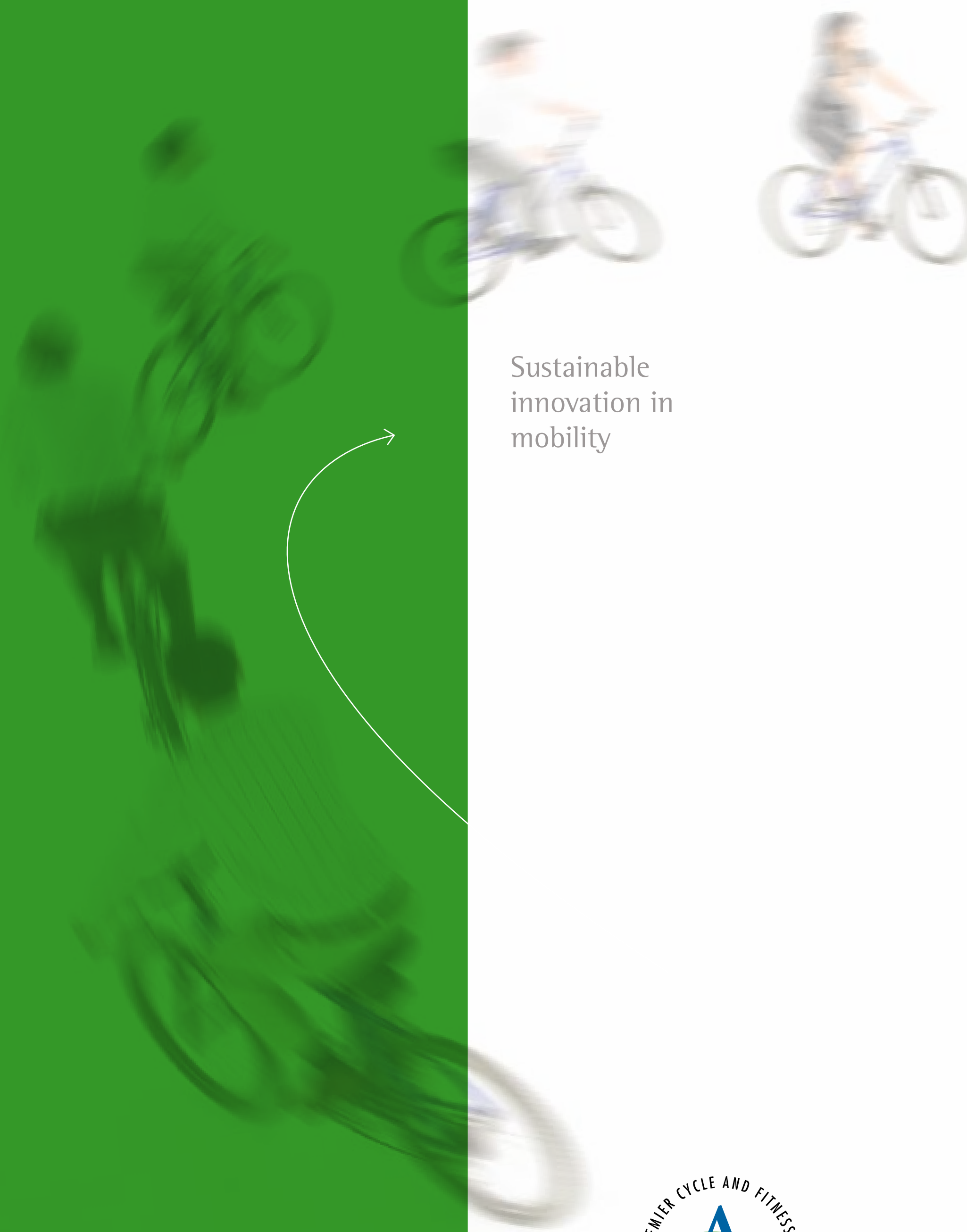
Annual report 2007



Sustainable innovation in mobility

THE PREMIER CYCLE AND FITNESS GROUP

ACCELL GROUP


ION
Sparta

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THE PREMIER CYCLE AND FITNESS GROUP
ACCELL GROUP

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

Accell Group companies and brands

BATAVUS

Founded over a century ago, Batavus is among the Netherlands' strongest brands. Batavus stands on the four pillars of design, durability, comfort and safety. The company is focusing increasingly sharply on its innovations and styling in niche areas such as the demanding cyclist, the urban segment, children, safety and comfort. The collection features a wide choice; thus there is always a Batavus bicycle to meet the consumer's specific needs, wishes and requirements. As well as its comprehensive collection of outdoor bicycles, Batavus has a complete range of home trainers and cross trainers, spinners and treadmills for indoor use. The bicycles and fitness equipment are sold to the specialised retailers in the Netherlands. Products are also exported to Belgium, Germany, Denmark and the United States.

koga miyata
THE QUALITY PEOPLE IN CYCLING

True bicycle experts and enthusiasts prefer the term 'Koga': the absolute apogee of racing, trekking, touring and electric bikes in the Netherlands and – increasingly – beyond. Strong consumer confidence in this brand has already been underscored thanks to notable successes among top sports starts. Koga's success is founded on innovation. Another essential factor is craftsmanship: every Koga is made entirely by hand by a single highly trained professional. Add to that premium quality and exclusive design, and you have all the basic ingredients for Koga-Miyata as a trendsetting brand in the European market.

LAPIERRE

The Lapierre brand stands for top sporting performance, premium quality and innovation. Lapierre is recognised in France and its export markets and is the trendsetter in racing and mountain bikes. Lapierre is a lifestyle brand in which passion and performance predominate, and it is backed up by a constant flow of innovations. Examples include the lightweight carbon frames and patented suspension designs that virtually rule out energy losses. The fact that leading lights in the world of sport are happy to work with Lapierre is illustrated by its lengthy partnership with the racing team 'La Française de Jeux (Pro Tour). Lapierre is distributed in Europe and North America as an internationally recognised leading brand. Bicycles are also produced under the auspices of Lapierre for CycloCity (including Vélib for Paris and Velov for Lyon) at the production facilities in France or Hungary. This is a unique European bicycle project intended to increase mobility in large cities.

SPARTA

Sparta is a truly specialised brand that focuses on specific market segments with its special products. These products are tailored to individual target groups and include special bikes such as the Mother Bike, the Father Bike, the Granny Bike and the MaXX, the bike for tall people. Sparta also supplies creative bicycles for a young and trendy target group, such as the Delft Blue Granny, the trendy Pick Up and the Urban Shopper (a special shopping bike). Sparta is especially well known to consumers for its electrically assisted bicycle, the Sparta ION. Sparta leads this sector with its ION and is continuing to develop the concept with new models.

LOEKIE

Loekie has been the leading brand for children's bikes for more than 25 years. With its children's bike collection Loekie targets all primary school children. Loekie children's bikes are safe, durable and have a contemporary 'trendy look'. Loekie focuses sharply on design, eye-catching colours and fashion trends, catering to the combined interests of three target groups: the children choosing and riding the bike, the parents who pay for it and need the assurance that the bike is safe, and the specialised retailers as expert advisers and the principal partners for Loekie collection sales.

HERCULES

Hercules was founded in 1886, which makes it one of the brands with the longest tradition in the German market. Hercules focuses on design, quality, innovation and a clearly defined brand. Hercules is known in the specialised retailers as 'the friendly German family brand'. To continue to expand its range, Hercules is also using various successful Accell Group products, such as the 'Emove', a serie of electrically assisted bicycles based on Sparta ION technology. Hercules backs up its strong position in the German specialist retail sector with training courses at the 'Hercules Academy'.

WINORA®
THE BIKE COMPANY

Winora is a concept in Germany: a wide-ranging brand that appeals to the whole family. The Winora collection covers everything from children's bikes to sports trekking bikes. It is a modern line with an image perfectly in keeping with the style of the modern, quality-conscious and service-oriented independent specialised retailers.

STAIGER

Staiger is a leading brand in the fast-growing market for lightweight and premium quality bicycles in the trekking and comfort segment. The distinctive strength of the quality Staiger brand is found in the use of superior parts, geared hubs and the specially developed lightweight frames. The 'Sinus' programme is a resounding success, used by consumers to create their ideal bicycle with the aid of the specialised retailers or the Internet. This is not least down to Staiger's ability to deliver a 'tailor-made bicycle' to the retailer very quickly.

HAI BIKE

Hai Bike supplies top quality racing and mountain bikes. Hai's philosophy centres on design, the best quality components and safety. An authentic and special sports brand, which includes ladies' mountain bikes and BMX. Hai Bike traditionally scores well in tests for German bike magazines. In the upper segment of the market, Hai Bike concentrates on custom-made bikes, an initiative that makes it possible for true devotees to create their dream bike.

Redline is one of the oldest brand names in the BMX (Bicycle Motor Cross) segment. In the United States, the USA Factory Team has been enjoying notable successes ever since its inception. Partnership with Batavus is also helping Redline to gain ground quickly in Europe. The introduction of BMX during the 2008 Olympic Games is expected to prompt an increase in the brand's worldwide recognition and acknowledgement. Redline is the official bike of the national BMX teams in the Netherlands, Germany and Norway. Redline also sponsors potential medal winners in the United States, Great Britain, Germany and the Netherlands.

Juncker Bike Parts is a leading supplier of the specialised retailers in the Benelux region for parts and accessories for bikes, mopeds and scooters. Their wide range includes more than 19,000 articles. The central warehouse in Veenendaal supplies some 2,500 bicycle specialists in the Benelux region within 24 hours. Juncker's customers speak highly of its easy ordering system and the up-to-date stock information supplied via online ordering. Juncker is the exclusive distributor of many famous brands and works in close partnership with the specialised retailers in the in-store marketing field (XLC).

Ghost, founded in 1993, is focused on the design of bicycles that continually set new standards: designed with attention to the smallest details, equipped with innovative technology, sturdy, and with a balanced price/quality ratio. A worldwide design team adopts a professional, creative and dynamic approach to the continual development of Ghost bicycles – and excels in pioneering work on frame technology, the development of perfect lines, innovative designs, and premium quality. Ghost is an international leading brand, and is positioned in the top segment of the market. In addition to its well-known series of mountain bikes, Ghost also offers a wide range of trekking and racing bicycles.

Brasseur is an important partner for the specialised retail trade in Belgium, and in the francophone part of the market in particular, regarding the exclusive distribution of a number of premium quality brands of bicycle parts and accessories. Furthermore, Brasseur distributes a number of bicycle brands, including Viper and Diamond in the middle and upper market segments. Brasseur has been a member of Accell Group since the beginning of 2007. The partnership with Accell companies, such as Juncker and Wiener Bike Parts, creates synergy in areas including portfolio management, logistics and procurement.

Wiener Bike Parts is a concept in the German market for bike parts and accessories. Abundant exclusive distribution contracts and the broad range of Wiener Bike Parts make it possible for specialised German retailers to buy all the parts they need from a single party with all the benefits that entails. Wiener Bike Parts is rightly the most important partner for the specialised retail trade. Its range of some 18,000 articles covers all conceivable bicycle parts and accessories. The B2B online ordering system guarantees the fastest delivery possible to the retail trade. This is a strong formula that has also been bearing fruit for some time in the French market.

SBS supplies a complete line of bicycles, parts and accessories to the North American specialised retailers. The company has four distribution centres at strategic locations in the United States, which makes it possible to reach most of the specialised bicycle businesses in the United States and Canada. The trade press and dealer network have presented SBS with distributor excellence awards on several occasions. As its principal success factors, they have highlighted simplicity and speed of operations, ease of ordering via all conceivable media and '24/7 service'. The Batavus and Lapierre brands are being rolled out in North American via SBS.

XLC is the premium brand for bicycle parts and accessories. The brand caters to the demand for reliable and recognisably high quality products. XLC has a complete line of products and works continuously on improving its ability to supply the best parts for mountain bikes, racing bikes, touring bikes and city bikes. XLC is supplied by all of the Accell Group's suppliers of bike parts and accessories: Juncker Bike Parts (Benelux), Brasseur (Belgium), Wiener Bike Parts (Germany and France), Tunturi (Finland and Sweden) and Seattle Bike Supply (United States). 2007 saw the introduction of a display programme to the specialised retailers with the aim of professionalising and extending the presentation of XLC products.

Originally a Finnish brand, Tunturi has been operating in the global market for fitness equipment since the 1970s. The fitness equipment line stands out for its consistent structure, Scandinavian design to the finest detail and the latest technological options, including 'scenic rides' based on streaming video. The motto 'From the heart' stands for passion for products, design and the users' health. Heart rate guided training and constant motivation are key factors in this regard. Tunturi is also known as a market leader in the Finnish bicycle market.

Under the motto 'Fit for Life', Bremshey supplies attractive fitness equipment at a good price. The products are labelled 'Designed and Engineered in Germany', which underlines their sound quality. Bremshey offers the whole family enjoyable alternatives for exercising and improving health, including user-friendly equipment without unnecessary gadgets or complex programs.
As well as fitness equipment, Bremshey Sport has a sophisticated range of fitness accessories, such as steppers and halters.

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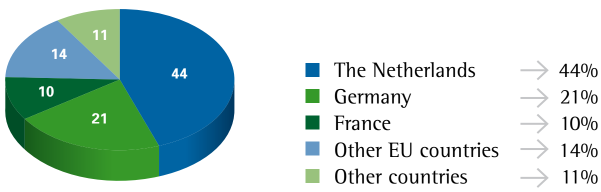
Profile of
Accell Group N.V.

Accell Group heads an international group of companies involved in the design, development, production, marketing and sale of innovative and premium quality bicycles, bike parts and accessories, and fitness equipment. The Accell Group's brands feature recognisable added value for consumers in which long traditions in their respective markets play an important role. With their famous names, such as Batavus, Bremshey, Ghost, Hercules, Koga-Miyata, Lapierre, Loekie, Redline, Sparta, Staiger, Tunturi, Winora and XLC, the companies occupy strong positions in the middle and upper market segments. Consumer sales take place primarily through the specialised retail trade.

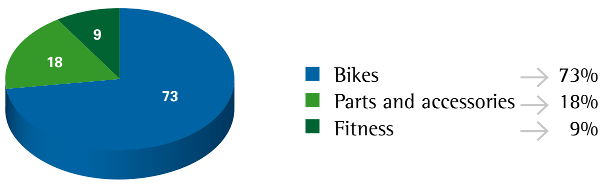
Accell Group has production facilities in the Netherlands, Belgium, Germany, Finland, France and Hungary. The key markets are the Netherlands (44% of turnover), Germany (21%) and France (10%). . Other EU countries, including Belgium, Denmark, Finland, Austria, Spain and the United Kingdom, account for 14% of turnover. The remaining 11% of turnover comes from countries outside of the EU, including Switzerland, the United States and Canada.

Accell Group is Europe's market leader in the bicycle market and occupies number one position in the market for home use fitness equipment. Turnover in 2007 totalled € 476.1 million (2006 € 431.7 million) with net profits from ordinary business operations of € 24.4 million (2006 € 18.4 million). Accell Group shares are traded on Euronext Amsterdam.

Accell Group
turnover
by country
2007



Accell Group
turnover
by product segment
2007



Key figures [1]

(in euros, unless otherwise mentioned)

	2007	2006	2005	2004
Results (in millions of euros)				
Net turnover	476.1	431.7	372.1	341.1
Operating profit on ordinary activities [1]	39.6	30.1	25.7	22.8
Net profit on ordinary activities [1]	24.4	18.4	15.5	13.2
Cash flow on ordinary activities [1]	30.2	23.3	20.1	17.6
Balance sheet data (in millions of euros)				
Group capital	107.1	91.9	77.4	60.7
Guarantee capital	108.6	94.4	80.9	65.2
Balance sheet total	277.6	245.6	183.8	173.6
Capital employed	223.8	190.8	138.2	137.9
Investments in property, plant and equipment	12.6	10.7	8.8	7.7
Ratios (in %)				
ROCE	17.7	15.8	18.6	16.5
ROE	22.8	20.0	20.1	21.7
Operating profit [1]/turnover	8.3	7.0	6.9	6.7
Net profit [1]/turnover	5.1	4.3	4.2	3.9
Data per share [2]				
Number of issued shares at year-end	9,492,950	9,251,838	9,015,015	8,656,267
Weighted average number of issued shares	9,406,740	9,176,329	8,879,749	8,549,802
Net profit on ordinary activities [1]	2.60	1.96	1.68	1.44
Cash flow on ordinary activities [1]	2.72	2.49	2.17	1.92
Group capital	11.38	9.81	8.37	6.62
Guarantee capital	11.54	10.07	8.75	7.11
Dividend [3]	1.25	0.93	0.80	0.67
Average number of employees (FTE's)	1.713	1.671	1.438	1.405

1) The operating profit, net profit and cash flow on ordinary activities relate to the operating result, net profit and cash flow (net profit + depreciation) without a provision for a Dutch Competition Authority (NMa) penalty.
2) The data per share are calculated on the basis of the weighted average number of issued shares. The data per share for the years 2004-2006 have been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with International Financial Reporting Standards (IAS33).
3) The dividend per share in 2007 relates to the proposal to be submitted to the General Meeting of Shareholders.

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International sports sponsorship

Borders are slowly but surely disappearing for Accell Group's top brands. Due to the active support and sponsorship of top sportsmen and women during international events, brands like Ghost, Koga-Miyata, Lapierre and Redline are nowadays also known to a wide public far beyond their original markets. During the 2008 Olympic Games, the Accell Group's leading brands will once again be clearly in the picture. Theo Bos (Koga-Miyata) and Shanaze Reade (Redline BMX) are expected to be the major eye-catchers. In addition, Lapierre, among others, will again receive a great deal of exposure at the major international cycling events.

Sustainable
innovation
in mobility

General course of business

Annual report

Benefiting from sustainable trends

Accell Group is benefiting from a number of sustainable social and demographic trends that are leading to growth in the bicycle and fitness markets. The most important trends are set out below.

