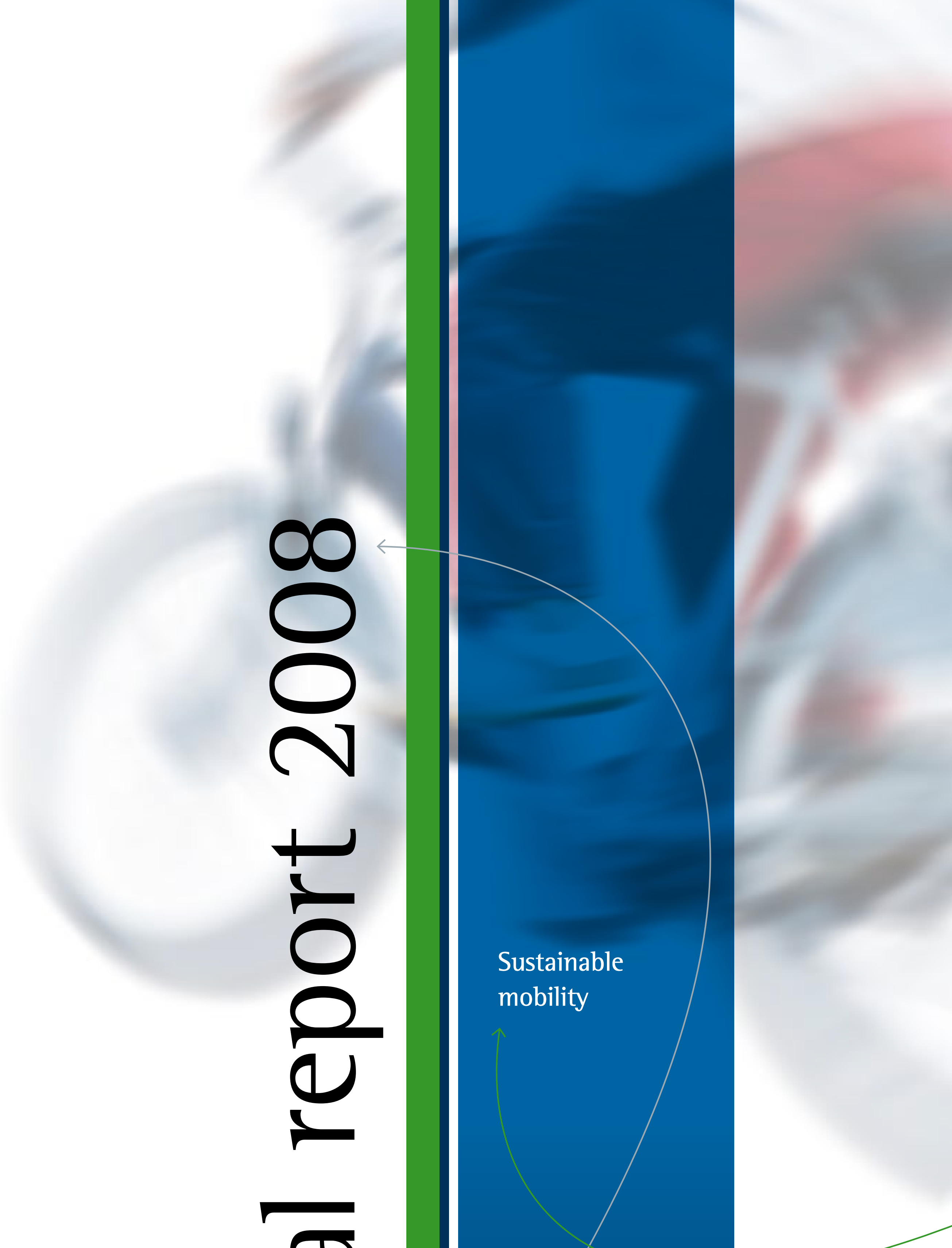


Annual report 2008

Sustainable mobility

THE PREMIER CYCLE AND FITNESS GROUP

ACCELL GROUP

Content

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.

THE PREMIER CYCLE AND FITNESS GROUP
ACCELL GROUP

Accell Group companies and brands

Batavus is 104 years old and, since way back, one of the strongest brands of the Netherlands. Batavus represents life-long cycling enjoyment with its bicycles and bicycle-related products based on four pillars: comfort, durability, design and safety. Batavus focuses on innovation and styling on subsegments with its collection such as highly demanding cyclists, families with children and the pensioner growth segment. Lifestyle is becoming an ever more important issue with the goal that the right Batavus can be purchased by everybody that suits the individual's needs and preferences. Batavus has a versatile collection of home fitness equipment and an accessory line as well as an extensive collection of bicycles. Batavus mainly sells its products and services to specialist retail trade in the Netherlands and exports to interalia Belgium, Denmark, Germany, Spain and Sweden.

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. Koga has further strengthened its position in the international top segment of the bicycle market in 2008. The collection is developed with a view to also meeting the requirements of keen cyclists in the surrounding countries. The digital custom order 'Koga Signature' programme, for example, plays a key role at the top of the collection. 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. Craftsmanship is an essential factor: every Koga is made 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 equals sporting top performance, top 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 top in the sports worlds likes to collaborate with Lapierre. Lapierre introduced the X-Lite II frame in 2008, which will form the foundation in the next Tour de France for the bicycles of the Francaise des Jeux team. The 'Lapierre powered by Saab-Salomon' mountain bike team also plays an important role in product development and international brand awareness. Lapierre is distributed in Europe and North America as an internationally recognised leading brand.

Sparta is the specialist in special bicycles, a real speciality brand with bicycles for fathers and mothers, short and tall people, and bicycles for urban visits and transport journeys, leisure touring or longer journeys. Sparta focuses on meeting the special preferences of consumers. 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. Sparta set the trend in this segment years ago and continues to further develop this concept with new models and marketing concepts. The image of the electrically assisted bicycle is undergoing significant development where short and medium distance mobility for recreational goals and commuter traffic is becoming more and more the key issue.

Loekie has been the brand for children' bicycles for nearly 30 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 specialist retail trade as expert advisers and the principal partners for Loekie collection sales. The children choosing and riding the bike, the parents who pay for it and need the assurance that the bike is safe, and specialist retail trade as an expert adviser and the principal partner for the sale of the Loekie collection.

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 specialist retail trade and amongst consumers as 'the friendly German family brand'. With the 'Old Heroes Never Die' topic, Hercules gave its brand a new boost in 2008, which was translated into the collection with smoothly designed frames and new colours. To continue to expand its range Hercules is also using various successful Accell Group products, such as the 'Emove' and the series 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 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 specialist retail trade. Winora introduced a line of electrically assisted bicycles in 2008 with which they are anticipating on this fast-growing product segment.

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 specialist retail trade 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 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. Hai Bike has the ambition of becoming one of the trendsetters in 'mass customisation' in this segment.

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. BMX made its debut at the Olympic Games in 2008. Redline was excellently represented in the participant's field, an exposure that leads to an increase of the global awareness and recognition of the brand. Redline is the official bike of the national BMX teams in the Netherlands, Germany and Norway. Redline sponsors the top of the BMX riders in the United States, Australia and Japan, including Shanaze Reade, winner of the UCI World Championship.

Juncker Bike Parts is a leading supplier of specialist retail trade 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 and moped 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 specialist retail trade in the in-store marketing field.

Ghost focuses on the design of bicycles that again and again set a new standard: covering the smallest details, equipped with innovative technologies, robust and with a balanced price/quality ratio. Ghost is an international leading brand. The gold medal at the 2008 Olympic Games of Sabine Spitz with regard to the mountain bike class has again given an extra boost to the awareness and recognition of the brand. Ghost thus confirms its positioning at the top of the market. A wide range of trekking and race bicycles are also offered in addition to the well-known line of mountain bikes.

Brasseur is an important partner for specialist 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 positioned in the middle and upper market segments. Brasseur is also the exclusive distributor for the Benelux of the American GT brand. 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 specialist 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 retail trade. This is a strong formula that has also been bearing fruit for some time in the French market. Wiener Bike Parts has heavily invested in its logistics process in 2008. Based on a fully automated belt system with a total length of 1.6 kilometres, even more competitive delivery times can be guaranteed and stock efficiency increases.

SBS supplies a complete line of bicycles, parts and accessories to the North American specialist retail trade. 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'. Products and services of the other Accell Group brands are rolled out in North America through 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 those who use mountain, racing, touring and city bikes. XLC is supplied by all of 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). The presentation of the XLC products is further professionalised and expanded with a display programme for retail trade that was developed in-house. In addition, XLC has a role as an OEM (Original Equipment Manufacturer) partner and, in this capacity, deliveries are carried out to manufacturers.

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 Sport 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 an extensive range of fitness accessories, such as steppers and halters.

Annual report 2008

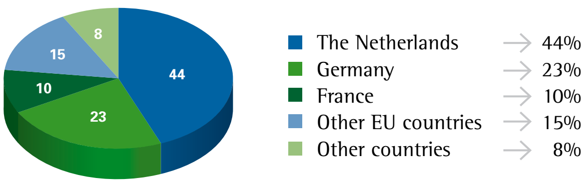
Profile of Accell Group N.V.

Accell Group is internationally active in the design, development, production, marketing and sales of innovative and high-quality bicycles, bicycle parts and accessories and fitness equipment with its group of companies. The Accell Group brands have a recognisable added value for consumers. The widest possible choice is offered to the consumer with international top brands and nationally strong brands where the long tradition in their respective markets often plays an important role. Well-known brands such as Batavus, Bremshey, Ghost, Hercules, Koga-Miyata, Lapierre, Loekie, Redline, Sparta, Staiger, Tunturi, Winora and XLC occupy strong positions in the middle and upper market segments. Consumer sales take place primarily through specialist retail trade.

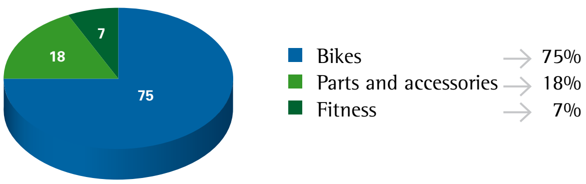
Accell Group is Europe's market leader in the bicycle market and plays an important role in the fitness equipment market for home use. The turnover totalled € 538.0 million in 2008 (2007 € 476.1 million) and the net profit € 28.6 million (2007 € 24,4 million[1]). Accell Group shares are traded on the official market of NYSE Euronext in Amsterdam and have been included in the Amsterdam Small Cap Index (AScX) since September 2008.

Accell Group has production facilities in the Netherlands, France, Germany and Hungary. The key markets are the Netherlands (44% of turnover), Germany (23%) and France (10%). Other EU countries, including Belgium, Denmark, Finland, Austria, Spain and the United Kingdom, account for 15% of turnover. The remaining 8% of turnover comes from countries outside of the EU, including Switzerland, the United States and Canada.

Accell Group turnover by country 2008



Accell Group turnover by product segment 2008



[1] Excluding the provision made in the financial year 2007 for the possible Netherlands Competition Authority (NMa) penalty.

Annual report

International sponsoring

Thanks to the active support and sponsoring of top sportsmen and women during international sports events, Accell Group's leading brands receive international exposure. Brands like Ghost, Koga-Miyata, Lapierre and Redline are also becoming known to a wide public far beyond their original home markets. During the 2008 Olympic Games, Marianne Vos (gold medal with a Koga in the cycling points race) and Sabine Spitz (gold medal with Ghost in the mountain bike race) appeared prominently all over the world. In the new Olympic sport BMX (Bicycle Motor Cross), Redline was well represented among the entrants. Lapierre shows itself in important cycling events like the Tour de France and disciplines such as mountain bike and downhill racing. With this presence and the successes, the brands confirm their energetic, innovative image and strengthen their positioning at the top of the market.

Sustainable mobility

THE PREMIER CYCLE AND FITNESS GROUP

ACCELL GROUP

Key figures [1)]

(in euros, unless otherwise mentioned)

	2008	2007	2006	2005
Results (in millions of euros)				
Net turnover	**538.0**	476.1	431.7	372.1
Operating profit before depreciation and impairments	**55.3**	45.3	35.0	30.3
Operating profit [1)]	**46.2**	39.6	30.1	25.7
Net profit [1)]	**28.6**	24.4	18.4	15.5
Cash flow [1)]	**37.8**	30.2	23.3	20.1
Balance sheet data (in millions of euros)				
Group capital	**132.1**	107.1	91.9	77.4
Guarantee capital	**132.6**	108.6	94.4	80.9
Balance sheet total	**335.4**	277.6	245.6	183.8
Capital employed	**263.1**	223.8	190.8	138.2
Investments in property, plant and equipment	**12.9**	12.6	10.7	8.8
Ratios (in %)				
ROCE	**17.5**	17.7	15.8	18.6
ROE	**21.6**	22.8	20.0	20.1
Operating profit [1)]/turnover	**8.6**	8.3	7.0	6.9
Net profit [1)]/turnover	**5.3**	5.1	4.3	4.2
Data per share [2)]				
Number of issued shares at year-end	**9,778,172**	9,492,950	9,251,838	9,015,015
Weighted average number of issued shares	**9,671,409**	9,406,740	9,176,329	8,879,749
Net profit [1)]	**2.95**	2.52	1.85	1.63
Cash flow [1)]	**3.90**	3.12	2.41	2.11
Group capital	**13.66**	11.05	9.52	8.13
Guarantee capital	**13.71**	11.21	9.78	8.50
Dividend [3)]	**1.42**	1.21	0.90	0.77
Average number of employees (FTE's)	**1,778**	1,713	1,671	1,438

1) Operating profit, net profit and cash flow (net profit + depreciation + impairments) without the allocation to the provision for the penalty imposed by the Netherlands Competition Authority (NMa) in 2007.
2) The data per share are calculated based on the weighted average number of issued shares. The data per share for the years 2005-2007 have been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The adjustment factor that was applied in the reporting year for 2007 and for previous years is 0.97083.
3) The dividend per share in 2008 concerns the proposal to be submitted to the General Shareholders' Meeting.

Electrically assisted bicycles

The electrically assisted bicycle is finding its way to a wider public, partly because more and more consumers see that this bicycle is the solution for everyday mobility over slightly longer distances, especially commuter travel. Accell Group continues to develop ION technology in order to perfect the electrically assisted bicycle and extend its functionality. For the consumer, especially in the Netherlands, the Sparta brand is the leader in this field. Sparta supports this image with eye-catching advertising campaigns ('sometimes you forget it's a bicycle') and other activities. With the introduction of the X-series, Sparta confirms its leading role in this product segment. Besides modern, trendy frames, various models in the X-series are equipped with a new, more powerful motor that further increases cycling comfort. The specially programmed software for the front-wheel drive ensures even smoother handling.

Sustainable mobility

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General course of business

Benefiting from sustainable trends

Accell Group profits from a number of sustainable social and demographic trends that ensure growth in its markets. The most important trends are set out below.

→ An ageing population, characterised by an increasing number of older and healthy people who like to remain socially, mentally and physically active.

→ The increasing attention of public authorities with regard to a safe infrastructure for bicycles inside and outside the city as the solution for mobility issues.

→ Serious attention to the environment and measures aimed at reducing car use in favour of alternative means of transport such as bicycles 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.

→ The continuously growing interest and preference of consumers for active leisure activities ("more exercise") and the related preferences in the area of design, durability and comfort.

Accell Group is responding to these sustainable trends by offering products with a recognisable and distinct added value. Accell Group is targeting the middle and top market segment in that context. Recognisable and strong brands are the preconditions for success on a national and international level in these segments in which consumers are prepared to make additional investments. An important strategic challenge for Accell Group is that these brands provide permanent additional value to consumers and retail. Continuous investment and focus on innovation and design are, therefore, of overriding importance in these segments. Accell Group's brands and products continue to be wanted by their specific target groups and the option is created to further strengthen and develop strong positions nationally and internationally by continuously innovating and customising products to fit in with the preferences of highly demanding consumer.

Turnover and net profit increase

Accell Group's market and brand strategy once again proved successful in 2008. 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 turnover growth was 13% in 2008 up to a level of € 538 million of which 8% was realised autonomously. The other part of the turnover growth can be explained by the acquisition of Ghost in the first quarter of 2008. Bicycles in the higher segment, in particular, could count on significant interest from consumers. The electrically assisted bicycle was particularly popular, seeing an increase in the number of bicycles sold of more than 40%. Other innovative bicycles in the trekking and ATB segments also sold well. A downturn could be felt in fitness equipment. The turnover with regard to parts and accessories was positively affected by a higher demand for maintenance when bicycles were not yet ready for replacement and a new bicycle was not being purchased.

