Annual Report 2008/09

Bang & Olufsen Group

CVR no. 41257911

BANG & OLUFSEN

Annual Report 2008/09

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DEAR BANG & OLUFSEN SHAREHOLDER,

The 2008/09 financial year was extremely tough for Bang & Olufsen, not only for the company and its employees, but also for you, our shareholders. It was gratifying to see the support demonstrated by our shareholders by them subscribing fully to the rights issue that was required to consolidate Bang & Olufsen's future.

The price the A shareholders had to pay was the unification of the two share classes. Since May, therefore, only one share class has been in existence with a 100 per cent free flow on the shares. The rights issue resulted in an inflow of close to DKK 433 million.

The global financial crisis has turned into a global recession which has resulted in a significant slowdown in private consumption. This has impacted strongly on almost all product categories, especially sales of luxury goods.

For Bang & Olufsen, the downturn in sales was considerable in the major, established European markets while new markets such as the East and Russia were less hard hit. Consequently, sales were unsatisfactory and resulted in a highly negative result.

Sales to the automotive industry developed positively and produced a small profit. Sales to hotels and real estate developments, however, were affected by the recession.

A contributory factor behind the negative sales trends was that, over the past years, the development of new products has been significantly delayed while, at the same time, the products failed to meet the sales expectations and requirements for new products. Traditionally, 25 per cent of Bang & Olufsen's sales must be accounted for by new products, i.e. during the first 12 months following their launch.

During the 2008/09 financial year, the second half-year saw the launch of a new audio system as well as new TVs which, in terms of technology and design, are at the very forefront. At the beginning of 2009, the new BeoSound 5 audio system was launched representing an entirely new way of playing digitally stored music. On the video side, Bang & Olufsen launched the very large plasma TV, BeoVision 4-103, which has set new, global standards in terms of size and functionality. The 103 inch TV has been positively received in the new markets. March saw the launch of the BeoVision 8 LCD TV, in a 40 inch version and incorporating the latest technology which targets a broader consumer segment and is regarded as an entry product.

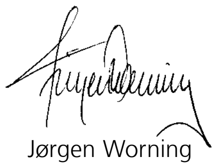
It has been crucial for Bang & Olufsen that cost levels reflect the decline in sales. Consequently a significant reduction in break-even turnover was undertaken by means of deep cost reductions.

However, within the product development area, only limited savings have been undertaken and the changes relate to rationalisation only.

A central global sales organisation has been established and cash tied up in receivables and inventories has been reduced. These initiatives are due in no small part to the changes to Bang & Olufsen's management. The new CEO Karl Kristian Hvidt Nielsen took up his position at the start of the financial year.

The recent measures should contribute to making Bang & Olufsen profitable once again. New, exciting products will be launched for the benefit and enjoyment of customers, dealers and, not least, for Bang & Olufsen and its shareholders.

Kind regards,



Jørgen Worning
Chairman

CORPORATE INFORMATION ETC.

Bang & Olufsen a/s, Peter Bangs Vej 15, 7600 Struer, Denmark
Tel.: +45 96 84 11 22, fax: +45 97 85 18 88, website: www.bang-olufsen.com

CVR no.: 41257911

Place of domicile: Struer

Financial year: 1 June – 31 May

Adoption of the annual report: The annual report is expected to be adopted at the Annual General Meeting, which is held on 18 September, 2009.

Annual General Meeting: The Annual General Meeting will be held on Friday, 18 September, 2009 at 16.30 at Struer Hallerne.

Environmental reviews
The product-related environmental review "To the last detail" – a story about environmental awareness as told through the development, production, use and disposal of a specific product.

Voluntary environmental review, including consumption of raw materials.

These reviews are available at www.bang-olufsen.com or from Bang & Olufsen's Safety, Health & Environment department on +45 96 84 10 18.

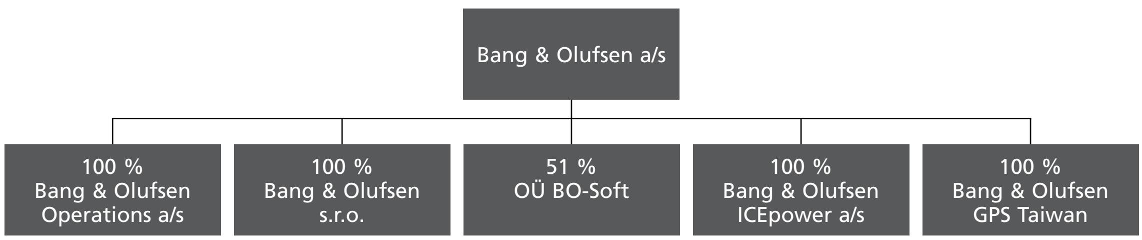
Statutory green accounts for the anodisation plant. A Danish version can be requested at Bang & Olufsen's Safety, Health & Environment department on +45 96 84 10 18.

Financial calendar

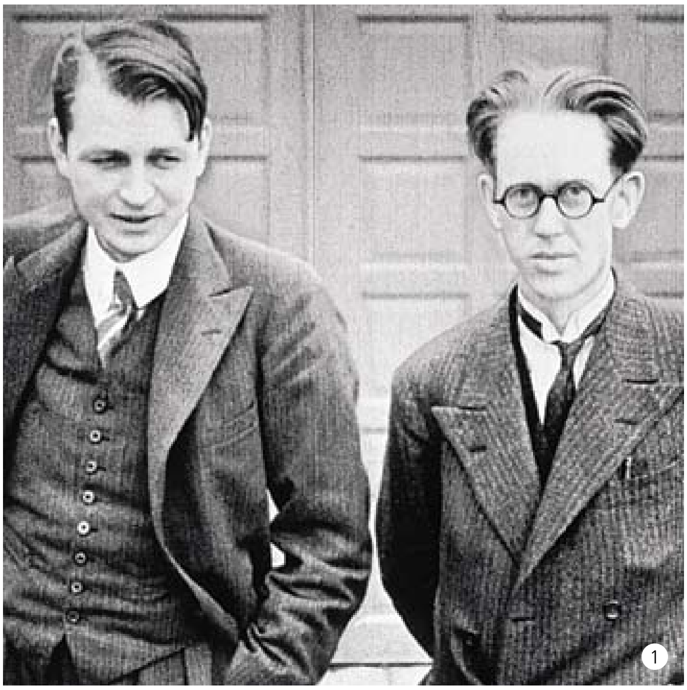
2009: Tuesday, 11 August: Annual Report (2008/09)
Friday, 18 September: Annual General Meeting
Thursday, 8 October: Interim Report (1st quarter 2009/10)

2010: Thursday, 21 January: Half-year report (2009/10)
Tuesday, 13 April: Interim Report (3rd quarter 2009/10)
Monday, 23 August: Annual Report (2009/10)
Monday, 27 September: Annual General Meeting
Thursday, 7 October: Interim Report (1st quarter 2010/11)

The Group's overall corporate structure



BANG & OLUFSEN - A BRIEF HISTORY



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Bang & Olufsen develops, manufactures and sells a wide range of luxury audio/video products, including television sets, music systems, loudspeakers, telephones and multimedia products that combine new technology with stylish design, quality and user-friendliness.

Within the CarFi sector – sound systems for cars – the development of unique sound systems for Audi and Aston Martin models is ongoing, and a partnership has been established with Mercedes-AMG. Moreover, several of the world's leading hotels have been equipped with Bang & Olufsen audio/video products. The majority of all development and product development is centred at the company's head office in Struer, Denmark.

At the end of the financial year, Bang & Olufsen employed 2,100 people while the company's products are currently sold in more than 70 countries across the world.

History
Bang & Olufsen was founded in 1925 by two young Danish engineers, Peter Bang and Svend Olufsen, who met as students and shared an enthusiasm for the new phenomenon of the age: the radio.

The first pioneering product, however, was not the mains radio, which the two engineers dreamed about, but the "Eliminator" – a mains receiver that eliminated the need for batteries. The timing was perfect – the Eliminator arrived in the market as electricity became commonplace in Danish households. Consequently, Bang & Olufsen built the Company's first production facility in 1927. In the final months of the Second World War, the factory was destroyed by Danish Nazi sympathisers as revenge for Bang & Olufsen's refusal to work for the occupying forces, and because many of its employees were involved in the Danish Resistance.

In the post-war years, Bang & Olufsen faced a double challenge: to survive and rebuild the factory. Succeeding in both, during the 1950s and 60s, Bang & Olufsen established a recognised name for itself in the Danish market as "The Danish Quality Brand".

When, at the end of the 1960s, competition from Asian manufacturers forced scores of Danish and European radio and TV factories to close, Bang & Olufsen allied itself with a group of architects and designers and set about focusing on the ideas behind the products as well as on their design and

1. Svend Olufsen and Peter Bang, 1933
2 The new factory in Gimsing, 1928
3. The “Eliminator” 1926-30
4. Advertisement, 1939
5. Architect Ib Fabiansen’s sectional furniture, 1959
6. “The Danish Quality Brand”, extract from the maincatalogue, 1960

quality. Around the same time, Bang & Olufsen started exporting its products.

In the late 1980s and the early 1990s, Bang & Olufsen experienced difficulties staying profitable. A large-scale disposal of non-core activities was undertaken and a new distribution strategy launched: no longer should Bang & Olufsen’s products be sold through multi-brand radio/TV stores, but through dedicated outlets which only dealt in Bang & Olufsen products.

Since then, Bang & Olufsen shops (B1 Shops) have accounted for an increasing share of overall sales. Bang & Olufsen has also focused on developing a Shop-in-Shop concept where individual dealers can sell Bang & Olufsen’s products providing a separate section of the shop is designed according to Bang & Olufsen’s demands and specifications.

In the new millenium, Bang & Olufsen continued to establish shops worldwide, including a number of shops in new growth regions such as India, China and Russia. Bang & Olufsen also established the business area Automotive, which develops, produces and sells luxury sound systems for cars. The emphasis on core skills and the distribution strategy proved highly successful and from the late 90s until 2008 Bang & Olufsen again experienced growth in both revenue and earnings.

In light of the economic downturn that began to take hold in the second half of FY 2007/08 in some of Bang & Olufsen’s most important markets and a period of less successful product launches and a lack of product launches, the company introduced a new overall strategy plan entitled “Pole Position Strategy 2008” in the autumn of 2008, which is designed to help make the company profitable through a focused product development approach, strengthened sales efforts and an adjustment of the cost level.

Bang & Olufsen's platform

Branded business

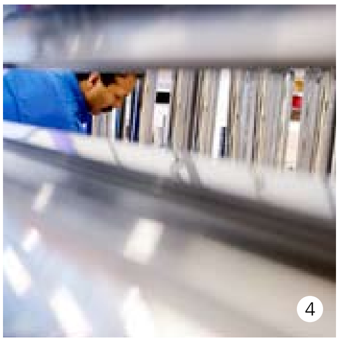
Bang & Olufsen's luxury audio/video products are world renowned for their combination of superior audio/video quality, user-friendliness and design. Several international magazines have carried positive reviews of BeoLab 5, including Stereophile Magazine, which hailed BeoLab 5 as "Unquestionably the most radical loudspeaker ever developed". On the video front Bang & Olufsen recently launched a 40 inch version of the LCD TV, BeoVision 8, which, with its high gloss screen, Full HD, digital surround sound and MPEG4 DVB receiver, contains the latest technology at an attractive price. Bang & Olufsen also made its mark by debuting the 103 inch plasma TV, BeoVision 4-103. Moreover, Bang & Olufsen's latest audio solution, BeoSound 5, has attracted attention as the new audiomaster product for digitally stored music and internet radio. One of the features of the BeoSound 5 is the MOTS (More Of The Same) function, which is a technology owned by Bang & Olufsen. MOTS analyses the music library and selects music that corresponds to the music listened to.

For many years, system integration has been pivotal to Bang & Olufsen's product strategy. An example of system integration is products containing more than one source of entertainment in a single unit, such as TV sets with an integrated dvd-player or an audio system with a built-in radio, cd and dvd-player.

The BeoLink system is another example of system integration, enabling users to connect and combine all types of Bang & Olufsen products in their homes. The BeoLink system allows the user to distribute audio/video from the main Bang & Olufsen system to other rooms in the house.

With the Beo5, the user needs only one remote for all rooms of the house. The Beo5 is a portable central command device which offers a range of new functions in addition to those already known from Beo4. For example, it can be configured specifically to the individual user's requirements. The Beo5, therefore, amounts to a unique, personal remote control which contains precisely those functions required for each individual user's home.

Over the past few years, the branded business has extended into new areas. Bang & Olufsen Automotive sells luxury sound systems for cars in the



1. BeoVision 4-103
2. BeoSound 9000 and BeoLab 5
3. B1 shop layout anno 2009
4. Hanging of stand tubes for anodizing
5. Beo5 remote control
6. Production of BeoCenter 2

high-end segment and makes up an important part of Bang & Olufsen's core business.

In the Automotive segment, Bang & Olufsen collaborates with Audi (Germany), the sportscar manufacturer Aston Martin (UK) and Mercedes-AMG (Germany), the latter company manufacturing specially designed and tuned versions of Mercedes cars. In addition, Automotive has signed a contract with a potential new partner in the premium segment regarding the first phases in the development of sound systems for this partner.

The In-car sound systems have won widespread recognition. The BeoSound DBS system, for instance, came first in a group test of sound systems for luxury cars in the well respected magazine, AutoFocus. In addition, Automotive's sound systems for Audi were voted Best Car-HiFi brand 2008 by the readers of the leading German car magazine Auto, Motor und Sport.

Through its Enterprise department, Bang & Olufsen sells audio/video products for luxury hotels and major property developments. The company's products are currently represented in more than 200 five-star hotels across the world. In addition, Bang & Olufsen Enterprise has initiated and expanded a number of partnerships with leading property developers for the supply of audio/video products for exclusive property projects, primarily in the Middle East and Asia.

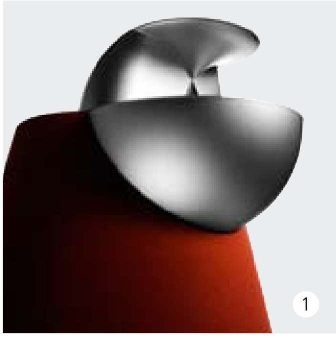
Shops

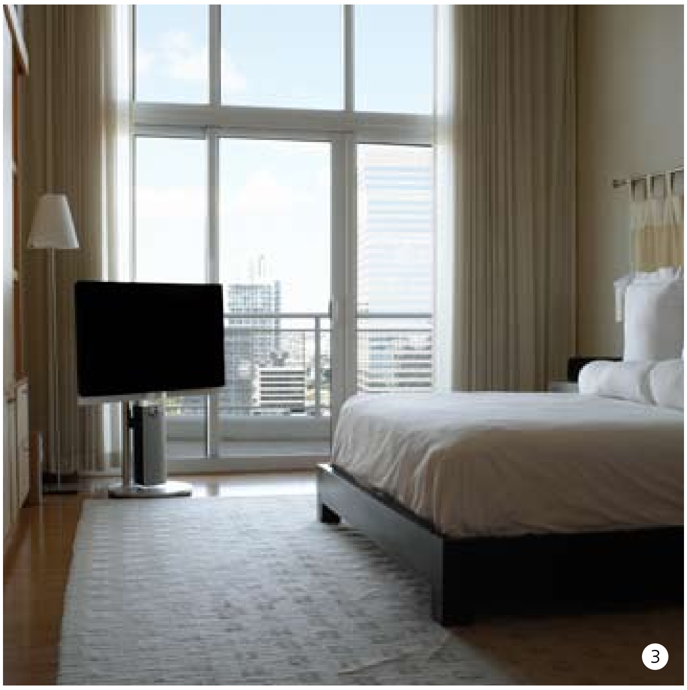
Sales take place through two types of dedicated Bang & Olufsen shops:

- B1 Shops, which mainly sell Bang & Olufsen products
- Shop-in-Shops in which a substantial area of the shop is designed for, and exclusively dedicated to, Bang & Olufsen's products.

Irrespective of where customers purchase Bang & Olufsen products, they will encounter well-trained staff especially as Bang & Olufsen invests substantial sums in training shop staff.

Bang & Olufsen's products are currently available from 758 B1 shops and 385 Shop-in-Shops.
The B1 shops account for 81 per cent of the turnover, with the Shop-in-Shop outlets accounting for 19 per cent. Bang & Olufsen's strategy is to continue to focus on these two types of shops with





the B1 shops as the most important, and the Shop-in-Shop outlets as a significant distribution channel in areas where the demographics do not justify a B1 shop. Bang & Olufsen owns 46 B1 shops directly, mainly in Australia, the US and in the UK.

Markets

Bang & Olufsen's products are available around the world and 91 per cent of the company's turnover derives from exports. In a number of markets, operations are handled by Bang & Olufsen's own subsidiaries, c.f. overview Note 44, while sales and distribution development in certain overseas markets is organised by highly qualified business partners.

Production

Bang & Olufsen has outsourced all production of electronics components for the company's audio and video products. Instead, it sources a large number of product-related sub-components and semi-finished products from various suppliers. Bang & Olufsen concentrates on producing components where, over a period of many years, the company has developed special expertise primarily in relation to colour dyeing (anodisation), processing and surface treatment of aluminium.

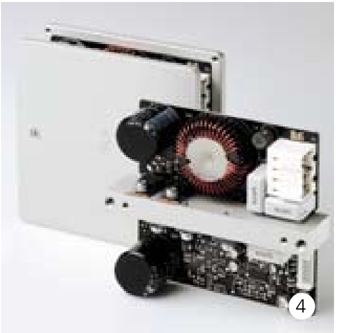
The individual products are assembled and mounted at Bang & Olufsen's own production facilities in Struer, Denmark and Koprivnice, Czech Republic.

In addition to the physical components, Bang & Olufsen's proprietary software and technology form part of the products. These features help to differentiate the products in terms of user-friendliness and other factors, such as sound and picture processing.

Most of Bang & Olufsen's products are manufactured in a large number of varieties, depending on the customer's specific requirements.

Product development

Development of audio and video products and CarFi products generally takes place in Struer, Denmark. The company also has a small software innovation and development unit in Aarhus, Denmark, which works closely together with Aarhus University. In total, around 300 of Bang & Olufsen's employees are involved with product development in Struer, Denmark. In addition, around 30 people are employed in the development department located at the factory in Koprivnice and 35 people in the Estonian business,



1. BeoLab 9
2. Aston Martin DBS
3. Mandarin Oriental in Miami
4. ICEpower 250A
5. Speaker in Audi Q7
6. BeoVision 8-40 and BeoLab 3

OÜ BO-Soft, in which the Group has a 51 per cent stake.

For the 500 engineers and technicians involved in the development of new Bang & Olufsen products, the opportunities for direct interaction with the production departments are important for ensuring that the finished products have the desired features and are of the right quality.

Bang & Olufsen has a well-established innovation culture, which has evolved over a number of years. As part of this culture and the innovative environment, Bang & Olufsen has divided its product development activities into separate stages. As part of the Pole Position strategy plan which was launched in October 2008, this innovation culture was further developed in order to improve the handling of the increased technology content. This will ensure optimum re-application of technology in individual products without restricting Bang & Olufsen's renowned differentiation.

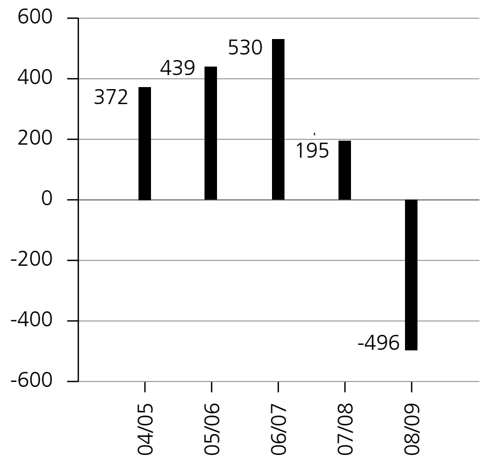
Compared with other manufacturers of consumer electronics, Bang & Olufsen takes an unconventional approach to product development and design-driven innovation. One important area where Bang & Olufsen's approach stands out is the early concept development stage, during which the company devotes considerable resources in creating innovative and long-lasting concepts and designs.

