, expressed as a percentage of the total turnover of the Accell Group, again comes to 49% - the same as in 2002. German turnover fell by more than 2%, which yielded a share of turnover of 27% (2002: 30%). Turnover in France rose by more than 10%, resulting in a share of turnover of 14% (2002: 15%). The turnover in the group of 'other countries' rose sharply thanks to the takeover of Tunturi, which brought the share of turnover of that group to 10% (2002: 6%).

WORKFORCE

The total average workforce increased to 1,213 employees in 2003 (2002: 1,061 employees). This includes pro rata the Tunturi workforce from the point at which they became part of the Accell Group workforce. The total workforce includes 180 temporary employees, a number that is attuned to the seasonal pattern of the Accell Group's operational activities. In relation to turnover growth, the size of the workforce also increased pro rata in 2003.

COSTS

Materials consumption in 2003 ended at a level of 63.8% (2002: 66.8%) of the turnover . In addition to effective margin management, the aforementioned profit margin growth was partially due to lower component prices from one season to the next thanks to downward pressure on the US dollar and Japanese Yen. Thus, although the effects of the currency exchange rates within the season were hedged by risk management, it was possible to realise some benefits from the extended period of weakened currency exchange rates.
Personnel costs in 2003 added up to 45.2 million. Expressed as a percentage of turnover, personnel costs came to 15.6% (2002: 14.9%).

The Other Operating Costs item largely depends on volume variations. In 2003 those costs grew to 39.2 million thanks to the growth in turnover, corresponding to 13.5% of turnover (2002: 11.9%).

The relative increase in personnel costs and other costs came about partially due to increased efforts in the fields of development, production, marketing and sales of our products.

The Interest Charges item dropped by 20% in 2003 due to reduced employment of working capital and more favourable interest rates.

BALANCE SHEET

The 2003 balance sheet total increased by 19.9% to 134.9 million mainly due to the takeover of Tunturi. Thanks to undiminished tight control of the company's working capital, stocks of semimanufactures and ready product fell further in all existing companies, whereby it is worth noting that the optimal ratio in that area is slowly but surely being reached.

The financing of the Accell Group in 2003 can best be described as stable. The takeover of Tunturi was completely funded with own capital. Long-term debt was 28.5 million; other bank debts at the end of 2003 amounted to € 25.7 million.
The Accell Group's group capital at the end of 2003 was € 48.1 million.
The Accell Group's solvability in 2003, based on equity capital, was 35.5% (2002: 37.6%), and 40.4% (2002: 44.3%) based on capital base.

ANNUAL ACCOUNT

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2003

Before profit appropriation (in thousands of Euros)

	2003	2002
Assets		
Fixed assets		
Intangible fixed assets (1)	**583**	796
Tangible fixed assets (2)	**28,905**	23,791
Financial fixed assets (3)	**5,659**	2,734
	35,147	27,321
Current assets		
Stock (4)	**54,139**	50,872
Receivables (5)	**45,587**	34,236
Liquid assets	**67**	80
	99,793	85,188
Total assets	**134,940**	112,509

Liabilities		
Group capital (6)	**48,051**	42,292
Provisions (7)	**6,984**	5,939
Long-term debts (8)	**28,518**	30,001
Short-term debts (9)	**51,387**	34,277
Total liabilities	**134,940**	112,509

The figures specified under the headings refer to the notes on pages 41 through 44

CONSOLIDATED PROFIT AND LOSS ACCOUNT OVER 2003

(in thousands of Euros)

	2003	2002
Net turnover (10)	**289,577**	259,430
Raw and auxiliary material costs	**184,809**	173,288
Personnel costs (11)	**45,157**	38,683
Depreciations (12)	**3,854**	2,808
Other operating costs	**39,160**	30,889
	272,980	245,668
Operating result	**16,597**	13,762
Result from participations	**111**	0
Financial charges	**- 2,623**	- 3,239
Result from ordinary operations before tax	**14,085**	10,523
Taxes	**- 4,888**	- 3,744
Result from ordinary operations after tax	**9,197**	6,779
Third-party share in result	**-20**	0
Net profit	**9,177**	6,779

The figures specified under the headings refer to the notes on pages 44 through 45.