General course of business (continued)

Continued strategy

Accell Group will unabatedly deploy the current brand and marketing strategy to supply innovative bicycle and fitness products that appeal to consumers. Even in times when consumers pay more attention to their disposable income, Accell Group has experienced that large groups of consumers continue to prefer quality and added value. Supplying additional value, therefore, is becoming continuously more important. Comfort, design and safety play an important role with regard to this. Active support of brands, intensive collaboration with specialist retail trade and targeted marketing at sales points and with regard to consumers, therefore, continue to be important basic principles.

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 specialist 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 83%, consumers are increasingly likely to regard retail trade as the most reliable partner for advice and for the purchase of a new bicycle. From this it follows that the consumer believes services are of great value, in particular, during and after the purchase (including checking, finishing the assembly and ensuring the bicycle is in running order upon delivery). Specialist retail trade is also an important sounding board for Accell Group where it involves the inventorying of the continuously changing preferences of the consumer.

E-commerce

The Internet is becoming more and more important with regard to the partnership with retail when it involves providing information and giving service. Accell Group is active in the area of e-commerce. In 2007 a new ordering system for bicycles and parts was introduced under the name Accentry with which a dealer can easily find and order bicycles or parts. This type of online support greatly enhances the efficiency of the supply chain. Accell Group joined the development of a new innovation platform with Accentry in 2008 in which information can be exchanged through multiple systems (from cash register registration up to theft prevention chips). The information and ordering need of retail trade and bicycle data can be accurately mapped out due to the data link. An initiative with which one of the most important preferences of retail trade as has emerged from research is being fulfilled: further improvement in the area of logistics performance and automation.

Organic growth and acquisitions

Accell Group is expanding by means of organic growth and acquisitions. As usual, Accell Group paid a lot of attention to the execution of the acquisition strategy. 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 takeover of Ghost that was effected in 2008 clearly fulfils these basic principles.

Acquisition of Ghost

Accell Group announced on 27 February 2008 it had signed an agreement for the acquisition of all of the shares in Ghost-Bikes GmbH. Ghost is a premium international brand of top quality mountain bikes and racing bicycles. The company is established in Waldassen (Germany) and achieved a turnover of approximately € 25 million in 2007. Ghost serves the home market in Germany through an extensive dealer network. In addition, Ghost exports bicycles to an increasing degree to various countries in Europe. Ghost has built up a reputation as an extremely reliable and respected supplier of mainly mountain bikes and racing bicycles since it was established in 1993 and it has grown to become one of the most well-known brands in the active sports segment. The acquisition of Ghost fits in well with the strategy of delivering internationally oriented top brands and with this section of the portfolio with brands such as Lapierre, Koga-Miyata and Hai. The gold medal at the 2008 Olympic Games of Sabine Spitz in the mountain bike class has again given an extra boost to the awareness and recognition of the Ghost brand.

Products

Accell Group has three product groups with a clear relationship and which are all positioned in the medium and higher segments of the market. Consumers can exercise in different ways depending on the weather. When the weather is fine, on a bicycle and when the weather is not so fine and at any other given moment on a fitness device. In addition, consumers will be investing in bicycle parts and accessories to an increasing degree when they decide to postpone the purchase of a new bicycle. Moreover, bicycle parts and accessories are an important part of the turnover of retail trade and they boost 'shop traffic'.

Bicycles/bicycle parts and accessories

In the bicycles/bicycle parts and accessories segment, turnover increased in 2008 by 16% to € 498.6 million (2007: € 431.5 million). The increase was driven above all by the continuing strong demand for innovative and electrically assisted bicycles and sales growth in the Netherlands and Germany. In addition, Ghost was acquired during the first quarter of 2008. Ghost is an international top brand of high-quality mountain and racing bicycles.

General course of business (continued)

An important increase of sales in parts was also realised. The number of bicycles sold increased to € 974,000 (2007: 943,000) and the average price of all bicycles sold rose to € 415 (2007: € 367) due to changes in the sales mix. The acquisition of Ghost, through which Accell Group operates at the top end of the market, and the growth in sales of electrically assisted bicycles have had a significant effect on the rise of the average price. The total number of bicycles sold increased due to higher sales of electrically assisted bicycles and a higher number of bicycles sold in Germany (partly through the acquisition of Ghost). Sales fell in France due to the halt in production and delivery to hypermarkets. The segment result from ordinary operations rose by € 10 million to € 58.6 million (2007: € 48.6 million).

The market conditions in Accell Group key markets were good. 2008 was again a good year for the Dutch bicycle brands Batavus, Koga and Sparta. Sales of electrically assisted bicycles and bicycles for special target groups developed well, both in the Netherlands and abroad. More powerful motors and more technologies will be used for electrically assisted bicycles during the coming season so that deliveries can also be made with regard to other price levels. The more powerful motors provide better pedalling support when cycling uphill, which is mainly an important advantage outside the Netherlands.

The turnover of the integrated Winora and Hercules in Germany has increased during the past year. Higher sales of bicycles in the sports range of Hai and Ghost and of bicycles in the standard range of Winora and Hercules have contributed to this turnover growth. The increase in sales of bicycle parts and accessoiries in Germany was once again strong. An investment in the warehouse at Winora has further improved the efficiency of the logistical handling of parts sold, which can also further increase turnover. There is an increasing interest in the German market for sports bicycles; the recently acquired Ghost brand is an excellent addition within this context. In addition, the bicycle is being given full attention as a possible solution for mobility and environmental issues (CO_2 reduction).

Accell Group again had a good year in France with its premium brand Lapierre. Turnover growth was supported by both the home market and growth in export. While in 2007 bicycles were still being supplied to the hypermarkets, Mercier only worked on the assembly of bicycles for Lapierre and the city bicycle projects of JCDecaux in 2008. Bicycles for new JCDecaux projects were delivered to a number of cities including Luxemburg, Nancy and Nantes to name but a few. In addition, bicycles for the Vélib' project in Paris were repaired and parts were supplied.

The export of mainly sports bicycles to Spain, Austria and Switzerland increased. The turnover in Scandinavia (Tunturi) and Belgium (Brasseur) rose.

Due to the impact of the financial developments in North America, turnover growth of Seattle Bike Supply (SBS) was less than expected for both bicycles and parts. The distribution of Lapierre through the dealer network of SBS in North America grew further. In North America as well, there is increasing interest in bicycles as an inexpensive and healthy alternative to other forms of mobility for short distances.

Fitness

The development of the international market for fitness equipment was less than anticipated. The turnover in the fitness segment dropped the past year to € 39.9 million (2007: € 45.0 million). Particularly the last quarter of 2008 was weak, due to the rapid deterioration of the economic conditions. Important decline of sales was noted in the UK and outside Europe. The operational segment result for fitness fell in 2008 to € -/- 0.7 million (2007: € 0.8 million), excluding restructuring costs and goodwill impairment. The results related to fitness have been affected by the lower turnover and by special offer sales at the end of the year. The turnover decrease was also influenced by negative currency effects of approximately € 1.6 million. Approximately € 1.0 million in reorganisation expenses was taken in 2008. Because of the disappointing turnover and results, the goodwill (€ 2.3 million) was written off at the expense of the 2008 result.

Significant intervention took place in the organisation during the past financial year. The production in Estonia has been cut back and purchasing is now completely concentrated in Asia. In addition, the R&D and the purchasing activities in Finland were halted and centralised at the head office in the Netherlands. The sales offices and warehouses in Germany, Switzerland and Austria have been closed and stock management has been transferred to local distributors. These markets are now centrally managed from the Netherlands. In total, around 25 jobs were made redundant in this process. In addition to the headquarters in the Netherlands (Almere), the fitness division now only has sales locations including warehouses in Finland, the United Kingdom and North America. A number of distributors are supplied directly from production locations.

These measures have mainly the effect that the working capital requirement of the fitness division (currently approximately € 25 million) will be reduced on the group as a whole in the short term. Further measures will be taken for 2009 to improve the turnover and the result. In the medium term, all strategic options will be considered.

NMa fine

The Netherlands Competition Authority (NMa) imposed a fine on Accell Group in April 2004 due to alleged pricing agreements. Following a procedure for lodging an objection and an appeal to an independent court, the originally determined fine has been reduced from € 11.5 million to € 4.6 million. In its ruling of 18 July 2007 the district court in Rotterdam declared that there had been information exchange about the prices of bicycles for the 2001 bicycle season but does not deem this to be as serious as the NMa deems it.

Accell Group maintained that no price agreements were made. After the ruling in 2007, Accell Group lodged an appeal against the ruling of the district court in Rotterdam at the Trade and Industry Appeals Tribunal ('CBb') since Accell Group maintains the view that it has not committed any violations and therefore regards the € 4.6 million penalty as being unjustified and excessive. The CBb is not currently expected to rule on the Accell Group's appeal in 2009. Accell Group has created a provision for € 4.6 million in accordance with the reporting standards in 2007.

Partnership with the retail trade

Accell Group works closely together with the specialised retail trade and distributors. This deliberate partnership with the dealer is in line with the premium brand strategy. Products with a high added value require advice and service. The retail trade is regarded by consumers as the most reliable partner for advice, purchase and service. The cooperation with the retail trade is wide-ranging. For bicycle parts and accessories, a product segment representing substantial turnover for the sales points, a display program called XLC has been developed. This concept stands for a complete line of reliable and recognisable products, with the cooperation of all specialised companies within Accell Group. For the retail trade, it works both ways: the already universal assortment can be extended and the presentation to consumers becomes more attractive and more professional.

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Report of the Supervisory Board

Annual report

The Supervisory Board hereby presents the annual report compiled by the Board of Directors, which also includes the financial statements for 2008. The financial statements have been audited by Deloitte Accountants B.V., which has issued an unqualified auditor's report. That audit opinion is included in page 118 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 (66), 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. He was a member of the Board of Directors of CSM N.V. up and including 2001. Now Mr Menkveld has retired. He is a member of the supervisory boards of the following unlisted companies: Bakkersland B.V. and Meneba B.V. The appointment term of Mr Menkveld runs until the General Meeting of Shareholders of spring 2009. The Supervisory Board will give a recommendation to the General Meeting of Shareholders of spring 2009 to reappoint Mr Menkveld as a member of the Supervisory Board.

Annual report

Report of the Supervisory Board (continued)

J. van den Belt (62)

Mr Van den Belt (Dutch nationality) was appointed to the Supervisory Board on 20 April 2006. He was the Chief Financial Officer and a member of the Board of Directors of Océ N.V. until October 2008. Mr Van den Belt has now retired. He is a member of the Supervisory Board of Groeneveld Groep B.V., of Scheuten Solar Holding B.V. and board member of the Stichting Preferente Aandelen Gamma Holding and the Stichting Preferente Aandelen OPG. Mr Van den Belt can be qualified as a financial expert as referred to in Article III.3.2 of the Dutch 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 (72)

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: Friesland Zorgverzekeraar U.A., Nooteboom Trailers International B.V., Liander N.V., Tjaarda Oranjewoud B.V., Stam B.V., Pacton B.V. and Zaadnoordijk Yachtbuilders B.V. 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 during the General Meeting of Shareholders of spring 2007. 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.

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 strategy of the most important brands and activities of the Accell Group.

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 2008 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 line with the policy adopted by the General Meeting of Shareholders on 24 April 2008.

The Supervisory Board discussed the performance of the Board of Directors as a whole and of its individual members at a meeting held on 22 February 2008 in the absence of the Board of Directors. The salaries of the members of the Board of Directors for 2008 and their bonuses for 2007 were also determined during that meeting, and a decision was made on the allocation of share options. The 2007 bonuses are stated in the 2007 financial statements.

The remuneration package for the Board of Directors for 2009 was discussed during the meeting of the Supervisory Board on 20 February 2009. The 2008 bonuses were also determined and included in the 2008 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.

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 Management. 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 plan

80% of the payable bonus to be allocated for 2008 depends on the turnover and profit targets, while 20% 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 37% of the annual salary was paid to the Board of Directors for 2008.

Long-term bonus plan

The members of the Board of Directors were allocated options based on the performance in 2007 on 22 February 2008. The call price for the options equals 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.

In view of developments in the remuneration market for directors, the Supervisory Board has made a proposal to the General Meeting of Shareholders being held in spring 2008 to partially replace the existing share option scheme with a share scheme. The General Meeting of Shareholders has decided to determine the remuneration policy for the Board of Directors and to approve the share/option scheme in accordance with Article 2:135 of the Dutch Civil Code on 24 April 2008.

In accordance with the remuneration policy determined on 24 April 2008 by the General Meeting of Shareholders, on 20 February 2009 options and conditional shares were allocated to the members of the Board of Directors based on the performance in 2008.

The exercise price for the options equals the average of the close prices of the last five days prior to the allocation. The number of share options allocated is based on half 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.

The number of conditionally allocated shares has been determined by dividing half of the annual salary of the relevant member of the Board of Directors by the average of the close prices of the last five days prior to the allocation. In February 2011 it will be determined which percentage of the shares conditionally allocated in February 2009 will definitely be allocated. This percentage will depend on the shareholder return of Accell Group N.V. (TSRA) in comparison with the shareholder return of the shares belonging to the Amsterdam Midcap Index of Euronext Amsterdam (TSRM). The percentage is 50% if TSRA equals TSRM. After definitive allocation, a lock-up period of two years applies.

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.

Meetings

The Supervisory Board held meetings with the Board of Directors eight times during the year under review. The company strategy was discussed several times at these meetings. The general course of business in the group, possible acquisitions and developments in markets relevant to the company were also discussed as were the funding and the financial policy of the company. The acquisition of Ghost was discussed in detail and approved in a separate meeting. 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. The Supervisory Board visited the company Ghost in Waldsassen, Germany together with the Board of Directors. 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 and annual 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 2008 and the 2007 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.

Report of the Supervisory Board (continued)

The Supervisory Board wishes to express its gratitude for the commitment and enthusiasm of the management and personnel of the Accell Group during 2008.

Heerenveen, 12 March 2009

For the Supervisory Board,

S.W. Douma

Mission and strategy

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 sets out to achieve the following:

- a stimulating working environment for its employees;
- an active response to sustainable trends such as ‘more exercise and a healthier life’;
- a healthy and sustainable return for its shareholders;

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

- creating innovative and distinctive products and services that appeal to consumers;
- the positioning, promotion and further development of strong brands where locally strong brands that often have a long tradition are combined with international top brands to, thus, offer the most complete choice possible to consumers;
- supporting specialist retail trade in consumer sales;
- autonomously growing in volume by increasing market shares with regard to the existing brands and realising turnover growth by introducing innovative high-quality products where Accell Group invests in R&D above the average;
- acquiring complementary business to achieve continued growth by means including takeovers
- utilising synergy between Accell Group companies;
- investing in the knowledge and skills of personnel;
- operating with the greatest possible care for people and environment;
- consistently managing costs and revenues 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.

Transport and conveyance

Changing visions of mobility mean that the bicycle is being given more important functions as a means of transport and conveyance. Accell Pro, with bicycles for professional use, focuses on the so-called B2B market, with B2B standing for both 'Business 2 Business' and 'Bicycles 2 Business'. In this market, tailor-made solutions are developed, including for postal deliveries, parcel transport and bicycle rentals. More than average demands are made on these bicycles in view of their often intensive and specific use. Accell Pro supplies total concepts to the business community, from design and development up to and including the maintenance of the bicycle fleet. For the development of these commercial concepts, Accell Pro makes use of the knowledge and experience within Accell Group, particularly where R&D and test facilities are concerned. In addition, the knowledge in the field of electrically assisted bicycles (ION technology) is also increasingly important for this market segment.

Sustainable mobility

THE PREMIER CYCLE AND FITNESS GROUP
ACCELL GROUP

Sustainable 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.

Mobility behaviour change

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). The tide is beginning to turn in response to the increased focus on exercise and the environment the last few years. In 2008 the attention paid to other forms of mobility considerably increased in part due to oil prices that rose significantly. This is a clear incentive to use the bicycle for short distance mobility where the electrically assisted bicycle also ensures that longer distances related to commuter traffic can also be bridged. Research has shown that more than 25% of the purchased electrically assisted bicycles have been purchased specifically for this aim.