Non-branded business

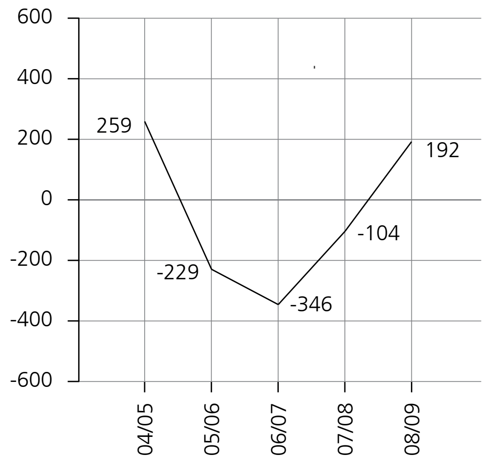
Alongside the branded business, Bang & Olufsen is engaged in non-branded activities with regard to the development, production and sales of compact, digital amplifier units. The subsidiary, Bang & Olufsen ICEpower a/s, is responsible for the patented ICEpower technology – a technology that enables small digital amplifiers to provide extremely high performance with particularly low heat output and thus with reduced energy consumption.

As a result of the compact design, reliability, energy savings, competitive prices and sound quality, Bang & Olufsen ICEpower's digital amplifier modules are in demand for use in, for instance, mobile phones. This technology can be found in a wide range of models from Samsung. The ICEpower technology is also a key feature of Bang & Olufsen's active speakers and sound systems for cars.

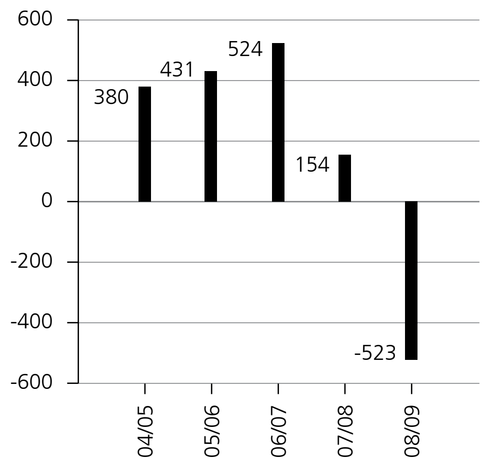
DKK million **Operating profit**



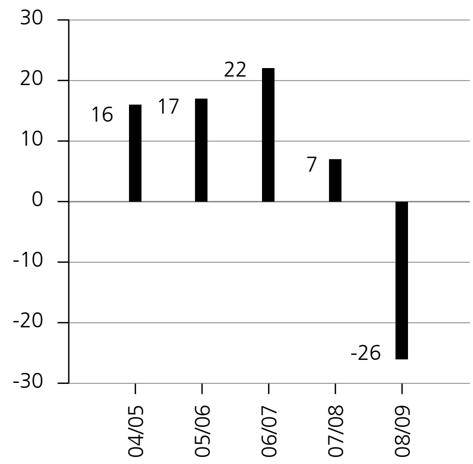
DKK million **Cash flow**



DKK million **Result before tax**



% **Return on equity**



FIVE-YEAR SUMMARY, MAIN AND KEY FIGURES

Group (DKK million)	2008/09	2007/08	2006/07	2005/06	2004/05
Profit and loss account					
Net turnover	**2,790**	4,092	4,376	4,225	3,742
Of which from foreign markets, %	**91**	88	85	82	82
Operating profit/loss	**(496)**	195	530	439	372
Financial items, net	**(30)**	(30)	(16)	(7)	7
Result before tax	**(523)**	154	524	431	380
Result for the year	**(383)**	112	373	296	265
Result for the year, shareholders of the parent company	**(385)**	105	367	294	265
Balance sheet					
Total assets, end of year	**2,664**	2,817	2,962	2,915	2,784
Share capital	**362**	121	121	125	124
Equity, end of year	**1,520**	1,484	1,682	1,742	1,715
Equity attributable to shareholders of the parent company, end of year	**1,518**	1,472	1,676	1,738	1,713
Minority interests	**2**	12	6	4	2
Cash flows for the year	**192**	(104)	(346)	(229)	259
Of which cash flows from:					
Operating activities	**113**	332	521	395	740
Investment activities	**(339)**	(254)	(378)	(379)	(233)
- of which investment in tangible non-current assets	**(111)**	(190)	(158)	(185)	(123)
- of which investment in intangible non-current assets	**(212)**	(125)	(210)	(171)	(125)
- of which investment in equity interests	**(27)**	-	-	-	-
Financing activities	**418**	(181)	(488)	(246)	(248)
Employment					
Number of employees, end of year	**2,051**	2,579	2,520	2,422	2,331

Parantheses denote negative figures.

FIVE-YEAR SUMMARY, MAIN AND KEY FIGURES (CONTINUED)

Group (DKK million)	**2008/09**	2007/08	2006/07	2005/06	2004/05
Key figures					
EBITDA	**(208)**	483	789	670	616
EBITDA-margin, %	**(7)**	12	18	16	16
Profit ratio (EBIT), %	**(18)**	5	12	10	10
Return on assets, %	**(20)**	7	21	20	18
Return on invested capital, excl. goodwill, %	**(13)**	29	51	52	48
Return on equity, %	**(26)**	7	22	17	16
Current ratio	**1.9**	1.9	1.9	2.4	2.5
Equity ratio, %	**57**	53	57	60	62
Financial gearing	**0.1**	0.2	0.0	(0.1)	(0.3)
Net turnover/Invested capital excl. goodwill	**1.8**	2.4	2.8	3.3	2.9
Earnings per share (nom. DKK 10), DKK, original		9	31	25	22
Earnings per share (nom. DKK 10), DKK, adjusted for dilution due to the rights issue	**(16)**	4	15	12	11
Diluted earnings per share (nom. DKK 10), DKK, original		9	31	25	22
Diluted earnings per share (nom. DKK 10), DKK, adjusted for dilution due to the rights issue	**(16)**	4	15	12	11
Intrinsic value per share (nom. DKK 10), DKK	**42**	123	139	140	141
Quotation as at 31 May, original	**45**	265	698	684	389
Quotation as at 31 May, adjusted for dilution due to the rights issue	**45**	128	337	330	188
Price/earnings	**(3)**	29	22	28	18
Price/earnings, diluted	**(3)**	29	22	28	18
Quotation/intrinsic value per share	**1.1**	2.2	5.0	4.9	2.8
Dividend paid/proposed per share (nom. DKK 10), DKK	**0.00**	3.00	20.00	16.00	12.00
Number of shares, end of year	**36,244,014**	12,081,338	12,081,338	12,450,925	12,414,240
Number of own shares, end of year	**110,076**	767,787	619,923	669,587	435,479
Average number of shares in circulation, original		11,376,530	11,683,175	11,872,382	12,097,376
Average dilutive effect of outstanding share options, original		-	12,513	41,676	2,066
Average number of shares in circulation - diluted, original		11,376,530	11,695,688	11,914,058	12,099,442
Average number of shares in circulation, adjusted for dilution due to the rights issue	**24,581,720**	23,585,489	24,221,216	24,613,475	25,079,926
Average dilutive effect of outstanding share options, adjusted for dilution due to the rights issue	-	-	25,942	86,401	4,283
Average number of shares in circulation - diluted, adjusted for dilution due to the rights issue	**24,581,720**	23,585,489	24,247,158	24,699,876	25,084,209

Main and key figures are prepared in accordance with IFRS and "Recommendations and Key Figures 2005" from The Dansih Association of Financial Analysts.

Share related key figures are presented before and after adjustment due to the dilution resulting from the bonus element related to the rights issue in the spring of 2009.

Parantheses denote negative figures.

The key figures are defined as follows:

EBITDA:
Result before interests, tax, depreciation, amortisation and impairment losses

EBITDA-margin:

$$\frac{\text{Result before interests, tax, depreciation, amortisation and impairment losses x 100}}{\text{Net turnover}}$$

Profit ratio:

$$\frac{\text{Operating profit/loss x 100}}{\text{Net turnover}}$$

Return on assets:

$$\frac{\text{Operating profit/loss x 100}}{\text{Average operational assets}}$$

Return on invested capital, excl. goodwill:

$$\frac{\text{Operating profit/loss before depreciation and goodwill write offs}}{\text{Average invested capital, excl. goodwill}}$$

Return on equity:

$$\frac{\text{Bang \& Olufsen a/s' share of result for the year x 100}}{\text{Average equity, excl. minority interests}}$$

Current ratio:

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Equity ratio:

$$\frac{\text{Equity, end of year x 100}}{\text{Total equity and liabilities, end of year}}$$

Financial gearing:

$$\frac{\text{Interest bearing debt (net) end of year}}{\text{Equity, end of year}}$$

Net turnover/invested capital, excl. goodwill:

$$\frac{\text{Net turnover x 100}}{\text{Average invested capital, excl. goodwill}}$$

Earnings per share (nom. DKK 10), DKK:

$$\frac{\text{Result after tax}}{\text{Average number of shares in circulation}}$$

Diluted earnings per share (nom. DKK 10), DKK:

$$\frac{\text{Result after tax}}{\text{Average number of shares in circulation - diluted}}$$

Adjusted number of shares:

$$\frac{\text{Original number of shares before the rights issue}}{\text{Effect of dilution due to the rights issue (0.4824)}}$$

Earnings per share (nom. DKK 10), DKK, adjusted:

$$\frac{\text{Result after tax}}{\text{Adjusted average number of shares in circulation}}$$

Diluted earnings per share (nom. DKK 10), DKK, adjusted:

$$\frac{\text{Result after tax}}{\text{Adjusted average number of shares in circulation - diluted}}$$

Intrinsic value per share (nom. DKK 10), DKK:

$$\frac{\text{Equity, end of year}}{\text{Number of shares, end of year}}$$

Price/earnings:

$$\frac{\text{Quotation}}{\text{Earnings per share (nom. DKK 10)}}$$

Price/earnings, diluted

$$\frac{\text{Quotation}}{\text{Diluted earnings per share (nom. DKK 10)}}$$

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Board of Management have today discussed and approved the annual report of Bang & Olufsen a/s for the financial year 1 June 2008 – 31 May 2009.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies.

We consider the applied accounting policies appropriate for the annual report to provide a true and fair view of the Group's and the Parent's financial position at 31 May 2009 and of their financial performance and their cash flows for the financial year 1 June 2008 – 31 May 2009.

We believe that the Directors´ report gives a fair presentation of developments in the Group´s and the Parent´s activities and finances, results for the year and of the Group´s financial position in general as well as a fair description of the most significant risks and uncertainties to which the Group is exposed.

We recommend the annual report for adoption at the Annual General Meeting.

Struer, 11 August 2009

The Board of Management of Bang & Olufsen a/s

Karl Kristian Hvidt Nielsen (President & CEO)

The Board of Directors of Bang & Olufsen a/s

Jørgen Worning (Chairman)

Jesper Olesen

Lars Brorsen (Deputy Chairman)

Knud Olesen

Niels Bjørn Christiansen

Peter Skak Olufsen

Thorleif Krarup

Anette Revsgaard Sejbjerg

Rolf Eriksen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Bang & Olufsen a/s
We have audited the annual report of Bang & Olufsen a/s for the financial year 1 June 2008 – 31 May 2009, which comprises the statement by Management on the annual report, Directors' report, income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as the Parent. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies.

Management's responsibility for the annual report
Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion
Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at 31 May 2009, and of their financial performance and their cash flows for the financial year 1 June 2008 – 31 May 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies.

Copenhagen, 11 August 2009

Deloitte
State Authorised Public Accounting Company

Jens Rudkjær
State Authorised Public Accountant

Henrik Z. Hansen
State Authorised Public Accountant

STRUCTURE, MANAGEMENT AND DIRECTORSHIPS

Company

Bang & Olufsen a/s
Struer
CVR no. 41257911

Brand building and Group staff functions as well as the development of Bang & Olufsen's audio/video products.

Board of Directors

Jørgen Worning
(1940)
Chairman

Year of first appointment, 1991

M.Sc. (Engineering)

Directorships
Chairman of FLSmidth & Co. A/S, FLSmidth A/S and ALK-Abelló A/S.

Number of shares in Bang & Olufsen a/s: 7,200

Lars Brorsen
(1952)
Deputy Chairman

Year of first appointment, 1998

M.Sc. (Economics)

Directorships
CEO of Jost-Werke GmbH. Vorsitzender der Geschaftsführung von Jost-World GmbH and 14 subsidiaries. Member of the management board of Langholm GmbH.

Number of shares in Bang & Olufsen a/s: 27,500

Thorleif Krarup
(1952)

Year of first appointment, 2003

B.Sc. (Economics) and B.Com. (Business Finance and Management Accounting)

Directorships
Chairman of Exiqon A/S and Sport One Danmark A/S. Deputy chairman of LFI A/S, H. Lundbeck A/S and ALK-Abelló A/S. Member of the board of directors of the Lundbeck Foundation, Group4Securicor plc and Brightpoint Inc.

Number of shares in Bang & Olufsen a/s: 309

Peter Skak Olufsen
(1942)

Year of first appointment, 1972

Agronomist

Directorships
Peter Skak Olufsen runs the manor Quistrup. In addition, he is chairman of Aktieselskabet Fiil-Sø, Hunsballe Frø A/S, Fiilsø Svineavl A/S and Fonden Nr. Vosborg. Deputy chairman of Idagaardfonden. Member of the board of directors of JP/Politikens Hus A/S, EuroGrass BV, Kongenshus Mindepark for Hedens Opdyrkere and Sven Torben og Margrethe Westenholz Slægtsfond.

Number of shares in Bang & Olufsen a/s: 49,000

Niels Bjørn Christiansen
(1966)

Year of first appointment, 2007

M.Sc. (Engineering), MBA

Directorships
President & CEO of Danfoss A/S. Deputy chairman of Sauer-Danfoss Inc. and member of the board of directors of TrygVesta A/S, Axcel II and III, William Demant Holding A/S. Chairman, deputy chairman or member of the board of directors in 11 Danfoss subsidiaries including Danfoss Universe.

Number of shares in Bang & Olufsen a/s: 300

Rolf Eriksen
(1944)

Year of first appointment, 2008

Display Artist

Directorships
CEO of H&M, Hennes & Mauritz AB since 2000. Member of the board of directors of Hennes & Mauritz A/S.

Number of shares in Bang & Olufsen a/s: 1,140

Anette Revsgaard Sejbjerg
(1966)

Year of first appointment, 2007 (Employee-elected)

Time Study Engineer

Number of shares in Bang & Olufsen a/s: 330

Jesper Olesen
(1978)

Year of first appointment, 2007 (Employee-elected)

Engineering Worker

Number of shares in Bang & Olufsen a/s: 180

Knud Olesen
(1952)

Year of first appointment, 2003 (Employee-elected)

Technical Project Manager

Number of shares in Bang & Olufsen a/s: 837

Karl Kristian Hvidt Nielsen
(1964)

President & CEO of Bang & Olufsen a/s since 1 August 2008

M.Sc. (Engineering), B.Com in Marketing

Directorships *
Member of the board of directors of EskoArtwork, Panmi Invest 1 ApS and Phase One A/S. Member of the management board of Hvidt Nielsen ApS.

Number of shares in Bang & Olufsen a/s: 8,391

* With the exception of 100 per cent owned Bang & Olufsen subsidiaries.

STRUCTURE AND MANAGEMENT (CONTINUED)

Company	Board of Directors	Board of Management
Bang & Olufsen Operations a/s **Struer** (100 % owned) CVR-no. 26035406 *Purchasing, production and logistics for the Bang & Olufsen Group as well as sales of Bang & Olufsen's audio/video-products.*	Jørgen Worning (Chairman) Lars Brorsen (Deputy Chairman) Niels Bjørn Christiansen Thorleif Krarup Rolf Eriksen Jesper Olesen * Knud Olesen * Peter Skak Olufsen Anette Revsgaard Sejbjerg *	Karl Kristian Hvidt Nielsen John Christian Bennett-Therkildsen
Bang & Olufsen s.r.o **Koprivnice** (100 % owned) *Handles production and development of some of the Group's audio-products.*		Lars Jørgensen (CEO)
OÜ BO-Soft **Tallinn** (51 % owned) *Software development.*		Jaan Lievand (CEO)

* Employee-elected

Company	Board of Directors	Board of Management
Bang & Olufsen ICEpower a/s Lyngby-Tårbæk (100 % owned) CVR-no. 25053591 *Develops, produces and markets products based on highly efficient amplifier technologies.*	Karl Kristian Hvidt Nielsen (Chairman) Jens Peter Zinck Kim Bo Hansen Peter Petersen	Peter A.V. Sommer (CEO)
Bang & Olufsen GPS Taipei City, Taiwan (100 % owned) *Sourcing company.*	Kim Bo Hansen (Chairman) John Christian Bennett-Therkildsen Lars Hardboe Galsgaard	Peter Seidelin Hune

Bang & Olufsen a/s, The Board of Directors Compensations Committee
Jørgen Worning
Lars Brorsen
Thorleif Krarup

Main banker for all companies
Danske Bank A/S

Auditors for all companies
Deloitte

Dormant companies are not included.

The Group recorded a total turnover of DKK 2,790 million for the 2008/09 financial year against DKK 4,092 million last year, which is in line with the announced.

The Group's gross margin was 39.6 per cent against 46.2 per cent in 2007/08.

Operating losses totalled DKK 496 million, of which DKK 106 million relates to restructuring costs, against operating profits of DKK 195 million for the 2007/08 financial year. Result before tax was negative at DKK 523 million against the Group's stated expectations for a negative result of DKK 510 million. Result before tax for the 2007/08 financial year was positive at DKK 154 million.

The result before tax was negatively affected by two lawsuits, where Bang & Olufsen was sued by French dealers. At first, Bang & Olufsen won both cases, but subsequently lost on appeal in June 2009. As a result of the ruling of June 2009, DKK 12.3 million has been expensed.

In the 2008/09 financial year, Bang & Olufsen Automotive recorded a turnover of DKK 174 million and a positive result, which is in line with previously announced expectations.

The Group's Pole Position strategy plan, which was launched in October 2008, was implemented as planned during the financial year.

In keeping with the strategy plan, Bang & Olufsen has focused the product development aimed at launching more new products. Among others, a global launch of the digital music system BeoSound 5, BeoVision 4-103 and BeoVision 8-40 was completed.

The Group also succeeded in reducing general cost levels, which has resulted in a lowering of the breakeven turnover.

The Group has significantly reduced its working capital following a reduction in its cash tied up in receivables and inventories. This has contributed to positive cash flows from operating activities.

As expected, the 2008/09 financial year saw a net reduction in the number of B1 shops of 64 to 758 shops.

During the fourth quarter, the Group completed a fully subscribed preferential subscription rights issue, which yielded gross proceeds of approx. DKK 459 million corresponding to net proceeds of approx. DKK 433 million after costs relating to the offer.

Bang & Olufsen expects that the 2009/10 financial year as a whole will result in a break-even result before tax based on a turnover level a little below the previously announced DKK 3,200 million.

Comments to the development

The result before tax for the 2008/09 financial year was in line with expectations a loss of DKK 523 million against a profit of DKK 154 million last year. The result was affected by restructuring costs of DKK 106 million relating to the Group's strategy plan.

The result before tax was also negatively affected by two lawsuits, where Bang & Olufsen was sued by French dealers. One of the lawsuits concerned the commercial conditions for selling and marketing Bang & Olufsen's products, while the other related to a dealer who felt badly treated by Bang & Olufsen France S.A. in connection with the opening of a new sales outlet. At first, Bang & Olufsen won both cases, but subsequently lost on appeal. Having initially won both cases, Bang & Olufsen expected the original verdicts to be upheld and, therefore, no provisions for the outcome of the two cases was made at the end of the third quarter. The effect of the two lawsuits is DKK 12.3 million, which was expensed in the fourth quarter of the financial year.

Bang & Olufsen expects to appeal both verdicts to a higher court within the foreseeable future.

A verdict was also given in the case referred to in the prospectus where Bang & Olufsen France S.A. was sued in the French courts by Claudnat S.A. and JW Nat SARL for having misused its option to terminate the plaintiffs' distribution agreement with Bang & Olufsen France S.A. The outcome was as expected, and Bang & Olufsen is now awaiting the counterpart's decision whether to appeal.

Pole Position strategy plan implemented as expected

The new overall strategy plan entitled "Pole Position Strategy 2008", which will secure the future operations and development of Bang & Olufsen through a series of initiatives, has been implemented as expected.

Focused product development

Bang & Olufsen aims to focus on fewer product categories, primarily centred on exclusive audio and video products. In the 2008/09 financial year, Bang & Olufsen launched a number of new products on schedule and met the previously announced expectations that turnover from launch products in the audio and video segment should account for about 10 per cent of audio and video turnover.