CONSOLIDATED CASH FLOW OVERVIEW

(in thousands of Euros)

	2003	2002
Cash flow from operations		
Net profit	**9,177**	6,779
Depreciations	**3,886**	2,865
Transactions in investment subsidies	**- 32**	- 57
Transactions in financial fixed assets	**- 2,925**	966
Transactions in provisions	**821**	- 258
Transactions in reorganisation provisions	**224**	- 2,285
Transactions in stock	**1,765**	7,089
Transactions in receivables	**- 2,218**	- 418
Transactions in working capital through new consolidations	**- 9,460**	0
Transactions in short-term debts	**5,731**	632
Net cash flow from operations	**6,969**	15,313

Cash flow related to investment		
Investment in intangible fixed assets	**- 79**	- 238
Investment in tangible fixed assets	**- 7,708**	- 5,465
Investment in tangible fixed assets through new consolidations	**- 2,267**	0
Divestment in tangible fixed assets	**1,028**	308
Other transactions	**271**	- 234
Net cash flow related to investment	**- 8,755**	- 5,629

Cash flow related to financing activities		
Withdrawals subordinated loans	**0**	7,500
Withdrawals other long-term debts	**84**	7,700
Repayment subordinated loan	**- 1,000**	0
Repayment long-term debts	**- 567**	- 519
Transactions in bank credit	**6,674**	- 22,392
Dividend payments	**- 3,158**	- 1,612
Transactions third-party share	**115**	- 50
Other transactions	**- 375**	- 262
Net-cash flow related to financing activities	**1,773**	- 9,635

Liquidity		
Total net cash flow	**- 13**	49
Opening balance liquid assets at 1 January	**80**	31
Closing balance liquid assets at 31 December	**67**	80

PRINCIPLES OF THE ANNUAL ACCOUNT

The general principles for the compilation of the annual account

GROUP RELATIONS

Accell Group NV, Heerenveen, is the holding company of a group of legal entities. An overview of the relevant data, as required by Articles 2:379 and 2:414 of the Civil Code, is enclosed on page 52 of this annual report.

CONSOLIDATION

The Accell Group NV consolidated annual account reflects the financial data for the group companies.
The consolidated annual account is compiled with the application of the principles of valuation and result determination of the Accell Group NV. The financial data pertaining to the group companies are fully accounted for in the consolidated annual account subject to the elimination of intercompany relationships and transactions. Third-party interests in the capital and result of the group companies are expressed separately in the consolidated annual account.
The results of newly acquired participations are consolidated from the time of incorporation as member of the group. The results of divested participations, in as far as this concerns spin-offs and direct sales, are processed in the consolidation up to the time of the participation ceasing to be a member of the group.
Results of participations due for liquidation are consolidated as of 1 January of the year in which the liquidation was determined. The financial data of the Accell Group NV are processed in the consolidated annual account so that, based on Article 2:402 of the Civil Code, an abridged profit and loss account will suffice in the corporate annual account.

GENERAL

The valuation of assets and liabilities is based on historical costs. Unless otherwise specified under the applicable item, the assets and liabilities are accounted for at nominal value. Income and expenditure are allocated to the year to which they apply. Profits are only accounted for in as far as they have actually been realized. Losses and risks originating from before the end of the year under review are accounted for in the applicable year.

CONVERSION OF FOREIGN CURRENCY

Receivables, debts and obligations in foreign currencies are converted at the rates applicable as of the balance sheet date, except in as far as the exchange rate risk is hedged. In such instances valuation is effected at the agreed forward prices. Transactions in foreign currencies effected in the period under review are accounted for in the annual account at the settlement rate. Rate differences arising from conversion at the balance sheet date are accounted for in the profit and loss account. The rate at the balance sheet date is used for the conversion of the annual accounts of overseas group companies and non-consolidated participations. Rate conversion differences are directly added to or deducted from the group capital.

Principles of valuation of assets and liabilities and for determination of the result.

The following are the salient principles:

INTANGIBLE FIXED ASSETS

The intangible fixed assets are valuated on the basis of the expenditures less cumulative depreciations. Depreciation is linear over the estimated economic life. The depreciations on intangible fixed assets are accounted for under depreciations.

TANGIBLE FIXED ASSETS

The tangible fixed assets are valued at the purchase prices less the cumulative depreciations, calculated with due consideration of the estimated economic life of the applicable assets. A possible residual value is taken into account.

FINANCIAL FIXED ASSETS

Participations subject to significant business and financial policy influence are valued at net capital value. The latter value is calculated based on the same principles used by the Accell Group for valuation and result determination. Participations not subject to significant influence are valued at the purchase price. The valuation of participations takes into account permanent value reductions.