Increasing international attention

The number of initiatives to stimulate the use of the bicycle as the means of transport for mobility for short distances is increasing nationally and internationally. In addition to projects to improve the infrastructure including improving and building cycle paths including along short and busy queue sections, a wide range of often eye-catching projects are involved. The government in Great Britain, for example, has earmarked twenty million euros to provide children with cycling lessons, which means that approximately half of all school-going children will really be given cycling lessons.

Local authorities are also more and more often taking the lead to stimulate the use of the bicycle. The trend has in part been set by the unique French bicycle projects with which residents of large cities such as Paris and Lyon have a bicycle at their disposal within a few hundred metres. These projects in which Accell Group was closely involved (development, production and delivery of the bicycles), were given a lot of attention internationally. In various large European and North American cities from London and Rome to Washington and New York, plans for similar projects are being developed. An important side effect of these projects is that residents will become better acquainted and used to using a bicycle for daily use in this way and will decide to purchase a bicycle or, at least, consider it.

Design and innovation in fitness

Accell Group's products get people moving: outdoors on bicycles and indoors with a wide range of fitness equipment. Outdoors on the bicycle, indoors with a wide range of fitness equipment. Besides comfort, safety and innovative, motivating training programmes, design plays an important role in the international home fitness market. During the ISPO International Trade Fair for Sports Equipment and Fashion in Munich, Tunturi – originally a Finnish brand – presented a design study with the working title of 'Elegance'. This represents a new chapter in classic Scandinavian design, with flowing lines being combined with the use of natural colours. The 'Elegance' is, similar to examples in the automotive industry, a 'design statement' based on trends and consumer research. During the international trade fair, dealers and distributors were invited to respond to this future vision for home fitness.

Sustainable mobility

THE PREMIER CYCLE AND FITNESS GROUP
ACCELL GROUP

Sustainable mobility (continued)

This is an important development for the bicycle market in Europe. Traditionally, there is a very high bicycle density in the Netherlands: nearly 85% of Dutch people possess a bicycle and an average household will have 3 bicycles. One of the most important reasons for this bicycle density, which is the highest in Europe, is the habit of using the bicycle for daily transport for short distances. This custom is not as deep rooted in most European countries (and countries outside Europe) and the bicycle is used more for recreational or sporting activities. A change in behaviour in the area of mobility means that the bicycle market will be given a huge boost the coming years.

In the Netherlands such a change in behaviour is being supported by taxation and financial measures and initiatives. The 'Bicycle from the Company' taxation scheme that has been in place for a while now has, for example, been successful and people wish to see the allowance limit increased so that an electrically assisted 'Bicycle from the Company' will also be within reach of many consumers. In addition, various experiments have shown that 'confirmed drivers' can indeed be convinced to leave their cars behind. For example, drivers who used a bicycle were given a daily allowance in the Amsterdam region. This produced a large number of potential users of cycle paths.

These initiatives were also given extensive attention internationally. Accell Group, for example, is one of the main sponsors of EuroVelo, a project of the ECF, the European Cyclists' Federation. The ECF has the mission to fully make use of the potential of the bicycle in the framework of mobility and leisure and wishes to achieve this by working on changing policy and behaviour and allocating budgets on a European level. The biannually European bicycle conference Velo-city, an initiative of the ECF, has been planned for Brussels, the hub of European politics. A good opportunity to place the bicycle debate on the agenda of the European Union. The ECF has developed an action programme for the European Parliament for the 2009-2014 period to support this agenda. Agenda items include the expansion of the European network of cycle paths, the further development of programmes for 'bicycle mobility' in cities and a lower VAT rate for bicycles, parts and repairs.

CO_2-free mobility

Furthermore, Accell Group is involved in the Global Alliance for EcoMobility (www.ecomobility.org) as a sponsor, which presented 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. The last few years the alliance has presented itself at the various influential forums such as the World Economic Forum in the Swiss Davos and the United Nations Climate Change Conference in Poznan, Poland. The alliance recognition has, thus, been created that will form the basis for a worldwide campaign to structurally bring to the attention of people alternative forms of mobility including bicycles. Accell Group is pleased to make an active contribution to this initiative. Accell Group supports organisations that are involved in improving the infrastructure, in avoiding car use and in combating obesity with its knowledge and resources as part of the above.

Recreation: living a healthy life and doing more exercise

The importance of the bicycle for leisure activities is increasing more and more. In addition, the bicycle is becoming an important means of transport in more and more 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 cannot exercise much for whatever reason can benefit from Accell Group's innovative strength. Due to the developments in the area of electrically assisted bicycles these people are also again mobile with regard to short distances. An important aspect is the information provided by general practitioners where the Accell Group companies offer assistance. In addition, Accell Group actively supports initiatives to get young people to exercise and to force back social issues such as obesity.

Environmentally-friendly production

Accell Group sets great store by environmentally-friendly production methods. The paint shops 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 our 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. 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.

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 paramount importance. The Board of Directors greatly appreciates the efforts of employees from all of the Accell Group subsidiaries in 2008.

Code of conduct for suppliers

Accell Group operates strict standards when selecting its suppliers. Integrity and responsibility are important issues to Accell Group including with regard to all parties who are 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.

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

Board of Directors

The group has an organisational structure of independently operating subsidiaries that bear primary responsibility for their individual positions. 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.

Sustainable mobility

THE PREMIER CYCLE AND FITNESS GROUP
ACCELL GROUP

Organisation, structure and working method

The Organisatian

Board of Directors

R.J. Takens (54), 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 (41), 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 Chartered Accountant (1995, VU Amsterdam)

J.M. Snijders Blok (50), Member of the Board of Directors (COO)
Mr Snijders Blok studied Business Economics at the Technical University of Twente and came to work at Accell Group in 1992. He started at the Automation 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 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 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.

Accell Group's Operational Cycle

Organisation, structure and working method (continued)

Accell Group's Operational Cycle

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. These nationally strong brands that are often backed by a long tradition are combined with international top brands to ensure that the most complete choice possible is offered to consumers.

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 specialist retail trade for that purpose. The companies communicate with consumers through consumer panels and specific surveys. The exchange of information about consumer behaviour and trends is coordinated at group level, the point of departure being 'efficiency in inspiration'. This avoids overlapping research and promotes the optimum exchange of information and ideas.

Design

Operating close to the market involves deploying design and development teams to develop new components, models and colors 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 focusing on innovation and design. The use of electronics is also becoming more and more important. Each brand has its own unique positioning. The holding optimises the positioning of the individual brands.

Marketing

The market for bicycles is different depending on the country. In addition to a number of international top brands, Accell Group has a number of nationally strong brands that operate in their own market based on their own positioning. Many of these brands lead their own national 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 brand 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 retail trade.

Internationally premium bicycle brands are steadily further expanding their market. Appropriate sponsoring activities are being used to give those brands international recognition. For example, competitors in 'Française de Jeux' (Pro Tour) have been using Lapierre bikes for many years. In 2008 Lapierre introduced the X-Lite II frame that will form the basis for the bicycles during the coming Tour de France for this team. Lapierre has 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.

The Koga-Miyata brand will also be given more and more an international signature. The basis for international awareness has, to an important extent, been placed by multiple Olympic champion Leontien Zijlaard-van Moorsel, who played an important role in relation to the national promotion of Koga. The last few years the riders Theo Bos and Marianne Vos have generated much publicity for the Koga brand on a global scale whereby the gold medal of Marianne Vos during the 2008 Olympic Games is a recent highlight. After this

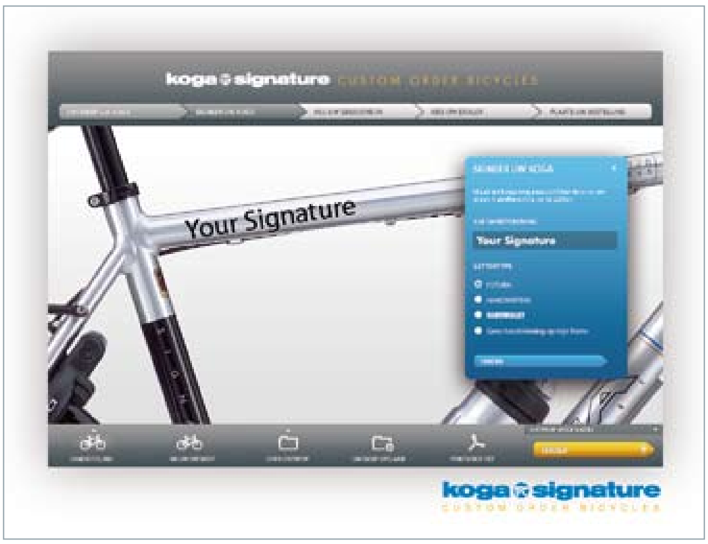
success, the partnership with Marianne Vos was extended to all disciplines in which she shows talent with a view of doing well at the 2012 Olympic Games in London: cycling on tracks, roads and fields. Sabine Spitz booked a similar success for the Ghost brand with her gold medal for the mountain bike class during the 2008 Olympic Games.

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 2008, a great deal of innovation was again implemented by Accell Group's brands. Accell Group will, for example, further develop the ION technology to further perfect the electrically assisted bicycle. The focus is also on the durability of the battery (quality, service life, action radius and recycling) within this context. Improvements in the basic technology are further 'translated' into their range by brands such as Sparta, Batavus, Koga-Miyata, Winora and Hercules. They have a complete and state-of-the-art line of electrically assisted bicycles of their own. Accell Group also invested in patents in 2008 for other technologies for electrically assisted bicycles to ensure it can also deliver with regard to other price levels.

In addition, the interest in 'custom made' bicycles continues to increase. 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 specialist 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 ('Koga Signature'), Lapierre ('WebSeries'), Staiger ('Sinus') and Hai Bike have since gained ample experience in programmes for custom-made bicycles.



In 2008 a wide range of Accell Group innovations and initiatives were again given much publicity on a national and international scale including:

Innovation Award for an Anti-theft chip

Batavus was awarded an Innovation Award during the Fietsvak 2008 trade fair at the start of 2008 for its contribution towards solutions against bicycle theft. In the past few years nearly all bicycles were provided with a chip in the lock, the 'DiefstalPreventieChip' (DPC). 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 ensures that the fencing of bicycles is not that easy. A weak point in the link was that the chip had been built into the lock. Batavus succeeded in building the chip into the frame of a bicycle. This ensures that the chip cannot be removed without damaging the frame of the bicycle. The judges of the Innovation Award view this development as a substantial contribution towards the solutions against bicycle theft.

French award for Batavus city bike

The Batavus Staccato Supreme was proclaimed to be the French city bike of the year by Le Comité de Promotion du Vélo in 2008. The judges describe the bicycle as durable and ergonomically very responsible and highlight the excellent quality of the comfort and the image in relation to the good price/quality ratio. The election of the city bike of the year is part of the French government campaign that should make residents use the bicycle more often especially within cities. It is the first time that a bicycle from a Dutch manufacturer has been given this French award.

Special Award for Koga-Miyata Prominence

A Special Award was given to the Koga-Miyata Prominence during the election of the 2009 Bicycle of the Year. The professional judges praised the top model from the Koga comfort line as "a very nicely designed, sporting and extremely comfortable riding lightweight touring bicycle of which all high-quality components are fully harmonised with each other with regard to style". The judges referred with this to the integrated front suspension, the innovative Rayo light integrated in the front mudguard (32 lux) and the slim carrier.

The public also preferred the Prominence as shown by a huge lead during Internet voting.

Koga-Miyata 'Kimera track bike'

The development of the Kimera track bicycle for the Dutch selection track riders produced considerable and worldwide media interest and publicity for Koga-Miyata in 2008. Sporting highlights were the 3 World Championship titles for the Dutch selection and the gold medal of Marianne Vos during the Olympic Games. The publicity around the development of the track bike reached its highest point with an extensive article in Time Magazine. The development of the carbon frame, which they worked on for four years, is also of special importance for the knowledge and development around frame technology for the brand and within Accell Group. This investment into knowledge in addition to the media 'spin-off' is an important basis for the future development of the collections of high-quality sports bicycles with which Koga-Miyata continues to confirm its distinctive position as a top brand.

Sparta ION queue-free bicycles

Sparta is the 'pioneer brand' where electrically assisted bicycles are concerned and has a role as leader within the group and in the market in this segment. In addition to the further development and perfecting the technology, Sparta always takes the initiative to promote the use of the electrically assisted bicycle for multiple goals. The initiative of the Sparta ION charging points with which the action radius of, in particular, recreational cyclists is considerably increased is, for example, a success. In 2008 Sparta concentrated on the promotion of the electrically assisted bicycle as an alternative for commuter traffic, in particular, with regard to the slightly longer routes. New cycle paths are being built along various sections that are prone to have queues in the Netherlands. During the opening of the first route between Utrecht-Breukelen a competition between cars and bicycles was organised that was won with a generous lead by the 'Sparta ION team'. Research has shown that people are prepared to cycle to their job when longer distances are involved when the route is fast and comfortable. There are also plans in the surrounding countries to build comparable cycle paths along routes that are prone to experience queues.

Lapierre co-development

Design and development of top products for top sporting people that are implemented in the following phase for bicycles for those people who are highly demanding and keen on cycling. This is an important basic principle of product development at Lapierre. New mountain bike downhill (DH-920) and 'free ride' (the Froggy) models were, for example, developed in 2008 in partnership with the 'Lapierre powered by Saab-Salomon' mountain bike team and ten-fold world champion 'downhill' Nicolas Vouilloz. Both models fullfill the preferences of these top sports people and also that of the wider public that uses these bicycles under conditions that are extraordinary for them. The Froggy, for example, is equipped with the patented OST suspension system of Lapierre, a guarantee of stability and precision under even the most extreme conditions.

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 justifiable with regard to business economists 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 concentrates on the middle and upper market segments. This trend is underlined by the growing interest shown in speciality and custom-made products.

Accell Group has production facilities in the Netherlands, France, Germany and Hungary. Assembly close to the market significantly increases flexibility and facilitates a rapid response to customer requirements. Where possible, investments are made in the application of modern production technologies. Most of the assembly work of the Accell Group products continues to be, however, manual work. Accell Group consistently succeeds in placing top quality products on the market.

All the production facilities devote great attention to internal training and the flexible deployment of personnel. In addition, a number of employees work in the production based on flexible and temporary contracts. They can, thus, anticipate on changes on a production level during the season.

Sales

Sales of products are linked to individual brands. The brand representatives are close to their customers and know what the issues are. 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). SBS, in turn, sells Lapierre bicycles on 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 being enlarged and modernised, which creates opportunities for intensive partnership in the fields of service, support, in-store marketing and direct marketing. Conscious of the fact that more than 80% of decisions to buy are made in the shop, the brands focus sharply on the concept of in-store marketing. Specialised retail is and will continue to be an important partner for Accell Group. The majority of consumers considers the professional specialist an important partner in the area of advice and service, in particular, with regard to the ‘after sales’ process that involves checking, finishing and ensuring the bicycle is ready for immediate use. These services are an important part of the added value of the Accell Group brands.

Accell Group supports retail with the XLC display program in the area of in-store marketing. This is a premium Accell Group brand for bicycle parts and accessories. All component companies within the group deliver products for 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 program responds in several ways to this trend. First of all, the wide range of quality parts and accessories for the consumer is organised much better. In addition, the specialist retail trade is offered the possibility of presenting this increasingly popular product group in a very professional manner. Thanks to the professional presentation of the XLC quality products, an extra impulse is given to the sale of bicycle parts and accessories.

Organisation, structure and working method (continued)

Accell Group continues to work on the development of Accentry, an ordering system for bicycles and parts with which a dealer can easily find or order bicycles or parts. The order system was further expanded in 2008. In addition to the easy ordering of bicycles and parts, the dealer can now have part of the range automatically supplemented. The system is aware of the quantity of an item and registers sales. When stocks in the shop have reached a minimum level determined in advance, the article is automatically supplied. An optimum programme can be recommended by comparing the turnover data with market data. With this form of online support a higher efficiency of the supply chain is obtained.

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.