Development of one shared digital technology platform

Bang & Olufsen intends to develop one shared digital technology platform, which, in the future, will constitute the technological basis for the Group's products across the product portfolio and help to significantly reduce development time. Bang & Olufsen began the development of the shared technology platform in the 2008/09 financial year and expects to launch the first product based on the new technology platform at the end of the 2009/10 financial year in the form of a new audio product.

Establishment of a single global sales organisation

During the 2008/09 financial year, Bang & Olufsen focused on ensuring more efficient support to, and development of, Bang & Olufsen's dealer network through establishment of a single global sales organisation. In keeping with this strategy, the Group has prepared and initiated the establishment of a Shared Service Centre, which will ensure professional and efficient servicing of the Group's dealers. In addition, Bang & Olufsen has set up a training programme for the Group's Retail Development Managers with a view to providing the Group's dealers with professional advice and business-oriented support.

Increase in the number of B1 shops in the Group's most important Emerging Markets

Despite the expected net reduction in the number of B1 shops in the 2008/09 financial year, Bang & Olufsen has succeeded in increasing the number of B1 shops in China and Russia/Ukraine by one and four shops respectively.

The strategy plan also contains a series of specific cost savings in the global sales organisation and in the production and administration functions in Denmark. These initiatives have been completed as planned over two restructuring rounds.

Net turnover and gross margin

The Group's net turnover for the financial year totalled DKK 2,790 million against DKK 4,092 million for the same period last year. This equates to a decrease in turnover of 31.8 per cent.

Net turnover according to business area

(DKK million)	2008/09	2007/08
Audio and video business	2,546	3,869
Automotive	174	123
Branded business, total	2,720	3,992
Bang & Olufsen ICEpower a/s	85	118
Non-branded business, total	85	118
Intra-group turnover	(15)	(18)
Net turnover in total	2,790	4,092

The decrease in turnover, which can be ascribed to the audio and video business, has been caused by the economic downturn as well as the lack of product launches in the first three quarters of the financial year.

The audio and video business – turnover according to product categories

(DKK million)	2008/09	2007/08
Video	1,201	1,844
Loudspeakers	500	823
Audio	485	618
Telephones	130	235
Spare parts, accessories etc,	230	349
Turnover in total	2,546	3,869

For the 2008/09 financial year, the Group's gross margin was 39.6 per cent against 46.2 per cent in 2007/08. The lower gross margin is largely owing to the fact that some of the production costs are fixed costs.

Cost levels reduced as planned

The Group has focused on reducing general cost levels, which has resulted in a lowering of the breakeven turnover.

The 2008/09 financial year saw high levels of activity within the product development area focusing on the Group's launches in 2009/10 and the development of the Group's shared digital platform, which, in the future, will constitute the technological basis for the Group's products across the product portfolio.

The Group's incurred development costs totalled DKK 537 million against DKK 530 million in 2007/08. The net effect of capitalisation was positive at DKK 60 million. Expensed development costs totalled DKK 463 million whereas expensed development costs in 2007/08 were DKK 546 million and the net effect of capitalisation was negative at DKK 16 million.

Distribution and marketing costs declined during the financial year by DKK 75 million from DKK 1,004 million to DKK 929 million. Losses and changes in provisions for losses on receivables and dealer loans were expensed at DKK 60 million in the 2008/09 financial year against DKK 49 million the previous year.

Administration costs etc. declined by DKK 44 million from DKK 149 million to DKK 105 million in the 2008/09 financial year.

Comments to developments in the fourth quarter of the 2008/09 financial year (Unaudited)

During the fourth quarter, Bang & Olufsen was able to complete a launch of important products as planned:

BeoVision 8-40

BeoVision 8-40 is offered at a highly attractive price point as the Group's entry product within the video portfolio. The television is equipped with a 40 inch high glare screen, Full HD, digital surround sound, MPEG4 DVB receiver as well as a range of technologies that produce impressive picture and sound quality.

BeoVision 4-103

BeoVision 4-103 is a unique concept which, in size and function, sets new standards. The concept is at the core of the intelligent home due to its numerous opportunities for combining sound and picture experiences with Home Automation systems via Master Link Gateway and the TV's Beo5 remote control.

BeoVision 7-40 Blu-ray

Towards the end of the financial year, Bang & Olufsen's high-end concept, BeoVision 7-40, was updated with a Blu-ray player, which offers the potential for film experiences of the highest quality, as well as the 100/120 Hz technology, which offers improved picture quality.

Optimisation of existing concepts

In addition, Bang & Olufsen has optimised existing concepts, including BeoVision 7-32 and BeoVision 6, which have been updated with an integrated DVB-HD module and two HDMI inputs, which provide for the High Definition (HD) material of the future.

Turnover for the Bang & Olufsen a/s Group as a whole for the fourth quarter 2008/09 was, as announced, DKK 617 million against DKK 885 million last year, a decline of DKK 268 million, or 30.3 per cent. New launches in the fourth quarter exceeded expectations in respect of timing and market reception.

Of the DKK 268 million decline in turnover, DKK 73 million can be attributed to lower turnover in Denmark, Germany and the UK. In local currency, turnover declined by 29.0 per cent and 35.1 per cent in the Danish and German markets respectively, while the UK experienced a more positive trend in the fourth quarter where the decline in local currency amounted to 3.3 per cent only.

In the fourth quarter, turnover for the branded business fell by DKK 252 million, from DKK 842 million last year to DKK 590 million this year.

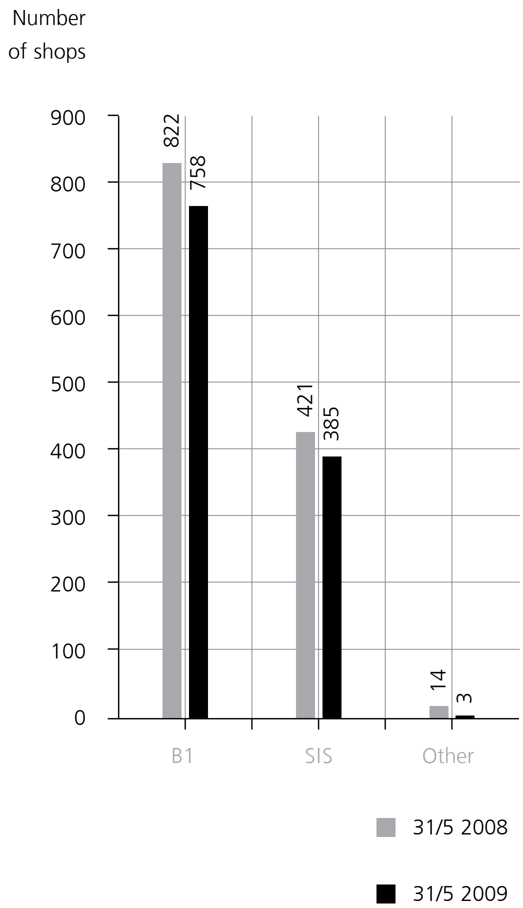
The Group's gross margin was 36.9 per cent for the quarter against 46.4 per cent in the same quarter last year. The lower gross margin is largely owing to the fact that some of the production costs are fixed costs which take time to reduce.

Gross profit decreased by DKK 183 million from DKK 411 million to DKK 228 million.

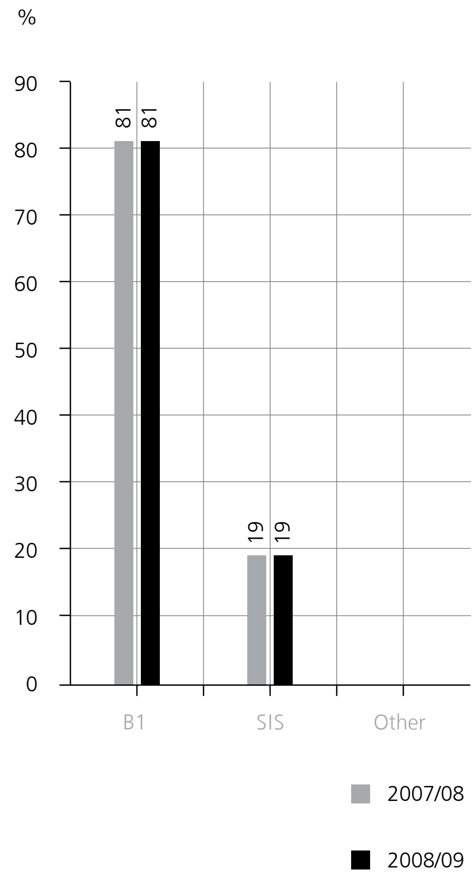
During the quarter, development costs decreased by DKK 43 million. Distribution and marketing costs declined by DKK 37 million as a result of the restructuring and the focusing of the sales and marketing organisation. Finally, administration costs decreased from DKK 38 million to DKK 16 million as a result of the cost adjustments.

Result before tax for the fourth quarter was negative at DKK 109 million against a negative result of DKK 37 million for the period last year. After tax, the result for the quarter was negative at DKK 65 million against a negative result of DKK 25 million last year.

Number of shops per segment



Turnover share per segment
(active shops at the end of each year)



Definitions of shop segments

B1: Shops, which mainly sell Bang & Olufsen products

SIS: Shop-in-Shop with a sales area dedicated for Bang & Olufsen products

Developments in the markets

The Group experienced a significant decline in turnover in all markets in the 2008/09 financial year. The general decline in turnover, which accelerated after the end of the first quarter, is largely owing to the general economic downturn. This has led to a marked decline in consumer confidence and private consumption. Coupled with the fact that the market for exclusive audio and video products is sensitive to market fluctuations, this resulted in declining sales.

The decline in turnover can also be attributed to less successful and lacking product launches. In the first three quarters of the 2008/09 financial year, Bang & Olufsen launched very few new products and certain product launches failed to meet sales expectations.

Product launches

Bang & Olufsen has focused its product development activities aimed at launching more new products. The initial results of this effort already materialised in the second part of the 2008/09 financial year where a number of important new products were launched:

BeoSound 5
Bang & Olufsen completed a global launch of the digital music system, BeoSound 5, which, through an intelligent and advanced multi-dimensional mathematical algorithm (MOTS), analyses the music collection and selects music that corresponds to the music listened to. In contrast to other services in the market, which typically compare genres, artists and the like, MOTS analyses the music based on parameters such as syncopation, key tonality and rhythm. The MOTS algorithm is owned by Bang & Olufsen.

Master Link Gateway
In line with the Group's strategy of offering complete integration of different products and functions in the home, Bang & Olufsen launched Master Link Gateway, which links the BeoLink system to 120 manufacturers of Home Automation systems, such as LK/Schneider, Lutron, Crestron and Busch Jaeger.

Flexible concept for BeoVision 7
During the period under review, Bang & Olufsen also introduced a flexible concept for BeoVision 7, which, being accessible in several variants, provides for a more flexible pricing structure.

DVB-HD modul
Bang & Olufsen has launched a DVB-HD module, which supports MPEG2 and MPEG4, in order to meet the new standards within digital TV transmission. The new DVB-HD module has been integrated and successfully launched for the first TV models.

BeoVision 8-40
BeoVision 8-40 is offered at a highly attractive price point and is the Group's entry product within the video portfolio. The television is equipped with a 40 inch high glare screen, Full HD, digital surround sound, MPEG4 DVB receiver as well as a range of technologies that produce impressive picture and sound quality.

BeoVision 4-103
BeoVision 4-103 is a unique concept which, in size and function, sets new standards. The concept is at the core of the intelligent home due to its numerous opportunities for combining sound and picture experiences with Home Automation systems via Master Link Gateway and TV's Beo5 remote control.

BeoVision 7-40 Blu-ray
Towards the end of the financial year, Bang & Olufsen's high-end concept, BeoVision 7-40, was updated with a Blu-ray player, which offers the potential for film experiences of the highest quality, as well as the 100/120 Hz technology, which offers improved picture quality.

Optimisation of existing concepts
In addition, Bang & Olufsen has optimised existing concepts, including BeoVision 7-32 and BeoVision 6, which have been updated with an integrated DVB-HD module and two HDMI inputs, which provide for the High Definition (HD) material of the future.

Automotive
During the financial year, Automotive expanded its portfolio with both Audi and Aston Martin and a co-operation agreement is in place with Mercedes-AMG. In addition, Automotive has signed a contract with a potential new partner regarding the initial stages in the development of sound systems for this partner.

Distribution development

As expected, the 2008/09 financial year saw a net reduction in the number of B1 shops of 64. 40 B1 shops were opened or upgraded, while 104 shops were closed or converted to shop in shops. The reduction in the number of shops primarily relates to the European markets while there was a net addition of one B1 shop in China and four B1 shops in Russia/Ukraine during the financial year. This is in line with the Group's ambition to increase the number of shops in emerging markets.

As at the end of May 2009, there were 758 B1 shops across the world compared to 822 shops at the end of the 2007/08 financial year.

The share of turnover accounted for by B1 shops is 81 per cent. The number of shop in shops is 385 compared to 421 at the end of the last financial year. The organic growth for Bang & Olufsen shops, which have been in operation for more than 24 months, was -33 per cent for B1 shops and -34 per cent for shop in shops for the financial year as a whole.

BUSINESS-TO-BUSINESS AREAS

Bang & Olufsen Enterprise

For the 2008/09 financial year, Bang & Olufsen Enterprise achieved a turnover of DKK 115 million against DKK 155 million last year. Enterprise, which markets products to 5-star hotels and major property developments across the world, was affected by the global downturn during the 2008/09 financial year, which resulted in large hotel and development projects being cancelled or postponed.

Enterprise, however, achieved a satisfactory turnover in the fourth quarter of the 2008/09 financial year where the business unit recorded a turnover of DKK 50 million against DKK 47 million for the same period last year, i.e. an increase of DKK 3 million.

Turnover in Bang & Olufsen Enterprise has traditionally derived from Europe, but during the 2008/09 financial year, especially turnover in the Middle East increased satisfactorily, and the business unit continues to retain a sound order book, which supports the ambition for reasonable growth over the coming years.

Bang & Olufsen Automotive

For the 2008/09 financial year, Bang & Olufsen Automotive achieved a turnover of DKK 174 million against DKK 123 million for the same period last year, which is satisfactory. In the fourth quarter, turnover totalled DKK 41 million against DKK 42 million for the 2007/08 financial year. Automotive's turnover derives from sales of branded high-end sound systems for cars in the high-end segment. The Automotive business unit continues to see positive development and made a positive contribution to the Group's results in 2008/09. The segment is, therefore, an important element in Bang & Olufsen's core business.

During the 2008/09 financial year, the partnership with Audi was further expanded and now encompasses Bang & Olufsen Sound Systems for Audi A4/S4, Audi A5/S5, Audi R8 and Audi Q5 as well as Bang & Olufsen Advanced Sound Systems for Audi A8/S8 and Audi Q7. The development of more sound systems in partnership with Audi is proceeding according to plan, including the development of a second generation Advanced Sound System for more Audi models. The initial models on this platform are expected to be launched during the 2009/10 financial year.

The partnership with Aston Martin is just as successful and the BeoSound DBS and BeoSound DB9 systems, which have been specially developed for Aston Martin, have been extremely well received by the market. The successful partnership is expected to maintain its positive development over the coming year with more product launches.

The partnership with Mercedes-AMG is also going according to plan with the first concrete result of the partnership expected to be launched during the 2009/10 financial year.

As previously announced, Bang & Olufsen Automotive recently signed a contract with a potential new partner concerning the first stages of the development of sound systems for this partner.

Bang & Olufsen ICEpower a/s

For the 2008/09 financial year, turnover for Bang & Olufsen ICEpower a/s totalled DKK 85 million against DKK 118 million last year.

A significant part of the turnover continues to derive from the sale of standard amplifier modules and customised solutions for quality manufacturers in the global audio market. In addition, Bang & Olufsen ICEpower a/s receives royalties from sales of amplifier technology and acoustic solutions for major OEM partners, including Samsung.

In the second half of 2008/09, Bang & Olufsen ICEpower a/s experienced a decline in incoming orders from the company's largest customers, which has had a negative impact on the result.

Research and product development activity, however, continues at a high level.

EXPECTATIONS FOR THE 2009/10 FINANCIAL YEAR

Product portfolio

The year is expected to see a range of exciting and differentiated product innovations which will help to maintain a balanced product mix. Of the expected launches in 2009/10 the following can be mentioned:

New TV family
Towards the end of the 2009 calendar year, Bang & Olufsen expects to launch a new TV family with considerable placement flexibility in that it will allow the viewer to adjust the screen on the wall for a direct view of the screen from different angles, and it can also be mounted on an elegant stand. The new TV family will be launched with integrated stereo loudspeakers and digital surround sound module, and the DVB-HD (Full HD) module will be an option.

New model for the BeoVision 7 family
Bang & Olufsen is also far along with the development of an entirely new TV model for the BeoVision 7 family. This TV will be a 55 inch Full HD model, which among other things builds on the 100/120 Hz technology. Among the other functions are integrated LED light, which improves the contrast, and sublime sound quality with built-in digital surround sound module and integrated Adaptive Sound Technology. This TV will also offer an integrated DVB-HD (Full HD) module and Blu-ray player as an option.

New audio product
A new audio product for playing digitally stored music is also under development. It is a plug and play solution with user-friendly operations. An iPod can be linked to this product, which can also be connected to a BeoSound 5 system.

Addition to the acoustic portfolio
The loudspeaker portfolio will be expanded by a new subwoofer, which among other things builds on a technology that makes it vibration-free. The tulip-shaped subwoofer will offer a number of positioning options as it can be placed on the floor or mounted on the wall.

New telephone
Bang & Olufsen is currently developing a telephone with a loudspeaker for, among other things, hands-free conversations and conference calls. The telephone is also designed for use in connection with internet telephony. The telephone is characterised by superb sound quality.

BeoTime
Bang & Olufsen has announced the launch of a watch in the Group's range of gift items. The Management believes that the design is different from everything else on the market in this segment. The watch can also be used as a remote control for other Bang & Olufsen products and has a built-in movement sensor that allows the built-in display to be reversed for left-hand operation.

Distribution development

On the backdrop of the challenging retail environment, Bang & Olufsen will concentrate its efforts on business support for existing shops in the 2009/10 financial year. The Group expects a net decline in the number of shops, albeit at a significantly lower level than in the 2008/09 financial year.

The Group expects a net addition of B1 shops in the parts of the world, which is expected to see the highest economic growth in the future. Within the next two years, the aim, therefore, is to significantly increase the number of B1 shops in the Group's important emerging markets, including Russia and China, and to ensure a better penetration in markets where the Group is already present but with a limited market position. The expansion into new markets will, in the long-term, help to spread the Group's geographical exposure so that turnover in Europe over the long-term will account for a smaller part of the Group's overall turnover.

Expectations for the Group´s result for 2009/10

Bang & Olufsen expects, based on the implemented restructuring initiatives combined with a strong product launch programme, to achieve a break-even result before tax in the 2009/10 financial year based on a turnover level a little below the previously announced DKK 3,200 million.

An improvement in the result, however, can only be expected in the second quarter at the earliest based on the planned product launches.

Bang & Olufsen's vision is to constantly question the ordinary in search of surprising, long-lasting experiences. A vision that demands a very high level of innovation in product development as well as in day-to-day operations, i.e. production, distribution, organisation and management. Bang & Olufsen, therefore, focuses strongly on maintaining and developing the skills that form the core of the company's innovative abilities. In practice, this means that within these areas, Bang & Olufsen constantly tests the limits of the possible.

Product development

Product development of audio/video products and CarFi products generally takes place in Struer, Denmark. The company also has a small software innovation and development unit in Aarhus, Denmark, which works closely together with Aarhus University. In total, around 300 of Bang & Olufsen's employees are involved in product development at Struer, Denmark.

For the 500 engineers and technicians involved in the development of new Bang & Olufsen products, the opportunities for direct interaction with the production departments are important for ensuring that the finished products have the desired features and are of the right quality.

Bang & Olufsen has a well-established innovation culture, which has evolved over a number of years. As part of this culture and the innovative environment, Bang & Olufsen has divided its product development activities into separate stages. As part of the Pole Position strategy plan which was launched in October 2008, this innovation culture was further developed in order to improve the handling of the increased technology content. This will ensure optimum re-application of technology in individual products without restricting Bang & Olufsen's renowned differentiation.

