FIT FOR A HEALTHY FUTURE

ANNUAL REPORT 2013

THE PREMIER CYCLE AND FITNESS GROUP

ACCELL GROUP

CONTENTS

This is a translation of Accell Group N.V.'s Annual Report 2013, prepared in the Dutch language and in accordance with Dutch law. By the event of any difference in interpretation, the Dutch version of the Annual Report shall prevail.

ACCELL GROUP AT A GLANCE

Market leader and global player in bicycles

Accell Group is active in the markets for bicycles, bicycleparts and accessories and fitness equipment in the mid-range and higher (premium) market segments. The company sells its products in more than 70 countries across the world. Accell Group is the market leader in Europe and ranks among the top five players in North America. In Europe, Accell Group ranks among the top players in virtually all key cycling nations. The portfolio includes a broad mix of well-known national and international top brands that both stand out as individual brands and complement each other thanks to with their chosen positioning, brand identity and focused target group approach. In 2013, Accell Group sold more than 1.8 million bicycles worldwide. Accell Group realised revenues of € 849 million in 2013.

Varied range is an effective response to trends in society

Accell Group wants to be a trendsetter in the development of sustainable consumer products related to mobility for short distance travel, fitness and active leisure activities. The group's product range in bicycles and fitness equipment is varied, suited to all ages, suitable for daily use, for leisure activities or for (top) sports purposes. The products are a perfect match for the steadily growing consumer interest in a healthier lifestyle, more exercise, healthy aging, environmental issues and lifestyle choices, not to mention the desire to stand out. The bicycle is also increasingly seen as a good alternative for short car trips, such as commuting between home and work, and as a way to reduce the use of cars in city centres. The introduction in 2003 of the second generation of electrically-assisted bicycles by Accell Group subsidiary Sparta, plus the growing popularity of the e-bike in cycling nations such as the Netherlands and Germany is a perfect example of how bikes can be an excellent solution to specific mobility issues.

Focus on added value and growth

Accell Group focuses exclusively on the top half of the market and develops and markets high-quality and innovative branded products that meet the highest standards in design, comfort and service. The company provides specialist retailers with intensive support through various channels, which enables them to provide the highest possible levels of advice, personal attention and service to their own customers. Consumers buy Accell Group products primarily via the specialist retailers' stores and webshops. This business model creates clear and recognisable added value. It is the key to Accell Group's ambition to realise growth by strengthening its current top positions and by developing new, leading market positions in other countries.

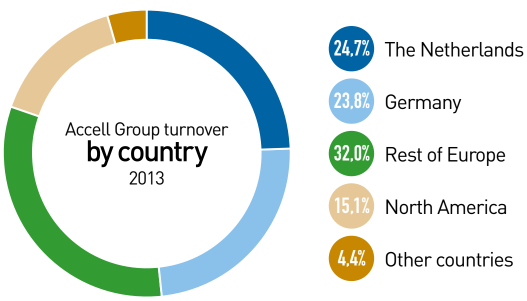
Flat organisational structure boosts enterprising corporate culture

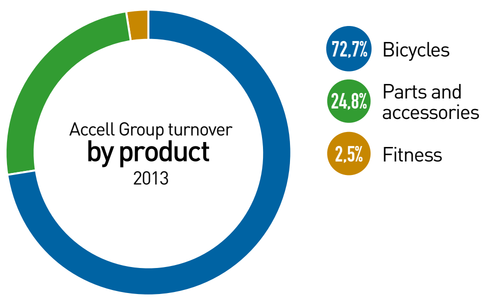
Accell Group has a flat organisational structure in which subsidiaries operate with a relatively high level of operational autonomy, especially in terms of their positioning in their own markets. At the same time, the overall strategy is determined jointly with the holding company. The end result is an enterprising and corporate culture, with the entire group constantly working on innovation, design, brand experience and an active online and offline approach to the market.

The holding company determines the group strategy and supports the subsidiaries with issues such as treasury, financial control, business development and supply chain. The holding also plays a coordinating role in marketing initiatives, product development and production planning. The reciprocal exchange of best practices in these areas, together with the use of each other's sales and distribution channels, makes a contribution to the ongoing improvement of operating processes, to boosting commercial effectiveness and the realisation of synergies in a wide range of areas. The subsidiaries employ around 2,900 people in 18 countries across the world, and in five countries they have their own secondary manufacturing facilities for the assembly and painting of bicycles.

Stock exchange listing encourages transparency and provides access to capital

The Accell Group share has been listed since 1998 and is traded on the NYSE Euronext Amsterdam stock exchange. The listing increases the transparency of our management and operations and provides access to capital to finance growth. From 24 March 2014 the Accell Group share is included in the Midcap index (AMX) of Euronext Amsterdam.





OUR BRANDS

www.batavus.nl
Batavus (1904) has been around for more 110 years and is considered one of the strongest, best known and most innovative Dutch brands. Batavus makes extremely comfortable and durable high-quality bicycles for a broad user-base, but also designs smart and useful innovations that make cycling safer and more fun.

www.koga.com
Koga (1974) is a Dutch brand that stands for top quality sporty bikes, with products aimed at passionate cyclists. The Koga Research & Development team and the Quality Center are the driving forces behind the company's exceptional dedication to innovation and quality. All Koga bikes are hand-made by dedicated specialists.

www.sparta.nl
Sparta (1917) is the pioneer in electrically-assisted bicycles and market leader in e-bike innovations in the Netherlands. Sparta works continuously on technology-driven product development, while simultaneously exploring new target groups and new market segments for e-bikes. Sparta's e-bikes are part of an eye-catching city-bike collection targeting the mid and higher-range segment of the market.

www.loekie.nl
Loekie (1980) produces the best-looking and safest bicycles for children between three and seven years of age. Whether we're talking cool bikes for boys or a pink bike fit for a princess, we always provide A-quality at a reasonable price.

www.winora.de
Winora (1914) has been a household name in Germany for almost a century as a maker of bicycles for the whole family, from the smallest children's bike to a sporty trekking bike right through to the latest in electrically-assisted models. Winora bikes are modern, top quality and durable.

www.staiger-fahrrad.de
Staiger (1898) is a trendsetter in the fast-growing market for lightweight bicycles in the trekking and touring segment. The well-known Staiger brand is aimed primarily at demanding consumers who set great store by comfort and top quality.

www.haibike.de
Haibike (1995) produces sporty bikes, including a collection of e-performance models defined by ground-breaking design and innovation. The product range varies from sports bikes for beginners to top-quality professional racing bikes, together with special-purpose racing and mountain bikes for downhill, free ride and cross-country cycling.

www.ghost-bikes.com
The trendsetting bicycles produced by Ghost (1993) stand out thanks to their innovative technologies and come complete with small but striking details. The German brand's name recognition has been boosted by the successes of the Ghost Factory Racing Team and the Ghost AMR competition.

www.cycles-lapierre.fr
Lapierre (1946) stands for top sporting performances, top quality and ground-breaking innovations with French panache. The Pro Tour Road Team and a World Cup DH Team have been hugely successful riding Lapierre bicycles. The Lapierre bike makers have proven their immense technical know-how with the development of the Overvolt e-bike models. The Lapierre brand stands for a lifestyle driven by passion and performance, both on the road and off-track.

www.redlinebicycles.com
Redline Bicycles (1974) is a leading brand in the off-road sports bikes segment. The brand manufactures technically advanced models for the BMX, cyclo cross and mountain bike segments. Redline also has a large range of popular parts and accessories for the BMX enthusiast. The brand is sold primarily via independent bicycle retailers in North America.

www.junckerbikeparts.nl
Juncker Bike Parts (1912) is one of the largest suppliers of spare parts and accessories for bicycles in the Benelux region. Juncker supplies products directly to the specialist retailer sector - including its own XLC brand - via its in-house ordering system Accentry.

www.bike-parts.de
E. Wiener Bike Parts (1914) is a household name in Germany as a supplier of bicycle parts and accessories. Thanks to the company's numerous exclusive distribution licences, E. Wiener Bike Parts is a one-stop shop for the German retail sector.

www.cyclesdiamond.be - www.viper-sconcept.eu
Brasseur (1913) is the exclusive distributor of high-grade bicycle parts, accessories and bicycle brands in Belgium, with a special focus on the Francophone part of the country. The company works closely with Juncker and E. Wiener Bike Parts.

www.seattlebikesupply.com
SBS (1974) supplies bicycles, bike parts and accessories to specialist retailers across North America, under the brand names Redline, Torker, Pryme Gear, SBS Wheel Works and XLC. The company has a number of distribution centres in North America, giving it access to virtually all specialist bicycle retailers in the United States and Canada.

www.torkerusa.com
Torker Bicycles produces bicycles that allow average intermediate cyclists of all ages to learn to cycle and gain experience. Torker has a wide range of models for commuter traffic and transport, as well as children's bicycles and bikes designed for elderly people. Torker is sold primarily via independent bicycle retailers in North America.

www.xlc-parts.com
XLC (2001) is the young, global premium brand for Accell Group's bicycle parts and accessories. The company supplies a complete line of products for mountain and racing bikes, but also for touring and city bikes.

www.tunturi.fi
Tunturi (1922) is a well-known bicycle brand in the Scandinavian market, with a collection that clearly stands out from the average product ranges in Finland and Sweden. The brand produces bicycles as well as parts and accessories.

www.tunturi.com
Tunturi is also the international for brand fitness equipment, mainly for home use. The brand is known for its distinctive Scandinavian design and innovative technical potential. Tunturi's company slogan 'From the heart' reflects the company's passion for products, design and end-user satisfaction.

www.nishiki.com - www.nishiki.fi
Nishiki (1965) produces trekking bikes, ATBs and racing bikes for the top market segment. The brand stands for innovation, quality and performance. The Finnish design, ground-breaking in terms of ergonomics and colour use, appeals to professionals and enthusiasts looking for something truly extraordinary.

www.atala.it
Atala (1921) is a renowned Italian brand that stands for riding comfort and reliability. The company supplies a wide range of sporty bicycles, children's bikes and city bikes for a broad user base. Atala has its own distribution network of independent dealers across Italy.

www.carrarocicli.com
Carraro (1924) is a classic Italian brand in the top segment for trekking and racing bikes. A Carraro bike is the embodiment of excellence in technology, the best performance and reliability and innovative design.

www.currietech.com
Currie Technologies (1997) designs and sells high-grade, technologically advanced electrically-assisted bicycles. Currie is one of the oldest and most experienced developers and distributors of e-bikes in the US, via its IZIP, eFlow and Haibike Xduro brands. The product range includes models that meet customers' desire for an inexpensive alternative for mobility, leisure time, exercise and simple fun.

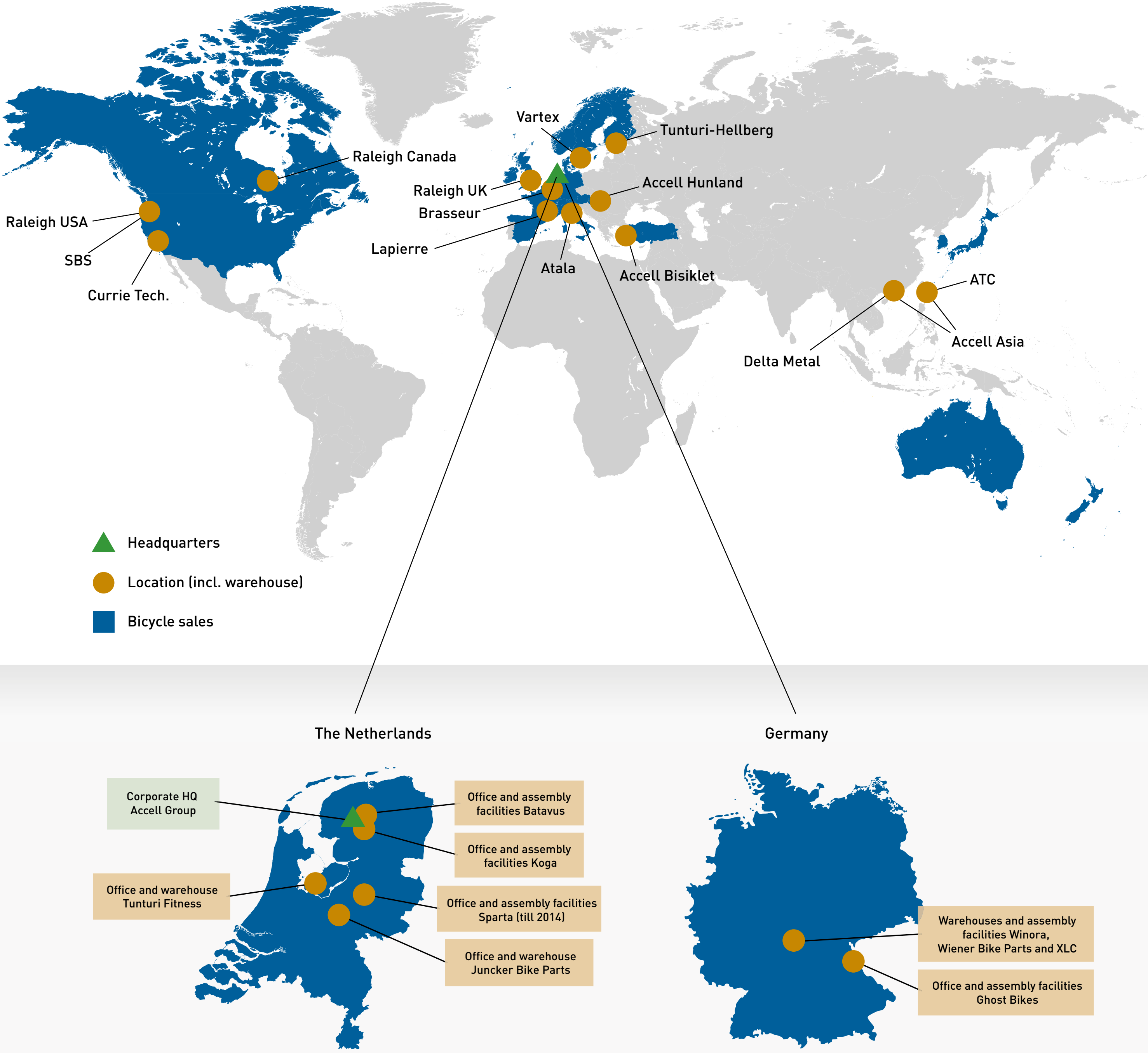
www.vannicholas.com
Van Nicholas (1999) is a Dutch brand specialised in the development and manufacture of high-grade titanium sports bikes. A team of true professionals guarantees a very special collection of bicycles and accessories. The brand stands for the ultimate cycling experience for every individual user. This brand is all about passion, dedication and a constant striving for perfection.

www.raleigh.co.uk - www.raleigh.nl
The Raleigh (1887) brand is a worldwide icon. Raleigh has its roots in Nottingham, United Kingdom and is now sold in many countries across the world. The timeless British image and the company's rich history in professional cycling are a constant in the company's marketing of the brand. Raleigh supplies bicycles for a wide user base, from children's bikes to professional racing bikes, always recognizable thanks to their by quality and reliability.

www.raleighusa.com
The Raleigh brand has an outstanding track record. It is one of the fastest growing brands in the US niche market. Raleigh bicycles exude a sense of fun, family, fitness and community, all at attractive prices. Good for users and good for the environment.

www.diamondback.com
Diamondback (1977) is one of the pioneers in the world of BMX. Diamondback now offers a wide range of innovative products for every bicycle segment and helps cyclists to explore and stretch their boundaries. The brand is known for the value and quality of its bikes in every price range and category.

GLOBAL PRESENCE




GHOST
GHOST

KEY FIGURES

(in euros, unless stated otherwise)

	2013	2012	2011	2010
Results (in millions of euros)				
Net turnover	849.0	772.5	628.5	577.2
Operating profit (EBIT)	33.9	32.7	34.8	46.4
Net profit	19.0	23.3	40.3	36.4
Free cash flow 1)	-30.9	-19.9	16.9	-1.1
Balance sheet data (in millions of euros)				
Group equity	240.0	239.8	214.6	180.4
Net debt	183.5	143.8	115.7	100.5
Balance sheet total	579.6	589.7	434.0	383.9
Capital employed 2)	447.1	407.5	349.2	301.2
Investments in property, plant and equipment	6.8	22.8	11.2	6.2
Ratios (in %)				
ROCE	7.6	8.0	10.0	15.4
ROE	7.9	9.7	18.8	20.2
Operating profit/turnover	4.0	4.2	5.5	8.0
Net profit/turnover	2.2	3.0	6.4	6.3
Data per share 3)				
Number of issued shares at year-end	24,402,849	23,863,432	21,094,760	20,609,012
Weighted average number of issued shares	24,195,467	22,897,471	20,905,497	20,385,290
Net profit	0.79	1.00	1.82	1.65
Free cash flow 1)	-1.28	-0.85	0.76	-0.05
Group equity	9.92	10.25	9.70	8.20
Dividend 4)	0.55	0.73	0.87	0.79
Average number of employees (FTE's)	2,926	2,776	2,234	1,877

1) Free cash flow is defined as the balance of the net cash flow from operating- and investing activities.
2) Capital employed is the balance sheet total minus cash and cash equivalents and current non-interest bearing obligations (including current part of provisions).
3) The data per share are calculated based on the weighted average number of issued shares. The data per share for the years 2010-2012 have been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The applied adjustment factor in the reporting year for 2012 and for previous years is 0.97852.
4) The dividend per share relating to the financial year 2013 concerns the proposal to be submitted to the General Meeting of Shareholders.


uvex
FDJ
.fr
lapierre
B'TWIN

INTRODUCTION

Last year was a year of consolidation and integration for Accell Group. We have booked rapid growth in recent years and we are now a globally operating company with sales operations in more than 70 countries. We see numerous opportunities and challenges for continued growth in our markets in the years ahead. A solid basis will be crucial if we are to respond to both opportunities and challenges as effectively as possible. This is why our main priorities last year were strengthening our organisational management structure, creating greater efficiencies within the group and increasing our financial effectiveness. And we made solid progress on all these fronts in 2013.

Over the past year, we intensified the cooperation between our Dutch companies and brands. We began incorporating the assembly of bicycles for Batavus (Heerenveen) and Sparta (Apeldoorn) in our Heerenveen location. At parts and accessories company Juncker, we are investing in a brand new warehouse system. The entire Juncker organisation is set to move into the premises Sparta is vacating in Apeldoorn at the end of 2014. We will then coordinate the storage and shipment of service and guarantee parts for Batavus, Koga and Sparta also from this new parts distribution centre.

We are also redefining our organisational structure outside the Netherlands. As part of the integration of Raleigh, we are working on various fronts to centralise the management and integrate the organisation behind the various brands in North America. We had already decided to terminate Raleigh's assembly activities in Waterloo (Quebec, Canada) and outsource production to third parties. In the second half of 2013, we made a start on increasing the cooperation between the organisations behind the various brands in the United States, and we will continue to integrate those organisations in 2014.

In Germany, shortly after the end of the financial year, we announced our intention to sell Hercules to its biggest client, Zweirad-Einkaufs-Genossenschaft eG (ZEG). The decision followed a strategic review we conducted in the summer of 2013. For us Germany is a very important bicycle market in the higher segment and offers considerable growth opportunities for the group as a whole. But it is also a highly competitive market that demands a strong focus on brand positioning and investments in differentiating potential and innovation. Our strategic review showed that selling the Hercules brand would create more space to invest in the differentiating potential of our other German brands (Winora, Ghost and Haibike) and therefore enable us to continue to expand the market position of those brands. Selling Hercules was not an easy decision, but we believe that daring to make the right strategic choices, particularly at this time, will only help us to strengthen the foundations of our organisation and enable us to respond more effectively to future developments.

Another key move in the past year was the successful realisation of the complete refinancing of the company, which will give us more room and flexibility to continue to do business, innovate and grow in the future. The new group financing facility totalling € 300 million (plus an extra optional € 50 million for any acquisitions), provided by a syndicate of six banks, puts us in a much stronger financial position. The facility will enable us to compete more effectively and more agilely and to anticipate seasonal fluctuations. It also gives us the opportunity to flesh out our strategy for growth, both organically and through acquisitions.

The initiatives and actions we have taken have helped us give Accell Group a more solid basis for future growth and to respond to the opportunities our markets offer. We are very much aware that we had to say farewell to loyal employees in the Netherlands and abroad over this past year. That is never easy, but it was necessary with a view to the long-term future of our company. We would like to send a special word of thanks to those people who have left us, for their contributions to our company in the past.

Accell Group's turnover increased by 10%, and 5% of this growth was organic. The main driver behind this increase in turnover was the sales of e-bikes. This is a segment in which we as a group have enjoyed a competitive lead for many years, as both a pioneer and an innovator. We also increased the sales of sports bikes in the higher segment, bicycle sales in North America via the key multisport channel and sales of bicycle parts and accessories.

The operating result (excluding one-off items) rose slightly by 2%. Higher discounts aimed at reducing bicycle stocks at the end of the season had a heavy impact on margins. We did manage to partly offset this through cost reductions. Net profit was down 18% at € 19 million, due to higher financing costs, higher tax payments and one-off reorganisation charges.

This past year was not the best year in terms of profitability, but we made major progress in 2013 in our efforts to make our group more resilient and more effective for the future. That future is looking bright and promises many opportunities. Underlying trends in the field of lifestyle, mobility, sustainability, health and exercise will continue to boost the popularity of cycling. And for the first time in years, macro-economic indicators are signalling a cautious recovery in consumer spending.

We will continue to design, innovate and anticipate on new trends to offer consumers added value with our brands and products. In the past year several of our brands received awards and honours and more recently we added no less than 10 iF design 2014 awards to that list. We are **fit for a healthy future**.

As the Board of Directors of Accell Group, we would like to express our gratitude to all of our stakeholders for their trust. More specifically, we would like to thank all of our employees for all the hard work and for their flexibility and adaptability during the consolidation and integration processes in the past year.

René Takens
Chief Executive Officer Accell Group

Heerenveen, March 10, 2014

MISSION, STRATEGY AND OBJECTIVES

Mission

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

Strategy

Accell Group's mission translates into the following strategic premises:

- consistently introducing innovative and distinctive bicycle and fitness products and services;
- positioning, promoting and further developing strong local brands and international top brands;
- supporting the retail trade in their sales and services to consumers;
- realizing growth through organic growth as well as through acquisitions;
- investing above-average in R&D within the bicycle industry;
- responding pro-actively to sustainable trends, such as 'more exercise and healthier living';
- utilizing the synergies of the companies within Accell Group;
- investing in the skills and know-how of its employees;
- operating with the greatest possible consideration for people and the environment;
- consistently managing costs and revenues.

Objectives

Accell Group aims to achieve the following objectives:

- an improvement of operational margins;
- a healthy and sustainable return for its shareholders;
- a stimulating environment for its employees;
- an increase of the market shares of the existing brands;
- a continuous reinforcement of its leading positions in the various countries;
- a larger geographic reach and gaining complementary business;
- a most complete range of choice possible for consumers;
- a healthy financial position.


Sign Up
back
enter
shift
TUNTU

EXPLANATION OF STRATEGIC PREMISES

Innovative and distinctive products

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

Strong brands and innovation

Accell Group focuses on the mid-range and higher segments of the market. In these segments, in which consumers are willing to make an extra investment in quality, strong, high-profile national and international brands are the key to success. An important strategic challenge for Accell Group is to ensure that these brands provide consumers and specialist retailers with sustainable added value. This makes continuous investment and a clear focus on innovation and design essential in these segments. Continues innovation and adaptation of the products to the wishes of discerning consumers guarantee that Accell Group brands and products remain attractive to their specific target groups. It also creates opportunities to further expand and develop Accell Group's strong market positions both nationally and internationally. The Accell Group companies also have to operate close to the market so they can respond rapidly to consumers' specific demands, for instance through the production of small(er) series and 'custom-made' bicycles.

Intellectual property

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

In addition to brand and model protection, Accell Group also makes considerable investments in technical innovation. Significant discoveries, such as spoke patterns, the battery integrated in the frame, the removable frame battery and several spring suspension systems, like the new E:I system, are the result of our innovation drive. The R&D departments of several subsidiaries launch new inventions and innovative product improvements every single year. Not surprisingly, therefore, Accell Group holds more than 50 (internationally registered) patents.

Cooperation retail trade

Accell Group believes it is vital to work closely with the specialist retail trade and distributors. They are in the best position to guarantee the highest levels of service to our end users, cyclists themselves. For example in the Netherlands approximately 75% of new bicycles are purchased from the specialist retail trade. Specialist retailers are becoming increasingly important, partly because of rising average bike prices and the complexity of the products themselves. Consumers attach great value to service, especially when they are making relatively expensive purchases. This high level of service is even more important during the actual purchase process (advice and assistance) and afterwards (including checks, final assembly and ready-to-ride delivery). The specialist retail trade is also a key sounding board for Accell Group when it comes to taking stock of the ever changing demands of consumers in the different countries. Likewise the strong Accell Group brands play an important role. The brands offer opportunities to apply innovations in the mid-range and higher segments from a reliable source.

Accell Group has been active in e-commerce for some time and with own websites and social media the internet plays an important role in Accell Group's cooperation with the retail trade when it comes to orientation to purchase a bicycle and accessories, providing information and service. The various Accell Group brands, for instance, are seeing a growing demand for their website-based creation of 'custom-made' bicycles. The specification of 'custom-made' bikes uses advanced systems that allow consumers or dealers to assemble and order a bicycle quickly and easily. Thanks to data linking, the information and ordering needs of specialist retailers and the bike data are recorded down to the smallest detail.

Chain digitalization

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

Organic growth and acquisitions

Accell Group realizes its growth through both organic growth and acquisitions. The acquisition policy is based on the premise that candidates must be complementary and also add real value in terms of returns and synergies. This means that acquisitions are assessed on the basis of their value and are never made at all costs.

Investing in employees

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

Structure: continuous management of costs and revenues

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

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

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

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

Corporate Social Responsibility

Sustainability is inherent to the Accell Group's products. Accell Group's ambition therefore is integrating CSR in the strategy and management of the company as much as possible. Accell Group's policy in the field of corporate social responsibility (CSR) are outlined in chapter 'Society and the environment' of this annual report.

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

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors comprises the following members:

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

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

H.H. (Hielke) Sybesma (1967),
Member of the Board of Directors (CFO)

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

J.M. (Jeroen) Snijders Blok (1959),
Member of the Board of Directors (COO)

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

REPORT OF THE BOARD OF DIRECTORS

The year at a glance

Accell Groups' successful strategy has helped make it what it is today: a company with sales operations in more than 70 countries, offices in 18 countries and production facilities in five countries around the world. An operation on that scale requires a solid basis, to continue to respond to the many growth opportunities that Accell Group sees in its markets. Last year significant steps were taken to make that basis even stronger.

Early last year, we increased our financial agility through a complete refinancing of the group, with a facility totalling € 300 million and an extra optional € 50 million for any acquisitions. The new group financing facility also gives the company more flexibility to deal with the strong seasonal nature of the operations and the impact of weather conditions. This will in turn enable Accell Group to compete more effectively and more agilely in its markets.