- Growth in the number of double-income families in which a relatively large amount of time and money is spent on recreation and living more healthily.
- The ageing Western population, characterised by a growing number of older, healthier people wishing to remain socially, mentally and physically active.
- The increasing focus of public authorities on a safe infrastructure for bicycles in and outside of urban areas.
- Serious attention to the environment and measures aimed at reducing car use in favour of alternative means of transport, especially for short distance mobility.
- Broad social concern about the obesity issue, which is giving rise to many initiatives aimed at encouraging people to exercise more.
- Growing consumer interest in and preference for design and comfort.

Accell Group is responding to these sustainable trends by offering products with a recognisable and distinct added value. The group is targeting the middle and top market segment in that context. Continuous investment and focus on innovation and design are of overriding importance in these segments. Consistently renewing and adapting products to the wishes of the demanding consumer ensures that the products of the Accell Group companies remain popular in their specific target groups. Viewed in broad terms, the Accell Group's products fit within the 'prosperity markets' of Europe and North America.

Increase in turnover

Accell Group's market and brand strategy once again proved successful in 2007. Since Accell Group focuses its broad brand portfolio at the middle and higher segments of the various markets, most of Accell Group's companies operate and manufacture close to their markets. The year under review represented another good year for the group, showing record turnover and profits. The highly changeable weather, which resulted in fluctuating demand, also made 2007 a challenging year. In the second half of the year, a number of companies underwent delays to deliveries due to parts from a number of suppliers being delivered late. This situation has now been almost completely resolved.

General course of business (continued)

Turnover in 2007 grew by 10.3% to € 476.1 million, 7.1% of which was achieved organically in the segment for bicycles/bicycle parts & accessories. The rest of the growth in turnover (3.2%) is explained by the acquisition of Brasseur (Belgium) in the second quarter of 2007 and the consolidated effect of the acquisitions in 2006 of SBS (United States) and Webena (the Netherlands).

Partnership with the retail trade

Operating close to the market enables the Accell Group companies to produce in small series in order to respond rapidly to the specific wishes of consumers. Close partnership with the specialised retail trade and distributors continues to be of great importance. They are ideally placed to guarantee the best possible service for end-users. A recent Dutch survey showed that, with a share of 75%, consumers are increasingly likely to regard the retail trade as the most reliable partner for advice and for the purchase of a new bicycle.

The Internet is playing an increasingly important role in providing information and service. Various Accell Group brands are noticing an increase in the amount of interest shown in their Internet activities for the creation of ‘custom-made’ bicycles.

Organic growth and acquisitions

Accell Group is expanding by means of organic growth and acquisitions. As is customary, the company’s acquisition policy received substantial attention in 2007. This policy is based on the principle that acquisition candidates should complement existing ones and quickly add real added value in terms of profits and synergy. This means that candidates are judged on their value and are not acquired at any price. The acquisition of Brasseur in 2007 is clearly in line with this principle.

Viewed from a historical perspective, 2007 was a relatively calm year for acquisitions. It was also a year in which Accell Group demonstrated its ability to achieve strong organic growth. Overall turnover rose by 10.3%, 7.1% of which was achieved organically.

Acquisition of Brasseur

Accell Group announced on 31 January 2007 that it planned to acquire all of the shares in Brasseur SA. Established in Liège (Belgium), Brasseur is a trading company in bicycles, bicycle parts and accessories. In partnership with a wide dealer network, Brasseur mainly serves the francophone part of the Belgian market: an attractive market for Accell Group in which it previously was not very active. The partnership between Brasseur and Accell companies, such as Juncker Bike Parts and Wiener Bike Parts, also creates synergy in fields that include portfolio management, logistics and procurement.

Annual report

Other than that, the acquisition of Brasseur gives other Accell Group companies the opportunity to distribute their bicycles via Brasseur and vice versa. Brasseur's bicycle brands, including Viper and Diamond, are positioned in the middle and upper market segments. That is a good fit for Accell Group's existing portfolio.

Brasseur's profit making turnover in 2006 totalled approximately € 9 million. The company acquired Brasseur with its own resources and is being consolidated in the Accell Group's figures from 1 April 2007.

Bicycles/bicycle parts & accessories

Turnover in the bicycles/bicycle parts & accessories segment rose by 11.5% to € 431.5 million (2006: € 386.9 million). This increase was driven primarily by the continuing strong demand for electrically assisted bicycles and increased sales in Germany and France. The number of bicycles sold in 2007 rose by 3% to 943,000 (2006: 917,000), and the average selling price for bicycles rose to € 367 (2006: € 339). The segment result for ordinary business operations totalled € 48.6 million (2006: € 36.9 million).

The Dutch bicycle brands Batavus, Koga and Sparta clearly benefited from the exceptionally good cycling weather in the first half of 2007. Although the weather proved disappointing in the autumn, and Accell Group suffered delayed component deliveries, approximately 5% organic growth in segment turnover was achieved in the second half-year, and the order book reached a record level at the beginning of 2008.

Winora and Hercules in Germany saw an increase in turnover in the year under review, mainly owing to good market conditions and Winora's custom-made programme. Sales of parts and accessories by Wiener Bike Parts were good both in Germany and France. The German bicycle market is currently developing favourably.

Accell Group had a good year in France with its premium brand Lapierre. Mercier's production activities were integrated with Lapierre's in 2007. Under the auspices of Lapierre, bicycles are produced in France and Hungary for JC Decaux, which develops bicycle projects to improve mobility in large French cities. The large-scale project for public bicycles in Paris (Vélib') drew a lot of publicity and generated additional turnover of around € 6 million for Accell Group.

The turnover of Seattle Bike Supply (SBS) in the United States continued to grow. In 2007, a start was made to distribute Batavus bicycles via SBS's network. A start had already been made on distributing Lapierre via SBS's dealer network in North America. Export of the SBS brand Redline (BMX bikes) to Europe made good progress. This was primarily through the partnership with Batavus, the increase in sponsorship of national teams and international riders, and the BMX tournament at this year's Olympic Games in Beijing.

General course of business (continued)

The sale of bicycles, bicycle parts and accessories in the rest of Europe continued to grow. The principal markets are Belgium, Austria, Switzerland, Spain and Scandinavia.

Accell Group made good progress with e-commerce in 2007. A new ordering system called Accentry was introduced for bicycles and parts, which enables dealers to locate and order bicycles or parts easily. This type of supply chain digitisation greatly enhances efficiency. Advanced systems are also used to specify custom-made bicycles, which makes it easy for consumers and dealers to create and order a bicycle. Winora (Sinus/Hai) and Koga are proving successful in this area.

Fitness

Turnover in the fitness segment in 2007 remained virtually unchanged at € 45.0 million (2006: € 45.7 million). Following a disappointing first half-year caused by the exceptionally fine weather conditions, sales remained poor in the third quarter. Turnover improved in the fourth quarter when new and innovative products were launched. The segment result for fitness fell to € 0.8 million (2006: € 2.0 million).

Partly in response to strong growth in 2006, further measures were taken in 2007 to strengthen the organisation of the international fitness division. In 2007, the sales organisation in Germany was entirely moved to Almere, and preparations began to transfer the sales organisations of Austria and Switzerland. Moreover, 2007 saw the completion of the transfer of fitness equipment production in Finland to the new facility in Estonia (a joint venture with a local partner).

Following its acquisition in November 2006, the activities of Webena were fully integrated in the fitness division in 2007. The Webena products in the small-fitness segment are now being sold in several countries under the names Tunturi and Bremshey.

2007 also saw the first steps towards a structured approach to the professional market (B2B). This market, which includes professional users such as physiotherapists, is continuing to develop. The amount of attention paid to outdoor fitness and fitness training at work will continue to increase in the years to come. A team in the fitness division especially set up for this purpose will be concentrating on this market.

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NMa penalty reduced

In April 2004, the Netherlands Competition Authority (NMa) imposed a penalty of € 12.8 million on the Accell Group for alleged pricing agreements. The appeals procedure at the NMa led to the penalty being reduced by 10% in November 2005, but Accell Group maintained the view that the penalty remained out of all proportion as the accusations were entirely unfounded. Therefore, Accell Group lodged an appeal with an independent court. Accell Group lodged its appeal in March 2006. In its ruling of 18 July 2007, the district court in Rotterdam declared that some of the grounds put forward in the appeal of Accell Group against the NMa fine were well-founded and reduced the fine imposed by the NMa on Accell Group from € 11.5 million to € 4.6 million. The court took the view that information about bicycle prices had been exchanged prior to the 2001 bicycle season but considered this less serious than did the NMa.

Accell Group maintained that no price agreements were made. Accell Group has since lodged an appeal against the ruling of the district court in Rotterdam at the Trade and Industry Appeals Tribunal ('CBb'), as Accell Group maintained the view that it had not committed any violations and, therefore, regarded the € 4.6 million penalty as being unjustified and excessive. The CBb is not expected to rule on the Accell Group's appeal in 2008.

Accell Group has created a provision for € 4.6 million in accordance with the reporting standards. Since the provision does not affect the profit from normal business activities it is not taken into account in the profit from ordinary activities. The provision is taken into account in the net profit. The NMa penalty has been included in the balance sheet under other provisions.

Developments after the balance sheet date

Accell Group announced on 27 February 2008 that it had reached agreement on the acquisition of Ghost Mountainbikes GmbH ("Ghost"). Ghost is a premium international brand of top quality mountain and racing bikes. The company is established in Waldassen (Germany) and achieved a turnover of approximately € 25 million in 2007. Ghost serves the domestic market through a comprehensive dealer network. Ghost also exports bicycles to several European countries. The acquisition is expected to contribute directly to Accell Group's profit per share.

Report of the Supervisory Board

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The Supervisory Board hereby presents the annual report compiled by the Board of Directors, which also includes the financial statements for 2007. The financial statements have been audited by Deloitte, which has issued an unqualified auditor's report. This report is included on page 115 of this annual report.

We propose that the General Meeting of Shareholders adopt the financial statements and its profit appropriation proposal and discharge the Board of Directors and the Supervisory Board for their management and supervision over the year under review.

Composition

The members of the Supervisory Board are as follows:

Prof. Dr. S.W. Douma (65), Chairman

Mr Douma (Dutch nationality) has been a member of the company's Supervisory Board since 1 October 1998. He was appointed Chairman of the Supervisory Board in 2000. Mr Douma is a professor of business strategy at the University of Tilburg. He does not hold any positions at other companies. Mr Douma was re-elected for four years by the General Meeting of Shareholders held in the spring of 2006. Mr Douma's term of office continues until the General Meeting of Shareholders in the spring of 2010.

J.H. Menkveld, MBA (62), Vice-chairman

Mr Menkveld (Dutch nationality) was appointed to the Supervisory Board on 26 April 2001. He was re-appointed as Vice-chairman of the Supervisory Board on 4 February 2005. Until 2001 he was a member of the Board of Directors of CSM N.V. Mr Menkveld has since retired. He is a member of the supervisory boards of the following unlisted companies: Bakkersland B.V., Coöperatieve Bloemenveiling FloraHolland U.A. (up until 1 January 2008) and Meneba B.V. Mr Menkveld's term of office runs until the General Meeting of Shareholders in the spring of 2009.

Report of the Supervisory Board (continued)

J. van den Belt (61)

Mr Van den Belt (Dutch nationality) was appointed to the Supervisory Board on 20 April 2006. He is Chief Financial Officer and member of the Board of Directors of Océ N.V., a member of the Supervisory Board of Groeneveld Groep B.V., a member of the Adviesraad Uitgevende Instellingen (Advisory Board Issuing Institutions) of NYSE Euronext and a member of the board of Stichting Preferente Aandelen Gamma Holding. Mr Van den Belt qualifies as the financial expert provided for in article III.3.2 of the Netherlands Corporate Governance Code. Mr Van den Belt's term of office continues until the General Meeting of Shareholders in the spring of 2010.

J.J. Wezenaar (71)

Mr Wezenaar (Dutch nationality) was appointed to the Supervisory Board on 1 September 1999. He was Chairman of the Board of Directors of Accell Group until 1999. He has now retired. Mr Wezenaar is a member of the supervisory boards of the following unlisted companies: Eromes Holding B.V., De Friesland Zorgverzekeraar U.A., Nooteboom Trailers International B.V., Continuon Netbeheer N.V., Tjaarda Oranjewoud B.V., Amefa Holding B.V., Stam B.V. and Zaadnoordijk Yachtbuilders B.V. During the General Meeting of Shareholders in the spring of 2007, Mr Wezenaar was reappointed for a period of four years on the nomination of the Supervisory Board with the recommendation of the Central Works Council. Mr Wezenaar's term of office continues until the General Meeting of Shareholders in the spring of 2011.

Each member of the Supervisory Board is independent as provided for in best practice provision III.2.2 of the Dutch Corporate Governance Code (Tabaksblat Code).

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Activities

During the year under review the Supervisory Board supervised the policy pursued by the Board of Directors and the general course of business at the Accell Group. Explicit attention was paid to the company's overall strategy and the individual strategies of the Accell Group's principal subsidiaries.

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

Remuneration of the Board of Directors

The Supervisory Board has drawn up a remuneration report for 2007 regarding the application of the remuneration policy for the Board of Directors. The full report is available on Accell Group's website (www.accell-group.com) under 'Corporate Governance'. The remuneration of the Board of Directors is in keeping with the policy adopted by the General Meeting of Shareholders on 21 April 2005.

The Supervisory Board discussed the performance of the Board of Directors as a whole and of its individual members at a meeting held on 1 March 2007 in the absence of the Board of Directors. The salaries of the members of the Board of Directors for 2007 and their bonuses for 2006 were also determined during that meeting, and a decision was made on the allocation of share options. The 2006 bonuses are stated in the 2006 financial statements.

The remuneration package for the Board of Directors for 2008 was discussed during the meeting of the Supervisory Board on 22 February 2008. The 2007 bonuses were also determined and included in the 2007 financial statements.

The remuneration policy makes it possible to attract and retain people qualified for membership of the Board of Directors. Aspects including the company's profits, the development of its share price and other developments relevant to the company are taken into account when setting the level and structure of the remuneration.

The remuneration policy is intended to position the remuneration package at a competitive level in the Dutch market for directors of larger companies with comparable responsibilities. That comparison is substantiated with the results of the Hay Boardroom Guide 2007. The Supervisory Board has commissioned participation in that survey.

Report of the Supervisory Board (continued)

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

Annual salary
The Supervisory Board regularly commissions a remuneration expert to conduct an investigation to determine the fixed salaries of the members of the Board of Directors. The criteria for setting the annual salaries of the individual members of the Board of Directors are given in the remuneration report.

Short-term bonus scheme
70% of the payable bonus in 2007 depends on the turnover and profit targets, while 30% depends on individual targets. Bonuses for members of the Board of Directors are limited to a maximum of 50% of their fixed salary. A bonus of 50% of the annual salary was paid to the Board of Directors for 2007.

Share option scheme
The allocation of share options in 2007 was based on performance in 2006. On that basis, members of the Board of Directors were allocated share options at a call price equal to the average closing prices over the last five days prior to allocation. The number of share options allocated is based on the annual salary of the relevant Member of the Board of Directors divided by the option strike price. Once allocated, the options are unconditional, and the directors are obliged to keep them for at least three years in order to reconcile the interests of the Board of Directors with those of the shareholders.

Pension
The pension scheme for the Board of Directors is a defined contribution scheme. Different past pension agreements are maximised to a fixed annual contribution that can be adjusted annually.

Other secondary benefits
No changes to these benefits have been agreed. For the precise remuneration of members of the Board of Directors, please refer to the notes to the financial statements.

Remuneration policy for 2008
In view of developments in the remuneration market for directors, the Supervisory Board will make a proposal to the General Meeting of Shareholders being held in April 2008 to partially replace the existing share option scheme with a share scheme.

Meetings

The Supervisory Board held meetings with the Board of Directors six times during the year under review. The company strategy was discussed several times at these meetings. Other subjects included developments at subsidiaries, possible acquisitions and developments in markets relevant to the company, and the company's financing and financial policy. Risk management was another subject periodically discussed with the Board of Directors. To promote the provision of information about operational activities, the directors of the subsidiaries joined the meeting with the Board of Directors on one occasion. Based in part on those meetings, the Supervisory Board expresses its confidence in the company's strategic plans.

The Supervisory Board held meetings with the external auditor, the CFO and the CEO on a further two occasions. The company's half-year figures were discussed at these audit meetings. A further two meetings were held with the external auditor without the Board of Directors being present.

The Supervisory Board held two meetings in the absence of the Board of Directors. One meeting was devoted to discussing the performance of the Board of Directors as a whole and its members individually. It was concluded that both the Board of Directors as a whole and its individual members were performing well. The salaries for 2007 and the 2006 bonus for the members of the Board of Directors were determined at this meeting. The remuneration policy was discussed at the other meeting.

The Supervisory Board also held two meetings with the Board of Directors and the Central Works Council. The subjects discussed at this meeting were the company's course of business and overall strategy and developments at the Dutch subsidiaries. The Supervisory Board was fully represented at virtually all of these meetings.

The Supervisory Board wishes to express its gratitude for the commitment and enthusiasm of the management and personnel of the Accell Group during 2007.

Heerenveen, 12 March 2008
For the Supervisory Board,

S.W. Douma

Also recreational mobility with electric-powered bicycles

Thanks to electric-powered bicycles, large groups of consumers who, for whatever reason, had previously had to wave goodbye to the bicycle can now get on the move again. As a result of the development of these bicycles, particularly in the field of design, they are becoming increasingly popular for recreational use, with longer distances being covered using the electric-powered bicycle. Within Accell Group, Sparta's ION, has set the pace in this specific segment of the market. For example, Sparta has established ION charging stations all over the Netherlands, usually in cooperation with catering establishments. The Sparta ION can be recharged at these stations and, after a pleasant break, cyclists can continue on their way. This is an initiative increasing the distance that can be covered by the cyclist still futher and one that makes the Sparta ION attractive for recreational journeys.

Mission & strategy

Annual report

Accell Group aspires to a leading position in the development and sale of durable consumer goods for short distance mobility, fitness and active recreation. Accell Group thus aims to realise a healthy and sustainable return for its shareholders and a stimulating working environment for its employees. In this way, Accell Group is actively responding to sustainable trends such as 'more exercise and a healthier life'.