Share support activities

Investor relations

Accell Group was regularly in the media spotlight during the year under review. The annual figures for 2007 and the half-year figures for 2008 were presented to (major) shareholders, the press and analysts. Moreover, the Board of Directors organised a number of international road shows for professional investors in 2008 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 2008, regular meetings and guided tours were again organised for investors and shareholders at the various group companies. Additionally, Accell Group presented itself at Financial Cocktail, an initiative of NYSE Euronext in cooperation with Trustus.

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.

AScX listing

The Accell Group share has been included in the Amsterdam Small Cap Index (AScX) due to the increased turnover as from September 2008, ten years after the introduction of Euronext Amsterdam. This ensures that the share is now also an interesting proposal for investors who only trade in funds that are included in an index. This is expected to have a positive effect on the liquidity and to further expand the turnover in Accell Group shares. Accell Group views the inclusion in the AScX index as an important recognition and a further incentive to make the company attractive to investors. The important pillars within this context are good results and an active investor relations policy. 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.

It also emerged in 2008 that the Accell Group share continues to enjoy increasing interest among investors. The number of traded shares amounted to approximately 4.9 million in 2008 (2007; 3.8 million). An average of approximately 19,000 shares a day was traded. The close price of € 18.00 on 31 December 2008 represented a price drop of more than 27% when compared to the close price on 31 December 2007 (€ 24.76).

Share support activities (continued)

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 2008, the company paid out an optional dividend of € 1.25 on each outstanding ordinary share for 2007. The payout ratio was 48.1% of net profit, and the dividend yield was 5.0% (based on the 2007 closing price). Upon expiry of the optional period, it transpired that the majority (62%) of Accell Group shareholders had once again opted for stock dividend. 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 2008

A dividend for 2008, optionally payable in cash or shares, of € 1.42 per share will be proposed to the shareholders at the General Meeting of Shareholders. The dividend yield based on the closing price at the end of 2008 was 8%. The pay-out ratio for 2008 is 48.1% and is therefore in line with the dividend policy and unchanged when compared with previous years.

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

Corporate governance

General

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 Dutch 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 managing Accell Group and, therefore, in achieving its goals and the result development. 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 audit 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 audit 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 General Meeting of Shareholders.

Corporate governance (continued)

On 24 April 2008, 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 23 April 2009 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 24 April 2008, 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
- limitation or exclusion of the preferential right with regard to issues of ordinary shares;

extended until 1 May 2010.

The agenda for the General Meeting of Shareholders of 23 April 2009 includes a proposal to extend that term to 1 May 2011.

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 2008, the Supervisory Board drew up a new remuneration policy for the Board of Directors. The remuneration policy, as modified by the Supervisory Board, was adopted by the General Meeting of Shareholders on 24 April 2008 and was also sent to the Works Council for review.

The Supervisory Board uses the policy that was adopted by the General Meeting of Shareholders to determine the remuneration of the individual members of the Board of Directors. 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 2008 is included in the chapter entitled 'Report of the Supervisory Board' in this annual report.

The remuneration policy that was adopted by the 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). The statutory two-tier rules are compulsory for Accell Group. 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 schedule, which is published on the Accell Group website (under Corporate Governance, Supervisory Board).

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).

Corporate governance (continued)

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 General Meeting of Shareholders 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 General Meeting of Shareholders. The Board of Directors was particularly delighted by the fact that the General Meeting of Shareholders of 24 April 2008 was attended by shareholders representing 51.8% of the total number of outstanding shares.

On 12 March 2009, the issued and paid-up capital of Accell Group totalled € 195,563.44, divided into 9,778,172 ordinary shares, each with a face value of € 0.02.

Corporate governance policy

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 2008 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 preference shares B. Pursuant to a decision by the General Meeting of Shareholders dated 24 April 2008, the Board of Directors, subject to the approval of the Supervisory Board, will be entitled to issue cumulative preference B shares until 1 May 2010. An extension of the period, until 1 May 2011, will be requested at the General Meeting of Shareholders to be held on 23 April 2009.

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

Accell Group has the intention of modifying the agreement with the Foundation in such a way that it will also give the Foundation the right to subscribe for cumulative preference shares B after 1 July 2009. This updated agreement and the decision of the Board of Directors of Accell Group to granting rights to subscribe for cumulative preference shares B will be explained during the General Meeting of Shareholders to be held on 23 April 2009.

The general aim of the Foundation, which has its registered offices in Heerenveen, 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.

In the event of a threat to the continuity of (the policy of) the company, including also a (potential) public bid on the company's shares that can be qualified as a hostile takeover bid, the issue of cumulative preference shares B enables the company and its Board of Directors and its Supervisory Board to establish their joint position in relation to the bidder and its plans, to investigate alternatives, and to defend the interests of the company and its stakeholders from a position of strength.

There are a few (financial) agreements whereby the company is a party and that can be changed or dissolved when there is a substantial change of controlling interest over the company due to a public bid being made within the meaning referred to in Article 5:70 of the Financial Supervision Act. An agreement of the company with a member of the board or an employee is not involved that makes provisions for a payment when employment terminates due to a public bid being made within the meaning referred to in Section 5:70 of the Financial Supervision Act.

Financial reporting

The Board of Directors accepts responsibility for the quality and completeness of the published financial reports. The Supervisory Board supervises the fullfillment 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.

Corporate governance (continued)

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

The members of the Board of Directors and the Supervisory Board currently fulfil no other positions at other publicy listed companies. Therefore, the ratio is missing for a regulation in which rules are set with regard to the ownership of and transactions in securities by members of the Board of Directors and the Supervisory Board other than that have been issued by their own company: that is, preventing possible insider information use. Accell Group may reconsider its position on this matter if members of the Board of Directors or the Supervisory Board should hold positions in other publicly listed companies in the future.

→ Best practice provision 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 reviewed its decision on this matter again 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 objects 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 audit system in Accell Group N.V. is tailored to fit the organisation's type and scope. While the risk management and audit 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 works on the continuous improvement and structuring of risk management. This covers both the identification and assessment of relevant risks and also the determination and improvement of risk control. An initial company risk analysis was performed in 2004/2005 for this purpose. Since then, a regular assessment and further elaboration takes place within the framework of risk management both at the level of the Board of Directors and on a level of the group companies. A reassessment of the risks took place in the financial year as well as the identification of the most important control measures and the deployed improvement actions. Risk management is also translated into the level of the group companies. The Board of Directors has also discussed risk management with the Supervisory Board.

Risk analysis

Below a breakdown is given of strategic, operational and financial risks. Reporting risks and risks due to legislation or regulations are also specified. The list does not provide a full picture of the risks that are linked to the company but is meant to give an appropriate picture of the most important risks. The risks are provided in random order.

Strategic risks

Marketing and development

The brand strategy of Accell Group demands continuous innovation and the development of attractive products in part due to the developments at its competitors. 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 innovative 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.

Acquisitions

The growth strategy of Accell Group is in part effected through acquisitions. These acquisition processes do come with certain risks attached. Firstly, acquisitions may not meet the set goals. This is related to estimations and assessments during the acquisition process and also to the integration after the acquisition. Secondly, the possibility exists that Accell Group is not sufficiently successful in acquiring suitable companies.

Development of the specialised retail trade

Accell Group focuses on the marketing and sale of bicycles, bicycle accessories and fitness equipment in close partnership with specialised retail. Retail has great influence on the sale 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 components from China to ensure that nearly complete bicycles are not 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 the Accell Group companies are exempt. 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.

Operational risks

Seasonal sales and logistics risks

The sale of bicycles and fitness equipment is determined to an important degree by the seasons. The sale of bicycles mainly takes place in the spring and summer while the seasons' peak for sales of fitness equipment is in the autumn and winter. The risk is present that the company is not sufficiently capable to adjust production and sales schedules on time, which will mean that the timely delivery will be put under pressure. Disruptions in the seasonal scheduling can have several reasons. The timely availability of components, for example, is important. Components not being available on time that are also influenced by long delivery times and sometimes dominant positions of suppliers lead to disruptions in the operational process and ultimately to a mismatch between demand and supply. The financial consequences can be felt in the turnover and/or the scope and the inventory marketability of Accell Group. It may also influence sales during the season. Bad weather in the autumn and/or extreme heat or bad weather in the summer may negatively influence bicycle demand.

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

Part of the purchasing and sales transactions takes place in other currencies than the functional currency (the euro). This mainly concerns the purchasing of components in US dollars and Japanese yens. Turnovers, results and cash flows are subject to currency fluctuations. The funding of the (seasonal) activities of the company in part takes place through financial arrangements with a variable interest rate. The interest costs to be paid are, therefore, in part dependent on the development of the interest rates.

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.

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.
- Identify and assess the most important strategic, operational and financial risks and the possible influence thereof on the company.
- Developing a coherent system of measures to control, limit, prevent and/or transfer the risks.

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. In principle, control of the market and operational risks is set up at entity level. Control measures for takeovers, treasury, financial reporting and taxation and legal issues are centralised on a group level. 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 audit systems.

Risks and risk management (continued)

Internal risk control and audit system
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 audit system is largely anchored in the company's information systems.

Financial administration guidelines
The personnel of the financial departments are provided with directives and instructions 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.

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 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.

Treasury management
Accell Group has the goal of minimising the impact of non-functional currencies and controls the risk by covering the seasonally specific need for foreign currencies. Currency derivatives are used within this context. 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 where the underlying financial foundations are solid.

Acquisitions
Risk control within the framework of takeovers covers, on the one hand, the deployment of different internal knowledge and experience and, on the other hand, calling 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.

Other measures for risk control

- All directors of the group company sign a Letter of Representation every year. This is a detailed declaration related to financial annual reports.
- 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.
- 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 of the Board of Directors

The Board of Directors is responsible for setting up and monitoring the efficiency of the internal risk management and audit systems. The Board of Directors would like to note at this point that the internal risk management and audit system is intended to identify and control significant risks, 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.

In accordance with Best Practice provision II.1.4 of the Code, on the grounds of the above mentioned operations and with due observance of the aforementioned, 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 to ensure 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 expect that it will also perform properly in the current financial year.

With reference to article 5:25c, paragraph 2 of the Financial Supervision Act and with due observance of the above notes regarding the set-up and operation of the internal risk management and audit system as well as based on the audit of the financial statements by the auditor, the Board of Directors state that as far as they are aware

- The financial statements as included on pages 65 up to 117 of this report provides a true representation of the assets, liabilities and the financial position on the balance sheet date as well as the profit for the financial year of Accell Group N.V. and the companies included jointly in the consolidation;
- The annual reports as included on the pages 7 to 62 of this report provide a true representation of the situation on 31 December 2008, the course of business during 2008 of Accell Group N.V. and its affiliated companies of which the data has been included in the financial statements. The annual reports describe the actual risks that Accell Group must face.

Risks and risk management (continued)

The Board of Directors has set itself the task of constantly reviewing the internal risk management and audit system and improving it as necessary. Risk management is regularly discussed with the Supervisory Board.

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

Outlook

The social and demographic trends in terms of health, environment, ageing and mobility will continue to form a stable basis for the Accell Group business model over the coming years. What helps in this regard is that the vast majority of Accell Group's activities are aimed at those countries where cycling already has an above-average degree of penetration and evokes association with these trends. These are countries in which high-quality bicycles have acquired a relatively solid place in society and where bicycles are widely used in daily life. In these countries the bicycle will quickly be seen as a healthy, sustainable and above all inexpensive alternative to other forms of mobility, even in weaker economic times.

More and more national and regional governments are expected to develop initiatives to promote bicycle use in the coming years, for instance as a means of improving the accessibility of city centres, of reducing CO_2 emissions and of promoting health. More older people will want to use the bicycle recreationally, and at the same time the use of the bicycle instead of the car provides for a simple and clear cost-saving measure. In particular, as the economic downturn takes hold, the bicycle will be used even more often, for example in commuting to work or (sporty) leisure.

The Netherlands has for many years been a nation of cyclists par excellence, but it is now increasingly being seen by other countries as leading the way and setting the trend when it comes to cycling and bicycle use. This presents opportunities for further international growth of Accell Group. In many countries, there is growing demand for electric bicycles, for example. This demand is being met with more powerful motors and new technologies, because of which a wider range of models can be offered.

Bicycles can make a contribution to solving the mobility issues in cities and contribute to health during recreational use. The increase in the popularity of electrically assisted bicycles ensures that more people can start using bicycles and to use a bicycle to go to work. Fitness equipment for home use also contributes to an improved or restored condition. Accell Group is active here in the middle and upper segment of the market where buyers are interested in convenience, safety and design.

Accell Group will continue to deploy the current brand and marketing strategy to continuously anticipate on the aforementioned structural tends to ensure it can deliver innovative bicycle and fitness products that are attractive to consumers.

Accell Group continues to anticipate on the continued demand for products that have a high added value with its strong brands. 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 2009. Since the brands operate close to their respective markets and can be produced in small runs, Accell Group can adjust relatively quickly to consumer preferences.

Notes (continued)

In addition, Accell Group will continue to focus in 2009 on the realisation of further synergy benefits by optimising production and logistics processes and further strengthening of the mutual cooperation between the companies within the Accell Group in the field of development and marketing. In 2009, 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 might be able to realise further growth through acquisitions. For this reason, Accell Group is actively continuing to seek prospective acquisitions that fit the group's brand profile. 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.

It is, in particular, when consumers pay more attention to their disposable income that showing added value in quality and service becomes important appealing to consumers. To this end, Accell Group will also be focussing more on the healthy and sustainable nature of its products in the marketing and communication in 2009.

Accell Group firmly believes that there will be more cycling in 2009 and the years beyond. In these uncertain economic times, it is however difficult to predict the direct relationship between bicycle use and bicycle sales. On the other hand, sustainable trends will keep stimulating bicycle sales.

The order portfolio for the coming cycling season is currently better filled than last year. Based on the above-mentioned trends and the current order portfolio, Accell Group now expects a further increase in turnover and result in 2009, barring further economic developments and unforeseen circumstances.

Heerenveen, 12 March 2009

R.J. Takens, CEO

H.H. Sybesma, CFO

J.M. Snijders Blok, COO

Notes to the financial figures

In 2008, the Accell Group turnover grew by 13% to € 538.0 million. 8% of this growth in turnover was organic. The remaining turnover growth resulted from the acquisition of Ghost-Bikes GmbH (included in the consolidated financial statements as of 1 March 2008) and Brasseur S.A. (included in the consolidated financial statements as of 1 April 2007). Net profit rose by 17% to € 28.6 million (2007: € 24.4 million[1]). Earnings per share rose by 14% to € 2.95 (2007: € 2.60[1]). The balance sheet total increased by € 57.8 million to € 335.4 million (2007: € 277.6 million).

Turnover by segment

The turnover in the segment bicycles and bicycle parts and accessories rose in 2008 by 16% to € 498.6 million also as a result of the acquisition of Ghost-Bikes GmbH (2007: € 431.5 million). In the year under review, the company sold 974,000 bicycles; over 3% more than in 2007 (943,000). The average price per bicycle increased by 13% to approximately € 415 (2007: € 367). Accell Group's high-quality bicycle programs, which target 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 comprised 11.8% of the total turnover (2007: 11.3%).

Turnover in the fitness segment decreased by 11% to 39.9 million (2007: € 45.0 million). The segment result decreased to +/- 1.7% of the turnover (2007: 1.8%). Accell Group's fitness operations target the middle and higher segments and, more specifically, the home market.

Turnover in the Netherlands grew by 12% to € 235.4 million. The share in the turnover, expressed in a percentage of the total turnover, remained stable at 44%. In Germany, turnover rose by 26% to € 124.6 million, also as a result of the addition of Ghost-Bikes GmbH. The share in the turnover rose to 23% (2007: 21%). Due to the 5% increase in turnover in France to € 52.2 million, the share in turnover in France remained stable at 10%. The other countries achieved a turnover of € 125.8 million in 2008. This corresponds to a turnover share of 23% (2007: 25%).

Personnel

In 2008, the total workforce increased to an average of 1,778 employees (2007: 1,713 employees). The total workforce includes 322 employees (2007: 394 employees) with a temporary employment contract, which is in line with the seasonal pattern of the business activities of Accell Group N.V.. Average turnover per employee rose by 9% compared to 2007.

[1] Excluding the provision made in the financial year 2007 for the possible Netherlands Competition Authority (NMa) penalty.