Accell Group also bolstered and improved its organisational management and took a number of steps to realise additional efficiency improvements. In the Netherlands, the merger of the assembly operations of Sparta (Apeldoorn) and Batavus (Heerenveen) in the Heerenveen plant is moving full steam ahead and will be completed in 2014. In the past bicycle season the Raleigh assembly operations in Canada were closed in line with previously announced plans and outsourced assembly to a number of third parties. From 2014, the Canadian organisation will concentrate on the sales of Raleigh brand products to specialist bicycle dealers. In the United States, in 2013 we took the first steps in a process aimed at increasing the cooperation and at integrating the organisations behind the various Accell Group brands.

Shortly after the close of the financial year, Accell Group announced that it was selling Hercules in Germany to its largest customer ZEG. The decision followed a strategic review conducted in the summer of 2013, which showed that selling the Hercules brand would have a positive impact on the positioning and the differentiating potential of Accell Group's other German brands. The sale also gives Accell Group more space to invest in the other brands and to strengthen its market position in Germany.

Despite the persistent low levels of consumer spending and a remarkably unfavourable (cold) spring, Accell Group managed to increase turnover in 2013 in virtually all the markets in which it is active. Turnover increased by 10% to € 849.0 million (2012: € 772.5 million), largely as a result of increased sales of electric bikes, higher turnover in North America and the consolidation impact of several months as a result of the Raleigh acquisition in 2012. Turnover from electric bikes increased organically by 23% and now account for 35% of Accell Group's total bicycle sales. Electric bikes are very popular, especially in Germany and the Netherlands, and their popularity is increasing in other countries. Turnover from sports bikes was also higher, largely in the higher segment of the market, as was the turnover from bike parts and accessories, while the turnover from fitness equipment remained stable. In 2013, Accell Group sold a record 1.8 million bikes worldwide.

Accell Group's operating result (excluding one-off items) came in 2% higher in 2013, but margins were lower, largely as a result of higher discounts at the end of the bicycle season in the second half of the year. Those discounts were necessary to normalise the relatively high inventory levels, created by the unfavourable spring weather conditions in the first half of the year. Net profit came in at € 19.0 million (2012: € 23.3 million) as a result of the negative impact of one-off charges related to the reorganisations in the Netherlands and North America, higher financial expenses and relatively high tax payments.

Bicycles/bicycle parts and accessories

Turnover in the bicycle/bicycle parts and accessories segment rose by 10% in 2013 to € 827.5 million, from € 751.4 million in 2012. The number of bikes sold increased to 1,835,000, from 1,605,000 in 2012. The average price fell to € 336 in 2013, from € 345 in 2012, due to the acquisition of Raleigh in 2012 and higher discounts in the second half of 2013. Raleigh sells relatively more mountain bikes and racing bikes in the mid-market segment. Organically the average price increased as a result of a rise in market share of e-bikes. Sales of e-bikes increased by 23% and accounted for 35% of Accell Group's total bicycle sales in 2013, compared with 32% in 2012. Turnover in sports bikes was up 6%, turnover in traditional bikes was up 7%.

The result from this segment as a whole came in higher at € 50.0 million, from € 48.9 million in 2012 and was largely realised in the first half of the year. The segment result was effected in the second half of the year due to discounts related to higher inventory levels as a result of unfavourable seasonal conditions in the first half of the year.

Accell Group's turnover from bicycle sales in the Netherlands was 3% higher in 2013, while volumes declined (-3%). Strong growth in the sales of e-bikes offsets the decline in other product groups. The market showed a stable trend, with stable sales in bicycle parts and accessories. The expected margin improvement in the second half of the year failed to materialise due to more sale discounts granted.

Turnover in Germany once again increased in 2013, largely due to an increase in e-bike sales, which are highly popular in the German market. Turnover in bicycles and bicycle parts and accessories came in 7% higher, while volume of bicycles sold was down 2%. This put Accell Group's performance above market average. The total volume of sales of e-bikes in the German market is estimated to have grown to some 430,000 bicycles on an annual basis.

Accell Group's turnover from bicycles in North America increased substantially, in particular in the multisport channel, which is an important sales channel for Accell Group. Sales of e-bikes were also up, in what is for the moment a relatively small market. The lower bicycle sales in the first half of 2013 resulted in high inventories which had to be sold at higher discounts at the end of the season. Sales of bicycle parts and accessories declined and the sale of electric mini scooters is being phased out. The results of the American companies therefore were lower than expected.

In the rest of Europe, turnover increased in virtually all larger bicycle countries. In Belgium the Dutch brands generated growth and in France besides a growth in turnover at Lapierre, the turnover of bicycle parts and accessories delivered from Germany (E. Wiener Bike Parts) rose in particular. In the United Kingdom turnover increased as well as Raleigh's turnover, from which approximately 40% is realised in bicycle parts and accessories. In Switzerland turnover showed a substantial increase in turnover based on the strong position held by the German Accell Group electrical bicycles brands on the Swiss market. Also in Austria Accell Group increased turnover due to expansion of the position of its German sports bikes brands. In Scandinavia turnover in Sweden (Vartex) increased while in Finland turnover declined as a result of an unfavourable season. In southern Europe sales in Spain rose due to higher exports of sports bikes from Lapierre, Ghost and Haibike. In Italy, Accell Group is active via the Atala brand (non-consolidated 50% stake) and had a better year, both in turnover and result. Furthermore Accell Group is active in Italy with exports from its German and French brands, focussing on the early albeit growing interest in electrical bicycles.

In other countries outside Europe and North America, Accell Group recorded turnover growth in Turkey, the Far East and Australia. Worldwide license income on the Raleigh brand increased slightly, in line with expectations.

Fitness

Turnover in the fitness segment remained stable (€ 22 million). The segment result came in at a loss of € 0.3 million in 2013, compared with a break-even result in 2012. The international market for fitness equipment for home use, Tunturi's main market, remains challenging, largely due to consumers' reluctance to spend. The product lines introduced in 2012 proved too expensive for the market and sales lagged initial expectations. As a result, turnover was lower than expected. As from 2014, Accell Group will adjust these products and the focus will be primarily on the Tunturi brand.

Key financial developments in 2013

Overall turnover in 2013 was up 10% at € 849.0 million. Organically turnover increased 5%. Foreign currency exchange effects related to turnover booked by foreign subsidiaries amounted to € 8.8 million negative versus € 9.6 million negative in 2012.

Added value (net turnover less material costs and inbound transport costs) as a percentage of turnover came in at 30.6%, from 31.9% in 2012. The change in added value is related to the negative impact of discounts granted to reduce inventories and changes to the sales mix in bicycle turnover. Absolute added value came in more than 5% higher at € 260 million, compared with € 246 million in 2012.

Operating costs in relation to turnover fell by 1% point. The reorganisation in the Netherlands and North America reduced personnel costs to 12.6% of turnover, compared with 13.1% in 2012, while other operating costs were down slightly at 12.6% of turnover, from 13.0% in 2012. Total operating costs came in at € 223 million in 2013, or 26.2% of turnover, compared with 27.2% in 2013. The operating result, excluding one-off items, was higher in 2013 at € 36.9 million, from € 36.1 million in 2012. The result from minority participations stood at € 0.5 million in 2013, up from € 0.2 million in the previous year.

Financial income and expenses came in at € 11.7 million, up from € 6.9 million in 2012. The financial expenses include the amortisation cost of the completed refinancing, currency exchange effects on bank credits in foreign currencies, the cost of factoring and bank costs (together around € 3.3 million). The financing of the Raleigh acquisition in April 2012 was consolidated for the entire year 2013, which led to a year-on-year increase in interest charges. The higher than average use of credit facilities in the first half of the year in particular due to the very unfavourable spring weather conditions also led to an increased in interest charges. The rate increase as a result of the refinancing was limited.

The tax rate increased to 16% in 2013, from 10% in 2012, largely due to the decline in the effects of the legal restructuring of the German activities in 2009.

The cost of the reorganisations in the Netherlands and the United States came in at a pre-tax sum of € 3.0 million, or € 2.2 million after taxes. The reorganisation expenses in Canada as well as other costs of termination of the mass market activities in Canada (together € 3.2 million) have been compensated by the sellers of Raleigh on grounds of warranties in the purchase agreement.

Net profit came in at € 19.0 million in the financial year 2013, compared with € 23.3 million in 2012. Net profit excluding the one-off items in both 2012 (€ 3.1 million in acquisition costs and other effects) and in 2013 (€ 2.2 million in reorganisation charges), the net operating profit fell to € 21.2 million in 2013 from € 26.4 million in 2012.

As it is now customary for most listed companies to report the value of premises at historical cost, changes in accounting policies have been carried through with regard to the valuation of buildings and land (property, plant and equipment). Accell Group also made changes in the provisions for pension schemes in line with developments in reporting standards (IFRS). The effects of the above developments (with a combined effect of € 12.4 million on the balance sheet total) have been incorporated retroactively in the opening balance sheet for 2012 .

Following the above-mentioned changes, the balance sheet total stood at € 580 million at year-end 2013, compared with € 590 million at year-end 2012. The total working capital (before classification of assets and liabilities held for sale) stood at € 284.1 million, up from € 240.8 million at year-end 2012. Working capital as a percentage of turnover stood at 33.5%, up from 31.2% in 2012.

In the working capital, inventories have declined despite a difficult season. Adjustments in the production planning reduced both inventories of 'components' and inventories of 'new models'. The sale of a considerable proportion of the inventories in the second half of the year led to a smaller than expected increase in the number of older model bicycles. Bicycles in stock gained an average of 28% in price, because e-bikes accounted for a greater proportion of inventories. The total value of inventories stood at € 251.2 million at year-end 2013, down from € 269.1 million a year earlier.

Accounts receivable stood at € 104.7 million at year-end 2013, compared with € 104.5 million a year earlier. A total of € 10.7 million in receivables had been submitted for factoring at year-end, compared with € 21.2 million at year-end 2012. The total of trade accounts payable stood at € 71.8 million at year-end 2013, compared with € 132.8 million at year-end 2012. The drop in payables is due to reduced purchasing in the final months of 2013 and the use of shorter payment terms for suppliers to make greater use of early payment discounts.

Capital employed rose to € 447.1 million in 2013, from € 407.5 million in 2012. The return on capital employed stood at 8.3% at year-end 2013, down from 8.9% in 2012, based on operating profit adjusted for one-off items.

Shareholders' equity stood to € 240.0 million at the end of the financial year under review, up from € 239.8 million at year-end 2012. In addition to the profit booked in 2013, shareholders' equity was also influenced by the payment of a cash dividend totalling € 10.8 million in 2013, compared with € 11.0 million in 2012. In addition, shareholders' equity includes the impact of accounting changes totalling € 7.9 million, the conversion of turnover from foreign activities (€ 8.4 million negative) and the impact of changes in the valuation of financial instruments (€ 0.6 million negative).

The solvency rate was 41.4% at the end of the financial year, up from 40.7% a year earlier. Net debt (total of loans, bank credit and cash positions) stood at € 183.5 million at year-end 2013, up from € 143.8 million a year earlier.

Net operating cash flow was € 23.2 million negative in 2013, down from € 54.1 million in 2012. The operating cash flow before working capital and provisions was up 4% at € 42.9 million, from € 41.1 million in 2012. The working capital cash flow came in at € 53.7 million negative, from € 18.2 million in 2012, due to on the one hand a reduction of inventories and on the other hand a strong decline in payables. Free cash flow before acquisitions was € 29.5 million negative, from € 39.9 million in 2012.

Earnings per share and dividend

Earnings per share on the basis of the weighted average number of outstanding shares, which stood at 24,195,467 shares at year-end 2013, came in at € 0.79, down from € 1.00 in 2012 (including adjustment factor).

Due to the issue of 523,908 shares for the 2012 financial year stock dividend, the adjustment factor is 0.97852 for earnings per share from previous years. Accell Group will ask the General Meeting of Shareholders to approve a dividend payment of € 0.55 per share, compared to € 0.75 in 2012, to be paid in cash or shares. This makes the pay-out ratio (70%) higher than the average of approximately 50% in recent years. Based on the closing price of € 13.40 at year-end 2013, the dividend return amounts to 4.1%.

Events after balance sheet date

After the balance sheet date Accell Group announced the proposed sale of the German brand Hercules to its major customer ZEG, Germany. The divestment of Hercules improves the distinctive market positioning of the Accell Group brand portfolio and individual bicycle brands in Germany and optimizes Accell Group's available resources for investing in these brands.

The Accell Group shares will be included in the Midcap index (AMX) of Euronext Amsterdam after the balance sheet date (from 24 March 2014). The annual recap in March of Euronext Amsterdam's main indices is based on the free float adjusted market capitalisation of the listed companies. The AMX index is made up of the 25 medium-sized listed companies on Euronext Amsterdam. It is the first time Accell Group enters the AMX index since the company's listing in 1998. Accell Group has been part of the Amsterdam Small Cap Index (AScX) since 2008.

Outlook

Accell Group's products are popular with consumers, as bicycles now seen increasingly as a lifestyle product, especially among younger people. Cycling and fitness activities are fun, easy and healthy, as well as being relatively inexpensive. Numerous national and regional authorities in Europe and beyond are currently promoting the use of bicycles as an alternative means of transport as part of their drive for environmental awareness and considerations on mobility and health matters. Accell Group is convinced that cycling will increase in the years ahead.

This will have a positive impact on the demand for bikes, bike parts & accessories and fitness equipment. Accell Group's brands are in a position to launch new ranges of products with numerous technical and design innovations each and every season.

Continuous market research ensures that Accell and its brands continue to develop the right products for the market at the right time. Thanks to continued product development and the great deal of attention being paid to this market, Accell also expects the sale of electric bikes (e-bikes) to continue to grow. In addition to Accell Group's market leadership in the field of e-bikes, the company's brands are also major players in the market for high-quality sports bikes. Accell Group will continue to build on these foundations in the years to come, using its current positioning in the mid and higher segments as a solid base.

The above-mentioned structural market trends and the company's own differentiating potential give Accell Group a strong basis for its revenue model and profit potential in the years to come.

The company will be looking for further increases in scale to generate additional benefits in purchasing, production, development and marketing. In 2014, the company will also actively seek potential acquisitions that are a good fit with the group's profile and brand portfolio. Any acquisitions will have to be complementary and add value to the group in the short term, both in terms of returns and synergy. At the same time, Accell Group will this year continue to optimise the cooperation between its brands in its most important markets.

On the basis of the positive underlying trends combined with more favourable macro-economic indicators with regard to consumer spending, and barring unforeseen circumstances, a further increase in turnover and higher profit is expected for 2014.

Responsibility Statement

The Board of Directors of Accell Group declares that the financial statements give a true and fair view of the assets, liabilities, financial position and the result of Accell Group and that the annual report gives a true and fair view of the situation as at the balance sheet date and the business development during the financial year of Accell Group and the associated companies for which the financial information is recognized in its financial and that the annual report describes the material risks with which Accell Group is confronted.

Heerenveen, March 10, 2014

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

An electric bike is ideal for getting to school, for travelling to work and back and as an alternative for your car. Thanks to the electrically-assisted pedalling, cyclists can easily and comfortably travel much longer distances than with a normal bike.

Last year, the Netherlands built the first ever cycle path especially for electrically-assisted bikes: the 'Electric Freeway' between Amsterdam and Almere, the largest commuter city in the Randstad conurbation. The cycle path is almost 24 kilometers long, wends its way through the beautiful 'polder' landscape and is six metres wide for most of its route. The surface is smooth and well lit, and has very few traffic lights, crossroads or other hindrances. The cycle path also comes complete with numerous charging points along the route, making it ideal for commuting to work and back with the e-bike. The Electric Freeway is the brainchild of Almere city council and ForenZo (a mobility initiative of Dutch tourist and automotive association ANWB).

The connection between Almere and Amsterdam Zuid-Oost provides a sustainable, fast, safe and comfortable alternative for car travel and public transport during rush hour. The cooperation between Almere city council and Forenzo hopes to add an extra 200 commuters who make daily use of the Electric Freeway and leave their cars at home. ForenZo is in talks with employers on giving employees a mobility budget to spend as they like instead of the fixed kilometers allowance.

You can find more information on the Electric Freeway on the website: www.electricfreeway.nl.

SOCIETY AND THE ENVIRONMENT

In 2013, Accell Group has continued to make good progress in the field of corporate social responsibility and the implementation of its CSR policy. Accell Group uses level C version 3.1 of the Global Reporting Initiative (GRI), the international guidelines for CSR reporting. The 2013 GRI table can be found on the website, in the section 'organisation, structure and work methods'.

Vision & strategy

Accell Group manufactures a sustainable product, in a way that is both beneficial to society and environment-friendly. Our starting point is being a responsible organisation, including transparency on the working methods.

Accell Group takes a broad view of its social and environmental responsibility and actively responds to the key current and sustainable trends and developments. These include climate change, the finite nature of the earth's resources, an increasing wealth of the world's population with the resultant mobility issues in large cities and increasing demand for sustainable mobility. On the other hand an aging population looking to remain healthy and active for a long time, plus the steady increase in so-called first-world diseases, partly because many people do not get enough exercise.

In 2011, Accell Group laid the foundations for its CSR policy and outlined its vision and the strategic priorities of its policy. The company defined its priorities on the basis of their impact on sustainability impact and the issues the company expects to be relevant to the organisation and its stakeholders. Accell Group determined the relevant themes of its sustainability policy based on the definitions the ISO 26000 (international CSR guideline) uses for corporate social responsibility, as well as subjects specific to its sector. Accell Group subsequently determined which subjects would have a high priority in its CSR policy, taking into account the relevance of the subjects to its business. The details of this approach are described in the 2011 annual report.

Cycling and sustainability go hand in hand. Operating with the greatest possible respect for people and the environment is a key element of Accell Group's corporate mission. Accell Group chooses A-brands and uses high-grade components to ensure that its bicycles are high quality, in terms of how they do what they are supposed to do, but also in terms of their durability. As one of the largest players in the global bicycle industry and with a listing on the NYSE Euronext Amsterdam, Accell Group attaches enormous importance to creating added value for all its stakeholders. The group's main stakeholders are its employees, shareholders, suppliers, dealer network, governments (international and national government bodies in the various markets and production countries), companies that may become part of Accell Group in the future and, last but not least, the consumers and users of its products.

Stakeholder dialogue plays a key role in determining policy. To stay in touch with the wishes and requirements of our stakeholders and to ensure these are translated into our CSR strategy, Accell Group actively seeks to maintain contacts with its stakeholders throughout the year. In 2012, Accell Group engaged in a dialogue with various stakeholders to assess its chosen priorities and flesh this out in targets and corporate sustainability indicators (CSIs). The dialogues also covered subjects the stakeholders wish to receive information on in the annual report. Accell Group tightened its policy on the basis of the input from its stakeholders and outlined this policy in the 2012 annual report. Key changes compared to the 2011 annual report included the inclusion of an explanation of Accell Group's organisational structure, an outline of concrete targets and CSIs related to its priority themes and more information on Accell Group's activities in the chain.

In 2013, Accell Group sought input from its stakeholders in a series of telephone consultations, in which the stakeholders were asked for their views on the current priorities in the CSR policy and the approach to these priorities. We also asked our stakeholders for their thoughts on possible new or future themes that may be relevant to Accell Group. The personal nature of these consultations provided scope for more depth in the individual conversations and was a good deal more valuable than the collective discussions of the previous year. Accell Group's stakeholders are closely involved in the company and take a positive view of the company's CSR policy and activities. The stakeholders once again expressed appreciation for Accell Group's structured approach to its CSR policy. At the same time, various stakeholders noted that this is entirely in line with what one might expect from a listed company that is a major player in the bicycle sector. There was broad agreement that the chosen priority themes - described in more detail elsewhere in this chapter - are relevant, plus appreciation for the fact that Accell Group has defined concrete targets and CSIs. Stakeholders also expect to get more of a feel for the results of the activities, how these were realised and how these results create added value for both the company and for the environment and society as a whole. Accell Group therefore has chosen to provide more practical examples from its group companies in this annual report, to put the CSI results in a clearer context.

> "The transport sector is faced with an uphill battle against CO_2 emissions and bicycles are a big help on that front. There is a need for high-quality products and high-quality infrastructure. Cooperation between the bicycle industry and the European Cyclists' Federation (ECF) is very useful in this respect."
>
> **Bernhard Ensink,** director of ECF, the federation of cyclists associations

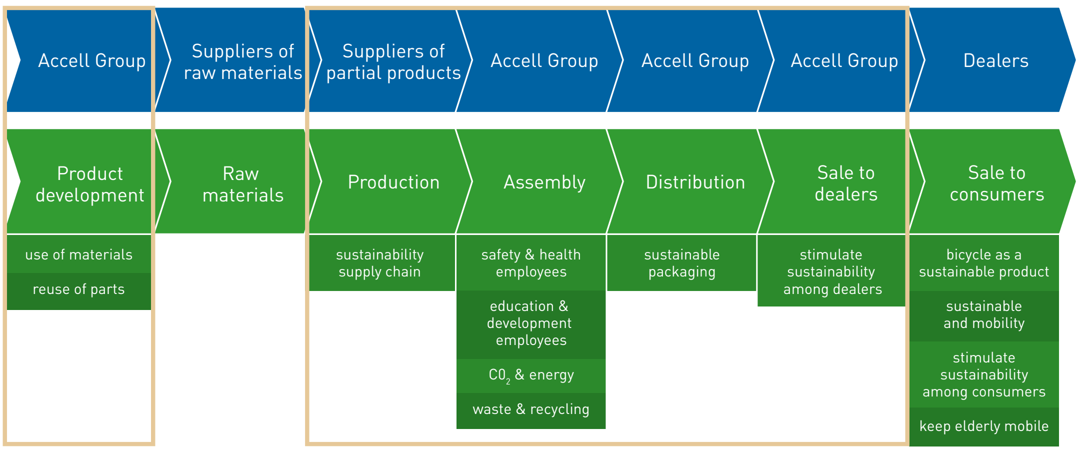
On the basis of the feedback from stakeholder dialogue and a comparison with the 2012 annual report, Accell Group decided to create a greater balance between internal and external interests in our CSR priorities. In this context, Accell Group has added one item to its list of priorities to emphasise the importance of employee engagement. In the coming years, Accell Group will focus on the following four priorities:

- increasing the sustainability of the company's own operations to make Accell Group a trendsetter in the sector in the field of sustainable innovation;
- in light of its key position in the value chain, Accell Group accepts responsibility for encouraging its suppliers, dealers and clients to operate in a sustainable fashion. After all, Accell Group is a key link between these groups;
- as a major player, Accell Group also feels responsible for the common interests of the sector as a whole. Accell Group considers certain elements of its CSR policy as pre-competitive and believes these benefit most from a sector-wide approach. Accell Group will take the lead in key collective issues, such as CSR in the supply chain;
- people are the heart of the organisation and Accell Group strives to create a stimulating environment for its employees: fun, safety, health and development.

Organisation

Accell Group has a flat organisational structure. The size of the subsidiaries varies from a workforce ranging from 20 to more than 400 employees. The companies are highly responsible for the operational business, primarily for the positioning of their brand(s) in their respective markets. Together with the holding the strategy and connected CSR policy is determined and designed.

The Accell Group companies are mainly active in the development and marketing of consumer products. In addition, various companies are active in either assembly or distribution – or both - within the creation process. Some Accell Group companies also have their own paint shops and are therefore active in the production of parts. The products are sold to the consumer via specialist dealers and sales organisations.



The image above shows how the themes Accell Group has chosen fit into the chain in which the company operates. Subjects that require close cooperation with multiple partners in the chain include the sustainability of the supply chain, encouraging sustainability among dealers and consumers and activities focused on the social importance of the bicycle as a sustainable mode of transport.

The subjects that are relevant to Accell Group are picked up first and foremost by the individual companies, with support from the holding company. In addition to the management of the companies, the Accell Corporate Sustainability Initiative (ACSI) network plays a crucial role in this approach. This group of managers, who are each responsible for the development and implementation of CSR activities within their own organisation, organise joint webinars several times a year, to exchange information on ongoing initiatives and to coordinate activities. The ACSI network published its first newsletter in 2013 to boost internal communications and raise support for its activities. In the newsletter, Accell Group employees can read about the CSR policy, current themes and the people behind the ASCI network. The newsletter is a key source of information for employees, together with the annual report, and will be published several times in the coming year.

The remainder of this chapter provides more detailed information on the key themes within Accell Group's CSR policy and the results of the related CSIs. Some 70% of all activities were included in the data collection in 2012. This percentage was based upon the number of employees at the companies where data was collected as a proportion of the total number of employees. The data collection was extended in 2013 to cover 89% of the company's employees. The Accell Group companies in Asia are not included in the data collection at this time. Accell Group presents and explains the key data in this annual report. The extended tables and the data presentation in line with the GRI indicators are available on the website in the section 'organisation, structure & work methods'.

Sustainable product

Accell Group contributes to sustainable mobility by providing a sustainable mode of transport, the bicycle. Innovation in sustainable mobility and healthy exercise is a theme that Accell Group works on continuously. Accell Group develops concepts such as the electrically-assisted bicycle to keep people mobile for longer and it supports initiatives that encourage young people to take exercise and fight obesity.

Accell Group wants to make a visible contribution to increasing the sustainability of mobility, to encouraging a healthy lifestyle and consumer safety and enabling older people to remain mobile. In addition to its active participation in relevant task forces, Accell Group will invest more than € 1 million each year into supporting initiatives that support the realisation of these targets. Accell Group once again realised this target in the year under review.

Promoting sustainable mobility and the numerous benefits of bicycle use are very high priorities for Accell Group. Themes such as providing products as an alternative to car use, keeping people mobile, safe bicycle use, safe infrastructure and electric mobility all play key roles in this sustainability drive. Accell Group supports organisations such as the European Cyclists' Federation (ECF), the European industry organisation Colibi-Coliped and national industry organisations such as the RAI in the Netherlands and the ZIV in Germany. Some of this support is financial, but Accell Group also provides capacity to support the activities of these organisations. One current theme is the ongoing lobby to realise wider and safer cycle paths so older people can keep cycling independently for longer. Bollards in the roads, for instance, are a major cause of accidents, especially among older cyclists. Last year saw a concerted lobby effort in support of a new innovative product, the speed-pedelec. This special e-bike, which can travel at speeds of up to 35-40 km/h, is a promising green alternative to the car in commuter traffic, while it also encourages exercise. On a European level, there are major efforts underway to guarantee the safety of this product category. And talks are ongoing with local authorities to determine the correct place on the road for these vehicles, while all relevant parties are looking into the possibility of effective regulations.

SBS: 'Commute Challenge'
US company Seattle Bike Supply (SBS) used 'National Bike Month' to promote the use of bicycles for commuter travel. SBS supported the 'Commute Challenge' in the state of Washington. This is a competition in which the winner is the person who convinced the greatest number of people to cycle to work. In just 31 days, around 13,000 cyclists signed up and cycled a combined total of 2,750,000 kilometers. This is the equivalent of reducing the number of car trips by 1,700 in the month of May and a reduction of 325,000 litres in fuel consumption.