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

- creating innovative and distinctive products and services that appeal to consumers;
- positioning, promoting and extending strong brands, many of which have a national tradition, so that they continue to be preferred by consumers;
- supporting the specialised retail trade in consumer sales;
- achieving autonomous growth in volume by increasing market shares in the existing brands and growth in turnover through the introduction of innovative top quality products;
- Acquiring complementary businesses to achieve continued growth, including by means of takeovers;
- utilising synergy between Accell Group companies;
- investing in the knowledge and skills of personnel;
- operating with the greatest possible care for man and the environment;
- consistently managing costs and profits to improve operational margins.

Accell Group occupies prominent positions in the Netherlands, Belgium, Germany, France, Finland and the US. In the future, Accell Group will work on continuing to strengthen these positions and occupying leading positions in other countries.

Sustainable
innovation
in mobility

Mobility in major cities

Air pollution, traffic-jammed city centres and accessibility have provided the impetus for some unique bicycle projects in France. Following its introduction in Lyon, last year's Vélib' project in Paris attracted a lot of attention from the international press. In essence, the residents of Paris always have access to a bicycle within a few hundred metres. Accell Group is closely involved with this project. The specially designed bicycles ('vandal and idiot-proof') are produced in France and Hungary under the responsibility of Lapierre. Vélib' is a success and an exemplary project. It is being followed with great interest by politicians and administrators, particularly in cities faced with comparable problems.

Sustainable innovation in mobility

An important aspect of Accell Group's mission is to help 'get people on the move' and to operate with maximum regard for people and the environment. Accell Group thus actively responds to sustainable global trends and developments. Accell Group's innovations concentrate largely on contributing to a behavioural change regarding mobility and a healthier lifestyle. This relates to more than product development, which is why Accell Group is also actively involved in a broad range of activities in this area both within and outside of the company.

CO_2-free mobility

Research in the Netherlands shows that about half of all car movements cover only short distances (less than 7.5 kilometres). Cars are used even to drive the shortest of distances (up to 2.5 kilometres). However, the tide is beginning to turn in response to the increased focus on exercise and the environment. National and local authorities are warmly welcoming initiatives to encourage people to use bicycles (such as improving and building cycling paths, including along short and busy congestion routes).

We are also seeing more and more initiatives outside of the Netherlands in which the bicycle takes preference for 'short distance mobility'. An example that has drawn a lot of international attention is the unique French 'CycloCity' bicycle project. This enables residents of large cities, such as Paris (Vélib) and Lyon (Velov), to find a bicycle to use within a few hundred metres at any time. Accell Group is involved in the development, production and delivery of bicycles for CycloCity. This model project is being closely followed in other countries.

Furthermore, Accell Group is involved in the Global Alliance for EcoMobility (www.ecomobility.org), which launched itself at the Climate Conference of the United States in Bali (Indonesia) in December 2007. This global alliance of representatives from the private and public sectors concentrates on integrally promoting activities such as walking and cycling to improve health and urban living environments. Accell Group is pleased to make an active contribution to this initiative.

Accell Group is gratified to note that people are becoming more likely to use bicycles to travel short distances. Not only is this less harmful to the environment, it is also cheaper and healthier. Accell Group is pleased to make its contribution by providing knowledge and resources to organisations involved in improving the infrastructure, reducing car use and combating obesity.

Sustainable innovation in mobility (continued)

Recreation: healthy living and more exercise

The importance of cycling for recreation is on the rise. Furthermore, the bicycle is an important means of transport in many countries. Research shows that people who cycle regularly are as fit as athletes and are physically ten years younger than their actual age. Cyclists also have better resistance to illnesses and a reduced chance of suffering a heart attack.

To keep fit, adults need to exert themselves moderately for at least thirty minutes a day and at least five days a week, although preferably every day. With its complete fitness line, Accell Group offers a good alternative to those preferring to stay indoors. Accell Group is proud of being able to contribute to the welfare and health of increasing numbers of people through designing, producing and developing top quality products. Even groups of consumers who take little or no exercise can benefit from Accell Group's innovative strength. Developments in electrically assisted bicycles give these people 'short distance mobility', often completely independently. An important role is played by factors such as the information supplied by family practitioners, supported by the Accell Group companies. Accell Group is closely involved in the development of batteries with longer lives and usage spans in order to increase still more the action radius of electrically assisted bicycles and reduce the environmental burden. Accell Group also actively supports initiatives that get young people on the move and reduce social problems such as obesity.

Environmentally-friendly production

Accell Group sets great store by environmentally-friendly production methods. The lacquer plants and production facilities in Heerenveen and Hungary are among the most modern in Europe. Using fully water-based paints and acrylic topcoats prevents the emission of harmful substances. The environment is taken into account at all of the facilities. Packing materials are reused internally and externally wherever possible. Suppliers are encouraged to supply goods with minimum packaging materials. Accell Group is working continuously on improvement projects in this field, both at its own organisation and with its suppliers.

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Personnel

Personnel of Accell Group's various subsidiaries are regarded as important stakeholders. The group also sets out to offer employees a challenging working environment in line with their personal abilities and ambitions. Accell Group offers an open and professional culture and good training and career opportunities. Many of the group's employees share in the profits of the company they work for. Accell Group regards its employees' safety and health as being of great importance. The Board of Directors greatly appreciates the efforts of employees from all of the Accell Group subsidiaries in 2007.

Code of conduct for suppliers

Accell Group operates strict standards when selecting its suppliers. Accell Group embraces integrity and responsibility, also in respect of the parts involved in the production and sourcing process. Accell Group's standards are laid down in a code of conduct for suppliers. These standards cover subjects such as a ban on child labour, forced labour and discrimination, safety standards, environmental standards and working conditions. Accell Group's quality controllers and buyers supervise suppliers locally to ensure effective compliance with the agreements.

Sustainable investment opportunity

Accell Group is also acknowledged by the outside world for its social responsibility. Triodos Bank recently picked out Accell Group for inclusion as an investment in the Triodos Values Pioneer Fund, a global small/mid-cap fund that invests in sustainability frontrunners. The fund invests in listed companies that actively contribute towards a clean planet, climate protection, a healthy lifestyle and pioneering in corporate social responsibility.

Board of Directors

Accell Group has an organisation structure with independently operating subsidiary companies. These are primarily responsible for the position in their respective markets. The holding company steers, coordinates and works continuously on the synergy within the group. The integration of back-office activities and the mutual exchange of knowledge of product development and innovation are cost-effective and lead to an optimum utilisation of product concepts and innovation. Improvements in the field of safety and comfort, including new methods of theft prevention, lighting systems and the development of new parts and accessories, are important for all subsidiary companies.

From left to right:
H.H. Sybesma (CFO), R.J. Takens (CEO), J.M. Snijders Blok (COO).

Organisation, structure and working method

The organisation

Board of Directors

**R.J. Takens (53),
Chief Executive Officer (CEO)**

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

**H.H. Sybesma RC (40),
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 at Groningen University, he began his career as a financial consultant with PriceWaterhouseCoopers, where he spent five years. Mr Sybesma is also a Charted Controller (1995, VU Amsterdam)

**J.M. Snijders Blok (49),
Member of the Board of Directors (COO)**

Mr Snijders Blok studied Business Economics at Twente University of Technology and joined Accell Group in 1992, initially at the ICT department. In subsequent years, he held the position of logistics manager at Batavus and Hercules and was afterwards appointed as managing director of Batavus. He was appointed managing director of that subsidiary in 1999. He has been Accell Group's COO since April 2004.

Organisation, structure and working method (continued)

Structure

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

Advantages of synergy are gained by integrating back-office activities. Computer systems developed in-house make it possible to control the independent operating companies effectively with a limited indirect organisation.

The group works continuously on synergy in other areas, too, such as the intensification of partnership with suppliers and the mutual exchange of knowledge of product development and innovations. Improvements have been made in the fields of safety and comfort, including new methods for theft prevention, lighting systems and the development of new parts and accessories. These improvements are of great importance to all the brands.

Accell Group works together with the subsidiaries on setting the strategy governing the market position of the various brands, procurement, production-allocation and human resources. The subsidiaries are responsible for implementing the strategy. Management reports are compiled on a daily, weekly, monthly and quarterly basis.

Organisation, structure
and working method
(continued)

Accell Group's Operational Cycle

Accell Group's Operational Cycle

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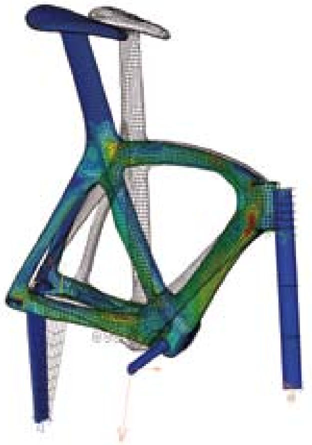
Market research

The bicycle market is highly segmented. 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 calls for a varied and balanced brand policy aimed at presenting a specific image for each brand and each country.

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

Organisation, structure and working method (continued)

Design



Operating close to the market involves deploying design and development teams to develop new components, models and colours for each brand. In this phase, too, it is important to carry out surveys among consumers (including consumer panels) to evaluate and make any necessary adjustments to the development process. Product design is a very important way of standing out from the crowd. The wishes of consumers are always put first. The design and development teams come up with a new collection every year, usually focusing on innovation and design. The use of electronics (especially in the fitness area) is gaining in importance too. Each brand has its own unique positioning. The holding optimises the positioning of the individual brands.

Marketing

The bicycle market is highly fragmented between countries. Accell Group has a large number of strong national brands each of which operates in its own market with its own positioning. Many of these brands lead their own local markets and have a solid share in them. Operating close to the market enables the companies to respond directly to their customers' wishes. That translates into an optimally short 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. A wide range of communication instruments is used, both thematically and in the form of direct marketing to the consumer and the retail trade.

A number of premium bicycle brands are becoming increasingly international. Appropriate sponsorship activities are being used to give those brands international recognition. For example, competitors in 'La Française de Jeux' (Pro Tour) have been using Lapierre bikes for many years. Lapierre has also enjoyed great success in the professional mountain bike sector as a leading sponsor of the World Cup Gold Races. Lapierre bicycles are distributed in Europe, Asia and North America.

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Koga-Miyata, too, is becoming increasingly well known on the international stage. Koga is sponsor of the Skil-Shimano race team and the KNWU national track team. The basis for the international reputation can be attributed largely to the foundation created by Leontien Zijlaard-van Moorsel, who continues to play an important role in promoting Koga nationally. In recent years her position has been assumed by a worthy successor in the person of track cyclist Theo Bos. His participation in the 2008 Olympic Games will be followed with great interest.

The same is equally true of the Redline brand, which has a long tradition in the individual sponsorship of top BMX competitors in the United States. In anticipation of the introduction of BMX to the 2008 Olympic Games, Redline has extended its sponsorship activities to Europe and, for example, sponsors the national BMX teams in the Netherlands, Germany and Norway. Redline is setting out to broaden the brand's exposure by sponsoring potential medal winners.

Development

The group devotes great attention to various long-term innovation projects and to the exchange of knowledge. Central coordination makes it possible for innovations to be applied broadly by Accell Group. Cost savings and rapid innovation projects are achieved through partnership and team building in product development and production. That translates into a shorter time-to-market.

In 2007, a great deal of innovation was implemented by Accell Group's brands. The Sparta ION technology, for instance, was adapted for brands including Batavus, Koga-Miyata and Hercules. They now have a complete and state-of-the-art line of electrically assisted bicycles of their own.

Interest in custom-made bicycles is increasing, too. The Internet and web technology make it possible for consumers to create their own bicycles, often in consultation with the dealer. These initiatives are also catching on in the specialised retail trade. The demanding consumer greatly appreciates the dealer's advice and service: the dealer adds the finishing touch with advice and putting the bike in working order, thus remaining an important service partner for consumers. The brands Koga-Miyata ('Signature'), Lapierre ('WebSeries'), Staiger ('Sinus') and Hai Bike have since gained ample experience in programmes for custom-made bicycles.

Organisation, structure and working method (continued)

2007 saw the launch of a wide range of innovations, including the following:

Double intensity headlight

In 2007, Koga-Miyata introduced a new headlight, the result of an intensive partnership with a supplier. New LED and reflector technology (IQ-TEC) makes it possible to insert a reflector in a small light housing. The result: light intensities in excess of 30 lux, providing unfettered views and enhanced visibility. The stylish, lightweight and durable ‘sandwich construction’ is attractively integrated in the mudguard. This is a typical Koga innovation that can count on substantial interest among consumers and other Accell Group companies.

The Koga-Miyata Vector

An international jury of the iF picked out the Koga-Miyata Vector for a gold iF product design award in the category Leisure Time and Lifestyle. The Vector city bike is no ordinary city bike, but an elegant, fast variant. A bicycle designed especially for day-to-day mobility and fast and manoeuvrable travel in the big city.

The design of the Vector makes allowance for the challenges facing traffic in big cities, such as congestion, narrow streets, obstructions, tram rails and poor road surfaces, as well as the personal wishes of the cyclist, such as comfort, luggage capacity, safety, ease of maintenance and clothing protection.
The 50 mm balloon tyres guarantee optimum cycling comfort. A waterproof bag is supplied as standard with the stable luggage carrier that was designed especially for the Vector. The Vector has lighting featuring a hub dynamo, which also works with the mudguards removed. The Shimano Inter-8 Premium hub gears and chain - completely protected by a chain guard - are easy to maintain. This ensures that clothing stays spotlessly clean. Fitted with many premium quality components, such as the attractive and robust hydraulic Magura HS-11 brakes, the Vector is a fully-fledged city bike for the sportmanslike cyclist.

The Batavus anti-theft chip

Batavus operates at the cutting edge of bicycle theft prevention. For many years virtually all bicycles have been fitted with a chip in the lock, the 'DiefstalPreventieChip' (DPC) or 'Theft Prevention Chip'. The chip contains a unique number that can be read using special equipment held by the Dutch police. All of the chips are registered with the RDW Centre for Vehicle Technology and Information. When a bicycle is reported stolen, the chip number is looked up and the bicycle is flagged as stolen. This makes it easy to establish whether a bike has been stolen, while making it harder to fence stolen bikes. In 2007, Batavus succeeded in building the chip into the frame of a bicycle. This makes it impossible to remove the chip without damaging the frame. At the beginning of 2008, Batavus received the Fiets Innovatie Award (Bicycle Innovation Award) for this initiative.

Passport: Lapierre's 'portable' mountain bike

This is a premium quality Lapierre mountain bike designed as a 'folding bike': something for the true sports enthusiast. Based on its patented folding system, Lapierre has spent 3 years working on the development of the Passport concept: a foldable mountain bike that fits in a travel bag, designed in partnership with the trendsetting French sports fashion brand Lafuma. With an overall weight of 16.5 kilograms, the mountain bike can easily be taken on trips, even on flights. The lightweight bag and contents meets all of the check-in rules and can be taken on board without any extra charge. A unique, intuitive assembly system requiring no tools makes it possible for the cyclist to have the Passport ready for use within 5 minutes. The result is a complete and top quality mountain bike that can measure up against the other mountain bikes in Lapierre's range. This mobility innovation confirms that Lapierre's continuous development of lightweight frames is being successfully translated into new concepts.

Organisation, structure and working method (continued)

Sparta ION charging stations

Sparta has set the trend in electrically assisted bicycles and is continuing to do so. As well as continuing to refine the basic technology, Sparta will be working on further innovations to market this concept. The Sparta ION has become hugely popular and is broadly accepted by consumers for commuter travel and recreational tours, with cyclists benefiting from its invisible electrical pedalling assistance. One hundred ION charging stations, which can also be used electrically assisted bicycles from Koga and Batavus, have now been opened in the Netherlands to enlarge the action radius still more. Sparta's easily navigable website shows the charging station locations. This is a service that is guaranteed to increase the popularity of E-bikes.

Fitness

In 2007, the principal Accell Fitness brands, Tunturi and Bremshey, completely renewed their collections and attuned them even more accurately to global variations in consumer wishes and requirements. The Tunturi collections for the United States and Canada are basically the same, but the colours are geared to different consumer tastes in the region. The patented Tunturi T-Road is catching on well: The world at large is optimally simulated on the 7" monitor, including gear changes and climbing and descending, via 'real life' video with a course through old cities, forests and mountains. Combined with the other patented training facilities, including the T-Training (a 'built-in coach'), various fitness tests and heart rate steered programmes, Tunturi continues to operate at the cutting edge of the fitness market.

Sourcing and production

For component sourcing, Accell Group works in close partnership with a number of production companies in Europe and the Far East. The partnership is consistently evaluated and optimised. The assembly process (or parts of it) is outsourced when economically justifiable at the required level of quality. Most of the assembly work is carried out relatively close to the market. The fast and efficient production of small series is of great importance since Accell Group

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report

concentrates on the middle and upper market segments. This trend is underlined by the growing interest shown in speciality and custom-made products. Winora, for instance, expanded its painting options in Germany in 2007 with a view to reducing still further the delivery times for custom-made bicycles.

The new production facility for fitness equipment in Estonia, a joint venture in partnership with a local partner, showed satisfactory performance in the year under review. Premium brand Tunturi's more expensive equipment is assembled here, which gives it the important designation 'Hand-built in Europe'. 2007 also saw a significant expansion of the bicycle production facility in Hungary. Products including the Finnish Tunturi bicycle have been produced at this establishment since 2006.

Accell Group has production facilities in the Netherlands, Belgium, Estonia, France, Germany and Hungary. Assembly close to the market significantly increases flexibility and facilitates a rapid response to customer requirements. The group invests in modern production technologies wherever possible, but that does not alter the fact that most of Accell Group's products are assembled manually. Accell Group consistently succeeds in placing top quality products on the market.

Organisation, structure and working method (continued)

All the production facilities devote great attention to internal training and the flexible deployment of personnel. Some of the production employees work under flexible and temporary contracts, which makes it possible to respond to changes to production levels during the season.

Sales

Accell Group's business model is based on a system of subsidiaries with substantial operational independence. The individual companies are primarily responsible for product sales. They are close to their customers and know what is going on. The various companies work together in the field of sales wherever possible and desirable. By way of example, Batavus sells BMX bikes (Redline) in the Dutch market in partnership with Seattle Bike Supply (SBS). In turn, SBS sells Lapierre and Batavus bicycles in the North American market. Companies engaged in the sale of parts and accessories also work in intense collaboration. These trading activities quickly produce benefits of scale.

