

CYCLE COUNTRY ACCESSORIES CORP
Form SB-2/A
November 15, 2001

Registration No. 333-68570

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM SB-2/A
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

(Amendment Number 2)

CYCLE COUNTRY ACCESSORIES CORP
(Name of Small Business Issuer in its Charter)

-----	-----	-----
NEVADA	3714	42-1523809
-----	-----	-----
(State of Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

2188 Highway 86
Milford, Iowa 51351
(712) 338-2701
(Address and telephone number of principal executive offices
and principal place of business)

Ronald Hickman
2188 Highway 86
Milford, Iowa 51351
(712) 338-2701
(Name, address and telephone number of agent for service)

Copies to:

Van Stillman, Esq.	James G. Dodrill II, Esq.
Van Stillman, P.A.	James G. Dodrill II, P.A.
1177 George Bush Blvd., Suite 308	3360 NW 53rd Circle
Delray Beach, FL 33483	Boca Raton, FL 33496
(561) 330-9903	(561) 862-0529

Approximate date of proposed sale to the public:
As soon as practicable after the effective date of this registration
statement.

If any of the securities being registered on this Form are to be
offered on a delayed or continuous basis pursuant to Rule 415 under
the Securities Act of 1933, check the following box. (X)

If this Form is filed to register additional securities for an
offering pursuant to Rule 462 (b) under the Securities Act, check the

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

following box and list the Securities Act registration statement number of earlier effective registration statement for the same offering. ()

1

If this Form is a post-effective amendment filed pursuant to Rule 462 (c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ().

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ().

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SHARES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common Stock, \$.0001 par value to be sold by selling shareholders	5,625,000	\$5.00	\$28,125,000	\$7,031.25
TOTAL	5,625,000		\$28,125,000	\$7,031.25

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

soliciting an offer to buy these securities in any state in which the offer or sale is not permitted.

ii

2

PROPECTUS
SUBJECT TO COMPLETION, DATED NOVEMBER 15, 2001

5,625,000 Shares of Common Stock

CYCLE COUNTRY ACCESSORIES CORP.

The Offering:

This is our initial public offering. We are registering a total of 5,625,000 shares of our common stock all of which are being offered by selling shareholders and are being registered for sale at an estimated price of \$5.00 per share.

There is no established public market for our common stock and we have arbitrarily determined the offering price. Although we hope to be quoted on the OTC Bulletin Board, our common stock is not currently listed or quoted on any quotation service. There can be no assurance that our common stock will ever be quoted on any quotation service or that any market for our stock will ever develop.

Proposed Trading Symbol: OTC Bulletin Board - "CCAC"

Investing in our stock involves risks. You should carefully consider the Risk Factors beginning on page 8 of this prospectus.

We have not authorized anyone else to provide you with different information. The common stock is not being offered in any state where the offer is not permitted. You should not assume that the information in this prospectus or any supplement is accurate as of any date other than the date on the front of those documents.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The information in this prospectus is not complete and may be changed. None of these securities may be sold until a registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

The date of this prospectus is November 15, 2001

3

TABLE OF CONTENTS

	PAGE
Prospectus Summary	3
The Offering	4
Summary Financial Information	6
Risk Factors	7
Use of Proceeds	11
Determination of Offering Price	11
Dividend Policy	11
Dilution	12
Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Business	18
Management	26
Principal Shareholders	29
Selling Shareholders	30
Certain Transactions	33
Description of Securities	34
Indemnification	36
Plan of Distribution	37
Legal Matters	38
Experts	38
Where You Can Find More Information	39
Index to Financial Statements	F-1

As used in this prospectus, the terms "we," "us," "our," "the Company," and "Cycle Country" mean Cycle Country Accessories Corp., a Nevada corporation and Cycle Country Accessories Corp. an Iowa corporation (our predecessor corporation). The term "selling shareholders" means our shareholders who are offering to sell their shares of Cycle Country common stock that are being registered through this prospectus. The term "common stock" means our common stock, par value \$0.0001 per share and the term "Shares" means the 5,625,000 shares of common stock being offered through this prospectus.

2

4

PROSPECTUS SUMMARY

Because this is a summary, it does not contain all of the information that may be important to you. You should read the entire prospectus. You should consider the information set forth under "Risk Factors" and our financial statements and accompanying notes that appear elsewhere in this prospectus.

Cycle Country Accessories Corp.

We are one of the world's largest manufacturers of accessories for all

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

terrain vehicles ("ATVs"). We manufacture a complete line of branded products, including snowplow blades, lawnmowers, spreader, sprayers, tillage equipment, winch mounts, utility boxes, wheel covers and an assortment of other ATV accessory products. These products custom fit essentially all ATV models from Honda, Yamaha, Kawasaki, Suzuki, Polaris, Arctic Cat and Bombardier. We design, engineer and assemble all accessory products at our headquarters and subcontract the manufacture of many original equipment components.

In 2000 there were 800,000 ATVs sold worldwide, representing a 19.2% increase over 1999 according to ATV Magazine. According to ATV Magazine, of these 800,000 units, 75% were Utility ATVs, which we consider to be our target market. We estimate that we produce 50% of the Utility ATV accessories sold nationally. Additionally we estimate that we produce approximately 50% of the ATV accessories in the international markets to which we distribute.

We were incorporated in Iowa in 1983, reincorporated in Nevada in 2001 and have sold our products to 16 distributors in the United States for the past 20 years. Additionally, we currently have 19 international distributors distributing our products to 35 countries. For the fiscal year ended September 30, 2000, we achieved revenues of approximately \$12,800,000.

Our principal office is located at 2188 Highway 86, Milford, Iowa 51351 (Telephone (712) 338-2701, fax (712) 338-2601). Our internet address is www.cyclecountry.com.

3

5

The Offering

Securities Offered	5,625,000 shares of common stock all of which are being offered by the selling shareholders; See "Description of Securities"
Common Stock Outstanding, before offering	3,625,000
Common Stock Outstanding, after offering(1)	5,625,000
Proposed OTC Bulletin Board Symbol	CCAC
Use of Proceeds	We will not receive any proceeds from the sale of common stock by our selling shareholders. We will receive proceeds to the extent that any of the warrants are exercised and intend to use

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

the proceeds from the exercise of any of the warrants for retirement of short and long term debt at Bank Midwest and for general corporate purposes. See "Use of Proceeds."

Dividend Policy

We do not intend to pay dividends on our common stock. We plan to retain any earnings for use in the operation of our business and to fund future growth.

(1) Assumes the exercise of all 2,000,000 warrants.

4

6

Risk Factors

The securities offered by this prospectus are highly speculative and very risky. We have described the material risks that we face below. Before you buy, consider the risk factors described and the rest of this prospectus. This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus. Please refer to "Risks Associated with Forward-looking Statements" on page 10.

5

7

Summary Financial Information

The following is a summary of our Financial Statements, which are included elsewhere in this prospectus. You should read the following data together with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus as well as with our Financial Statements and the notes therewith.

Year ended September 30, 2000 -----	Year ended September 30, 1999 -----	Nine months ended June 30, 2001 (unaudited)	Nine months ended June 30, 2001 (unaudited)
--	--	--	--

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

Statement of Operations Data:

Total Revenue	\$12,779,471	\$11,469,502	\$10,004,436	\$10,054,906
Gross Profit	\$ 3,641,309	\$ 3,611,113	\$ 3,073,108	\$ 3,036,219
Net Income	\$ 1,020,776	\$ 995,915	\$ 1,009,423	\$ 1,078,795

	As of September 30, 2000	As of June 30, 2001 (unaudited)
Balance Sheet Data		
Cash and cash equivalents	\$ 368,797	\$ 516,332
Total current assets	\$ 3,980,922	\$ 3,618,832
Total assets	\$ 5,235,443	\$ 4,878,377
Total current liabilities	\$ 991,502	\$ 630,613
Total stockholders' equity	\$ 4,243,941	\$ 4,247,764
Total liabilities and stockholders' equity	\$ 5,235,443	\$ 4,878,377

6

8

RISK FACTORS

The securities offered are highly speculative. You should purchase them only if you can afford to lose your entire investment in us. You should carefully consider the following risk factors, as well as all other information in this prospectus.

Certain important factors may affect our actual results and could cause those results to differ significantly from any forward-looking statements made in this prospectus or otherwise made by us or on our behalf. For this purpose, any statements contained in this prospectus that are not statements of historical fact should be considered to be forward-looking statements. Words such as "may," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue" or the negatives of those words, identify forward-looking statements. These statements appear in a number of places in this prospectus and include statements as to our intent, belief or expectations. These forward-looking statements are subject to the risks detailed below or elsewhere in this prospectus, or detailed from time to time in our filings with the Securities and Exchange Commission. See "Risks Associated With Forward-Looking Statements" on page 10.

Investors should assume that, even if not specifically stated within this document, if any of the following risks actually

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

materialize, our business, financial condition or results of future operations could be materially and adversely affected. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Our revenues and earnings could be negatively affected if we cannot anticipate market trends, enhance existing products and achieve market acceptance of new products.

Our ability to continue and expand the sales levels that we typically achieved in prior years is largely dependent on our ability to successfully anticipate and respond to changing consumer demands and trends in a timely manner. This includes introducing new or updated products at prices acceptable to customers. Our ability to maintain market acceptance and achieve further acceptance for our products will depend upon our ability to:

- maintain a strong and favorable brand image;
- maintain a reputation for high quality; and
- continue to develop our network of distributors to sell our products both domestically and internationally.