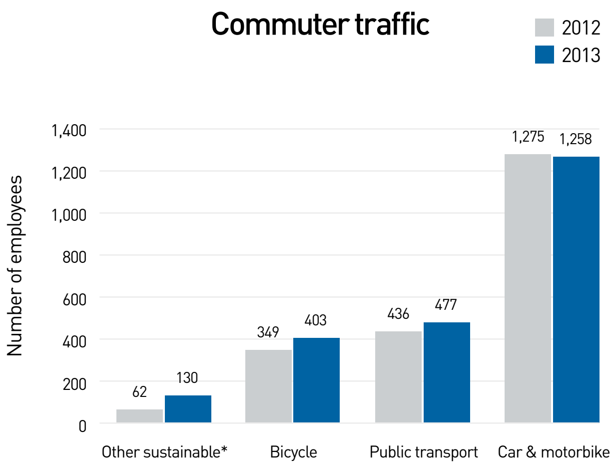
Promoting sports and exercise takes a variety of forms. Accell Group supports industry organisations such as the European Cyclists' Federation (ECF) and the Bikes Belong Coalition in the US, which conduct a wide range of campaigns to encourage sport and exercise. The company also contributes to local initiatives involving school children, sports events and youth events such as the children's camp in Tószeg, the location of the Accell Group production facility in Hungary. Accell Groups' investments in professional cycling teams play a key role in the promotion of sports and exercise. These activities also encourage sport and exercise by creating 'heroes' and role models. The Accell Group companies sponsor various racing and mountain bike teams, such as the Sabina Spitz Pro Team, the Ghost Factory Racing Team, the Haibike Racing Team Haiming, the Koga Cycling Team and the French FDJ Team. Since these activities also serve a commercial purpose, we include 30% of these in the group's total investments in the promotion of sport and exercise.

Lapierre: equipment sponsor of Tour de France team FDJ.fr
Lapierre sponsors the FDJ.fr professional cycling team. Not only does Lapierre develop the best racing bikes for the team, it also inspires other people to get on their bikes. Well-known cyclist Thibaud Pinot and the current French champion Arthur Vichot are major role models for young cyclists. The FDJ.fr Team is well known for the attention it dedicates to professional support for young talents on their way to the top. The team also takes children from deprived areas to watch the Tour de France, in an effort to inspire them to exercise, too. Thanks to these sponsoring efforts, Lapierre contributes to the evolution of the bicycle itself and helps the cyclists of the future.

Safety is crucial. Accell Group sees sustainability and safety as inseparable. For years now, Accell Group has had a seat on various standardisation committees to use its know-how and expertise for the development of international safety standards. In addition to the aforementioned regulations related to the speed-pedelec, the past year also saw considerable attention devoted to adjustment of the standards for electrically-assisted bikes. The sector is close to reaching collective agreements in the areas of mechanical testing and the safe use of electronics and batteries. You can find an extensive overview of the various commissions and organisations in which Accell Group takes part on the website in the section 'organisation, structure & methods / sustainable product'.

Commuter traffic is one of Accell Group's priorities. Accell Group not only wants to encourage others to switch to sustainable mobility and bicycle use; the company also wants to encourage its own employees to leave their cars at home. Accell Group aims to have less than 50% of its employees come to work in a car by themselves.

In 2012, 60% of employees came to work alone by car or on motorbikes. In 2013, that percentage dropped to 55% and there was a clear increase in bicycle use. However, we have not yet reached our target.



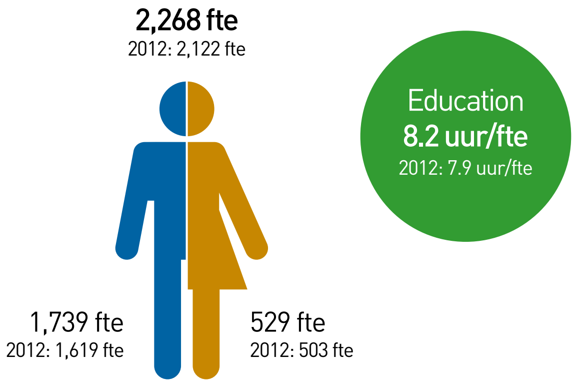
* Other sustainable: carpool, electric transport, by foot, works from home

Currie Tech: 'National Bike Month'
May is 'National Bike Month' in the United States. During this month, Currie Tech organised a lunch in the park for its own employees, which included a two-mile cycle ride. The company made bicycles available for employees who had not arrived at the office on a bike. Around 85% of employees participated in 'National Bike Month'.

Employees

Accell Group wants to be a good employer that offers its employees a challenging working environment that fits their personal abilities and ambitions. Accell Group wants to engage know-how and talent for the long-term and offer its employees a healthy and safe working environment.

Detailed data on the number of employees divided by gender, age, type of contract, and inflow/outflow is presented on the website in the section 'organisation, structure & methods / our employees'.



Noot: fte per ultimo

One of Accell Group's targets is an average investment of 10 training hours per employee per year. In 2013, the average number of training hours per employee rose to 8.2 hours per FTE, from 7.9 in 2012. This is a small increase and Accell Group remains dedicated to realising its target of 10 hours per FTE.

Winora: training and education
Winora has a growing export department and operates in the international market on a daily basis. Winora offers its employees language courses and encourages its staff to think and cooperate internationally. In addition, the product management team and suppliers offer assembly staff in production facilities specific training courses and workshops. Winora has also trained a number of extra staff in the field of health and safety. The company now has a fire safety specialist, a specialist in the field of hazardous substances and various first-aid providers. These specialists also provide training courses for other employees.

Bisiklet: training health and safety
Accell Bisiklet in Turkey held a one day training course on health and safety for all its approximately 400 employees.

Accell Group aims for zero standstill hours due to corporate accidents. If there are accidents within the company, Accell Group always investigates whether these were the result of structural in-company issues. If such is the case, Accell Group takes action to resolve those issues.

Absenteeism
2.96%
2012: 2.84%

Accident
0.09%
2012: 0.03%

In the 2012 annual report, Accell Group reported around 1,100 hours in absenteeism due to accidents. Further investigation revealed that most of these hours were related to accidents that took place outside work and should therefore not have been included in the figures. A number of more minor work-related incidents did lead to adjustments in company processes, for instance the stacking of bicycle tires in a more stable fashion. In another incident, a new employee sustained a back injury by lifting a box incorrectly. Accell Group subsequently set up a training course in safe lifting for new employees. Accell Group will also analyse last year's figures, to determine whether accidents were caused by structural issues and will report its findings in the next annual report.

CO_2 and energy

Accell Group wants to reduce the energy consumption and CO_2 emissions related to both its production activities and its transport movements.

Accell Group has not yet set a firm CO_2 reduction target. After gaining experience with a pilot at Sparta and Batavus in 2012, the company included the CO_2 footprint as a CSI and presented a baseline measurement for 2013. Accell Group reports on the energy consumption within the company, as well as the group's indirect CO_2 emissions.

Accell Group measures energy consumption within the company in accordance with the GRI. This entails measuring all energy sources the company uses on its own boundaries, including (purchased) electricity, natural gas and any other fuel used, but excluding fuel used for transport and distribution. Accell Group also reports indirect CO_2 emissions caused by this energy use in line with the GRI.

Raleigh UK: energy savings
In 2009, Raleigh UK closed an agreement with an installation firm specialising in energy savings. Under the agreement, Raleigh made no initial investment for the work, but instead pledged to share any cost savings related to a cut in energy consumption with the installation firm for the subsequent five years. The project led to considerable adjustments in the form of new fittings, timers and sensors. Through December 2013, this 'Energy Reduction Scheme' resulted in a cut in electricity costs of £ 38,000 (around € 46,000). This translates into a saving of around 13% KWh.

Energy and CO_2	Total energy usage (Tera Joules)	Total CO_2-emissions non-biogenic (ton)	Total CO_2-emissions biogenic (ton)
Generated electricity and -supply			
Purchased non-green electricity from network	43	3,800	0
Purchased green electricity from network	5	0	0
Non renewable fuels	75	3,800	0
Renewable fuels	2	0	160
Total	**125**	**7,600**	**160**

* Non-biogenic is CO_2 emitted through energy generated from sources that are not or renewable or only renewable in the extreme long term. Biogenic is CO_2 emitted through energy generated from sources that are renewable in the short term.

In addition to the reduction of energy consumption, Accell Group also makes efforts to reduce CO_2 emissions that result from travel. One of the tools the company uses to achieve this is the use of webinars. This form of online meeting reduces the need to travel. Webinars were used frequently in the past year and Accell Group will continue to encourage their use in the coming years.

Koga: green energy
The Dutch brand Koga switched to green electricity in 2012 and purchases all its energy consumption from green sources. The company is also trying to 'green' the transport of bikes to its dealers. As part of this effort, Koga uses a hybrid truck, via its transport firm Portena Logistiek in Heerenveen. The ambition is to realise an average 25% reduction in CO_2 emissions and fuel consumption in cooperation with its transport company.

Material use, waste flows and & recycling

Accell Group wants to increase the proportion of sustainable materials it uses in its products. Sustainable materials can be recycled efficiently, contain recycled raw materials and/or have other sustainable properties that have not yet been determined. Accell Group also wants to maximise the recycling of the materials it uses. The company uses smart designs to enable it to both increase the effective use of sustainable materials and the recycling of those materials. The goal is to reduce the quantity of packaging materials in the value chain, from supplier to dealer, and to stimulate the re-use of used and out-of-demand parts.

One of Accell Group's primary goals is to reduce its environmental impact. The Life Cycle Analysis (LCA) that Accell Group conducted in 2012 revealed that the company's biggest environmental impact comes from the use of materials and processing. Over the course of 2013, Accell Group conducted additional research into the possibility of increasing the proportion of recycled materials and increasing the percentage of recyclable materials at the end of a bicycle's useful life. A study of the literature on the subject and discussions with experts in the field of eco-design revealed the following. More than 90% of the materials used in a bicycle consist of various metals and western countries have an extensive network for the recycling of these materials. Viewed globally, the demand for secondary aluminium is still so great that it is easy to find buyers for the high percentage of recycled materials, while there remains a structural need for primary aluminium to meet the overall high demand for aluminium. It appears that further research into the use of secondary aluminium for bicycle production would not be useful at this time.

Accell Group has therefore decided to focus in the coming years on the opportunities for recycling and recycled materials for the more environment-unfriendly material carbon, which is used for the frames of professional racing bikes. Accell Group will also continue to explore the optimisation of the energy use of electric bikes and the recycling of the batteries used.

Recycling of carbon. Recycling may be the last R in the row of Reduce, Reuse, Recycle, but that does not make it any less important. The high-end sports bikes made by brands such as Ghost, Haibike, Koga and Lapierre are often made of the light, high-grade material carbon. As the LCA study from 2012 showed, carbon has a heavy environmental impact. Lapierre has taken the lead in the exploration of potential ways to recycle carbon. The first tests with a carbon processor have shown that it is possible to recycle the end-of-life frames of the bikes. However, the carbon processor has admitted that it is not yet possible to make a complete business case for carbon recycling due to the absence of a sales market for recycled carbon. For the short term therefore Accell Group is collecting and storing the returned carbon materials and transporting this in bulk to qualified processors. On the carbon use front, Lapierre is also exploring the possibilities of producing high-grade fibres from materials other than carbon. The developments in this field are not advanced enough to create concrete opportunities, but Lapierre is following the developments in the market very closely.

Recycling of bike batteries is another priority for Accell Group. Thanks to the strong rise in the popularity of electric cycling, the bicycle sector is faced with a new waste flow of used bike batteries. Accell Group believes that the batteries from e-bikes should be collected, processed and recycled in a responsible manner at the end of their useful life. Over the past year, the Netherlands has followed the example of German organisation GRS (Gemeinsames Rücknahme System) and set up a collective collection and recycling system dubbed Stichting Batterijen (the battery foundation - Stibat) and Accell Group has taken a seat on the board of this foundation. This central collection system for electric bike batteries effectively stops every individual bike manufacturer from coming up with their own collection system. A set of different collection systems could have confronted consumers with different sets of rules, which could result in them not handing in batteries at all. The end result would be batteries disappearing in the local waste system.

Another of Accell Group's concrete goals is to reduce the environmental impact of waste flows and packaging materials, calculated per bike, by 2-4% each year.

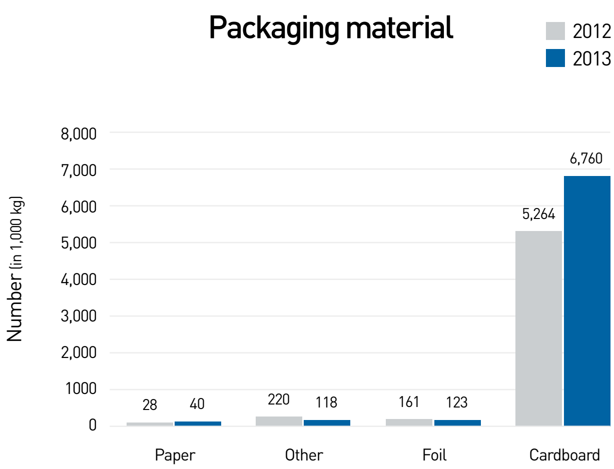
Packaging materials in the logistics chain are important for the protection of the products, but also have an environmental impact. Various Accell Group companies are currently working on the introduction of improvements to reduce the quantity of packaging materials. For instance, German company Winora has reached agreement with its transport companies and dealers on the return of cardboard packaging, so that this can be re-used in distribution. The US firm Currie Tech has changed its loading system and now fixes loads on pallets, which prevents the transport companies from moving the bikes during transport. The company now no longer needs the cardboard packaging to prevent damage to its bikes during distribution. The beauty of many of these initiatives is that they are win-wins, combining environmental and financial benefits.

Accell Group records the quantities of packaging materials – the majority of which is cardboard – it uses in the distribution process.

Hunland: analysis reduction of packaging materials
Hungarian company Hunland has over the past year conducted an in-depth analysis of the packaging materials it uses for the distribution of bicycles. Hunland and its supplier agreed to develop and test alternative designs using less cardboard, so far without success. However, the supplier has also developed packaging using a lighter cardboard and this does seem to have potential. It still needs a number of tests, but it looks like this could lead to a 2.5% cut in the amount of cardboard used.

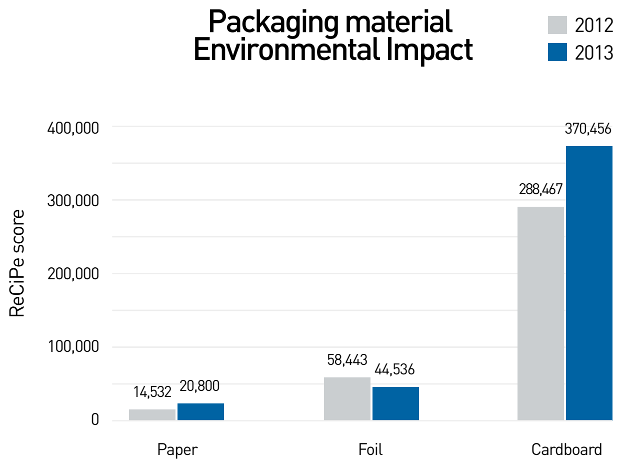
The targets that Accell Group has set itself pertain to the environmental impact of its packaging materials per bike, which was calculated for both 2012 and 2013. The environmental impact of the company's packaging materials in 2013 was 25% higher than in 2012. The Group's initial analysis revealed that this rise was due to errors in the collection of data on 2012 and 2013. The priority for the year ahead is therefore to improve the quality of the data collection. In the meantime, the Accell Group companies will of course continue their efforts to reduce the quantities of packaging materials they use.

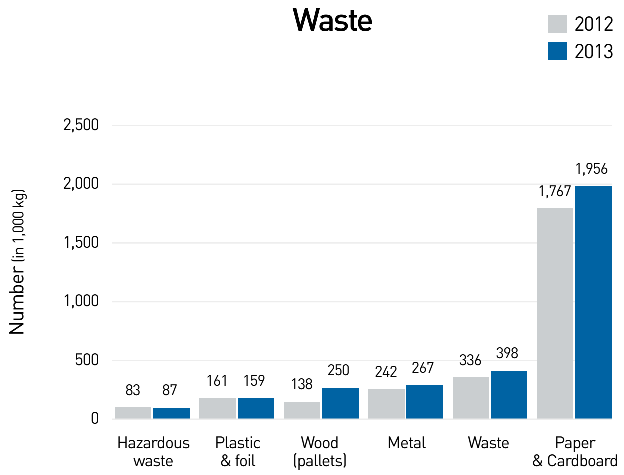
Accell Group also records the quantities of waste transported. The graphs below show only the quantities of waste generated by the European companies. There is no real registration of waste flows in the United States, given that different types of waste are not transported separately and collectors do not register waste flows. Accell Group plans to improve the waste registration of its companies in the United States in the coming year, so we can include these waste flows in our reporting in the future.

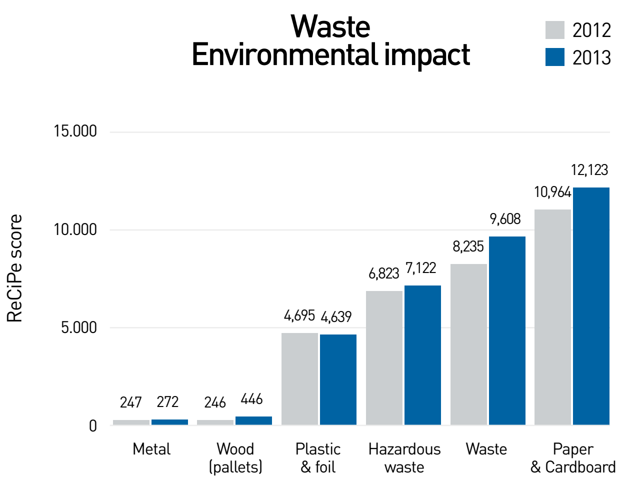


The targets Accell Group has set itself pertain to the environmental impact of waste flows per bike, which we calculated for both 2012 and 2013. The environmental impact of our waste flows in 2013 was 14% higher than in 2012. As with the packaging calculations, this was the result of errors in the data collection. So here, too, Accell Group's priority in the year ahead will be to improve the quality of the data collection. In the meantime, the Accell Group companies will of course continue their efforts to reduce waste flows.

Accell Group has calculated the environmental impact of both packaging materials and waste flows using the ReCiPe method. This is the most recent and most advanced European method for the calculation of environmental impacts. ReCiPe calculates total environmental impact on the basis of 18 different environmental criteria. The environmental impact is expressed in eco-points, with 1,000 eco-points equivalent to the annual environmental impact of one European citizen.







Juncker: 'butter boxes'
Dutch company Juncker uses second-hand boxes to ship its products. These can be either misprinted boxes or actual used boxed. Many of the boxes Juncker uses come from the butter industry, which led to the use of the term 'butter boxes'. In 2013, butter boxes accounted 16.2% of all the packaging Juncker used and this percentage is rising every year.

Chemical substances

Accell Group intends to comply with REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances) and strives to work solely with registered substances, under the right conditions and with the right protective measures. Whenever possible, Accell Group works with alternative materials containing no damaging substances. And the company does its utmost to prevent the damaging effects of working with chemical substances.

To help realise this goal, Accell Group has set up its own chemical laboratory. After delivery and setting up the test equipment of the lab in 2011, the lab started in its first operational year the testing of the components the various Accell Group companies use in their bikes. Accell Group uses its own toxicological test protocol for these tests, combining the relevant REACH and national legal requirements. The regular updates from the likes of the Candidate list Substance of Very High Concern (SVHC) are immediately incorporated in the Accell Group toxicological test protocol and if necessary additional validation tests are carried out.

It would be impossible to test all the individual items and components used by all the group's suppliers on the hundreds of bike variations Accell Group produces and sells. At the same time, a signed REACH statement from the group's suppliers does not offer sufficient guarantees. Accell Group has therefore opted for a pragmatic approach. Accell Group tests existing and new components on the basis of a risk analysis. We have now tested the bulk of the total range, and have reached a situation in which existing products are subject to random testing and we only test items that have changed or have been added to the defined selection on an annual basis. We conducted more than 2,100 analyses on our range in the past year. Around 15% of the tests led to talks with suppliers and agreements on changes to the components.

Chain responsibility

As one of the leading companies in the international bicycle industry, Accell Group wants to take its responsibility for the shared interests of the sector. Accell Group has joined forces with a number of major players to flesh out the chain responsibility of the international bicycle industry, under the flag of the World Federation of the Sporting Goods Industry (WFSGI).

There is no official reporting structure as yet for chain responsibility in line with the GRI indicators. In 2013, the WFSGI working group, chaired by Accell Group, worked hard to draw up a framework for the CSR audit system. This framework is currently under construction. On the basis of the WFSGI's Code of Conduct, the working group has drawn up a 'Self-Assessment Questionnaire (SAQ)', which suppliers can use - as step one in the process - to test their CSR policies. The SAQ is currently being tested at more than 20 suppliers and will be finalised in 2014 on the basis of the feedback from these tests. In cooperation with international CSR audit agencies, the working group is also developing a basic set-up for the official audits, as an extension of the SAQ. Parallel to this process, the companies involved are currently setting up a collective database for the registration of the audit reports. The decision to take a joint approach to this will slow the process down, as all the decisions will have to be approved collectively, but it will result in a robust, effective and efficient system.

In 2013, Accell Group renewed and tightened its own Code of Conduct for suppliers in line with the latest insights pertaining to social and environmental factors. The new Accell Group Code of Conduct for suppliers is fully in line with the Code of Conduct of the WFSGI and can be downloaded from the company website. In 2014, Accell Group will ask its suppliers to re-sign this code. At this point in time, Accell Group companies together have more than 1,500 suppliers, with 300 of these accounting for the bulk of the turnover.


14
14
AFA
REDLINE
REDLINE

Sports bike brands Accell Group shine at word-class cycling events

One of Accell Group's strategic premises is responding actively to the sustainable trend of 'exercising more and healthier living'. For this reason Accell Group inter alia significantly invests in high-quality sports bikes and a number of Accell Group companies sponsors various professional cycling teams. Creating 'heroes' and role models in professional cycling plays a key role in the promotion of sports and exercise for the young as well as elderly.

In line with previous years many of Accell Group's sports bike brands won awards in 2013 at various national and international professional cycling events. For the French Tour de France cycling team FDJ.fr, sponsored by Lapierre among others, 2013 was the best year ever with 33 victories at various road race championships. For example the well-known cyclist Arthur Vichot triumphed in the French National Road Race championships and the team managed to take two stage wins in the Vuelta. Matthijs Büchli won bronze in the Keirin riding a Koga Kimera at the World Championship track cycling in Minsk. Furthermore, the Koga team took numerous golden and silver medals in various categories at the European Championship track cycling in Apeldoorn. In the mountain bike category the Ghost team won several prices during national and world championships, including mountain bike hero Lisi Osl taking the first place at the Austrian championships for mountain bikes. The Haibike team was also successful several times at the highest level, including a world championship victory for teams in Andorra.

CYCLING, A HEALTHY BUSINESS

Good for your wallet

Getting from A to B by bike is cheap. Including purchase, maintenance & repairs and even suitable clothing, cycling costs less than 10 cents a kilometer. If you compare this with the 40 to 50 cents per kilometre that a mid-range car costs, then the choice seems pretty clear.

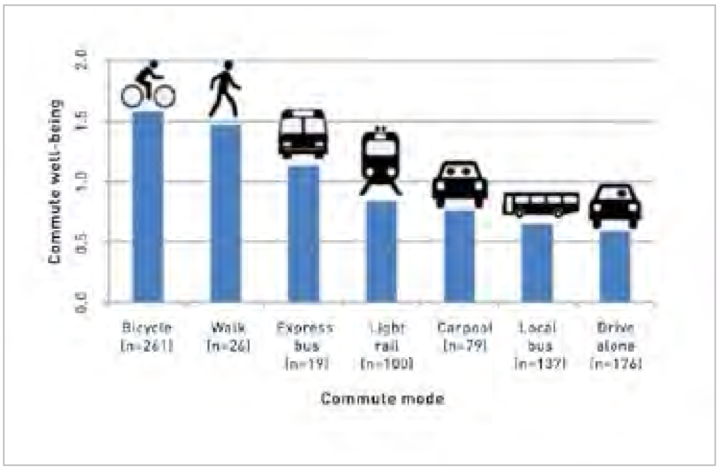
It is well known that people generally don't travel long distances by bike. However, research does show that an average of 70% of all trips people undertake are less than 7.5 kilometers, making them ideal for a bike. And of course more than half of all car trips are in fact less than 7.5 kilometers. So there are still considerable savings to be realised.

It is also well known that cyclists are less protected from the elements, such as rain. But according to statistics, even in a 'wet' country like the Netherlands it only rains 6.5% of the time. So this is hardly a good excuse for leaving your bike at home. And the cycling industry has even come up with a very good solution for wind and steep hills in the form of the electrically-assisted bike. Admittedly, the average cost per kilometer for this somewhat more luxurious variant is double that of a normal bike, but that is still half or even two-thirds less expensive than using a car. And this does not take into account the major difference in purchase value. The extra costs of an e-bike compared with a traditional bike are mainly in higher maintenance costs and depreciation and not, as many people think, in the cost of charging the bike's battery. The electricity needed for an electric bike costs just 15 cents per 100 kilometres. But of course, cycling is not just about being less expensive. Dutch studies show that people attach all kinds of other positive properties to cycling, and think of it in terms such as peaceful, no bother, solitude, no delays and always getting somewhere on time. The studies also reveal that people really appreciate the independence and flexibility of cycling, and give these factors high scores, just fractionally lower than the scores they give for driving.

Public investments in cycling mobility are good investments. Cycle paths and cycle parking facilities take up less space than facilities for cars. Cycling does not harm the environment with either excessive noise or air pollution. It makes city centres more accessible and creates a more social living environment. And it also costs society less. The Technical University of Denmark (DTU) has compared the socio-economic costs and benefits of car-driving and cycling and concluded that cars generally cost society six times more than bicycles. DTU calculated that cars cost 50 cents per kilometer of travel compared with 8 cents per kilometer for a bicycle. This generic calculation includes investments in infrastructure, but also factors in the likes of the time to get from A to B, traffic safety costs, the impact on traffic jams and the environment and public health costs. And although cyclists run a higher risk in traffic accidents, this higher risk is easily offset by the health gains.

Good for body and soul

Getting from A to B by bike makes people happier. Cycling improves the rhythm of people's lives and gives them a greater feeling of happiness. Regular cycling is good for stress, anxiety and depression, and this goes way beyond the brain's release of endorphins as a result of intensive exercise. The quality of a person's heart rhythms is related to their 'emotional brain' and the extent to which someone feels satisfied with their life. Psychiatrists believe that a good stiff half an hour of cycling three times a week has the same impact as anti-depressives after a few months. And it is not just serious sports cycling that has a positive impact on wellbeing. A study conducted by Portland State University found that simply cycling to work can have a positive impact on wellbeing; commuters are a lot happier if they cycle to work!



Other US studies go even further than this and claim that cities in which more people cycle to work actually have a better quality of life. There appears to be a positive correlation between the number of cyclists and a city's happiness levels. Cities with large numbers of cyclists have higher average salaries, higher education levels and more advanced knowledge economies.

One thing is certain and that is that cycling stimulates your brain. Not for nothing did Albert Einstein say: "I thought of that while riding my bicycle". Not only do people get their best ideas while cycling, exercise also slows down the effects of the aging of our brains and is good for the memory. Exercise also appears to improve the ability to learn. Students who take exercise on a daily basis have a much greater chance of getting higher grades. But regular exercise is not just good for students' brains; the entire body benefits. People who exercise regularly their whole lives can expect to live five years longer. This begins back in early childhood. Children whose parents are active and who play sport on a regular basis are twice as likely to have a healthy and active lifestyle. Active children are less likely to be obese, have a greater chance of getting better grades in school and going on to higher education. This boosts their earning potential by some 7-8% and they are more likely to have a better quality of life.