Distribution

For the distribution of its products, Accell Group supports and works intensively in partnership with the retail trade. The retail trade is uniquely placed to guarantee the best level of service for the end-user. It is currently undergoing rapid development: sales points are becoming larger and more modern, which offers possibilities for intensive cooperation in service, support and direct marketing. Conscious of the fact that more than 80% of decisions to buy are made in the shop, the brands also focus sharply on the concept of in-store marketing.

The introduction of the XLC display programme among retailers is a prime example of in-store marketing. XLC is Accell Group's premium brand for bicycle parts and accessories. All Accell Group trading companies deliver products of the XLC concept, which was developed to meet increasingly stringent consumer requirements regarding appearance, comfort and life span. The market for bicycle parts and accessories is growing. The XLC display programme responds in several ways to this trend. Firstly, the broad range of quality parts and accessories is presented much more clearly to consumers. It also gives retailers the opportunity to present this increasingly important product group in an extremely professional way, which gives an added boost to sales of bicycle parts and accessories.

The use of the Internet as a source of information and service, such as for the creation of custom-made bicycles, is also being extended further in partnership with retailers.

Accell Group sets great store by a strong and healthy retail trade and broadly supports its development by organising informative and inspiring meetings on technical development and the organisation of marketing and sales.

Sustainable innovation in mobility

Fitness on the move

Accell Group's products get people moving: outdoors on bicycles and indoors with a wide range of fitness equipment. Besides design, comfort and safety, motivational training programmes are important in maintaining activity. For example, various cross trainers and home trainers from the Tunturi brand are, equipped with the patented T-Road and T-Ride programmes, which simulate the outdoors, including the tempo changes caused by differences in altitude. The popularity of fitness is growing thanks to increasing attention being given to greater exercise and healthier living. This can also be seen in the professional 'out-of-home' market, such as at work and in physiotherapy practices. In 2007, Accell Fitness established a special department to provide a more focussed approach to this (B2B) market.

Share support activities

Investor relations

Accell Group was regularly in the media spotlight during the year under review. The annual figures for 2006 and the half-year figures for 2007 were presented to (major) shareholders, the press and analysts. Moreover, the Board of Directors organised a number of international road shows for professional investors to give Accell Group a higher international profile among members from that target group. The company also featured regularly in interviews in financial journals, newspapers and magazines.

Accell Group conducts an active investor-relations policy in respect of professional and private investors alike. In 2007, regular meetings and guided tours were again organised for investors and shareholders at the various group companies. Additionally, Accell Group presented itself at the Financial Cocktail, an initiative of NYSE Euronext in cooperation with Rabobank.

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

Accell Group shares are traded on Euronext Amsterdam. The share price reached a high of € 38.25 in July and then fell sharply from mid-November onwards, ultimately trading at a closing price of € 24.76 on 31 December 2007. Despite the more turbulent financial climate towards the end of 2007, the Accell Group share continues to enjoy increasing interest among investors. Approximately 3.8 million shares were traded in 2007. An average of approximately 15,000 shares a day were traded.

In the future, Accell Group will continue to keep its stakeholders informed through various media with regard to the financial calendar, the latest news, the financial publications, recent presentations and all other information concerning the Accell Group share.

Dividend policy

When the Accell Group share was listed on Euronext Amsterdam in 1998, it was announced that a stable dividend policy would be pursued, aimed at paying out at least 40% of net profits. In 2007, the company paid out an optional dividend of € 0.95 on each outstanding ordinary share. The payout ratio was 47.4% of net profit, and the dividend yield was 3.7% (based on the 2006 closing price). Upon expiry of the optional period, it transpired that the majority of Accell Group shareholders had once again opted for stock dividend. A total of 65% of the

Share support activities (continued)

2006 dividend was paid out in shares (as in 2005). This percentage confirms shareholder confidence in Accell Group and contributed to strengthening the shareholder's equipment, which is important to securing the company's continued growth.

Dividend proposal for 2007

A dividend for 2007 optionally payable in cash or shares will be proposed to the shareholders at the General Meeting of Shareholders. The dividend yield based on the closing price in 2007 is 5%. The payout ratio for 2007 is 48.1%.

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 enhances the company's solvency. The Board of Directors believes that this dividend yield and type of dividend compares favourably with other listed companies.

Corporate governance

General

Annual report

In line with Dutch and international developments, Accell Group has always followed a consistent policy with regard to the improvement of its corporate governance. As stated in the 2004, 2005 and 2006 annual reports, Accell Group has acted in conformity with the Netherlands Corporate Governance Code (Dutch Government Gazette 250, dated 27 December 2004) ('the Code') since 1 January 2005. This Code (adopted by the Tabaksblat Committee) was designated by Order in Council on 23 December 2004 (Bulletin of Acts, Orders and Decrees 2004, 747) as the code of conduct to which listed companies must refer in their annual reports.

This section of the annual report first describes the corporate governance structure of Accell Group. It goes on to justify and explain where Accell Group deviates from the principles and best practice provisions in the Code.

Corporate governance structure

Board of Directors

The Board of Directors is responsible for the management of Accell Group and thus also for the fulfilment of all its objectives, strategy and policy, as well as trends in results. In addition, the Board of Directors is also responsible for controlling the risks to which the company is exposed. The Board of Directors informs and gives account to the Supervisory Board on the internal risk management and control systems in Accell Group. One risk management tool used in Accell Group is the Code of Conduct posted on the company website (www.accell-group.com under Corporate Governance). This annual report includes a section on "Risks and Risk Management", which describes the internal risk management and control systems in more detail.

The Board of Directors is accountable to the Supervisory Board and the General Meeting of Shareholders with regard to the performance of its duties. The Board of Directors provides the Supervisory Board with all the information that the Supervisory Board may need to fulfil its duties. All important decisions taken by the Board of Directors are subject to the approval of the Supervisory Board. This includes decisions regarding share issues and the establishment or termination of long-term alliances between Accell Group and other companies. Certain important decisions taken by the Board of Directors also require the approval of the Annual General Meeting of Shareholders.

Corporate governance (continued)

On 26 April 2007, the General Meeting of Shareholders mandated the Board of Directors to acquire shares in the company's own capital. The mandate was issued under the following conditions:

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

The agenda for the General Meeting of Shareholders of 24 April 2008 once again includes a proposal to mandate the Board of Directors to acquire shares in the company's own capital under the same conditions as those set out above.

Decisions to issue shares are taken by the General Meeting of Shareholders, insofar as no other company body should do so. The preferential right can be limited or excluded by the company body authorised to pass resolutions on issuing shares provided that the right is assigned expressly to that company body. According to the resolution of the General Meeting of Shareholders of 26 April 2007, the period in which the Board of Directors is empowered, with the approval of the Supervisory Board, to:

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

has been extended until 1 May 2009.
The agenda for the General Meeting of Shareholders of 24 April 2008 includes a proposal to extend that term to 1 May 2010.

The Board of Directors represents the company where no provision to the contrary is made by law or otherwise. Each member of the Board of Director is empowered to represent the company. If Accell Group has a conflict of interests with one or more members of the Board of Directors, the said member or members will be represented by a member of the Supervisory Board as designated by the Supervisory Board.

The Supervisory Board determines the number of members on the Board of Directors and appoints or dismisses the members of the Board of Directors. The Board of Directors currently consists of three members.

In 2005, the Supervisory Board drew up the remuneration policy for the Board of Directors. This took into account the outcome of the annual Hay Boardroom Guide regarding the employment conditions of Dutch directors. The remuneration policy, as drawn up by the Supervisory Board, was adopted by the Annual General Meeting of Shareholders on 21 April 2005 and was also sent to the Works Council for review. The Supervisory Board uses the policy that was adopted by the Annual General Meeting of Shareholders to determine the remuneration of the individual members of the Board of Directors.

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report

The Supervisory Board also compiles an annual remuneration report, which contains an overview 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 2007 is included in the chapter entitled "Supervisory Board Report" in this annual report. The remuneration policy that was adopted by the Annual General Meeting of Shareholders and the remuneration that is currently payable to the members of the Board of Directors are in full compliance with the norms of the Code.

The Board of Directors has instituted a 'whistleblower' scheme, which is posted on the Accell Group website (under corporate governance), enabling employees to report any purported irregularities within Accell Group and its affiliates without prejudice to their personal legal standing within the company.

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 mainly guided by the interests of Accell Group and its affiliates. Accordingly, it takes the interests of all those involved with Accell Group into consideration. The Supervisory Board receives 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 setting out the distribution of its tasks and its methods of operation. The regulations include a passage on its interaction with the Board of Directors and the General Meeting of Shareholders. The regulations are published on the Accell Group website (under Corporate Governance, Supervisory Board).

The Supervisory Board consists of at least three members (currently four). Accell Group is subjected by law to the dual-board structure. The General Meeting of Shareholders accordingly appoints members of the Supervisory Board based on nominations submitted by the Supervisory Board. The Supervisory Board announces the recommendations simultaneously to the General Meeting of Shareholders and the Works Council. The General Meeting of Shareholders and the Works Council are entitled to recommend candidates for membership of the Supervisory Board.

A member of the Supervisory Board retires no later than the date of the annual General Meeting of Shareholders held four years after his initial appointment to that position and, in such an instance, no later than immediately after the conclusion of such a General Meeting of Shareholders. Members of the Supervisory Board may be appointed to the Supervisory Board for a maximum of three four-year terms. The Supervisory Board has compiled a retirement roster, which is published on the Accell Group website (under Corporate Governance, Supervisory Board).

Corporate governance (continued)

In accordance with the Code, the Supervisory Board has decided not to set up separate audit, remuneration or selection and nomination committees. Instead, the Supervisory Board has taken responsibility upon itself for the former committees' duties.

The Supervisory Board has compiled a profile of its size and composition, taking into account the nature and operations of Accell Group and the desired expertise and backgrounds of the members of the Supervisory Board. The profile has been posted on the Accell Group website (under Corporate Governance, Supervisory Board).

Annual General Meeting of Shareholders

Key authorisations reside with the General Meeting of Shareholders, such as powers regarding decisions to amend the articles of association and rules and regulations, legal mergers and spin-offs, and adoption of the financial statements. In addition, the Annual General Meeting determines the remuneration policy for the members of the Board of Directors.

A General Meeting of Shareholders is convened at least once a year.

The General Meeting of Shareholders is chaired by the chairman of the Supervisory Board. All matters discussed and resolved in the General Meeting of Shareholders 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 of Shareholders. Shareholders can also be represented by proxy in the Annual General Meeting of Shareholders. The Board of Directors was particularly delighted by the fact that the Annual General Meeting of Shareholders of 26 April 2007 was attended by shareholders representing 60.1% of the total number of outstanding shares.

On 12 March 2008, the issued and paid-up capital of Accell Group totalled € 189,859.00, divided into 9,492,950 ordinary shares, each with a face value of € 0.02.

Corporate governance policy

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Conflict of interests in transactions

No transactions involving a conflict of interests, as specified in best practice provisions II.3.4, III.6.3 and III.6.4 of the Code, occurred in the 2007 financial year. The regulations applicable to the Supervisory Board include rules for dealing with potential conflicts of interest concerning 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, Accell Group has entered into a put and call agreement with Stichting Preferente Aandelen Accell Group (Accell Group Preference Shares Foundation – referred to below as 'the Foundation') with regard to preference shares.

Pursuant to the put agreement, the Foundation will take the number of shares that will render it the holder of half of the issued (increased) capital whenever Accell Group issues cumulative B preference shares. Pursuant to a decision by the Annual General Meeting of Shareholders dated 26 April 2007, the Board of Directors, subject to the approval of the Supervisory Board, will be entitled to issue cumulative preference B shares until 1 May 2009. An extension of the period, until 1 May 2010, will be requested at the Annual 2008 General Meeting of Shareholders.

Pursuant to the call agreement, Accell Group entitles the Foundation to take the number of cumulative € preference shares that will render the Foundation the holder of half minus one share of the issued (increased) capital until 1 July 2009.

The general aim of the Foundation, which has its registered offices in Heerveen, is to represent the interests and, more specifically, to guarantee the continuity and identity of Accell Group, its affiliates and all those involved. The Foundation's board consists of two 'A' board members, namely Mr H.M.N. Schonis and Mr B. van der Meer, and one 'B' board member, Mr H.A. van der Geest. In the joint opinion of the company and the Foundation's board, the Foundation is independent from the company within the meaning referred to in Section 5:71, paragraph 1c of the Financial Supervision Act.

Corporate governance (continued)

In the event of a hostile takeover bid, the agreement enables the Foundation, the company, its Board of Directors and its Supervisory Board to establish their joint position in relation to the bidder and its plans, to investigate alternatives, and to defend the interests of the company and its stakeholders from a position of strength.

Financial reporting

The Board of Directors accepts responsibility for the quality and completeness of the published financial reports. The Supervisory Board supervises the fulfilment of the Board of Directors' responsibilities in that regard. Accell Group has proper internal procedures for the compilation and publication of the annual report, the financial statements, the half-yearly figures, and ad-hoc financial information. The Supervisory Board supervises all of the above.

Compliance with the code

Accell Group has compared its corporate governance structure to the principles and best practice provisions stipulated in the Code. As of 1 January 2005, Accell Group is in compliance with most of the principles and best practice provisions to the extent that they apply 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 specified below due to the nature and character of the Accell Group organisation. The points below outline in more detail why and to what extent Accell Group deviates from the stated provisions.

→ Best practice provision II.1.1

This provision introduces the four-year appointment period for directors. However, the present members of the Board of Directors have been appointed for an indefinite time period. Accell Group has decided to respect the contractual status quo of the present members of the Board of Directors. Nevertheless, in the future, new members of the Board of Directors will generally be appointed for a maximum period of four years.

→ Best practice provisions II.2.6 and III.7.3

With the exception of Mr Van den Belt, none of the members of the Board of Directors and the Supervisory Board currently fulfils a management or supervisory role at other publicly listed companies. Consequently, there is no persuasive reason for introducing rules to prevent insider trading that would regulate ownership of and transactions in shares by members of the Board of Directors and the Supervisory Board other than the shares issued by their 'own' company.
Accell Group may reconsider its position on this matter if members of the Board of Directors or the Supervisory Board should hold positions in other publicly listed companies in the future.

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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 of the board. The duties of the secretary, as described in best practice provision III.4.3, are performed by the Vice Chairperson of the Supervisory Board. Accell Group once again reviewed its decision on this matter last year and subsequently decided not to appoint a secretary.

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 costs entailed by the aforementioned types of broadcasts and the current size of the company, Accell Group has decided not to comply for the time being.

Principle V.3

In view of its size, Accell Group has decided not to create its own internal audit department as yet.

Risks and risk management

Introduction

There are inherent risks related to Accell Group N.V.'s commercial activities and organisation. It is possible that strategic, operational and financial objectives will not be met in full. In addition, the company faces a number of risks in the field of financial reporting and the application of laws and regulations. Risk management procedures that positively influence the realisation of company objectives form an important part of the overall management process.

The risk management and control system in Accell Group N.V. is tailored to fit the organisation's type and scope. While the risk management and control system cannot provide absolute security, it has been developed to deliver a reasonable degree of certainty with regard to the effectiveness of control measures applicable to the financial and operational risks to which the organisational objectives are exposed.

Accell Group is continuously working on further embedding the risk control and audit system into its business operations. In 2004, the company exposed the most salient operational risks by means of a risk analysis. These risks were further investigated in 2005 by means of a cause and effect analysis. Subsequently, in 2006, the identified risks were reassessed. The outcome of the reassessment partially enabled the management to obtain insight into the backgrounds to the risks. As a consequence of this, it was possible to upgrade and increase the controllability of those risks in the course of 2007.

Risk management

Risk management at Accell Group comprises the following components:

→ Identifying and weighing the risks associated with the various strategic alternatives, and formulating realistic objectives with associated control mechanisms.

→ Identifying and evaluating the most important strategic, operational and financial risks, as well as the possible influence they might have on the company.

→ Developing a coherent system of measures to control, limit, prevent and/or transfer the risks.

In principle, control of the market and operational risks is set up at entity level. However, all control measures applicable to treasury, financial reporting, and fiscal and legal affairs are arranged at group level.

Internal risk control and audit system

Annual report

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

Roles and responsibilities

The Board of Directors of Accell Group N.V. is responsible for the setup and operation of the internal risk management and control system. The Supervisory Board is responsible for supervising the performance of the Board of Directors. In that context, it specifically monitors the strategic risks and the setup and operation of the risk management and internal control systems.

Directives for financial administration

The personnel of the financial departments are provided with directives and instructions on the setup 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 new IFRS standards.

Financial planning cycle and management information

Each of the various operating companies is required to draw up annual strategic plans based on developments in the company and in the environment. After harmonisation and approval, those plans are converted into 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. The financial budgets are reviewed against the actual results on a monthly basis, and the outcomes are reported to the Board of Directors.

Acquisitions

Accell Group's growth strategy is effected in part by means of various minor and major acquisitions. These acquisition processes do come with certain risks attached. These risks are always controlled as well as possible, on the one hand by deploying wide-ranging internal knowledge and experience, and on the other by bringing in external experts. The Board of Directors is always directly involved in acquisition processes. After an acquisition, it is customary to work on the integration of new companies immediately. The group's information systems and financial processes are generally integrated within a relatively short space of time.

External audits

An annual audit plan is drawn up to review the quality of financial reporting. This targets the most important business processes. The audit of the financial statements was based on the assessment of the implementation and

Risks and risk management (continued)

performance of operational directives and procedures. This assessment was carried out prior to the issue of the auditor's report accompanying the financial statements. It is reported in a formal letter to the management. All important findings are discussed with the Supervisory Board.

Letter of Representation

Each year, each of the directors of the various group companies signs a detailed declaration regarding the annual financial reports.

Code of conduct

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

Whistleblower rule

In 2004, a Whistleblower rule was implemented to ensure that violations of existing policy and procedures could be reported without negative consequences for the person reporting the violation.