Compared with other manufacturers of consumer electronics, Bang & Olufsen takes an unconventional approach to product development and design-driven innovation. One important area where Bang & Olufsen's approach stands out is the early concept development stage, during which the company devotes considerable resources in creating innovative and long-lasting concepts and designs.

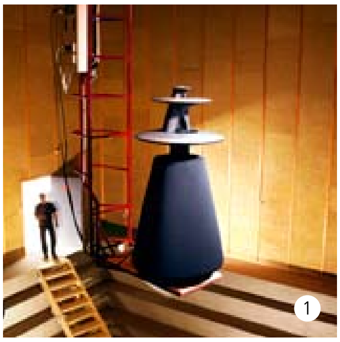
Bang & Olufsen attempts to predict lifestyle trends from four to seven years into the future. At the same time, Bang & Olufsen operates a so-called technology radar consisting of information about and an overview of expected future technologies compiled by specialists, who constantly monitor developments. The technology radar and the data on lifestyle trends provide customer insight, which is also used as background information for the creative development process.

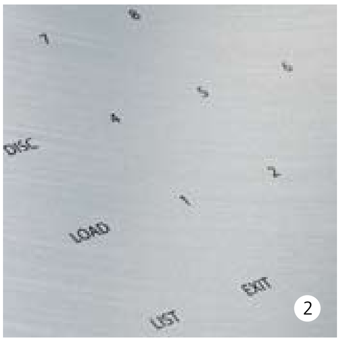
Bang & Olufsen's development model is a three-stage process containing a number of milestones at which the Product Steering Team, consisting of the Management Board and relevant individuals from other functions determine the further development of the project.

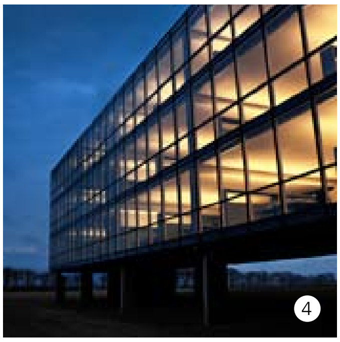
Responsibility for the early stages of concept development, when the concept is born, lies with the Product Innovation Department, known as the IdeaFactory. In this department, around 20 concept developers with various skills in concept and strategy development, operation and prototype production work together with three or four designers.

The stage from Concept Go to Concept Commitment utilises general strategy and master plans combined with a needs analysis, research, technology search, completed pre-projects, inspiration search and idea generation in a single intuitive, design-driven process involving development engineers, concept developers from the IdeaFactory and external designers. The outcome of this process is a detailed concept description that is presented to the Product Steering Team for final approval. Approved concepts are processed further and supported financially, technologically, idea-, project- and marketing-wise until Concept Commitment, at which time the concept's overall specifications are determined.

In the stage from Concept Commitment to Specification Commitment (product development stage), the integrated product development process between the IdeaFactory, the development department, the production units and relevant key suppliers is further intensified. As a result, the product specifications are further refined and details are defined in a final design road map. Iterations also occur as new ideas or opportunities arise during the process, or if ideas cannot be achieved as first assumed. At Specification Commitment, the technical design is finalised, producing a detailed plan for the project economy and launching periods. Concurrently with or after the Specification Commitment, Bang & Olufsen conducts a business







1. The cube, used for acoustic measuring
2. Aluminium surface for BeoCenter 2
3. Assembling of loudspeakers, Automotive
4. The Farm, headquarters in Struer
5. Aluminium production
6. Anodisation
7. The factory in Koprivnice, The Czech Republic
8. ICEpower, Lyngby
9. BeoCom 1401 production, Koprivnice

assessment to validate the product's market and earnings potential and describe the expected consequences on demand for the company's existing products.

In the stage following Specification Commitment, the product specifications have been determined in a design road map, based on which the fully integrated process continues in cooperation with in-house and external suppliers towards finalising the product. Around halfway through this process, Bang & Olufsen formally takes a position on investing in production tools and in the related production processes. Also during the process, the product and the related production processes are validated in respect of in-house and external quality requirements. An important milestone before the project is formally handed over for production and ramp-up activities is when the product is approved according to market-specific regulatory requirements.

From this stage, the project progresses into a more structured process towards the final product design and production base. Also, an estimate is made for when the product is expected to be released for actual production and subsequent sale.

Technology strategy

Bang & Olufsen has developed a technology strategy aimed at ensuring the availability of the necessary technological expertise and skills. The technology strategy also targets a high level of effectiveness in product development through a systematic reapplication of relevant technologies across Bang & Olufsen's product portfolio. The technology strategy is based on a range of internal core competencies coupled with a number of strategic partnerships so as to maximise Bang & Olufsen's own strengths within those technology areas where Bang & Olufsen's products differentiate themselves. Other technology areas will largely be covered by sub-contractors.

Acoustic competencies

Sound is one of Bang and Olufsen's core competencies. These competencies combine several knowledge areas, including basic acoustics, electro-acoustics, signal processing, highly effective amplifiers and psycho-acoustics. The Development Department has high-quality measuring facilities at its disposal, which include a large measuring room for acoustic free field measurements, several sound studios, and special facilities for the development of in-car sound. A trained and competent listening panel critically assesses the sound quality of all Bang & Olufsen's products.

The most recent, major technological development is the automatic adjustment of lower frequencies from the loudspeaker to the room and the patented acoustic lens system created in partnership with Sausalito Audio Works. The acoustic lens system is used in several loudspeakers and in CarFi.

Picture competencies

Bang & Olufsen's picture competencies are based on a combination of basic knowledge about the way in which we perceive picture quality, video signal processing, use of the TV screen and optimisation of the entire optical system.

To ensure optimum picture quality, only the highest-quality LCD and plasma screens are used for Bang & Olufsen's flat screen products. The picture experience is also affected by the glass plate at the front of the LCD or plasma screen. Most of the company's TVs come with high-tech front glass which improves contrast and reduces screen reflections.

Bang & Olufsen's long-standing development work within the field of picture quality – and with it a wide range of technologies, many of which are patent protected – is collated under the VisionClear concept, which enhances picture quality for all the company's video products.

Operation competencies

Operation competencies combine behavioural psychology, tactility, mechanics, graphics and software, which are crucial for the development of user-friendly operations of the products.

Since the mid-1980s, all controls have been integrated into one remote control. The classic Beo4 offers simple controls for the whole product portfolio. Pressing one button switches on the TV, DVD or Blu-ray and loudspeakers.

The new remote control, Beo5, can be configured specifically for the individual user's requirements. The user thus gets a unique, personal remote control containing the precise functions required for the various products in the user's own home – including lighting, curtains, windows, air-conditioning and alarms.

Mechanical competencies

Bang & Olufsen has accumulated competencies with regard to anodisation, processing and surface treatment of aluminium. To take an example, the aluminium surface of a BeoCenter 2 is treated so the aluminium contains minute pores, allowing signs and figures to be printed on to the surface. The toughness of an anodised surface is always greater than that of normal plastic surfaces or painted surfaces. Bang & Olufsen's anodisation plant can colour aluminium surfaces in a variety of colours.

The Development Department possesses special skills in terms of producing robust constructions of critical mechanical details and integrating high quality movable mechanics in the products.

Product integration

Product integration has for several years been a focus area for Bang & Olufsen, and the company has accumulated great competencies in this area. Bang & Olufsen considers many different aspects of integration. First, it means integrating more than one source of entertainment in a single product. Then there is the concept of linking different products to each other, even if they are situated in different rooms, via the BeoLink system. Finally, Bang & Olufsen also integrates new products into existing ones, and Bang & Olufsen products can also to some extent be integrated into products of other brands.

International development department

In recent years, Bang & Olufsen has made dedicated efforts to globalise product development in order to exploit both cost and competency-based benefits available in other countries. This will continue going forward.

Bang & Olufsen has established a development department in connection with the factory in Koprivnice in the Czech Republic. This provides opportunities for integrated product development and production maturity. Partnering with the university in Ostrava, the Czech Republic, the company has access to the skills and competencies of the university and the company interacts with the university in the relevant engineering study programmes. The department employs around 30 people who focus on mechanical and acoustic competencies. The Czech employees possess the necessary skills and competencies to complete a full construction process, once the specifications have been determined by the development department in Denmark. In future, the Czech development department will be responsible for the implementation of acoustic, stand and audio projects.

Bang & Olufsen also draws on the some 35 people employed in the Estonian company OÜ BO-Soft, which is 51 per cent owned by the company.

Collaboration with external designers

Development takes place in close collaboration with a number of external design firms. Typically, staff from the IdeaFactory provide technological and market input to the designers, after which the designers return with a design proposal. This mutual process leads to a product concept. When matured and approved, a concept is transferred to the development department, which is responsible for constructing and effectuating new concepts.

The designers have a very independent approach and substantial influence on product development in order to ensure optimum interaction between aesthetics, userfriendliness and technology. Bang & Olufsen has a close relationship with about five design companies who have worked for the company for a number of years.

Partnership with universities

Partnerships with knowledge centres, including universities, are an integral part of life at Bang & Olufsen and an important factor in the ongoing development of the company's core competencies. This is a long-standing tradition for Bang & Olufsen and the company partners with universities in Europe and North America. This process places strong emphasis on both research and its practical application. Bang & Olufsen's development engineers also participate in professional networks and conferences.

The partnership is based on an updated research strategy based on participation in research in all core competency areas. Each area has a technology specialist, who is responsible for the research undertaken by PhD students financed by Bang & Olufsen. To further enhance co-operation with universities, Bang & Olufsen sponsors permanent lectureships within its core competencies as well as funding the stays of visiting professors in Struer, Denmark.

Bang & Olufsen recently embarked on a research partnership with Aarhus University, the School of Engineering in Aarhus and the University of Surrey in the UK. The aim is to give Bang & Olufsen specialists access to the latest research and establish contact with graduates within specific areas. Bang & Olufsen has also launched a Bang & Olufsen Scholarship scheme which offers financial support for students working on a thesis relevant to the company's core competencies. In addition, Bang & Olufsen sponsors a three-week Innovation Camp at Struer, Denmark, attended by a large number of students and teachers from six European countries. The purpose of the Innovation Camp is to strengthen international co-operation and understanding with regard to the different cultures and traditions within the engineering profession.

Partnerships with suppliers

Bang & Olufsen enjoys close partnerships with leading suppliers – selected in accordance with the strategy - in areas in which Bang & Olufsen does not itself possess the requisite knowledge and competencies. These partners not only supply components for Bang & Olufsen's production, but also knowledge and skills for the development of the products. This is, for instance, the case in respect of flat screens, loudspeaker units, optical drives such as Blu-ray, digital video broadcasting (DVB), wireless ethernet and software development for various products.

Production

In recent years, Bang & Olufsen has been continually and systematically involved with product and distribution development as well as implementing rationalisation measures in all areas, including the reduction of production and capacity costs. The guiding principles behind this work have been innovation, simplification and focus. In 2006, this targetted approach resulted in the establishment of a new factory in Koprivnice in the Czech Republic.

The factory is an important component in Bang & Olufsen's future, balanced production in that a range of more labour-intensive tasks will be undertaken in the Czech Republic. The factory has, for instance, taken over some pre-assembly work as well as the completion of a substantial part of Bang & Olufsen's audio products. This means that production in Struer will place stronger emphasis on the introduction of new products – particularly flat-screen TVs. Concurrent with these changes, new skills will be needed from employees in the Danish production and several hundred employees have already taken part in a range of intensive courses. The same is the case with the production employees in the Czech Republic who have received intensive training to ensure that the extremely high quality levels apply equally to the Danish and Czech production processes.

Bang & Olufsen's production and development departments hold ISO 9001 certification. The company's Automotive production is certified according to ISO/TS 16949, a quality standard used in the car industry.

Distribution

In addition to its in-house training programmes, Bang & Olufsen also provides training programmes for dealers, shop staff and technicians with a view to strengthening sales and giving the customers a good experience of Bang & Olufsen. The company has established a training programme directed at new shop owners, new shop managers and new shop staff. A training plan is set up for each group and implemented through Bang & Olufsen's sales training programme. Bang & Olufsen has approximately 25 employees providing product training and teaching sales processes.

During the year under review, Bang & Olufsen established a "retail business school" programme for the company's Retail Development Managers. The aim of the new programme is to train dedicated business consultants to conduct qualified and intelligent dialogues with dealers based on best practice.

Moreover, Bang & Olufsen has focused on enhancing the support and development of the dealer network through one overall, global sales organisation. The company has, therefore, established a Shared Service Centre so as to ensure professional and effective servicing of our dealers.

Another important element is the e-learning portal, BEOCADeMY, which through internet-based courses and follow-up on class teaching keeps sellers and technicians updated on product knowledge and sales. As well as making courses available for the company's own employees, Bang & Olufsen each year trains a substantial number of salespersons, technicians and installation staff through BEOCADeMY.

Organisation/Management

Several independent surveys have, in the past few years, shown that Bang & Olufsen enjoys a strong image – as a business as well as a workplace. Inside Bang & Olufsen, a great deal of work is centred on enhancing the working environment as well as providing opportunities for management and employees in terms of career development and the upgrading of skills.

During the past financial year, a large number of employees participated in training programmes of a shorter or longer duration. Over the past few years, Bang & Olufsen has directed considerable attention to competence development for managers and employees. Such efforts will be ongoing. During the financial year, for instance, the so-called IPMA certification, under which a large number of Technical Project Managers receive training in order to strengthen Bang & Olufsen's project management skills, continued.

Environmental policy

Bang & Olufsen takes a holistic approach to the environmental impact our production and our products have on our employees, customers and surroundings. Consequently, the word "environment" encompasses the working environment, the product environment as well as the external environment.

As an environmentally responsible company, Bang & Olufsen wishes to develop sustainable products. Regard for our products' useful qualities, design and lifetime must be balanced against the impact on our surroundings.

In particular, this means that we:
· Develop and produce products under conditions that meet the requirements of ISO 14001 and OHSAS 18001 standards.
· Continually prevent or improve:
  - The working environment for the benefit of our employees' health and safety.
  - Industrial accidents and work-related illnesses.
  - Environmental impact from our activities and products on our surroundings.
· Communicate openly about our environmental issues.
· Maintain a high standard of information for our employees so that our environmental work is transparent and a natural part of our daily work
· Ensure that individuals who work for, and on behalf of, Bang & Olufsen have the necessary knowledge about the environment to enable them to perform their work in a responsible manner.

Environmental issues

The Bang & Olufsen logo is a guarantee for quality. Bang & Olufsen wants customers to buy Bang & Olufsen products in the knowledge that we have made all key decisions on their behalf – also in respect of environmental issues.

Bang & Olufsen develops high quality products that last for many years. Owing to their timeless design, 20-30 year-old Bang & Olufsen products that are in perfect working order can still be found in many homes. On average, Bang & Olufsen products have a lifetime of 10-15 years with no deterioration in their picture and sound quality. In order to maintain high quality throughout a product's lifetime, it is tested prior to being launched in the market. Consequently, the product can withstand cold, heat, bumps, sunlight, dust etc. In the event that a product develops a fault, it can, of course, be repaired. Mechanical spare parts such as back parts and front materials are also available should scratches or other damage occur. The high quality and long lifetime of our products has a positive effect on the environment.

On the supplier side, Bang & Olufsen has worked actively with Corporate Social Responsibility (CSR) for the past four years. The CSR guidelines are set out in Bang & Olufsen's Code of Conduct to which all suppliers must sign up. Suppliers are divided into three risk groups where those in the high-risk group are subject to a three-part audit. Bang & Olufsen recognises that responsible supplier management is an ongoing process. Consequently, the aim is not to use the Code of Conduct to terminate a relationship with a supplier where an audit reveals critical deviations. Rather, the company initiates joint action plans designed to improve the supplier's environmental and social standards. The implemented re-audits show improvements at the suppliers within the areas covered by Bang & Olufsen's Code of Conduct.

The result of life cycle analysis of Bang & Olufsen's products shows that the most significant environmental impact is energy consumption in customers' homes. It has, therefore, been natural for Bang & Olufsen to focus its environmental efforts on reducing stand-by consumption since this is often regarded as a waste of energy. To a significant extent, Bang & Olufsen is at the leading edge of the latest EUP directive .

In December 2008, the EU Commission adopted the first implementing measure under the EUP Directive. As a result, electric and electronic products must have a standby and/or off mode function and may not consume more than 1W in standby/off mode. This requirement, which came into force on 7 January 2009, will be increased in 2013 to a maximum of 0.5W.

[1] *Council Directive 2005/32/EC. EUP is an abbreviation of the directive's English title, Energy Using Products. For the electronics industry, this primarily relates to the reduction of the products' energy consumption during the user phase.*

Bang & Olufsen, of course, meets all current requirements and will continue to focus on minimising stand-by consumption.

The EU Commission has also presented a proposal regarding the environmental requirements for TVs in respect of maximum power consumption when switched on. The proposal also sets out requirements relating to power consumption during standby and requirements for automatically switching to standby. Although the proposal has not yet been adopted, Bang & Olufsen has already begun to implement these requirements in the TVs under development.

Moreover, the EU is considering the introduction of A-G energy labelling for TVs, a system already used for white goods. The Commission and the EU Parliament have not yet reached agreement on the drafting of this proposal. Bang & Olufsen is monitoring the development of the bill concerning energy labelling of TVs.

Over the past year, the company has monitored international product environment legislation that may impact on the company's products and sales. Internationally, the general trend is for the adoption and implementation of European legislation – including the WEEE[2] and RoHS[3] directives . The company keeps abreast of any new requirements that can affect its products. There are currently no indications that new requirements will impact on the annual accounts.

The revised battery directive[4] came into force on 26 September 2008 and contains a requirement regarding the content of materials in batteries including lead, cadmium and mercury as well as their labelling. There is also a requirement that products containing batteries should be designed so that the batteries are easy to remove by consumers or waste processors.

The most important issue for the company in connection with the implementation of the revised battery directive is manufacturer responsibility and the implementation of the WEEE directive. Manufacturers of batteries or products that contain batteries are obliged to collect, handle and ensure the utilisation of batteries. As the majority of Bang & Olufsen's products contain batteries, the company is affected by these requirements. Bang & Olufsen meets these obligations by participating in collective schemes around Europe. Enrolment in such schemes takes place on an ongoing basis as the European countries implement the battery directive.

In December 2006, the EU Commission adopted the new chemical regulation REACH[5]. The part of REACH that deals with materials and preparations has no direct bearing on Bang & Olufsen as the company does not import materials from non-European countries. However, based on REACH, Bang & Olufsen has initiated an internal chemical reduction programme under which the purchase and use of CMR materials class 1 and 2 are prohibited in order to create a better working environment for its employees.

REACH also covers chemicals in products and the import of such products – although not in the form of a ban but an obligation to inform consumers. In partnership with the Environmental Protection Agency and DHI[6], Bang & Olufsen participated in the pre-project: The Consequences of REACH for electronic companies – Requirements for Downstream Use of Preparations and Production of Chemicals". As a result, Bang & Olufsen has, with regard to chemicals in products, decided that its contracts must stipulate that suppliers must not sell products to the company that contain materials that appear on the list of Substances of Very High Concern (SVHC). This list has been prepared by the European Chemicals Agency on behalf of the

[2] *Council Directive 2002/96/EC. WEEE is an abbreviation of the directive's English title Waste Electrical and Electronic Equipment. The directive determines manufacturer responsibility for the collection and reprocessing of end of life electronic products.*

[3] *Council Directive 2002/95/EC. RoHS is an abbreviation of the directive's English title Restriction of use of certain Hazardous Substances. For the electronics industry, this primarily relates to the switch to lead-free soldering.*

[4] *Council Directive 2006/66/EC on batteries and accumulators.*

[5] *Council Directive no. 1907 of 18 December, 2006. REACH is an abbreviation of the directive's English title: Registration, Evaluation, Authorisation of Chemicals.*

[6] *CMR: Carciogenic, Mutagenic or toxic Reproduction.*

[7] *DHI – Institute for Water and Environment – works to advance technological development and competence within the fields of water, environment and health.*

European Commission. The SVHC list is continually updated and Bang & Olufsen is currently identifying whether there is a need for dispensations in respect of, for instance, the company's cables.

The immediate assessment is that REACH currently does not impact on Bang & Olufsen. However, as the list of SVHC is continually updated, developments will be monitored to ascertain whether there are materials that are essential to Bang & Olufsen and its products.

There are no external environmental issues that have, or could have, a significant impact on Bang & Olufsen's financial position. Bang & Olufsen's Mechanics Factory is approved in accordance with the Danish Environmental Protection Act's section 5. With regard to changes to processes and production layout, the objective is to eliminate or limit pollution whenever possible. The company maintains a regular dialogue with the authorities to create the best solutions and minimise pollution, e.g. by using cleaner technology (BAT[8]).