Latent tax receivables relate to ofsettable tax losses and are valued in as far as sufficient future tax profits are expected in the near future that can be used to offset against accountable losses.

STOCK

The stock is valued at cost price less unmarketable reserves where deemed necessary.

RECEIVABLES

The provisions for the risk of irrecoverables are deducted from the receivables.

PROVISIONS

The provisions are not related to specific assets and are formed to cover operational risks and obligations.

PENSIONS

The provision is based on actuarial calculations and included at cash value.

LATENT TAXES

The provision for latent taxes include temporary differences due to the fact that deviations between the valuation in the annual account and the tax valuations of the assets and liabilities result in a taxation time shift. The reserve established to that end is calculated at nominal rates.

TURNOVER

Turnover is understood as the yield for goods and services provided to third parties, excluding taxes.

TAX ON PROFIT

Tax is calculated over the result as determined in accordance with the aforementioned principles. Tax over the results from ordinary operations is determined with due consideration of current tax facilities. The nominal burden of taxation is applied to the extraordinary result.

Principles of the cash flow overview

GENERAL

The cash flow overview is compiled by the indirect method. The funds in the cash flow overview consist exclusively of liquid assets. Cash flow in foreign currencies is converted at the rates applicable on the balance sheet date. Income and expenditure from interest and tax on profits are included under Cash Flow from Operations. Payable dividends are included under Cash Flow from Financing Activities. Transactions in which no cash exchange is involved, including financial leasing, are not included in the cash flow overview.

COMPOSITION OF LIQUID ASSETS

This item consists exclusively of available cash, and is directly available.

NOTES ON CASH FLOW

Investment in tangible fixed assets only covers investments paid in cash in 2003. The investment mainly applies to replacements.

NOTES TO THE CONSOLIDATED FIGURES

(in thousands of Euros)

1. Intangible fixed assets

This applies to capitalization of costs related to a major development project. A legal reserve is established to the amount of the capitalized costs. The project was completed and commissioned at the start of 2003.

	Research and Development Costs
Balance sheet value at 31 December 2002	796
Investment	79
Depreciations	- 292
Balance sheet value at 31 December 2003	**583**

2. Tangible fixed assets

	Land and buildings	Plant and machinery	Total tangible fixed assets
Balance sheet value at 31 December 2002	16,122	7,669	23,791
Investment	4,370	3,338	7,708
Investment in acquisitions	0	2,267	2,267
Divestment	- 605	- 423	- 1,028
Depreciations	- 892	- 2,702	- 3,594
Diverse transactions	102	- 341	- 239
Balance sheet value at 31 December 2003	**19,097**	**9,808**	**28,905**
Situation at 31 December 2003			
Purchase value	26,471	36,212	62,683
Accumulated depreciations	- 7,374	- 26,404	- 33,778
Balance sheet value at 31 December 2003	**19,097**	**9,808**	**28,905**

The following depreciation percentages are applied to the purchase prices of tangible fixed assets:

Sites	0%
Buildings	2-5%
Machines and plants	10-35%

3. Financial fixed assets

This applies to the long-term part of latent tax receivables under offsettable losses in participations. The short-term part of the latent tax receivables is included under current assets in view of the expectation that it will be realized within a year. This item also includes the participation in Lacasdail Holdings Ltd, Nottingham, Great Britain (50%). The balance sheet value of this participation as of 31 December 2003 is 876.

	Latent tax claims	Participations	Total financial fixed assets
Balance sheet value at 31 december 2002	2,734	0	2,734
Aquisition-based transactions	3,661	876	4,537
Transactions	- 1,612	0	- 1,612
Balance sheet value at 31 december 2003	**4,783**	**876**	**5,659**

4. Stock

	2003	2002
Raw and auxiliary materials	**24,327**	17,996
Semimanufacture	**2,604**	2,900
Ready products	**27,208**	29,976
	54,139	50,872

5. Receivables

Trade receivables	**42,474**	32,408
Receivables on participations	**584**	0
Taxes and social security premiums	**737**	0
Other receivables and accrued and deferred assets	**1,792**	1,828
	45,587	34,236

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

6. Group capital

Equity capital	**47,936**	42,292
Third-party share in group companies	**115**	0

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

Capital base	**54,551**	49,792

The capital base, or own funds, consists of shareholders' equity and a subordinated loan of € 6,5 million granted in 2003 by NIB Capital. The subordinated loan has been consolidated into the long-term debts.