Statement regarding the internal risk control and audit system

In accordance with Best Practice provision II.1.4 of the Code, and on the grounds of the above-mentioned operations, the Board of Directors declare that the internal risk control and auditing system offers a reasonable level of security with respect to the risks posed by financial reporting and that the financial reporting contains no inaccuracies of material importance. In the view of the Board of Directors, the system performed properly within the standards and requirements set for it, and the Board of Directors expects that it will also perform properly in the current financial year.

The Board of Directors would like to note at this point that the internal risk control and audit system is intended, at its best, to identify and control significant risks, with due consideration for the nature and scope of the organisation. Such a system cannot offer absolute certainty for achieving the objectives. Similarly, it is not possible to completely prevent cases from occurring that involve material errors, damage, fraud or the violation of statutory regulations. Actual effectiveness can only be assessed based on the results achieved over the longer term.

The Board of Directors has set itself the task of constantly reviewing the risk management system and improving it as necessary. The risk management procedures are discussed periodically with the Supervisory Board.

Strategic risks

Marketing and development

The Accell Group branding strategy demands continuous innovation and the development of appealing products: a challenge that must also be met in the long term. A risk could be posed if Accell Group were to fail to develop sufficiently attractive products in combination with possible changes in brand awareness on the part of the consumer. In that context, the essential factors for success are investment in product development activities and the availability of talented and motivated managers and personnel.

Development of the specialised retail trade

The marketing and sale of bicycles, bicycle accessories and fitness equipment in Accell Group relies on close collaboration with the specialised retail trade. The specialised retail trade has a major influence on the sales of bicycles and fitness products to consumers. The development of the specialised retail trade, in comparison with other forms of distribution (chain stores, Internet, etc.), is extremely important to Accell Group.

Import duties

Imports of bicycle components from outside Europe are subject to various types of duty. A general import duty applies (5-15%), but certain countries enjoy discount rates. In addition, an anti-dumping duty applies to imports of bicycles from China and Vietnam. The regulations also apply to imports of specific bicycle parts from China and are designed to avoid near-complete bicycles from being imported as if they were components. The main purpose of the regulations is to prevent the import of complete bicycles at unfair price levels. Bicycle manufacturers that import components used for in-house assembly are exempt from the latter duty. All Accell Group companies enjoy this form of exemption. The current duty for imports from China is 48.5% against 34% for imports from Vietnam. The current duty will apply until 2010. There is a chance that the duty will be extended or that it will be substituted by an alternative duty. The absence of such a duty, or a substantial change to the size of the duty, could result in changes to the supply and demand structure in the European bicycle markets.

Risks and risk management (continued)

Operational risks

The weather and the seasons

Sales of Accell Group products fluctuate based on prevailing weather conditions. More bicycles are sold in summer than in the winter period. In the case of fitness products, the pattern in relation to the weather is reversed. In addition to seasonal turnover patterns, weather changes in any given season could also affect sales. Poor weather in the spring and/or extremely hot or poor weather in the summer could negatively affect bicycle sales in general.

Logistics

One important aspect of the overall Accell Group policy is to procure parts from third parties and outsource activities where this will yield benefits and cost savings. To a certain extent, this means that the business operations of the Group companies depend on the availability of the procured goods. If these parts are not available in time, it could create problems with regard to bicycle delivery deadlines. A number of suppliers have a dominant position in the market. If part supplies were to be disrupted, it could have a negative impact on business operations. Delivery times for parts could run to nine months or more. If the actual demand for bicycles in the market were to deviate from budgeted sales, it could cause surpluses or shortages in bicycle parts which, in turn, could have a negative impact on turnover, size and/or inventory marketability.

Product liability

Despite the meticulous care taken by Accell Group with respect to the quality, safety and comfort of its products, it is possible that the products may occasionally display incidental shortcomings. If such shortcomings were to cause injury to end users, this could entail risks for Accell Group in the form of financial losses and/or damages to the company's reputation. With due consideration for the growing awareness of the European consumer, Accell Group continues its unabated efforts to ensure the quality and safety of its products.

Financial risks

Currency exchange and interest rate risks

All Accell Group treasury activities are centralised. Some of the parts used by the group are purchased in foreign currencies, primarily US dollars and Japanese yen. Accell Group's strategy aims to minimise fluctuations in the currency exchange rates. The need for those currency exchange transactions is hedged every bicycle and fitness season. All recommended sales prices are determined with due consideration for the average hedged long-term exchange rates. Besides managing currency exchange rate risks, various financial instruments are also used to control interest rate risks. Financing takes place primarily in euros. Financial derivatives are used only when founded by underlying business reasons.

International Financial Reporting Standards (IFRS)

As of the 2005 financial year, Accell Group has been compiling its financial reports in accordance with IFRS standards. The application of IFRS standards entails that certain balance sheet items will be specified at fair value. The use of alternative accounting principles in the income statement could yield different outcomes. These influences could yield greater differences between the financial ratios in the half-yearly and annual figures than in the past, offering only limited options for the management to influence the causes of the changes.

Outlook

The Accell products receive a lot of attention from consumers. The unabated attention for healthy living, more exercise and a clean environment ensures that consumers are prepared to spend money on products with a recognisable added value (innovative, comfortable, environmentally conscious and safe). The strongly positioned Accell Group brands continue to benefit from this development.

Bicycles can make a contribution to solving the mobility problems in cities and contribute to health during recreational use. The increased supply of electrical bicycles makes it possible for more people to cycle. Fitness equipment for home use also contributes to an improved or restored condition. Accell is active here in the middle and upper segment of the market where buyers are interested in convenience, safety and design.

With its strong brands, Accell Group will continue to capitalise on the continuing demand for those products with a high added value. Support of these brands, intensive cooperation with the specialised retail trade and direct marketing at sales points and to consumers also continue to be important points of departure in 2008.

In addition, Accell Group will continue to focus in 2008 on the realisation of further synergy benefits by optimising production and logistics processes and further strengthening of the mutual cooperation between the Accell companies in the field of development and marketing. In 2008, economies of scale also remain essential with respect to obtaining the necessary benefits in purchasing, production, development and marketing.

In addition to organic growth, Accell Group will focus its attention on suitable acquisitions. In this context, the acquisition of Ghost Mountainbikes in Germany was announced at the end of February.
Accell Group is actively continuing to seek prospective acquisitions that fit the group's brand portfolio. The criteria for implementing the latter policy remain unchanged: takeover candidates that complement existing companies and provide added value to the group in terms of returns and synergy within a short time. takeover candidates must complement the group's operations, and they must offer the group added value in the form of returns and synergy within a short period of time.

Based on present market prospects, and notwithstanding any unforeseen circumstances, Accell Group is anticipated to show further growth in turnover and net profit from ordinary business operations in 2008.

Heerenveen, 12 March 2008

R.J. Takens, C.E.O.

H.H. Sybesma, C.F.O.

J.M. Snijders Blok, C.O.O.

Notes to the financial figures

In 2007, the Accell Group turnover grew by 10.3% to € 476.1 million. 7.1% of this growth in turnover was organic. The rest of the turnover growth was generated by the acquisition of Brasseur S.A. (consolidated as per 1 April 2007), Seattle Bike Supply Inc. (consolidated as per 1 March 2006) and Webena Sport Almere BV (consolidated as per 1 November 2006). Net profit from ordinary business operations rose by 33% to € 24.4 million. The profit per share from ordinary business operations rose by 30% to € 2.60 (2006: € 2.00). The balance sheet total increased by € 32.1 million to € 277.6 million (2006: € 245.6 million).

Turnover by segment

In 2007, turnover in the bicycles and parts and accessories segment increased by 12% to € 431.5 million (2006: € 386.9 million) as a result of, amongst others, the acquisition of Brasseur S.A. In the year under review, the company sold 943,000 bicycles: approximately 3% more than in 2006 (917,000). The average price per bicycle increased by 8% to approximately € 367 (2006: € 339). Accell Group's high-quality bicycle collection, which targets the middle and higher segments of the market, is extremely diverse and covers the full range from children's bicycles to comfortable and luxury city bikes, electrically assisted bikes and exclusive trekking and racing bikes. The segment result from ordinary business operations represented 11.3% of turnover (2006: 9.5%).

Turnover in the fitness segment remained almost unchanged in the year under review at € 45 million (2006: € 45.7 million). The segment result fell to 1.8% of turnover (2006: 4.3%). Accell Group's fitness operations target the middle and higher segments and, more specifically, the home market.

Turnover in the Netherlands grew by 8% to € 210.1 million. The share of turnover in the Netherlands, as a percentage of total turnover, comes to 44% (2006: 45%). Turnover in Germany rose by 8% to € 99.2 million; the share of turnover remains stable at 21%. In France turnover rose by 22% to € 49.8 million, which resulted in a turnover share of 10% (2006: 9%). The other countries achieved a turnover of € 116.9 million in 2007. That corresponds to a turnover share of 25% (2006: 24%).

Workforce

In 2007, the total workforce increased to an average of 1,713 employees (2006: 1,671 employees). Of the total workforce, 394 employees (2006: 319 employees) were employed under a temporary employment contract, which is in line with Accell Group N.V.'s seasonal operational pattern. Compared with 2006, the average turnover per employee increased by 8%.

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Costs

The increase in the turnover was accompanied by a small rise in the added value on products. The modified product mix resulted in an increase in the added value on turnover to 37.7% (2006: 36.9%). Currency exchange risks, to which the company is exposed through the purchase of components, are hedged on a seasonal basis. Therefore, the effects of currency exchange rate advantages and disadvantages are limited during the season.

Personnel costs in 2007 amounted to € 66.5 million (2006: € 66.1 million). Expressed as a percentage of the turnover, personnel costs amounted to 14.2% (2006 15.3%). Average salary costs per employee and average personnel costs per employee remained virtually unchanged in 2007. The other operating costs in 2007 amounted to € 66.5 million (2006: € 58.6 million). Expressed as a percentage of the turnover, other operating costs rose to 14.0% (2006: 13.6 %). The operational margin (operating result from ordinary business operations in relation to turnover) improved to 8.3% (2006: 7.0%). The interest charges increased by 43% in 2007 as a result of higher average use of capital and higher interest rates.

Balance sheet

Increased operational levels and consolidation of the acquisition in 2007 resulted in an increase in the balance sheet total to € 277.6 million (2006: € 245.6 million). The effect of the acquisition on the company's working capital amounts to € 3.0 million by the end of the financial year. The effect of the acquisition on the capital employed amounts to € 5.8 million at the end of the financial year. The return on the capital employed in 2007 rose to 17.7% (2006: 15.8%). The long-term component of the borrowed capital totalled € 49.9 million (2006: € 39.0 million); the remaining bank overdrafts at year-end 2007 were € 49.9 million (2006: € 48.2 million). The increase in long-term loans (€ 10.9 million) and other bank overdrafts (€ 1.7 million) were used, amongst others, to finance the acquisition and organic growth. The provisions increased from € 11.6 million to € 16.9 million, mainly due to the inclusion of a provision for the potential NMa penalty. The group capital totalled € 107.1 million at year-end 2007. Solvency based on group capital increased at year-end 2007 to 38.6% (year-end 2006: 37.4%).

Financial statements 2007

Consolidated balance sheet as at 31 December

Before dividend distribution (in thousands of euros)

Assets	2007	2007	2006	2006
Non-current assets				
Property, plant and equipment (1)	54,882		48,748	
Goodwill (2)	10,991		10,344	
Other intangible assets (3)	2,263		2,067	
Subsidiaries (4)	266		61	
Deferred tax assets (11)	5,898		6,713	
Other financial assets (5)	3,683		3,221	
		77,983		71,154
Current assets				
Inventories (6)	119,247		106,550	
Trade and other receivables (7)	69,863		59,347	
Other financial instruments (14)	135		0	
Current tax assets (7)	2,796		2,969	
Other assets (7)	7,399		5,430	
Cash and bank balances	208		118	
		199,648		174,414
Total assets		277,631		245,568

The figures following the various items refer to the notes on pages 85 through 107.

Equity & liabilities

		2007		2006
Equity (8)				
Share capital	190		185	
Reserves	87,077		73,346	
Profit for the financial year	19,814		18,387	
		107,081		91,918
Non-current liabilities				
Subordinated loan (9)	1,500		2,500	
Interest-bearing loans (9)	48,398		36,547	
Provision for pensions (10)	3,935		3,862	
Deferred tax liabilities (11)	3,146		3,019	
Provisions (12)	6,701		2,279	
		63,680		48,207
Current liabilities				
Trade and other payables (13)	36,622		39,340	
Bank overdrafts (9)	49,897		48,205	
Other financial instruments (14)	2,213		1,646	
Current tax liabilities (13)	4,815		4,477	
Provisions (12)	3,165		2,439	
Other liabilities	10,158		9,336	
		106,870		105,443
Total equity & liabilities		277,631		245,568

The figures following the various items refer to the notes on pages 85 through 107.

Consolidated income statement

(in thousands of euros)

		2007		2006
Net turnover (16)		476,073		431,730
Cost of inventory change		-204		550
Total revenue		475,869		432,280
Cost of materials and components	296,531		272,592	
Wages and salaries (17)	54,305		53,271	
Social security charges (17)	13,168		12,822	
Depreciation and amortisation (18)	5,782		4,894	
Other operating expenses	66,517		58,579	
		436,303		402,158
		39,566		30,122
Provision for Dutch Competition Authority (NMa) penalty (12)		-4,610		0
Operating profit		34,956		30,122
Profit from non-consolidated companies (4)	72		41	
Financial income and expenses (19)	-5,593		-3,912	
		-5,521		-3,871
Profit before taxes		29,435		26,251
Taxes (20)		-9,621		-7,864
Net profit		19,814		18,387
Earnings per share (22) (in euros)				
Earnings per share		2.11		2.00
Weighted average number of issued shares		9,406,740		9,176,329
Earnings per share (diluted)		2.09		1.98
Weighted average number of issued shares (diluted)		9,498,085		9,285,974
Earnings from ordinary activities per share (in euros)				
Net profit on ordinary activities (excl. provision for NMa penalty)		24.424		18.387
Earnings from ordinary activities per share		2.60		2.00
Weighted average number of issued shares		9,406,740		9,176,329
Earnings from ordinary activities per share (diluted)		2.57		1.98
Weighted average number of issued shares (diluted)		9,498,085		9,285,974

The figures following the various items refer to the notes on pages 85 through 107.

Consolidated statement of changes in equity

(in thousands of euros)

		Share capital	Share premium reserves	Revaluation reserves	Hedging reserves	Translation reserves	Other reserves	Profit financial year	Total
2006	**Balance as at 1 January 2006**	180	12,984	8,415	456	-198	39,992	15,530	77,359
	Realisation of revaluation reserves			-333			333		0
	Change in deferred tax on property, plant and equipment			-138					-138
	Fair value adjustment of financial instruments				-2,297				-2,297
	Change in deferred tax on financial instruments				686				686
	Exchange differences arising on translation of foreign operations					109			109
	Change in income tax rate			-308	-71				-379
	Total movement/result	180	12,984	7,636	-1,226	-89	40,325	15,530	75,340
	Profit for the financial year						15,530	2,857	18,387
	Total changes/result	180	12,984	7,636	-1,226	-89	55,855	18,387	93,727
	Recognition of share-based payments						136		136
	Cash dividend						-1,975		-1,975
	Stock dividend	4	-4						0
	Options exercised	1	314						315
	Other changes						-285		-285
	Balance sheet as at 31 December 2006	185	13,294	7,636	-1,226	-89	53,731	18,387	91,918
2007	**Balance as at 1 January 2007**	185	13,294	7,636	-1,226	-89	53,731	18,387	91,918
	Realisation of revaluation reserves			-123			123		0
	Fair value adjustment of financial instruments				-432				-432
	Change in deferred tax on financial instruments				111				111
	Exchange differences arising on translation of foreign operations			-22		-953	-92		-1,067
	Change in income tax rate			-39					-39
	Direct changes in equity	185	13,294	7,452	-1,547	-1,042	53,762	18,387	90,491
	Profit for the financial year						18,387	1,427	19,814
	Total changes/result	185	13,294	7,452	-1,547	-1,042	72,149	19,814	110,305
	Recognition of share-based payments (17)						140		140
	Cash dividend (21)						-3,744		-3,744
	Stock dividend	4	-4						0
	Options exercised	1	424						425
	Other changes			199			-244		-45
	Balance sheet as at 31 December 2007	190	13,714	7,651	-1,547	-1,042	68,301	19,814	107,081

Consolidated cash flow statement

(in thousands of euros)

		2007		2006 [1]
Cash flow from operational activities				
Operating profit	34,956		30,122	
Profit from non-consolidated companies (4)	72		41	
Interest paid (19)	-5,586		-4,064	
Interest received (19)	299		152	
Income taxes paid (20)	-9,649		-7,864	
Depreciation of non-current assets (18)	5,782		4,894	
Share-based payments (17)	140		136	
Change in provisions	4,858		589	
Operational cash flow before changes in working capital		30,872		24,006
Change in inventories	-10,144		-20,284	
Change in receivables	-11,274		-11,418	
Change in payables	-3,584		-1,883	
Change in working capital		-25,002		-29,819
Net cash flow from operational activities		5,870		-5,813
Cash flow from investment activities				
Investments property, plant and equipment (1)	-10,354		-10,381	
Divestments in property, plant and equipment (1)	480		169	
Change in intangible assets	253		0	
Change in financial assets	153		-3,932	
Acquisitions of subsidiaries (15)	-4,575		-12,932	
Net cash flow from investment activities		-14,043		-27,076
Cash flow from financing activities				
New loans	28,388		15,000	
Repayments of subordinated loans	-1,000		-1,000	
Repayments of long-term loans	-16,537		-102	
Cash dividend (21)	-3,744		-1,975	
Stock and option schemes	425		315	
Changes in bank overdrafts	1,882		21,299	
Other changes in equity	-1,151		-622	
Net cash flow from financing activities		8,263		32,915
Net cash flow		90		26
Cash as per 1 January		118		92
Cash as per 31 December		208		118

1) The comparative figures for 2006 have been adjusted pursuant to the restatements referred to in the accounting policies.