If processed correctly, electronic scrap is a valuable source for recovering raw materials. In large parts of the world, discarded electric and electronic products are collected and processed at approved waste processors where they are separated into different material fractions – metal, printed circuit boards, plastic, glass and screens. The separation is often carried out by hand. Alternatively, shredders are used to automatically sort the metal and plastic fractions for subsequent use for the production of new raw materials. Copper and other metals from printed circuit boards are also recycled. Materials that cannot be recycled are sent for incineration which generates energy. Otherwise they are despatched as waste.

Future disposal is also considered when Bang & Olufsen designs new products. All plastic parts are labelled so that waste processors can identify the type of plastic. Bang & Olufsen carries out disassembly tests to demonstrate how products are to be separated at the time of disposal, what material fractions the product consists of and what proportion of the product can be recycled. In addition, proposals for manufacturing improvements are put forward which benefit future products. Such disassembly tests show that over 65 per cent of material components in Bang & Olufsen's TVs can be recycled. The EU directive concerning the disposal of electric and electronic waste (WEEE) states that a minimum of 65 per cent of all collected electronics for entertainment purposes must be recycled – which Bang & Olufsen naturally complies with.

Bang & Olufsen prepares annual statutory green accounts for its anodising plant. Anodising is an electro-chemical treatment of aluminium which results in a highly durable surface structure. This surface structure means that with ordinary use, the aluminium element will retain its original attractive appearance for many years.

In addition to the green accounts, the company prepares an annual, voluntary environmental review which details the environmental aspects of production at Bang & Olufsen's factories as well as the company's working environment conditions.

For a number of products and business areas, an environmental review "To the last detail, an account of environmental awareness told through the development, production, use and disposal of a specific product" has been prepared.

"To the last detail" and the environmental review can be downloaded at www.bang-olufsen.com. The green accounts are available from the Environment Department on +45 96 84 10 18.

[8] BAT is an environmental term "Best Available Technology" (best accessible – or cleaner technology).

CORPORATE GOVERNANCE

Under the guidelines for corporate governance issued by NASDAQ OMX Copenhagen A/S, the company must consider these on the basis of the "comply or explain" principle.

In general, the Bang & Olufsen Group follows the NASDAQ OMX Copenhagen A/S' recommendations for corporate governance, subject to a few exceptions:

1. Shareholders' role and interaction with corporate management

The Annual General Meeting

In accordance with the company's Articles of Association, notice of the Annual General Meeting must be given no less than eight days and no more than four weeks prior to the meeting. The notice must contain a complete agenda and an explanation of the items on the agenda where such explanation is relevant. Proposals for agenda items must be submitted to the Board of Directors in writing by 15 August of the year in question.

Investor meetings

Investor meetings and telephone conferences are held following the publication of each quarterly statement to provide participants with the opportunity to put questions to the Management Board. Telephone conferences are subsequently available at www.bang-olufsen.com. It is also possible to contact the company's Investor Relations function which is charged with maintaining an ongoing dialogue with current and potential shareholders.

2. The role of stakeholders and its importance to the company

For many years, the Board of Directors has been attentive to the company's relationship with its stakeholders, a fact that is reflected in the company's annual environmental statement which has been prepared since 1995/96. Equally, social issues both inside the company and beyond play an important role in the life of Bang & Olufsen in general. In view of the work already under way, the company does not find it necessary to set out a formal policy for this area as the Board of Directors regularly monitors the Management Board's approach to these issues.

3. Openness and transparency

The company complies with the statutory regulations concerning the publication of material information relevant to shareholders' and the financial markets' evaluation of the company, its activities, business objectives, strategies and results. The Board of Directors has approved guidelines aimed to ensure that such information complies with statutory regulations. All announcements are issued via Company News Service, NASDAQ OMX Copenhagen A/S' distribution company, and can subsequently be accessed from the company's website www.bang-olufsen.com. All announcements are issued in both Danish and English.

The company publishes quarterly, half year and annual reports.

4. Board of Directors' tasks and responsibilities

The Board of Directors has overall management responsibility for the company. In keeping with general practice in Denmark, the Board of Directors and the Management Board act independently of each other and have different responsibilities. The Management Board handles the day-to-day management of the company while the Board of Directors supervises the work of the Management Board and is responsible for general strategic management.

5. The composition of the Board of Directors

With regard to Bang & Olufsen a/s, all board members elected at the Annual General Meeting stand for election each year. In general, six to eight board meetings are held annually together with ad hoc meetings as required. Board members elected by the AGM comprise a group of experienced international business people. The age limit for members of the Board of Directors is 70.

As the Board of Directors deems it irrelevant, no information is provided on the recruitment criteria determined by the board, including the requirements regarding professional qualifications, international experience, educational background and the like.

The Board of Directors does not employ formalised self-assesment. The Chairmanship evaluates the work of the Board of Directors on an ongoing basis.
In contrast to the recommendations, Bang & Olufsen a/s does not operate guidelines for the number of directorships board members may have. The deciding factors are the individual member's capacity, competence and contribution. The Board of Directors' rules of procedure lay down regulations concerning the tasks and responsibilities between the members of the Management Board and the Board of Directors.

6. The Board of Management's and the Board of Directors' remuneration

The Board of Directors has set up a compensation committee which carries out negotiations concerning the Board of Management's remuneration. The members of this committee appear on page 23.

Incentive programmes are published comprehensively in the Annual Report in accordance with relevant rules and regulations. Members of the Board of Directors do not benefit from incentive programmes.

Bang & Olufsen's Annual Report does not contain information concerning the amount of remuneration paid to individual members of the Board of Directors and Management Board.

The Board of Directors believes the important factors are the total amount of remuneration and related trends.

7. Risk management

Please refer to page 57 and 58 of this report.

8. Audit

The company's auditors are elected by the Annual General Meeting after recommendation from the Board of Directors. The audit fee is approved by the Board of Directors.

IR Policy

Bang & Olufsen aims to provide:

- NASDAQ OMX Copenhagen A/S
- Current and potential investors
- Share analysts and stockbrokers

with all relevant information about the Group rapidly and concisely.

This information is intended to:

- Increase investor awareness of Bang & Olufsen in Denmark and abroad.
- Provide investors with structured, current and planned information that will satisfy the requirements for decisions relating to investments in Bang & Olufsen shares.

The information, and the provision of such information, must always comply with current regulations as issued by NASDAQ OMX Copenhagen A/S and in accordance with current legislation.

Internal rules regarding insider information and trade in the company's shares

Pursuant to the Danish Securities Trading Act, the company maintains an insider register of persons who, owing to their position, are deemed to have access to insider information about the company. The company has established internal rules for such individuals.

The individuals, who are listed in the insider register and subject to the internal rules, are members of the Board of Directors and the Management Board of Bang & Olufsen a/s, other directors and senior managers who report directly to the Board of Directors or the Management Board of Bang & Olufsen a/s, the elected auditors and other employees of Bang & Olufsen a/s who may have access to insider information.

Also included are board members and members of the Management Board, other directors and senior managers in Bang & Olufsen a/s' subsidiaries, including the Group's foreign companies if their positions are deemed to provide them with access to insider information.

All board members, members of the Management Board and other insider-registered employees in the Bang & Olufsen a/s group may only buy or sell shares in Bang & Olufsen a/s for a period of 4 weeks after publication of the company's Interim Reports or Annual Reports.

The Bang & Olufsen share

As at 31 May, 2009, Bang & Olufsen's share capital has a nominal value of DKK 362,440,140.

Under article 4 of the Articles of Association, on 16 April, 2009, the Board of Directors decided to increase the company's share capital by DKK 241,626,760 nominal value (24,162,676 shares at a nominal value of DKK 10.00).

The offer was executed with pre-emption rights for the company's existing shareholders at the ratio of 1:2. The new shares were subscribed at a price of 19 per share at a nominal value of DKK 10.00.

The capital increase was fully subscribed and resulted in gross proceeds of approx. DKK 459 million and net proceeds of approx. DKK 433 million. Consequently, the Board of Directors registered the resolution passed at the General Meeting on 4 March, 2009, to abolish the company's share classes so that the company will have one share class only in future (subject to completion of the offering).

Bang & Olufsen's shares are listed on NASDAQ OMX Copenhagen A/S. The company's identification code is DK 001021842-9.

Each share with a nominal value of DKK 10.00 represents 1 vote.

At 31 May, 2008, the closing price of Bang & Olufsen's B shares was 265. With 10,995,795 B shares, this equates to a market value of approx. DKK 2,908 million. Following the share capital increase in April 2009, the closing price as at 31 May, 2009 was 45. With a share capital of 36,244,014 shares, this equates to a market value of approx. DKK 1,613 million.

Shares in circulation

Issued shares	36,244,014
- own shares	(110,076)
	36,133,938

Own shares
As at 31 May, 2009, Bang & Olufsen a/s had a portfolio of own shares of DKK 1,100,760 nominal value equating to 0.3 per cent of the share capital.

Shares held by members of the Management Board
As at 31 May, 2009, members of Bang & Olufsen a/s' Management Board held DKK 83,910 nominal value.

Shares held by the Board of Directors
As at 31 May, 2009, members of Bang & Olufsen a/s' Board of Directors held DKK 867,960 shares nominal value.

Share option programme
Bang & Olufsen's share option programme comprises a number of the Group's directors. As at 31 May, 2009, the total pool of options amounted to 566,697. These can be exercised during the period 2009 - 2014. For further details please refer to note 5.

Information about shareholders

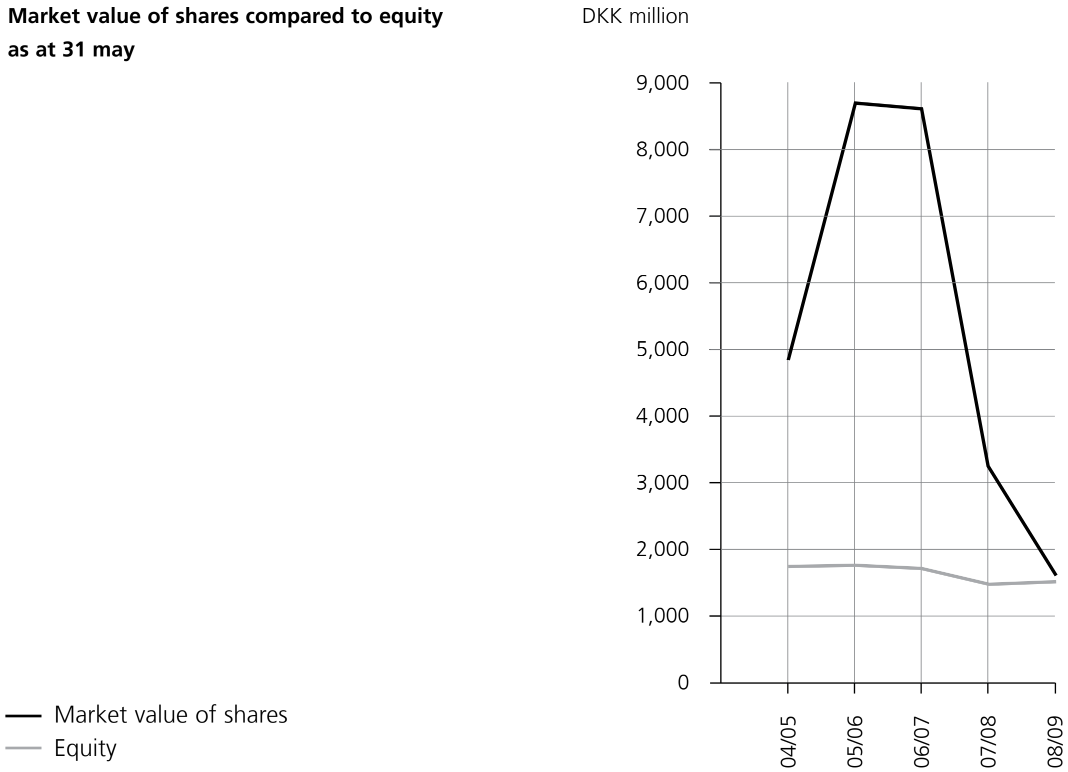
As at 31 May, 2009, Bang & Olufsen a/s had approx. 34,400 registered shareholders corresponding to an ownership interest of approx. 79 per cent of the share capital. Approx. 33,500 of these shareholders are resident in Denmark.

Of the listed capital, approx. 74 per cent is placed in Denmark, approx. 10 per cent in Holland, approx. 8 per cent in the US and 3 per cent in the UK.

As at 31 May, 2009, the following individuals or legal entities hold 5 per cent or more of the company's capital or share capital's voting rights:

	Nominal amount DKK 1,000	Capital %	Votes %
Arbejdsmarkedets Tillægspension, Kongens Vænge 8, 3400 Hillerød	50,784	14.01	14.01
Aviva plc. St. Helen´s 1 Undershaft, London, EC3P 3DQ, United Kingdom	36,244	8.02	8.02
Den Professionelle Forening LD, Vendersgade 28, 1363 København K.	22,042	6.08	6.08
Færchfonden, Lille Østergade 8A, 7500 Holstebro	18,480	5.10	5.10

Market value of shares compared to equity as at 31 may



Rules concerning the appointment and replacement of members of the Company's Board of Directors and changes to the Company's Articles of Association

The Company's Articles of Association specify the following rules concerning the appointment and replacement of members of the Company's Board of Directors and changes to the Company's Articles of Association:

The Company is headed by a Board of Directors which – besides any representatives elected by the Company's employees pursuant to the statutory provisions – consists of between 4 and 8 members elected by the General Meeting. Board members elected at the General Meeting stand down at Ordinary General Meeting and may be re-elected.

Board members elected by the General Meeting comprise a group of experienced international business executives. The age limit for members of the Board of Directors is 70.

The Board of Directors does not apply formalised self-evaluation. The Chairmanship evaluates the work of the Board of Directors on an ongoing basis. In contrast to the recommendations, Bang & Olufsen a/s does not operate guidelines for the number of directorships board members may have. The deciding factors are the individual member's capacity, competence and contribution.

All matters considered at the General Meeting shall be settled by simple majority vote.

Resolutions concerning amendments to the Articles of Association or the winding up of the company require two-thirds of the share capital to be represented at the General Meeting, and that the resolution is passed by two-thirds of the votes cast as well as of the voting share capital represented at the General Meeting. If two-thirds of the share capital is not represented at the General Meeting, but the proposed resolution is passed by two-thirds of the votes cast as well as of the voting share capital represented at the General Meeting, a new General Meeting will be convened as soon as possible at which the resolution proposed may be passed by two-thirds of the votes cast, regardless of the proportion of the share capital represented.

Proxies for the first General Meeting are also valid for the second meeting unless explicitly revoked. Where a proposal to amend the Articles of Association has been submitted or adopted by the Board of Directors, the proposal may be finally adopted at one General Meeting by a majority of two-thirds of the votes cast as well as of the voting share capital represented at the General Meeting, regardless of the proportion of the share capital represented.

Other information in accordance with the Financial Statements Act § 107 a

The contracts signed by Bang & Olufsen concerning the supply of sound systems to the automotive industry contain "change of control" clauses. This applies both to the agreement with Audi, and the agreement with Aston Martin Lagonda Ltd. As a consequence of these clauses, should a change of control of Bang & Olufsen take place, Audi and Aston Martin Lagonda Ltd. are entitled to terminate the contract between the parties.

The original loan of DKK 74.5 million from Danske Bank to Bang & Olufsen s.r.o with a carrying amount of DKK 52.1 million as at 31 May, 2009 includes a clause to the effect that the loan can be called if a shareholder obtains controlling influence of Bang & Olufsen a/s.

The original loan of DKK 52.0 million from Danske Bank to Bang & Olufsen s.r.o with a carrying amount of DKK 36.4 million as at 31 May, 2009 includes a clause to the effect that the loan can be called if a shareholder obtains controlling influence of Bang & Olufsen a/s.

The Company's Articles of Association state the following:

Until 31 May, 2012, the Board of Directors is authorised, in one or more stages, to increase the company's share capital by up to DKK 2,500,000 through the issue of shares offered to employees of the Bang & Olufsen Group at a price corresponding to the current market price or lower, and on terms to be decided by the company's Board of Directors.

The increase will take place in the form of cash payment without any pre-emption rights for the shareholders. The new shares issued in accordance with this authorisation will be negotiable instruments issued to bearer. No restrictions will apply to the transferability of the shares, and no shareholder will be entitled to have his/her shares redeemed in whole or in part. In all respects, the new shares will carry the same rights as the former B shares.

The new shares are eligible for dividends and other rights in the company from a date to be determined by the Board of Directors, however not later than one year after the date of registration.

On behalf of the company, the Board of Directors is authorised, in the period until 26 March, 2010, to acquire up to 10 per cent of the company's share capital against payment which shall not be more than 10 per cent greater or lower than for the shares at NASDAQ OMX Copenhagen A/S quoted price.

The Board of Directors is authorised, in the period until 31 December 2009, in one or more stages, to increase the company's share capital by up to DKK 250,000,000 nominal value (corresponding to 25,000,000 shares of DKK 10.00 each), c.f. Companies Act § 37, always provided, however, that the first exercise of the authority must be for a minimum nominal amount of DKK 30,000,000 shares (corresponding to 3,000,000 shares of DKK 10.00 each) by cash payment with pre-emptive rights for the company's existing A and B shareholders so that all shareholders are entitled to subscribe to new shares in proportion to their holdings of A or B shares, as decided by the company's Board of Directors in each individual case.

Regardless of whether the pre-emptive right is taken up by A or B shareholders, the shares issued pursuant to the authorisation will be B shares and will be negotiable instruments to be issued to the bearer, but may be registered in the name of the holder in the company's register of shareholders. No restrictions apply to the negotiability of the shares and no shareholders will be obliged to redeem shares in full or in part. The shares will have the same rights as the existing B shares and the shares will give the shareholders the right to dividend and other rights in the company from the time of the registration of the capital increase in the Danish Commerce and Companies Agency.

On 16 April, 2009, the Board of Directors used this authorisation to issue 24,162,676 new shares equating to DKK 241,626,760 nominal value. Hereafter, there remains authorisation for DKK 8,373,240.

Since the execution of the offer, the resolution passed at the General Meeting on 4 March, 2009 to abolish the company's share classes so that the company will have one share class only in future, was executed.

The Board of Directors can carry out the necessary changes to the Articles of Association in connection with the changes in the capital increase in accordance with the above-mentioned provision.

Dividend policy

The Group's dividend policy aims at paying between one third and one half of the annual profits after tax as dividend. Based on the company's result, the Board of Directors proposes to the General Meeting that no dividend be paid out for the 2008/09 financial year.

Dividend payment

No dividend is expected.

The following share analysts covered Bang & Olufsen at the end of the financial year

ABG Sundal Collier
Alm. Brand Markets
Bankinvest-group
Carnegie Bank A/S
Cheuvreux
Danske Equities
Enskilda Securities
Gudme Raaschou Bank
Handelsbanken
Jyske Bank
Nordea
Proactive Independent Ideas
Sal. Oppenheim
Sydbank

Website

Bang & Olufsen invites investors and other stakeholders to visit the company's website: www.bang-olufsen.com, where a wide range of information of interest to the investors is available, i.e. announcements, annual reports, quarterly and half-yearly reports, the financial calendar and, not least, the company's history and a presentation of its products.