7. Provisions

	2003	2002
Pensions	**2,193**	2,193
Latent taxes	**744**	938
Guarantee obligations	**1,759**	792
Other provisions	**2,288**	2,016
	6,984	5,939

The provisions for pensions, taxes and guarantees have a predominantly long-term character. The other provisions partially concern other provisions for the reorganization of the German operations. They were already reflected in the 31-12-2002 Accell Group balance sheet. Another part of the other provisions is related to the provisions at Tunturi.

8. Long-term debts

	Outstanding	Short	Remaining	Duration < 5 jaar	Duration > 5 jaar
a) Subordinated loan	6,500	1,000	5,500	4,000	1,500
b) Roll-over loan	20,000	0	20,000	20,000	0
c) Mortgage	1,680	640	1,040	1,040	0
d) Other loans	338	66	272	272	0
	28,518	1,706	26,812	25,312	1,500

The subordinated loan has the character of a general subordination and an initial term of 7.5 years. The subordinated loan repayment is linear and the first repayment was made in 2003.
The rollover loan is a five-year standby credit facility granted by ABN-AMRO at the end of 2002 with variable withdrawal periods and variable interest rates based on the term of the loan.
Except for the general conditions, no guarantees were issued for the rollover loan. The mortgage loan was granted in 2002 for the Hungarian property and has a term of five years. The average interest rate on the long-term debts is 4.7%.

9. Short-term debts

	2003	2002
Credit institutions *	**25,728**	19,054
Suppliers	**18,270**	11,715
Taxes and social security premiums	**0**	721
Other debts and accrued and deferred liabilities	**7,389**	2,787
	51,387	34,277

* *Except for the general conditions, no guarantees were generally issued for the bank credits. At the end of 2003 a guarantee was issued related to the current assets in Finland of approximately € 11.7 million. The interest rate is variable.*

Supplementary information based on current value

Determination of capital and result based on current value yields alternative results to those represented in the annual accounts. The influence of the price changes are calculated as follows: The current value of the land is approximated based on prices from external sources. The present value of the industrial buildings is based on replacement value and determined based on assessments by independent assessors.

To calculate the effect on the capital and result, the value thus established is corrected with cumulative 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 established for latent tax obligations over those value corrections calculated based on the nominal applicable rates. Application of the aforementioned yields an equity capital based on current value of approximately € 7.0 million more than the capital represented in the consolidated balance sheet of 31 December 2003. The adjustment to the 2003 result due to higher depreciation figures based on current value after tax amounts to approximately € 0.75 million.

10. Turnover

	2003	**2002**
The distribution of turnover over the Netherlands, Germany, France, the other EU countries and the rest of the world is as follows:		
The Netherlands	**141,213**	126,100
Germany	**77,138**	79,002
France	**41,868**	37,853
Other EU countries	**23,111**	14,711
Rest of world	**6,247**	1,764
	289,577	259,430

11. Personnel costs

Salaries and wages	**33,390**	29,204
Social charges	**6,872**	6,430
Pension premiums	**3,308**	2,264
Profit share	**1,587**	785
	45,157	38,683

The average number of employees (FTEs) per country is:

The Netherlands	**693**	667
Germany	**188**	207
France	**130**	134
Finland	**167**	0
Hungary	**132**	53
	1,310	1,061
Correction employees Finland for period before consolidation	**- 97**	0
Average number of employees over full financial year	**1,213**	1,061

12. Depreciations

	2003	2002
Intangible fixed assets	**292**	0
Tangible fixed assets	**3,594**	2,865
Investment subsidies	**- 32**	- 57
	3,854	2,808

13. Other Notes

OBLIGATIONS NOT EVIDENT FROM THE BALANCE SHEET

The company has financial obligations based on long-term commitments arising from lease contracts related to IT equipment and cars. The obligation amounts to approximately 1.2 million per annum and has an average remaining term of 2.7 years.

In addition, the company has financial obligations based on long-term rental contracts. The obligations amount to approximately 1.2 million per annum with an average remaining term of 11.0 years.

In 2003 an interest rate swap was agreed upon based on interest rate management / shortfall, as a result of which the interest obligations for the next four years will amount to approximately 0.8 million per annum.