Information by segment [1)]

(in thousands of euros)

	2007 Bicycles & parts and accessories	2007 Fitness	2007 Eliminations	2007 Consolidated	2006 Bicycles & parts and accessories	2006 Fitness	2006 Eliminations	2006 Consolidated
Net turnover third parties	431,407	44,666	0	476,073	386,946	44,784	0	431,730
Net turnover IC	71	327	-398	0	0	870	-870	0
Total net turnover	431,478	44,993	-398	476,073	386,946	45,654	-870	431,730
Profit on ordinary activities by segment [2)]	48,618	806		49,424	36,922	1,972	0	38,894
	11.3%	1.8%			9.5%	4.3%		
Unallocated segment expenses				-877				-745
Unallocated corporate expenses				-8,981				-8,027
Operating profit on ordinary activities [2)]				39,566				30,122
Profit from non-consolidated companies				72				41
Interest received				425				152
Interest paid				-6,018				-4,064
Profit before taxes				34,045				26,251
Taxes				-9,621				-7,864
Net profit on ordinary activities [2)]				24,424				18,387

	2007 Bicycles & parts and accessories	2007 Fitness	2007 Unallocated corporate	2007 Consolidated	2006 Bicycles & parts and accessories	2006 Fitness	2006 Unallocated corporate	2006 Consolidated
Segment assets	219,938	45,794	11,899	277,631	190,233	39,576	15,759	245,568
Total assets				277,631				245,568
Segment liabilities	112,357	31,913	26,280	170,550	102,506	18,606	32,538	153,650
Equity				107,081				91,918
Total liabilities				277,631				245,568
Net investments tangible fixed assets	10,672	620	794	12,086	7,976	1,630	972	10,578
Depreciation of tangible fixed assets	4,230	1,058	474	5,762	3,568	955	358	4,881

1) This relates to primary segment information. Secondary segment information is restricted to a breakdown of turnover by country (see note 16).
2) The operating profit and net profit on ordinary activities relate to the operating result and net profit without a provision for a Dutch Competition Authority (NMa) penalty.

Notes to the consolidated financial statements

For the financial year ending 31 December 2007

General information

Accell Group N.V., 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 88 of the financial statements.
Accell Group N.V.'s consolidated financial statements 2007 have been prepared in accordance with the International Accounting Standards Board (IASB) standards as approved by the European Commission and applicable as of 31 December 2007.

Accounting policies

The financial statements have been prepared on the basis of historical cost, with the exception of property, derivative financial instruments and share-based payments, which have been stated at fair value. The accounting policies outlined below were applied consistently for all the periods presented in these consolidated financial statements.

Application of new and revised IFRS standards

Accell Group N.V. applied all new and amended standards and interpretations applicable to the year under review, as determined by the IASB and approved by the European Commission, that took effect for the period commencing on 1 January 2007.

→ IFRS 7 ('Financial instruments'), as well as the associated amendment of IAS 1 addressing capital policy, has been applied as from the 2007 financial year. The effects of IFRS 7 have been processed in full in the notes to the consolidated financial statements.

→ IFRS 8 ('Operating segments') will be applicable to financial years from 1 January 2009 onwards. IFRS 8, which replaces IAS 14, requires that the segmented information included in the notes to the consolidated financial statements be in conformity with the available management information. Accell Group N.V. is currently investigating what the consequences of this will be regarding the notes to the consolidated financial statements from the 2009 financial year onwards.

→ The amendment to IAS 23 ('Borrowing costs'), applicable from 1 January 2009, addresses capitalisation of the borrowing costs associated with investments in property, plant and equipment. On 29 December 2007, this amendment had yet to be approved by the European Commission. Accell Group N.V. is currently investigating the effects on the group capital and the net result.

Accell Group N.V. has assessed the IFRIC interpretations applicable to the 2007 financial year onwards. It is expected that the interpretations relating to Accell Group N.V.'s accounting policies will have a limited effect on the group capital and the net result.

- IFRIC 11, applicable to financial years beginning on 1 March 2007 onwards, lays down further regulations relating to share-based payments. This interpretation is not applicable to Accell Group N.V.
  Although the following interpretations are applicable from the 2008 financial year onwards, the European Commission had yet to approve them as of 29 December 2007:
- IFRIC 12 addresses the approach to be adopted in the valuation and accounting by operators of public-private service concession arrangements. IFRIC 12 is not applicable to Accell Group N.V.
- IFRIC 13 addresses accounting of the costs incurred in customer loyalty programmes. Accell Group N.V. is assessing the possible consequences of IFRIC 13 for the consolidated financial statements.
- IFRIC 14 addresses the new regulations on determining the maximation of a pension surplus to be recognised on the balance sheet. This interpretation is applicable to Accell Group N.V. solely to the extent that a surplus is an issue. On 29 December 2007, there were no surpluses in any of the qualifying schemes.

Restatements

The 2007 financial statements contain a number of reclassifications and adjustments. These restatements have no effect on the equity or result. The comparative figures for 2006 have been adjusted pursuant to IAS 8. These adjustments relate to deferred tax assets, current tax assets and liabilities, and provisions. Pursuant to the IFRS, deferred tax assets may no longer be split into non-current and current assets (IAS1.70). Provisions must be attributed to non-current and current liabilities respectively (IAS1.52). Only current tax assets and liabilities falling under the same tax authority may be balanced (IAS12.71).

The restatements affect the following financial statements entries and the associated ratios:

	Old 2006	New 2006
	€ x 1,000	€ x 1,000
Deferred tax assets	5,724	6,713
Current tax assets	989	2,969
Non-current provisions	3,483	2,279
Current provisions	0	2,439
Current tax liabilities	1,508	4,477
Balance sheet total	242,599	245,568
Balance sheet total/turnover	56.2%	56.9%
Solvency (based on group capital)	37.9%	37.4%
Solvency (based on guarantee capital)	38.9%	38.4%

Notes to the consolidated financial statements (continued)

Consolidation

The consolidated financial statements include the financial statements of Accell Group N.V. and the subsidiaries controlled by the Company.

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

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

Subsidiaries and joint ventures with an equity participation of 50% or less and in which Accell Group N.V. does not have a controlling interest are carried at net equity value. Unrealised profits on intercompany transactions are eliminated pro rata based on the Accell Group N.V. interest in the company. Unrealised losses are also eliminated pro rata insofar as there is no indication for impairment.

A list of consolidated subsidiaries and non-consolidated subsidiaries is contained in note 4 to the consolidated financial statements.

Business combinations

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

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

Foreign currencies

The balance sheet and income statement are stated in euros, being the functional currency of Accell Group N.V. and the reporting currency for the consolidated financial statements. Receivables, payables and liabilities in foreign currencies are converted using the exchange rate on the balance sheet date insofar as the currency risk is covered.

In order to hedge its currency risks, Accell Group N.V. has entered into future contracts. The basis for these contracts is detailed under “Financial Instruments”.

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

Conversion of the assets and liabilities of foreign subsidiaries is done using the exchange rates applying on the balance sheet date. The income statements of foreign subsidiaries are converted at the weighted average monthly exchange rates applying during the reporting year. Differences arising from this conversion are charged or credited to the reserve for translation differences in shareholders' equity. These translation differences are recorded in the income statement at the time when the activities are sold.

Estimates

Accell Group N.V. makes certain estimates and assumptions when preparing the consolidated financial statements. These estimates and assumptions have an impact on the assets and liabilities, the reporting of assets and liabilities not reflected in the balance sheet, and income and expense items for the period being reported.

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

All assumptions, expectations and forecasts that are used as a basis for estimates in the consolidated financial statements represent as accurate an outlook as possible for Accell Group N.V. These estimates only represent Accell Group N.V.'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.

Notes to the consolidated financial statements (continued)

Property, plant and equipment

Land and buildings are stated at their reassessed value, which is the fair value on the revaluation date, less any subsequent accumulated depreciation and impairments. The reassessed value is determined based on valuation reports drawn up by independent appraisers. Such appraisals are conducted on a rotating basis, at least once every five years, in order to ensure that the carrying value does not differ materially from fair value on the balance sheet date.

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

Depreciation of revalued buildings is charged to the income statement. When a building is sold, the related revaluation reserve is transferred to other reserves. Machinery and equipment are stated at cost less accumulated depreciation and any accumulated impairments.

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

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

The result of divestments of plant, property and equipment is equal to the difference between the proceeds from sale and the carrying value of the asset. It is accounted for in the income statement.

Impairment of non-current assets other than goodwill

On each balance sheet date, Accell Group N.V. assesses whether there are indications that an individual non-current asset may be subject to impairment. If there are such indications, the recoverable amount of the asset in question is estimated 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 N.V. determines the recoverable amount of the cash-flow generating unit to which the asset belongs.

Impairment applies if the carrying value of an asset exceeds its fair value. The fair value is equal to the proceeds of a sale or the business value, whichever is the greater, the business value being the present value of the estimated future cash flows from use of the asset and its ultimate divestment. A pre-tax discount percentage is applied to determine present value, as such a percentage provides a good indication of the current market assessment of the 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 priorly revalued asset. In that case, the impairment is accounted for as a reduction of the revaluation.

Goodwill

Goodwill represents the difference between the purchase price and the fair value of the identifiable assets, liabilities and contingent obligations at the time the subsidiary was acquired. Goodwill is initially accounted for as an asset and stated at cost.

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

To determine whether any impairment has taken place, the goodwill is attributed to the (group of) cash-flow generating units of Accell Group N.V. that are expected to benefit from the synergy created by the combination. Goodwill is subjected to an impairment test annually, or more frequently if there are indications that impairment has taken place. If the value that can be realised by the (group of) cash-generating units is less than the carrying value then the impairment will be deducted from the goodwill. Impairments of goodwill will not be reversed in future periods.

When a subsidiary and/or activities are sold, the related goodwill is taken into account in determining the divestment result.

Other intangible assets

R & D expenditure

Research costs are charged directly to the income statement in the period in which they are incurred. Development costs are capitalised if all of the following criteria are met:

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

If not all of these criteria are met, then the development costs will be charged directly to the income statement in the period when incurred.
Capitalised development costs are amortised on a straight-line basis over the estimated economic useful life, which is expected to be three years.

Trademarks and patents

Following the acquisition of subsidiaries, Accell Group N.V. capitalises specific identifiable intangible assets, such as trademarks and patents, separate from the goodwill. Separately acquired intangible assets are stated at fair values. Intangible assets with a limited life, such as patents, are depreciated against the income statement over the expected economic life, which is generally estimated at five years. Assets with an unlimited life, such as trademark rights, are not depreciated, but are adjusted for any impairment in value, as described under goodwill.

Inventories

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

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

Financial instruments

Trade receivables
Amounts due from customers are non-interest-bearing receivables due within twelve months. They are stated at their nominal value, less provisions to cover the estimated bad debt risk. The provisions are determined through evaluation of individual receivables. Considering the short-term nature of these assets, their nominal value can be considered to equal fair value.

Cash
Cash consists 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 is stated at fair value. Considering the short-term nature of these instruments, their nominal value can be considered to equal fair value.

Bank loans
Interest-bearing bank loans and bank overdrafts are stated at their fair value. Considering the characteristics of the bank loans, their nominal value can be considered to equal fair value.

Trade payables
Liabilities to trade creditors are non-interest-bearing debts and are booked at their fair value, which is the value at which settlement is expected to take place. Considering the short-term nature of these liabilities, their nominal value can be considered to equal fair value.

Other financial instruments
Other financial instruments, such as the currency future contracts, swaps and options used by Accell Group N.V., 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 on the basis of the binominal option valuation model. Cash-flow hedge accounting is applied to these transactions. The ineffective part of the cash-flow hedge is recorded in the income statement.

For instruments to be classified as a cash-flow hedge, Accell Group N.V. 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 measured accurately;
→ 3] the required documentation regarding the link between the hedged risk and the hedge instrument is on hand when the hedge instrument is taken out;
→ 4] there must be a high probability that the recorded transactions will actually take place;
→ 5] the hedge has been assessed throughout its duration, and it has been determined that the hedge will be effective during the reporting period.

Provisions

General

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

Provisions for pensions

- Defined benefit pension schemes

The pension provision reflects the company's commitments arising from defined benefit pension schemes. Pension entitlements are awarded depending on criteria such as age, seniority and salary level. The liabilities under defined benefit pension schemes are based on actuarial calculations. The present value of defined benefit pension entitlements is determined by the Projected Unit Credit Method of actuarial calculation.

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

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

- Defined benefit pension schemes accounted for as defined contribution schemes

The majority of the Dutch operating companies have transferred their pension schemes to Metalektro, the pension fund for the metal working industry. These schemes generally qualify as defined benefit schemes. The pension fund has notified Accell Group N.V. that the required information cannot be provided. Due to the lack of full information, the defined benefit schemes are recorded as defined contribution schemes.

- Defined contribution schemes

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

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

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

Revenue recognition

Revenues are accounted for at the fair value of the payment or claim received and reflect the claims in relation to goods and services supplied in the course of normal business operations, less any discounts and value-added taxes. Turnover of goods is recorded once the goods have been supplied and ownership title has been transferred.

Income tax

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

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

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

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

Share-based payments

The company has a share option plan for the Board of Directors. 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. The option rights granted from 2005 onwards are unconditional once awarded and must be held for at least three years after they are awarded. The maximum term within which the board members can exercise their options is five years.

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

Lease agreements

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

Cash flow statement

The cash flow statement is prepared according to the indirect method. The cash balance in the cash flow statement consists solely of immediately available cash. Cash flows in foreign currencies are converted at the exchange rates applying on the balance sheet date. Receipts and expenditures for interest and corporation taxes are included in the cash flow from operational activities. Certain dividends are included in the cash flow from financing activities. The purchase price paid for participations acquired during the year, as well as the selling price received for participations sold during the year, is included in the cash flow from investment activities. Transactions that do not involve cash transfers, such as financial lease agreements, are not included in the cash flow statement.

Segment information

The operating segments have been adopted as the basis for primary segmentation, since Accell Group N.V.'s risk and return profile is largely influenced by the differences in the products that are manufactured. The secondary information is reported on a geographical basis.
The bicycles and bicycle parts segment, which targets the middle and upper segments of the market, is extremely diverse: it ranges from children's bicycles, taking in comfortable and luxury city bicycles and electrically assisted bicycles, right through to exclusive trekking and racing bikes, bicycle parts, and accessories. The fitness segments target the middle and upper segments and, more specifically, the home market.
Internal transfer prices between the operating segments are determined in a professional manner, comparable to the approach adopted with third parties. The sales to external customers reported in the geographic segments are based on the geographic location of the customers. The secondary segment information is restricted to a breakdown of turnover by country. A further explanation of secondary segment information would be complicated by problems of a practical nature. Moreover this would be arbitrary, since the management reports are drawn up at operating company level.

Notes

1) Property, plant and equipment

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

	Land and buildings	Machinery and equipment	Total property, plant and equipment
	€ x 1,000	€ x 1,000	€ x 1,000
Fair value or cost			
Balance as at 1 January 2006	31,147	46,681	77,828
Investments	4,064	6,317	10,381
Investments as a result of acquisitions	0	366	366
Divestments	0	-169	-169
Balance as at 1 January 2007	35,211	53,195	88,406
Investments	4,304	6,240	10,544
Investments as a result of acquisitions	1,942	80	2,022
Divestments	-151	-329	-480
Translation differences	-123	-67	-190
Balance as at 31 December 2007	41,183	59,119	100,302
Accumulated depreciation			
Balance as at 1 January 2006	1,418	33,359	34,777
Depreciation	710	4,171	4,881
Balance as at 1 January 2007	2,128	37,530	39,658
Depreciation	855	4,907	5,762
Balance as at 31 December 2007	2,983	42,437	45,420
Carrying amount			
Balance as at 31 December 2007	38,200	16,682	54,882
Balance as at 31 December 2006	33,083	15,665	48,748

Accell Group N.V. has reviewed the property, plant and equipment and concluded that as at balance sheet date there were no indications that any individual property, plant and equipment should be impaired.

As at 31 December 2007, the carrying amount of the total property, plant and equipment based on historical cost of the land ant buildings less accumulated depreciation and impairments would be approximately € 47.3 million (2006: € 40.7 million).

2) Goodwill

The changes in goodwill are as follows:

	2007 € x 1,000	2006 € x 1,000
Cost		
As at 1 January	10,344	3,881
Additions as a result of company acquisitions	647	6,463
As at 31 December	10,991	10,344
Accumulated impairments		
As at 1 January	0	0
Impairment	0	0
As at 31 December	0	0
Carrying amount		
As at 1 January	10,344	3,881
As at 31 December	10,991	10,344

The addition to the goodwill in 2007 relates to the acquisition of the interest in Brasseur S.A. and to the adjustment of the definitive goodwill relating to Webena Sport Almere B.V.

The breakdown of goodwill by segment is as follows:

	2007 € x 1,000	2006 € x 1,000
Bicycles, parts and accessories	8,685	8,069
Fitness	2,306	2,275
	10,991	10,344

Goodwill is reviewed annually for impairment or more frequently if there are indications that goodwill has to be impaired. For the purposes of this review goodwill is allocated to the cash-generating unit. The allocation is made to the (group of) cash-generating unit(s) that is expected to benefit from the company acquisition from which the goodwill was accrued.

The current value of the cash-generating units is determined by estimations of the future cash flows of each individual cash-generating unit for the next 5 years. The major assumptions on which these calculations are based concern the discount rates, growth rates and expected changes to the selling prices and direct costs during the period. Accell Group N.V. estimates discount rates that properly reflect the time value of money under current market conditions and specific risks for the cash-generating units.

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3) Other intangible assets

The other intangible assets relate to trademark rights and patents. The changes are as follows:

	2007	2006
	€ x 1,000	€ x 1,000
Purchase price		
As at 1 January	2,080	0
Investments	500	2,080
As at 31 December	2,580	2,080
Accumulated amortisation		
As at 1 January	13	0
Amortisation	20	13
Translation differences	284	0
As at 31 December	317	13
Carrying amount		
As at 1 January	2,067	0
As at 31 December	2,263	2,067

Notes
(continued)

4) Subsidiaries

The consolidated 2007 financial statements include Accell Group N.V., in Heerenveen, and the financial information of the following companies.