Investor contact

Investors@bang-olufsen.dk

STATEMENTS SENT TO NASDAQ OMX COPENHAGEN A/S DURING THE PERIOD JUNE 2008 - MAY 2009

Financial statements:

13 August, 2008	Annual Report for the financial year 2007/08
19 October, 2008	Interim Report for the 1st quarter 2008/09
15 January, 2009	Half year report 2008/09
14 April, 2009	Interim Report for the 3rd quarter 2008/09

Other statements:

4 June, 2008	Financial calendar for Bang & Olufsen a/s
7 July, 2008	Bang & Olufsen a/s downgrades profit expectations 2007/08
15 July, 2008	Bang & Olufsen significantly expands partnership with Audi
6 August, 2008	Bang & Olufsen in partnership with Mercedes-AMG
27 August, 2008	Record order for Bang & Olufsen
3 September, 2008	Bang & Olufsen's Board of Directors recommend a change of voting procedures to the Board and the election of Rolf Eriksen, the CEO of H&M to the Board
5 September, 2008	Convene the Annual General Meeting of Bang & Olufsen a/s
15 September, 2008	Bang & Olufsen to launch sound systems for two Aston Martin models
23 September, 2008	New multi-million order for Bang & Olufsen in Dubai
23 September, 2008	Proxies to the Board of Directors in Bang & Olufsen a/s
26 September, 2008	Annual General Meeting of Bang & Olufsen a/s
26 September, 2008	Major shareholder announcement
21 October, 2008	Bang & Olufsen rolls out overall strategy plan
19 December, 2008	Bang & Olufsen announces expectations for the financial year
26 January, 2009	The Færch Foundation to become major shareholder in Bang & Olufsen a/s
11 February, 2009	Notice of an extraordinary general meeting of Bang & Olufsen a/s
2 March, 2009	Proxies to the Board of Directors in Bang & Olufsen a/s
4 March, 2009	Minutes of an extraordinary general meeting of Bang & Olufsen a/s
14 April, 2009	Revised financial calendar for Bang & Olufsen a/s
16 April, 2009	Announcement of prospectus
12 May, 2009	Bang & Olufsen a/s completes fully subscribed rights issue and merger of share classes
12 May, 2009	Registration of capital increase and merger of share classes completed
12 May, 2009	Major shareholder announcement
13 May, 2009	Major shareholder announcement
14 May, 2009	Major shareholder announcement
27 May, 2009	Bang & Olufsen a/s - financial calendar

Statements regarding insider trading:

31 October, 2008
3 November, 2008
27 April, 2009
29 April, 2009
4 May, 2009
6 May, 2009
11 May, 2009
12 May, 2009
12 May, 2009

The statements can be read in full at www.bang-olufsen.com under Company – Investors – Company announcements.

CAPITAL STRUCTURE

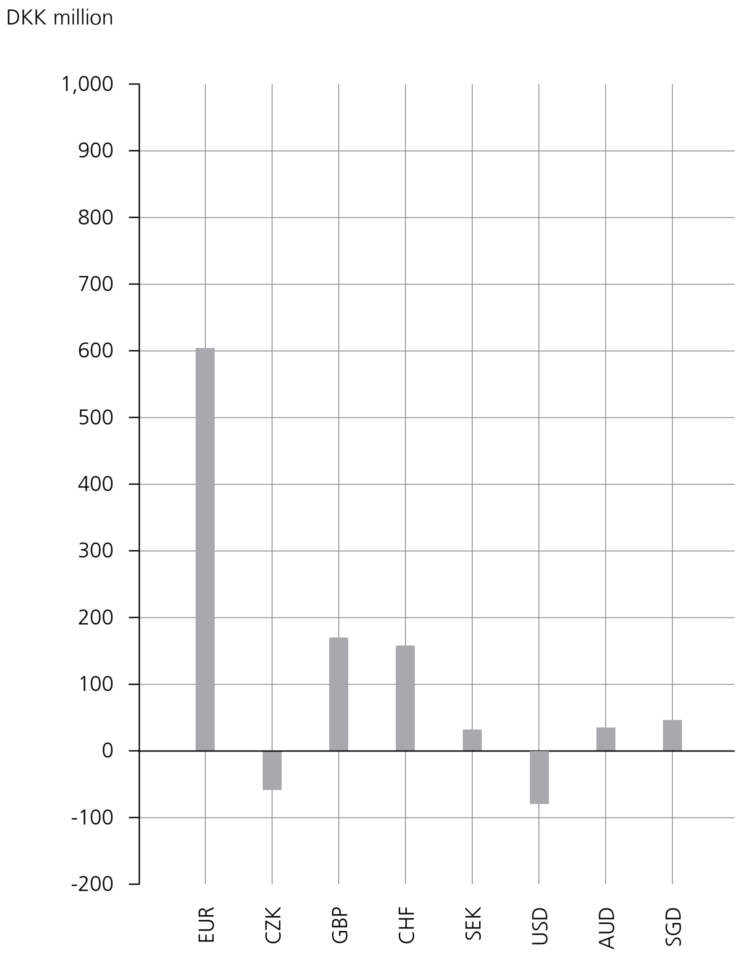
Bang & Olufsen operates in a sector with very frequent and significant changes in technology. Distribution development largely takes place through retailer-owned shops, but in certain markets it might from time to time be necessary for the Group to acquire established retail networks. The draw on liquidity in individual financial years is characterized by considerable seasonal variations. The Group will occasionally be faced with small or medium-sized acquisition opportunities within new business areas and new fields of technology.

Based on this, Bang & Olufsen has a need for sufficient capital reserves and the Group will therefore, as a long-term average, aim at an equity ratio of 40-50 per cent and a net interest-bearing debt in a range between 0.25 and 2.00 times earnings before interest, tax, depreciations, amortisations and impairment losses (EBITDA). As at 31 May 2009 the equity ratio equals 57.1 per cent, while it, as at 31 May 2008, equalled 52.7 per cent.

As at the balance sheet date the financial gearing and the ratio between the net interest-bearing debt and EBITDA can be calculated as below:

	2008/09	2007/08
Mortgage loans	236.8	244.2
Loans from banks etc.	141.3	197.7
Cash	(258.1)	(107.1)
Net interest-bearing debt	120.0	334.8
Equity	1,520.1	1,483.8
Financial gearing	0.08	0.23
EBITDA	(207.5)	482.7
Net interest-bearing debt/EBITDA	(0.58)	0.69

The year's net flow in key currencies



COMMERCIAL RISKS

Markets and competition

Although the Group's products are marketed globally, most of the turnover derives from Europe. The company is a niche player in an industry dominated by major international electronics businesses.

The company differentiates itself in terms of design, quality and innovation. Over a number of years, the company has established a selective distribution system with dedicated Bang & Olufsen dealers. The combination of innovative products and a dedicated distribution has positioned the company as a supplier of luxury goods rather than exclusively A/V products.

The company can be affected by economic trends in the countries where the Group's products are sold, as well as by new technological initiatives by the industry's main players.

Sales trends are seasonal with the main emphasis on the period from October to January. In order to comply with the commercial challenges, substantial investments are made in product development and flexible production.

Suppliers

The Group is dependent on a large number of suppliers, primarily from Europe and Asia, and strives to maintain long-term supplier relations with regard to the purchase of development services and production goods. Bang & Olufsen endeavours to ensure that supplies of critical raw materials are assured through contracts and agreements and, when possible, through co-operation with several suppliers.

Employees

Bang & Olufsen wishes to retain its position as an exciting and attractive workplace to attract and retain highly qualified employees at all times. Consequently, focus is on individual personal and career development which is secured through maintaining and creating interesting and challenging jobs throughout the Group. Each year, the Group, therefore, actively contributes to, and invests in, a range of training programmes for its employees.

Insurance

Bang & Olufsen's insurance policy stipulates that insurance policies must cover any damage arising to Bang & Olufsen's assets and any claims that Bang & Olufsen may incur so that such damage or claims do not impact on the company's capital and future operations to any significant extent. Consistent with this, the Group can be self-insured in respect of minor risks, while major risks are fully insured. When deemed financially beneficial, insurances contain an excess.

In respect of the above, a global insurance programme has been established to include all-risk, operational losses, business and product responsibility.

Bang & Olufsen has a written contingency plan and works continually with risk management in order to protect against damage to own and contractors' facilities.

The Group's management of financial risks

As a result of the Bang & Olufsen Group's extensive international activities, the profit & loss account, balance sheet and equity are exposed to a number of financial risks at any given time.

These risks comprise:

· Foreign exchange rate risk
· Interest rate risk
· Credit risk
· Liquidity risk

Bang & Olufsen continually assesses these risks at Group level. As it is the Group's policy not to speculate in financial instruments, its financial management is solely directed towards the management of financial risks in relation to operations and financing.

Foreign exchange risk

In 2008/09, 91 per cent (2007/08: 88 per cent) of the Group's turnover is in foreign currency. Since the Group's purchasing policy is to match purchasing and sales currencies to the greatest possible extent, the figure does not express the Group's foreign exchange rate risk.

The Group has net inflows in EUR, GBP and CHF while USD accounts for the most significant exposure on the outflow side. For the 2008/09 financial year, exposure in USD has been almost neutral, which is also expected to be the case in 2009/10.

The Group's foreign exchange rate risks are managed centrally by the parent company's finance department based on a foreign exchange rate policy approved by the Board of Directors. Forward contracts are used to continually cover net positions. These forward contracts are classified as hedging and fulfil the accounting requirements for hedging future cash flow. Forward contracts are used for commercial transactions only.

The Group's net monetary items in foreign currencies appear in note 42.

The Group has hedged 75 per cent of the expected net inflows in GBP and CHF for 2009/10. As a result, a 5 per cent change in the exchange rate for GBP could be expected to impact on the Group´s result by approx, DKK 3 million. A 5 per cent change in the exchange rate for CHF could be expected to impact on the Group´s result by approx. DKK 2 million.

For 2008/09, exchange rate changes of 5 per cent for GBP, 5 per cent for CHF and 10 per cent for USD in relation to the Danish krone were expected to impact on the Group´s pre-tax result by 7 per cent, 7 per cent and 2 per cent respectively.

Besides the foreign exchange rate risk relating to current transactions, the Bang & Olufsen Group's equity is affected by foreign exchange rate risks relating to the translation of the Group's foreign subsidiaries from local currencies to DKK. The translation risk is of no significance to Bang & Olufsen's annual report.

Interest rate risk

The Group's interest rate risk relates to interest-bearing debt and interest-bearing assets.

The Group's interest-bearing assets consist mainly of liquid funds, which at year end totalled DKK 258 million (2007/08: DKK 107 million). Liquid funds yield interest on the short-term money market. The interest rate risk is deemed to be insignificant in that a change in the interest rate level of 0.5 per cent for 2008/09 would have impacted on the Group's result before tax by approx. DKK 0.5 million.

At year end, the Group's interest-bearing debt totalled DKK 378 million (2007/08: DKK 442 million) corresponding to 14.1 per cent of the balance sheet total. (2007/08: 15.7 per cent).

Of the interest-bearing debt, DKK 225.3 million falls due after five years. Further information is provided in Notes 32 and 33.

Due to the low debt level and the fact that borrowings are exclusively in fixed interest loans, the Group's interest rate risks are insignificant and are not expected to impact significantly on the Group's result.

Credit risk

The Group's most important primary financial instruments comprise trade receivables and bank deposits. The amounts at which these balance sheet items are recognised correspond to the maximum credit risk.

At the end of the financial year, the Group was selling its products through 1,146 dealers worldwide. The Group is, therefore, exposed to a risk of losses on receivables.

The individual dealers, including their geographical location, are subject to ongoing evaluation. When deemed necessary, the Group employs bank guarantees or debtor insurance against outstanding debts.

For the 2008/09 financial year, DKK 61 million was expensed for losses and changes to provisions for losses on receivables (DKK 2007/08 DKK 48 million).

Liquid funds are placed with financial institutions with high credit ratings. Derivatives, including foreign exchange forward contracts, are entered into with such institutions only. It is deemed, therefore, that the credit risk relating to liquid funds is of no significance to Bang & Olufsen's annual report.

Liquidity risk

The financial reserve is continually assessed and managed by the parent company's finance department. It is ensured that, at any given time, there is sufficient, flexible and unused assurance credit available provided by major, reputable financial institutions. On the basis of its financial reserve arrangements, no liquidity issues are expected.

The liquidity risk, therefore, is not significant in relation to Bang & Olufsen's annual report.

COURAGE TO CONSTANTLY QUESTION THE ORDINARY
IN SEARCH OF SURPRISING, LONG-LASTING EXPERIENCES.

FINANCIAL REPORT AND NOTES

Financial report

Notes

PROFIT AND LOSS ACCOUNT

Notes	Bang & Olufsen a/s	Group		Parent company	
	(DKK million)	2008/09	2007/08	2008/09	2007/08
4 …	**Net turnover**	**2,789.5**	**4,092.0**	**426.3**	**948.1**
5 …	Production costs	(1,683.8)	(2,199.6)	(422.7)	(526.4)
	Gross profit	**1,105.7**	**1,892.4**	**3.6**	**421.7**
5 …	Development costs	(462.7)	(545.5)	(490.8)	(565.5)
5 …	Distribution and marketing costs	(928.5)	(1,003.5)	-	-
5 …	Administration costs etc.	(104.5)	(148.7)	(34.3)	(42.9)
5 …	Restructuring costs	(105.5)	-	(20.8)	-
	Operating profit/loss	**(495.5)**	**194.7**	**(542.3)**	**(186.7)**
	Result of investments in associates after tax	2.3	(11.2)		
6 …	Dividend			231.0	916.5
7 …	Financial income	11.4	20.0	64.7	59.0
8 …	Financial costs	(41.2)	(49.8)	(53.6)	(36.1)
	Financial items, net	(29.8)	(29.8)	11.1	22.9
	Result before tax	**(523.0)**	**153.7**	**(300.2)**	**752.7**
9 …	Tax on result for the year	140.2	(41.4)	138.4	25.8
	Result for the year	**(382.8)**	**112.3**	**(161.8)**	**778.5**
	Attributable to:				
	Shareholders of the parent company	(385.1)	104.7		
10 …	Minority interests	2.3	7.6		
		(382.8)	**112.3**		
11 …	**Earnings per share**				
	Earnings per share, DKK	(15.7)	4.4		
	Diluted earnings per share, DKK	(15.7)	4.4		
	Earnings per share from continuing operations, DKK	(15.7)	4.4		
	Diluted earnings per share from continuing operations, DKK	(15.7)	4.4		
	Proposed distribution of profit:				
	Retained earnings			(161.8)	742.3
	Proposed dividend for the financial year			-	36.2
				(161.8)	778.5

No dividend is proposed for the financial year 2008/09 (DKK 3.00 per share in 2007/08).

Parantheses denote negative figures or figures to be deducted. Notes: See pages 73 - 126

BALANCE SHEET
ASSETS

Notes	Bang & Olufsen a/s	Group		Parent company	
	(DKK million)	31/5 09	31/5 08	31/5 09	31/5 08
Notes …					
	Intangible assets				
	Goodwill	44.8	44.8	3.2	3.2
	Acquired rights	50.8	41.1	47.4	35.9
	Completed development projects	200.6	218.8	191.2	204.5
	Development projects in progress	185.0	112.5	173.8	97.0
12, 15 …	Total intangible assets	481.2	417.2	415.6	340.6
	Tangible assets				
	Land and buildings	269.9	274.4	82.0	83.7
	Plant and machinery	229.5	221.8	8.8	8.8
	Other equipment	48.4	50.0	29.0	30.9
	Leasehold improvements	32.2	28.7	-	0.1
	Tangible assets in progress and prepayment for tangible assets	33.2	80.8	-	6.7
13, 15 …	Total tangible assets	613.2	655.7	119.8	130.2
14 …	**Investment property**	49.1	52.8	125.0	73.2
	Financial assets				
16 …	Investments in subsidiaries			719.5	722.8
17 …	Investments in associates	9.5	6.3	5.6	2.0
18 …	Other financial receivables	60.4	52.0	3.0	3.0
	Total financial assets	69.9	58.3	728.1	727.8
19 …	**Deferred tax assets**	103.8	22.7	53.0	-
	Total non-current assets	**1,317.2**	**1,206.7**	**1,441.5**	**1,271.8**
20 …	**Inventories**	597.8	801.4	1.2	1.4
	Receivables				
21 …	Trade receivables	407.9	593.0	-	-
22 …	Receivables from subsidiaries			759.6	921.4
23 …	Receivables from associates	1.4	-	-	-
24 …	Income tax receivables	21.7	39.7	0.2	9.2
25 …	Other receivables	31.6	38.9	2.3	12.6
	Prepayments	28.4	30.5	11.4	7.0
	Total receivables	491.0	702.1	773.5	950.2
	Cash	258.1	107.1	217.7	5.3
	Total current assets	**1,346.9**	**1,610.6**	**992.4**	**956.9**
	Total assets	**2,664.1**	**2,817.3**	**2,433.9**	**2,228.7**

Notes: See pages 73 - 126

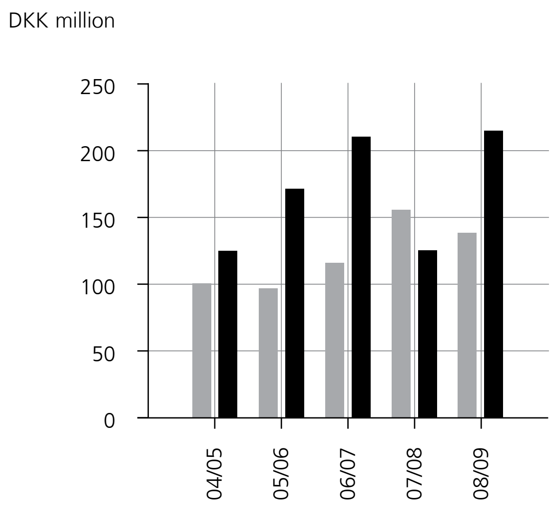
BALANCE SHEET
EQUITY AND LIABILITIES

Notes	Bang & Olufsen a/s	Group		Parent company	
	(DKK million)	31/5 09	31/5 08	31/5 09	31/5 08
	Equity				
26 ...	Share capital	362.4	120.8	362.4	120.8
	Share premium	232.1	14.6	232.1	14.6
	Translation reserve	(39.6)	(42.9)		
	Reserve for cash flow hedges	(1.0)	-	(1.0)	-
27 ...	Retained earnings	963.9	1,379.2	1,371.6	1,522.8
	Equity attributable to shareholders of the parent company	1,517.8	1,471.7	1,965.1	1,658.2
28 ...	Minority interests	2.3	12.1		
	Total equity	**1,520.1**	**1,483.8**	**1,965.1**	**1,658.2**
	Non-current liabilities				
29 ...	Pensions	7.0	9.5	-	-
30 ...	Deferred tax	4.8	64.2	-	72.7
31 ...	Provisions	78.1	77.3	2.8	3.1
32 ...	Mortgage loans	230.3	235.7	230.3	198.5
33 ...	Loans from banks etc.	95.7	101.1	51.0	48.9
34 ...	Other non-current liabilities	6.7	6.6	6.5	3.4
	Total non-current liabilities	422.6	494.4	290.6	326.6
	Current liabilities				
32 ...	Mortgage loans, short-term part	6.5	8.5	6.5	6.9
33 ...	Loans from banks etc., short-term part	32.6	42.9	10.4	35.4
	Other loans from banks	13.0	53.7	12.9	53.6
31 ...	Provisions	65.7	46.0	0.4	0.3
	Trade payables	188.3	216.0	41.7	49.7
	Payables to associates	-	1.8	-	0.1
35 ...	Income tax	21.2	66.3	0.1	-
36 ...	Other payables	324.6	320.0	106.2	97.9
	Deferred income	69.5	83.9	-	-
	Total current liabilities	721.4	839.1	178.2	243.9
	Total liabilities	**1,144.0**	**1,333.5**	**468.8**	**570.5**
	Total equity and liabilities	**2,664.1**	**2,817.3**	**2,433.9**	**2,228.7**

Parantheses denote negative figures or figures to be deducted. Notes: See pages 73 - 126

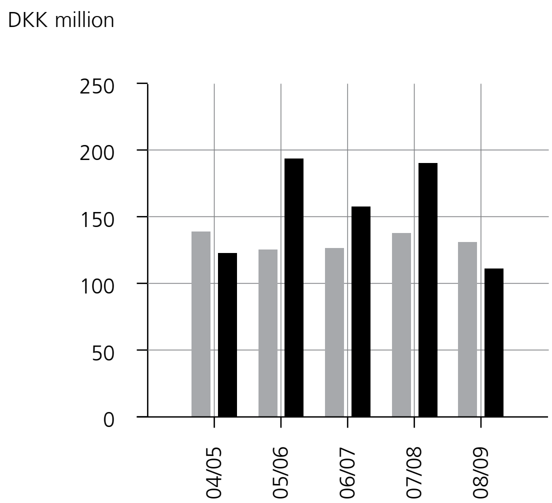
Purchase of intangible assets and amortisation