We can give you no assurance that the market for our products will continue to develop or that large demand for these products will be sustainable. In addition, we may incur significant costs in our attempt to maintain or increase market acceptance for our products.

7

9

Our sales are highly dependent on the effectiveness of our distributor networks.

Our level of sales depends to a great extent upon the effectiveness of our distributor networks. We can offer no assurance that these distributors will continue to have the success they have historically.

Our sales may be impacted by weather conditions.

As a manufacturer of accessories for outdoor motorized equipment, our sales may be impacted by weather conditions. For example, lack of snowfall in any year in any particular region of the United States or Canada may adversely affect demand for our snow plow. There is no assurance that certain weather conditions would not have a material adverse effect on our sales.

Our officers and directors are not required to continue as shareholders.

We are registering all shares of our common stock that are currently outstanding. Additionally, there is no requirement that any of our officers and/or directors retain any of their shares of our common stock. Accordingly, there is no assurance that all or any of our officers and/or directors will continue to maintain an equity interest in the company.

A large percentage of our sales are made to our three largest customers.

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

Our three largest customers accounted for approximately 45% of our net sales in the year ending September 30, 2000. These three customers have represented a significant amount of our business every year for at least the past 16 years. The loss of any or all of these customers would have a material adverse impact on the results of our operations.

We face product liability claims.

Product liability claims are made against us from time to time. We currently carry \$2 million in product liability insurance. Over the past seven years, we paid an aggregate of less than \$30,000 in product liability claims, and the largest single judgment against us has been for \$21,000. No assurance can be given that our historical claims record will not change or that material product liability claims against us will not be made in the future. Adverse determination of material product liability claims made against us could have a material adverse effect on our financial condition.

Our products could contain defects creating product recalls and warranty claims that could materially adversely affect our future sales and profitability.

Our products could contain unforeseen defects. These defects result in product recalls and warranty claims. A product recall could delay or halt production of the affected product until we are able to address the reasons for any defects. Recalls may also have a materially negative effect on our brand image and public perception of the affected product. This could materially adversely affect our future sales. Recalls or other defects would be costly and could require substantial expenditures.

We offer a standard one-year warranty on all products except snow plows, on which we offer a limited life time warranty. Although we employ quality control procedures, a product is sometimes distributed which needs repair or replacement. Historically, product recalls have been administered through our distributors and have not had a material effect on our business. However, no assurance can be given that our

8

10

historical claims record will not change adversely as a result of our growth or otherwise.

Unanticipated defects could also result in product liability litigation against us. Given the nature of our products, we have in the past and expect in the future to be subject to potential product liability claims that, in the absence of sufficient insurance coverage, could have a material adverse effect on us. Although we currently maintain liability insurance coverage, this coverage may not be adequate to cover all product liability claims. Any large product liability claim could materially adversely affect our ability to market our products.

We face substantial competition.

We face competition from various companies in each product line we offer. A number of our competitors are well financed and could develop innovative products that would reduce our market share. Additionally, as we expand our product offerings into new markets and into offering new products we will face additional competition. Competition in foreign markets may also be affected by duties, tariffs, taxes and the

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

effect of various trade agreements, import restrictions and fluctuations in exchange rates.

A recession could detrimentally affect our sales.

Our sales are partially dependent on discretionary consumer spending, which may be affected by general economic conditions. A recessionary environment could result in a decrease in consumer spending in general, which could result in decreased spending in our markets directly or in the overall market for ATV's, either of which could have a material adverse effect on our business, operating results and financial condition. Additionally, factors that influence the general economic climate, such as consumer confidence levels, interest rates, employment trends and fuel availability and prices could also result in decreased spending in our markets. Because in the short term most of our operating expenses are relatively fixed, we may be unable to adjust spending sufficiently in a timely manner to compensate in the event of any unexpected sales shortfall. If we fail to make these adjustments quickly, our operating results and financial condition could be materially adversely affected.

Your ownership will be diluted.

The offering price per share is substantially in excess of the net tangible book value of our common stock. You will experience immediate and substantial dilution in the net tangible book value of your investment. In addition, we anticipate initiating a stock option plan. Issuance of securities pursuant to plan or otherwise may also dilute your ownership interest. See "Dilution."

Our quarterly financial results may fluctuate significantly.

Our quarterly operating results will likely fluctuate significantly in the future as a result of a variety of factors, some of which are outside our control. These factors include:

- * General economic and market conditions;
- * Pricing changes in the industry;
- * The amount and timing of orders from retailers;
- * The timing of shipments and new product introductions;
- * Manufacturing delays;
- * Seasonal variations in the sale of our products;
- * Product mix; and
- * Pricing changes in our products.

Due to these factors, our quarterly operating results may fall below any market expectations that may arise. If this happens, the trading price of our common stock would likely decline, perhaps significantly.

There has never been a market for our common stock.

Prior to this offering, there has been no public trading market for our common stock and there can be no assurances that a public trading market for the common stock will develop or, if developed, will be sustained. Although we hope to be accepted for quotations on the Over the Counter

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

Bulletin Board, there can be no assurance that a regular trading market will develop for the common stock offered through this prospectus, or, if developed, that it will be maintained.

There is no assurance of future dividends being paid.

At this time we do not anticipate paying dividends in the future, but instead plan to retain any earnings for use in the operation of our business and to fund future growth. We are under no legal or contractual obligation to declare or to pay dividends, and the timing and amount of any future cash dividends and distributions is at the discretion of our Board of Directors and will depend, among other things, on our future after-tax earnings, operations, capital requirements, borrowing capacity, financial condition and general business conditions.

Risks associated with forward looking statements.

This prospectus contains certain forward-looking statements regarding management's plans and objectives for future operations, including plans and objectives relating to our planned marketing efforts and future economic performance. The forward-looking statements and associated risks set forth in this prospectus include or relate to:

- (1) our ability to obtain a meaningful degree of consumer acceptance for our products now and in the future,
- (2) our ability to market our products on a global basis at competitive prices now and in the future,
- (3) our ability to maintain brand-name recognition for our products now and in the future,
- (4) our ability to maintain an effective distributors network,
- (5) our success in forecasting demand for our services now and in the future,
- (6) our ability to maintain pricing and thereby maintain adequate profit margins,
- (7) our ability to achieve adequate intellectual property protection and
- (8) our ability to obtain and retain sufficient capital for future operations.

10

12

USE OF PROCEEDS

We will receive proceeds to the extent that any holder of a warrant decides to exercise such warrant and intend to use the proceeds from the exercise of any of the 2,000,000 warrants for retirement of any outstanding amounts of our \$500,000 available line of credit (none outstanding at October 24, 2001; interest

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

at prime plus 1.25% (6.75% at October 24, 2001) and the \$4.5 million term note (\$4,440,512 outstanding at October 24, 2001; interest at prime plus .75% (6.25% at October 24, 2001) at Bank Midwest and for general corporate purposes; however, there can be no assurance that all or any portion of these shares will be sold. The proceeds of the \$4.5 million term note were used to purchase all of the outstanding common stock of Cycle Country Accessories Corp. (Iowa) as further described in the Overview of Management's Discussion and Analysis on page 14. If all of the 2,000,000 shares of common stock offered by us are purchased at \$4.00, we will receive gross proceeds of \$8,000,000.

If less than all of the 2,000,000 warrants are exercised, we will use any proceeds raised first for the retirement of debt at Bank Midwest then any remaining funds will be used for general corporate purposes.

We expect to incur expenses of approximately \$142,500 in connection with the registration of the shares.

DETERMINATION OF OFFERING PRICE

Prior to this offering, there has been no market for our common stock. The offering price of the shares was arbitrarily determined and bears no relationship to assets, book value, net worth, earnings, actual results of operations, or any other established investment criteria. Among the factors considered in determining the price were our historical sales levels, estimates of our prospects, the background and capital contributions of management, the degree of control which the current shareholders desired to retain, current conditions of the securities markets and other information.

DIVIDEND POLICY

It is our present policy not to pay cash dividends and to retain future earnings for use in the operations of the business and to fund future growth. Any payment of cash dividends in the future will be dependent upon the amount of funds legally available, our earnings, financial condition, capital requirements and other factors that the Board of Directors may think are relevant.

11

13

DILUTION

As of June 30, 2001, the pro forma net tangible book value of our common stock was \$948,127 or \$0.26 per share of common stock outstanding. The pro forma net tangible book value of our common stock is calculated as the tangible assets less total liabilities of Cycle Country Accessories Corp. (a Nevada corporation). See "Management's Discussion and Analysis" on page 13 and "Unaudited Pro Forma Financial Information" on page F-35 for a detailed

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

explanation of the nature and terms of the transactions which have occurred and have been reflected in the calculation of the pro forma net tangible book value. Dilution per share represents the difference between the amount paid per share by purchasers in this Offering and the pro forma net tangible book value per share after the Offering. All shares of common stock in this offering are being issued by Cycle Country Accessories Corp. (a Nevada corporation). Subsequent to the transactions described in "Management's Discussion and Analysis" and "Unaudited Pro Forma Financial Information", Cycle Country Accessories Corp. (a Nevada corporation) will be the successor company to the business activities of Cycle Country Accessories Corp. (an Iowa corporation). After giving effect to the sale by us of 2,000,000 shares of common stock pursuant to the exercise of outstanding warrants and the application of the net proceeds thereof, the pro-forma net tangible book value of our common stock at June 30, 2001 would have been \$948,127 or \$1.59 per share. This represents an increase in our net tangible book value per share of \$1.33 to our existing shareholders and an immediate dilution of \$2.41 or 60% per share to the purchasers of our common stock. The following table illustrates this dilution on a per share basis:

Exercise Price per share		\$ 4.00
Net Tangible Book Value per share before sale	\$ 0.26	
Increase Per Share attributable to sale of these shares	\$ 1.33	

Pro Forma Net Tangible Book Value after offering		\$ 1.59

Dilution per share to New Investors		\$ 2.41
		=====

The following table summarizes as of August 21, 2001, the number of shares purchased as a percentage of our total outstanding shares, the aggregate amount paid for these shares, the aggregate amount paid figured as a percentage of the total amount paid, and the average amount paid per share for these shares (see "Certain Transactions with Management and Others" for a description of these transactions). For purposes of this table, the sale to the public of these shares is assumed to have taken place on August 21, 2001.