OTHER

Based on the ongoing investigation by the NMa it was not possible to determine any concrete financial consequences at the date of signature of the annual account. The Accell Group's case against the NMa has likewise not resulted in any concrete financial receivables.

CORPORATE BALANCE SHEET AS PER 31 DECEMBER 2003

Before profit appropriation (in thousands of Euros)

	2003	2002
Assets		
Fixed assets		
Intangible fixed assets	**583**	796
Tangible fixed assets	**0**	0
Financial fixed assets a)	**80,011**	73,790
Current assets	**2,127**	3,184
Total assets	**82,721**	77,770

	2003	2002
Liabilities		
Equity capital b)		
Issued capital	**167**	166
Share premium reserve	**12,563**	12,311
Participation revaluation reserve	**2,500**	2,500
Legal reserve	**583**	796
Other provisions	**32,123**	26,519
	47,936	42,292
Long-term debts		
Subordinated loan	**6,500**	7,500
Roll-over loan	**20,000**	20,000
	26,500	27,500
Short-term debts		
Debts to group companies	**4,639**	1,037
Credit institutions	**3,646**	6,941
Other debts	**0**	0
	8,285	7,978
Total liabilities	**82,721**	77,770

The figures specified under the headings refer to the notes on pages 48 through 51.

CORPORATE PROFIT AND LOSS ACCOUNT OVER 2003

(in thousands of Euros)

	2003	2002
Result from participations after tax	**9,817**	6,933
Other results	**- 640**	- 154
	9,177	6,779

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, 24 February 2004

NOTES TO THE CORPORATE BALANCE SHEET

(in thousands of Euros)

A) Financial fixed assets

	2003	2002
The following represents the movements offthe financial fixed assets:		
Participations		
Situation at 1 January	**41,964**	35,390
Results	**9,817**	6,933
	51,781	42,323
Investment/divestment	**7,896**	73
Other transactions	**- 9,020**	- 432
Situation at 31 December	**50,657**	41,964
Receivables on group companies		
Situation at 1 January	**31,826**	26,557
Loans granted	**3,450**	8,719
Paid-off loans	**- 5,922**	- 3,450
Situation at 31 December	**29,354**	31,826
Total financial fixed assets	**80.011**	73,790

OBLIGATIONS NOT EVIDENT FROM THE BALANCE SHEET

The legal entity is a component of the 'Accell Group NV' tax unity and is as such accountable for the tax liabilities of the tax unity as a whole.

b) Equity capital

The authorised capital is € 650,000 divided into 5,500,000 ordinary Accell Group shares, 1,000,000 F preferential shares and 6,500,000 B preferential shares, each with a nominal value of € 0.05. Of these 3,349,561 ordinary shared are issued and fully paid-up, making the outstanding equity capital € 167,478.05.

	2003
I. Issued Capital	
Situation at 31 December 2002	166
Other transactions	1
Situation at 31 December 2003	**167**
II. Share premium reserve	
Situation at 31 December 2002	12,311
Other transactions	252
Situation at 31 December 2003	**12,563**
III. Participations revaluation reserve	
Situation at 31 December 2002	2,500
Realised	0
Situation at 31 December 2003	**2,500**
IV. Legal reserve	
Situation at 31 December 2002	796
Transactions	- 213
Situation at 31 December 2003	**583**
V. Other provisions	
Situation at 31 December 2002	26,519
Result financial year 2003	9,177
Dividend payout 2002	- 3,158
Other transactions	- 415
Situation at 31 December 2003	**32,123**
Total equity capital	**47,936**

REMUNERATION OF BOARD OF DIRECTORS AND SUPERVISORY BOARD

Board of Directors

The individual members of the Board of Directors were remunerated as follows[1]:

(in €)	Salary	Bonus	Pension premiums	Total
R.J. Takens	236,000	94,400	90,330 [2]	420,730
H.H. Sybesma	143,000	57,200	22,140	222,340
Total	**379,000**	**151,600**	**112,470**	**643,070**

1) The directors' remuneration is subject to market conformity. Market conformity is evaluated every year. This policy was applied in the year under review. The bonuses accountable for in the year under review relate to the year under review and are subject to qualitative and quantitative objectives determined in consultation between the Supervisory Board and Board of Directors. The quantitative objectives relate to the growth of profit per share and the company's growth in turnover. All objectives were realized in 2003.