Consolidated companies	Participation percentage
Accell Duitsland B.V., Heerenveen, The Netherlands	100
Accell Fitness Austria GmbH, Graz, Austria	100
Accell Fitness Benelux B.V., Almere, The Netherlands	100
Accell Fitness Division B.V., Almere, The Netherlands	100
Accell Fitness North America Inc, Kitchner, Canada	100
Accell Hunland Kft, Toszeg, Hungary	100
Accell-Hercules Fahrrad GmbH & Co KG, Nürnberg, Germany	100
Accell IT Services B.V., Heerenveen, The Netherlands	100
Batavus B.V., Heerenveen, The Netherlands	100
Brasseur S.A., Liege, Belgium	100
Cycles Lapierre S.A.S., Dijon, France	100
Cycles Mercier France-Loire S.A.S., Andrezieux, France	100
E. Wiener Bike Parts GmbH, Sennfeld, Germany	100
Julius Holz GmbH & Co KG, Putzbrunn, Germany	100
Juncker B.V., Veenendaal, The Netherlands	100
Koga B.V., Heerenveen, The Netherlands	100
Koga Trading A.G., Zurich, Switserland	100
Lacasdail Holdings Ltd., Nottingham, United Kingdom	100
Seattle Bike Supply Inc., Seattle, United States of America	100
Sparta B.V., Apeldoorn, The Netherlands	100
Tunturi GmbH, Sennfeld, Germany	100
Tunturi Oy Ltd., Turku, Finland	100
Webena Sport Almere B.V., Almere, The Netherlands	100
Winora Staiger GmbH, Sennfeld, Germany	100

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

Non-consolidated companies	Participation percentage 2007	2006
In2Sports B.V., Eindhoven, The Netherlands (i)	44	44
Jalaccell OÜ, Tallinn, Estonia (ii)	35	35

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(i) In2Sports is a company active in information and communication technology, and the development of sport and fitness technology.
(ii) Jalaccell OÜ is a joint venture of Accell Fitness Division B.V. for the assembly of fitness equipment.

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

	2007	2006
	€ x 1,000	€ x 1,000
Total assets	2,960	1,657
Total liabilities	2,835	1,690
Total turnover	2,629	540
Total net result	72	41

5) Other financial assets

	Non-current		Current	
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Loans issued to non-consolidated companies	3,683	3,221	0	0

In 2006, a loan was issued to a non-consolidated company at an interest of 7% per annum and with a term of 10 years. The security for the loan was furnished in the form of right of mortgage on the company building and right of pledge on all other assets.

Notes
(continued)

6) Inventories

	2007 € x 1,000	2006 € x 1,000
Sailing goods	14,866	12,319
Raw materials	41,674	37,282
Semi-finished goods	2,947	2,718
Finished goods	59,760	54,231
	119,247	**106,550**

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

As at balance sheet date, inventories with a carrying amount of approximately € 4.1 million are valued at lower net realisable value.

7) Trade receivables and other assets

The carrying amount of receivables on the balance sheet approximates their fair value. All receivables are due within one year.

	2007 € x 1,000	2006 € x 1,000
Trade and other receivables	72,630	61,682
Provision for impairment of receivables	-2,767	-2,335
	69,863	**59,347**

Receivables are non interest-bearing and, depending on the season, are governed by a 30-90 day term of payment. The provision for impairment is determined on the basis of an individual assessment of trade receivables overdue. Accell Group N.V. has developed a credit policy to maintain control over credit risks relating to trade receivables. The provisions of this credit policy are stated in note 14, "Financial instruments and risk management".

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The changes in the provision for impairment are as follows:

	2007	2006
	€ x 1,000	€ x 1,000
As at 1 January	2,335	2,448
Used	-426	-427
Addition	962	494
Release	-104	-180
As at 31 December	**2,767**	**2,335**

The age analysis of the trade receivables is listed in the following summary, which displays the age of the receivables as compared to the invoice date:

	2007	2006
	€ x 1,000	€ x 1,000
0-90 days	56,204	47,454
90-150 days	8,720	5,226
older than 150 days	7,706	9,002
	72,630	**61,682**

Accell Group N.V. uses a variety of specific and, to a limited extent, individual payment terms with its customers which can vary depending on the nature of the supplies and the relevant country. In view of the seasonal nature of the activities customers are offered what are referred to as 'winter payment terms', pursuant to which customers can opt for an extra payment discount or a longer term of payment. This is customary in the sector.

8) Equity

The consolidated equity is identical to that of the Company. The explanatory notes and change overviews of the equity are included in the company financial statements.

9) Interest-bearing loans

Bank loans:	Non-current		Current	
	31-12-2007	31-12-2006	31-12-2007	31-12-2006
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Subordinated loan	1,500	2,500	1,000	1,000
Roll-over loans	4,082	20,262	0	0
EURIBOR loan	25,000	0	0	0
Other bank loans	19,316	16,285	357	272
Bank overdrafts	0	0	48,540	46,933
	49,898	**39,047**	**49,897**	**48,205**

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

The roll-over loan is a US dollar loan issued by ABN-AMRO in 2006 with a term of 10 years. This loan has a variable withdrawal period and a varying interest rate based on the length of the term. The € 15.5 million standby credit facility issued in 2002 lapsed at the end of 2007. ABN-AMRO issued a 5-year EURIBOR loan at the end of 2007. An interest rate swap has been agreed on for this loan so that a fixed interest rate of 5.2% will be applicable for the coming 10 years. Other than some general terms and conditions no collateral has been provided for these loans.

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

Limited securities have been issued in connection with the other loans on the assets of a group operating company outside the Netherlands. The other loans bear interest at an average of 5.1%.

General terms and conditions have been stipulated for bank overdrafts granted by a number of banks. The interest rate is variable. At year-end 2007 total limit of the available credit facilities amounted to € 99.4 million.

The accounting policy regarding interest risks is covered in note 14, “Financial instruments and risk management”.

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

	Period to maturity less than 5 years	Period to maturity more than 5 years	Total
	€ x 1,000	€ x 1,000	€ x 1,000
Subordinated loan	2,500	0	2,500
Roll-over loans	0	4,082	4,082
EURIBOR loan	25,000	0	25,000
Other bank loans	19,301	372	19,673
Subtotal	**46,801**	**4,454**	**51,255**
Proportion of loans with a maturity period of less than 1 year	-1,357	0	-1,357
Balance as at 31 December 2007	**45,444**	**4,454**	**49,898**

10) Provision for pensions

The pension provision on the balance sheet relates primarily to a capped defined benefit scheme set up at the time of the acquisition of one of the foreign subsidiaries. The actuarial calculations pursuant to IAS 19 were performed by actuaries from a certified actuarial consultant.

The changes in the provision for pensions are as follows:

	2007	2006
	€ x 1,000	€ x 1,000
As at 1 January	3,862	3,655
Interest charged	198	202
Amortisation of actuarial result	27	41
Employer contributions	-152	-136
Addition due to acquisitions	0	100
As at 31 December	**3,935**	**3,862**
Finance deficit as at 31 December	4,225	4,471
Unrecognised actuarial result	-290	-709
Addition due to acquisitions	0	100
As at 31 December	**3,935**	**3,862**

Fund investments for the pension provision do not apply.
In addition, no new commitments will be allocated.

The pension charges stated in the income statement in 2007 amount to € 0.225 million, comprised of € 0.198 million interest and € 0.027 actuarial results. In 2008 Accell Group NV expects to pay a contribution of € 0.180 million to the capped defined benefit scheme. The provision for pensions has remained reasonably consistent over the past years.

The principal assumptions applied in determining the pension commitments and investments are as follows:

	2007	2006
Discount rate	5.3%	4.5%
Inflation	1%	1%
Average salary increase	0%	0%

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Defined benefit plans

The majority of the Dutch operating companies have transferred their pension plans to Metalektro, the pension fund for the metal working industry. These schemes generally qualify as defined benefit plans.
The industrial pension fund has stated that the required information cannot be made available. As a result, Accell Group N.V. lacks insight into its share in the surplus or deficit of Metalektro. In the light of the missing information, these plans are recognised as defined contribution schemes. According to Metalektro, the participating companies have absolutely no obligation to supplement any deficits in the industrial pension fund, other than paying higher annual premiums. Nonetheless, the annual report of Metalektro for 2006 does not contain evidence of a deficit reserve.

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.

Pension expenses in the financial statements relate mainly to amounts due under the defined contribution plans.

11) Deferred taxes

The deferred taxes are comprised of the following:

	2007	2006
	€ x 1,000	€ x 1,000
Deferred tax assets	5,898	6,713
Deferred tax liabilities	3,146	3,019
Balance of deferred taxes	**2,752**	**3,694**

Change in deferred tax assets and liabilities are as follows:

	Loss carryforwards consolidated companies	Revaluation of property, plant and equipment	Financial instruments	Other	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
As at 1 January 2006	**5,390**	**-2,957**	**-195**	**1,189**	**3,427**
Charged to equity	-181	-62	615	-239	133
Charged to result	115	0	0	19	134
As at 31 December 2006	5,324	-3,019	420	969	3,694
Added through acquisitions	0	-440	0	-106	-546
Charged to equity	-170	147	111	-396	-308
Charged to result	20	166	0	-274	-88
As at 31 December 2007	**5,174**	**-3,146**	**531**	**193**	**2,752**

The majority of the deferred tax assets consist of tax-loss carryforwards related to the Finnish Tunturi Oy company that was acquired in 2003. These originated in the years prior to the acquisition.

Accell Group N.V. and its Dutch subsidiaries form a fiscal unity for income tax purposes. As at year-end 2007 Accell Group N.V. has no tax-loss carryforwards in the Netherlands.

12) Provisions

	Non-current		Current	
	31-12-2007	31-12-2006	31-12-2007	31-12-2006
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Deferred employee benefits	1,112	1,235	0	0
Warranties	979	1,044	2,558	2,439
Other provisions	4,610	0	607	0
	6,701	**2,279**	**3,165**	**2,439**

The changes in the provisions are as follows:

	Deferred employee benefits	Warranties	Other provisions	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
As at 1 January 2006	1,164	2,837	464	4,465
Addition to provision	128	646	0	774
Use of the provision	-57	0	-464	-521
As at 31 December 2006	**1,235**	**3,483**	**0**	**4,718**
Addition to provision	15	480	5,217	5,712
Use of the provision	-46	-426	0	-472
Release from the provision	-92	0	0	-92
As at 31 December 2007	**1,112**	**3,537**	**5,217**	**9,866**

The deferred employee benefits relate to the provision for future anniversary bonuses.

The warranty provision represents the estimated costs under warranty obligations for supplied goods and services that are outstanding on the balance sheet date.

The other provisions include the provision for Dutch Competition Authority (NMa) penalty. In April 2004, the NMa imposed a € 12.8 million penalty on Accell Group N.V. for alleged price-fixing agreements. Following a procedure for lodging an objection, the NMa reduced this penalty by 10%, to € 11.5 million, in November 2005.
The appeal was officially submitted to the District Court of Rotterdam, and the decision was given on 18 July 2007. The District Court of Rotterdam has reduced the penalty to € 4.6 million, and a provision has been formed for this penalty. However, Accell Group N.V. is still of the opinion that the amount of the penalty is out of proportion since it considers the accusations entirely unjustified. Both Accell Group N.V. and the NMa have lodged an appeal with the Dutch Trade and Industry Appeals Tribunal in The Hague. The provision has not been discounted.

Notes
(continued)

13) Trade payables and other liabilities

The carrying value of current liabilities approximates their fair value. All current liabilities are payable within one year.

14) Financial instruments and risk management

The other financial instruments are comprised of:

	2007	2006
	€ x 1,000	€ x 1,000
Currency derivatives - cash flow hedging	-2,213	-1,646
Interest rate swap - cash flow hedging	135	0
	-2,078	**-1,646**

In 2007, EUR 0.3 million was charged to the hedging reserve (2006: € 1.7 million) pursuant to the fair value adjustments of the instruments to cover future cash flows.

Currency derivatives

The currency derivatives stated as at balance sheet date will be effectuated during the first six months of 2008. Derivatives outstanding as at the balance sheet date are detailed as follows:

		Contract value in € 1,000		Fair value in € 1,000	
Currency derivative	Currency	2007	2006	2007	2006
Call	USD	36,417	24,837	-2,000	-1,042
Put	USD	72,836	40,257	512	89
Call	JPY	11,042	6,248	-761	-168
Put	JPY	11,226	15,225	36	-525
				-2,213	**-1,646**

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Interest rate swaps

Accell Group N.V. arranged an interest rate swap in 2003 which matured in 2007. Accell Group N.V. arranged an interest rate swap at year-end 2007 to convert the variable interest rate of the EURIBOR loan into a fixed interest rate.

The following table lists the nominal value and fair value of the interest payable on the EURIBOR loan in combination with the interest rate swap at balance sheet date:

	Nominal value	Fair value
	€ x 1,000	€ x 1,000
2007	13,000	12,865
2006	840	840

Accell Group N.V.'s currency and interest-rate risk policy is explained below.

Management of the operating capital

The company conducts a financing policy that attaches paramount importance to the continuity of Accell Group N.V. This is taken into account in the control of the capital. Accell Group N.V. is required to comply with the ratios stipulated by the credit provider.

As at 31 December 2007, the solvency based on the group capital amounted to 38.6% (as at 31 December 2006: 37,4%). As explained in the section on currency and interest risks, the change in the hedging reserve has an effect on the solvency as at year-end. Accell Group N.V. cannot exert any influence on the changes in the value of the underlying derivative financial instruments.

Credit risks

Accell Group N.V.'s operations are accompanied by a variety of risks. Bicycles and bicycle parts/accessories are supplied to a broad network of specialist bicycle stores, many of which have a long-standing commercial relationship with Accell Group N.V. The credit policy includes a provision stipulating that the acceptance of major customers is governed by an internal and external test of the potential customer's creditworthiness followed by the specification of a credit limit. There is no significant concentration of risks within Accell Group N.V. since the company has a large number of customers. Credit risks are monitored on a continual basis. On the expiry of their due date outstanding receivables are subjected to an individual assessment at year-end that in turn results in substantiation for the provision for the impairment of receivables. The impairment reserve amounted to € 2.8 million for total outstanding trade receivables of € 72.6 million; in 2007 the actual loss amounted to € 0.4 million (2006: € 0.4 million).

Notes (continued)

The majority of fitness equipment is also supplied to a network of retail stores. Credit risks are addressed in the same manner as for sales of bicycles and bicycle parts/accessories. Letters of Credit are generally used for supplies to distributors in various countries in Europe and elsewhere.

Liquidity risks

Accell Group N.V.'s approach to the control of liquidity risks takes account of the strongly seasonal nature of the operations. Consequently the Group's financing makes a distinction between long-term (core) financing and seasonal credit. At year-end Accell Group N.V.'s total loans and bank credit amounted to € 99.8 million, of which 50% was of a long-term nature. In addition to the bank credit, the Group also has current liabilities amounting to € 57.0 million.

The following summary gives an indication of the total financial obligations, inclusive of the estimated interest payable on long-term loans.

	Book value	Contractual cash flows	< 1 year	1-5 year	> 5 year
	€ miljoen	€ miljoen	€ miljoen	€ miljoen	€ miljoen
Non-current liabilities	51.3	65.5	3.7	55.9	5.9
Current liabilities	105.5	103.3	103.3	-	-

Market risks

The market risk encompasses currency risks and interest risks.
Accell Group N.V. deploys a variety of instruments to hedge currency and interest risks arising from the operating, financing and investment activities.

Accell Group N.V.'s treasury activities are centralized and carried out in accordance with the objectives and regulations stipulated by Accell Group N.V. Accell Group N.V. policy stipulates that no instruments shall be used for speculative purposes. Accell Group N.V.'s currency and interest risks have not changed during the year. Moreover Accell Group N.V.'s approach to these risks has not changed during the financial year.

Control of currency risks

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

Unrealised gains and losses on the derivatives resulting from the concluded cash flow hedge transactions are temporarily included in the hedging reserve. The cash flow hedge transactions entered into in 2007 achieved their objective. The hedging reserve is subject to changes as a result of developments in the value of the concluded currency derivatives and interest rate swaps. Accell Group N.V. cannot exert any influence on these developments in the value. Covering future cash flows and the use of cash flow hedging exerts an influence on equity as a result of changes in the value of the underlying derivatives. A 1% change in the EUR/USD exchange rate from the current year-end exchange rate would result in an approx. € 0.2 million change in the hedging reserve

All derivative financial instruments are concluded with ABN-AMRO and Deutsche Bank. The company incurs credit risk 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 excellent creditworthiness of these banks.

Control of interest risks

As per 31 December 2007, the interest on the majority of the long-term interest-bearing loans is fixed, and the interest on the bank overdrafts is variable. As at year-end 2007 Accell Group N.V. concluded an interest-rate swap for the EURIBOR so as to control interest risks. This instrument is generally available, and is not regarded as specialised or entailing significant risk.

As per 31 December 2007, the term of 50% of the interest-bearing loans is longer than one year. An increase or decrease of one hundred basic points in the market interest governing short-term bank credit would have resulted in a decrease or increase in profit before taxes of approx. € 0.9 million.

15) Business combinations

In 2007 Accell Group N.V. acquired 100% of the shares in Brasseur S.A. Brasseur S.A. is trading company dealing in bicycles, bicycle parts and accessories. This acquisition is not considered significant in view of the size of the acquired company as compared to Accell Group N.V.'s turnover and consolidated balance sheet total. For this reason a note on the acquired net assets is not required. The transaction is accounted for by the purchase method of accounting. Brasseur S.A. was included in the consolidated financial statements as of 1 April 2007.

During the period from the consolidation date to the balance sheet date, Brasseur S.A. made a € 6.9 million profitable turnover contribution.

16) Net turnover

The net turnover can be specified as follows:

	2007	2006
Turnover by product group:	€ x 1,000	€ x 1,000
Bicycles	345,910	311,308
Parts and accessories	85,021	74,870
Fitness	45,142	45,552
	476,073	**431,730**

	2007	2006
Turnover by country:	€ x 1,000	€ x 1,000
The Netherlands	210,110	195,210
Germany	99,193	91,932
France	49,845	40,986
Other EU countries	68,995	58,742
Other countries	47,930	44,860
	476,073	**431,730**

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17) Personnel costs

The personnel costs are comprised of the following:

	2007	2006
	€ x 1,000	€ x 1,000
Salaries	52,829	51,633
Social security contributions	9,738	9,422
Pension contributions	3,429	3,400
Profit sharing	1,337	1,502
Share-based payments	140	136
	67,473	**66,093**

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

Share-based payments

The estimated fair value of unconditional option rights granted in 2007 (share-based payments transactions to be settled in equity-related instruments) amounts to € 140,000 and is included in the income statement under personnel costs.