So regular cycling increases your chances of a higher quality of life, but it is also fun, relaxing and healthy. Cycling is the perfect way for people looking to start exercising again, for instance if they are overweight. Cyclists do not have to bear their entire weight on their legs and the impact on joints is minimal. This makes cyclists less injury prone than joggers, for example, and makes cycling an excellent way to get fit or stay fit. This could be through serious sports cycling, or through recreational weekend trips, or simply through cycling to work, taking your children to school or doing your shopping by bike. Depending on their body weight, people burn between 200 and 350 calories during a relaxed half-hour of cycling. Picking up the speed can increase this to 1.000 calories an hour for a real work-out.

Experts recommend that people exercise for at least half an hour five times a week. This can also be two 15 minute periods of exercise, which means a cycle trip to work – and back – is often enough to make a difference. Research carried out by TNO in the Netherlands has shown that regular cycling increases fitness by 13% and makes you some five to 10 years 'younger'. It also reduces absenteeism and reduces the cuts of getting various first world diseases. For instance regular cycling reduces the chances of vascular disease by 11%. It has also been shown to lower the incidence of adult-onset diabetes (diabetes type 2), keep your arteries clean and reduce the chances of various types of cancer thanks to active fat-burning. In short, it reduces the likelihood of an early death by almost 40%: long live the bike!

Good for the environment

So cycling is healthy, but it is also a quiet, clean and green way to get from A to B. The bike is the only mode of transport that does not release any kind of pollutant into the air. Even the e-bike does not emit any pollutants during use. Of course, the power plant emits CO_2 while generating the electricity needed to charge the battery. But this is less than 2% of the 200 grams of CO_2 that the average car emits per kilometer. In Accell Group's 2012 annual report, the environmental impact of the production and recycling of bikes was reported. Depending on the type, this impact corresponds to around 500 kilometers of car use.

In other words, leaving the car at home and using the bike instead, will have completely offset the environmental impact of a bike in a mere 25 bike trips of 20 km or in six months of regular cycling to work or to the shops (5km). Every single kilometer cycled after that in fact reduces the environmental impact. While it is true that you have to cycle 2.5 to five times as a much as for a traditional bike to offset the environmental impact of an electrically-assisted bike, they still reduce your environmental impact quite substantially. After all, people tend to make longer trips using an electrically-assisted bike than they do with a normal bike.

It should be clear then that cycling (with or without the helping hand of electric assistance) makes sense economically, health-wise, socially and environmentally. Replacing even short car trips with the bike has an enormous positive impact on the environment. And for the people going to their sports club, cycling is the perfect warming-up for any sporting or fitness activity!


We love all bicycles.
We love all sports.
And we love the combination.
HAIBIKE
RALEIGH
LAPIERRE
BATAVUS
GHOST
KOGA
XLC
WINORA
SPARTA
VanNicholas
REDLINE
DIAMONDBACK BICYCLES
Whether you play with a team or cheer for your favorite sport club, The Accell Group has a bicycle that can get you to your event. Our brands are for all cyclists and are perfect for riding to work, home, around the city, through the country-side, for weekend rides, to the playground, the beach, in the mountains, in the Tour de France, and to your sport club. We are 100% committed to offering the best products from our portfolio of international brands. See for yourself: www.accell-group.com
THE PREMIER CYCLE AND FITNESS GROUP
ACCELL GROUP

CYCLE OF ACTIVITIES

Each year the brands of Accell Group release a new series for the bicycle season, which runs from September until September. A large part of the new series comprises of new models.

Market research

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

Most of Accell Group's bicycle and fitness brands are 'familiar faces': highly reputable brands that call for a unique and specific approach. All of the companies regularly carry out market research as a basis for charting the ever-changing requirements of demanding consumers. The companies communicate with consumers through consumer panels and targeted surveys. Accell Group also maintain close contact with the specialist retail trade for the same purpose. The company coordinates the exchange of information about consumer behaviour and trends at group level, the premise being 'efficiency in inspiration'. This prevents overlapping research and promotes the optimum exchange of information and ideas. Product managers meet suppliers and visit events to learn about the latest techniques and trends for usage in Accell Group's products.

Design

Operating close to the market means that each brand has its own design and development teams that focus on the development of new parts, models and colours. Consumer research is also important at this stage to evaluate the development process and adapt it where necessary. Product design is an important differentiating factor. What consumers want is always a priority in that respect. The design and development teams come up with a new range every year, often with a focus on innovation and design. Each brand has its own unique positioning. The holding company optimises the positioning of the individual brands through portfolio management per brand, segment and country.

Development

Accell Group devotes a great deal of attention to various short and long-term innovation projects and to the exchange of knowledge. The central themes of development and innovation are comfort, safety, handling, weight, application of electronics, sustainability and all technology with regard to electrical bicycles. Thanks to central coordination, Accell Group can apply innovations broadly right across the group. Throughout the year, Accell Group stimulates, organises and facilitates centrally organised meetings for R&D-managers and product managers to exchange on new ideas, the progress on the development of ongoing projects and market intelligence.

Partnership and team building in product development and production result in cost savings and accelerated innovation projects, and all of this combined translates into a shorter time-to-market. Each year there are several innovations within the group, protected by international patents when possible.

The various awards that Accell subsidiaries have won over the past year are a clear endorsement of a significant part of Accell Group's strategy: to use continuous innovation on the technology and design fronts to reinforce and extend Accell Group's competitive edge in the market.

In 2013, the following products were honoured with awards:

Koga BeachRacer
The Koga BeachRacer won a Eurobike 2013 award. The BeachRacer is the ultimate combination of a Cyclo crosser and 29-inch mountain bike. The unique cycling features are perfectly geared to the requirements of beach racing, and also make the BeachRacer perfect for super-fast trail cycling.

Ghost AMR Lector 2995 E:i
The Ghost AMR Lector 2995 E:i won a Taipei Cycle D&i award 2013. This bicycle is nothing less than a revolution in the All Mountain bike class. The super-light AMR carbon frame is perfectly tuned to the 29-inch wheel set. It guarantees the highest possible traction and optimal performances on technical Downhill tracks. The E:i frame suspension technology also guarantees optimal frame set-up. The AMR Lector 2995 E:i is the new benchmark in trail class bikes.

Koga X29-Runner

The Koga X29-Runner won a Red Dot 2013 award. Weighing just 9.9 kilos, the X29-Runner is a super-light mountain bike, perfect for sporty all-rounders. The bike is highly stable and offers great manoeuvrability, thanks in part to the lightweight carbon front fork.

reddot design award
winner 2013

Koga F3

The Koga F3 was another winner of a Red Dot 2013 award. The F3 is a great combination of performance and design in perfect balance. The form and functionality of this tour bike come together in harmonious symbiosis and make the F3 and extremely powerful model.

product design award 2014

reddot design award
winner 2013

One of Accell Group's strategic priorities is continued technological innovation on the electrical bicycle front, given the enormous long-term international growth potential of this segment. Many of the subsidiaries apply the technology Accell Group develops, each time translating the available technology to the positioning and values of their own brands. The market for electrically-assisted bicycles is evolving very rapidly, with lifestyle playing a significant role in the development of the segment. The traditional image of electrically-assisted bicycles as 'bikes for senior citizens' is changing, and the market is expanding to a much wider user base and a broad range of uses, from recreation to mobility for short and medium distances, including commuting to work and back.

Examples of these new developments include:

Haibike Xduro
A high-end sporty electric mountain bike

Sparta ION E-speed
A speed pedelec, mainly for commuter travel

Sparta e-bike testcenter

A lot of attention is also spent on the development of high grade bikes for sporting use. Continues new techniques and innovations are applied to ensure the brands gain leading positions in their respective markets. The active, sportive (competition) bicycles are the target group. The international character of sports bikes plays an important role here. The Accell Group subsidiaries with strong cross border distribution networks (including Lapierre, Ghost, Haibike and Koga) closely align with regard to the development of components and bicycles aimed at the optimization of the collaboration between man/machine. Each year important improvements are realized with regard to frames, forks and suspensions from racing bikes, time trial bicycles, MTBs and downhill cycling.

Marketing

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

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

Sourcing and production

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

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

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

Sales and after market service

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

The demand for custom-made bicycles is growing faster due to increasing use and opportunities of the internet. Through the use of the internet and web technology the consumer is able to fully design its own bicycle, often in collaboration with the dealer. The brands Koga ('Koga Signature'), Lapierre ('Webseries'), Staiger ('Sinus') and Haibike have built on ample experience with custom made bicycles programs.

Distribution

Accell Group believes the best way to distribute its products is through intensive cooperation with and support for the specialist retail trade, consisting of bicycle shops and sports shops. These shops are in a perfect position to guarantee end-users the best possible service levels. The specialist retail trade is also developing rapidly: points of sale are becoming larger and more modern, which creates opportunities for very close cooperation in service, support, in-store marketing and direct marketing. The majority of consumers consider specialist retailers an important partner for advice and service, especially in the 'after sales' process that involves the final checks and assembly and ensuring that a bicycle is ready for immediate use. These services are an important part of the added value of the Accell Group brands.

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

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

CORPORATE GOVERNANCE

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

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

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

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

Corporate governance structure

General

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

Board of Directors

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

The Board of Directors is responsible for compliance with all relevant laws and regulations, for the management of the risks associated with the company's business operations and for the financing of the company. The Board of Directors reports on same and discusses the internal risk management and audit system with the Supervisory Board. One of the risk management tools Accell Group uses is the Code of Conduct posted on the website (under 'Corporate Governance'). This annual report includes a chapter titled 'Risks and Risk Management' (page 75 and beyond), which describes the internal risk management and internal control systems in more detail.

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

On 25 April 2013, the General Meeting granted the Board of Directors a mandate to acquire shares in the company's own capital. The mandate was granted under the following conditions:
- the mandate would remain in effect for 18 months (1 November 2014);
- the Supervisory Board's approval would be required for the acquisition of shares in the company's own capital;
- the number of shares would not exceed 10% of the issued share capital; and
- the acquisition price would not exceed 110% of the average price on the preceding five trading days.

The agenda for the General Meeting of 24 April 2014 once again includes a proposal to grant the Board of Directors a mandate to acquire shares in the company's own capital under the same conditions as those set out above (on the understanding that the mandate applies till 1 November 2015).
Decisions to issue shares are taken by the General Meeting, insofar as and as long as it has not appointed another company body to do so. The preferential right can be limited or excluded by the company body authorised to pass resolutions on issuing shares, provided that said right is assigned expressly to that company body. A resolution of the General Meeting of 25 April 2013 has extended the period in which the Board of Directors is empowered with the approval of the Supervisory Board to issue cumulative preferential shares B to 1 November 2014. At the same meeting the term in which the Board of Directors is empowered with the approval of the Supervisory Board to:
- issue ordinary shares up to a maximum of 10% of the outstanding share capital; and
- limit or exclude the preferential right upon the issuance of ordinary shares;

extended to 1 May 2015.

The agenda for the general Meeting of 24 April 2014 includes a proposal to extend that term to 1 November 2015.

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

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

The Supervisory Board determines the remuneration of the individual members of the Board of Directors, using the policy adopted by the General Meeting most recently on 22 April 2010. The Supervisory Board also compiles an annual remuneration report, which contains an explanation of the remuneration of the individual members of the Board of Directors. A summary of the main points of the Supervisory Board's remuneration report for 2013 is included in the chapter titled 'Report of the Supervisory Board' in this annual report.

Supervisory Board

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

The Supervisory Board has drawn up regulations which include the distribution of its tasks and its operating methods. The regulations include a section on its interaction with the Board of Directors, the General Meeting of Shareholders and the Works Council. The regulations were most recently amended in a decision of the Supervisory Board dated 21 July 2011. The regulations can be found on the Accell Group website (under 'Corporate Governance/Supervisory Board').

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

A member of the Supervisory Board shall retire no later than the date of the first Annual General Meeting held four years after his or her initial appointment to that position and in such instance immediately at the end of said meeting. Members of the Supervisory Board may be appointed to the Supervisory Board for a maximum of three four-year terms. The members of the Supervisory Board receive a remuneration to be determined by the General Meeting.

The Supervisory Board has drawn up a retirement schedule, which is published on the Accell Group website (under 'Corporate Governance/Supervisory Board').

The Supervisory Board has appointed from its midst an audit committee comprising Mr. J. Van den Belt (chairman) and Mr. P.B. Ernsting, and a selection/remuneration committee, comprising Mr. J.H. Menkveld, chairman, after the Annual General Meeting of 25 April 2013 succeeded by Mr. A. Kuiper, and Mr. A.J. Pasman. These committees are charged with preparatory activities as part of the decision-making process of the Supervisory Board. In a decision dated 21 July 2011, the Supervisory Board established regulations for the audit committee and the selection/remuneration committee. These regulations can be found on the website (under 'Corporate Governance/Supervisory Board').

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

Composition Board of Directors and Supervisory Board

The composition of the Accell Group Board of Directors has not changed since the new directives on the proportion of men and women on the Board of Directors and Supervisory Board came into effect on 1 January 2013. Accell Group was therefore unable to meet the target of 30% women on the Board of Directors. Accell Group will do its utmost to achieve a balanced composition of the board in any future appointments of Directors. Accell Group also strives for, among other things, a balanced mix in the composition of its Supervisory Board in terms or age and gender and has recorded such in the profile for members of the Supervisory Board. In line with this aim, the Supervisory Board specifically attempted to nominate a female candidate for appointment during the general Meeting of Shareholders in the spring of 2013, since Mr. J. H. Menkveld stepped down from the Board after the end of said General Meeting of Shareholders. However, arriving at a nomination for a female candidate ultimately proved not possible. Since Accell Group attaches great importance to a balanced mix in composition of the Supervisory Board, this aspect will be taken into consideration as much as possible in future appointments of members of the Supervisory Board.

General Meeting of Shareholders

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

The General Meeting is chaired by the chairman of the Supervisory Board. All matters discussed and resolved in the General Meeting are recorded in the official minutes of the meeting. Accell Group considers it important that as many shareholders as possible participate in the decision-making processes of the General Meeting. Shareholders and other holders of voting rights are therefore offered the opportunity to issue voting proxies or voting instructions ahead of the General Meeting. The Board of Directors was delighted that the General Meeting of 25 April 2013 was attended by shareholders representing 59.6% of the total number of outstanding shares.

External auditor

The General Meeting appoints the external auditor. The external auditor reports their findings with respect to the audit of the annual accounts simultaneously to the Board of Directors and the Supervisory Board and records the results of their findings in a statement. The General Meeting may question the external auditor about their statements regarding the accuracy of the annual accounts and the external auditor attends said meeting and is authorised to speak at same for that reason. The Supervisory Board has nominated the company's current external auditor, Deloitte Accountants B.V., for reappointment for the audit of the annual accounts for the 2014 financial year. The reappointment of the external auditor is on the agenda of the General Meeting of 24 April 2014.

Regulations

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

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

The Board of Directors has laid down a whistleblower regulation and published same on the Accell Group website (under 'Corporate Governance'), so employees are able to report on alleged irregularities within Accell Group and its associated companies without harming their legal position.
The Insider Trading Regulation established by the Board of Directors aims to provide rules to support the legal stipulations to prevent insider trading. The basic premise of the Insider Trading Regulation is that people should not enter into or recommend transactions in Accell Group shares and other financial instruments within the meaning of the Law on financial supervision if they have insider knowledge. Under the Insider Trading Regulation, members of the Board of Directors, Supervisory Board and so-called designated persons at Accell Group are subject to various closed trading periods, announced by the Board of Directors or the compliance officer, in which they are not allowed to conduct any transactions, regardless of whether they have insider knowledge or not. In line with the Insider Trading Regulation, people with a reporting obligation must report transactions they have conducted to the compliance officer. The members of the Board of Directors and the Supervisory Board also have to report their transactions to the Dutch Financial Markets Authority AFM.

Corporate governance policy

Conflicts of interest in transactions

No transactions involving a conflict of interests, as specified in best practice provisions II.3.4, III.6.3 and III.6.4 of the Code, occurred in the 2013 financial year. The regulations governing the Supervisory Board include rules for dealing with potential conflicts of interest involving members of the Board of Directors, members of the Supervisory Board and the external auditor in relation to Accell Group. Furthermore, they determine the types of transaction that require the approval of the Supervisory Board.

Protective measures

To protect the continuity of Accell Group and its stakeholders, on 2 April 2009 Accell Group entered into an (amended) put and call agreement with Stichting Preferente Aandelen Accell Group.

Pursuant to the put agreement, the Stichting Preferente Aandelen Accell Group is obliged to take the number of shares that will make it the holder of one half minus one share of the issued (increased) capital whenever Accell Group issues cumulative preference shares B. Accell Group may issue cumulative preference shares B at any time when it believes there is a threat to the independence and/or continuity and/or identity of the company, the associated enterprise and the parties involved in same. Pursuant to a decision by the General Meeting dated 25 April 2013, the Board of Directors, subject to the approval of the Supervisory Board, will be entitled to issue cumulative preference B shares until 1 November 2014. An extension of the period, until 1 November 2015, will be requested at the General Meeting to be held on 24 April 2014.

Pursuant to the amended call agreement, the Stichting Preferente Aandelen Accell Group is entitled, until 1 July 2019, to subscribe for the number of cumulative preference shares B that makes the Stichting Preferente Aandelen Accell Group holder of one half minus one share in the issued (increased) capital after said subscription. The Stichting Preferente Aandelen Accell Group is entitled to exercise this right any time it believes there is a threat to the independence and/or continuity and/or identity of the company, the associated enterprise and the parties involved in same. Pursuant to the put and call agreement, Stichting Preferente Aandelen Accell Group has the right to make an appeal for an inquiry (as meant in article 2:345 of the Dutch Civil Code) with the Corporate Chamber of the Amsterdam Court.

The main aim of the Stichting Preferente Aandelen Accell Group, which has its registered offices in Heerenveen, is to represent the interests of Accell Group and its associated enterprise, such including enterprises which are maintained by the companies with which it is affiliated in a group and all parties involved in same. In doing so, the Stichting Preferente Aandelen Accell Group safeguards to the greatest possible extent the interests of Accell Group and its associated enterprise and all parties involved in same, while at the same time resisting as much as possible any influences which may affect the independence and/or continuity and/or identity of the company and its associated enterprise in conflict with those interests. The board of the Stichting Preferente Aandelen Accell Group consists of three board members, namely Mr. H.M.N. Schonis, Mr. B. van der Meer, and Mr. H.A. van der Geest. In the opinion of the company and in the opinion of the Stichting Preferente Aandelen Accell Group, the Stichting Preferente Aandelen Accell Group is independent from the company within the meaning of Section 5:71, paragraph 1c of the Financial Supervision Act.

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

Compliance with the Code

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

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

Best practice provision II.1.1

This provision refers to a system stipulating the appointment of directors for a maximum of four years. However, the present members of the Board of Directors were appointed for an indefinite period prior to 2005. Accell Group has decided to respect the contractual status quo of the present members of the Board of Directors. Nevertheless, in the future, new members of the Board of Directors will generally be appointed for a maximum period of four years.

Best practice provision II.2.5

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

Best practice provision III.4.3

In view of the size of the company, Accell Group has refrained from creating a position for a secretary to the company. The tasks of the secretary as described in best practice provision III.4.3 are performed by the deputy chairman of the Supervisory Board.

Best practice provision III.6.5

There is no regulation as the members of the Board of Directors and the Supervisory Board until recently fulfilled no other executive and/or supervisory positions at other publicly listed companies. Mr. A. Kuiper, appointed at the General Meeting early 2013 as a member of the Supervisory Board, is a board member at the publicly listed company Hunter Douglas. Accell Group will therefore establish a regulation in 2014.

Best practice provision IV.3.1

Best practice provision IV.3.1 requires that analyst meetings, analyst presentations, presentations to investors and press conferences be externally accessible via webcasting, telephone lines or other means. In view of the organisation entailed by the aforementioned types of broadcasts and the current size of the company, Accell Group has decided not to comply with this provision for the time being. Share price sensitive information is published on the website www.accell-group.com and presentations given during analyst and press meetings are published afterwards on the website.

Best practice provision IV 3.13

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

Regulation article 10 of the Takeover Directive

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

a. The company capital is € 650,000 divided into 65,000,000 ordinary shares with a nominal value of € 0.01 each, divided into 27,500,000 ordinary shares, 5,000,000 cumulative preference shares F, and 32,500,000 cumulative preference shares B. From 10 March 2014 the issued and paid-up capital of Accell Group amounted to € 244,028.49 divided into 24,402,849 ordinary shares with a nominal value of € 0.01 each.
b. The company has no statutory or contractual limitation on the transfer of shares, with the exception of the statutory blocking provision with respect to the transfer of cumulative preference shares F.
c. An overview of substantial participations in Accell Group is included on page 94 of this annual report.
d. There are no extraordinary voting rights attached to the shares issued by the company.
e. Accell Group does not have an auditing mechanism for an employee share scheme.
f. There are no limitations on the execution of the voting rights attached to ordinary shares.
g. The company is not aware of any agreements in which a shareholder of the company is involved and which may cause limitations on the transfer of shares or limitation of the voting rights.
h. The provisions for the appointment and dismissal of members of the Board of Directors and the Supervisory Board and changes to the articles of association are incorporated in the articles of association of the company, which can be consulted on the Accell Group website (under 'Corporate Governance').
i. The powers of the Board of Directors and in particular their right to issue shares in the company and acquire shares in the company are described from page 67 onwards in this annual report.
j. A number of agreements between the company and its financiers include the provision that the financiers have the right to dissolve the agreements and reclaim the loans issued prematurely in the event of a substantial change to the control over the company following a public bid as meant in article 5:70 of the Financial Supervision Act.
k. The company is not aware of any agreements with directors or employees which provide for a payment in the event of the employment being terminated following a public bid as meant in article 5:70 of the Financial Supervision Act.

RISKS AND RISK MANAGEMENT

Introduction

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

Risk management system

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

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

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

Organisation

The Board of Directors is responsible for the set-up and operation of the internal risk management and control system. Market and operational risk management is, in principle, organised at operating company level. Management and control measures relating to acquisitions, treasury, financial reporting, tax and legal issues are centralised at group level. Accell Group has a decentralised management philosophy, in which the local targets are determined in consultation between the Board of Directors and management of the subsidiaries. Progress is monitored through the financial planning cycle and management information, the risk analysis and regular visits by the Board of Directors to the subsidiaries. The Supervisory Board is responsible for supervising the performance of the Board of Directors, and specifically monitors the strategic risks and the set-up and operation of the risk management and internal audit systems.

Risk analysis

The Board of Directors and the management of the subsidiaries draw up periodical analyses of the strategic, operational and financial risks. For the purpose of the risk analysis an extended inventory was conducted of internal and external risks which are reviewed by the members of the Board of Directors and management of the subsidiaries individually on possible effects on the company. The control measures of the main risks are also assessed. The Board of Directors aims to constantly assess the system and improve same where necessary. The outcome relating to the risk analysis and the main risks are discussed periodically with the Supervisory Board.

Financial planning cycle and management information

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

Internal risk management and control system

To ensure the quality of the company's financial reporting and operational audits, Accell Group uses an extensive system of administrative organisation and internal audits. The audit system is largely anchored in the company's information systems.

Financial administration guidelines

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

Internal audit

Following appointment in 2011, the Internal Auditor has worked on the details of the internal audit plan, the required audit framework and the clarification of the business control framework. In 2012 and 2013, internal audits were conducted at various Accell Group subsidiaries and devoted attention to group-wide control measures. In 2014 the same process will be conducted. The proceedings of the Internal Auditor are mainly focussed on the continuous improvement of the quality of internal audits.

External audit

An annual audit plan is drawn up by the external auditor. In the context of the audit of the annual financial statements by the external auditor an assessment is carried out regarding the set-up and presence of the most important internal controls of the business processes. This is reported in a formal letter to the management. The most important findings are discussed with the plenary Board of Directors and also with the audit committee of the Supervisory Board.

Letter of Representation

All directors of the subsidiaries each year sign a Letter of Representation, which is a detailed declaration related to financial annual reports and the presence and functioning of the internal control systems.

Other risk management measures

- in 2013, the Code of Conduct has been updated and determined again by the Board of Directors of Accell Group and approved by the Supervisory Board. The Code of Conduct applies to all personnel of Accell Group and its subsidiaries and is published on the Accell Group corporate website;
- the basic premises for the directors of Accell Group's operating companies are recorded in management regulations. These include detailed regulations on the subjects of internal decision making and communications;
- in 2013, the Whistleblower scheme has been updated and determined again by the Board of Directors of Accell Group and approved by the Supervisory Board. The Whistleblower scheme has been published on the corporate website of Accell Group and ensures that possible violations of existing policy and procedures can be reported without any negative consequences for the person reporting the violation;
- in 2013 is was decided to centralize the guidance on inventory in such a way to gain more control on the effects of the decentralized structure of the logistics organisation with regard to the level of inventories.

Risk analysis

The results of Accell Group are affected by the general economic conditions and the economic outlook of the countries in which the company is active. The conditions in the key purchasing markets also play a role. The following overview – not arranged in any particular order – is not an exhaustive list of risks to which the company is exposed.

Marketing and development

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

Competition

The bicycle sector is characterized by intense competition between existing providers, while at the same time new providers and sector related products enter the market. There is a risk that Accell Group is not sufficiently able to predict the behaviour of (potential) competitors or to respond to it adequately. Accell Group spends a lot of time and money on market research, of which the outcome is partly used in the decision process.

Changes in the market

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

Seasonal sales and logistical risks

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

Product liability

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

Acquisitions

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

Accell Group uses varying internal know-how and experience, and also hires external experts. The Board of Directors is always directly involved in an acquisition. The Supervisory Board is an active partner in the acquisition process and must approve acquisitions.

New companies are generally integrated into the group in the short term. Accell Group is constantly looking for and in contact with potential acquisition candidates.

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

Currency and interest rate

Turnover, profit and cash flow of the company are subject to exchange rate fluctuations of non-functional currencies. This pertains primarily the US dollar and to a lesser extent the Japanese yen, the Canadian dollar, the British pound and the Taiwanese dollar. Changes in interest rates also affect the company results and cash flow. Accell Group seeks to minimise the impact of non-functional currencies and controls the transaction risk by covering its currency needs with derivatives. All derivatives used have an underlying economic basis. This principle is applied strictly to prevent potentially speculative positions. Accell Group has an active interest rate policy, partly through the use of interest rate swaps.

Financing risk

The company is partly financed via a banking facility, which is used to absorb the impact of seasonal fluctuations in working capital, or to finance (smaller) acquisitions. There is a risk that the company will not be able to obtain the required financial resources, or not obtain those resources on time, to meet its financial obligations, which may endanger the growth of the company. Accell Group mitigates this risk with a committed group financing facility which has been agreed upon with a number of solid financing parties. The facility is in line with the characteristics of the company and provides the financing parties with sufficient transparency and security. The conditions of the committed facility are disclosed in more detail in the financial statements on page 148 of the annual report.

Import duties

Imports of bicycle components from outside Europe are subject to various types of duty. There is a general import duty (5-15%), while certain countries enjoy discount rates. In addition, an anti-dumping duty applies to imports of bicycles from China to Europe. The current duty for imports from China is 48.5%.

The regulation also applies to imports of specific bicycle components from China to prevent the import of near-complete bicycles in the guise of components. The main purpose of the regulations is to prevent the import of complete bicycles at unfair price levels. Bicycle manufacturers that import components for in-house assembly are exempt from this duty. All the Accell Group companies are exempt.