Amortisation
Purchase of intangible assets



Purchase of tangible assets and depreciation

Depreciation
Purchase of tangible assets



CASH FLOW STATEMENT

Notes	Bang & Olufsen a/s	Group		Parent company	
	(DKK million)	2008/09	2007/08	2008/09	2007/08
	Result for the year	(382.8)	112.3	(161.8)	778.5
	Depreciation, amortisation and impairment losses	285.7	299.2	176.1	166.1
37 …	Adjustments	(92.6)	92.6	(140.0)	(27.9)
38 …	Change in working capital	357.8	(22.2)	216.3	(682.1)
	Interest received etc.	11.4	20.0	64.7	59.0
	Interest paid etc.	(41.2)	(49.8)	(53.6)	(36.1)
	Income tax paid	(25.1)	(120.3)	(13.3)	32.0
	Cash flows from operating activities	**113.2**	**331.8**	**88.4**	**289.5**
	Purchase of intangible non-current assets	(211.5)	(124.9)	(204.4)	(109.6)
	Purchase of tangible non-current assets	(111.4)	(190.4)	(14.4)	(25.0)
	Purchase of investment property	-	-	(5.2)	(1.9)
	Purchase of investments in subsidiaries	-	-	-	(0.2)
	Sale of intangible non-current assets	10.8	1.5	-	1.6
	Sale of tangible non-current assets	7.9	23.3	0.4	-
	Capital increase, Bang & Olufsen Medicom a/s	(3.6)	-	(3.6)	-
	Capital increase, Bang & Olufsen GPS Taiwan	-	-	(0.7)	-
	Purchase of 10 % equity interest in Bang & Olufsen ICEpower a/s	(23.0)	-	(23.0)	-
	Change in financial receivables	(8.4)	36.2	-	(2.8)
	Cash flows from investment activities	**(339.2)**	**(254.3)**	**(250.9)**	**(137.9)**
	Capital increase	459.1	-	459.1	-
	Costs related to capital increase	(25.8)	-	(25.8)	-
	Proceeds from loans	14.8	200.0	-	200.0
	Repayment of long-term loans	(37.9)	(48.7)	(30.4)	(39.8)
	Dividend paid	(41.4)	(247.7)	(36.2)	(241.6)
	Dividend, own shares	1.9	14.0	1.9	14.0
	Dividend from associates	1.0	-	1.0	-
	Purchase of own shares	-	(100.2)	-	(100.2)
	Sale of own shares	42.2	1.6	42.2	1.6
	Sale of subscription rights	3.8	-	3.8	-
	Cash flows from financing activities	**417.7**	**(181.0)**	**415.6**	**(166.0)**
	Changes in cash and cash equivalents	**191.7**	**(103.5)**	**253.1**	**(14.4)**
	Cash and cash equivalents 1 June	53.4	156.9	(48.3)	(33.9)
39 …	**Cash and cash equivalents 31 May**	**245.1**	**53.4**	**204.8**	**(48.3)**

Parentheses denote capital expenditure. Notes: See pages 73 - 126

STATEMENT OF CHANGES IN EQUITY

Bang & Olufsen a/s, Group

(DKK million)

	Equity attributable to equity holders of the parent company					Minority interests	Total
	Share capital	Share premium	Translation reserve	Reserve for cash flow hedges	Retained earnings		Equity Group
Equity 1 June 2007	**120.8**	**14.6**	**(17.3)**	**0.1**	**1,557.7**	**6.0**	**1,681.9**
Equity and exchange rate adjustments in subsidiaries	-	-	(25.6)	-	32.2	-	6.6
Change in fair value of derivative financial instruments	-	-	-	(0.1)	-	-	(0.1)
Net income recognised directly in equity	-	-	(25.6)	(0.1)	32.2	-	6.5
Retained earnings	-	-	-	-	104.7	7.6	112.3
Total recognised income and expense for the year	-	-	(25.6)	(0.1)	136.9	7.6	118.8
Employee shares	-	-	-	-	10.4	-	10.4
Grant of share options	-	-	-	-	11.1	-	11.1
Change in deferred tax regarding share options	-	-	-	-	(6.1)	-	(6.1)
Option for minority interest	-	-	-	-	(2.2)	2.2	-
Transfer to minority interests	-	-	-	-	(2.4)	2.4	-
Purchase of own shares	-	-	-	-	(100.2)	-	(100.2)
Sale of own shares	-	-	-	-	1.6	-	1.6
Dividend paid regarding 2006/07	-	-	-	-	(241.6)	(6.1)	(247.7)
Dividend, own shares	-	-	-	-	14.0	-	14.0
	-	-	-	-	(315.4)	(1.5)	(316.9)
Equity 31 May 2008	**120.8**	**14.6**	**(42.9)**	**-**	**1,379.2**	**12.1**	**1,483.8**

Parantheses denote negative figures or figures to be deducted.

Bang & Olufsen a/s, Group

(DKK million)

	Equity attributable to equity holders of the parent company					Minority interests	Total
	Share capital	Share premium	Translation reserve	Reserve for cash flow hedges	Retained earnings		Equity Group
Equity 1 June 2008	**120.8**	**14.6**	**(42.9)**	**-**	**1,379.2**	**12.1**	**1,483.8**
Equity and exchange rate adjustments in subsidiaries	-	-	3.3	-	(15.6)	-	(12.3)
Change in fair value of derivative financial instruments	-	-	-	(1.0)	-	-	(1.0)
Net income recognised directly in equity	-	-	3.3	(1.0)	(15.6)	-	(13.3)
Retained earnings	-	-	-	-	(385.1)	2.3	(382.8)
Total recognised income and expense for the year	-	-	3.3	(1.0)	(400.7)	2.3	(396.1)
Capital increase	241.6	217.5	-	-	-	-	459.1
Costs related to capital increase	-	-	-	-	(25.8)	-	(25.8)
Tax on costs related to capital increase	-	-	-	-	1.0	-	1.0
Purchase of 10 % equity interest in Bang & Olufsen ICEpower a/s	-	-	-	-	(16.1)	(6.9)	(23.0)
Employee shares	-	-	-	-	4.7	-	4.7
Grant of share options	-	-	-	-	6.1	-	6.1
Sale of own shares	-	-	-	-	46.0	-	46.0
Sale of subscription rights	-	-	-	-	3.8	-	3.8
Dividend paid regarding 2007/08	-	-	-	-	(36.2)	(5.2)	(41.4)
Dividend, own shares	-	-	-	-	1.9	-	1.9
	241.6	217.5	-	-	(14.6)	(12.1)	432.4
Equity 31 May 2009	**362.4**	**232.1**	**(39.6)**	**(1.0)**	**963.9**	**2.3**	**1,520.1**

Parantheses denote negative figures or figures to be deducted.

Bang & Olufsen a/s, parent company

(DKK million)

	Share capital	Share premium	Reserve for cash flow hedges	Retained earnings	Equity parent company
Equity 1 June 2007	**120.8**	**14.6**	**0.1**	**1,055.2**	**1,190.7**
Change in fair value of derivative financial instruments	-	-	(0.1)	-	(0.1)
Net income recognised directly in equity	-	-	(0.1)	-	(0.1)
Retained earnings	-	-	-	778.5	778.5
Total recognised income and expense for the year	-	-	(0.1)	778.5	778.4
Employee shares	-	-	-	10.4	10.4
Grant of share options	-	-	-	11.0	11.0
Change in deferred tax regarding share options	-	-	-	(6.1)	(6.1)
Purchase of own shares	-	-	-	(100.2)	(100.2)
Sale of own shares	-	-	-	1.6	1.6
Dividend paid regarding 2006/07	-	-	-	(241.6)	(241.6)
Dividend, own shares	-	-	-	14.0	14.0
	-	-	-	(310.9)	(310.9)
Equity 31 May 2008	**120.8**	**14.6**	**-**	**1,522.8**	**1,658.2**

Parantheses denote negative figures or figures to be deducted.

Bang & Olufsen a/s, parent company

(DKK million)

	Share capital	Share premium	Reserve for cash flow hedges	Retained earnings	Equity parent company
Equity 1 June 2008	**120.8**	**14.6**	**-**	**1,522.8**	**1,658.2**
Change in fair value of derivative financial instruments	-	-	(1.0)	-	(1.0)
Gain on intra-group business combination	-	-	-	9.1	9.1
Net income recognised directly in equity	-	-	(1.0)	9.1	8.1
Retained earnings	-	-	-	(161.8)	(161.8)
Total recognised income and expense for the year	-	-	(1.0)	(152.7)	(153.7)
Capital increase	241.6	217.5	-	-	459.1
Costs related to capital increase	-	-	-	(25.8)	(25.8)
Tax on costs related to capital increase	-	-	-	1.0	1.0
Employee shares	-	-	-	4.7	4.7
Grant of share options	-	-	-	6.1	6.1
Sale of own shares	-	-	-	46.0	46.0
Sale of subscription rights	-	-	-	3.8	3.8
Dividend paid regarding 2007/08	-	-	-	(36.2)	(36.2)
Dividend, own shares	-	-	-	1.9	1.9
	241.6	217.5	-	1.5	460.6
Equity 31 May 2009	**362.4**	**232.1**	**(1.0)**	**1,371.6**	**1,965.1**

Specification of movements in share capital:	**2008/09**	**2007/08**	**2006/07**	**2005/06**	**2004/05**
Share capital, beginning of year	120.8	120.8	124.5	124.1	123.8
Capital increase	241.6	-	-	0.4	0.3
Capital reduction	-	-	(3.7)	-	-
Share capital, end of year	**362.4**	**120.8**	**120.8**	**124.5**	**124.1**

Parantheses denote negative figures or figures to be deducted.

Notes ...

1 ... **Accounting principles applied**

Basic principles

The annual report for Bang & Olufsen a/s, which comprises the separate financial statements for the parent company, Bang & Olufsen a/s, and the consolidated financial statements for the Bang & Olufsen Group, has been prepared in accordance with the International Financial Reporting Standards (IFRS) and further Danish disclosure requirements for the presentation of financial statements for listed companies. Further Danish disclosures requirements for the presentation of financial statements are imposed by the Statutory Order on Adoption of IFRS (the Danish announcement on Adoption of IFRS) issued in accordance with the Danish Financial Statements Act and by NASDAQ OMX Copenhagen A/S. IFRS is implemented so that the annual report also complies with the regulations in financial reporting standards endorsed by the European Union.

The presentation currency in the financial statements is DKK, which is considered the functional currency for the Group.

The effect of new financial reporting requirements

All new and amended Standards and Interpretations, which are relevant for the Bang & Olufsen Group, and which have become effective as for financial periods beginning on 1 June 2008, have been applied in the preparation of the annual report.

The application of new and amended Standards and Interpretations has not resulted in any changes of amounts in the annual report for 2008/09 or previous years. The Group's accounting principles applied are consequently unchanged compared to 2007/08.

At the time of the announcement of this annual report, a number of new or amended Standards or Interpretations are still not effective. The assessment of the Management is that these Standards and Interpretations will not have any material impact on the annual report.

General information about recognition and measurement

Assets are recognised in the balance sheet, when it is probable that future economic benefits resulting from an event occurring before, or on, the balance sheet date will flow to the Group, and the value of the asset can be measured reliably. Assets are derecognised in the balance sheet, when it is no longer probable that future economic benefits will flow to the Group.

Liabilities are recognised in the balance sheet, when it is probable that the Group will give up future economic benefits as a consequence of a legal or constructive obligation resulting from an event occurring before, or on, the balance sheet date, and the value of the liability can be measured reliably. Liabilities are derecognised in the balance sheet, when it is no longer probable that the Group will give up future economic benefits to meet the obligation.

Intra-group acquisitions are recognised in the acquirer's balance sheet at the transferring company's carrying amount at the acquisition date. The comparative figures are not restated.

Purchases and sales of financial assets and liabilities are recognised at the trade date of the agreement.

On initial recognition, financial instruments are measured at fair value, and other assets and liabilities are measured at cost price. Subsequently assets and liabilities are measured as described below for each financial statement item. Certain financial assets and liabilities are measured at amortised cost price, by which a constant effective rate of interest is recognised over the duration. Amortised cost price is calculated as initial cost price less instalments and addition/deduction of the accumulated amortisation of the difference between the cost price and the nominal amount. Consequently the difference between initial cost and the maturity amount is allocated over the duration of the asset/liability.

When recognising and measuring, due consideration is made for losses and risks that arise before the financial statements are presented and which confirm or invalidate conditions, which existed on the balance sheet date.

Income is recognised in the profit and loss account, when it is earned. Furthermore all costs incurred to achieve the earnings of the year, including depreciation and amortisation, impairment losses and provisions, are recognised in the profit and loss account as well as reversal of amounts due to changes in accounting judgements and estimates, if the amounts have previously been recognised in the profit and loss account.

Consolidation
For a list of subsidiaries and associates, please refer to note 44.

Consolidation practice
The consolidated financial statements comprise the parent company, Bang & Olufsen a/s, and the subsidiaries, which are the companies in which the Group holds more than 50 % of the voting rights or in other ways has a controlling influence on the company's financial and operational policies. Companies, which are not subsidiaries, but in which the Bang & Olufsen Group holds 20 % or more of the voting rights or in other ways has a significant influence on the operational or financial management, are regarded as associates. Associates are consolidated in the item "Result from investments in associates after tax".

When assessing whether or not Bang & Olufsen a/s has a controlling or significant influence, potential voting rights that are currently exercisable or convertible are considered.

The consolidated financial statements have been prepared on the basis of the audited financial statements of the parent company and its subsidiaries by adding uniform items from the individual companies. In the process of consolidation, intra-group income and expenses, shareholding, dividend, accounts receivables and payables and unrealised intra-group profits and losses have been eliminated.

Newly acquired subsidiaries are included in the consolidated financial statements as from the date of acquisition, and companies sold are included until the date of sale. Comparative figures are not adjusted for newly acquired or sold companies.

The parent company's investments in the consolidated subsidiaries, measured at historical cost price, are netted against the parent company's share of the subsidiaries' fair value of the identifiable net assets and contingent liabilities at the time of the acquisition.

Goodwill is calculated at the time of the acquisition as the difference between the cost price and the fair value of the assets, the liabilities and the contingent liabilities acquired. For business combinations taking place on or after 1 June 2004, goodwill is recognised in the balance sheet under intangible non-current assets. This goodwill is not amortised; instead quarterly impairment tests are performed. If the cost of acquisition is lower than the fair value of the net assets acquired, the difference is recognised directly in the profit and loss account at the time of the acquisition.

Goodwill acquired before 1 June 2004 but after 1 June 2002 was recognised in the balance sheet under intangible non-current assets and amortised on a straight-line basis over its estimated useful life, which was determined on the basis of Management's experience of the individual business areas, although a maximum of 20 years applied.

For acquisitions before 1 June 2002 goodwill was calculated at the time of the acquisition as the difference between the cost price and the acquired company's net asset value calculated in accordance with the Group's accounting principles applied. Goodwill was amortised directly over the equity.

For business combinations before 1 June 2004 the accounting classification and accounting treatment are maintained according to the former accounting principles applied. Goodwill as from before 1 June 2004 is recognised based on the cost price that was recognised according to the former accounting principles applied with deduction of amortisation and impairment losses until 31 may 2004. Goodwill is not amortised after 1 June 2004; instead it is tested for impairment quarterly as of 1 June 2004.

Additions and disposals of shops are treated as either business combinations, ref. the above description, or as additions and disposals of individual assets and liabilities. The treatment is based on a specific assessment.

Minority interests
Minority interests include third party shareholders' share of the net asset value and the result for the year in subsidiaries, which are not 100 % owned.

The part of the subsidiaries' result, which can be attributed to minority interests, forms an integral part of the profit or loss for the year. Minority interests' share of the equity is stated as an integral part of the equity.

When minority interests are obligated to cover a share of any losses, this is recognised as an asset. An individual assessment of the need for provisions for losses is made.

Foreign exchange

The profit and loss account

Transactions in foreign currency are during the year translated at the exchange rate effective on the transaction date. Gains and losses arising from the difference between the exchange rate on the transaction date and the exchange rate prevailing at the date of payment are recognised in the profit and loss account as financial income or financial costs.

Receivables and payables

Receivables, payables and other monetary items in foreign currency, which exist at the balance sheet date, are translated at the exchange rates prevailing at this date. Currency gains and losses arising from the differences between the exchange rate prevailing at the balance sheet date and the exchange rate prevailing at the transaction date are recognised in the profit and loss account as financial income or financial costs.

Translation of foreign subsidiaries

When recognising foreign subsidiaries with a functional currency different from Bang & Olufsen a/s' presentation currency, profit and loss accounts are translated using average exchange rates, while balance sheet items are translated using the exchange rates prevailing on the balance sheet date. Differences arising on the translation of the foreign subsidiaries' opening equity to the exchange rates prevailing at the balance sheet date, and the differences arising on the translation of the profit and loss accounts of the foreign subsidiaries from average exchange rates to balance sheet date exchange rates, are recognised in the equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value and are subsequently measured at the balance sheet date's fair value. Derivative financial instruments are recognised in other receivables and other payables.

Changes in the fair value of derivative financial instruments, which meets the conditions for hedging the fair value of a recognised asset or a recognised liability, are recognised in the profit and loss account together with any changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments, which meets the conditions for hedging future cash flows, are recognised directly in the equity. Income and expenses relating to such hedge transactions are transferred from the equity when the hedged position is realised, and are recognised in the value of the hedged position.

For derivative financial instruments, which do not qualify as hedging instruments, changes in the fair value are recognised in the profit and loss account as financial income or financial costs.

The profit and loss account

Net turnover

Net turnover is recognised in the profit and loss account, when delivery and transfer of the risks of ownership to the customer has taken place, if the revenue can be measured reliably, and payment is expected to be received. Turnover is recognised net of value added tax and discounts related to the sale.

Sales of goods

Turnover regarding sales of goods is recognised in the profit and loss account, if the transfer of the risks of ownership to the customer has taken place before the end of the financial year.

Rendering of services

Turnover associated with the rendering of services, which among other things includes sales of hours in connection with development projects, is recognised as the services are rendered.

Royalty
Royalty is recognised on a straight-line basis during the period covered by the royalty agreement.

Rental income
Rental income is recognised in the period, where the letting out of the property takes place.

Production costs
Production costs comprise wages, consumption of stock and indirect costs, including salaries, depreciation/amortisation and impairment losses, which are incurred with the purpose of achieving the net turnover for the year.

Development costs
Development costs, which do not meet the criteria for capitalisation, are recognised in the profit and loss account as development costs along with amortisation and impairment losses on capitalised development projects.

Distribution and marketing costs
Distribution and marketing costs comprise costs relating to sales and distribution of the Group's products, including salaries for sales personnel, advertising and exhibition costs, depreciation/amortisation and impairment losses. Costs in subsidiaries, which are responsible exclusively for the sales of the Group's products, are allocated to distribution and marketing costs.

Administration costs etc.
Administration costs comprise costs for the administrative personnel, management and office costs etc. including depreciation/amortisation and impairment losses.

Result of investments in associates
In the Group's profit and loss account the share of result after tax in associates after proportional elimination of intra-group gains and losses is recognised as "Result from investments in associates after tax".

Dividend
Dividend from subsidiaries and associates is recognised in the parent company's profit and loss account in the financial year, where the dividend is declared. In situations where the dividend declared exceeds the earnings after the acquisition of the company, the dividend is recognised as a write-down of the cost price of the investment instead of in the profit and loss account.

Financial income and costs
Financial income and costs include interest, amortisation premium or allowance, fair value adjustments and realised and unrealised foreign exchange gains and losses.

Tax
Tax for the year, which includes the current tax and changes in deferred tax for the year, is recognised in the profit and loss account with the share that is attributable to the result for the year and directly on equity with the share, which can be attributed to entries made directly on the equity.

The parent company is included in a mandatory Danish joint taxation scheme with all companies controlled by the parent company. The calculated Danish tax of the jointly taxed income is distributed among the jointly taxed companies in proportion to their taxable income (full distribution with reimbursement for tax deficits).

The Group is included in the on-account tax scheme. Any allowances, deductions or refunds related to the payments of tax are included in financial income or costs.

The balance sheet

Intangible non-current assets

Goodwill
Goodwill is initially recognised in the balance sheet at historical cost price as described under "Consolidation practice". Subsequently goodwill is measured at historical cost price less accumulated impairment losses. Goodwill is not amortised.

Development projects
Development projects, that are clearly defined and identifiable, and which are expected to be marketed as new products in potential markets, are recognised as intangible non-current assets.

Development projects are recognised at cost price and are amortised over the expected useful life when the criteria for capitalisation are met.

Development costs that do not meet the criteria for recognition in the balance sheet are recognised in the profit and loss account when incurred.

The cost price comprises salaries, wages, materials, services and depreciation of other equipment, plant and machinery that relate to the Group's development activities.