The fair value of the options has been determined using the Black & Scholes model, applying the following criteria:

- weighted average share price: € 26.00
- exercise price: € 26.80
- expected volatility: 20-25%
- duration of the option: 3-5 years
- 'risk-free' interest rate: 5%

In calculating the fair value of options, annual dividend payments in line with the company's dividend policy have been taken into account.

The option scheme for the Board of Directors is covered in the company financial statements.

18) Depreciation and amortisation

Depreciation, amortisation and impairment are comprised of the following:

	2007	2006
	€ x 1,000	€ x 1,000
Amortisation of intangible assets	20	13
Depreciation of property, plant & equipment	5,762	4,881
	5,782	4,894

19) Financial income and expenses

Financial income and expenses are comprised of the following:

	2007	2006
	€ x 1,000	€ x 1,000
Interest income	425	152
Interest expenses	6,018	4,064
	-5,593	-3,912

The accounting policy on interest risks is stated in note 14, “Financial instruments and risk management”.

20) Taxes

The effective income tax charge is comprised of the following:

	2007	2006
	€ x 1,000	€ x 1,000
Profit before taxes	29,435	26,251
Taxes based on the weighted average applicable rate	8,431	7,991
Tax impact of:		
Non-deductible amounts	62	49
Provision for NMa penalty	1,176	0
Deferred tax assets not carried forward	0	58
Adjustment of immediate taxes with regard to previous years	0	-137
Adjustment of deferred taxes with regard to previous years	-48	-97
Taxes in income statement	9,621	7,864
Of which:		
Current taxes	9,669	7,903
Deferred taxes	-48	-39
Effective tax rate (incl. provision for NMa penalty)	32.7%	30.0%
Effective tax rate (excl. provision for NMa penalty)	28.3%	30.0%

The change in the effective tax rate compared to the previous year is mainly due to a reduction of the income tax rate in the Netherlands.

21) Dividend

On 22 May 2007, a dividend with stock option was declared of € 0.95 per share. On 22 May 2007, a cash dividend of € 3,087,000 was paid, and 195,112 shares were issued as stock dividend. In addition, in 2007 the dividend withholding tax 2006 was paid. This amounted to € 657,000. With regard to the current financial year, the Board of Directors proposes a dividend with stock option of € 1.25 per share. This dividend proposal is still subject to approval by the General Meeting of Shareholders and is not reflected as a liability in these financial statements.

22) Earnings per share

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

	2007 € x 1,000	2006 € x 1,000
Profit for earnings per share (net profit accruing to Accell Group N.V.'s shareholders)	19,814	18,387
Profit on ordinary activities (excl. provision for NMa penalty)	24,424	18,387
Weighted average number of issued shares for the earnings per share	9,406,740	9,176,329
Impact of share options on the issuance of shares	91,345	109,645
Weighted average number of issued shares (diluted)	**9,498,085**	**9,285,974**

23) Off-balance sheet disclosures

Investment commitments

At year-end 2007 Accell Group NV has a capital expenditure commitment of € 0.5 million, relating to investments in operations.

Operational lease commitments

The company has financial obligations arising from long-term lease commitments arising from computer equipment and cars. This obligation amounts to approx. € 2.3 million per year and has an average remaining term of 2.8 years.

The company also has financial obligations arising from long-term rental contracts. This obligation amounts to approx. € 3.2 million per year and has an average remaining term of 4.7 years.

As at the balance sheet date, Accell Group N.V. has outstanding non-cancellable operational lease commitments expiring as follows:

	2007	2006
	€ x 1.000	€ x 1.000
Within one year	308	625
Within two to five years	3.584	2.825
After five years	1.638	1.550
	5.530	5.000

24) Subsequent events

At the end of February, Accell Group N.V. signed the agreement for the purchase of all shares in Ghost Mountainbikes GmbH, Waldsassen, Germany. Consolidation will be effected as of 1 March 2008.

25) Transactions with related parties

Intercompany transactions and balances between Accell Group N.V. and its subsidiaries have been eliminated for consolidation purposes.

Transactions and balance sheet totals concerning other related parties refer to transactions with the joint venture in which Accell Group N.V. participates. Sales to and purchases from related parties take place at the normal market prices. As explained in note 5) the majority of the outstanding receiveables from related parties are covered by collateral security, and interest is charged. As at year-end 2007, no provision has been formed for bad debts with respect to the receivables from the related parties. The assessment of the value of the receivables was made on the basis of an investigation of the financial position of the related party.

Company balance sheet as at 31 December

Before dividend distribution (in thousands of euros)

Assets	2007	2007	2006	2006
Fixed assets				
Property, plant and equipment	0		0	
Goodwill	9,725		9,110	
Financial assets a)	138,349		123,114	
Current assets	21,947		7,490	
Total assets		170,021		139,714

Equity & liabilities	2007	2007	2006	2006
Equity b)				
Share capital	190		185	
Share premium reserves	13,714		13,294	
Revaluation reserves	7,651		7,636	
Hedging reserve	-1,547		-1,226	
Translation reserve	-1,042		-89	
Other reserves	68,301		53,731	
Profit for the financial year	19,814		18,387	
		107,081		91,918
Non-current liabilities				
Subordinated loan	1,500		2,500	
Interest-bearing loans	44,082		35,262	
Provision for NMa penalty	4,610		0	
		50,192		37,762
Current liabilities				
Amounts payable to group companies	5,420		6,067	
Interest-bearing loans	1,000		1,000	
Other current liabilities	6,328		2,967	
		12,748		10,034
Total liabilities		170,021		139,714

The letters following the various items refer to the notes on pages 110 to 111.

Company income statement

(in thousands of euros)

	2007	2006
Result from subsidiaries after taxes	23,291	18,888
Other profits	1,133	-501
Provision for NMa penalty	-4,610	0
	19,814	**18,387**

Accounting policies

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. In accordance with article 2:362 (8) of the Netherlands Civil Code, the accounting policies for the company are identical to the policies Accell Group N.V. conducts for the consolidated financial statements. Information about the accounting policies is given in the notes to the consolidated financial statements. The financial data of Accell Group N.V. are incorporated in the consolidated financial statements. Consequently an abbreviated income statement is presented for the company as permitted under article 2:402 of the Netherlands Civil Code.

Subsidiaries

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

Notes to the company balance sheet

(in thousands of euros)

a) Financial assets

The changes in the financial assets are as follows:

	2007	2006
Subsidiaries		
As at 1 January	65,292	63,601
Profit	23,291	18,888
Investments / divestments	7,423	14
Other changes	-15,361	-17,211
As at 31 December	80,645	65,292
Receivables from group companies		
As at 1 January	57,822	28,777
Loans provided	17,575	40,721
Loans repaid	-17,693	-11,676
As at 31 December	57,704	57,822
Total financial assets	138,349	123,114

b) Equity

The authorised capital amounts to € 650,000, divided into 13,750,000 Accell Group N.V. ordinary shares, 2,500,000 preference shares F and 16,250,000 preference shares B, each with a nominal value of € 0.02. Of these, 9,492,950 ordinary shares have been issued and duly paid, as a result of which the issued share capital amounts to € 189,859.00.

Statement of changes in equity

I. Share capital		
As at 31 December 2006	185	
Stock dividend and options exercised	5	
As at 31 December 2007		**190**
II. Share premium reserves		
As at 31 December 2006	13,294	
Stock dividend and options exercised	420	
As at 31 December 2007		**13,714**
III. Revaluation reserves		
As at 31 December 2006	7,636	
Realisation of the revaluation reserves	-123	
Exchange differences arising on translation of foreign operations	-22	
Change in income tax rate	-39	
Other changes	199	
As at 31 December 2007		**7,651**
IV. Hedging reserves		
As at 31 December 2006	-1,226	
Fair value adjustment of financial instruments	-432	
Change in deferred tax for financial instruments	111	
As at 31 December 2007		**-1,547**
V. Translation reserves		
As at 31 December 2006	-89	
Exchange differences arising on translation of foreign operations	-953	
As at 31 December 2007		**-1,042**
VI. Other reserves		
As at 31 December 2006	53,731	
Change in result in 2006	18,387	
Cash dividend	-3,744	
Recognition of share-based payments	140	
Exchange differences arising on translation of foreign operations	-92	
Realisation of the revaluation reserves	123	
Other changes	-244	
As at 31 December 2007		**68,301**
VII. Profit for the financial year		
As at 31 December 2006	18,387	
Change in result in 2006	-18,387	
Profit for the 2007 financial year	19,814	
As at 31 December 2007		**19,814**
Total equity as at 31 December 2007		**107,081**

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

Notes to the company balance sheet (continued)

Remuneration of the Board of Directors and the Supervisory Board

Board of Directors

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

	Salary	Bonus	Pension contributions	Totaal
	in €	in €	in €	in €
R.J. Takens	307,000	153,500	107,623	568,123
H.H. Sybesma	225,000	112,500	30,264	367,764
J.M. Snijders Blok	210,000	105,000	40,814	355,814
Total	**742,000**	**371,000**	**178,701**	**1,291,701**

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; they are paid out in so far as the objectives set by the Supervisory Board have been met.

Supervisory Board

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

	in €
S.W. Douma	40,000
J.H. Menkveld	30,000
J. van den Belt	30,000
J.J. Wezenaar	30,000
Total	**130,000**

Shares

The number of shares held by Mr. Takens and Mr. Sybesma at year-end 2007 amounts to 79,500 and 13,960 respectively.

Stock option scheme

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

According to company policy, the option entitlements are not covered by the company's purchase of its own shares. New shares are issued by the company at the time options are exercised.

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

	Number at 01-01-2007	Issued in 2007	Exercised in 2007	Number at 31-12-2007	Average exercise price	Remaining period to maturity
Directors:						
R.J. Takens	55,235	11,500	27,500	39,235	€ 22.51	1-4 years
H.H. Sybesma	38,665	8,400	18,500	28,565	€ 22.53	1-4 years
J.M. Snijders Blok	15,745	7,800	-	23,545	€ 22.85	1-4 years

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.

The stock options have been granted unconditionally. The stock options granted to members of the Board of Directors during the financial year have terms ranging between 3 and 5 years and an exercise price of € 26.80.

During the financial year, the average share price on the exercise date of the options was € 26.90.

Off-balance sheet commitments

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

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

Supervisory Board

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

Board of Directors

R.J. Takens, C.E.O
H.H. Sybesma, C.F.O
J.M. Snijders Blok, C.O.O

Heerenveen, 12 March 2008

Other information

Profit appropriation pursuant to the Articles of Association

Article 25 (partial)

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

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

Dividend proposal

The Board of Directors proposes to pay Accell Group shareholders a dividend of € 1.25 per share (2006: € 0.95), to be paid in cash or shares at the shareholder’s discretion.

Auditors' report

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

Report on the financial statements

We have audited the accompanying financial statements 2007 of Accell Group N.V., Heerenveen. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2007, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2007, the company income statement for the year then ended and the notes.

Management's responsibility

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

Auditor's responsibility

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

Auditors' report (continued)

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, 2007, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Accell Group N.V. as at December 31, 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

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

Utrecht, 12 March 2008
Deloitte Accountants B.V.

M. Beelen RA

Accell Group in [1] the last eight years

(in millions of euros, unless stated otherwise)

	2007	2006	2005	2004	2003	2002	2001	2000
	IFRS							
Net turnover	476.1	431.7	372.1	341.1	289.6	259.4	205.6	203.7
Personnel costs	67.5	66.1	57.7	53.8	45.2	38.7	33.7	35.1
Operating profit on ordinary activities [2]	39.6	30.1	25.7	22.8	16.6	13.8	11.4	9.7
Interest	5.6	3.9	3.0	2.8	2.6	3.2	3.6	3.0
Taxes	9.6	7.9	7.2	7.1	4.9	3.7	2.8	2.4
Net profit on ordinary activities [2]	24.4	18.4	15.5	13.2	9.2	6.8	5.1	4.3
Depreciation	5.8	4.9	4.6	4.4	3.9	2.8	2.3	2.3
Cash flow from ordinary activities [2]	30.2	23.3	20.1	17.6	13.0	9.6	7.4	6.6
Investments in property. plant and equipment	12.6	10.7	8.8	7.7	10.0	5.5	5.5	2.4
Balance sheet total	277.6	245.6	183.8	173.6	134.9	112.5	117.5	96.5
Property. plant and equipment	54.9	48.7	43.1	39.0	28.9	23.8	21.4	13.3
Capital employed	223.8	190.8	138.2	137.9	109.3	97.3	102.9	84.9
Group capital	107.1	91.9	77.4	60.7	48.1	42.3	37.4	28.2
Guarantee capital	108.6	94.4	80.9	65.2	54.6	49.8	37.4	28.2
Provisions	16.9	11.6	11.3	10.0	7.0	5.9	8.5	5.7
Average number of employees (FTEs)	1,713	1,671	1,438	1,405	1,213	1,061	1,051	998
Number of issued shares at year-end	9,492,950	9,251,838	9,015,015	8,656,267	8,373,903	8,309,403	8,039,633	7,314,633
Weighted average number of issued shares	9,406,740	9,176,329	8,879,749	8,549,802	8,320,440	8,222,190	7,334,495	7,252,528
Market capitalisation	235.0	240.5	183.9	135.9	67.8	42.2	37.0	25.9
Data per share [3] (in €)								
Group capital	11.38	9.81	8.37	6.62	5.21	4.64	4.47	3.42
Guarantee capital	11.54	10.07	8.75	7.11	5.92	5.47	4.47	3.42
Cash flow from ordinary activities [2]	2.72	2.49	2.17	1.92	1.42	1.05	0.88	0.80
Net profit on ordinary activities [2]	2.60	1.96	1.68	1.44	1.00	0.74	0.61	0.52
Dividend [4]	1.25	0.93	0.80	0.67	0.47	0.34	0.31	0.22
Ratios (in %)								
ROCE	17.7	15.8	18.6	16.5	15.2	14.1	11.1	11.4
ROE	22.8	20.0	20.1	21.7	19.1	16.0	13.6	15.2
Operating profit from ordinary activities [2]/ turnover	8.3	7.0	6.9	6.7	5.7	5.3	5.5	4.8
Net profit from ordinary activities [2]/turnover	5.1	4.3	4.2	3.9	3.2	2.6	2.5	2.1
Cash flow from ordinary activities [2]/turnover	5.4	5.4	5.4	5.2	4.5	3.7	3.6	3.2
Balance sheet total/turnover	58.3	56.9	49.4	50.9	46.6	43.4	57.1	47.4
Solvency (based on group capital)	38.6	37.4	42.1	34.9	35.6	37.6	31.9	29.3
Solvency (based on guarantee capital))	39.1	38.4	44.0	37.6	40.4	44.3	31.9	29.3
Pay-out ratio	48.1	47.4	47.5	47.3	47.1	46.1	49.6	41.4
Dividend yield (including dilution [3])	5.0	3.7	3.9	4.3	5.8	6.8	6.7	6.1
Closing price of share (in €)	24.76	26.00	20.40	15.70	8.10	5.08	4.60	3.54

1) The key figures from 2004 onwards are calculated on the basis of the IFRS.
2) The operating profit, net profit and cash flow on and from ordinary activities relate to the operating result, net profit and cash flow (net profit + depreciation) without a provision for a Dutch Competition Authority (NMa) penalty.
3) The data per share are calculated based on the weighted average number of issued shares. The data per share for the years 2000-2006 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).
4) The dividend per share in 2007 relates to the proposal to be submitted to the General Meeting of Shareholders.

The Accell Group share

Accell Group N.V. has been listed on the Euronext Amsterdam Stock Exchange (now called NYSE Euronext Amsterdam) since 1 October 1998. 9,492,950 ordinary shares with a nominal value of € 0.02 had been issued on 31 December 2007.

Substantial investments pursuant to the Financial Supervision Act (Wet op het Financieel Toezicht)

The following summary lists the shareholders in the Accell Group reporting investments in the issued capital of the Accell Group pursuant to the Financial Supervision Act.

Date of reporting obligation	Investor with reporting obligation	Equity participation	Voting rights
4 April 2007	Aviva Plc	8.21%	8.21%
1 November 2006	Boron Investments N.V.	5.19%	5.19%
1 November 2006	R.A. Burke	7.49%	7.49%
1 November 2006	Darlin N.V.	7.40%	7.40%
1 November 2006	Delta Deelnemingenfonds N.V.	6.94%	6.94%
1 November 2006	Fortis Utrecht N.V.	5.74%	5.74%
1 November 2006	R.J.H. Kruisinga	6.90%	6.90%
1 November 2006	J.H. Langendoen	5.13%	5.13%
1 November 2006	H. Ziengs	5.08%	5.08%

Turnover in Accell Group equity in 2007*

	Number of shares	Amount (€ x mln)	Highest price (€)	Lowest price (€)	Closing price (€)
January	350,136	9.5	27.60	25.95	27.30
February	147,221	4.0	27.35	26.31	26.60
March	295,380	7.8	27.35	25.00	26.50
April	786,187	22.3	31.35	26.40	30.85
May	156,002	4.8	31.75	29.85	31.45
June	170,759	5.3	32.35	30.00	30.33
July	551,358	18.8	38.25	29.80	36.40
August	388,102	13.4	37.40	31.00	35.01
September	202,763	6.8	36.79	31.80	32.80
October	286,671	9.9	36.20	32.20	35.50
November	292,004	8.3	35.50	25.00	28.99
December	227,519	5.9	29.10	24.47	24.76
Total	**3,854,102**	**116.8**			

* Source: Euronext

Important dates in 2008

	Date
Annual General Meeting of Shareholders (at Accell's Batavus BV subsidiary, Industrieweg 4, 8444 AK Heerenveen, the Netherlands)	24 april 2008
Ex dividend listing	28 april 2008
Dividend will be available for payment	16 mei 2008
Publication of half-yearly figures	23 juli 2008

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