Notes to the financial figures (continued)

Expenses

The added value (net turnover less material costs and inbound transport costs) as a percentage of turnover amounted to 37% (2007: 37.7%). This small decrease was mainly caused by an increase in outsourcing and higher transport costs. The absolute added value rose by 10% to € 199.0 million (2007: € 179.5 million). As season prices are agreed with most suppliers, the influence of price increases and price decreases of raw materials and parts is limited during the season. Currency exchange risks, to which the company is exposed through the purchase of raw materials and components, are hedged on a seasonal basis. Consequently, the currency risk is limited during the season.

Personnel costs in 2008 amounted to € 71.5 million (2007: € 67.5 million). Expressed as a percentage of the turnover, the personnel costs amounted to 13.3% (2007: 14.2%). The average personnel costs per employee rose in 2008 by 2%. The other operating costs in 2008 amounted to € 72.1 million (2007: € 66.7 million). Expressed as a percentage of the turnover, other operating costs rose to 13.4% (2007: 14,0%). The operating result before depreciation and impairments (EBITDA) rose by 22% to € 55.3 million (2007: € 45.3 million). After the deduction of the impairment of the goodwill of the fitness division, the operating result (EBIT) amounted to € 46.2 million (2007: € 39.6 million[1]). Expressed as a percentage of the turnover (operating margin), the operating result rose to 8.6% (2007: 8.3%). Interest expenses rose by 6% due to the use of capital and the funding of the acquisition of Ghost.

Balance sheet

As a result of the increase of the business activities and the acquisition of Ghost, the balance sheet total increased to € 335.4 million (2007: € 277.6 million). Total working capital amounted to € 158.2 million (2007: € 152.5 million); expressed as a percentage of the turnover, the working capital amounted to 29.4% (2007: 32%). The effect of acquisitions in this was € 12.5 million. Inventories increased organically by 5% whereas turnover increased organically by 8%. Inventories increased organically by 5% whereas turnover increased organically by 8%. Receivables only rose to a limited extent compared to the financial year 2007. Trade creditors rose strongly due to longer payment periods and higher inventories in transit. Working capital excluding the consolidation of acquisitions decreased in absolute terms. As a result of the acquisition and the development of the working capital, the employed capital increased to € 263.1 million. The return on the capital employed at the end of the financial year amounted to 17.5% (2007: 17.7%). Shareholder's equity at the end of the financial year amounted to € 132.1 million (2007: € 107.1 million). The solvency ratio at the end of the financial year amounted to 39.4% (2007: 38.6%). The total amount of loans and bank overdrafts at the end of the financial year was € 99.6 million (2007: € 99.8 million). The funding ratio Net Debt / EBITDA improved to 1.80 (2007: 2.20). This ratio thus remained well below the 3.0-3.5 that is stipulated in the credit agreements. The cash flow from operating activities for the working capital amounted to € 39.2 million (2007: € 31.0 million). The cash flow from operating activities rose to € 42.8 million (2007: € 4.6 million). The higher cash flow from operating activities can largely be explained by the fact that the working capital decreased without the consolidation of acquisitions (as a percentage of turnover from 32% to 29.4%)

[1] Excluding the provision made in the financial year 2007 for the possible Netherlands Competition Authority (NMa) penalty.

Financial statements 2008

Consolidated balance sheet as at 31 December

Before dividend distribution (in thousands of euros)

Assets		2008		2007
Non-current assets				
Property, plant and equipment (1)	61,329		54,882	
Goodwill (2)	25,273		10,991	
Other intangible fixed assets (3)	14,338		2,263	
Subsidiaries (4)	699		266	
Deferred tax assets (11)	5,407		5,898	
Other financial fixed assets (5)	3,433		3,683	
		110,479		77,983
Current assets				
Inventories (6)	136,050		119,247	
Trade receivables (7)	74,273		69,863	
Other financial instruments (13)	3,298		135	
Tax receivables	3,050		2,796	
Other receivables	7,630		7,399	
Cash and cash equivalents	640		208	
		224,941		199,648
Total assets		335,420		277,631

The figures following the various items refer to the notes on pages 84 through 110.

Equity & liabilities

		2008		2007
Group Equity (8)				
Issued share capital	196		190	
Reserves	103,360		87,077	
Result financial year	28,567		19,814	
		132,123		107,081
Non-current liabilities				
Subordinated loan (9)	500		1,500	
Interest-bearing loans (9)	65,216		48,398	
Provision for pensions (10)	4,175		3,935	
Deferred tax liabilities (11)	6,843		3,146	
Provisions (12)	17,118		6,701	
		93,852		63,680
Current liabilities				
Trade payables	52,166		36,622	
Interest-bearing loans and bank overdrafts (9)	33,926		49,897	
Other financial instruments (13)	2,303		2,213	
Current tax liabilities	6,087		4,815	
Provisions (12)	3,155		3,165	
Other liabilities	11,808		10,158	
		109,445		106,870
Total equity & liabilities		335,420		277,631

The figures following the various items refer to the notes on pages 84 through 110.

Financial statements

Consolidated income statement

(in thousands of euros)

		2008		2007
Net turnover (15)		538,035		476,073
Costs of raw materials and components	339,005		296,531	
Cost of inventory change	562		204	
Personnel costs (16)	71,540		67,473	
Depreciation (17)	6,881		5,782	
Other operating expenses (18)	71,585		66,517	
		489,573		436,507
		48,462		39,566
Impairments of goodwill (2)		-2,306		0
Provision for Netherlands Competition Authority (NMa) penalty (12)		0		-4,610
Operating result		46,156		34,956
Result from subsidiaries (4)	178		72	
Financial income (19)	755		425	
Financial expenses (19)	-6,708		-6,018	
		-5,775		-5,521
Result before taxes		40,381		29,435
Taxes (20)		-11,814		-9,621
Net profit		28,567		19,814
Earnings per share (22) (in euros)				
Earnings per share		2.95		2.11
Weighted average number of issued shares		9,671,409		9,406,740
Earnings per share (diluted)		2.91		2.09
Weighted average number of issued shares (diluted)		9,802,354		9,498,085

The figures following the various items refer to the notes on pages 84 through 110.

Consolidated statement of changes in equity

(in thousands of euros)

2007	Issued share capital	Share premium reserve	Revaluation reserve	Hedging reserve	Translation reserve	Statutory reserve	Other reserves	Result financial year	Total equity
Balance as at 1 January 2007	185	13,294	7,636	-1,226	-89	0	53,731	18,387	91,918
Realisation of revaluation through depreciation			-123				123		0
Fair value adjustment of financial instruments				-432					-432
Change in deferred taxes			147	111			-396		-138
Exchange differences arising on translation of foreign operations			-22		-953		-92		-1,067
Change in corporate income tax rate			-39						-39
Direct changes in equity in the financial year	0	0	-37	-321	-953	0	-365	0	-1,676
Profit for the financial year							18,387	1,427	19,814
Total changes / result in the financial year	0	0	-37	-321	-953	0	18,022	1,427	18,138
Recognition of share-based payments							140		140
Cash dividend							-3,744		-3,744
Stock dividend	4	-4							0
Options exercised	1	424							425
Other changes			52				-152		204
Balance sheet as at 31 December 2007	190	13,714	7,651	-1,547	-1,042	0	68,301	19,814	107,081

2008	Issued share capital	Share premium reserve	Revaluation reserve	Hedging reserve	Translation reserve	Statutory reserve	Other reserves	Result financial year	Total equity
Balance as at 1 January 2008	190	13,714	7,651	-1,547	-1,042	0	68,301	19,814	107,081
Change in statutory reserve intangible fixed assets						337	-337		0
Realisation of revaluation through depreciation			-125				125		0
Revaluation land and buildings			930						930
Fair value adjustment of financial instruments				3,073					3,073
Change in deferred taxes			-204	-784			-144		-1,132
Exchange differences arising on translation of foreign operations			-70		-1,652		-53		-1,775
Change in corporate income tax rate			6				-6		0
Direct changes in equity in the financial year	0	0	537	2,289	-1,652	337	-415	0	1,096
Result financial year							19,814	8,753	28,567
Total changes / result in the financial year	0	0	537	2,289	-1,652	337	19,399	8,753	29,663
Recognition of share-based payments (16)							234		234
Cash dividend (21)							-4,557		-4,557
Stock dividend	6	-6							0
Options exercised									0
Other changes							-298		-298
Balance sheet as at 31 December 2008	196	13,708	8,188	742	-2,694	337	83,079	28,567	132,123

Consolidated cash flow statement

(in thousands of euros)

		2008		2007 [1]
Cash flow from operational activities				
Operating result	46,156		34,956	
Result from non-consolidated companies (4)	178		72	
Interest paid (19)	-6,633		-5,586	
Interest received (19)	609		299	
Corporate income tax paid (20)	-11,132		-9,649	
Depreciation of non-current assets (17)	6,881		5,782	
Impairments of goodwill (2)	2,306		0	
Share-based payments (16)	234		140	
Changes in provisions	590		4,938	
Operational cash flow before changes in working capital		39,189		30,952
Change in inventories	-8,225		-11,250	
Change in receivables	-2,799		-11,996	
Change in payables	14,645		-3,145	
Change in working capital		3,621		-26,391
Net cash flow from operational activities		42,810		4,561
Cash flow from investment activities				
Investments property, plant and equipment (1)	-7,619		-10,544	
Divestments of property, plant and equipment (1)	249		480	
Intangible fixed assets (2)	-2,937		-31	
Financial fixed assets	248		155	
Acquisitions of subsidiaries (14)	-20,179		-4,575	
Net cash flow from investment activities		-30,238		-14,515
Cash flow from financing activities				
New loans	22,765		28,388	
Repayments of long-term loans	-3,169		-16,857	
Changes in bank overdrafts	-27,121		1,885	
Cash dividend (21)	-4,557		-3,744	
Stock and option plans	0		425	
Net cash flow from financing activities		-12,082		10,097
Net cash flow		490		143
Effect of currency translation on cash and cash equivalents		-58		-53
Cash and cash equivalents as at 1 January		208		118
Cash and cash equivalents as at 31 December		640		208

1) In 2008, unrealised currency translation effects were adjusted in accordance with IAS 7.28 per item in the cash flow statement. The 2007 comparative figures were restated accordingly.

Notes to the annual accounts

For the financial year ending 31 December 2008

General information

Accell Group N.V. in Heerenveen, the Netherlands, is the holding company of a group of legal entities. An overview of the data required pursuant to articles 2: 379 and 2:414 of the Netherlands Civil Code is enclosed on page 89 of the annual accounts.
Accell Group N.V.'s consolidated annual accounts 2008 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 2008.
The financial data of Accell Group N.V. are incorporated in the consolidated financial statements. An abbreviated income statement is therefore presented for the parent company, as permitted under article 2:402 of the Netherlands Civil Code.

Accounting policies

The annual accounts have been prepared on the basis of historical cost, unless indicated otherwise. The accounting policies outlined below were applied consistently for all the periods presented in these consolidated annual accounts.

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 2008.

The following changes in the standards and interpretations were applicable as of the financial year 2008.

→ IFRIC 12 Services concession arrangements and IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction, were published and effective as from the reporting years starting on or after 1 January 2008; however, IFRIC 12 and IFRIC 14 have not yet been adopted by the European Union (EU). IFRIC 12 is not applicable to Accell Group N.V.. IFRIC 14 only applies to Accell Group N.V. to the extent that there is a surplus. On 29 December 2008, there were no surpluses in any of the qualifying schemes.

→ IFRIC 13 addresses the accounting of the costs incurred in customer loyalty programmes. Accell Group N.V. already takes such regulations, which do not have a material effect on the consolidated financial statements, into account in accordance with IFRIC 13.

The following standards and interpretations were applicable as of the financial year 2009:

- IFRS 8 ('operating segments') is applicable to the reporting years commencing after 1 January 2009. IFRS 8 replaces IAS 14 and provides a number of additional criteria and regulations regarding the segmented information, including the reconciliation of the segment information with the available management information.

- The revision of IFRS 3 ('business combinations') and the corresponding revisions in IAS 27 ('consolidated financial statements and separate financial statements') will apply as from the financial year 2010 (earlier application is permitted) and still has to be adopted by the EU. In the new version of IFRS 3, transaction costs that can be attributed directly to the acquisition are no longer included in the acquisition price of the business combination. Furthermore, under IFRS 3, the acquiring party can opt with regard to each transaction whether to value the minority interest at fair value on the acquisition date or at the proportional interest in the fair value of the identifiable assets and liabilities of the acquired party. The changes have an effect on transactions as from the applicable date and not on the present consolidated financial statements of Accell Group N.V..

- The revision of IFRS 2 ('share-based payments') is applicable as from the financial year 2009. This change explains that conditions for vesting conditions are only service period and performance related conditions and introduces the concept non-vesting conditions. This standard also determines that all cancellations, whether by the entity or by the counterparty, or by both parties have to be accounted for in the same manner. Accell Group N.V. is examining the effect of the changes.

- IAS 23 (Borrowing costs) applies to reporting periods that commence on or after 1 January 2009, whereby earlier application is permitted. The most important change compared to the previous version is the cancellation of the option to account for borrowing costs directly as expenses, which concern assets for which the period required to be able to sell these assets is considerably long. This change has been adopted by the EU and will not have a material effect on the consolidated financial statements of Accell Group N.V..

- IFRIC 15 ('agreements for the construction of real estate') is applicable for the financial years that commence on or after 1 January 2009. This interpretation serves as a guideline for whether a construction contract falls within the scope of IAS 11 ('construction contracts') or IAS 18 ('revenues') and when the revenues from construction contracts can be regarded as realised. This change has not yet been adopted by the EU and will not have a material effect on the consolidated financial statements of Accell Group N.V..

Other changes in standards and interpretations, which have been approved by the European Commission and which will come into effect as from the financial year 2009, have not yet been applied. Accell Group N.V. is currently examining the influence of these changes.

No further explanation is provided regarding other changes and interpretations that were not yet approved by the European Commission on 31 December 2008.

Restatements

The 2008 annual accounts contain a restatement, which has no effect on the equity or result. The comparative figures for 2007 have been adjusted pursuant to IAS 8. The restatement concerns a change in the cash flow statement; the non-realised exchange rate translation effects have been adjusted directly on the item level.
The restatement has resulted in the following changes in the comparative figures of the cash flow statement:

	Former 2007	New 2007
	€ x 1,000	€ x 1,000
Operational cash flow before changes in working capital	30.872	30.952
Net cash flow from operational activities	5.870	4.561
Net cash flow from investment activities	-14.043	-14.515
Net cash flow from financing activities	8.263	10.097
Net cash flow	90	143
Effect of currency translation on cash and cash equivalents	0	-53

Consolidation

The consolidated annual accounts include the annual accounts of Accell Group N.V. and its subsidiaries, being the group companies and other legal persons in which Accell Group N.V. has either a direct or indirect controlling interest with regard to the financial and operational policy.

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' annual accounts 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 fully included in the consolidated annual accounts after elimination of intercompany balances and transactions. Unrealised profits and losses on intercompany transactions are eliminated from the consolidated annual accounts.
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 valued according to the equity method.
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 provided 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 currency

The balance sheet and income statement are stated in euros, that being the functional currency of Accell Group N.V. and the reporting currency for the consolidated annual accounts. Receivables, debts and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date.

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

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

Conversion of the assets and liabilities of foreign subsidiaries takes place 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 annual accounts. 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 annual accounts represent as accurately 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.

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 the fair value on the balance sheet date. Land and buildings were appraised again in 2008.

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

Depreciation of revalued buildings is charged to the income statement. Realised differences in value are transferred from the revaluation reserve to other reserves. When a building is sold, the 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 other tangible fixed assets is calculated on the basis of the straight-line method. As such, the cost price or revaluation value, less the residual value, is allocated to the expected economic life. The estimated economic useful life per category is:

Company buildings 30 – 50 jaar
Machinery and equipment 3 – 10 jaar

The result of divestments of tangible fixed assets is equal to the difference between the proceeds from sale and the carrying value of the asset. 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 recoverable amount. The recoverable amount is equal to the proceeds or value to the business, whichever is the greater, the business value being the present value of the estimated future cash flows from use of the asset and its ultimate disposal. An after tax discount percentage is applied to determine present value, as such a percentage provides a good indication of the current market assessment of the money's time value and the asset's specific risks.