	Shares Purchased		Total Consideration Paid		Average Price
	Number	Percent	Amount	Percent	per Share
	-----	-----	-----	-----	-----
Existing Shareholders	3,625,000	64.45%	\$ - 363	0.005%	\$ 0.0001
Existing Shareholders	2,000,000	35.55%	\$ 8,000,000	99.995%	\$ 4.00
	-----	-----	-----	-----	-----
Total	5,625,000	100.00%	\$ 8,000,363	100.00%	\$ 1.42

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

The following is a discussion of our results of operations and our liquidity and capital resources. To the extent that our analysis contains statements that are not of a historical nature, these statements are forward-looking statements, which involve risks and uncertainties. See "Risks Associated With Forward Looking statements". The following should be read in conjunction with our Financial Statements and the related Notes included elsewhere in this prospectus.

Overview

Cycle Country Accessories Corp. (a Nevada corporation) was incorporated in the state of Nevada on August 15, 2001 as a C corporation. The initial capitalization consisted of 3,625,000 shares of common stock. On August 21, 2001, we entered into an agreement to purchase all of the outstanding common stock of Cycle Country Accessories Corp. (an Iowa corporation) for \$4,500,000 in cash and 1,375,000 shares of our common stock. Cycle Country Accessories Corp. (an Iowa corporation) was originally incorporated on August 8, 1983 and is headquartered in Milford, Iowa. Since both Companies are under common control by virtue of majority ownership and common management by the same three individuals, this transaction was accounted for in a manner similar to a pooling of interests. We used the proceeds from a \$4,500,000 term note (the "Note") entered into with a commercial lender to purchase all of the outstanding common stock of Cycle Country Accessories Corp. (an Iowa corporation). The Note is collateralized by all of the Companies assets, is payable in monthly installments from September 2001 to July 2006, which includes principal and interest at prime + 0.75% (6.25% at October 24, 2001), with a final payment upon maturity on July 25, 2006. The monthly payment is \$90,115 and is applied to interest first based on the interest rate in effect, with the balance applied to principal. The interest rate is adjusted daily. Additionally, any proceeds from the sale of stock received from the exercise of any of the 2,000,000 outstanding warrants shall be applied to any outstanding balance on the Note. At October 24, 2001, \$4,440,512 was outstanding on the Note.

On August 21, 2001, Cycle Country Accessories Corp. (an Iowa corporation) acquired its operating facility, which consisted of land and buildings with a fair value of \$1,500,000, from certain stockholders. The consideration given was comprised of \$300,000 in cash and 390,000 shares of common stock of Cycle Country Accessories Corp. (a Nevada corporation). On August 14, 2001, Cycle Country Accessories Corp. (an Iowa corporation) merged with Okoboji Industries Corporation. Since both Companies were owned and managed by the same three individuals, this transaction was also accounted for in a manner similar to a pooling of interests.

As a result of the transactions described above, we are the Successor Company to the business activities of the aforementioned companies.

We are the one of the world's largest manufacturers of accessories for all terrain vehicles ("ATVs"). We manufacture a

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

complete line of branded products, including snowplow blades, lawnmowers, spreaders, sprayers, tillage equipment, winch mounts, utility boxes, wheel covers and an assortment of other ATV accessory products. These products custom fit essentially all ATV models from Honda, Yamaha, Kawasaki, Suzuki, Polaris, Arctic Cat and Bombardier. We design, engineer and assemble all accessory products at our headquarters and subcontract the manufacturer of many original equipment components.

13

15

We are recognized as a leader in the manufacturing of high quality ATV accessory products. This reputation has enabled us to develop key, long term relationships with ATV manufacturers and distributors. We have sold our products to 16 distributors in the United States for the past 20 years. The distributors call on and sell Cycle Country products to virtually every ATV dealer in North America. Similar strategic arrangements have also been developed internationally. We currently have 19 international distributors distributing our products to 35 countries.

Additionally, we are the largest manufacturer of golf car hubcaps in the world. We estimate that we maintain 95% of the Original Equipment Manufacturer hubcap business. We have always sold directly to golf car manufactures and we believe that we have an excellent distribution network that reaches the after market throughout the United States, Europe and Asia.

Results of Operations - Year ended September 30, 2000 vs Year ended September 30, 1999

OVERALL Revenues for the year ended September 30, 2000 increased \$1,309,969, or 11.4%, to \$12,779,471 from \$11,469,502 for the year ended September 30, 1999. Cost of goods sold increased \$1,279,773, or 16.3%, to \$9,138,162 for the year ended September 30, 2000 from \$7,858,389 for the corresponding period in fiscal 1999. Gross profit as a percentage of revenue was 28.5% in fiscal 2000 compared to 31.5% in fiscal 1999. Selling, general and administrative expenses decreased \$66,849, or 2.5%, to \$2,646,331 for the year ended September 30, 2000, from \$2,713,180 for the corresponding period in fiscal 1999. The decrease in operating expenses is primarily the result of decreases of approximately \$82,000 in sales & marketing rebates, approximately \$21,000 in freight costs, approximately \$12,000 in advertising, and approximately \$10,000 in salaries & related benefits coupled with increases of approximately \$25,000 in office expense & shipping supplies, approximately \$20,000 in fuel costs and approximately \$10,000 in vehicle repairs. Non-operating income decreased \$72,184, or 73.7%, to \$25,798 for the year ended September 30, 2000, from \$97,982 for the corresponding period in fiscal 1999. The decrease is primarily due to decreases of approximately \$25,000 in royalty income, approximately \$27,000 in truck lease income and approximately \$28,000 for the write-off of an investment of the Company during fiscal 2000 coupled with an increase of approximately \$7,000 from gains on sale of equipment during fiscal 2000.

BUSINESS SEGMENTS As more fully described in Note 15 to

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

the Combined Financial Statements, the Company operates in two reportable business segments: ATV Accessories and Plastic Wheel Covers. The gross margins are vastly different in our two reportable business segments due to the fact that we assemble our ATV Accessories (i.e. we outsource the ironworks to our main supplier) and are vertically integrated in our Plastic Wheel Cover segment.

ATV ACCESSORIES Revenues for the year ended September 30, 2000 increased \$1,286,799, or 13.2%, to \$11,022,322 from \$9,735,523 for the year ended September 30, 1999. The increase was largely attributable to an increase in unit volume of our Snowplow Blades which accounted for approximately \$880,000 of the increase in revenue of the ATV Accessories segment. Approximately \$340,000 of the increase in revenue was caused by the introduction of a new product, an Electric Blade Lift, during fiscal 2000. The remaining increase is attributable to a general increase in product sales during the fiscal year.

14

16

Cost of goods sold increased \$858,437, or 12.4%, to \$7,764,895 for the year ended September 30, 2000 from \$6,906,458 for the corresponding period in fiscal 1999. The increase is attributable to the increase in revenues during the same period. Gross profit as a percentage of revenue was 29.6% in fiscal 2000 compared to 29.1% in fiscal 1999. The increase in gross profit for fiscal 2000 was primarily due to raw material cost savings due to additional purchases during fiscal 2000.

PLASTIC WHEEL COVERS Revenues for the year ended September 30, 2000 increased \$142,703, or 7.7%, to \$1,978,307 from \$1,835,604 for the year ended September 30, 1999. The increase in revenue for the period was attributable to an increase in unit volume of plastic wheel covers sold.

Cost of goods sold increased \$239,288, or 36.1%, to \$902,157 for the year ended September 30, 2000 from \$662,869 for the corresponding period in fiscal 1999. The increase was attributable to the increase in revenue, a better allocation of manufacturing overhead between the ATV Accessories & Plastic Wheel Cover segments and additional work that needed to be performed on some plastic wheel covers during fiscal 2000. The additional work required during fiscal 2000 is not indicative of future costs and should not be a reoccurring cost in fiscal 2001. Gross profit as a percent of revenue was 54.4% in fiscal 2000 compared with 63.9% in fiscal 1999. The decrease in gross profit for fiscal 2000 was primarily due the increases in cost of goods sold as discussed above.

GEOGRAPHIC REVENUE During fiscal 2000, revenue in the United States increased by \$1,393,975, or 13.2%, to \$11,989,031 for the year ended September 30, 2000 from \$10,595,056 for the corresponding period in fiscal 1999. The increase in revenue is due to the large amount of snow received in the United States during fiscal 2000 which caused an increase in sales of Snow Plow Blades and other related equipment. Revenue from other countries decreased by \$84,006 during fiscal 2000. The decrease in revenues is primarily due to fewer sales in the Central & South

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

America region.