The absence of such duties, or a substantial change to the level of the duty, could result in changes to the supply and demand structure in the European bicycle markets. Accell Group positions its bicycle range in the higher market segment. In terms of strategic positioning in this segment, quality and response time to market developments are of key importance. The share of assembly costs in the total cost price of bicycles in the higher segment is limited. This reduces the impact of a possible termination or substantial reduction of the import duty.

Imports of bicycles to the United States of America are not subject to specific duties.

Further risk analysis

As part of the risk management system the Board of Directors and local management conducts a biennial risk analysis, being an assessment of the probability and the impact of potential risks. On this basis, a ranking of the most significant risks is determined, which is currently as follows:

1. currency risk;
2. financing risk;
3. competition;
4. seasonal sales and logistical risks.

Statement of the Board of the Directors

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

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

- the financial statements as included on pages 97 to 166 of this report provide a true representation of the assets, liabilities and the financial position on the balance sheet date, as well as the profit for the financial year of Accell Group N.V. and the companies included jointly in the consolidation;
- the annual accounts as included on the pages 28 to 80 of this report provide a true representation of the situation on 31 December 2013, and the course of business at the company and at companies included in the joint consolidation during the 2013 financial year. This annual report includes a description of the actual risks Accell Group N.V. faces.

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


SHIMANO

Susanne Puello, CEO Winora Group

Winora; famous in Germany

Although 1914 is regularly cited as the year Winora was founded, Susanne stresses that 1914, the year the Great War broke out, was the year her great-grandfather started building bikes to compete in German speed cycling championships. But the company didn't open its first small retail shop until 1920.

"Then my father took over in 1955. It was under his leadership that the company became a significant bicycle player. In 1996, Winora was sold to Derby Cycle Group. 'At first, this was kind of hard, as we were used to being an independent company. But then again, under Derby Cycle and later on as part of Accell Group, it was possible to partly hold on to our independent entrepreneurship. What's more, thanks to Accell Group, we now have a very strong financing base. This has helped us to grow much more quickly, both in bikes and in parts."

The strong financing base, the expertise and support Accell Group offers, really lightens the load for the people at Winora. They can now focus on the company's brands, products and customers. And there is plenty of cooperation within the group, mainly in the back office. "When an order comes in to the factory, we can get a package out in just 45 minutes. Now that's what I call efficiency," Susanne says, adding "and all the brands are very much allowed to run their own business".

Globally, 2013 was a tough year, Susanne acknowledges. "It was also an exceptional year. We started with a harsh winter that lasted until April. Then we had severe flooding in Germany, Austria, Switzerland, the Czech Republic and France. Nevertheless Winora managed to achieve good results. The market is expected to grow again this year and we expect to further expand our outstanding position in the market."

WINORA
GROUP

Instead of jumping on the bandwagon, we built one ourselves.

Winora entered the e-bike market relatively late, in 2008. "But this enabled us to take a fresh approach and not focus exclusively on elderly people. Because we were targeting the whole market, we managed to attract a much younger target group. For instance, the full suspension Haibike XDURO mountain bikes created a whole new niche market that simply didn't exist before. Instead of jumping on the bandwagon, we built one ourselves."

If bicycle manufacturers want to continue increasing market penetration, the traditional manufacturer-dealer set-up needs to change, Susanne stresses. "Dealers need to become more service orientated. Technology is increasingly important, and bikes are being connected to all kinds of apps. So we need to change, like the world is changing." For one thing, she adds, "e-commerce is an increasingly important factor. Of course, dealers will continue to play a major role, due to the added value of face-to-face contact with customers".

That said, 'e-performance' is now the main driver of the business, with Haibike achieving excellent results via e-channels and setting a new benchmark in the industry. In January of 2014, Haibike won five iF design awards, giving it a 100% award rate. "We are obviously very proud of that, especially our design team."

Winora tends to focus on one or two clear targets every year. For 2014, the first major target is the US roll-out, largely through the Haibike brand, with the first bike set to go on sale in April. The Asian market will also be important, especially China. "We'll be using the Made in Germany slogan in our marketing and advertising," Susanne says. "It stands for quality and design. And any other compliment you might like to come up with!" she adds, smiling.

Chancellor Angela Merkel visits Winora stand at the Eurobike 2013 bicycle trade show in Friedrichshafen, Germany.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board comprises the following members:

Mr. A.J. (Ab) Pasman (1950), Chairman

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

Mr. J. (Jan) van den Belt (1946), Deputy Chairman

Mr. Van den Belt (Dutch nationality) was appointed to the Supervisory Board on 20 April 2006. He was CFO and member of the Board of Directors of Océ N.V. until the end of October 2008. Mr. Van den Belt is a member of the Supervisory Boards of Groeneveld Groep B.V., Attero Holding N.V., N.V. Holmatro, the Advisory Boards of Scheuten S.A.R.L. and of the Bosal Council, as well as a member of the Executive Board of Stichting Ahold Continuïteit. Mr. Van den Belt qualifies as the financial expert referred to in the best practice Article III.3.2 of the Dutch Corporate Governance Code. Mr. Van den Belt's term of office runs until the Annual General Meeting of Shareholders due to be held in the spring of 2014.

Mr. P.B. (Peter) Ernsting (1958)

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

Mr. A. (Aad) Kuiper (1960)

Mr. Kuiper (Dutch nationality) was appointed to the Supervisory Board at the General Meeting of Shareholders of 25 April 2013. Mr. Kuiper is Vice President and President & CEO of Hunter Douglas EMEA (Europe, Middle East and Africa) and has worked at Hunter Douglas N.V. since 1997. Mr. Kuiper has worked in various management positions at Akzo Nobel between 1987 and 1997, both in the Netherlands and abroad. Mr. Kuiper is Chairman of the Advisory Board of Scheuten S.A.R.L. and a member of the Supervisory Board of Bonarius Holding B.V. Mr. Kuiper's term of office runs until the Annual General Meeting of Shareholders due to held in the spring of 2017.

Independence

Each member of the Supervisory Board is independent in the meaning of best practice provision III.2.2. of the Dutch Corporate Governance Code. During the 2013 financial year, none of the members of the Supervisory Board held an interest which was in conflict with their position as member on said Supervisory Board.

Retirement schedule

At the end of the Annual General Meeting of Shareholders in the spring of 2014, Mr. Pasman's first term of office expires and Mr. Van den Belt's second term of office expires. Both are available for respectively a second and a third term of office for the duration of four years and will be nominated for re-election at the Annual General Meeting of Shareholders.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board is pleased to present shareholders with the 2013 annual report and annual accounts drawn up by the Board of Directors. The financial statements have been audited by Deloitte Accountants B.V., which has issued an unqualified audit report. This auditor's report is included on page 164 of this annual report.

We propose that the Annual General Meeting of Shareholders adopt the annual accounts, together with the profit appropriation proposed therein and discharge the Board of Directors and the Supervisory Board for their management in the year under review and supervision of same respectively. This report provides more information about the composition and activities of the Supervisory Board in the 2013 financial year.

Activities in 2013

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

In 2013, the Supervisory Board supervised the policies of the Board of Directors and the general course of business at the Accell Group.

The main themes discussed at the meetings of the Supervisory Board in the year under review were: the company's strategy, the integration of Raleigh, the (re)financing and the inventory developments.

Due in part to the general global economic conditions, changes in the mobility market, the shift in competitive products and technological developments, the meetings of the Supervisory Board and the Board of Directors devoted a great deal of attention to the company's strategy and embedding the strategic process more deeply in the group. The meetings also dealt with a number of specific strategy-related subjects, such as the structure of the group, the quality of the organisation, the quality of its controls, how the group operates and innovation.

The integration of Raleigh, acquired in 2012, was a regular item of discussion at the meetings. The meetings saw extensive discussions on the market developments in North America and the integration of the North American companies into Accell North America. The Supervisory Board sees the refinancing of the group as a good example of a successful project to which the organisation and the management devoted a great deal of time and attention. The market conditions in 2013, both in Western Europe and North America, had a negative impact on inventories and consequently on working capital, largely in mid-2013.
At year-end 2013, inventories were lower than at year-end 2012. This subject, and the related measures taken, was on the agenda of all the combined meetings of the Board of Directors and the Supervisory Board.

The group's growth required the Board to devote particular attention to internal controls appropriate to the scale of the organisation. This item was discussed at all the meetings of the audit committee – on a number of occasions in the presence of the external auditor. The Internal Auditor visited virtually all the group subsidiaries in the period 2012 and 2013.

The Internal Auditor reports in detail on the findings and the subsequent actions taken at the meetings of the audit committee. The audit committee subsequently reports on these findings at the combined meetings of the Supervisory Board and the Board of Directors. The Board of Directors and the Supervisory Board devoted and will continue to devote the appropriate level of attention to this subject.

In the year under review, the Supervisory Board held six plenary meetings with the Board of Directors. In addition, members of the Supervisory Board and members of the Board of Directors had bilateral discussions on a number of occasions. The members of the Supervisory Board also visited a number of subsidiaries. In addition to the above-mentioned subjects, the Supervisory Board discussed the general course of business within the group, potential acquisitions, developments in the markets relevant to the company, and approved the budget for 2014. The Board also discussed risk management with the Board of Directors on a number of occasions. To give the Supervisory Board insight into the operational activities of the group, directors of the most important subsidiaries joined one of the meetings with the Board of Directors.

The external auditor attended three of the five meetings of the audit committee. In addition, the full Supervisory Board met with the external accountant twice in the presence of the Board of Directors and afterwards in the absence of the Board of Directors. There were no issues raised at these meetings with the external auditor that required immediate attention or action.

In 2013, the Supervisory Board organised two meetings in which it held discussions with the Board of Directors and the Central Works Council. The items discussed at these meetings included the course of business within the group and the company's strategy, while the meetings also saw attention devoted to developments at the company's Dutch subsidiaries.

With regard to the functioning of the Supervisory Board, it was agreed in the past that this would be evaluated in detail and professionally once every three years by a third party. In the intervening years, the functioning of the Supervisory Board will be evaluated internally on an annual basis. In 2012, the Supervisory Board was subjected to an extensive evaluation. This evaluation explored themes such as expertise, cooperation within the board, the relationship with the Board of Directors, the functioning of the chairman, communication and overall functioning. The conclusion of this evaluation was that each of the members of the Supervisory Board functioned well and that the Supervisory Board as a whole functioned as it should.

In early 2014, the functioning of the Supervisory Board in its current composition was evaluated internally. The findings of this evaluation were in line with the findings of the previous evaluation in 2012. It has been agreed that the members of the Supervisory Board will again visit several subsidiaries to learn more about the organisation.

The Supervisory Board wishes to express its appreciation and gratitude to the management and all employees of Accell Group for their efforts and enthusiasm in 2013.

Committees

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

Audit committee

The audit committee comprises Mr. Van den Belt (chairman) and Mr. Ernsting. The composition of the audit committee is in accordance with the provisions of the Dutch Corporate Governance Code. The audit committee supports the Supervisory Board in the execution of its tasks, including those in the financial and administrative field and prepares the decision-making with respect to the same.

The audit committee met four times in 2013. The following items were discussed at the meetings of the audit committee: the quarterly results, the internal control framework, the internal audit plan, the findings of the Internal Auditor and subsequent action taken, the external auditor's audit plan, the management letter and the auditor's report, the organisation of the financial function, the company's risk management (fraud and financial risks), financing and covenants, taxes, IT and the budget for 2014. More specifically, the audit committee devoted extensive attention to the quality and integrity of the financial results. To this end, each quarter the committee discussed the results of the company's subsidiaries in detail, twice in the presence of the external auditor. The committee also discussed the auditor's report in detail, with specific attention devoted to the integrity of the reported results. In the year under review, various meetings of the audit committee devoted extra attention to the margin development and the level of inventories.
On two occasions, the audit committee also discussed the management letter and any actions taken as a result of same. No irregularities in this report of the auditor were reported to the management. The report did raise a number of ongoing improvements related to payment traffic and IT. These items have the full attention of the Board of Directors and the audit committee will continue to follow developments.

Each year, the external auditor, in consultation with the Supervisory Board and the Board of Directors, devotes specific attention to a number of subjects that are relevant to the expression of an opinion on the financial statements and to subjects that are relevant at that point in time. With regard to the 2013 financial statements, the external auditor devoted particular attention to the following subjects:
- the valuation of goodwill and other intangible fixed assets;
- financing and compliance with covenants;
- change in the accounting policy of the valuation of land and buildings;
- the processing of defined benefit pension schemes;
- the processing and reporting of the costs related to the termination of activities in Canada and the compensation thereof by the Raleigh sellers;
- the processing and disclosure of the sale of Hercules;
- provisions, including the discounting of provisions;
- tax matters.

Selection/remuneration committee

The selection/remuneration committee comprises Mr. Kuiper (chairman) and Mr. Pasman. The composition of the committee is in line with the provisions of the Dutch Corporate Governance Code. The tasks of the selection/remuneration committee include submitting proposals to the Supervisory Board regarding the selection criteria and appointment procedures for members of the Supervisory Board and the Board of Directors, the remuneration policy and the level of remuneration and the employment terms and conditions of the members of the Board of Directors.

The selection/remuneration committee met three times in 2013. The selection/remuneration committee discussed the following items at its meetings: the preparations for the evaluation of the functioning of the members of the Board of Directors, the functioning of the members of the Board of Directors, the submission of a proposal regarding the fixed and variable remuneration of the members of the Board of Directors, the evaluation of the remuneration of the members of the Board of Directors and the preparations for the evaluation of the functioning of the members of the Supervisory Board.

The Supervisory Board believes the instigation of the two committees has contributed to the continued intensification of the supervision of and advice related to the company's policies. The statutes of the two committees are available on the Accell Group website.

Remuneration Board of Directors

The Supervisory Board has drawn up a remuneration report for 2013 with respect to the application of the remuneration policy for the Board of Directors. The full report is available on the Accell Group website. The remuneration for the Board of Directors is in line with the policy established by the General Annual Meeting of Shareholders of 24 April 2008 and most recently amended on 22 April 2010.

In a meeting held on 20 February 2013, in the absence of the Board of Directors, the Supervisory Board discussed the functioning of the Board of Directors as a whole and the members individually. At that same meeting, the Supervisory Board also established the salaries of the Board of Directors for 2013 and the bonus payments for 2012, and reached a decision on the granting of share options. The 2012 bonuses are stated in the 2012 financial statements.

In the context of the prevailing remuneration policy, in 2013 the remuneration of the members of the Board of Management was subject to a revaluation.

On 26 February 2014 the remuneration package of the Board of Directors for 2014 was discussed. Also the bonuses for 2013 were determined, which are included in the 2013 annual accounts.

The aim of the remuneration policy is to enable Accell Group to recruit and retain qualified people for the Board of Directors. The level and structure of the remuneration are based in part on factors such as profit development, share price developments and other developments relevant to the company. The aim of the remuneration policy is to position the remuneration packages at a competitive level in the Dutch remuneration market for people with comparable levels of responsibility on the boards of larger companies. This comparison is based on the results of the market comparison of the remuneration of the Board of Directors conducted by an external consultant.

The total remuneration of the Board of Directors of Accell Group comprises:

Annual salary

The Supervisory Board periodically commissions a consultant with both expertise and experience in the field of remuneration to carry out a study, in order to determine the fixed remuneration of the Board of Directors. In late 2013, an external consultant evaluated the remuneration of the Board of Directors. The criteria for the determination of the amount of the annual salaries of the individual members of the Board of Directors are included in the remuneration report.

Short-term bonus plan

The bonus to be awarded for 2013 is 80% dependent on revenue and profit targets, with the remaining 20% dependent on individual targets. The maximum bonus for members of the Board of Directors has been set at 50% of their fixed annual salary. In 2013, the Board of Directors received a bonus of 14.5% of their annual salary.

Long-term bonus plan

On 20 February 2013, the Board of Directors was conditionally awarded shares. No options were awarded on the basis of the performances in the 2012 financial year.

On 26 February 2014, the Board of Directors was awarded options and conditional shares on the basis of the performances in 2013.

Pension

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

Other secondary employment terms

Accell Group N.V. has a package of secondary employment terms for the members of the Board of Directors. This package includes an expenses allowance, accident insurance, a disability insurance scheme and a company car. The company has also taken out a director's liability insurance policy for the members of the Board of Directors.

For the exact amounts of the remuneration of the members of the Board of Directors, we refer you to the notes to the financial statements on pages 160 and 161 of this annual report.

Heerenveen, March 10, 2014

On behalf of the Supervisory Board,

A.J. Pasman, chairman

SHAREHOLDER INFORMATION AND INVESTOR RELATIONS

Listing

The Accell Group shares are traded on the NYSE Euronext Amsterdam stock exchange. As from September 2008, the Accell Group share has been included in the Amsterdam Small Cap Index (AScX). From 24 March 2014 Accell Group shares will be included in the Midcap index (AMX) of Euronext Amsterdam.

The share

On 31 December 2013, a total of 24,402,849 ordinary shares with a nominal value of € 0.01 had been issued.

The closing price at year-end 2013 was € 13.40, compared with € 13.31 a year earlier. The number of shares traded was around 5.0 million in 2013, compared with 8.7 million in 2012. An average of 20,000 shares were traded per trading day. The closing price of € 13.40 on 31 December 2013 constituted a rise in the share price of approximately 1% compared with the closing price of € 13.31 on 31 December 2012.

Turnover in Accell Group shares during 2013*:

	Number of shares	Amounts (€ x mln)	Highest Price (€)	Lowest Price (€)	Closing Price (€)
January	673,106	9.4	14.23	13.25	14.19
February	730,217	9.9	14.25	12.12	13.08
March	207,088	2.8	13.90	12.80	13.70
April	445,656	6.3	14.95	13.33	13.87
May	387,142	5.3	13.34	13.06	13.10
June	396,516	4.9	13.26	11.67	11.93
July	498,038	6.5	14.14	11.91	13.81
August	355,322	5.0	14.40	13.81	14.19
September	313,269	4.5	14.85	14.07	14.50
October	195,019	2.9	15.02	14.18	15.02
November	491,328	7.0	15.03	12.92	13.09
December	296,084	3.9	13.99	12.55	13.40
Total	**4,988,785**	**68.4**			

*source: NYSE Euronext

The Financial Markets Authority publishes the following summary of shareholders in the Accell Group, reporting investments of 3% or more in the issued capital of Accell Group pursuant to the Financial Supervision Act.

Disclosing party	Date reporting obligation	Equity participation in %	Voting rights in %	Potential voting rights in %
ASR Verzekeringen N.V.	6 October 2008	5.75%	5.75%	-
Beleggings- en exploitatie-maatschappij 'De Engh' B.V.	27 October 2010	5.10%	5.10%	-
Boron Investments N.V.	9 March 2012	5.01%	5.01%	-
Darlin N.V.	1 November 2006	7.40%	7.40%	-
Delta Lloyd Deelnemingen Fonds N.V.	1 November 2006	6.94%	6.94%	-
Delta Lloyd Levensverzekering N.V.	6 May 2011	6.59%	6.59%	-
FMR LLC	10 December 2012	10.01%	10.01%	-
J.H.Langendoen	2 May 2012	4.81%	4.81%	-
Stichting Preferente Aandelen Accell Group	1 November 2006	-	-	100%

Dividend policy

When the Accell Group share was listed on Euronext Amsterdam in October 1998, it was announced that Accell Group would pursue a stable dividend policy, aimed at paying out at least 40% of net profits. In 2013, the company paid out an optional dividend for 2012 of € 0.75 on each outstanding ordinary share. The payout ratio was 74% of net profit, and the dividend yield was 5.6% (based on the 2012 closing price). Upon expiry of the optional period, it transpired that 39% of Accell Group shareholders had opted for a stock dividend.

Dividend proposal 2013

The shareholders will be asked at the General Annual Meeting of Shareholders to approve payment of a dividend for 2013 of € 0.55 per share, optionally payable in cash or shares. The dividend yield based on the closing price at the end of 2013 will be 4.1%. The pay-out ratio for 2013 is 70% and is therefore higher than the average of 50% in previous years.

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

Investor relations

Accell Group aims to provide its shareholders, potential shareholders and other stakeholders as effectively and timely as possible with all relevant financial and similar information, in order to provide more insight into the company and its sector. To this end, financial results are published in a press release. Accell Group organizes meetings with analysts and the (financial) media to present and explain the annual results and half-year results. In 2013 the annual results for 2012 and the 2013 first-half results were presented to (major) shareholders, press and analysts.

In addition to this regular flow of information, Accell Group has an active investor relations policy, targeting both professional and private investors. Furthermore Accell Group organized regular meetings and tours for investors and shareholders at the various companies and arranged regular interviews with (financial) newspapers and magazines.

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

Financial calendar 2014

The following publication dates and other relevant dates are on the calendar for 2014:

Date	Event
27 March 2014	Registration date General Meeting of Shareholders
24 April 2014	Trading update
24 April 2014	General Meeting of Shareholders
28 April 2014	Ex-dividend listing
30 April 2014	Registration date for those entitled to dividends
2 May - 16 May 2014	Decision period dividend
19 May 2014	Determination exchange ratio optional dividend
22 May 2014	Dividend payable
25 July 2014	Publication half-year results
18 November 2014	Trading update

FINANCIAL STATEMENTS 2013

CONSOLIDATED BALANCE SHEET

Before profit appropriation (in thousands of euros)

	31-12-2013		31-12-2012 revised		01-01-2012 revised	
Assets						
Non-current assets						
Property, plant and equipment (9)	65,797		71,200		55,670	
Goodwill (10)	53,652		53,307		34,022	
Other intangible fixed assets (11)	39,390		38,626		16,008	
Non-consolidated subsidiaries (12)	4,526		4,549		4,569	
Deferred tax assets (19)	11,285		10,173		4,694	
Net pension assets (18)	1,564		1,022		0	
Other financial fixed assets (13)	2,463		2,692		2,683	
		178,677		181,569		117,646
Current assets						
Inventories (14)	238,308		269,111		189,087	
Trade receivables (15)	99,495		104,493		85,576	
Other financial instruments (22)	0		0		7,626	
Tax receivables	8,864		12,452		10,178	
Other receivables	18,622		15,534		11,184	
Cash and cash equivalents	15,907		6,552		4,259	
		381,196		408,142		307,910
Assets held for sale (27)		**19,711**				
Total assets		**579,584**		589,711		425,556

The figures following the various items refer to the notes on pages 120 to 155.

Equity & liabilities

	31-12-2013		31-12-2012 revised		01-01-2012 revised	
Group equity (16)						
Share capital	244		239		211	
Reserves	220,719		216,254		166,487	
Net profit for the year	19,020		23,292		40,277	
		239,983		239,785		206,975
Non-current liabilities						
Interest-bearing loans (17)	103,313		15,780		47,994	
Pension provisions (18)	5,506		7,336		4,994	
Deferred tax liabilities (19)	9,681		9,938		6,404	
Provisions (20)	5,330		4,440		4,568	
Deferred income (21)	2,462		2,157		2,124	
		126,292		39,651		66,084
Current liabilities						
Interest-bearing loans and bank overdrafts (17)	96,087		134,617		71,918	
Trade payables	71,238		132,782		52,711	
Other financial instruments (22)	9,027		8,799		4,708	
Current tax liabilities	12,455		12,518		7,026	
Provisions (20)	6,635		4,015		2,676	
Deferred income (21)	650		1,000		1,000	
Other liabilities	16,547		16,544		12,458	
		212,639		310,275		152,497
Liabilities held for sale (27)		**670**				
Total equity & liabilities		**579,584**		589,711		425,556

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	2013	2013	2012	2012
				revised
Net turnover (1)		**848,971**		772,546
Costs of raw materials and components	589,431		526,183	
Cost of inventory change	552		226	
Personnel costs (2)	106,615		101,552	
Depreciation and amortisation (3)	8,692		8,156	
Other operating expenses (4)	106,744		100,336	
		812,034		736,453
		36,937		36,093
Reorganisation costs (5)		-3,004		0
Reorganisation and termination costs Raleigh Canada (5)		-3,185		0
Compensation of costs Raleigh Canada (5)		3,185		0
Acquisition costs		0		-3,443
Operating profit		**33,933**		32,650
Income from non-consolidated subsidiaries (12)	489		188	
Financial income (6)	520		400	
Financial expenses (6)	-12,200		-7,337	
		-11,191		-6,749
Profit before taxes		**22,742**		25,901
Taxes (7)		-3,722		-2,609
Net profit		**19,020**		23,292
Earnings per share (8) (in euros)				
Earnings per share		0.79		1.00
Weighted average number of issued shares		24,195,467		22,897,471
Earnings per share (diluted)		0.78		0.99
Weighted average number of issued shares (diluted)		24,328,392		23,081,871

The figures following the various items refer to the notes on pages 120 to 155.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)

	2013		2012 revised	
Net profit for the year		**19,020**		23,292
Items that will not be reclassified subsequently to the income statement				
Remeasurement of defined benefit obligations	1,177		-1,254	
Movements in deferred taxes	-30		232	
		1,147		-1,022
Items that may be reclassified subsequently to the income statement				
Fair value adjustment of financial instruments	-707		-11,067	
Exchange differences arising on translation of foreign operations	-8,425		-697	
Movements in deferred taxes	86		2,767	
		-9,046		-8,997
Total comprehensive income for the year		**11,121**		13,273

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)

	2013		2012 revised	
Cash flows from operating activities				
Operating profit	33,933		32,650	
Depreciation and amortisation (3)	8,695		8,158	
Share-based payments (2)	267		257	
Operating cash flows before changes in working capital and provisions		**42,895**		41,065
Movement in inventories	12,510		-44,691	
Movement in receivables	-1,631		27,673	
Movement in trade payables and other liabilities	-62,764		37,526	
Movement in provisions and deferred revenue	-1,784		-2,273	
	-53,669		18,235	
Cash flow from operating activities		**-10,774**		59,300
Interest paid	-9,931		-8,568	
Income taxes paid/received	-2,542		3,383	
Net cash flows from operating activities		**-23,247**		54,115
Cash flows from investing activities				
Interest received	634		597	
Investment in property, plant and equipment (9)	-6,727		-14,498	
Divestments of property, plant and equipment (9)	2,113		110	
Investments in intangible fixed assets	-1,128		-802	
Movements in financial fixed assets	-1,158		332	
Business combinations (23)	-1,392		-59,740	
Net cash flows from investing activities		**-7,658**		-74,001
Free cash flow [1]		**-30,905**		-19,886
Cash flows from financing activities				
New loans	110,000		32,289	
Repayments of long-term loans	-72,005		-4,952	
Borrowing/repayments bank overdrafts	13,863		-24,442	
Cash dividend (24)	-10,836		-10,978	
Proceeds from issue of shares	0		30,808	
Stock and option plans	-352		-546	
Net cash flows from financing activities		**40,670**		22,179
Net cash flow		**9,765**		2,293
Effects of exchange rate changes on cash and cash equivalents		-410		0
Cash and cash equivalents as at 1 January		6,552		4,259
Cash and cash equivalents as at 31 December		**15,907**		6,552

[1] Free cash flow is defined as the balance of the net cash flow from operating and investing activities and is not defined as a financial performance indicator in IFRS.