2) In addition to the normal premiums, an instalment finance payment of € 167.167,- was paid to cover hedging differences in previous years.

Supervisory Board

The individual members of the Supervisory Board were remunerated as follows:

(in €)	
S.W. Douma	18,900
D.J. Haank	13,704
J.H. Menkveld	13,704
J.J. Wezenaar	13,704
Total	**60,012**

SHARES AND OPTIONS

Shares

The number of shares owned by Messrs Takens and Sybesma respectively at the end of 2003 was 4,431 and 3,250. Messrs Haank and Wezenaar of the Supervisory Board respectively owned 1,785 and 1,200 shares at the end of 2003.

Options

The company has a share option plan for members of the Board of Directors. In the case of all options granted to date being exercised, the number of issued shared will increase by 1.9%. The company policy does not cover options through company share buybacks. The company will issue new shares at the time of options being exercised.

The columns below represent the number and distribution of share options granted:

	Number at 01-01-2003	Issued in 2003	Exercised in 2003	Number at 31-12-2003	Average strike price	Remaining term
Directors						
R.J. Takens	48,800	16,400	16,300	48,900	€ 11.30	2-4 jaar
H.H. Sybesma	7,500	8,800	-	16,300	€ 12.04	3-4 jaar
Former directors						
J.J. Wezenaar	9,500	-	9,500	-		

The Supervisory Board grants share options to the Directors based on the realization of objectives agreed upon with the Board of Directors and the expected contribution of the members of the Board of Directors to the further development of the company.

The strike price at which Mr Wezenaar exercised options in this financial year was € 11.25.
The strike price at which Mr Takens exercised options in this financial year was € 9,-
The company issued 25,800 shares to cover the exercised options at an average share price of € 9.83; the premium is processed in the company's share premium reserve.
The difference between the issuing price and the day price of the issued shares was € 271,075.
The options allocated to the directors in the course of the financial year are unconditional and are subject to a maximum exercise period of 5 years.
The strike price of the options allocated in the financial year was € 12.50.
The directors were offered a financing plan to cover the tax consequences of option issuance. Both members of the board made use of the aforementioned plan in the financial year.

PARTICIPATIONS

Consolidated participations	% participation
Batavus B.V., Heerenveen, The Netherlands	100
Koga B.V., Heerenveen, The Netherlands	100
Koga Trading A.G., Zurich, Switzerland	100
Hadee B.V., Kesteren, The Netherlands	100
Sparta B.V., Apeldoorn, The Netherlands	100
IT Services B.V., Heerenveen, 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
Tunturi Oy Ltd., Turku, Finland	100
Tunturi B.V., Amsterdam, The Netherlands	88
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, Hungary	100
Accell Kft., Tószeg, Hungary	100

Non-consolidated participations	
Lacasdail Holdings Ltd., Nottingham, Great Britain	50
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, with the approval of the Supervisory Board, has 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 proposes to pay shareholders in the Accell Group dividends of € 1.30 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. H.A. van der Geest.
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.

AUDITOR'S OPINION

ASSIGNMENT

We have audited the Annual Accounts 2003 of the Accell Group NV, Heerenveen, included in this annual report. These annual accounts are the responsibility of the company's management. Our responsibility is to issue an auditor's opinion on these Annual Accounts.

SCOPE OF THE WORK

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 comprises 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 NV give a true and fair view of the size and composition of the assets of the company as at 31 December 2003 and of the 2003 results, 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, 24 february 2004
Deloitte Accountants

MULTI YEAR OVERVIEW

(in millions of Euros, unless otherwise specified)