Results of Operations - Nine months ended June 30, 2001 vs Nine
months ended June 30, 2000

OVERALL Revenues for the nine months ended June 30, 2001 remained relatively constant, decreasing less than 1%, or \$50,470 to \$10,004,436 from \$10,054,906 for the nine months ended June 30, 2000. Cost of goods sold also held relatively constant, decreasing 1.2%, or \$87,359 to \$6,931,328 for the nine months ended June 30, 2001 from \$7,018,687 for the corresponding period in fiscal 1999. Additionally, gross profit as a percentage of revenue was 30.7% for the nine months ended June 30, 2001 compared to 30.2% for the corresponding period in fiscal 1999. Selling, general and administrative expenses increased \$168,864, or 8.6%, to \$2,132,002 for the nine months ended June 30, 2001 from \$1,963,138 for the corresponding period in fiscal 1999. The increase in operating expenses is primarily a result of additional spending of approximately \$45,000 in professional fees, approximately \$39,000 in advertising, approximately \$37,000 in sales & marketing rebates, approximately \$24,000 in insurance, approximately \$20,000 each in travel costs and vehicle repairs, and approximately \$15,000 in fuel costs coupled with a decrease of approximately \$30,000 in freight costs. Non-operating income increased \$62,603, or 1095.6%, to \$68,317 for the nine months ended June 30, 2001, from \$5,714 for the corresponding period in 1999. The increase is primarily due to increases of approximately \$12,000 of interest income, approximately \$32,000 of consulting income earned coupled with a decrease of approximately \$9,000 in royalty income during the nine months ended June 30, 2001 and the write-off of an investment of the Company of approximately \$28,000 during fiscal 2000.

15

17

ATV ACCESSORIES Revenues for the nine months ended June 30, 2001 remained relatively constant, increasing \$30,860, or 0.4%, to \$8,654,437 from \$8,623,577 for the nine months ended June 30, 2000.

Cost of goods sold decreased \$146,240, or 2.4%, to \$5,911,398 for the nine months ended June 30, 2001 from \$6,057,638 for the corresponding period in fiscal 2000. The decrease is due to a decrease in material costs during the nine months ended June 30, 2001 as compared to the corresponding period in fiscal 2000. Gross profit as a percent of revenues was 31.7% for the nine months ended June 30, 2001 compared to 29.8% for the corresponding period in 2000. The increase in gross profit for the nine months ended June 30, 2001 was attributable to the factor discussed above.

PLASTIC WHEEL COVERS Revenues for the nine months ended June 30, 2001 decreased by \$87,825, or 5.6%, to \$1,493,401 from \$1,581,226 for the nine months ended June 30, 2000. The decrease in revenue was attributable to changes in current market conditions. Our new product will address the needs of the new market.

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

Cost of goods sold increased \$14,354, or 3.3%, to \$448,451 for the nine months ended June 30, 2001 from \$434,097 for the corresponding period in fiscal 2000. Gross profit as a percent of revenue was 70.0% for the nine months ended June 30, 2001 compared to 72.5% for the corresponding period in fiscal 2000. The decrease in gross profit for the nine months ended June 30, 2001 was attributable to lower unit volume which absorbs more manufacturing overhead on a per unit basis.

GEOGRAPHIC REVENUE Revenue in the United States remained relatively constant, decreasing \$41,145, or 0.4%, to \$9,357,761 from \$9,398,906 for the nine months ended June 30, 2000. Revenue from other countries also remained relatively constant, decreasing \$9,325, or 1.4%, to \$646,675 from \$656,000 for the nine months ended June 30, 2000.

Liquidity and Capital Resources

Our primary source of liquidity has been cash generated by our operations.

Cash and cash equivalents were \$368,797 at September 30, 2000 compared to \$516,332 as of June 30, 2001. Net working capital was \$2,989,420 at September 30, 2000 compared to \$2,988,219 at June 30, 2001. Inventories decreased from \$2,791,317 at September 30, 2000 to \$2,291,387 at June 30, 2001.

At September 30, 2000, we had a short-term note payable of \$100,000 that has been subsequently repaid. As of June 30, 2001, we had no outstanding long-term or short-term debt.

On August 23, 2001, we received \$4,500,000 from a term note at Bank Midwest which was used to purchase all of the outstanding common stock of Cycle Country Accessories Corp. (Iowa) as further described in the Overview of Management's Discussion and Analysis on page 14. The \$4.5 million term note is collateralized by all of the company's assets, is payable in monthly installments from September 2001 until July 2006, which includes principal and interest at prime + 0.75% (6.25% at October 24, 2001), with a final payment upon maturity on July 25, 2006. The monthly payment of \$90,115 is applied to interest first based on the interest rate in effect, with the balance applied to principal. The interest rate is adjusted daily. Any proceeds from the issuance of common stock received from the exercise of the 2,000,000 warrants shall be applied to any outstanding balance on the \$4.5 million term note. At October 24, 2001, \$4,440,512 was outstanding on the \$4.5 million term note.

The Company also maintains a line of credit agreement with a commercial lender providing for borrowings for the lesser of \$500,000 or 80% of eligible accounts receivable and 35% of eligible inventory. The line of credit agreement is dated August 21, 2001 and matures on August 25, 2002. The line of credit bears interest at the prime rate + 1.25%, is collateralized by all of the Companies assets. At September 30, 2000 and June 30, 2001, and October 24, 2001, there were no amounts outstanding under this line of credit agreement.

Consistent with normal practice, management believes that the Company's operations are not expected to require significant capital expenditures during fiscal year 2001. Management believes that existing cash balances, cash flow to be generated from operating activities and available borrowing capacity under its line of credit agreement will be sufficient to fund operations, and capital expenditure requirements for at least the next twelve months. At this time management is not aware of any factors that would have a materially adverse impact on cash flow during this period.

Forward Looking Statements

Certain statements in this report are forward-looking statements within the meaning of the federal securities laws. Although the Company believes that the expectations reflected in its forward-looking statements are based on reasonable assumptions, there are risks and uncertainties that may cause actual results to differ materially from expectations. These risks and uncertainties include, but are not limited to, competitive pricing pressures at both the wholesale and retail levels, changes in market demand, changing interest rates, adverse weather conditions that reduce sales at distributors, the risk of assembly and manufacturing plant shutdowns due to storms or other factors, and the impact of marketing and cost-management programs.

Recent Accounting Pronouncements

SFAS No. 141, "Business Combinations", establishes financial accounting and reporting standards for business combinations and supercedes APB Opinion No. 16, "Business Combinations" and SFAS No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises". All business combinations in the scope of SFAS No. 141 are to be accounted for using the purchase method of accounting. Adoption of SFAS No. 141 is not expected to have a material effect on the Company, inasmuch as the Company has historically not participated in any business combinations.

SFAS No. 142, "Goodwill and Other Intangible Assets", establishes financial accounting and reporting standards for acquired goodwill and other intangible assets and supercedes APB Opinion No. 17, "Intangible Assets". SFAS No. 142 establishes standards as to how intangible assets that are acquired (but not acquired in a business combination) should be accounted for in financial statements upon their acquisition. In addition, SFAS No. 142 establishes standards how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. Adoption of SFAS No. 142 is not expected to have a material effect on the Company, inasmuch as the Company has historically not had a material amount of intangible assets and no goodwill recorded in the financial statements.

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

BUSINESS

GENERAL

Cycle Country Accessories Corp. (a Nevada corporation) (the Successor Company) was incorporated in the state of Nevada on August 15, 2001 as a C corporation. On August 21, 2001, we entered into an agreement to purchase all of the outstanding common stock of Cycle Country Accessories Corp. (an Iowa corporation) (the Predecessor Company) for \$4,500,000 in cash and 1,375,000 shares of our common stock. Cycle Country Accessories Corp. (an Iowa corporation) (the Predecessor Company) was originally incorporated on August 8, 1983 and is headquartered in Milford, Iowa. In addition, on August 14, 2001, Cycle Country Accessories Corp. (an Iowa corporation) (the Predecessor Company) merged with Okoboji Industries Corporation. Okoboji Industries Corporation manufactured the plastic wheel covers for what is considered our Plastic Wheel Cover segment. As a result of these transactions we are the Successor Company to the business activities of both companies.

We are one of the world's largest manufacturers of accessories for all terrain vehicles ("ATVs"). We manufacture a complete line of branded products, including snowplow blades, lawnmowers, spreader, sprayers, tillage equipment, winch mounts, utility boxes, wheel covers and an assortment of other ATV accessory products. These products custom fit essentially all ATV models from Honda, Yamaha, Kawasaki, Suzuki, Polaris, Arctic Cat and Bombardier. We design, engineer and assemble all accessory products at our headquarters and subcontract the manufacturer of many original equipment components. Additionally, we recently made the decision to enter the Lawn and Garden industry.

We are recognized as a leader in the manufacturing of high quality ATV accessory products. This reputation has enabled us to develop key, long term relationships with ATV manufacturers and distributors. We have sold our products to 16 distributors in the United States for the past 20 years. The distributors call on and sell Cycle Country products to virtually every ATV dealer in North America. Similar strategic arrangements have also been developed internationally. We currently have 19 international distributors distributing our products to 35 countries.

Additionally, we are the largest manufacturer of golf car hubcaps in the world. We estimate that we maintain 95% of the original equipment manufacturer ("OEM") hubcap business. We have always sold directly to golf car manufacturers and we believe that we have an excellent distribution network that reaches the after market throughout the United States, Europe and Asia.

Our three largest customers accounted for approximately 45% of our net sales in the year ending September 30, 2000. These three customers have represented a significant amount of our business every year for at least the past 16 years. While the percentage of total net sales these customers represent should decrease as our sales grow in other areas, such as Lawn and Garden, we do anticipate these customers will continue to represent a significant amount of our business.