BELL
SRAM
Avid
2
ROCKSHOX

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)

		Issued share capital	Share premium reserve	Revaluation reserve	Hedging reserve	Translation reserve	Other Statutory reserve	Other reserves	Result financial year	Total equity
2012	Balance as at 1 January 2012	211	14,565	7,800	-126	-3,613	2,233	153,299	40,277	214,646
	Changes in accounting policies			-7,800				129		-7,671
	Revised balance as at 1 January 2012	211	14,565	0	-126	-3,613	2,233	153,428	40,277	206,975
	Movements in statutory reserve intangible fixed assets						-293	293		0
	Remeasurement of defined benefit obligations							-1,254		-1,254
	Fair value adjustment of financial instruments				-11,067					-11,067
	Movements in deferred taxes				2,767			232		2,999
	Exchange differences arising on translation of foreign operations					-697				-697
	Other comprehensive income for the year	0	0	0	-8,300	-697	-293	-729	0	-10,019
	Net profit for the year							40,277	-16,985	23,292
	Total comprehensive income for the year	0	0	0	-8,300	-697	-293	39,548	-16,985	13,273
	Recognition of share-based payments (2)							257		257
	Issue of shares	20	30,788							30,808
	Cash dividend (24)							-10,978		-10,978
	Stock dividend	7	-7							0
	Options exercised and performance shares	1	-547							-546
	Other movements						44	-48		-4
	Balance as at 31 December 2012	239	44,799	0	-8,426	-4,310	1,984	182,207	23,292	239,785
2013	Balance as at 1 January 2013	239	44,799	0	-8,426	-4,310	1,984	182,207	23,292	239,785
	Movements in statutory reserve intangible fixed assets						-313	313		0
	Remeasurement of defined benefit obligations							1,177		1,177
	Fair value adjustment of financial instruments				-707					-707
	Movements in deferred taxes				86			-30		56
	Exchange differences arising on translation of foreign operations					-8,425				-8,425
	Other comprehensive income for the year	0	0	0	-621	-8,425	-313	1,460	0	-7,899
	Net profit for the year							23,292	-4,272	19,020
	Total comprehensive income for the year	0	0	0	-621	-8,425	-313	24,752	-4,272	11,121
	Recognition of share-based payments (2)							267		267
	Cash dividend (24)							-10,836		-10,836
	Stock dividend	5	-5							0
	Options exercised and performance shares		-352							-352
	Other movements						-141	139		-2
	Balance as at 31 December 2013	**244**	**44,442**	**0**	**-9,047**	**-12,735**	**1,530**	**196,529**	**19,020**	**239,983**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

General information

Accell Group N.V. ('Accell Group') in Heerenveen, the Netherlands, is the holding company of a group of legal entities. An overview of the data required pursuant to articles 2:379 and 2:414 of the Netherlands Civil Code is enclosed on page 131 of the financial statements. Accell Group with its group of companies is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles, bicycle parts and accessories and fitness equipment.

Accell Group's consolidated financial statements for the year ended 2013 have been prepared in accordance with International Accounting Standards Board (IASB) standards as approved by the European Commission which are applicable as of 31 December 2013.

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

Accounting policies

The financial statements have been prepared at historical cost, unless stated otherwise.

The accounting policies outlined below were applied consistently for all the periods presented in these consolidated financial statements.

Application of new and revised IFRS

Accell Group applied new and amended standards and interpretations applicable to the year under review, as determined by the IASB and approved by the European Commission, and which are applicable for the period commencing on 1 January 2013. The new and adjusted standards, applied in these financial statements have no material effect on the consolidated financial statements, except for the adjustments as a result of IAS 19R Employee Benefits. These effects are described in the following paragraph 'Changes in accounting policies'.

Disclosure requirements with regard to fair value which result from IFRS 13 Fair Value Measurement have been applied for the first time in the consolidated financial statements 2013. Accell Group periodically reviews significant changes in value. Where fair value measurement is based on external information, Accell Group assesses the evidence of fair value obtained from these third parties to verify that the measurement complies to IFRS requirements, including the hierarchy level of the fair values into which such measured amounts are classified.

Accell Group has elected not to apply the EU-approved standards IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and the amendments to IFRS 7 relating to the netting of financial assets and financial liabilities before the 2014 financial year. None of these standards are expected to have a material effect on the consolidated financial statements, but a number of additional disclosures will be made in the notes.

No further explanation is provided regarding other changes and interpretations that were not yet approved by the European Commission on 31 December 2013.

Changes in accounting policies

In 2013 the following changes in accounting policies were made. As a result of these changes equity decreased by € 7.9 million as per 31 December 2012. As per 31 December 2012 the balance sheet total decreased by € 12.4 million.

Accounting policy changes

IAS 19R Employee benefits
IAS 19R is effective for financial years commencing on or after 1 January 2013. IAS 19 revised, eliminates the use of the corridor method and requires that actuarial results are recorded within the consolidated statement of comprehensive income.

The changes in IAS 19R led to an increase of the pension provision of € 2.0 million as per 31 December 2012 respectively € 0.7 million as per 1 January 2012. In addition this led to a decrease of other comprehensive income in 2012 amounting to € 1.0 million. The effect on the income statement in 2012 is limited. The following adjustments are recognised:

Consolidated balance sheet

	31-12-2012	31-12-2012	01-01-2012	01-01-2012
	revised		revised	
	€ x 1.000	€ x 1.000	€ x 1.000	€ x 1.000
Pension provision	-12,574	-10,602	-4,994	-4,276
Equity	-246,181	-247,710	-214,139	-214,646
Deferred tax liabilities	-11,349	-11,792	-8,369	-8,580

Consolidated statement of comprehensive income

Remeasurement of defined benefit obligations	-1,254	0
Movement in deferred taxes	3,518	3,286
Total comprehensive income	12,505	13,527

Property, plant and equipment

In financial year 2013 Accell Group N.V. decided to change the accounting policies and to measure property at historical cost instead of fair value. The main reason for this is that most listed companies measure their real estate for own use at historical cost. This led to a decrease of property, plant and equipment of € 5.8 million as per 31 December 2012 respectively € 8.4 million as per 1 January 2012. Depreciation in the income statement 2012 is € 0.1 million lower. The effect of the reversed revaluation as a result of the appraisals in 2012 led to in an increase of other comprehensive income 2012 amounting to € 2.5 million.

The following adjustments are recognised:

Consolidated balance sheet

	31-12-2012	31-12-2012	01-01-2012	01-01-2012
	revised		revised	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Property, plant and equipment	71,200	76,981	55,670	64,110
Equity	-243,340	-247,710	-208,171	-214,646
Deferred tax liabilities	-10,381	-11,792	-6,615	-8,580

Consolidated income statement

Depreciation	-8,156	-8,300
Taxes	-2,609	-2,574
Net profit	23,276	23,167

Consolidated statement of other comprehensive income

Net profit	23,276	23,167
Revaluation land and buildings	0	-2,515
Movements in deferred taxes	2,767	3,286
Total comprehensive income for the year	15,632	13,527

Adjustments of errors

Pension provision/goodwill

The position of the UK pension fund has been examined in more detail in 2013, also in the context of the changes in IAS 19R in combination with the application of IFRIC 14 on the recognition of a liability under funding agreements. This showed that the pension liability of € 5.4 million, which is included in the acquisition balance sheet of Raleigh does not need to be recorded, since the payments are ultimately for the beneficiary of the company. As a result the pension provision is adjusted in the acquisition balance sheet 2012 against goodwill in accordance with IFRS 3.50. Besides the related net pension asset of € 1.0 million is reclassified from the provisions to the net pension assets in the balance sheet as per 31 December 2012. In addition goodwill is reduced by € 1.0 million as a result of currency translation differences as per 31 December 2012. This has no effect on the income statement.

The following adjustments are recognised:

Consolidated balance sheet

	31-12-2012	31-12-2012
	revised	
	€ x 1,000	€ x 1,000
Goodwill	53,307	59,684
Deferred tax assets	10,173	11,409
Net pension asset	1,022	0
Pension provisions	-5,364	-10,602
Equity	-246,357	-247,710

Provisions

In financial year 2013 Accell Group N.V. decided to change the discounting of provisions. Until 2012 provisions were discounted using the Weighted Average Cost of Capital (WACC) instead of Cost of Debt. Based on IAS 37 provisions need to be discounted using a discount rate reflecting the risks specific to the liability. This led to an increase of provisions of € 0.7 million as per 31 December 2012 respectively € 0.7 million as per 1 January 2012.

The following adjustments are recognised:

Consolidated balance sheet

	31-12-2012	31-12-2012	01-01-2012	01-01-2012
	revised		revised	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Provision deferred employee benefits	-1,801	-1,518	-966	-685
Warranty provisions	-5,474	-5,253	-4,992	-4,773
Deferred income	-3,157	-2,988	-3,124	-2,935
Equity	-247,037	-247,710	-213,957	-214,646

Consolidated income statement

Financial income and expenses	-6,937	-6,953
Net profit	23,183	23,167

Consolidation

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

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

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

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

A list of consolidated subsidiaries and non-consolidated subsidiaries is provided in note 12 to the consolidated financial statements.

Business combinations

Acquisitions of subsidiaries are accounted for by the purchase accounting method. On acquisition date, the acquisition price is applied to the sum of the fair value of the assets acquired, the liabilities incurred or assumed and the equity instruments issued by Accell Group in exchange for the controlling interest in the company acquired.

Identifiable assets, liabilities and contingent liabilities of the companies acquired that meet the criteria for accounting under IFRS 3 are recorded at their fair value on the acquisition date. The changes in the fair value of contingent liabilities are accounted for in the income statement.

Costs relating to the acquisition of business combinations are expensed directly into the income statement.

Foreign currency

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

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

Transactions in foreign currencies during the reporting period are recorded at the exchange rates applying on the transaction date insofar the currency is not part of a hedging instrument. Currency differences arising from this conversion are recorded in the income statement.

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

Estimates

Accell Group makes certain estimates and assumptions when preparing the consolidated financial statements. These estimates and assumptions have an impact on assets and liabilities, disclosure of off-balance assets and liabilities at balance sheet date, and income and expense items for the period under review.

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

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

Revenue recognition
Revenue comprise the fair value of the consideration received or receivable from sale of goods to third parties in the ordinary course of Accell Group activities, excluding any discounts granted and excluding value added taxes. Accell Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to Accell Group. Revenues related to the delivery of bicycles, bicycle parts and accessories and fitness equipment are recognised at the moment of delivery and/or transfer of legal title. Revenue from rendering services is accounted for in proportion to the services rendered as at balance sheet date.

Corporate income tax
Corporate income tax consists of taxes currently payable and deferred taxes. Taxes currently payable are based on the taxable result for the year and are calculated at the rates that are effective on the balance sheet date.

Differences between commercial and taxable results are caused by temporary and permanent differences. Deferred tax assets and liabilities are recorded for temporary differences between the values of assets and liabilities based on the accounting policies applied in these financial statements and those applied for tax purposes. The carrying value of deferred tax assets is assessed on each balance sheet date and is adjusted downwards insofar as it is unlikely that sufficient future taxable profits will be made.

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

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

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

In addition, the company also has a restricted share plan for directors of subsidiaries that have made a significant contribution to the results of Accell Group. After closing the financial year, conditional shares are allocated to the directors if the pre-determined targets for the financial year have been achieved. These shares become unconditional when a participating director remains in the employment of the company three years after the conditional award.

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

Lease agreements

Lease agreements are classified as financial lease agreements if the economic benefits and obligations related to the underlying asset are largely at the risk and for the account of Accell Group. All other lease agreements are classified as operational lease agreements.

Lease payments for operational lease agreements are charged to expenses on a straight-line basis over the duration of the agreement.

Property, plant and equipment

Property, plant and equipment are valued at historical cost less accumulated depreciation and any accumulated impairments. Subsidies received which directly relate to property, plant and equipment are deducted from the historical cost.

Depreciation is calculated on the basis of the straight-line method. As such, the cost price, less any residual value, is depreciated over the expected economic life. Land is not depreciated.

The estimated economic useful life per category is:

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

The gain or loss of divestments of property, plant and equipment is determined as the difference between the proceeds from sale and the carrying value of the asset. The gain or loss is accounted for in the income statement.

Impairment of non-current assets other than goodwill

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

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

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities at the time the subsidiary was acquired. Goodwill is measured at cost less any accumulated impairments. Goodwill resulting from the acquisition of a foreign activity is expressed in the functional currency of the foreign activity and is converted at the exchange rate on balance sheet date.

To determine whether any impairment has taken place, goodwill is attributed to the (group of) cash-generating units of Accell Group that are expected to benefit from the synergy created by the combination. Goodwill is tested for impairment annually or more frequently if there is any indication that goodwill might have to be impaired. If the recoverable amount of the (group of) cash- generating units is less than its carrying amount, the impairment loss reduces the carrying amount of the goodwill.

The recoverable amount of a cash-generating unit is determined based on the value in use, which is based on expected cash flows. These cash flows are based, among other things, on realised results in the past. Once a goodwill impairment loss is recognised, it is not reversed in a subsequent period.

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

Other intangible fixed assets

Trademarks, patents and customer lists

Intangible assets include trademarks, patents and customer lists, acquired in a business combination by Accell Group and recognised separately from goodwill. Separately acquired intangible fixed assets are stated at fair value. Intangible fixed assets with a limited life, such as patents and customer lists, are depreciated on a straight-line basis against the income statement over the expected economic life, for patents generally estimated at five years and for customer lists generally estimated at ten to twenty years. Assets with an indefinite useful life, such as trademarks, are not depreciated, but are tested on impairment, as described under goodwill. Trademarks have an indefinite useful life, because the brands acquired are positioned in the middle and upper segments and mostly have a long history and tradition in the local and international markets in which they operate.

Research & Development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from development is recognised if, and only if, all the following criteria have been met:
- the asset is uniquely identified and the costs can be determined separately;
- the technical feasibility of the asset has been sufficiently demonstrated;
- it is probable that the asset will generate future economic revenues;
- the development expenditures can be measured reliably.

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

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

Inventories
Raw materials and consumables and trading products are stated at the lower of historical cost or net realisable value. Lower net realisable value is determined through individual assessment of inventories.

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

Sailing goods are shipped goods, of which Accell Group obtained the economic ownership and which have not been received on balance sheet date. Sailing goods are stated at historical cost.

Assets held for sale
Assets held for sale are stated at the lower of carrying amount or fair value less selling costs. Any impairment losses are recorded in the income statement, when classified as assets held for sale.

Equity
Ordinary shares are classified as equity. The proceeds less directly attributable costs of the issue of shares are accounted for as a change in share capital and share premium reserve.

Financial instruments

Trade receivables
Trade receivables are initially recorded at fair value. Trade receivables are after initial recognition recorded at amortised cost, using the effective interest rate method less a provision for impairment, if necessary. Interest income is included on the basis of the effective interest rate unless there is no material effect on the current assets. Provisions are determined on the basis of an individual assessment of the recoverability of the receivables. Given the short term nature the nominal value is almost equal to the fair value as well as the amortised cost.

Trade receivables are not recognised in the balance sheet if they are sold to a factoring company and the contractual rights to these receivables have been transferred. The criterion applicable in this context is the substantial transfer of risks and rewards.

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

Bank loans
Interest-bearing bank loans are initially recorded at fair value. Transaction costs that can be attributed directly to procuring the loans, if material, are included in the valuation when initially recorded. These liabilities are initially recorded at amortised cost using the effective interest rate method. In view of the general characteristics of the bank loans, their nominal value is considered to be equal to the fair value as well as the amortised cost.

Trade payables
Amounts due to trade creditors are initially recorded at fair value. These liabilities are after initial recognition recorded at amortised cost using the effective interest rate method. In view of the short-term nature of these liabilities, their nominal value is considered to be equal to the fair value as well as the amortised cost.

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

Cash flow hedging
Changes in the fair value of a derivative that is highly effective (and that is designated and qualifies as a cash flow hedge) are recorded in equity, until the income statement is affected by the variability in cash flows of the designated hedged item. To the extent that the hedge is ineffective, changes in the fair value are recognised in the income statement. In the event that the hedge results in the inclusion of a non-financial asset or non-financial liability, then the amounts that were included in shareholders' equity (in accordance with IAS 39.98b) are transferred to the initial cost price of the related asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time remains in equity and is recognised in the income statement when the forecast transaction occurs. When a future transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately reclassified to the income statement.

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

For any hedging instrument to be classified as a cash-flow hedge, Accell Group applies the following criteria:
(1) the hedge is expected to be effective in compensating for changes in anticipated future cash flows which can be attributed to the hedged risk;
(2) the effectiveness of the hedge can be reliably measured;
(3) the required documentation regarding the link between the hedged risk and the hedge instrument is available while the hedge instrument exists when the financial derivative is initiated;
(4) there must be a high probability that the recorded transactions will actually take place;
(5) the hedge has been assessed throughout its duration, and it has been determined that the hedge will be effective during the reporting period.

Provisions

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

Provisions for pensions

Defined benefit pension plans
The pension provision reflects the company's commitments arising from defined benefit pension plans. Individual rights to post-employment benefit plans are accumulated depending on criteria such as age, seniority and salary level. Pension liabilities are discounted to determine the present value; the fair value of plan assets is deducted from this amount. Actuarial calculations are determined by qualified actuaries using the Projected Unit Credit Method. Liabilities resulting from defined benefit obligations are calculated for every plan separately. In case a defined benefit pension plan results in a surplus, after deducting any IFRIC 14 restrictions, this plan is presented as a pension asset in the balance sheet.

Accell Group recognises a profit or a loss on the settlement of defined benefit plans, when the settlement occurs. Actuarial profit and losses are recognised in the statement of other comprehensive income.

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

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

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

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

Cash flow statement

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

Information by segment

IFRS 8 requires Accell Group to identify operational segments separately on the basis of internal reports that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Accell Group identifies the following operational segments: bicycle & bicycle parts and fitness.

Operating companies are not identified as an operational segment, but aggregated to one operational segment since operating companies show the same economic features and are also comparable as regards to the nature of products, services and production processes, clients for their products and services and distribution channels of products and services. The bicycles & bicycle parts segment, which targets the middle and upper segments of the market, is diverse: it ranges from children's bicycles to comfortable and luxury city bicycles right through to trekking and racing bikes, electrical bikes, bicycle parts, and accessories. The fitness segments target the middle and upper segments and, more specifically, the home market.

Internal transfer prices between the operating segments are determined on a commercial basis, which is comparable to the approach adopted with third parties.

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


KOGA

NOTES

1) Net turnover

Net turnover can be specified as follows:

	2013	2012
Turnover per product group:	€ x 1,000	€ x 1,000
Bicycles	617,484	553,100
Bicycle parts & accessories	210,070	198,039
Fitness	21,417	21,407
	848,971	772,546

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

	Net turnover		Segment result	
	2013	2012	2013	2012
				revised
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycle & bicycle parts	827,527	751,366	49,957	48,920
Fitness	22,067	21,741	-338	34
Elimination of inter-segment turnover	-623	-561		
Reorganisation costs			-3,004	0
Acquisition costs			0	-3,443
Sub-total segments	**848,971**	772,546	**46,615**	45,511
Income from non-consolidated companies			489	188
Unallocated expenses			-12,682	-12,861
Financial income			520	400
Financial expenses			-12,200	-7,337
Profit before taxes			**22,742**	25,901

Assets and liabilities per segment:

	Assets		Liabilities	
	2013	2012	2013	2012
		revised		revised
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	561,532	571,247	317,878	262,520
Fitness	12,264	16,120	7,888	15,450
Unallocated corporate	5,788	2,344	13,835	71,956
Sub-total segments	**579,584**	589,711	**339,601**	349,926
Equity			239,983	239,785
Balance sheet total			**579,584**	589,711

	Depreciation		Investments	
	2013	2012	2013	2012
		revised		revised
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	7,691	6,787	10,103	65,960
Fitness	166	325	45	23
Unallocated corporate	835	1,044	466	713
Total segments	**8,692**	8,156	**10,614**	66,696

Geographical information:

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

	Net turnover		Non-current assets[1]	
	2013	2012	2013	2012
				revised
	€ x 1.000	€ x 1.000	€ x 1.000	€ x 1.000
The Netherlands	210,022	205,661	27,760	30,333
Germany	202,113	189,812	50,552	51,558
Other Europe	270,664	234,278	64,893	64,253
North-America	128,599	111,323	13,737	15,164
Other countries	37,573	31,472	10,450	10,088
	848,971	772,546	**167,392**	171,396

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

2) Personnel costs

Personnel costs are comprised of the following:

	2013	2012
	€ x 1,000	€ x 1,000
Wages and salaries	86,126	82,307
Social security charges	14,586	12,724
Pension contributions	5,031	5,247
Profit sharing	605	1,017
Share-based payments	267	257
	106,615	101,552

In the social security charges an accrual of € 0.2 million (2012: € 0,3 million) is made for the payment of the Dutch crisis levy, which is extended unexpectedly in 2013 for one year. The remuneration of the Board of Directors and the Supervisory Board is disclosed in the notes to the company financial statements.

Share based payments

In 2013, no unconditional option rights are granted to the Board of Directors. The option plan for the Board of Directors is described in the notes to the company financial statements.

Accell Group also has a stock option plan whereby conditional shares are granted to the members of the Board of Directors and to directors of subsidiaries who contribute significantly to the result of Accell Group. The fair value of these conditional shares is determined when granted; various factors which will influence the final number of distributed shares are taken into account.

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

	Number	Granting date	Expiry date	Share price at granting date	Fair value at granting date
Conditional shares				in €	in €
Conditional shares granted in 2011	8,260	24-02-11	3 year	19.39	136,000
Conditional shares granted in 2012	29,240	23-02-12	2-3 year	17.89	177,000
Conditional shares granted in 2013	45,305	22-02-13	2-3 year	13.57	289,000

The fair value will be charged to the income statement according to the straight-line method spread over the period between grant date and the time that the shares become unconditional, whereby adjustment will be made for the expected number of shares to be distributed. As a result, € 267,000 has been charged to the income statement in 2013.

3) Depreciation and amortisation

Depreciation and amortisation expenses comprise the following:

	2013	2012
		revised
	€ x 1,000	€ x 1,000
Depreciation of intangible fixed assets	822	869
Depreciation of property, plant and equipment	7,873	7,289
Capital gain on sale of tangible fixed assets	-3	-2
	8,692	8,156

4) Other operating expenses

Other operating expenses consist of costs relating to the general and specific business activities of Accell Group. In accordance with IAS 38.126 and IAS 17.35c research costs and lease costs are listed below.

	2013	2012
	€ x 1.000	€ x 1.000
Third-party research and development costs	1,788	1,791
Lease expenses	3,354	3,729
	5,142	5,520

5) Reorganisations

Reorganisation costs consist of reorganisation costs in the Netherlands and the United States for a pre-tax amount of € 3.0 million. The reorganisation expenses in Canada as well as other costs of termination of the mass market activities in Canada, together € 3.2 million, have been compensated by the sellers of Raleigh on grounds of warranties in the purchase agreement.

6) Financial income and expenses

Financial income and expenses comprise the following:

	2013	2012 revised
	€ x 1,000	€ x 1,000
Interest income	520	400
Interest expenses	-8,854	-6,611
Financing and factoring expenses	-2,688	-711
Exchange rate differences	-658	-15
	-11,680	-6,937

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

7) Taxes

The effective corporate income tax charge comprises the following:

	2013	2012 revised
	€ x 1,000	€ x 1,000
Current taxes	5,783	3,070
Deferred taxes	-2,061	-461
Taxes in income statement	**3,722**	2,609
Taxes based on the weighted average applicable rate	4,121	2,105
Non-deductible amounts	115	1,396
Participation exemption	-210	-516
Benefits from tax facilities	-467	-561
Deferred tax assets not carried forward	16	192
Adjustment of current taxes of prior years	-136	-35
Adjustment of deferred taxes of prior years	283	28
Taxes in income statement	**3,722**	2,609

The effective tax rate consists of the reported tax charge for the current year divided by the profit before taxes. The effective tax burden amounts to 16.4% (2012: 10.0%). The effective tax rate has been effected by the innovation box and other tax facilities.

8) Earnings per share

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

	2013	2012 revised
Profit for earnings per share (net profit accruing to Accell Group N.V.'s shareholders)	€ 19,020,000	€ 23,292,000
Number of issued shares	24,402,849	23,863,432
Weighted average number of shares for the earnings per share	24,195,467	22,897,471
Potential impact of share options and conditional shares on the issuance of shares	132,925	184,400
Weighted average number of issued shares (diluted)	**24,328,392**	23,081,871
Reported earnings per share	€ 0.79	€ 1.02
Reported earnings per share (diluted)	€ 0.78	€ 1.01
Adjustment factor according to IAS 33	1.00	0.97852
Earnings per share financial year	€ 0.79	€ 1.00
Earnings per share financial year (diluted)	€ 0.78	€ 0.99

9) Property, plant and equipment

Changes in property, plant and equipment are as follows:

	Land and buildings € x 1,000	Plant and equipment € x 1,000	Total property, plant and equipment € x 1,000
Cost			
Revised balance at 1 January 2012	54,658	83,004	137,662
Investments	4,276	10,058	14,334
Investments as a result of business combinations	6,675	1,808	8,483
Divestments	0	-110	-110
Currency translation differences	68	44	112
Revised balance at 1 January 2013	65,677	94,804	160,481
Investments	1,513	5,294	6,807
Investments as a result of business combinations	0	5	5
Divestments	-2,015	-98	-2,113
Reclassification to assets held for sale	-1,610	-23	-1,633
Currency translation differences	-237	-359	-596
Balance at 31 December 2013	**63,328**	**99,623**	**162,951**
Accumulated depreciation			
Revised balance at 1 January 2012	16,673	65,319	81,992
Depreciation	910	6,379	7,289
Revised balance at 1 January 2013	17,583	71,698	89,281
Depreciation	990	6,883	7,873
Balance at 31 December 2013	**18,573**	**78,581**	**97,154**
Carrying amount			
Revised balance at 1 January	48,094	23,106	71,200
Balance at 31 December	**44,755**	**21,042**	**65,797**

The accounting policy with regard to the valuation of land and buildings is changed to cost in 2013. Comparative figures have been revised. The fair value of land and buildings amounts to approximately € 48.7 million. The fair value of other property, plant and equipment does not differ significantly from the carrying amount. Land and buildings with a carrying amount of € 3.5 million as per 31 December 2013 have been pledged to security to the trustees of the UK pension fund. Divestments in 2013 mainly relate to the sale & leaseback of property.

10) Goodwill

Changes in goodwill are as follows:

	2013	2012 revised
	€ x 1,000	€ x 1,000
Cost		
Balance at 1 January	55,613	36,328
Investments as a result of business combinations	1,291	20,398
Decrease as a result of divestments	-70	0
Currency translation differences	-876	-1,113
Balance at 31 December	**55,958**	55,613
Accumulated impairments		
Balance at 1 January	2,306	2,306
Impairments	0	0
Balance at 31 December	**2,306**	2,306
Carrying amount		
Balance at 1 January	53,307	34,022
Balance at 31 December	**53,652**	53,307

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

The carrying amount of goodwill (with an indefinite useful life) on segment level is divided as follows:

	2013	2012
		revised
	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	53,652	53,307
Fitness	0	0
	53,652	53,307

The following main assumptions are used in determining the value in use of the segment bicycles & bicycle parts and are based on historical experiences in specific markets and countries:
- turnover growth based on the historical average of the last 3 years of 4.7% (2012: 5.4%);
- operating margin based on the average of the last 3 years of 6.0% (2012: 8.2%);
- working capital based on the historical average ratios in relation to turnover in the last 3 years of 33% (2012: 31%);
- a constant growth rate of 3% (2012: 3%) is used for the estimates of the future cash flow after the initial period of 5 years;
- a weighted average cost of capital post-tax of 7.6% (2012: 7.1%) was used for the discounting of the cash flows. The discounting rate applied in accordance with IAS 36.55 corresponds to a weighted average cost of capital pre-tax of 9.9% (2012: 9.2%).