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

Goodwill

Goodwill represents the difference between the purchase price and the fair value of the identifiable assets, liabilities and contingent obligations at the time that the subsidiary was acquired. Goodwill is initially accounted for as an asset and stated at cost. Goodwill resulting from the acquisition of a foreign activity is expressed in the functional currency of the foreign activity and is converted at the exchange rate on the balance sheet date.

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-flow 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 selling result.

Other intangible fixed 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 these criteria are not 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 fixed assets, such as trademarks and patents, separate from the goodwill. Separately acquired intangible fixed assets are stated at fair values. Intangible fixed 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 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 inventory items.

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

Financial instruments

Trade receivables
Trade receivables are initially recorded at fair value. Trade receivables are then subsequently recorded at amortised cost whereby used is made of the effective interest rate method less a provision for impairment. Interest income is included on the basis of the effective interest rate unless the effect on the current liabilities is not material. The provisions are determined based on an individual assessment of the recoverability of the receivables.

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

Bank loans
Interest bearing bank loans are initially recorded at fair value. Provided that these are material, transaction costs that can be attributed directly to procuring the loans are included in the valuation when recorded initially. These liabilities are initially recorded at amortised cost whereby the effective interest rate method is applied. Considering the characteristics of the bank loans, their nominal value can be considered to equal the amortised cost price.

Trade payables
Amounts due to trade creditors are initially recorded at fair value. These liabilities are then subsequently recorded at amortised cost whereby the effective interest rate method is applied. Considering the short-term nature of these liabilities, their nominal value can be considered to equal the amortised cost.

Other financial instruments

Other financial instruments, such as 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 of the binomial option valuation model.

Cash flow hedging
The part of the gain or loss on the hedging instrument of which it has been determined that it is an effective hedge is included in shareholders' equity as hedging reserve; the non-effective part is recorded directly in the income statement.
In the event that the hedge results in the inclusion of a non-financial asset or non-financial liability, then the amounts that were included in shareholders' equity (in accordance with IAS 39.98b) are transferred to the initial cost price of the related asset or liability. The amounts are transferred to the income statement in the same period and in respect of the same item in which the hedged transactions are accounted for.

For hedging instruments that can be classified as a cash-flow hedge, Accell Group N.V. applies the following criteria:

- the hedge is expected to be effective in compensating for changes in anticipated future cash flows which can be attributed to the hedged risk;
- the effectiveness of the hedge can be accurately measured;
- the required documentation regarding the link between the hedged risk and the hedge instrument is on hand when the hedge instrument is taken out;
- there must be a high probability that the recorded transactions will actually take place;
- the hedge has been assessed throughout its duration, and it has been determined that the hedge will be effective during the reporting period.

Hedging of a net investment

The hedging of a net investment in a foreign entity is recorded in the same manner as a cash flow hedge. The profit or loss on the hedging instrument pertaining to the effective part of the hedge is included directly in the equity as translation reserve. The profit or loss on the non-effective part is recorded in the income statement. Upon the disposal of a foreign entity, the cumulative value of the gains or losses, which were recorded in the translation reserve, are transferred to the income statement.

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 plans

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

Actuarial gains and losses are reflected in the income statement if and insofar as the amount of accumulated actuarial results that have not yet been reflected in the income statement at the beginning of the year 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 plan.

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

Defined benefit pension plans accounted for as defined contribution plans

The majority of the Dutch operating companies have transferred their pension plans to Metalektro, the pension fund for the metal working industry. These plans generally qualify as defined benefit plans. The industry sector pension fund has informed Accell Group N.V. that the pension plan of the members should be included under IAS19 as a defined contribution plan. Member companies only have an obligation to pay the annual pension premiums due. The member companies are under no obligation whatsoever to provide compensation for any deficits of the fund. The member companies are also not entitled to any existing surpluses.

Defined contribution plans

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

Provision for deferred employee benefits

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

Provisions for warranties

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

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.

Corporate income tax

Corporate income tax consists of taxes currently payable and deferred taxes. Taxes currently payable are based on the taxable result for the year and are calculated on the basis of rates that are effective on 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 if and insofar as it is unlikely that sufficient future taxable profits will be made.

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

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

Share-based payments

The company 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.

In addition, the company also has a share plan for directors of subsidiaries that have made a significant contribution to the results of Accell Group N.V.. After the end of the financial year, conditional shares are allocated to the directors if the pre-determined targets for the financial year have been achieved. The definite allocation follows when the director in question is still fully employed by the company after three years.

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

Lease agreements

Lease agreements are classified as financial lease agreements if the economic advantages and disadvantages related to the underlying asset are largely at the risk and for the account of Accell Group 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 in accordance with 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 rate applying on the transaction 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 whereby no exchange of cash takes place are not included in the cash flow statement. Unrealised currency translation effects are adjusted per item level in the cash flow statement.

Information by segment

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 and accessories segment, which targets the middle and upper segments of the market, is extremely diverse: it ranges from children's bicycles to comfortable and luxury city bicycles right through to exclusive trekking and racing bikes, bicycle parts, and accessories. The fitness segments target the middle and upper segments and, more specifically, the home market.
Internal transfer prices between the operating segments are determined on a commercial basis, which is comparable to the approach adopted with third parties.

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

Financial statements

Notes

1) Property, plant and equipment

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

	Land and buildings	Machinery and equipment	Total property, plant and equipment
	€ x 1,000	€ x 1,000	€ x 1,000
Fair value or cost			
Balance as at 1 January 2007	35,211	53,195	88,406
Investments	4,304	6,240	10,544
Investments as a result of business combinations	1,942	80	2,022
Divestments	-151	-329	-480
Currency translation differences	-123	-67	-190
Balance as at 1 January 2008	41,183	59,119	100,302
Investments	804	6,815	7,619
Investments as a result of acquisitions	4,880	423	5,303
Change in revaluation	930	0	930
Divestments	-94	-155	-249
Currency translation differences	-593	-29	-622
Balance as at 31 December 2008	47,110	66,173	113,283
Accumulated depreciation			
Balance as at 1 January 2007	2,128	37,530	39,658
Depreciation	855	4,907	5,762
Balance as at 1 January 2008	2,983	42,437	45,420
Depreciation	961	5,573	6,534
Balance as at 31 December 2008	3,944	48,010	51,954
Carrying amount			
Balance as at 31 December 2008	43,166	18,163	61,329
Balance as at 31 December 2007	38,200	16,682	54,882

In the second half of 2008, the fair value of the land and buildings was appraised by certified independent appraisers. The fair value, or the present value based on the replacement value taking into account the period of use is appraised using the available market data. The revaluation of the land and buildings was recorded in the figures at year-end 2008.

If the land and buildings would have been valued at historical cost less cumulative depreciation and impairments, the book value of the land and buildings as at 31 December 2008 would have amounted to approximately € 31.5 million (2007: € 30.6 million).

The right of first mortgage was established on a building and land with a book value of € 4.8 million as security for a bank loan up to an amount of € 2.1 million.

2) Goodwill

The changes in goodwill are as follows:

	2008	2007
	€ x 1,000	€ x 1,000
Cost price		
Balance as at 1 January	10,991	10,344
Additions as a result of business combinations	17,232	647
Currency translation differences	-644	0
Balance as at 31 December	**27,579**	10,991
Accumulated impairments		
Balance as at 1 January	0	0
Impairments	2,306	0
Balance as at 31 December	**2,306**	0
Carrying amount		
Balance as at 1 January	10,991	10,344
Balance as at 31 December	**25,273**	10,991

The goodwill is reviewed annually for impairment, or more frequently if there are indications that goodwill might be impaired. For the purposes of this review the goodwill is allocated to the unit generating the cash flow. The allocation is made to the (group of) unit(s) generating the cash flow that is expected to benefit from the business combination from which the goodwill arose. The cash flow generating units that are used in the assessment correspond with the primary segmentation.

Notes (continued)

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

	2008	2007
	€ x 1,000	€ x 1,000
Bicycles, parts and accessories	25,273	8,685
Fitness	0	2,306
	25,273	10,991

The goodwill of the segment bicycles, parts and accessories is qualified as significant in relation to the total carrying amount of the goodwill.

The following important assumptions were used in determining the value in use of the segment bicycles and bicycle components and are based on the experience gained in the past in the specific markets and countries:

- Turnover development based on the historical average of the last 5 years (7.5%)
- Operating margin based on the average of the last 2 years (9.5%)
- Working capital development based on the historical average ratios in relation to the turnover (27%)
- A constant growth rate of 3 % was used for the estimates of the perpetual cash flow after the initial period of 5 years
- A weighted average cost of capital (after tax) of 7.4% was used for the discounting of the cash flows.

The lower than expected turnover and results in the fitness segment resulted in an impairment of goodwill of € 2.3 million at year-end, which is recorded as a separate item in the income statement.

3) Other intangible fixed assets

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

	Trademarks and patents	Development costs	Total other intangible fixed assets
	€ x 1,000	€ x 1,000	€ x 1,000
Purchase price			
Balance as at 1 January 2007	2,080	0	2,080
Investments	500	0	500
Currency translation differences	-284	0	-284
Balance as at 1 January 2008	2,296	0	2,296
Investments	12,000	337	12,337
Currency translation differences	85	0	85
Balance as at 31 December 2008	14,381	337	14,718
Accumulated depreciation			
Balance as at 1 January 2007	13	0	13
Depreciation	20	0	20
Balance as at 1 January 2008	33	0	33
Depreciation	347	0	347
Balance as at 31 December 2008	380	0	380
Carrying amount			
Balance as at 31 December 2008	14,001	337	14,338
Balance as at 31 December 2007	2,263	0	2,263

The investments in trademarks and patents in 2008 concern the valuation of the trademarks (€ 9.4 million) in connection with acquisitions. In addition, a number of patents (€ 2.6 million) were acquired in connection with the manufacturing of electric bicycles. These have a remaining amortisation period of 4.5 years. Furthermore, in 2008 a development project in connection with electric bicycles was started.

Trademarks have a indefinite useful life since no predictable limitation to the economical life can be determined.

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

	2008	2007
Bicycles, parts and accessories	11,682	2,197
Fitness	0	0
	11,682	2,197

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

4) Subsidiaries

The consolidated 2008 financial statements include Accell Group N.V., in Heerenveen, and the financial information of the following companies.

Consolidated subsidiaries	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., Kitchener, Canada	100
Accell Hunland Kft, Toszeg, Hungary	100
Accell Germany GmbH, Sennfeld, 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 France Loire S.A.S., Andrezieux, France	100
E. Wiener Bike Parts GmbH, Sennfeld, Germany	100
Juncker B.V., Veenendaal, The Netherlands	100
Ghost-Bikes GmbH, Waldsassen, Germany	100
Koga B.V., Heerenveen, The Netherlands	100
Koga Trading A.G., Zürich, Switzerland	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 Oy Ltd, Turku, Finland	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 complete list of subsidiaries is filed with the Trade Register of the Chamber of Commerce in Leeuwarden.

	Participation percentage	
Non-consolidated companies	2008	2007
In2Sports B.V., Eindhoven, The Netherlands (i)	**44**	44
Jalaccell OÜ, Tallinn, Estonia (ii)	**35**	35
Babboe B.V., Utrecht, The Netherlands (iii)	**30**	0

(i) In2Sports is a company that is active in the field of information and communication technology and the development of sport and fitness technology.
(ii) Jalaccell OÜ is a joint venture of Accell Fitness Division B.V. for assembly of fitness equipment.
(iii) Babboe B.V. is a company that is active in the field of marketing and selling carrier bicycles.

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

	2008	2007
	€ x 1,000	€ x 1,000
Total assets	**2,556**	2,960
Total liabilities	**2,155**	2,835
Total turnover	**3,138**	2,629
Total net profit	**178**	72

5) Other financial fixed assets

	Long-term		Short-term	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Loans provided to related parties	3,183	3,433	250	250

In 2006, a loan was provided to a non-consolidated company at an interest rate 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.

6) Inventories

	2008 € x 1,000	2007 € x 1,000
Sailing goods	17,361	14,866
Raw materials	46,552	41,674
Semi-finished goods	3,597	2,947
Trading goods and finished goods	68,540	59,760
	136,050	119,247

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

As at the balance sheet date, inventories with a carrying amount of approximately € 5.5 million are valued at lower net realisable value. The cost of inventories recognised as an expense includes € 1.1 million (2007: € 1.5 million) in respect of write-downs of inventory to net realisable value.

The costs of inventory that are recorded as an expense during the financial year concern € 375.0 million (2007: € 328.4 million).

7) Trade receivables

	2008 € x 1,000	2007 € x 1,000
Trade receivables	77,280	72,630
Provision for impairment of receivables	-3,007	-2,767
	74,273	69,863

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 matured trade receivables. Accell Group N.V. has developed a credit policy to maintain control over credit risks relating to trade receivables. The policy regarding credit risks is covered in note 13, “Financial instruments and risk management”.

The changes in the provision for impairment are as follows:

	2008	2007
	€ x 1,000	€ x 1,000
Balance as at 1 January	2,767	2,335
Used	-727	-426
Addition	954	982
Releases	-88	-104
Currency translation differences	101	-20
Balance as at 31 December	**3,007**	**2,767**

A maturity analysis of the trade receivables is provided in the overview below, whereby the maturity of receivables is shown in relation to the due date.

	2008	2007
	€ x 1,000	€ x 1,000
0-90 days	5,724	6,990
90-150 days	2,346	1,263
older than 150 days	5,048	3,945
	13,118	**12,198**

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

8) Equity

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

9) Interest-bearing loans

	Long-term		Short-term	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Subordinated loan	500	1,500	1,000	1,000
Roll-over loan	4,286	4,082	0	0
EURIBOR loans	39,000	25,000	4,000	0
Other bank loans	21,930	19,316	339	357
Bank overdrafts	0	0	28,587	48,540
	65,716	**49,898**	**33,926**	**49,897**

The subordinated loan has the character of a general subordination and an initial term of 7.5 years. The interest rate for this 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 variable interest rate based on the length of the term. At the end of 2007, a 5-year EURIBOR loan of € 25 million was provided by ABN-AMRO, whereby it is expected that this loan will be extended in 2012 for another 5 years. An interest rate swap has been included in connection with this loan whereby for the next 9 years a fixed interest rate of 5.1% will apply.
In March 2008, ABN-AMRO provided another 5-year EURIBOR loan. For this loan of € 20 million, an interest rate swap was concluded so that a fixed interest rate of 5.1% will be applicable for the coming 4 years. The loan as well as the swap has a repayment schedule of twenty consecutive three-monthly instalments of each € 1 million. The first instalment was due on 1 July 2008. Except for conditions of a general nature no security was provided for these loans.

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

In connection with the other loans, collateral was provided in the form of security rights on company assets and on a building of two foreign operating companies. The average interest rate on the other loans is 5.2%.

General terms and conditions have been stipulated for bank overdrafts granted by a number of banks. The interest rate is variable. As at year-end 2008, the available credit facility amounted to € 126.1 million.

The policy regarding interest risk is covered in note 13, “Financial instruments and risk management”.

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

	Looptijd korter dan 5 jaar	Looptijd langer dan 5 jaar	Totaal
	€ x 1,000	€ x 1,000	€ x 1,000
Subordinated loan	1,500	0	1,500
Roll-over loan	0	4,286	4,286
EURIBOR loan	43,000	0	43,000
Other bank loans	20,753	1,516	22,269
Sub-total:	**65,253**	**5,802**	**71,055**
Proportion of loans with a maturity period of less than 1 year	-5,339	0	-5,339
Balance as at 31 December 2008	**59,914**	**5,802**	**65,716**

10) Provision for pensions

Accell Group N.V. has three defined benefit plans. The pension provision as recorded in the balance sheet mainly concerns a fixed defined benefit plan that arose at the time of the acquisition of one of the foreign subsidiaries. The actuarial calculations pursuant to IAS 19 were performed by actuaries from certified actuarial firms.