INDUSTRY OVERVIEW

ATV Accessories:

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

In today's ATV market there are several OEMs competing for market share. Honda has been the world leader followed by Polaris, Yamaha, Kawasaki, Suzuki, Arctic Cat and Bombardier. According to ATV Magazine, in 2000 there were 800,000 ATV's sold worldwide. This represented a 19.2% increase over 1999. Of those 800,000 units 75% were Utility and 40% were Sport Quads. We consider the Utility Division to be our target market.

Our market research tells us that the manufacturers of garden tractors and utility vehicles need accessories similar to those available in the ATV industry. We are currently working with some of these companies and expect to substantially expand that market in the very near future. In addition to our accessory line we manufacture several products under private label and we intend to expand on that market.

18

20

Wheel Covers:

The golf car industry continues to expand each year and is currently dominated by E-Z-Go, Club Car and Yamaha. Global, Par Car and a few other OEM's compete for the remainder of the market. We estimate that we maintain 95% of the OEM hubcap business and are the largest manufacturer of golf car hubcaps in the world. We have always sold directly to all the golf car manufacturers and we have an excellent distribution network throughout the United States, Europe and Asia to reach the after market.

COMPANY HISTORY

Cycle Country's market research has been a continued work in process for the past 20 years and that work still continues today. Our success was accomplished by constant market research and a constant effort to adjust to the changes in the industry. When we started in the ATV accessory industry, ATV's were much smaller. They were small 3-wheeled vehicles with two-wheel drive. Today they are powerful 4-wheel drive vehicles capable of doing many more tasks. The ATV industry falls within both recreational and machinery industry depending on the product and consumer. In 2000, approximately 800,000 units were sold worldwide and there are approximately 3 million units on the market today. Prospective ATV buyers lean toward a new purchase because of the strides manufacturers have made in product development. Partly due to our line of utility products the ATV manufacturers have focused their efforts to incorporate four wheel drive and making larger ATV's for greater hauling and work capacity.

The idea for our business was born in 1981 when Jim Danbom recognized that an ATV could be used to plow snow. He manufactured and sold 100 snow plow kits that year. He sold more the next year and then in 1983 decided to incorporate. The business has grown every year since. Now in addition to snowplows Cycle Country manufactures and sells a full range of farm products designed for the new and more powerful ATV's. These products include mowers, sprayers, 3-point hitch, moldboard plow, disc harrow, furrower, cultivator, rake, row

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

planter, and seeder. We also manufacture winch mounts, chains, gun racks, and a very unique 5th wheel trailer.

Over the last several years, we have expanded into manufacturing injected molded wheel covers primarily for the golf cart industry. We are now crossing over into the lawn & garden industry with some current products as well as creating new items specifically for that industry.

PRODUCTS

ATV Accessories

We offer a complete line of ATV accessories. Our products enhance the functionality and versatility of the ATV. The ATV was initially designed as a recreational vehicle but is rapidly becoming a multi-purpose vehicle serving both recreational and utility functions.

19

21

Our products help ATV owners perform many of their utility needs. We estimate that approximately 75% of all the ATV's currently sold are for these utility functions. We offer a standard one-year warranty on all products except snow plows, on which we offer a limited life time warranty.

Seven manufacturers dominate the ATV industry. We manufacture accessories for all of the major manufacturer's ATV models.

We manufacture our products from high-quality parts produced by local metal fabricators and metal stampers, with final assembly and packaging performed at our headquarters. The following lists the major ATV accessory products and their proportion of total sales of the ATV accessory segment for the year ending September 30, 2000, which approximates 86% of total company sales: (a) Blades: 66%, (b) Mowers: 9%, (c) Winches and Winch Mounting Kits: 7%, (d) Tillage Equipment: 3%, (e) Sprayers: 3%, (f) Spreaders: 2%. "Other" products comprise the remaining 10% of our sales.

Our major ATV accessory products include:

Blades.

We manufacture three sizes of steel straight blades which include a 42", 48" and 60" models. We also offer a 52" State Plow, a Power "V" blade and a 60" plastic blade. Standard blade configuration features a universal manual lift or a universal electric lift. The blades can also be lifted with a winch.

Winches and Winch Mounts.

We offer a complete line of electric winches and winch mounts to fit all ATV models. Models include 1,500 and 2,000 pound capacity winches.

Mowers.

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

We offer two mowing systems, the "Quicksilver 54 Finish Cut" mower and the "Rough Cut" mower. The Quicksilver 54 is a 54" finish cut mower that can be mounted to the front of an ATV or towed behind any tractor or ATV. It is powered by a 10.5 horsepower engine by Briggs & Stratton. The Rough Cut is a 48" mower that is designed to cut thick weeds and overgrown brush. It's powered by a 12.5 horsepower engine by Briggs & Stratton, and is pulled behind the ATV. The Rough Cut offers an offset hitch, which allows mowing to the left, right or directly behind the ATV.

Tillage Equipment.

We manufacture a three-point hitch that transforms the ATV into a small working tractor. The three-point hitch is designed to fit on most four-wheel drive ATVs. The hitch is effective because it locks in the rear suspension and has built-in float to provide the smooth operation of attached implements. The three-point hitch meets engineering standards for zero category hitches. The hitch design allows the use of implements such as cultivators, moldboard plow, disc harrow, furrower, rake, one row planter and a rear blade. We manufacture and sell all of these implements.

20

22

Sprayers.

We offer two styles of sprayers. The first is rack-mounted on the ATV and the other is trailer mounted. Rack-mounted sprayers are offered in both 15 and 25-gallon sizes. There are three different models of rear-mounted sprayers available depending on spraying needs: Econo Spot, Deluxe and Ag-Commercial. Trailer mounted sprayers are offered in 25 and 55 gallon sizes. Both the rack-mounted sprayers and the trailer-mounted sprayers can be purchased with either a 43" or 120" spray boom.

Spreaders.

We offer a 100-pound capacity hopper for front or rear mounting. This product is used for spreading everything from fertilizer to seed.

Other.

Additionally, we offer a wide array of products such as tire chains, rack boxes, CV boot guards, spotlights, trailers, gun racks and bed lift kits for select utility vehicles. We also recently entered the lawn & garden market, and are currently working with several OEM's to design a new line of accessories for small tractors. We are also pursuing retail outlets as markets for these products as well. The response that we have experienced suggests that this market will expand at an accelerated rate. Sales of these products are expected to begin in the third quarter of fiscal 2001 and we believe that this market will represent sales increases in excess of \$1 million annually for the next three years.

Wheel Covers

We are a leading producer of injection-molded plastic specialty vehicle wheel covers for vehicles such as golf cars, riding lawn mowers and light duty trailers. This segment represents approximately 14% of our total sales. Wheel cover products include 6", 8" and 10" sizes offered in a variety of color options in both hot-stamped or metalized options.

PRODUCT DEVELOPMENT

We have remained competitive and grown over the past years by designing and marketing new products continually. We employ an experienced staff of three product design professionals that work with CAD/CAM technology in the design of new products. This R&D group serves two primary functions: product retrofitting and new product design. Retrofitting of existing products accounts for roughly 50 percent of the engineers' time. Management considers the engineering group a critical factor to the company's future and current success.

21

23

New products introduced in 1999 included: the Work Power 2000 universal blade system, electric blade lift, 52" State Plow and agricultural rake. New products introduced in 2000 included: the Light Force plastic snow blade, Grablight, Quicksilver 54 mower, front and rear steel mesh baskets and a new rear drop steel mesh basket. Management feels that adding new products for the ATV accessory market is a key to continued growth.

There are no products presently being developed that will require a material investment of our resources.

PATENTS AND TRADEMARKS

We maintain trademarks for all of our product names. In addition, we maintain patents for wheel covers, 3-point hitches, Snow Mobile Chariot, rack utility boxes, work power lift system, rub block on work power lift, grablight and the 5th wheel trailer.

SUPPLIERS

During the year ended September 30, 2000 we purchased approximately \$4,554,000 of goods from Simonsen Iron Works, Inc., our largest supplier who does the majority of our iron works. This represented approximately 59% of our raw goods purchases during that year. In order to reduce the possibility of any adverse consequence of this concentration, over the past two years we have begun using additional suppliers.

MARKETING - CHANNELS OF DISTRIBUTION:

ATV Accessories:

Domestic Distribution

We distribute our products domestically through 16 distributors that specialize in motorcycle and ATV accessories. These distributors are either regional or national. We believe that virtually every ATV dealer in the United States is served by at least two of these distributors. Because of this overlap we believe that we would experience a minimal decline in sales if any one of our distributors decided to stop selling our products. Most of these distributors have been customers of Cycle Country since we first began selling ATV accessories. Our most recent distributor was added approximately four years ago.

During the Year ended September 30, 2000, domestic accessory sales represent approximately 93% of our total ATV Accessory sales. For 2000 our largest distributor accounted for 24% of our domestic accessory sales and our five largest distributors accounted for 74% of our domestic accessory sales.

22

24

We are currently negotiating with lawn & garden equipment manufacturers regarding the development of a product line similar to the one offered for the ATV market. We are also working with national retail outlets for potential distribution.

International Distribution

We are rapidly expanding our international distributor network. There are currently 19 distributors that sell our products in 35 countries. This department is in its 5th year of existence and has provided us with a profitable expansion of the ATV Accessory segment of business. We were recognized as the Iowa Small Business Exporter of the year in 1997 and received the Governor's Export Award in that same year.

International accessory sales represent approximately 7% of our total ATV Accessory sales. We believe that the international market will be a significant contributor to our long-term sales growth.