The impairment test in 2013 shows a substantial headroom in goodwill. Accell Group believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the cash-generating units.

11) Other intangible fixed assets

Other intangible fixed assets consist of trademarks and patents, customer lists and licenses, and development costs. The changes are as follows:

	Trademarks and patents	Customer lists and licenses	Development costs	Total other intangible fixed assets
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Cost				
Balance at 1 January 2012	15,897	1,020	1,632	18,549
Investments	325	0	0	325
Investments as a result of business combinations	23,156	0	0	23,156
Currency translation differences	-38	44	0	6
Balance at 1 January 2013	39,340	1,064	1,632	42,036
Investments	29	1,500	82	1,611
Investments as a result of business combinations	0	900	0	900
Currency translation differences	-419	-504	-2	-925
Balance at 31 December 2013	**38,950**	**2,960**	**1,712**	**43,622**
Accumulated depreciation				
Balance at 1 January 2012	1,988	0	553	2,541
Depreciation	521	55	293	869
Balance at 1 January 2013	2,509	55	846	3,410
Depreciation	194	235	393	822
Balance at 31 December 2013	**2,703**	**290**	**1,239**	**4,232**
Carrying amount				
Balance at 1 January 2013	36,831	1,009	786	38,626
Balance at 31 December 2013	**36,247**	**2,670**	**473**	**39,390**

Trademarks mainly consist of the valuation of trademarks Raleigh (€ 14.1 million), Diamondback (€ 7.3 million) and Ghost (€ 9.4 million) as per 31 December 2013. Furthermore trademarks of SBS, Brasseur, Hellberg, Currie and Van Nicholas are valued for a total amount of € 5.1 million.

Investments in customer lists and licences consist of the valuation of the customer list of the in 2013 acquired Proway and the recognition of the extension of a license agreement by 10 years. The useful life of the Finnish customer list of Proway is estimated to be 10 years; as from 2013 this list is amortised. In addition, the customer lists consist of the valuation of the Turkish dealer network accounted for in the acquistion of Accell Bisiklet. The useful life of this customer list is estimated to be 20 years; as from 2012 this list is amortised.

Development costs relate to a development project in connection with electric bicycles. Amortisation was started when the developed asset was put into use.

Amortisation expenses are accounted for in the income statement under depreciation. The remaining amortisation term for activated patents is 5 years, for the Turkish customer list 18 years and for the Finnish customer list 9 years. Trademarks have an indefinite useful life since it is not possible to determine a predictable limitation of the useful life.

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

	2013	2012
	€ x 1,000	€ x 1,000
Bicycles & bicycle parts	35,895	36,111
Fitness	0	0
	35,895	36,111

Trademarks with indefinite useful life are subject to impairment testing.

12) Subsidiaries

The consolidated 2013 financial statements include Accell Group N.V., in Heerenveen, and the financial information of the following companies.

Consolidated subsidiaries	Participation Percentage
Accell Bisiklet A.S., Manisa, Turkey	100%
Accell Duitsland B.V., Heerenveen, The Netherlands	100%
Accell Hunland Kft, Toszeg, Hungary	100%
Accell Germany GmbH, Sennfeld, Germany	100%
Accell IT Services B.V., Heerenveen, The Netherlands	100%
Accell Ltd, St. Peter Port, Guernsey	100%
Accell North America Inc, Kent, Washington, United States of America	100%
Accell Suisse AG, Alpnach Dorf, Switzerland	100%
ATC Ltd (Taiwan Branch), Taipei, Taiwan	100%
Batavus B.V., Heerenveen, The Netherlands	100%
Brasseur S.A., Liège, Belgium	100%
Currie Tech Corp., Simi Valley, California, United States of America	100%
Cycles Lapierre S.A.S., Dijon, France	100%
Cycles France-Loire S.A.S., Saint-Cyprien, France	100%
E. Wiener Bike Parts GmbH, Sennfeld, Germany	100%
Ghost-Bikes GmbH, Waldsassen, Germany	100%
Juncker Bike Parts B.V., Veenendaal, The Netherlands	100%
Koga B.V., Heerenveen, The Netherlands	100%
Raleigh Canada Ltd, Oakville, Ontario, Canada	100%
Raleigh UK Ltd, Nottingham, United Kingdom	100%
Sparta B.V., Apeldoorn, The Netherlands	100%
Swissbike Vertriebs GmbH, Alpnach Dorf, Switzerland	100%
Tunturi Fitness B.V., Almere, The Netherlands	100%
Tunturi-Hellberg Oy Ltd, Turku, Finland	100%
Vartex AB, Varberg, Sweden	100%
Winora Staiger GmbH, Sennfeld, Germany	100%

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

Non-consolidated companies	Participation percentage 2013	2012
In2Sports B.V., Eindhoven, The Netherlands (i)	0%	41%
Jalaccell OÜ, Tallinn, Estonia (ii)	35%	35%
Babboe B.V., Utrecht, The Netherlands (iii)	38%	28%
Atala SpA, Monza, Italy (iv)	50%	50%
Velogic B.V., Genemuiden, The Netherlands (v)	20%	20%
Von Backhaus ApS, Odense, Denmark (vi)	40%	0%

(i) In2Sports B.V. is a company that is active in the field of information and communication technology and the development of sport and fitness technology.
(ii) Jalaccell OÜ is a joint venture of Tunturi Fitness B.V. set up for the assembly and storage of fitness equipment. Currently, Jalaccell is expanding into other activities in the metal business.
(iii) Babboe B.V. is a company that is active in the sales and marketing of carrier bicycles.
(iv) Atala SpA is a trading company active in the development and sales of bicycles under its own brands.
(v) Velogic BV is a company active in the development, production and distribution of softwaresystems for bicycles and automatic bicycle dispenser systems for rental, parking and managing of bicycles.
(vi) Von Backhaus ApS is a trading company active in the development and sales of bicycles under its own brands.

In 2013 the participation in In2Sports B.V. is sold, reference is made to note 23 'Business combinations'.

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

	2013	2012
	€ x 1,000	€ x 1,000
Total assets	11,119	11,727
Total liabilities	8,058	8,519
Total turnover	17,226	16,521
Total net profit	489	188

13) Other financial fixed assets

	Non-current		Current	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Loans provided to related parties	2,463	2,692	125	125

During 2006, a loan was provided to a non-consolidated company with a term of 10 years. The interest rate on this loan is currently 3% per annum. As security for this loan a mortgage was vested on the building and a right of pledge was established on other assets.
Further, in 2012 a loan was provided to a non-consolidated company at 4% interest per annum and with a term of 5 years. Securities are pledged for this loan. Both loans are valued against amortised cost based on the effective interest method. In line with the characteristics of the loans, the nominal value equals the fair value as well as the amortised cost. The current part of the loans is presented under 'other receivables'.

14) Inventories

	2013	2012
	€ x 1,000	€ x 1,000
Goods in transit	34,334	28,904
Raw materials	64,482	84,718
Work in process	2,841	3,793
Trading and finished products	136,651	151,696
	238,308	269,111

Goods in transit relates to shipped goods for which Accell Group had acquired the economic ownership as at the balance sheet date, but which have not yet been received.

As at balance sheet date, inventories with a carrying amount of approximately € 19.1 million are valued at lower net realisable value. The cost of inventories recognised as an expense includes € 2.5 million (2012: € 5.1 million) with respect to write-downs of inventory to net realisable value.

The costs of inventory that are recorded as an expense during the financial year is € 632.5 million (2012: € 568.7 million).

15) Trade receivables

	2013	2012
	€ x 1,000	€ x 1,000
Trade receivables	105,953	110,357
Provision for impairment of receivables	-6,458	-5,864
	99,495	104,493

The nominal amount of the trade receivables approximates the fair value. In 2013 Accell Group terminated the factoring agreements. In accordance with IAS 39, the trade receivables transferred to factoring companies are not recognised in the balance sheet. Per balance sheet date, the remaining amount involved is € 10.7 million (2012: € 21.2 million). Total costs in 2013 resulting from the factoring agreement amounts to € 1.1 million and consist of bank charges (€ 0.7 million) and financing expenses (€ 0.4 million). There are no other gains or losses. Accell Group remains responsible for the collection of the transferred receivables until 60 days after maturity date. In case the conditions of the factoring agreements are not fulfilled, the factoring companies have the option to take over collection of the receivables or not to accept new receivables. The chance this will happen is considered very remote.

Trade receivables are non-interest-bearing and, depending on the season, are governed by a 30-150 day term of payment. The provision for impairment is determined on the basis of an individual assessment of overdue trade receivables. Accell Group has developed a credit policy to maintain control over credit risks relating to trade receivables. The policy regarding credit risks is covered in note 22, 'Financial instruments and risk management'.

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

	2013	2012
	€ x 1,000	€ x 1,000
Balance at 1 January	5,864	5,387
Utilisation	-1,409	-1,300
Provided	1,999	2,260
Releases	-216	-490
Currency translation differences	220	7
Balance at 31 December	**6,458**	5,864

The aging analysis of trade receivables is provided in the overview below:

At 31 December 2013	Gross € x 1,000	Impaired trade receivables € x 1,000	Provision for impairment € x 1,000	Net € x 1,000
Current	79,090	488	164	78,926
0-90 days overdue	11,880	783	116	11,764
90-150 days overdue	3,690	637	175	3,515
more than 150 days overdue	11,293	8,277	6,003	5,290
Total	**105,953**	**10,185**	**6,458**	**99,495**

At 31 December 2012	Gross € x 1,000	Impaired trade receivables € x 1,000	Provision for impairment € x 1,000	Net € x 1,000
Current	75,905	1,027	203	75,702
0-90 days overdue	20,092	3,345	209	19,883
90-150 days overdue	4,620	1,807	558	4,062
more than 150 days overdue	9,740	8,086	4,894	4,846
Total	110,357	14,265	5,864	104,493

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

16) Equity

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

17) Interest-bearing loans

	Non-current		Current	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Roll-over loan	0	0	0	4,548
EURIBOR loans	0	0	0	27,000
Term loans	102,856	0	12,500	0
Other bank loans	457	15,780	217	34,101
Bank overdrafts	0	0	83,370	68,968
	103,313	15,780	**96,087**	134,617

Early 2013, Accell Group entered into a financing agreement with a syndicate of 6 (international) banks for a total group financing of € 300 million. The participating banks in the syndicate are ABN AMRO Bank, Deutsche Bank, ING Bank, Rabobank, BNP Paribas and HSBC. The financing consists of € 125 million long-term loans (term loans) and working capital financing (revolving credit facility) of € 175 million, of which € 65 million is available during the peak season.

The interest rate for the term loans is fixed and is approximately 4.0% in 2013. With the new financing agreement all existing financing agreements ended, except for the 10-year loan facility from Deutsche Bank of € 15 million. This loan facility is integrated in the new financing agreement and the covenants are harmonised, but the loan has a remaining term of 8 years and has an (in principle fixed) interest rate of 5.9% per annum, whereby the credit rate which is included in this interest rate will be determined once a year.

The financing agreement, initially committed for 3 years with an option to extend to 5 years, has been extended for an additional year in 2013. All participating banks approved the extension.

Accell Group is providing securities in the form of trade receivables and stocks for all Dutch, German, UK and US group companies to the lenders. In connection with the other loans, limited collateral was provided. The average interest rate on the other loans is 3.0%.

The policy regarding interest rate risks is covered in note 22, 'Financial instruments and risk management'. The financial covenants, which are part of the financing agreement, are also covered in this note.

The non-current interest-bearing liabilities are due for repayment as follows:

	Term less than 5 years	Term more than 5 years	Total
	€ x 1,000	€ x 1,000	€ x 1,000
Term loans	100,356	15,000	115,356
Other bank loans	674	0	674
Subtotal	**101,030**	**15,000**	**116,030**
Proportion of loans with a term of less than 1 year	-12,717	0	-12,717
Balance at 31 December 2013	**88,313**	**15,000**	**103,313**

18) Pension provisions and net pension assets

Defined benefit plans

Accell Group sponsors funded defined benefit plans for qualifying employees. The main defined benefit plan is the plan in the United Kingdom, which accounts for approximately 85% of the defined benefit obligation and for more than 90% of the plan assets. This plan is administred by a separate fund that is legally separated from the company. Pension benefits are related to the member's final salary at retirement and their lenght of service. Since December 2002 the defined benefit section of this pension scheme has been closed to future accrual. The scheme exposes the company to actuarial risks such as market risk, interest rate risk and inflation risk. The scheme does not expose the company to any unusual scheme-specific risk. The scheme's investment strategy is to invest broadly 67% in return seeking assets (this includes equity linked bonds, absolute return bonds and diversified growth funds) and 33% in matching assets (index-linked gilts and bond like property). This strategy reflects the scheme's liability profile and the trustees and company's attitude to risk. The returns from the return seeking assets are not achieved solely by direct investment in return seeking assets, but the equity linked bonds allow exposure to equity type returns using futures backed by collateral in the form of index-linked gilts.

In addition, Accell Group sponsors funded defined benefit plans for qualified employees in Canada and Taiwan, a fixed unfunded defined benefit plan in Germany and an unfunded defined benefit plan in Hongkong. The defined benefit plans of Accell Group have no contributions from employees anymore, because the plans are mainly fixed.

The actuarial calculations pursuant to IAS 19 were carried out at 31 December 2013 by actuaries of certified actuarial firms. The principal assumptions used for the purposes of the actuarial valuations are based on the following weighted averages:

	2013	2012
Discount rate	4.3%	4.0%
Expected rates of salary increases	2.8%	2.1%
Inflation	2.4%	2.2%
Average longevity at retirement age for current pensioners (years):		
Males	20.7	20.5
Females	22.8	22.8
Average longevity at retirement age for current employees (years):		
Males	21.8	21.9
Females	24.2	24.3

Amounts recognised in the income statement in respect of these defined benefit plans are as follows:

	2013	2012
		revised
	€ x 1,000	€ x 1,000
Current service cost	65	96
Past service cost	-53	-21
Administration expense [1]	307	15
Net interest expense	209	219
Total	**528**	309

[1] Administration expenses of the UK pension fund are not included in the overview of 2012.

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	2013	2012 revised
	€ x 1,000	€ x 1,000
Remeasurement on the net defined liability:		
Return on plan assets (excluding amounts included in net interest expenses)	-987	-230
Actuarial (gains) and losses arising from changes in financial adjustments	-410	1,511
Actuarial (gains) and losses arising from experience adjustments	66	-27
Contributions from the employer - partly under restrictions on assets recognised	154	0
Total	**-1,177**	1,254

Amounts recognised in the balance sheet in respect of these defined benefit plans are as follows:

	2013	2012 revised
	€ x 1,000	€ x 1,000
Net pension assets	1,564	1,022
Pension provisions	-5,506	-7,336
Net liability	**3,942**	6,314

	2013	2012 revised
	€ x 1,000	€ x 1,000
Present value of funded pension obligation	77,152	82,723
Minus: Fair value of plan assets	-88,248	-90,236
Deficit/ (surplus)	-11,096	-7,513
Present value of unfunded defined benefit obligation	5,424	5,516
Funded status	-5,672	-1,997
Restrictions on assets recognised	9,614	8,311
Net liability	**3,942**	6,314

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

	2013	2012 revised
	€ x 1,000	€ x 1,000
Balance at 1 January	88,239	5,629
Current service cost	65	96
Interest cost	3,290	584
Actuarial (gains) and losses arising from changes in financial adjustments	-410	1,511
Actuarial (gains) and losses arising from experience adjustments	66	0
Administration expense	0	-5
Liabilities extinguished on settlements	-905	0
Liabilities assumed in a business combination	0	80,700
Exchange differences on foreign plans	-2,985	-37
Benefits paid	-4,784	-239
Defined benefit obligation at 31 December	**82,576**	88,239

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

	2013	2012 revised
	€ x 1,000	€ x 1,000
Balance at 1 January	90,236	584
Interest income	3,487	365
Remeasurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)	1,013	230
Others	0	21
Contributions from the employer	1,182	29
Administration expense	-333	-5
Assets distributed on settlements	-852	0
Assets acquired in a business combination	0	89,019
Exchange differences on foreign plans	-2,554	0
Benefits paid	-3,931	-7
Fair value of the plan assets at 31 December	**88,248**	90,236

The fair value op the plan assets is categorised as follows:

	2013	2012
	€ x 1,000	€ x 1,000
Cash and cash equivalents	728	1,433
Equity investments	58,692	34,648
Debt securities	28,712	53,195
Other	116	960
Total	**88,248**	90,236

As per year-ending 2013 the fair values of the above equity investments and debt securities consist of: equity-linked bonds (€ 20.2 million), diversified growth funds (€ 18.1 million), absolute return bonds (€ 16.4 million), index-linked gilts (€ 20.0 million), property bonds (€ 6.6 million) and other investments (€ 6.1 million). These fair values are determined based on quoted market prices in active markets. The actual return on plan assets was € 5.0 million in 2013 (2012: € 4.5 million).

The average duration of the defined benefit obligation is 17 years as per 31 December 2013 (2012: 17 years). Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions holding at the end of the reporting period, while holding all other assumptions constant:

- if the discount rate is 1% higher (lower), the defined benefit obligation would decrease by € 8.1 million (increase by € 7.8 million);
- if the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by € 5.4 million (decrease by € 5.2 million).

The sensitivity analysis is prepared as per year-ending using the same methods as applied in the defined benefit obigation in the balance sheet. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation. It is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated.

The net pension assets and restrictions on assets relate to the UK scheme. This scheme is subject to the scheme funding requirements outlined in UK legislation. In 2011, the company agreed with the trustees to strengthen the financial position of the UK pension fund and contribute € 0.8 million per year in order to achieve an independent financial position of the fund based on current UK gilt yields and accounting for unwinding costs. The company will pay these yearly contributions until 2022 or until the date the financial position of the fund has improved sufficiently, if sooner. At least every 3 years a valuation report will be drawn up to review the financial position of the fund. The yearly contribution does not lead to additional costs for the company, because these payments lead to an improvement of the plan assets, which is benificiary to the company when the scheme will gradually run-off or will eventually be winded up.

In January 2013 a defined benefit plan in the Netherlands is transferred to a defined contribution plan at an insurance company. In 2012 the defined benefit obligations of the Raleigh companies in the United Kingdom, Canada, Taiwan and Hongkong were acquired.

Accell Group expects to make a contribution of € 1.3 million in 2014 with regard to the defined benefit plans.

Defined contribution plans

The majority of the Dutch operating companies have set their pension plans to Metalektro, the pension fund for the metal working industry. The Metalektro pension fund informed Accell Group that the pension plans of the members should be included under IAS 19 as a defined contribution plan. Member companies only have an obligation to pay the annual pension premiums due. Member companies do not have any obligation to settle any deficits in the industrial pension fund. Member companies are also not entitled to any surplus. The annual report of Metalektro for 2012 shows a negative general reserve. From press releases issued by Metalektro in early 2014, it appears that cover ratio was below 105% at year-end 2013.

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

In 2013, an expense of € 4.5 million has been included in the income statement for the defined contribution plans.

19) Deferred taxes

Deferred taxes comprise the following:

	2013	2012
		revised
	€ x 1,000	€ x 1,000
Deferred tax assets	11,285	10,173
Deferred tax liabilities	9,681	9,938
Net deferred taxes	**1,604**	235

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

	Loss carry forwards consolidated companies	Revaluation of property, plant and equipment	Financial instruments	Trademark valuation	Other deferred taxes	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Revised balance at 1 January 2012	4,652	-1,921	42	-3,310	-1,173	-1,710
Added through business combination	2,364	0	0	-2,576	-1,282	-1,494
Charged through other comprehensive income	0	0	2,767	0	232	2,999
Charged through income statement	400	43	0	4	-2	445
Change in income tax rate	-34	61	0	0	-11	16
Transfer from/to current tax	0	0	0	0	0	0
Currency translation differences	-18	-15	0	-8	20	-21
Revised balance at 31 December 2012	7,364	-1,832	2,809	-5,890	-2,216	235
Added through business combinations	0	0	0	-220	0	-220
Charged through other comprehensive income	0	0	86	0	-30	56
Charged through income statement	2,105	44	0	16	307	2,472
Change in income tax rate	-466	0	0	74	-19	-411
Transfer from/to current tax	-454	0	0	0	0	-454
Currency translation differences	-159	10	0	77	-2	-74
Balance at 31 December 2013	**8,390**	**-1,778**	**2,895**	**-5,943**	**-1,960**	**1,604**

The deferred tax assets consist of tax loss carry forwards and taxable available depreciations. Only for tax loss carry forwards restrictions for realisation in time may apply. The tax loss carry forwards of Tunturi-Hellberg Oy Ltd are expected to be realised in the period from 2015 to 2022. The tax loss carry forwards incurred with Raleigh America Inc in the period before acquisition, will expected to be realised within the applicable period.

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

20) Provisions

	Non-current		Current	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
		revised		
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Deferred employee benefits	1,672	1,673	318	128
Warranties	2,473	2,487	3,873	2,987
Other provisions	1,185	280	2,444	900
	5,330	4,440	**6,635**	4,015

The movement in provisions is as follows:

	Deferred employee benefits	Warranties	Other provisions	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance at 1 January 2013	1,801	5,474	1,180	8,455
Utilisation	-52	-2,583	-2,760	-5,395
Provided	284	3,615	5,243	9,142
Release	-20	-19	-14	-53
Discounting effect	-2	-99	0	-101
Currency translation differences	-21	-42	-20	-83
Balance at 31 December 2013	**1,990**	**6,346**	**3,629**	**11,965**

The deferred employee benefits relate to the provision in certain countries for future anniversary bonuses. The provision is based on contractual obligations and assumptions with respect to expectations of death and resignation. The warranty provision represents the estimated costs under warranty obligations for supplied goods and services as at balance sheet date. The provision is based on estimations of historical warranty information. The provisions for deferred employee benefits and warranty obligations are expected to have a duration between one and five years.
Other provisions mainly relate to reorganisation provisions for the activities in the Netherlands and the United States. These provisions are generally expected to have a duration less than one year.

21) Deferred income

	Non-current		Current	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
		revised		
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Deferred income	2,462	2,157	650	1,000

Deferred income consists of receipts in respect of extra warranty rights to be realised in the coming five years.

22) Financial instruments and risk management

Categories of financial instruments in balance sheet as at 31 December:	2013	2012
	€ x 1,000	€ x 1,000
Assets		
Amortised cost		
Non-current receivables	2,463	2,692
Trade and other receivables	118,117	120,027
Cash and cash equivalents	15,907	6,552
Fair value through cash flow hedging		
Other financial instruments	0	0
Liabilities		
Amortised cost		
Interest bearing liabilities	199,400	150,397
Trade and other liabilities	87,785	149,326
Fair value through cash flow hedging		
Other financial instruments	9,027	8,799

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

The other financial instruments comprise:

	2013	2012
	€ x 1,000	€ x 1,000
Currency derivatives - cash flow hedging	-5,201	-3,392
Interest rate swap - cash flow hedging	-3,826	-5,407
	-9,027	-8,799

The fair value of currency derivatives and interest rate swaps is calculated by the financial institutions concerned using the Mark to Market method (MTM method). In 2013, € 0.6 million was charged to the hedging reserve (2012: € 8.3 million) pursuant to the fair value adjustments of the instruments to cover future cash flows. With respect to cash flow hedging of interest rate risks, it is expected that the underlying cash flows materialise at the time that the interest is due on the loans with a one-month or three-month floating interest rate. The cash flow hedges of the currency and interest rate derivatives were assessed as effective in 2013.

Movement of the hedging reserve:

	2013	2012
	€ x 1,000	€ x 1,000
Balance at 1 January	-8,426	-126
amount included in equity	-10,570	-10,794
amount included in cost of inventories	8,746	1,455
amount included in interest expenses	1,203	1,039
Balance at 31 December	-9,047	-8,426

Currency derivatives

The currency derivatives stated as at the balance sheet date will be settled during 2014.
Currency derivatives outstanding as at the balance sheet date can be specified as follows:

		Contract value in € 1,000		Fair value in € 1,000	
Currency derivative	Currency	2013	2012	2013	2012
Put	USD	98,341	78,952	-3,253	-3,041
Call	USD	37,500	80,222	107	1,046
Put	JPY	12,681	15,881	-1,358	-1,282
Call	JPY	9,041	9,972	4	6
Put	HUF	0	3,189	0	56
Call	HUF	0	0	0	0
Put	TWD	5,117	7,127	-258	-177
Call	TWD	0	0	0	0
Put	CAD	4,075	0	2	0
Call	CAD	1,675	0	1	0
Put	CHF	0	0	0	0
Call	CHF	115	0	0	0
Put	TRY	2,400	0	-258	0
Call	TRY	0	0	0	0
Put	SEK	0	0	0	0
Call	SEK	7,420	0	-188	0
				-5,201	-3,392

Interest rate swaps

Accell Group uses interest rates swaps to convert the floating interest rate on its borrowings into a fixed interest rate. In 2008 and 2013 interest rate swaps were concluded to hedge the term loans. In 2011 and 2013 interest rate swaps were concluded to manage the interest rate risks of the expected drawings under the revolving credit facility in 2014.

The following table lists the nominal value and fair value of the interest rate obligations in connection with the loans in combination with the interest rate swaps as at the balance sheet date:

	2013	2012
	€ x 1,000	€ x 1,000
Nominal value	4,240	6,837
Fair value	414	1,430

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

Capital management

The company operates a funding policy that is based on the continuity of Accell Group. This is reflected in the management of the capital. Following the growth of the company in recent years, Accell Group decided in 2012 to harmonise its financing structure. This led to a fully refinance of the company in 2013. The basis was to achieve the right balance between long-term group financing and the strongly fluctuating seasonal working capital financing. Accell Group is quarterly required to comply with the ratios stipulated by the lenders in the financing agreement; in 2013 all financial covenants have been met.

As at 31 December 2013, on the basis of group equity the solvency amounted to 41.4% (as at 31 December 2012: 40.7%). As explained in the section on currency and interest rate risks, the movement in the hedging reserve has an effect on the solvency per year-end. Accell Group has no control over the changes in the market value of the underlying derivative financial instruments.

Liquidity risk

In managing the liquidity risk, Accell Group takes into account the strongly fluctuating seasonal nature of the activities. Therefore, in the funding of the group a distinction is made between long-term (core) funding and the seasonal credit facility. The financing agreement contains financial covenants on a quarterly basis in 2014 consisting of:

- term loan/ EBITDA ratio (debt ratio) at year end 2014 below 2.5;
- solvency ratio higher than 30% (whereby equity and balance sheet total at year-end are adjusted for inter alia, intangible fixed assets and deferred taxes);
- interest cover higher than 5;
- with regard to the use of the seasonal financing the actual use may not exceed 50% of the qualifying net working capital.

Total loans and bank overdrafts provided to Accell Group amounted to € 199.5 million at the end of the financial year; 52% of this is of a long-term nature. In addition to bank overdrafts, the group's other short-term liabilities amounted to € 117.1 million at the end of the financial year.