The principal assumptions applied in determining the defined benefit plans are as follows:

	2008	2007
Discount rate	6% - 6,7%	5,3%
Inflation	1% - 2%	1%
Average salary increase	0% - 2%	0%

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

	2008	2007
	€ x 1,000	€ x 1,000
Current service cost	50	0
Interest charges	269	198
Expected return on plan assets	-26	0
Amortisation of actuarial gains/losses	-25	27
Total	**268**	225

The following amounts are recorded in the balance sheet with regard to the defined benefit plans:

	2008	2007
	€ x 1,000	€ x 1,000
Present value of funded defined benefit obligation	760	0
Minus: Fair value of plan assets	-390	0
Surplus / Deficit	**370**	0
Present value of unfunded defined benefit obligation	3,802	4,225
Fund status	**4,172**	4,225
Unrecognised actuarial result	3	-290
Net liability	**4,175**	3,935

The change in the present value of defined benefit obligation is a follows:

	2008	2007
	€ x 1,000	€ x 1,000
Balance as at 1 January	4,225	4,471
Interest charges	249	198
Service cost	24	0
Benefits paid	-196	-152
Actuarial results	-419	-419
Amortisation of actuarial result	-25	27
Administrative expenses	-7	0
Change due to bussiness combinations	711	100
Defined benefit obligation as at 31 December	**4,562**	4,225

The change in the fair value of the plan assets is a follows:

	2008	2007
	€ x 1,000	€ x 1,000
Balance as at 1 January	459	0
Expected return	26	0
Actuarial results	-140	0
Employers' contributions	40	0
Benefits paid	-12	0
Administratieve kosten	-7	0
Change due to bussiness combinations	24	0
Fair value of plan assets as at 31 December	390	0

The amounts for the financial year and the previous financial years are as follows:

	2008	2007	2006	2005	2004
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Present value of funded defined benefit obligation	760	0	0	0	0
Fair value of plan assets	-390	0	0	0	0
Surplus / Deficit	370	0	0	0	0

Until 2007, Accell Group N.V. only had a fixed defined benefit plan. This plan only has a unfunded defined benefit obligation, fund investments for the pension provision do not apply. In addition, in this plan no further entitlements are granted. It is expected that Accell Group N.V. will make a contribution of € 0.249 million with regard to the defined benefit pension plans in 2009.

Defined contribution plans

The majority of the Dutch operating companies have transferred their pension plans to the industrial pension fund Metalektro. The Metalektro pension fund (PME) has told us that the pension plan of the members should be included under IAS 19 as a defined contribution plan. Member companies only have an obligation to pay the annual pension premiums due. There is no obligation for the member companies to supplement any deficits in the fund. Nor is there any entitlement to possibly available surpluses.
Nonetheless, the annual report of Metalektro for 2007 does not contain evidence of a deficit reserve. From a news released issued by Metalektro in the beginning of 2009, it appears that the cover ratio was below 105% at the end of 2008.

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:

	2008	2007
	€ x 1,000	€ x 1,000
Deferred tax assets	5,407	5,898
Deferred tax liabilities	6,843	3,146
Balance of deferred taxes	**-1,436**	2,752

The changes in the deferred tax assets and liabilities are as follows:

	Loss carry forwards consolidated companies	Revaluation of property, plant and equipment	Financial instruments	Trademark valuation	Other	Total
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Balance as at 1 January 2007	**5,324**	**-3,019**	**420**	**0**	**969**	**3,694**
Added through acquisition	0	-440	0	0	-106	-546
Charged to equity	0	147	111	0	-396	-138
Charged to result	-150	166	0	0	-274	-258
Balance as at 31 December 2007	**5,174**	**-3,146**	**531**	**0**	**193**	**2,752**
Added through acquisition	0	-608	0	-2,640	106	-3,142
Charged to equity	0	-204	-784	0	-144	-1,132
Charged to result	-73	86	0	0	-131	-118
Transfer from/to current tax	284	61	0	-170	27	202
Currency translation differences	0	31	0	0	-29	2
Balance as at 31 December 2008	**5,385**	**-3,780**	**-253**	**-2,810**	**22**	**-1,436**

The majority of the deferred tax assets consist of tax-loss carryforwards related to the Finnish Tunturi Oy company that was acquired in 2003. As a result of the reorganisation of the fitness organisation and further proposed measures, the tax-loss carryforwards are expected to be realised within the applicable term.

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

12) Provisions

	Long-term		Short-term	
	31-12-2008	31-12-2007	31-12-2008	31-12-2007
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Deferred employee benefits	1,095	1,112	54	0
Warranties	2,161	979	2,769	2,558
Other provisions	13,862	4,610	332	607
	17,118	**6,701**	**3,155**	**3,165**

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
Balance as at 1 January 2007	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
Balance as at 31 December 2007	**1,112**	**3,537**	**5,217**	**9,866**
Addition to provision	120	3,865	9,515	13,500
Use of the provision	-74	-2,422	-538	-3,034
Release from the provision	-9	-50	0	-59
Balance as at 31 December 2008	**1,149**	**4,930**	**14,194**	**20,273**

The deferred employee benefits relate to the provision for future anniversary bonuses.
The warranty provision represents the estimated costs under warranty obligations for supplied goods and services that are outstanding on the balance sheet date.
The provisions for deferred employee benefits and warranty obligations are expected to have a term of between one and five years.

The increase of the other reserves is related to obligations entered into in connection with business combinations. In addition, the penalty imposed by the Netherlands Competition Authority (NMa) is included in the other provisions in 2007.
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 ("CBb") in The Hague. In determining this provision, the effect of discounting estimated future cashflows have been considered to outweigh potential future interest obligations.

13) Financial instruments and risk management

The other financial instruments are comprised of:

	2008	2007
	€ x 1,000	€ x 1,000
Currency derivatives - cash flow hedging	3,298	-2,213
Interest rate swap - cash flow hedging	-2,303	135
	995	-2,078

The fair value of currency derivatives and interest rate swaps is calculated by the financial institutions concerned using the Mark to Market method (MTM method).
In 2008, € 0.5 million was charged to the hedging reserve (2007: € 0.3 million) pursuant to the fair value adjustments of the instruments to cover future cash flows. € 0.3 million). From cash flow hedging of interest rate risks, it is expected that the underlying cash flows take place at the time that the interest is due on the loans with a one-month variable interest rate.

The cash flow hedges of the currency derivatives were assessed as effective in 2008.

Movement of the hedging reserve:

	2008	2007
	€ x 1,000	€ x 1,000
Balance as at 1 January 2008	-1,547	-1,226
amount included in equity	-4,862	-3,215
amount included in the cost of turnover	7,151	2,894
Balance as at 31 December 2008	**742**	-1,547

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Currency derivatives

The currency derivatives stated as at the balance sheet date will be effectuated during the year 2009. Currency derivatives outstanding as at the balance sheet date can be specified as follows:

		Contract value in € 1,000		Fair value in € 1,000	
Currency derivative	Currency	2008	2007	2008	2007
Call	USD	48,006	36,417	-2,252	-2,000
Put	USD	71,398	72,836	4,154	512
Call	JPY	12,805	11,042	1,473	-761
Put	JPY	12,805	11,226	0	36
Call	HUF	2,335	0	-187	0
Put	HUF	4,669	0	110	0
				3,298	**-2,213**

Interest rate swaps

Accell Group N.V. arranged interest rate swaps in 2007 and 2008 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 rate obligations in connection with the EURIBOR loans in combination with the interest rate swaps as at the balance sheet date:

	Nominal value	Fair market value
	€ x 1,000	€ x 1,000
2008	18,006	15,703
2007	13,000	12,865

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

Management of the operating capital

The company conducts a funding 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 lender.

As at 31 December 2008, the solvency based on the group capital amounted to 39.4% (as at 31 December 2007: 38.6%). As explained in the section on currency and interest rate 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 risk

The activities of Accell Group N.V. entail various credit risks. Bicycles and bicycle parts and accessories are sold to a wide network of specialised bicycle shops, whereby the company usually conducts business with customers many of which have a long-standing commercial relationship with Accell Group N.V.. The credit policy stipulates, inter alia, that upon the acceptance of large customers, the creditworthiness of this potential customer must be verified both internally and externally and also a credit limit must also be set.
There is no significant concentration of credit risks within Accell Group N.V. as the group has a large number of customers. These credit risks are monitored on a continual basis. Outstanding receivables exceeding the due date are assessed individually at the end of the financial year, resulting in a substantiation of the provision for the impairment of receivables.
For the total outstanding trade receivables of € 74.3 million, the provision for impairments amounted to € 3 million. The actual non-payment amounted to € 0.7 million in 2008 (2007: € 0.4 million).
Fitness equipment is also mostly sold to a network of retail stores and distributors. Credit risks are dealt with in the same manner as in the selling of bicycles and bicycle parts and accessories.

Liquidity risk

In controlling the liquidity risk, Accell Group N.V. takes the seasonal nature of the activities into account. Therefore, in the funding of the group a distinction is made between long-term (core) funding and the seasonal credit facility. The credit agreements contain financial covenants consisting of:

→ Net debt/ EBITDA ratio (debt ratio) at year end below 3.0-3.5
→ Solvency ratio higher than 20% (whereby the equity and the balance sheet total at year-end are adjusted for inter alia, intangible fixed assets and deferred taxes)
→ Interest cover higher than 3.0

It is the Accell Group's strategy to maintain a debt ratio of 3.0. At year-end 2008, Accell Group N.V. has a net debt / EBITDA ratio of 1.79, an adjusted solvency ratio of 31% and an interest cover of 7.8%.

Total loans and bank overdrafts provided to Accell Group N.V. amounted to EUR 99.6 million at the end of the financial year; 66% thereof was of a long-term nature. In addition to bank overdrafts, other short-term liabilities of the group amounted to € 75.5 million at the end of the financial year.

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

	Book value	Contractual cash flows	< 1year	1-5 years	> 5 years
	€ million	€ million	€ million	€ million	€ million
Long-term liabilities	71.1	89.9	8.6	75.3	5.9
Current liabilities	104.1	101.8	101.8	-	-

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Notes (continued)

Market risk

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 centralised and carried out in accordance with the objectives and regulations stipulated by Accell Group N.V.. Accell Group policy stipulates that no instruments shall be used for speculative purposes. Accell Group currency and interest risks have not changed during the year. Moreover, Accell Group 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 mainly applies to the purchasing of components in US dollars and Japanese yen, operational costs in Hungarian forints 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 2008 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 value developments.

A 1% change in the EUR/USD exchange rate from the current year-end exchange rate would result in an approx. € 0.3 million change in the hedging reserve of the equity. Covering future cash flows and the use of cash flow hedging exerts an influence on equity as a result of changes in the value of the underlying derivatives.

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

Control of interest risks

As at 31 December 2008, the interest on the majority of the long-term interest-bearing liabilities is fixed, and the interest on the short-term interest-bearing liabilities is variable. In 2007 and 2008, Accell Group N.V. concluded interest-rate swaps for the EURIBOR loans in order to control interest risks. This instrument is generally available, and is not regarded as specialised or entailing significant risk.

As at 31 December 2008, the term of 66% 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 the profit before taxes of approx. € 0.5 million.

14) Business Combinations

In 2008, Accell Group N.V. acquired 100% of the shares in Ghost-Bikes GmbH. Ghost is an international first-rate brand of high quality mountain bikes and racing bikes. The company is established in Waldsassen (Germany) and employs 78 employees. The transaction is accounted for by the purchase accounting method. Ghost-Bikes GmbH is consolidated as at 1 March 2008. The composition of the acquired net assets is as follows:

	Fair value on acquisition	Fair value adjustment	Book values
	€ x 1,000	€ x 1,000	€ x 1,000
Intangible fixed assets	9,400	9,393	7
Property, plant and equipment	5,303	4,095	1,208
Other assets	11,780	-58	11,838
Cash and cash equivalents	96	0	96
Deferred taxes	-3,142	-3,142	0
Other debts and takeover obligations	-20,394	-11,383	-9,011
	3,043	-1,095	4,138
Goodwill	17,232		
Cash and cash equivalents acquired	-96		
Net cash flow of business combinations	**20,179**		

During the period from the consolidation date to the balance sheet date, Ghost-Bikes GmbH made a € 21.1 million contribution to the profitable turnover. The acquisition’s contribution to the net result in the financial year 2008 amounted to € 2.2 million.

15) Net turnover

The net turnover can be specified as follows:

	2008	2007
Turnover by product group:	€ x 1,000	€ x 1,000
Bicycles	404,159	345,910
Parts and accessories	93,891	85,021
Fitness	39,985	45,142
	538,035	476,073

Turnover and profit distribution per segment (primary segmentation):

The primary segmentation is based on business segments as the risk and return profile of Accell Group N.V. is largely determined by the difference in the products that are manufactures. A distinction is made between two business segments: bicycles, parts & accessories and fitness.

	Net turnover		Segment result	
	2008	2007	2008	2007
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles, parts and accessories	498,553	431,478	58,637	48,618
Fitness	39,893	44,993	-679	806
Elimination of inter-segment turnover	-411	-398		
Goodwill impairment fitness			-2,306	0
Provision for NMa penalty			0	-4,610
Sub-total segments	538,035	476,073	55,652	44,814
Result from non-consolidated companies			178	72
Unallocated segment expenses			-1,041	-877
Unallocated corporate expenses			-8,455	-8,981
Financial income and expenses			-5,953	-5,593
Result before taxes			40,381	29,435

	Assets[1]		Liabilities[1]	
	2008	2007	2008	2007
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles, parts and accessories	277,019	221,182	121,231	104,013
Fitness	37,227	42,984	35,435	31,306
Unallocated corporate	12,717	4,771	33,701	27,270
Sub-total segments	**326,963**	**268,937**	**190,367**	**162,589**
Equity			132,123	**107,081**
Balance sheet total			**322,490**	**269,670**

	Depreciation		Investments	
	2008	2007	2008	2007
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
Bicycles, parts and accessories	4,958	4,123	39,057	11,931
Fitness	1,093	1,058	1,102	1,107
Unallocated corporate	830	601	2,332	675
Sub-total segments	**6,881**	**5,782**	**42,491**	**13,713**

Geographical information (secondary segmentation):

The secondary information is reported on geographical areas. The geographical segments are based on the physical location of the assets. The sales to external customers reported in the geographical segments are based on the geographical location of the customers.

	Net turnover		Assets[1]		Investments	
	2008	2007	2008	2007	2008	2007
	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000	€ x 1,000
The Netherlands	235,410	210,110	147,859	121,465	6,873	5,128
Germany	124,583	99,193	78,391	44,925	33,979	3,297
France	52,228	49,845	28,847	31,353	616	105
Other EU countries	78,710	68,995	45,579	50,183	515	4,771
Other countries	47,104	47,930	26,287	21,011	508	412
	538,035	**476,073**	**326,963**	**268,937**	**42,491**	**13,713**

[1] In accordance with IAS14.16, the assets of the segment do not contain any tax assets. In accordance with IAS14.16, the liabilities of the segment do not contain any tax liabilities.

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16) Personnel costs

The personnel costs are comprised of the following:

	2008	2007
	€ x 1,000	€ x 1,000
Wages and salaries	55,966	52,829
Social security charges	10,040	9,738
Pension contributions	3,688	3,429
Profit sharing	1,612	1,337
Share-based payments	234	140
	71,540	67,473

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

Share-based payments

The estimated fair value of unconditional option rights granted to the Board of Directors in 2008 (share-based payment transactions to be settled in equity-related instruments) amounts to € 184,000. This is included in the income statement under personnel costs.

The fair value of the options has been determined using an option valuation model, applying the following criteria:

- weighted average share price: € 25.66
- exercise price: € 25.15
- 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 plan for the Board of Directors is covered in the separate financial statements.

In addition, € 50,000 was recorded under personnel costs in 2008 for the allocation of conditional shares to a number of directors of subsidiaries.
The fair value is determined at the time of the allocation and will be charged to the income statement according to the straight-line method divided over the period between allocation and the time that the shares have become unconditional whereby adjustment will take place for the expected number of to be distributed shares.
In 2008, in total 6,900 unconditional shares were allocated at a share price at the time of allocation of € 25.15.

17) Depreciation

Depreciation charges are comprised of the following:

	2008	2007
	€ x 1,000	€ x 1,000
Depreciation of intangible fixed assets	347	20
Depreciation of property, plant and equipment	6,534	5,762
	6,881	5,782

18) Other operating expenses

General, sales and business accommodation costs are also included in other operating expenses. The total operating expenses for the financial year include the following items:

	2008	2007
	€ x 1,000	€ x 1,000
Third-party research and development costs	2,449	2,203
Lease expenses	2,310	2,290
	4,759	4,493

19) Financial income and expenses

Financial income and expenses are comprised of the following:

	2008	2007
	€ x 1,000	€ x 1,000
Interest income	755	425
Interest expenses and bank charges	-7,200	-6,258
Exchange rate differences	492	240
	-5,953	-5,593

The policy regarding interest and currency risks is covered in note 13, “Financial instruments and risk management”.