	2003	2002	2001	2000	1999	1998	1997	1996
							pro forma	pro forma
Turnover	**289.6**	259.4	205.6	203.7	150.3	149.4	137.2	130.2
Personnel costs	**45.2**	38.7	33.7	35.1	27.6	26.3	25.1	26.2
Operating result	**16.6**	13.8	11.4	9.7	6.0	8.8	6.4	7.9
Interest	**2.6**	3.2	3.6	3.0	1.4	1.7	1.8	1.9
Taxes	**4.9**	3.7	2.8	2.4	1.6	2.6	1.6	2.7
Net profit*	**9.2**	6.8	5.1	4.3	3.0	4.4	3.0	3.3
Depreciations	**3.9**	2.8	2.3	2.3	2.2	2.1	2.2	2.5
Cash flow	**13.0**	9.6	7.4	6.6	5.2	6.6	5.2	5.7
Investment	**10.0**	5.5	5.5	2.4	3.5	1.7	1.5	3.7
Balance sheet total	**134.9**	112.5	117.5	96.5	79.7	65.0	60.3	64.8
Tangible fixed assets	**28.9**	23.8	21,4	13.3	13.3	12.1	12.6	16.7
Capital employed	**109.3**	97.3	102.9	84.9	70.7	55.6	47.5	50.8
Group capital	**48.1**	42.3	37.4	28.2	24.5	21.6	18.6	16.0
Capital base	**54.6**	49.8	37.4	28.2	24.5	21.6	18.6	16.0
Provisions	**7.0**	5.9	8.5	5.7	6.2	4.9	5.4	7.1
Average number of employees	**1,213**	1,061	1,051	998	768	785	758	842
Shares issued by year-end	**3,349,561**	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	**3,328,176**	3,288,876	2,933,798	2,901,011	2,821,731	2,686,545	2,574,339	2,507,118
Data per share **								
Group capital	**14.44**	12.86	12.39	9.46	8.43	7.82	7.01	6.20
Capital base	**16.39**	15.14	12.39	9.46	8.43	7.82	7.01	6.20
Cash flow	**3.92**	2.91	2.45	2.21	1.75	2.24	1.83	2.06
Net profit*	**2.76**	2.06	1.69	1.44	1.00	1.51	1.07	1.17
Dividend	**1.30**	0.95	0.85	0.60	0.41	0.60	pm	pm
Ratios (in%)								
ROCE	**15.2**	14.1	11.1	11.4	8.5	15.8	13.6	15.5
ROE	**19.1**	16.0	13.6	15.2	12.2	20.6	16.3	20.3
Operating result/turnover	**5.7**	5.3	5.5	4.8	4.0	5.9	4.7	6.0
Net profit*/turnover	**3.2**	2.6	2.5	2.1	2.0	3.0	2.2	2.5
Cash flow/turnover	**4.5**	3.7	3.6	3.2	3.5	4.4	3.8	4.4
Balance sheet total/turnover	**46.6**	43.4	57.1	47.4	53.0	43.5	44.0	49.7
Solvability (with group cap.)	**35.6**	37.6	31.9	29.3	30,8	33.3	30.8	24.8
Solvability (with guarantee cap.)	**40.4**	44.3	31.9	29.3	30.8	33.3	30.8	24.8
Payout percentage	**47.1**	46.1	49.6	41.4	38.5	40.0	pm	pm

* Net profit from ordinary operations

** The data per share are calculated based on the weighted average number of outstanding shares.

THE ACCELL GROUP NV SHARE

Accell Group NV has been listed on the Euronext Amsterdam Stock Exchange Market since 1 October 1998. On 31 December 2003, 3,349,561 ordinary shares, each of nominal value of 0.05, were in issue.

Main interests in listed companies disclosed on the basis of the Disclosure of Major Holdings in Listed Companies Act.
The following is disclosed based on the above-mentioned law:
BV Algemene Holding en Financierings Maatschappij
Amev Stad Rotterdam Verzekeringsgroup NV
CGU Delta Lloyd
Darlin NV
Driessen Beleggingen BV
Friesland Bank NV
J.H. Langendoen
Smoorenburg BV
Zipart BV

SHARE OPTION PLAN

When the company was listed on the stock exchange, the Supervisory Board introduced a share option plan for the directors of the Accell Group.

Turnover in shares in the Accell Group in 2003

	Number of shares	High	Low	Closing price
January	8,683	12.95	12.50	12.61
February	43,380	13.45	12.60	12.75
March	19,876	13.45	12.00	13.20
April	49,726	14.25	13.00	13.46
May	13.,532	13.59	13.00	13.20
June	69,634	13.60	12.81	13.35
July	159,783	16.30	13.15	16.34
September	33,690	17.40	16.85	17.06
October	77,839	18.75	17.00	18.75
November	189,763	22.70	18.75	22.50
December	90,487	22.80	20.25	20.25

Euronext Amsterdam NV Statement.

IMPORTANT DATES IN 2004

Annual General Meeting of Shareholders: 22 April 2004, 14:30 hours
at subsidiary Batavus BV,
Industrieweg 4, 8444 AK Heerenveen.

Publication of half-yearly financials: 21 July 2004, prior to official stock exchange