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

	Carrying amount	Contractual cash flows	< 1 year	1- 5 year	5 year
	€ million	€ million	€ million	€ million	€ million
Non-current liabilities	121,4	142,1	17,1	107,4	17,7
Current liabilities	200,6	190,9	190,9		

Credit risk

The activities of Accell Group entail various credit risks. The maximum credit risk is equal to the carrying amount of the trade receivables and other receivables. Risks are mitigated by the sale of trade receivables partly to factoring companies during 2013. No collateral is obtained to cover the credit risk other than a retention of ownership of goods delivered. Bicycles and bicycle parts are sold to a wide network of specialised bicycle shops, whereby many of the customers with whom Accell Group conducts business have a long-standing commercial relationship with Accell Group.

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

The credit risks are continuously monitored. Outstanding receivables exceeding the due date are assessed individually at the end of the financial year, resulting in a substantiation of the provision for the impairment of receivables. For the total outstanding trade receivables of € 111.7 million, the provision for impairments amounted to € 6.5 million. The actual non-payment in 2013 amounted to € 1.4 million (2012: € 1.3 million). Fitness equipment is also mostly sold to a network of retail stores and distributors. Credit risks are also assessed individually.

Market risk

The market risk encompasses currency risks and interest rate risks. Accell Group uses a variety of instruments to hedge currency and interest rate risks arising from the operating, financing and investment activities. Accell Group's treasury activities are centralised and carried out in accordance with the objectives and regulations stipulated by Accell Group. Accell Group's policy stipulates that instruments shall only be kept if there is an actual commercial basis (transactions and obligations). Accell Group's currency and interest rate risks have not changed during the year. Moreover, Accell Group's approach to these risks has not changed during the year.

Control of currency risks

In view of the international nature of its activities, Accell Group is exposed to risks when buying and selling in foreign currency. This relates to US dollars (USD), Japanese yen (JPY), Taiwanese dollars (TWD), British pounds (GBP), Canadian dollars (CAD), Turkish lira (TRY), Swedish krona (SEK), Hungarian forint (HUF) and Swiss francs (CHF). Accell Group mitigates the currency risks for all significant exposures, mainly its estimated purchases in USD, JPY and TWD, by hedging a significant percentage of the currency risks prior to each season. This involves the use of currency future contracts and related swaps and options.

Unrealised gains and losses on the derivatives resulting from the concluded cash flow hedge transactions are temporarily included in the hedging reserve of the group equity. The cash flow hedge transactions entered into in 2013 achieved their objective. The hedging reserve is subject to changes as a result of developments in the market value of the concluded currency derivatives and interest rate swaps. Accell Group has no control over these market value developments.

A 1% change in the EUR/USD and EUR/JPY exchange rate from the current year-end exchange rate would result in an approximately € 1.0 million and € 0.1 million respective change in the hedging reserve of the group equity. Covering future cash flows and the use of cash flow hedging causes movements in equity as a result of changes in the market value of the underlying derivatives.

All derivative financial instruments are concluded with ABN AMRO Bank, Deutsche Bank, ING Bank, Rabobank or HSBC. The company incurs credit risks with these banks as long as these derivative financial instruments have a positive fair value and are not yet settled. This risk is considered acceptable in view of the creditworthiness of these banks.

Control of interest risks

As at 31 December 2013, the total of the floating interest on the long-term interest-bearing liabilities and a significant part of the floating interest on the short-term interest-bearing liabilities has been fixed with interest-rate swaps. These instruments are generally available, and are not regarded as specialised or as entailing significant risk.

As at 31 December, the term of 52% of the interest-bearing loans is longer than one year. An increase or decrease of 1% in market interest-rate governing short-term bank credit would have resulted in a decrease or increase in the profit before taxes of approximately € 0.2 million. This is taking into consideration that a significant part of the short-term bank credit is hedged with interest-rate swaps.

23) Business Combinations

Acquisition of subsidiaries

At the beginning of April 2013, Accell Group completed the acquisition of all the shares of Oy Proway International AB ('Proway') in Turku, Finland. Proway is a distributor of among others Raleigh in Finland and is integrated with the Accell Group company Tunturi-Hellberg Oy. The figures of Proway are consolidated as of 1 April 2013.

All transactions are accounted for by the purchase method of accounting. The acquired net assets consist of the following:

	Fair value on acquisition	Fair value adjustments	Carrying amount
	€ x 1,000	€ x 1,000	€ x 1,000
Fixed assets	913	908	5
Other assets	796	0	796
Cash and cash equivalents	941	0	941
Other liabilities and acquisition obligations	-941	-214	-727
	1,709		
Goodwill	1,291		
Cash and cash equivalents acquired	-941		
Net cash flow of business combinations	**2,059**		

The consideration paid for the business combinations consist of a premium for expected synergies, growth of turnover and the combined workforce. These benefits of the business combinations cannot be measured reliably and are therefore not reported separately from goodwill. The purchased goodwill is tax non-deductible. The other assets consist of gross contractual trade receivables and other receivables. The contributed net sales and net profit of this acquisition is marginal in 2013.
Costs relating to the business combinations (legal and due diligence costs) amounted to less than € 0.1 million. The costs are accounted for in other operating expenses in the income statement.

Sale of non-consolidated companies

In 2013 the participation (41%) in the non-consolidated company In2Sports B.V. was sold. This led to a cash inflow business combinations of € 0.7 million, a reduction of the participation value of € 0.3 million and a reduction of goodwill of € 0.1 million.

24) Dividend

The dividend in respect of financial year 2012 was determined at € 0.75 per share or as stock option during the General Meeting of Shareholders of 25 April 2013. After the period in which shareholders could report their preference, 39% chose the stock dividend. On 22 May 2013 € 10,836,000 was distributed as cash dividend and 523,908 shares were issued as stock dividend.

With respect to the current year, the Board of Director proposes to make available to the shareholders a dividend with stock option of € 0.55 per share. This dividend proposal is subject to approval by the General Meeting of Shareholders on 24 April 2014 and is not reflected as a liability in these financial statements.

25) Off-balance obligations

Operational lease obligations

The company has financial obligations arising from long-term lease obligations, leases on IT equipment and motor vehicles. The total obligation amounts to approximately € 3.1 million per year and has an average remaining term of 2.2 years. The company also has financial obligations arising from long-term leases. This obligation amounts to approximately € 6.5 million a year and has an average remaining term of 3.4 years.

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

	2013	2012
	€ x 1,000	€ x 1,000
Within one year	1,933	616
Within two to five years	15,713	18,348
After five years	10,969	9,682
	28,615	28,646

26) Transactions with related parties

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

Trading transactions

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

	Sales of goods		Purchases of goods	
	2013	2012	2013	2012
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Atala SpA	5,771	5,343	322	0

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

	Amounts owed by		Amounts owed to	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Atala SpA	1,366	1,069	58	50

The amounts outstanding are not provided for and will be settled in cash and cash equivalents. No guarantees have been given or received. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Loans to related parties

	31-12-2013	31-12-2012
	€ x 1,000	€ x 1,000
Loans to related parties	2,588	2,817

Loans to related parties consists of both long- and short term financing agreements. At the end of 2013, Tunturi Fitness B.V. had an outstanding amount payable by Jalaccell OÜ of € 2.4 million in connection with the financing of fixed assets and working capital whereby a mortgage right on the business premises and pledge rights on other assets serve as security. In 2013 Accell Group provided a short-term loan to Velogic BV amounting to € 0.2 million.

Other

For explanatory notes on the total of benefits for key management personnel amounting to € 1.9 million, please refer to the notes on the company financial statements on page 160.

27) Events after balance sheet date

Assets/ liabilities held for sale

On 31 January 2014 Accell Group announced that an agreement is reached on the sale of its German Hercules business to Zweirad-Einkaufs-Genossenschaft (ZEG) in Germany. The divestment of Hercules improves the distinctive market positioning of the Accell Group brand portfolio in Germany and optimises Accell Group's availabe resources for investing in its other German brands.

The agreement reached involves the transfer of the Hercules brand, land and buildings in Neuhof and the entire working capital of the Hercules business to ZEG. The assets and liabilities held for sale are specified as follows:

	31-12-2013
	€ x 1,000
Property, plant and equipment	1,633
Inventories	12,861
Trade accounts receivable	5,217
Assets held for sale	**19,711**
Bank overdrafts	147
Trade payables	523
Liabilities held for sale	**670**

Classification as assets held for sale did not result in an impairment of the assets, which are included in the segment bicycle & bicycle parts. The sale in 2014 is expected to result in a gain of approximately € 3 million.

28) External auditors costs

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

	2013			2012		
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
	Deloitte Accountants B.V.	Other Deloitte network	Total Deloitte	Deloitte Accountants B.V.	Other Deloitte network	Total Deloitte
Audit of the financial statements	352	138	490	436	49	485
Other audit assignments	126	40	166	106	0	106
Tax services	0	21	21	0	22	22
Other non-audit services	0	0	0	315	0	315
	478	199	677	857	71	928

COMPANY BALANCE SHEET AS AT 31 DECEMBER

Before profit appropriation (in thousands of euros)

Assets	2013		2012 revised	
Non-current assets				
Property, plant and equipment	133		162	
Goodwill	3,110		3,181	
Other intangible fixed assets	77		160	
Financial fixed assets [a]	421,363		328,122	
		424,683		331,625
Current assets				
Amounts receivable from group companies	7,479		15,297	
Other receivables	6,136		7,238	
Cash and cash equivalents	8,065		19,286	
		21,680		41,821
Total assets		**446,363**		373,446

Liabilities	2013		2012 revised	
Equity [b]				
Share capital	244		239	
Share premium reserve	44,442		44,799	
Hedging reserve	-9,047		-8,426	
Translation reserve	-12,735		-4,310	
Other statutory reserve	1,530		1,984	
Other reserves	196,529		182,207	
Net profit for the year	19,020		23,292	
		239,983		239,785
Long-term liabilities				
Interest-bearing loans	115,356		15,000	
Other provisions	0		0	
		115,356		15,000
Current liabilities				
Amounts owed to group companies	405		600	
Interest-bearing loans and bank overdrafts	80,165		107,263	
Other current liabilities	10,454		10,798	
		91,024		118,661
Total liabilities		**446,363**		373,446

The letters following the various items refer to the notes on pages 158 to 162.

COMPANY INCOME STATEMENT

(in thousands of euros)

	2013	2012
		revised
Net profit from subsidiaries after taxes	20,029	28,959
Other results	-1,009	-5,667
	19,020	23,292

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

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

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

Subsidiaries

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

NOTES TO THE COMPANY BALANCE SHEET

(in thousands of euros)

a) Financial fixed assets

The changes in the financial fixed assets are as follows:

	2013	2012 revised
Subsidiaries		
Balance as at 1 January	236,661	167,811
Net profit	20,029	28,959
Investments /divestments	-58,538	73,546
Dividend payments	-8,182	-32,277
Translation differences	-5,678	-356
Other movements	786	-1,022
Balance as at 31 December	**185,078**	236,661
Receivables from group companies		
Balance as at 1 January	91,461	61,161
Loans provided	268,580	43,761
Loans repaid	-123,756	-13,461
Balance as at 31 December	**236,285**	91,461
Total financial fixed assets	**421,363**	328,122

Investments/divestments in 2013 are mainly related to the transfer of the participation value of the Raleigh companies to the respective holding companies.

b) Equity

The authorised capital amounts to € 650,000, divided into 27,500,000 ordinary shares, 5,000,000 preference shares F and 32,500,000 preference shares B, each with a nominal value of € 0.01. Of these, 24,402,809 ordinary shares have been issued and duly paid, as a result of which the issued and paid-up share capital amounts to € 244,028.49.

Statement of movements in shareholders' equity

I. Share capital		
Balance as at 31 December 2012	239	
Stock dividend	5	
Options exercised and stock option plan	0	
Balance as at 31 December 2013		**244**
II. Share premium reserve		
The share premium reserve includes amounts paid in on the shares over and above the nominal value.		
Balance as at 31 December 2012	44,799	
Stock dividend	-5	
Options exercised and stock option plan	-352	
Balance as at 31 December 2013		**44,442**
III. Hedging reserve		
The hedging reserves comprises of the effective part of the cumulative net movement in the fair value of the cash-flow hedging instrument, after allowing for deferred taxes.		
Balance as at 31 December 2012	-8,426	
Fair value adjustment of financial instruments	-3,516	
Movement in deferred taxes	2,895	
Balance as at 31 December 2013		**-9,047**
IV. Translation reserve		
The translation reserve comprises of foreign currency exchange differences on the translation of the foreign currency balance in participations.		
Balance as at 31 December 2012	-4,310	
Exchange differences arising on translation of foreign operations	-8,425	
Balance as at 31 December 2013		**-12,735**
V. Statutory reserve		
The statutory reserve comprises of capitalised development expenditure and statutory reserve participations.		
Balance as at 31 December 2012	1,984	
Change in intangible fixed assets	-313	
Other movements	-141	
Balance as at 31 December 2013		**1,530**
VI. Other reserves		
Revised balance as at 31 December 2012	182,207	
Movement profit 2012	23,292	
Dividend payment 2012	-10,836	
Recognition of share-based payments	267	
Remeasurement of defined benefit obligations	1,177	
Movement in deferred taxes	-30	
Change in intangible fixed assets	313	
Other movements	139	
Balance as at 31 December 2013		**196,529**
VII. Profit for the year		
Revised balance as at 31 December 2012	23,292	
Movement profit 2012	-23,292	
Net profit 2013	19,020	
Balance as at 31 December 2013		**19,020**
Total equity as at 31 December 2013		**239,983**

The statutory reserves, including the hedging reserve (Article 2:390 of the Dutch Civil Code), the translation reserve (Article 3:389 paragraph 8 of the Dutch Civil Code) and other statutory reserves (development costs, Article 2:365 lid 2 Dutch Civil Code and statutory reserve participations, Article 2:389 lid 6 Dutch Civil Code) are regarded as other statutory reserves pursuant to Article 2:373 of the Dutch Civil Code and, consequently, are therefore not available for distribution to shareholders.

Remuneration of the Board of Directors and the Supervisory Board

Board of Director

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

	Salary	Bonus	Pension contributions	Share-based payments
	in €	in €	in €	in €
R.J. Takens	449,000	65,105	138,486	83,559
H.H. Sybesma	345,000	50,025	68,345	64,248
J.M. Snijders Blok	283,000	41,035	67,173	52,702
Total	**1,077,000**	**156,165**	**274,004**	**200,509**

[1] The company's remuneration policy is reflected in the remuneration report that has been presented to the General Meeting of Shareholders for approval. The bonuses reflected in the financial statements relate to the financial year and depend on the targets set by the Supervisory Board. 14,5% out of a maximum to be possible bonus of 50% was paid out.

Supervisory Board

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

	in €
A.J. Pasman	50,203
A. Kuiper	25,960
J.H. Menkveld	12,982
J. van den Belt	38,942
P.B. Ernsting	38,942
Total	167,029

Shares

At the end of 2013 Mr. Takens has 119,888 shares, Mr. Sybesma has 8,037 shares and Mr. Snijders Blok has 16,367 shares.

Stock option plan

The company has a stock option plan for members of the Board of Directors. In the event of full exercise of the option entitlements granted to date the number of issued shares would increase by 0.5%. According to company policy, the option entitlements are not covered by the company's purchase of its own shares. In case of equity-settlement new shares are issued by the company at the time options are exercised.

Below an overview is provided on the number and movement in stock option entitlements:

	Number at		Granting date	Expiry date	Exercise price	Fair value at granting date	Average exercise price
Options	31-12-2012	31-12-2013			in €	in €	in €
Granted in 2008	31,400	0	22-02-08	3-5 year	12.58	2.82	13.65
Granted in 2009	31,800	0	20-02-09	3-5 year	9.08	1.86	14.23
Granted in 2010	25,640	25,640	19-02-10	3-5 year	16.65	2.84	
Granted in 2011	24,480	24,480	24-02-11	3-5 year	19.39	3.57	

At 22 February 2013 8,900 options were exercised, at 11 April 2013 31,100 options and at 10 October 2013 19,200 options.

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

	Number at 01-01-2013	Issued in 2013	Exercised in 2013	Number at 31-12-2013	Average exercise price beginning of period	Average exercise price at year-end	Weighted average term at year-end
Directors					in €	in €	
R.J. Takens	53,280	-	32,800	20,480	13.39	17.99	1.65
H.H. Sybesma	16,260	-	-	16,260	17.99	17.99	1.65
J.M. Snijders Blok	43,780	-	30,400	13,380	13.22	17.99	1.65
	113,320	-	63,200	50,120			

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

Employees

Accell Group N.V. has an average of 24 employees in 2013 (2012: 20) of which 2 are employed overseas (2012: 2).
Wages and salaries, social security charges and pension contributions amounts to € 3.2 million, € 0.4 million and € 0.4 million in 2013 (2012: € 2.8 million, € 0.4 million and € 0.4 million). In the social security charges an accrual is made for the payment of the Dutch crisis levy amounting to € 0.2 million, which is unexpectedly extended by one year. Accell Group does not consider this crisis levy as remuneration.

Off-balance sheet commitments

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

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

Supervisory Board

A.J. Pasman, chairman
J. van den Belt, vice-chairman
P.B. Ernsting
A. Kuiper

Board of Directors

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

Heerenveen, March 10, 2014

OTHER INFORMATION

Profit appropriation pursuant to the Articles of Association

Article 25 (partial)

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

Paragraph 5
The profit then remaining shall be at the disposal of the general meeting of shareholders for the holders of ordinary shares. Pursuant to a proposal of the Board of Directors that has been approved by the Supervisory Board, the general meeting of shareholders may resolve that all or part of a dividend distribution to the holders of ordinary shares shall be made in shares in the share capital of the company instead of cash.

Dividend proposal

The Board of Directors proposes to pay shareholders a dividend of € 0.55 per share (2012: € 0.75), to be paid in cash or shares at the shareholder's discretion.

Events after balance sheet date

For events after balance sheet date reference is made to note 27.

Independent auditor's report

To: the General Meeting of Shareholders of Accell Group N.V.,
Heerenveen, the Netherlands

Report on the financial statements

We have audited the accompanying financial statements 2013 of Accell Group N.V., Heerenveen. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31 2013, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31 2013, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Accell Group N.V. as at December 31, 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Accell Group N.V. as at December 31, 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the board report (page 28 to 81), to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Utrecht, March 10, 2014
Deloitte Accountants B.V.

Signed by: A.J. Heitink

HISTORICAL SUMMARY

(in millions of euros, unless stated otherwise)

	2013	2012	2011	2010	2009	2008	2007	2006
Net turnover	849.0	772.5	628.5	577.2	572.6	538.0	476.1	431.7
Personnel costs	106.6	101.6	80.6	76.6	73.5	71.5	67.5	66.1
Operating profit (EBIT)	33.9	32.7	34.8	46.4	49.9	46.2	35.0	30.1
Financial income and expenses	-11.7	-6.9	-7.8	-4.2	-5.5	-6.0	-5.6	-3.9
Taxes	3.7	2.6	3.1	5.8	11.8	11.8	9.6	7.9
Net profit	19.0	23.3	40.3	36.4	32.7	28.6	19.8	18.4
Depreciation	8.7	8.2	7.4	7.5	7.4	6.9	5.8	4.9
Free cash flow [1]	-30.9	-19.9	16.9	-1.1	27.1	12.2	-10.0	-32.9
Investments in property, plant and equipment	6.8	22.8	11.2	6.2	6.7	12.9	12.6	10.7
Balance sheet total	579.6	589.7	434.0	383.9	337.3	335.4	277.6	245.6
Property, plant and equipment	65.8	71.2	64.1	59.6	61.2	61.3	54.9	48.7
Capital employed [2]	447.1	407.5	349.2	301.2	258.7	259.3	223.6	190.8
Group equity	240.0	239.8	214.6	180.4	151.8	132.1	107.1	91.9
Net debt	183.5	143.8	115.7	100.5	84.8	99.0	99.6	87.1
Provisions	30.3	27.9	22.5	23.3	33.1	31.3	16.9	11.6
Average number of employees (FTEs)	2,926	2,776	2,234	1,877	1,787	1,778	1,713	1,671
Number of issued shares at year-end	24,402,849	23,863,432	21,094,760	20,609,012	20,034,168	19,556,344	18,985,900	18,503,676
Weighted average number of issued shares	24,195,467	22,897,471	20,905,497	20,385,290	19,856,130	19,342,818	18,813,480	18,352,658
Market capitalization	327.0	317.6	297.4	389.5	292.2	176.0	235.0	240.5
Data per share [3] (in euros)								
Group equity	9.92	10.25	9.70	8.20	6.91	6.03	4.88	4.20
Cash flow from ordinary activities	-1.28	-0.85	0.76	-0.05	1.24	0.56	-0.45	-1.50
Net profit on ordinary activities	0.79	1.00	1.82	1.65	1.49	1.30	0.90	0.82
Dividend [4]	0.55	0.73	0.87	0.79	0.71	0.63	0.54	0.40
Ratios (in %)								
ROCE	7.6	8.0	10.0	15.4	19.3	17.8	17.7	15.8
ROE	7.9	9.7	18.8	20.2	21.6	21.6	22.8	20.0
Operating profit/turnover	4.0	4.2	5.5	8.0	8.7	8.6	8.3	7.0
Net profit/turnover	2.2	3.0	6.4	6.3	5.7	5.3	5.1	4.3
Free cash flow [1]/turnover	-3.6	-2.6	2.7	7.6	7.0	7.0	5.4	5.4
Balance sheet total/turnover	68.3	76.3	69.1	66.5	58.9	62.3	58.3	56.9
Solvency (based on group capital)	41.4	40.7	49.4	47.0	45.0	39.4	38.6	37.4
Net debt/ EBITDA [5]	4.0	3.3	2.6	1.9	1.5	1.8	2.2	2.5
Pay-out ratio	70.0	74.1	47.8	47.9	47.9	48.1	48.1	47.4
Dividend yield (including dilution [3])	4.1	5.5	6.2	4.2	4.9	7.0	4.3	3.1
Closing price of share	13.40	13.31	14.10	18.90	14.59	9.00	12.38	13.00

1) Free cash flow is defined as the balance of the net cash flow from operating- and investment activities.
2) Capital employed is the balance sheet total minus cash and cash equivalents and current non-interest bearing obligations (including current part of provisions).
3) The data per share are calculated based on the weighted average number of issued shares. The data per share for the years 2006-2012 have been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The adjustment factor that was applied in the reporting year for 2012 and for previous years is 0.97852.
4) The dividend per share relating to the financial year 2013 concerns the proposal to be submitted to the General Meeting of Shareholders.
5) EBITDA is based on the operating profit adjusted with one-off items.


RALEIGH

ADDRESSES

Accell Group N.V.
P.O.Box 435, 8440 AK
Industrieweg 4, 8444 AR
Heerenveen, The Netherlands
T +31 (0)513 638 703
F +31 (0)513 638 709
www.accell-group.com

Juncker Bike Parts B.V.
Fokkerstraat 25, 3905 KV
Veenendaal, The Netherlands
T +31 (0)318 553 030
F +31 (0)318 553 211
www.juncker.nl

Sparta B.V.
P.O.Box 5, 7300 AA
Wilmersdorf 37, 7327 AD
Apeldoorn, The Netherlands
T +31 (0)55 357 87 00
F +31 (0)55 357 87 05
www.sparta.nl

Brasseur S.A.
Rue des Steppes 13
B-4000
Liège, Belgium
T +32 4 2 28 72 60
F +32 4 2 27 40 78
www.brasseur-bicycles.com

Batavus B.V.
P.O.Box 515, 8440 AM
Industrieweg 4, 8444 AR
Heerenveen, The Netherlands
T +31 (0)513 638 999
F +31 (0)513 638 262
www.batavus.com

Koga B.V.
P.O.Box 167, 8440 AD
Tinweg 9, 8445 PD
Heerenveen, The Netherlands
T +31 (0)513 630 111
F +31 (0)513 633 289
www.koga.com

Tunturi Fitness B.V.
P.O.Box 60001, 1320 AA
Purmerweg 1, 1311 XE
Almere, The Netherlands
T +31 (0) 36 539 7102
F +31 (0) 36 539 7102
www.tunturi.com

Accell Germany GmbH
Max-Planck-Straße 4
D-97526
Sennfeld/Schweinfurt, Germany
T +49 (0)9721 67516-0
F +49 (0)9721 67516-99

Winora-Staiger GmbH
Max-Planck-Straße 6
D-97526
Sennfeld, Germany
T +49 (0)9721 6594-0
F +49 (0)9721 6594-45
www.winora-group.de

Ghost-Bikes GmbH
An der Tongrube 3
D-95652
Waldsassen, Germany
T +49 (0)9632 9255-0
F +49 (0)9632 9255-16
www.ghost-bikes.com

Tunturi-Hellberg Oy Ltd
P.O.Box 750
Varusmestarintie 26
FIN-20361
Turku, Finland
T +358 (0)10 27 33 200
F +358 (0)10 27 33 202
www.tunturi.com

Seattle Bike Supply Inc.
7620 S. 192nd Street
Kent, WA 98032
USA
T +1 425 251 1516
F +1 425 251 52 79
www.seattlebikesupply.com

E. Wiener Bike Parts GmbH
Max-Planck-Straße 8
D-97526
Sennfeld, Germany
T +49 (0)9721 6501-0
F +49 (0)9721 6501-60
www.bike-parts.de

Cycles Lapierre S.A.S.
P.O.Box 173
Rue Edmond Voisenet, 21005
Dijon Cédex, France
T +33 3 80 525 186
F +33 3 80 520 851
www.cycles-lapierre.com

Vartex AB
Batterivägen 14
SE - 432 32
Varberg, Sweden
T +46 (0) 340 64 60 00
F +46 (0) 340 61 11 90
www.vartex.se

Accell Bisiklet A.S.
Oranize Sanayi Bolgesi 3. kisim
Ahmet Tütüncüoglu Caddesi No 1
Manisa, Turkey
T +90 (0) 236 213 00 45
F +90 (0) 236 213 00 50
www.accellbisiklet.com.tr

Currie Tech Corp.
3850A Royal Avenue
Simi Valley, CA 93063
USA
T +1 805 915 49 00
F +1 805 915 43 21
www.currietech.com

Raleigh UK Ltd
Church Street, Eastwood
Nottingham, NG16 3HT
Great Britain
T +44 1773 532 600
F +44 1773 532 601
www.raleigh.co.uk

Raleigh America Inc.
6004 South 190th Street, Suite 101
Kent, WA 98032
USA
T +1 253 395 1100
F +1 253 872 9490
www.raleighusa.com

Van Nicholas B.V.
Energieweg 23, 3281 NH
Numansdorp, The Netherlands
T +31 (0)186 65 77 18
F +31 (0)186 65 77 19
www.vannicholas.com


10P

Colophon

Text:
Accell Group - Heerenveen - The Netherlands
Citigate First Financial - Amsterdam - The Netherlands

Design, lay-out and co-ordination:
Boerma Reclame - Gouda - The Netherlands

Production and distribution:
Schefferdrukkerij - Dordrecht - The Netherlands

FSC www.fsc.org
MIX
Paper from responsible sources
FSC® C020192

Accell Group N.V.

P.O. Box 435, 8440 AK
Industrieweg 4, 8444 AR
Heerenveen, The Netherlands

T +31 (0)513 638 703
F +31 (0)513 638 709

www.accell-group.com