Wheel Covers:

We market wheel covers to virtually all golf car manufacturers. We estimate we provide approximately 90% of all wheel covers sold to these golf car manufacturers. Sales to these golf car OEMs are made directly by our sales force.

We also market our wheel covers to golf courses and golf car dealers through an extensive network of golf equipment distributors. Management estimates that this distributor network allows us to achieve an 80% market share of the golf car after market wheel cover sales.

Sales and Promotion

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

ATV Accessories:

We employ a sales force of five people to market our ATV products. Our primary method of penetrating the market of ATV dealers is to leverage the sales work to the representatives employed by our distributors. These representatives call on every ATV dealer in the United States and each of the 35 countries represented by our distributors. We view our job as educating these representatives so they can effectively sell our product line.

Each year we produce a catalog of our entire product line and make a new video that demonstrates the applicability of our products. Distributors are allowed unlimited quantities of these sales tools. Sales programs such as an early order program that allows for a discount off of distributor price and an annual rebate incentive based on achievement of predefined sales targets are utilized to promote the product line throughout the year.

Our representatives exhibit at several international trade shows each year in conjunction with our distributors. These representatives also travel to each of our domestic distributors each year to

23

25

demonstrate new products and address concerns that may arise. In addition, we attend the Dealernews International Powersports Dealer Expo to demonstrate our new products to our distributors as well as ATV dealers.

Golf Market:

The primary means we use to sell our wheel covers is to attend semi-annual golf industry trade shows and produce a brochure for distribution to interested parties. Distributor representatives assist in after market sales.

Advertising

We advertise our ATV Accessories in national trade magazines, professionally developed videos, annual catalog, magazine and television advertising campaigns. Additionally we have an internet site located at: www.cyclecountry.com.

COMPETITION

We are one of the largest ATV accessory manufacturers in the world. Management estimates that we maintain a 50% market share in the domestic ATV accessories market, with the next largest manufacturer, Cambridge Metal and Plastics having an estimated 20% share of the domestic market. Management also estimates that we control approximately 50% of the international ATV market in the countries in which we distribute. Additionally, management estimates that we control 90% market share of the OEM golf car hubcap market and 80% of the golf car aftermarket.

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

As with any industry we are faced with competition. However, due to our aggressive marketing and innovative product line, we maintain the largest market share in the ATV Utility Accessory Market as well as the wheel cover market. With our recent entry into the lawn & garden market, our goal is to achieve a leading market share in that market.

However, the markets for all of our products are competitive. We expect the markets for our products to become even more competitive if and when more companies enter them and offer competition in price, support, additional value added services, and quality, among other factors.

LEGAL PROCEEDINGS

At times we are involved in various lawsuits in the ordinary course of business. These lawsuits primarily involve claims for damages arising out of the use of our products. As of the date of this prospectus, we are not a party to any material legal proceedings, other than two product liability cases, both of which involve a failed winch switch. We currently carry two million dollars of product liability insurance. Our attorneys for each case have informed us that they do not anticipate any judgment exceeding our insurance coverage.

24

26

EMPLOYEES

As of the date of this prospectus we have 58 full-time employees, including 33 in production, 5 in sales, 4 in administration, 10 general office, 3 in research and development and 3 drivers. We presently have no labor union contract between us and any union and we do not anticipate unionization of our personnel in the foreseeable future. We believe our relationship with our employees is good. From time to time, we hire part time employees, ranging from a minimum of 1 to a maximum of 5.

DESCRIPTION OF PROPERTY

Our principal office facility is a modern 78,000 square foot facility located at 2188 Highway 86, Milford, Iowa, which is located on 10 acres at the intersection of two major highways which allows for easy entry and exit for truck traffic. This property is zoned light industrial and will support an additional 74,000 square foot building expansion. We own this facility and it is used as collateral for our Bank Midwest loan. Additionally, we lease one storage building in Sioux Rapids, Iowa, which is 35 miles from our principal facility on a month to month lease at \$500.00 per month.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND/FINANCIAL DISCLOSURE.

We have had no disagreements with our accountants on accounting and financial disclosure.

MANAGEMENT

Directors and Executive Officers

Our directors, executive officers and key employees are as follows:

Name	Age	Position	Director Since
----	---	-----	-----
Ron Hickman	51	President and Director	2001
Dick Downing	51	Vice President of Engineering	-
Marie Matthieson	39	Vice President of Manufacturing	-
Ken Horner	54	Vice President of Marketing	-
Richard Wagner	75	Director	2001
Jim Danbom	58	Director	2001
L.G. Bob Hancher Jr.	48	Director	2001
Richard J. Groeneweg	55	Director	2001

Richard A. Wagner has served on various Boards throughout his career. Mr. Wagner retired as President-CEO of Beneficial Finance as well as serving on the Board of Directors. Mr. Wagner was employed by Beneficial Finance from 1948-1982. He acted as a consultant and was on the Board of First plus Financial from 1989 - 1996. Since 1996 Mr. Wagner currently has operated a consulting business in the financial field. Mr. Wagner will participate on the audit, compensation and operations committees of the board. Mr. Wagner is currently serving a two year term, which will end in 2003.

Jim Danbom was our founder and served as our president from 1981 to 2001. Mr. Danbom will lead the Operations and Planning committees of the board. He has successfully created numerous businesses in his 25 year career. Having successfully created our products at Cycle Country, Mr. Danbom will now focus on acquisitions and new product development. Mr. Danbom is currently serving a three year term which will end in 2004.

L.G. Bob Hancher Jr. has served as Chief Financial Officer of Commerce Street Venture Group since 2000. Mr. Hancher graduated from Iowa University in 1974. He served as Field Auditor and Territory Manager of Shell Oil Co from 1974 to 1978 and the Director of Marketing of Raynor Garage from 1978 to 1988. In 1993, Mr. Hancher co-founded, and is now a past President of International Sports Management, leaving in 2000 to co-found Commerce Street Venture Group. Mr. Hancher will participate on the compensation and audit committees of the board. Mr. Hancher is currently serving a three-year term, which will end in 2004

Richard J. Groeneweg has served as the President of Residential Resources Inc. since 1991. Residential Resources is an asset backed lender specializing in the area of Bond securitization and IPO and Pre-IPO work. Mr. Groeneweg, a native Iowan will participate on the audit and compensation and planning committees. Mr. Groeneweg is currently serving a two-year term, which will end in 2003.

Ron Hickman, who became our President on August 1, 2001, has been a CPA for 25 years, and was our accountant from our inception until he

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

took a position as General Manager for us in 1996. Mr. Hickman will be on the Operations and Planning committees of the company. Mr. Hickman is currently serving a three-year term, which will end in 2004.

26

28

Directors' Remuneration

Our directors are presently not compensated for serving on the board of directors.

Executive Compensation

Employment Agreements

We have entered into employment agreements with certain of our key executive as follows:

We entered into an employment agreement with Ron Hickman, our President, effective August 1, 2001 for a period of five years under which we have hired him to continue as our President. The agreement calls for Mr. Hickman to receive an annual income of \$150,000 per year plus a bonus equal to three percent (3%) of our net income before taxes. The agreement also provides for Mr. Hickman to receive standard benefits such as health insurance coverage, sick and vacation time and use of an automobile.

We entered into an employment agreement with Jim Danbom, our former President effective August 1, 2001 for a period of a minimum of three years under which we have hired him to continue as a consultant on an "as needed" basis. The agreement calls for Mr. Danbom to receive an annual income of \$75,000 per year and to receive standard benefits such as health insurance coverage, sick and vacation time and use of an automobile.

Summary Compensation Table

The following table sets forth the total compensation paid to or accrued for the year ended December 31, 2000, 1999 and 1998 to our Chief Executive Officer and our other most highly compensated executive officers who were serving as executive officers at the end of our last fiscal year.

27

29

Annual Compensation

Name and	Other	Restricted	Securities
----------	-------	------------	------------

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

Principal Position	Year	Salary	Bonus	Annual Compensation	Stock Awards	Underlying Options	LTP Payou
Jim Danbom President	2000	165,467	0	0	0	0	0
	1999	165,467	0	0	0	0	0
	1998	165,467	0	0	0	0	0
Ronald Hickman, General Manager	2000	100,000	0	500 (4)	0	0	0
	1999	100,000	130,500	0	0	0	0
	1998	100,000	154,178	0	0	0	0

(1) Comprised entirely of health insurance.

(2) Comprised entirely of health insurance.

(3) Comprised entirely of health insurance.

(4) Christmas bonus

(5) Comprised of \$1,444 value of personal use of company auto and \$5,025 paid for health insurance.

(6) Comprised of \$1,510 value of personal use of company auto and \$4,448 paid for health insurance.

(7) Comprised of \$1,498 value of personal use of company auto and \$4,448 paid for health insurance.

Stock Option Grants in the past fiscal year

We have not issued any grants of stock options in the past fiscal year.