20) Taxes

The effective corporate income tax charge is comprised of the following:

	2008	2007
	€ x 1,000	€ x 1,000
Current taxes	**11,696**	9,363
Deferred taxes	118	258
Taxes in income statement	**11,814**	9,621
Taxes based on the weighted average applicable rate	11,363	8,431
Non-deductible amounts	38	96
Non-deductible goodwill impairments	588	0
Provision for NMa penalty	0	1,176
Benefits from tax facilities	-53	-34
Deferred tax assets not carried forward	0	0
Adjustment of current taxes with regard to previous years	60	0
Adjustment of deferred taxes with regard to previous years	-182	-48
Taxes in income statement	**11,814**	9,621

The effective tax burden in 2008 amounts to 29.3%. Without the non-deductible goodwill impairment the effective tax burden amounts to 27.7%.

21) Dividend

On 16 May 2008, a dividend with stock option was declared of € 1.25 per share. On 16 May 2008, a cash dividend of € 4,557,000 was paid, and 185,222 shares were issued as stock dividend.

With regard to the current financial year, the Board of Directors proposes to pay a dividend with stock option of € 1.42 per share to the shareholders.

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:

	2008	2007
	€ x 1,000	€ x 1,000
Profit for earnings per share (net profit accruing to Accell Group N.V.'s shareholders)	28,567	19,814
Profit without the allocation to the provision for the NMa penalty	28,567	24,424
Weighted average number of issued shares for the earnings per share	9,671,409	9,406,740
Impact of share options on the issuance of shares	130,945	91,345
Weighted average number of issued shares (dilution)	**9,802,354**	9,498,085
Earnings per share	2.95	2.11
Earnings per share (diluted)	2.91	2.09
Earnings per share without the allocation to the provision for the NMa penalty	2.95	2.60

23) Off-balance sheet disclosures

Operational lease commitments

The company has financial obligations arising from long-term lease commitments, arising from leasing computer equipment and cars. This obligation amounts to approx. € 2.4 million per year and has an average remaining term of 2.5 years.

The company also has financial obligations arising from long-term leases. This obligation amounts to approximately € 3.4 million a year and has an average remaining term of 3.8 years.

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

	2008	2007
	€ x 1,000	€ x 1,000
Within one year	145	308
Within two to five years	4,430	3,584
After five years	1,242	1,638
	5,817	5,530

24) Transactions with related parties

Intercompany transactions and balances between Accell Group N.V. and its subsidiaries have been eliminated for consolidation purposes.
The transactions of Jalaccell Oü resulting from the delivery of goods to Accell Fitness Division B.V. amounted to € 5.2 million. At the end of the financial year, Accell Fitness Division B.V. had an outstanding amount payable by Jalaccell Oü amounting to € 3.8 million in connection with the funding of property, working capital and interest, whereby a right of mortgage on the business premises and pledge rights on the other assets serve as security.

For an explanation about the total of the benefits for managers at key positions please refer to the notes about the separate financial statements on page 115.

25) External auditor costs

The total costs for the services provided by Deloitte are:

	2008	2007
	€ x 1,000	€ x 1,000
Audit of the annual accounts	348	303
Other audit assignments	42	31
Tax services	0	0
Other non-audit services	58	48
	447	382

Company balance sheet as at 31 december

Before dividend distribution (in thousands of euros)

Assets		2008		2007
Fixed assets				
Property, plant and equipment	313		0	
Goodwill	20,623		9,725	
Other intangible fixed assets	1,440		0	
Financial fixed assets [a]	142,962		131,819	
Current assets				
Receivables from group companies	12,790		6,530	
Other receivables	4,936		863	
Cash and cash equivalents	33,044		21,084	
Total assets		216,108		170,021

Equity & liabilities		2008		2007
Equity [b]				
Issued share capital	196		190	
Share premium reserve	13,708		13,714	
Revaluation reserve	8,188		7,651	
Hedging reserve	742		-1,547	
Translation reserve	-2,694		-1,042	
Statutory reserve	337		0	
Other reserves	83,079		68,301	
Result financial year	28,567		19,814	
		132,123		107,081
Non-current liabilities				
Subordinated loan	500		1,500	
Interest-bearing loans	58,287		44,082	
Other provisions	13,610		4,610	
		72,397		50,192
Current liabilities				
Amounts payable to group companies	73		5,420	
Interest-bearing loans	5,000		1,000	
Other current liabilities	6,515		6,328	
		11,588		12,748
Total equity & liabilities		216,108		170,021

The notes following the various items refer to the notes on pages 113 to 114

Company income statement

(in thousands of euros)

	2008	2007
Result from subsidiaries after taxes	29,209	23,291
Other results	1,664	1,133
Goodwill impairment	-2,306	0
Provision for NMa penalty	0	-4,610
	28,567	19,814

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

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

The financial data of Accell Group N.V. are incorporated in the consolidated financial statements. Therefore an abbreviated income statement is presented for the company 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 equity and the 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 fixed assets

The changes in the financial fixed assets are as follows:

	2008	2007
Subsidiaries		
Balance as at 1 January	80,645	65,292
Results	29,209	23,291
Investments / divestments	13,371	7,423
Dividend payments	-20,807	-17,087
Currency translation differences	-1,472	612
Other changes	484	1,114
Balance as at 31 December	101,430	80,645
Receivables from group companies		
Balance as at 1 January	51,174	47,740
Loans provided	15,455	16,739
Loans repaid	-25,097	-13,305
Balance as at 31 December	41,532	51,174
Total financial fixed assets	142,962	131,819

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, 9,778,172 ordinary shares have been issued and duly paid, as a result of which the issued and paid-up share capital amounts to € 195,563.44.

Notes to the company balance sheet (continued)

Statement of change in shareholders' equity

I. Issued share capital		
Balance as at 31 December 2007	190	
Stock dividend and options exercised	6	
Balance as at 31 December 2008		**196**
II. Share premium reserve		
Balance as at 31 December 2007	13,714	
Stock dividend and options exercised	-6	
Balance as at 31 December 2008		**13,708**
III. Revaluation reserve		
Balance as at 31 December 2007	7,651	
Realisation of the revaluation reserve	-125	
Revaluation of land and buildings	930	
Change in deferred tax revaluation	-204	
Exchange differences arising on translation of foreign operations	-70	
Change in corporate income tax rate	6	
Balance as at 31 December 2008		**8,188**
IV. Hedging reserve		
Balance as at 31 December 2007	-1,547	
Fair value adjustment of financial instruments	3,073	
Change in deferred tax for financial instruments	-784	
Balance as at 31 December 2008		**742**
V. Translation reserve		
Balance as at 31 December 2007	-1,042	
Exchange differences arising on translation of foreign operations	-1,652	
Balance as at 31 December 2008		**-2,694**
VI. Statutory reserve		
Balance as at 31 December 2007	0	
Change in intangible fixed assets	337	
Balance as at 31 December 2008		**337**
VII. Other reserves		
Balance as at 31 December 2007	68,301	
Change in result in 2007	19,814	
Cash dividend 2007	-4,557	
Recognition of share-based payments	234	
Exchange differences arising on translation of foreign operations	-53	
Realisation of the revaluation reserve	125	
Change in deferred taxes	-144	
Other movements	-641	
Balance as at 31 December 2008		**83,079**
VIII. Profit for the financial year		
Balance as at 31 December 2007	19,814	
Change in result in 2007	-19,814	
Profit for the 2008 financial year	28,567	
Balance as at 31 December 2008		**28,567**
Total equity as at 31 December 2008		**132,123**

The revaluation reserve, hedging reserve, translation reserve and statutory reserve are considered statutory reserves based on Article 2:373 and Article 2:390 of the Netherlands Civil Code and are therefore not available for distribution to shareholders.

Remuneration of the Board of Directors and the Supervisory Board

Board of Directors

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

	Salary	Bonus	Pension contributions	Share-based payments
	in €	in €	in €	in €
R.J. Takens	340,000	125,800	125,000	76,526
H.H. Sybesma	256,000	94,720	41,688	57,394
J.M. Snijders Blok	222,000	82,140	43,217	50,080
Total	818,000	302,660	209,905	184,000

[1] The company's remuneration policy is approved by the General Meeting of Shareholders of April 24th, 2008. The execution of the remuneration policy is reflected in the remuneration report. The bonuses reflected in the financial statements relate to the financial year and depend on the targets set by the Supervisory Board. 37% of the maximum to be achieved bonus (50%) was paid out.

Supervisory Board

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

	in €
S.W. Douma	40,600
J.H. Menkveld	30,450
J. van den Belt	30,450
J.J. Wezenaar	30,450
Total	131,950

Shares

The number of shares held by Mr. Takens and Mr. Sybesma at year-end 2008 amounts to 79,580 and 14,640 respectively.

Stock option plan

The company has a stock option plan for members of the Board of Directors. In the event of full exercise of the option entitlements granted until now the number of issued shares would increase by 1.3%. 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.

Notes to the separate balance sheet (continued)

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

	Number at 01-01-2008	Issued in 2008	Exercised in 2008	Number at 31-12-2008	Average exercise price beginning of period	Average exercise price at year-end	Weighted average term at year-end
Directors:							
R.J. Takens	39,235	13,600	-	52,835	€ 22.51	€ 23.22	2.59 years
H.H. Sybesma	28,565	10,200	-	38,765	€ 22.53	€ 23.22	2.61 years
J.M. Snijders Blok	23,545	8,900	-	32,445	€ 22.85	€ 23.48	2.68 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 € 25.15.

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 group tax 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 2009

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 € 1.42 per share (2007: € 1.25), to be paid in cash or shares at the shareholder’s discretion.

Auditor’s report

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

Report on the financial statements

We have audited the accompanying financial statements 2008 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 31 December, 2008, profit and loss account, 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 31 December, 2008, the company profit and loss account 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.
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 31 December, 2008, 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 31 December, 2008, 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 f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report (page 7 to 63) is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 12 March 2009
Deloitte Accountants B.V.

Was signed: M. Beelen RA

Historical summary[1)]

(in millions of euros, unless stated otherwise)

	2008	2007	2006	2005	2004	2003	2002	2001
	IFRS							
Net turnover	**538.0**	476.1	431.7	372.1	341.1	289.6	259.4	205.6
Personnel costs	**71.5**	67.5	66.1	57.7	53.8	45.2	38.7	33.7
Operating profit 2)	**46.2**	39.6	30.1	25.7	22.8	16.6	13.8	11.4
Interest	**6.7**	5.6	3.9	3.0	2.8	2.6	3.2	3.6
Taxes	**11.8**	9.6	7.9	7.2	7.1	4.9	3.7	2.8
Net profit 2)	**28.6**	24.4	18.4	15.5	13.2	9.2	6.8	5.1
Depreciation	**6.9**	5.8	4.9	4.6	4.4	3.9	2.8	2.3
Cash flow 2)	**37.8**	30.2	23.3	20.1	17.6	13.0	9.6	7.4
Investments in property, plant and equipment	**12.9**	12.6	10.7	8.8	7.7	10.0	5.5	5.5
Balance sheet total	**335.4**	277.6	245.6	183.8	173.6	134.9	112.5	117.5
Property, plant and equipment	**61.3**	54.9	48.7	43.1	39.0	28.9	23.8	21.4
Capital employed	**263.1**	223.8	190.8	138.2	137.9	109.3	97.3	102.9
Group capital	**132.1**	107.1	91.9	77.4	60.7	48.1	42.3	37.4
Guarantee capital	**132.6**	108.6	94.4	80.9	65.2	54.6	49.8	37.4
Provisions	**31.3**	16.9	11.6	11.3	10.0	7.0	5.9	8.5
Average number of employees (FTEs)	**1,778**	1,713	1,671	1,438	1,405	1,213	1,061	1,051
Number of issued shares at year-end	**9,778,172**	9,492,950	9,251,838	9,015,015	8,656,267	8,373,903	8,309,403	8,039,633
Weighted average number of issued shares	**9,671,409**	9,406,740	9,176,329	8,879,749	8,549,802	8,320,440	8,222,190	7,334,495
Market capitalisation	**176.0**	235.0	240.5	183.9	135.9	67.8	42.2	37.0
Data per share 3) (in €)								
Group capital	**13.66**	11.05	9.52	8.13	6.43	5.06	4.51	4.34
Guarantee capital	**13.71**	11.21	9.78	8.50	6.90	5.74	5.31	4.34
Cash flow 2)	**3.90**	3.12	2.41	2.11	1.86	1.37	1.02	0.86
Net profit 2)	**2.95**	2.52	1.85	1.63	1.39	0.97	0.72	0.59
Dividend 4)	**1.42**	1.21	0.90	0.77	0.65	0.46	0.33	0.30
Ratios (in %)								
ROCE	**17.5**	17.7	15.8	18.6	16.5	15.2	14.1	11.1
ROE	**21.6**	22.8	20.0	20.1	21.7	19.1	16.0	13.6
Operating profit 2)/turnover	**8.6**	8.3	7.0	6.9	6.7	5.7	5.3	5.5
Net profit 2)/turnover	**5.3**	5.1	4.3	4.2	3.9	3.2	2.6	2.5
Cash flow 2)/turnover	**7.0**	5.4	5.4	5.4	5.2	4.5	3.7	3.6
Balance sheet total/turnover	**62.3**	58.3	56.9	49.4	50.9	46.6	43.4	57.1
Solvency (based on group capital)	**39.4**	38.6	37.4	42.1	34.9	35.6	37.6	31.9
Net debt/ EBITDA	**1.8**	2.2	2.5	1.6	2.5	2.7	3.0	4.1
Pay-out ratio	**48.1**	48.1	47.4	47.5	47.3	47.1	46.1	49.6
Dividend yield (including dilution 3))	**7.9**	4.9	3.5	3.8	4.2	5.6	6.6	6.5
Closing price of share	**18.00**	24.76	26.00	20.40	15.70	8.10	5.08	4.60

1) The key figures from 2004 onwards are calculated on the basis of the IFRS.
2) Operating profit, net profit and cash flow (net profit + depreciation + impairments) without the allocation to the provision for the penalty imposed by the Netherlands Competition Authority (NMa) in 2007.
3) The data per share are calculated based on the weighted average number of issued shares. The data per share for the years 2000-2007 have been adjusted for the dilution resulting from the issue of stock dividend charged to the share premium reserve in accordance with the International Financial Reporting Standards (IAS33). The adjustment factor that was applied in the reporting year for 2007 and for previous years is 0.97083.
4) The dividend per share in 2008 concerns 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. 9,778,172 ordinary shares with a nominal value of € 0.02 had been issued on 31 December 2008.

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	Party with a duty to disclose:	Equity participation	Voting rights
6 October 2008	Fortis Verzekeringen Nederland N.V.	5.75%	5.75%
13 June 2008	Aviva Plc	12.99%	12.99%
1 November 2006	Boron Investments N.V.	5.19%	5.19%
1 November 2006	Darlin N.V.	7.40%	7.40%
1 November 2006	Delta Deelnemingenfonds N.V.	6.94%	6.94%
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 shares in 2008*

	Number of shares	Amounts (€ x mln.)	Highest price (€)	Lowest price (€)	Closing price (€)
January	586,506	13.0	24.94	19.12	22.72
February	232,671	5.6	27.25	21.10	26.08
March	245,358	5.9	27.50	22.02	24.74
April	487,770	12.2	26.80	23.42	24.03
May	439,964	11.6	24.46	24.03	25.81
June	829,008	19.3	22.46	21.50	21.88
July	499,928	11.7	21.34	20.39	24.50
August	186,482	4.6	24.75	24.01	24.76
September	324,457	7.4	21.80	20.20	21.66
October	600,013	10.9	15.99	15.53	17.79
November	286,917	4.7	15.41	14.74	17.30
December	181,766	3.3	17.00	16.00	18.00
Total	4,900,840	110.2			

* Source: NYSE Euronext

Important dates in 2009

	Date
General Meeting of Shareholders (at Batavus B.V., Industrieweg 4, 8444 AK Heerenveen, the Netherlands)	23 April 2009
Ex-dividend listing	27 April 2009
Dividend will be available for payment	15 May 2009
Publication of half-yearly figures	22 July 2009

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THE PREMIER CYCLE AND FITNESS GROUP

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