28

30

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of our common stock as of the date of this prospectus and as adjusted to reflect the sale of all 3,625,000 shares which may potentially be sold in connection with this registration statement, by (i) those shareholders known to be the beneficial owners of more than five percent of the voting power of our outstanding capital stock, (ii) each director, and (iii) all executive officers and directors as a group:

Name and Address of Beneficial Owner	Number of Shares Owned	Percent Before Offering	Percent After Offering (1)
Ron Hickman c/o Cycle Country Accessories Corp. 2188 Highway 86 Milford, Iowa 51351	272,500	7.52%	0%

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

Jim Danbom 106 Channel Court Marco Island, FL 34145	813,750	22.45%	0%
Jan Danbom 106 Channel Court Marco Island, FL 34145	813,750	22.45%	0%
Commerce Street Venture Group 10401 North Meridian St., Suite 300 Indianapolis, IN 46290	381,250	10.52%	0%
Go Company, LLC. 304 Lakeway Blvd. Tool, TX 75413	381,250	10.52%	0%
Scenic Ventures, LLC 4562 Anderson Co. Rd. #404 Palestine, TX 75803	250,000	6.90%	0%
Magellan Capital Management, Inc. 9940 Glenburr Court Fishers, IN 46038	250,000	6.90%	0%
First Equity Partners, LLC 614 East Commerce Street Fairfield, TX 75840	209,000	5.77%	0%
All Directors and Officers as a Group (8 Persons)	1,087,750	30.00%	0%

* Less than 1%

(1) Assumes the sale of all shares offered hereunder.

29

31

SELLING SHAREHOLDERS

The following table sets forth certain information with respect to the ownership of our common stock by selling shareholders as of August 21, 2001. Unless otherwise indicated, none of the selling shareholders has or had a position, office or other material relationship with us within the past three years.

Selling Shareholder -----	Ownership of Shares of Common Stock Prior to Offering -----		Number of Shares Offered -----	Ownership of Shares of Common Stock After Offering (1) -----	
	Shares (1) -----	Percentage -----		Shares -----	Percentage -----
			Hereby -----		

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

Jan Danbom (2)	1,223,125	21.74	1,223,125	0	*
Jim Danbom (3)	1,223,125	21.74	1,223,125	0	*
Ron Hickman (4)	450,000	8.00	450,000	0	*
Commerce Street Venture Group (5)	594,000	10.56	594,000	0	*
Go Company LLC. (6)	594,000	10.56	594,000	0	*
Scenic Ventures LLC(7)	375,000	6.66	375,000	0	*
First Equity Partners LLC (8)	351,000	6.24	351,000	0	*
Magellan Capital Management, Inc. (9)	460,000	8.18	460,000	0	*
Dennis Severson (10)	148,500	2.64	148,500	0	*
Mike Hoepfner (11)	135,000	2.40	135,000	0	*
Exec Land Services Inc. (12)	13,500	*	13,500	0	*
Dennis Patterson (13)	4,500	*	4,500	0	*
Charterbridge Financial Services Inc. (14)	8,250	*	8,250	0	*
Madison & Wall	20,000	*	20,000	0	*
Mark Albrant (15)	500	*	500	0	*
Billy Andersen (15)	500	*	500	0	*
Ronald Anderson (15)	500	*	500	0	*
Robyn Burtis (15)	500	*	500	0	*
Larry Bush (15)	500	*	500	0	*
Bradley Danbom (15)	500	*	500	0	*
Suzanna Dandy (15)	500	*	500	0	*
John De Ruyter (15)	500	*	500	0	*
Richard Downing (15)	500	*	500	0	*
Joseph Feuerhelm (15)	500	*	500	0	*
Kathy Feuerhelm (15)	500	*	500	0	*
Gregory Fink (15)	500	*	500	0	*
Brian Gosch (15)	500	*	500	0	*
Francene Grover (15)	500	*	500	0	*
Diane Guthrie (15)	500	*	500	0	*
Will Hesse (15)	500	*	500	0	*
Bradley Hickman (15)	500	*	500	0	*
Ken Horner (15)	500	*	500	0	*
Joseph Justice (15)	500	*	500	0	*
Richard Kain (15)	500	*	500	0	*

30

32

Jeffery Kennedy (15)	500	*	500	0	*
Corey Kimmet (15)	500	*	500	0	*
Robert Knaack (15)	500	*	500	0	*
John Laird (15)	500	*	500	0	*
Dennis Leach (15)	500	*	500	0	*
Kathleen Lewis (15)	500	*	500	0	*
David Lindemann (15)	500	*	500	0	*
Bonnie Manwarren (15)	500	*	500	0	*
Marie Matthiesen (15)	500	*	500	0	*
Chadron Moffitt (15)	500	*	500	0	*
Karen Mortenson (15)	500	*	500	0	*
Donna Nelson (15)	500	*	500	0	*

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

Sharon Orwig (15)	500	*	500	0	*
Heidi Payne (15)	500	*	500	0	*
Jenny Pick (15)	500	*	500	0	*
Janice Pohlman (15)	500	*	500	0	*
Eric Rasmussen (15)	500	*	500	0	*
Michael Schweitzer (15)	500	*	500	0	*
Adam Sparks (15)	500	*	500	0	*
Rickey Steuben (15)	500	*	500	0	*
Tim Swalve (15)	500	*	500	0	*
Mark Swanson (15)	500	*	500	0	*
Michael Taylor (15)	500	*	500	0	*
Roland Taylor (15)	500	*	500	0	*
Harlen Tesch (15)	500	*	500	0	*
Jonathan Thompson (15)	500	*	500	0	*
Paula Von Holdt (15)	500	*	500	0	*
Jim Welle (15)	500	*	500	0	*
Brett Wulff (15)	500	*	500	0	*
Ray Yaw (15)	500	*	500	0	*
Total	5,625,000		5,625,000	0	

* Indicates less than 1%

1) Assumes that all warrants are exercised and all shares are sold pursuant to this offering and that no other shares of common stock are acquired or disposed of by the selling shareholders prior to the termination of this offering. Because the selling shareholders may sell all, some or none of their shares or may acquire or dispose of other shares of common stock, no reliable estimate can be made of the aggregate number of shares that will be sold pursuant to this offering or the number or percentage of shares of common stock that each shareholder will own upon completion of this offering.

31

33

2) Includes warrants to purchase 409,375 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

3) Mr. Danbom was formerly our President. Includes warrants to purchase 409,375 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

4) Mr. Hickman is currently our President. Includes warrants to purchase 177,500 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

5) Includes warrants to purchase 212,750 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

6) Includes warrants to purchase 212,750 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

7) Includes warrants to purchase 125,000 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

8) Includes warrants to purchase 142,000 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

9) Includes warrants to purchase 210,000 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

10) Includes warrants to purchase 49,500 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

11) Includes warrants to purchase 45,000 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

12) Includes warrants to purchase 4,500 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

13) Includes warrants to purchase 1,500 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

14) Includes warrants to purchase 750 shares of common stock that may be acquired at an exercise price of \$4.00 per share commencing 120 days following the date of this prospectus.

15) Current employee.

CERTAIN TRANSACTIONS

In August 2000 we entered into a \$100,000 note payable agreement with Land Mark Leasing, Inc., which is wholly owned by stockholders of Cycle Country and is controlled by Jim Danbom, our former President. This note accrued interest at 6.6% and was repaid with interest within 90 days. During the nine months ended June 30, 2001, consulting fees of approximately \$31,600 were paid to the Company by Land Mark Leasing, Products, Inc. Land Mark Products, Inc. is owned 10% by the stockholders of Cycle Country. (unaudited)

We previously leased certain facilities from Jim Danbom, our former President and Jan Danbom, his wife under operating lease agreements, which obligated us for monthly lease payments of \$25,320 per month through October 31, 2006 and \$4,000 per month through September 30, 2004. We purchased the building and land that these leases pertained to on August 21, 2001.

In May 1996 we entered into a \$30,000 note receivable with a stockholder. This note accrued interest at 6.36% annually. As of September 30, 2000 there was an outstanding amount of \$18,500 due under this note. All amounts due under this note were repaid as of June 30, 2000.

In August 1995 we entered into a \$30,000 note receivable with a stockholder. This note accrued interest at 5.73% annually. As of September 30, 2000 there was an outstanding amount of \$27,500 due under this note. All amounts due under this note were repaid as of June 30, 2000.

33

35

DESCRIPTION OF SECURITIES

General

Our authorized capital stock consists of 100,000,000 shares of common stock, par value \$0.0001 per share, and 20,000,000 shares of preferred stock, par value \$.0001 per share. As of the date of this prospectus, 3,625,000 shares of common stock and no shares of preferred stock were outstanding. The transfer agent for our common stock is Atlas Stock Transfer of Salt Lake City, Utah.

Common Stock

We are authorized to issue 100,000,000 shares of our common stock, \$0.0001 par value, of which 3,625,000 shares are issued and outstanding as of the date of this prospectus. The issued and outstanding shares of common stock are fully paid and non-assessable. Except as provided by law or our certificate of incorporation with respect to voting by class or series, holders of common stock are entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Subject to any prior rights to receive dividends to which the holders of shares of any series of the preferred stock may be entitled, the holders of shares of common stock will be entitled to

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

receive dividends, if and when declared payable from time to time by the board of directors, from funds legally available for payment of dividends. Upon our liquidation or dissolution, holders of shares of common stock will be entitled to share proportionally in all assets available for distribution to such holders.

Preferred Stock

The board of directors has the authority, without further action by our shareholders, to issue up to 20,000,000 shares of preferred stock, par value \$.0001 per share, in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series. No shares of preferred stock are currently issued and outstanding. The issuance of preferred stock could adversely affect the voting power of holders of common stock and could have the effect of delaying, deferring or preventing a change of our control.

Warrants

Certain shares of common stock offered by Cycle Country Accessories Corp. (a Nevada corporation) on August 21, 2001 had warrants attached. We presently have 2,000,000 warrants outstanding. Each warrant entitles the holder thereof to purchase one share of common stock at a price per share of \$4.00 beginning 120 days following the effectiveness of this registration statement and ending on August 21, 2004. Each unexercised warrant is redeemable by us at a redemption price of \$0.0001 per warrant at any time, upon 30 days written notice to holders thereof, if (a) our common stock is traded on NASDAQ or listed on an exchange and (b) the Market Price (defined as the average closing bid price for twenty (20) consecutive trading days) equals or exceeds 120% of the exercise price.

34

36

Pursuant to applicable federal and state securities laws, in the event a current prospectus is not available, the warrant holders may be precluded from exercising the warrants and we would be precluded from redeeming the warrants. There can be no assurance that we will not be prevented by financial or other considerations from maintaining a current prospectus. Any warrant holder who does not exercise prior to the redemption date, as set forth in our notice of redemption, will forfeit the right to purchase the common stock underlying the warrants, and after the redemption date or upon conclusion of the exercise period, any outstanding warrants will become void and be of no further force or effect, unless extended by our Board of Directors.

The number of shares of common stock that may be purchased with the warrants is subject to adjustment upon the occurrence of certain events, including a dividend distribution to our shareholders or a subdivision, combination or reclassification or our outstanding shares of common stock. The warrants do not confer upon holders any voting or any other rights as our shareholders.

We may at any time, and from time to time, extend the exercise period of the warrants, provided that written notice of such extension

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

is given to the warrant holders prior to the expiration date then in effect. Also, we may reduce the exercise price of the warrants for limited periods or through the end of the exercise period if deemed appropriate by the Board of Directors. Any extension of the term and/or reduction of the exercise price of the warrants will be subject to compliance with Rule 13e-4 under the Exchange Act including the filing of a Schedule 14E-4. Notice of any extension of the exercise period and/or reduction of the exercise price will be given to the warrant holders. We do not presently contemplate any extension of the exercise period or any reduction in the exercise price of the warrants. The warrants are also subject to price adjustment upon the occurrence of certain events including subdivisions or combinations of our common stock.

Market for Common Equity and Related Stockholder Matters

There is no established public market for our common stock and we have arbitrarily determined the offering price. Although we hope to be quoted on the OTC Bulletin Board, our common stock is not currently listed or quoted on any quotation service. There can be no assurance that our common stock will ever be quoted on any quotation service or that any market for our stock will ever develop or, if developed, will be sustained.

As of August 21, 2001, there were 64 shareholders of record of our common stock and a total of 3,625,000 shares outstanding. All 3,625,000 shares are being registered in this offering and accordingly there are no outstanding shares at this time that would be subject to Rule 144.

35

37

INDEMNIFICATION

Article 11 of our Articles of Incorporation includes certain provisions permitted by the Nevada Revised Statutes, which provides for indemnification of directors and officers against certain liabilities. Pursuant to our Articles of Incorporation, our officers and directors are indemnified, to the fullest extent available under Nevada Law, against expenses actually and reasonably incurred in connection with threatened, pending or completed proceedings, whether civil, criminal or administrative, to which an officer or director is, was or is threatened to be made a party by reason of the fact that he or she is or was one of our officers, directors, employees or agents. We may advance expenses in connection with defending any such proceeding, provided the indemnitee undertakes to repay any such amounts if it is later determined that he or she was not entitled to be indemnified by us.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore, unenforceable.

36

PLAN OF DISTRIBUTION

We are registering shares of our common stock that may be issued upon exercise of warrants previously issued by us. Any shares that we issue upon the exercise of warrants will be sold at a price of \$4.00 per share. In addition to the named selling shareholders in this prospectus, any individual acquiring shares of our common stock through such a warrant exercise and who subsequently sells such common stock is considered a selling shareholder.

The Selling Stockholders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on any stock exchange, market or trading facility on which the shares are then traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

In order to comply with the securities laws of certain states, if applicable, the shares may be sold only through registered or licensed brokers or dealers. In addition, in certain states, the shares may not be sold unless they have been registered or qualified for sale in such state or an exemption from such registration or qualification requirement is available and complied with.

The Selling Stockholders may also engage in short sales against the box, puts and calls and other transactions in our securities or derivatives of our securities and may sell or deliver shares in connection with these trades. The Selling Stockholders may pledge their shares to their brokers under the margin provisions of customer agreements. If a Selling

Stockholder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The Selling Stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

We will pay all of the expenses incident to the registration, offering and sale of the shares to the public, but will not pay commissions and discounts, if any, of underwriters, broker-dealers or agents, or counsel fees or other expenses of the selling shareholders. We have also agreed to indemnify the selling shareholders and related persons against specified liabilities, including liabilities under the Securities Act.

We have advised the selling shareholders that while they are engaged in a distribution of the shares included in this prospectus they are required to comply with Regulation M promulgated under the Securities Exchange Act of 1934, as amended. With certain exceptions, Regulation M precludes the selling shareholders, any affiliated purchasers, and any broker-dealer or other person who participates in such distribution from bidding for or purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of the distribution until the entire distribution is complete. Regulation M also prohibits any bids or purchases made in order to stabilize the price of a security in connection with the distribution of that security. All of the foregoing may affect the marketability of the shares offered hereby in this prospectus.

LEGAL MATTERS

The Law Office of L. Van Stillman, P.A. of Delray Beach, Florida will give an opinion for us regarding the validity of the common stock offered in this prospectus.

EXPERTS

The financial statements as of September 30, 2000 and for the years ended September 30, 2000 and 1999 included in this prospectus have been so included in reliance on the report of Tedder, James, Worden & Associates, P.A., independent accountants, given on the authority of said firm as experts in auditing and accounting.

38

40

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement under the Securities Act with respect to the securities offered hereby with the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. This prospectus, which is a part of the registration statement, does not contain all of the information contained in the registration statement and the exhibits and schedules thereto, certain items of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to Cycle Country Accessories Corp. and the securities offered hereby, reference is made to the registration statement, including all exhibits and schedules thereto, which may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N. W., Room 1024, Washington, D. C. 20549, and at its Regional Offices located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 at prescribed rates during regular business hours. You may obtain information on the operation of the public reference facilities by calling the Commission at 1-800-SEC-0330. Also, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission at <http://www.sec.gov>. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of such contract or document filed as an exhibit to the registration statement, each such statement being qualified in its entirety by such reference. We will provide, without charge upon oral or written request of any person, a copy of any information incorporated by reference herein. Such request should be directed to us at Cycle Country Accessories Corp., 2188 Highway 86, Milford, Iowa 51351 Attention: Ronald Hickman, President.

Following the effectiveness of this registration statement, we will file reports and other information with the Commission. All of such reports and other information may be inspected and copied at the Commission's public reference facilities described above. The Commission maintains a web site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the Commission. The address of such site is <http://www.sec.gov>. In addition, we intend to make available to our shareholders annual reports, including audited financial statements, unaudited quarterly reports and such other reports as we may determine.

39

41

CYCLE COUNTRY ACCESSORIES CORP. AND
AFFILIATED ENTITY
(an Iowa corporation)

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

(The Predecessor Company)

Table of Contents

Independent Auditors' Report.....F-2

Combined Financial Statements:

 Combined Balance Sheets - September 30, 2000 and
 June 30, 2001 (unaudited).....F-3

 Combined Statements of Income - Years ended September 30, 2000
 and 1999 and Nine months ended June 30, 2001 and 2000
 (unaudited).....F-4

 Combined Statements of Stockholders' Equity - Years ended
 September 30, 2000 and 1999 and Nine months ended
 June 30, 2001 and 2000 (unaudited).....F-5

 Combined Statements of Cash Flows - Years ended September 30, 2000
 and 1999 and Nine months ended June 30, 2001 and 2000
 (unaudited).....F-6

Notes to Combined Financial Statements.....F-8

CYCLE COUNTRY ACCESSORIES CORP.
(a Nevada corporation)
(The Successor Company)

Independent Auditors' Report.....F-26

Financial Statements:

 Balance Sheet - August 23, 2001.....F-27

 Statement of Income - For the period from inception
 (August 15, 2001) to August 23, 2001.....F-28

 Statement of Stockholders' Equity - For the period from inception
 (August 15, 2001) to August 23, 2001.....F-29

 Statement of Cash Flows - For the period from inception
 (August 15, 2001) to August 23, 2001.....F-30

Notes to Financial Statements.....F-31

Unaudited Pro Forma Financial Information:

 Unaudited Pro Forma Balance Sheet - June 30, 2001.....F-36

 Unaudited Pro Forma Statement of Income - Year ended
 September 30, 2000.....F-38

 Unaudited Pro Forma Statement of Income - Nine months ended
 June 30, 2001.....F-39

F-1

Independent Auditors' Report

Edgar Filing: CYCLE COUNTRY ACCESSORIES CORP - Form SB-2/A

To the Board of Directors and Stockholders of
Cycle Country Accessories Corp. and
Affiliated Entity (an Iowa corporation):

We have audited the accompanying combined balance sheet of Cycle Country Accessories Corp. and Affiliated Entity (an Iowa corporation) (the Predecessor Company) (the "Company") as of September 30, 2000, and the related combined statements of income, stockholders' equity, and cash flows for the years ended September 30, 2000 and 1999. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Cycle Country Accessories Corp. and Affiliated Entity (an Iowa corporation) (the Predecessor Company) as of September 30, 2000, and the results of their operations and their cash flows for the years ended September 30, 2000 and 1999 in conformity with accounting principles generally accepted in the United States of America.

TEDDER, JAMES, WORDEN & ASSOCIATES, P.A.

June 14, 2001
Orlando, Florida

F-2

42

CYCLE COUNTRY ACCESSORIES CORP. AND AFFILIATED ENTITY
(an Iowa corporation)
(The Predecessor Company)

Combined Balance Sheets

June 30,
June 30, 2001