Subsidies concerning development projects are deducted in the incurred costs.

Interest expenses related to financing development projects are recognised in the profit and loss account.

Capitalised development projects are measured at the lower of cost price less accumulated amortisation and impairment losses and recoverable amount.

After the completion of the development work, development projects are amortised on a straight-line basis over the estimated useful life. The amortisation period is normally 3-6 years.

Acquired rights
Acquired rights comprise software, key money and patents. These are measured at cost price less accumulated amortisation and impairment losses.

Acquired rights are amortised on a straight-line basis over the shorter of the estimated useful life and the term of the contract.

Tangible non-current assets
Tangible non-current assets are measured at cost price with deduction of accumulated depreciation and impairment losses.

The cost price comprises the acquisition price and costs directly related to the acquisition until the time, when the asset is ready for use. For self-constructed non-current assets, the cost price comprises direct costs for wage consumption, materials, components and sub-suppliers.

The cost price of a tangible non-current asset is divided into individual components, which are depreciated separately, if the expected useful life differs for the individual components.

Subsidies concerning tangible non-current assets are deducted in the cost price.

Interest expenses related to financing the production of tangible non-current assets are recognised in the profit and loss account.

For tangible non-current assets held under finance leases, the cost price equals the lower of fair value of the assets and net present value of future minimum lease payments. The interest rate implicit in the lease or the incremental borrowing rate is used as discount rate, when calculating net present value.

Depreciation

Depreciation is carried out on a straight-line basis over the expected useful life of the assets considering the assets' residual values. The following depreciation periods are used:

Land and buildings:	
Land	None
Buildings	40 years
Interior refurbishment/special installations	10 years
Plant and machinery:	
Single purpose production tools	3 - 6 years
Other plant and machinery	8 - 10 years
Other equipment	3 - 10 years

Leasehold improvements are depreciated on a straight-line basis over the term of the lease, though not exceeding 10 years.

Investment property

Investment property is property held to earn rental income or for capital appreciation rather than for use in the production, the supply of goods or services or for administrative purposes in the company that owns the property.

Investment property is measured at cost price with deduction of accumulated depreciation and impairment losses. Investment property is depreciated on a straight-line basis over 40 years.

Subsidies concerning investment property are deducted in the cost price.

Impairment losses on non-current assets

The carrying amount of both investment property and intangible and tangible non-current assets is reviewed each quarter to determine if there are indications of decreases in value not reflected by ordinary depreciation/amortisation. If this is the case, the recoverable amount of the asset is determined, and if the amount is lower than the carrying amount, an impairment loss is recognised, so that the carrying amount is reduced to the asset's recoverable amount. The recoverable amount for an asset is the higher of the net sales price and the value in use. If it is not possible to determine a recoverable amount for an individual asset, the asset is assessed within the smallest group of assets for which a reliable recoverable amount can be determined in an overall assessment.

Goodwill and development projects in progress are tested for impairment each quarter irrespective of whether there is any indication of impairment.

Financial non-current assets

Investments in subsidiaries and associates are measured at historical cost price in the balance sheet of the parent company. If the historical cost price exceeds the recoverable amount, an impairment loss is recognised, so that the carrying amount is reduced to the investments' recoverable amount.

In situations where the dividend distributed exceeds the accumulated earnings after the acquisition of the company, the dividend is recognised as a write-down of the cost price of the investment.

Investments in associates are measured in the balance sheet of the Group at the net asset value according to the Group's accounting principles applied, after proportional elimination of intra-group profits and losses.

Other financial receivables

Other financial receivables primarily comprise loans to external parties and are measured at amortised cost price corresponding to face value less provisions for losses.

Provisions for losses are based on an individual assessment of each account outstanding.

Inventories
Inventories are measured at the lower of cost price according to the FIFO principle and net realisable value.

Cost price of raw materials, consumables and purchased goods comprises the invoice price with added delivery costs. The cost price of finished goods and work in progress comprises the purchase price of materials and direct labour costs plus indirect production costs.

Indirect production costs include indirect materials and wages, maintenance and depreciation on plant and machinery, factory buildings and other equipment used in the production process as well as costs of factory administration and management.

Costs of financing are not included in the cost price.

Receivables
Receivables are measured in the balance sheet at amortised cost price corresponding to face value less provisions for losses.

Provisions for losses are based on an individual assessment of each outstanding account.

Equity

Dividend
Dividend is recognised as a liability at the time of approval by the Annual General Meeting.

Own shares
Acquisition fees, fees received in connection with the disposal of own shares and dividend received on own shares are recognised in the equity under retained earnings.

Share premium account
The reserve consists of paid-in premium in connection with the subscription of shares.

The reserve is a distributable reserve, and therefore it can be used for declaration of dividend or to cover deficits.

Translation reserve
The translation reserve for exchange rate differences in the consolidated financial statements consists of exchange rate differences that occur when translating the foreign subsidiaries' financial statements from their functional currency into Bang & Olufsen a/s' presentation currency.

On disposal of the net investment the exchange rate differences on that foreign subsidiary are recognised in the profit and loss account.

The reserve is a distributable reserve.

The translation reserve has been reset to zero as at 1 June 2004 in accordance with IFRS 1.

Incentive programmes
The Group's incentive programmes comprise a share option programme for a number of directors and employee shares.

Share option programme
The share option programme solely comprises equity-settled share options.

The value of the services rendered by the employees in return for the share options granted is measured at the fair value of the share options. The fair value of the share options is measured on the grant date and is recognised as an expense in the profit and loss account during the period from the grant date to the vesting date. The counter item to this is recognised directly in equity.

At initial recognition of the share options an estimate is made over the number of share options expected to vest. Subsequently, until the vesting date, the estimate is adjusted for changes in the expected number. Thus the number of share options actually recognised equals the number that ultimately vested.

The fair value of the share options is calculated on the basis of the Black-Scholes option pricing formula. When calculating the fair value of the share options, the terms and conditions that are linked to the share options are taken into consideration.

The tax consequence of the share option programme is recognised.

Employee shares
The employee shares have been granted to the employees in the Danish companies of the Bang & Olufsen Group as free shares or with a right to subscribe for shares at a quotation below the market quotation. The discount element of the employee shares is recognised at the grant date as an expense in the profit and loss account. The counter item to this is recognised directly in equity. The tax consequence of the employee share arrangement is recognised. The discount element is calculated as the difference between the subscription price and the fair value of the employee share calculated on the basis of the Black-Scholes option pricing formula.

Liabilities

Pensions
The Bang & Olufsen Group operates pension plans for certain groups of employees in Denmark and abroad. Typically, these plans are defined contribution plans.

Costs regarding defined contribution plans are recognised continuously in the profit and loss account in the period, where the pension is earned, and the contribution payable is recognised in the balance sheet under other payables. The premium payments (e.g. a fixed amount or a fixed percentage of the salary) are made into independent insurance companies, which are responsible for the pension obligations. Once the pension contributions for the defined contribution plans have been paid, the Bang & Olufsen Group has no further pension obligations to current or former employees.

For defined benefit plans annual actuarial calculations are made of the present value of the future benefits to be paid under the plan. The present value is calculated based on conditions about the future development in among other things salary levels, interest rates, inflation and mortality. The actuarially calculated present value of the defined benefit obligation with deduction of the fair value of any plan assets is recognised in the balance sheet.

If the net defined benefit plan is an asset it is only recognised if it corresponds to or is lower than any cumulative unrecognised net actuarial losses and future refunds from the plan or it would result in reductions in future contributions to the plan.

Differences between the expected development in plan assets and in the defined benefit obligation and the realised values are actuarial gains and losses. Actuarial gains and losses are recognised only if the accumulated values exceed the highest of 10 % of the defined benefit obligation or 10 % of the fair value of the plan assets as at the beginning of the financial year ("The Corridor Method"). Amounts that fall outside the corridor are recognised over the remaining working years for the employees concerned.

Provisions
Provisions comprise provisions for warranty, provisions for fairness and other provisions. Provisions for warranty comprise obligations to repair products within the warranty period. Provisions for fairness comprise obligations to repair products after the warranty period. The provisions are recognised and measured on the basis of the company's experience with warranty repairs and other obligations. The provisions are discounted if this has a material effect on the measurement of the obligation.

Deferred tax and income tax
Provision for deferred tax is calculated according to the balance sheet liability method on the basis of all temporary differences between the tax base and the carrying amount of assets and liabilities.

The tax base of assets is determined considering the planned use of the asset. In the calculation of deferred tax, the tax base of any losses and provisions etc. is included, if it is likely that these can be offset against future taxable income. If the deferred tax constitutes a positive amount, this is recognised in the balance sheet as a deferred tax asset.

Income tax is recognised as the tax expected to be liable on the year's taxable income less prepaid tax.

Financial liabilities

Fixed interest loans, such as mortgage loans or bank loans, are recognised at the date of the loan at the received proceeds less transaction costs. In subsequent periods, the loans are measured at amortised cost price corresponding to the present value using the effective rate of interest, so that the difference between the proceeds and the nominal amount (debt discount) is recognised in the profit and loss account over the term of the loan.

Other financial liabilities are measured at amortised cost price, which is practically the same as the nominal value.

Prepayments and deferred income

Prepayments comprise incurred costs related to the following financial years. Deferred income comprises received payments related to income in the following financial years.

Cash flow statement

The presentation of the cash flow statement follows the indirect method, based on the result for the year.

The cash flow statement shows the cash flows for the year, the year's change in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are stated as the result for the year adjusted for non-liquid profit and loss account items and changes to the working capital. The working capital comprises current assets less current liabilities, excluding items, which are recognised as cash and cash equivalents.

Cash flows from investment activities

Cash flows from investment activities comprise the acquisition and sale of investment property and intangible, tangible and financial non-current assets.

Cash flows from financing activities

Cash flows from financing activities comprise borrowings and instalments on non-current liabilities, dividend paid and proceeds from increases in the share capital as well as sales and repurchase of own shares.

Cash and cash equivalents

Cash and cash equivalents comprise cash less current bank debt, which forms part of the Group's ongoing cash flow management. Cash flows in foreign currency, including cash flows in foreign subsidiaries, are translated at average monthly exchange rates, which do not deviate materially from the exchange rates prevailing on the date of payment.

Segment information

The Group's main activities and primary segments are:

· Branded business
· Non-branded business – comprising the ICEpower Group and share of result after tax in the associated company Bang & Olufsen Medicom a/s

The Group's geographical areas and secondary segments are:

· Scandinavia
· Central Europe
· Rest of Europe
· North America
· Asia
· Rest of the world

Scandinavia comprises Denmark, Sweden, Norway and Finland.

Central Europe comprises Germany, Switzerland and Austria.

The secondary segments are broken down according to the location of customers and assets.

The division into segments is, in all material respects, in accordance with the Group's management structure and the internal financial management.

The segment figures have been prepared using the same accounting principles applied as for the consolidated financial statements.

Segment income and expenses and segment assets and liabilities comprise those items, which can be directly allocated to the segment. Intra-group trade takes place on market terms.

Non-current assets in the segment comprise those assets, which are used directly in the operations of the segment, including intangible non-current assets and investments in subsidiaries and associates.

Current assets in the segment comprise those current assets, which are used directly in the operations of the segment, including inventories, trade receivables, other receivables, prepayments and cash.

Segment liabilities comprise liabilities derived from the operations of the segment, including trade payables and other payables.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Notes ...

2 ... **Significant accounting estimates and judgements**

When preparing the annual report it is necessary that Management makes a number of accounting estimates and judgements, which influence the carrying amount of certain assets and liabilities and the recognised revenue and costs for the financial years. Significant judgements are among others made when assessing provisions, contingent liabilities, development projects and trade receivables.

Management bases the judgements on historical experience and other assumptions that are believed to be reasonable under the given circumstances. The result of the assumptions is used to evaluate the carrying amount of the assets and liabilities and the recognised revenue and costs, which is not obvious from other material. The actual results can differ from the estimated results.

The following accounting estimates and judgements are assessed to be material for the annual report:

Provisions for warranty and fairness

The Bang & Olufsen Group repairs or replaces products that do not function satisfactorily both within the warranty period and in certain situations after the warranty period. Consequently provisions are made for future returns. The provisions are made based on historical statistics of returns and based on Management's judgements.

The future returns can differ from the historical pattern, but it is the assessment of Management that the estimate of the provisions is reasonable and appropriate.

Contingent liabilities

Contingent liabilities, including the outcome of pending lawsuits, are naturally uncertain. Management has estimated these based on legal assessments in the individual cases. It is the assessment of Management that the estimates are reasonable.

Development projects

In connection with the capitalisation of development costs, the expected useful life of the product is to be determined. Bang & Olufsen has assessed that the amortisation period is usually 3-6 years.

Trade receivables

Specific estimates of trade receivables are made on an assessment of the dealer's historical ability to pay and the specific circumstances.

(DKK million)

Notes …

3 … **Segment information**

	Branded business		Non-branded business	
	2008/09	2007/08	2008/09	2007/08
Primary segment - activities				
Net turnover	2,719.9	3,991.7	85.0	117.9
Internal turnover	(7.9)	(7.9)	(7.5)	(9.7)
External turnover	2,712.0	3,983.8	77.5	108.2
Gross profit	1,067.6	1,823.3	45.8	76.7
Depreciations and amortisations	(269.2)	(292.7)	(4.1)	(4.1)
Impairment losses recognised in the profit and loss account	(12.4)	(2.4)	-	-
Operating profit (EBIT)	(505.7)	159.4	10.2	35.3
Result from investments in associates	1.1	-	1.2	(11.2)
Result before tax				
Result for the year				
Non-current assets	1,259.4	1,204.0	28.5	21.9
Current assets	1,294.7	1,529.4	28.8	28.4
Total assets	2,554.1	2,733.4	57.3	50.3
Equity	1,449.1	1,567.3	45.7	36.6
Non-current liabilities	417.0	420.5	0.2	0.1
Current liabilities	688.0	745.6	11.4	13.6
Total equity and liabilities	2,554.1	2,733.4	57.3	50.3
Capital additions	315.0	307.6	7.9	7.7
Investments in associates	6.4	6.3	3.1	(1.7)
Average number of employees:				
Denmark	1,545	1,755	30	39
Abroad	725	746	3	1
	2,270	2,501	33	40

Parantheses denote negative figures or figures to be deducted.

Unallocated items		Other/eliminations		Bang & Olufsen a/s Group	
2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
-	-	(15.4)	(17.6)	2,789.5	4,092.0
-	-	15.4	17.6	-	-
-	-	-	-	2,789.5	4,092.0
-	-	(7.7)	(7.6)	1,105.7	1,892.4
-	-	-	-	(273.3)	(296.8)
-	-	-	-	(12.4)	(2.4)
-	-	-	-	(495.5)	194.7
-	-	-	-	2.3	(11.2)
				(523.0)	153.7
				(382.8)	112.3
103.8	32.3	(74.5)	(51.5)	1,317.2	1,206.7
21.6	50.2	1.8	2.6	1,346.9	1,610.6
125.4	82.5	(72.7)	(48.9)	2,664.1	2,817.3
98.8	(68.1)	(73.5)	(52.0)	1,520.1	1,483.8
5.4	73.8	-	-	422.6	494.4
21.2	76.8	0.8	3.1	721.4	839.1
125.4	82.5	(72.7)	(48.9)	2,664.1	2,817.3
-	-	-	-	322.9	315.3
-	-	-	-	9.5	4.6
-	-	-	-	1,575	1,794
-	-	-	-	728	747
-	-	-	-	2,303	2,541

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

3 … **Segment information (continued)**

Secondary segment - geography

	Total assets		Total capital additions		Total external turnover	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Scandinavia	1,796.8	1,970.6	301.0	248.3	341.5	673.6
Central Europe	131.8	128.2	3.1	1.3	707.6	966.0
Rest of Europe	594.3	630.3	8.6	52.5	1,171.5	1,703.1
North America	59.4	31.8	5.4	2.2	168.0	234.2
Asia	64.0	43.8	4.0	5.7	290.4	389.0
Rest of the world	17.8	12.6	0.8	5.3	110.5	126.1
Total	2,664.1	2,817.3	322.9	315.3	2,789.5	4,092.0
Export share					91 %	88 %

Notes	Bang & Olufsen a/s	Group		Parent company	
	(DKK million)	2008/09	2007/08	2008/09	2007/08
4	**Net turnover**				
	Geographical breakdown				
	Denmark	237.3	490.9	424.9	948.1
	Norway	33.1	63.8	-	-
	Sweden	59.0	100.4	-	-
	Finland	12.1	18.5	-	-
	Scandinavia	341.5	673.6	424.9	948.1
	Germany	476.9	612.0	-	-
	Switzerland	188.0	287.5	-	-
	Austria	42.7	66.5	-	-
	Central Europe	707.6	966.0	-	-
	The UK	321.4	466.0	-	-
	France	148.7	216.4	-	-
	Spain/Portugal	131.8	258.2	-	-
	Italy	114.7	196.2	-	-
	Belgium	74.6	105.5	-	-
	Holland	193.2	271.1	-	-
	Rest of Europe	187.1	189.7	1.4	-
	Rest of Europe	1,171.5	1,703.1	1.4	-
	USA	168.0	234.2	-	-
	North America	168.0	234.2	-	-
	Japan	40.7	59.4	-	-
	Singapore	67.0	79.3	-	-
	Rest of Asia	182.7	250.3	-	-
	Asia	290.4	389.0	-	-
	Middle East	84.3	58.5	-	-
	Rest of the world	26.2	67.6	-	-
	Rest of the world	110.5	126.1	-	-
	Total	**2,789.5**	**4,092.0**	**426.3**	**948.1**
	Breakdown by categories				
	Sales of goods	2,757.1	4,037.8	-	-
	Rendering of services	3.9	33.8	220.5	286.1
	Royalty	23.3	15.3	123.9	580.0
	Rental income from property	5.2	5.1	81.9	82.0
	Total	**2,789.5**	**4,092.0**	**426.3**	**948.1**

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Notes …				
5 … **Expenses, further information**				
Production costs, development costs, distribution and marketing costs, administration costs etc. and restructuring costs include, among others, the amounts stated below, about which the following information is provided:				
Development costs				
Development costs incurred before capitalisation	537.0	529.9	561.7	552.0
Amount thereof capitalised	(201.3)	(130.9)	(194.9)	(117.7)
Total amortisation and impairment losses on development projects	141.4	146.5	138.4	131.2
Development costs recognised in restructuring costs	(14.4)	-	(14.4)	-
Development costs recognised in the profit and loss account	462.7	545.5	490.8	565.5
Classification based on the nature of expense				
Restructuring costs				
Restructuring costs divided by functions:				
Production costs	11.0	-	5.9	-
Development costs	14.4	-	14.4	-
Distribution and marketing costs	74.3	-	-	-
Administration costs etc.	5.8	-	0.5	-
Restructuring costs	105.5	-	20.8	-
Functions including restructuring costs:				
Production costs	1,694.8	2,199.6	428.6	526.4
Development costs	477.1	545.5	505.2	565.5
Distribution and marketing costs	1,002.8	1,003.5	-	-
Administration costs etc.	110.3	148.7	34.8	42.9
Total	3,285.0	3,897.3	968.6	1,134.8
Intangible non-current assets				
Amortisation of intangible non-current assets is recognised in the following items in the profit and loss account:				
Production costs	1.4	1.2	2.4	1.0
Development costs	134.7	151.7	132.0	136.4
Distribution and marketing costs	-	0.7	-	-
Administration costs etc.	1.7	0.1	0.2	0.1
Restructuring costs	0.5	-	-	-
	138.3	153.7	134.6	137.5
Impairment losses on intangible non-current assets are recognised in the following items in the profit and loss account:				
Development costs	7.3	-	7.3	-
Distribution and marketing costs	0.5	2.4	-	-
Restructuring costs	4.1	-	4.1	-
	11.9	2.4	11.4	-

No impairment losses on intangible non-current assets have been reversed.

Parantheses denote negative figures or figures to be deducted.

	Group		Parent company	
(DKK million)	2008/09	2007/08	2008/09	2007/08

Notes …

5 … **Expenses, further information (continued)**

Tangible non-current assets

Depreciation of tangible non-current assets is recognised in the following items in the profit and loss account:

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Production costs	104.8	114.1	9.5	11.1
Development costs	11.8	12.0	9.0	9.4
Distribution and marketing costs	13.4	12.4	-	-
Administration costs etc.	1.3	1.0	0.8	0.8
	131.3	139.5	19.3	21.3

Impairment losses on tangible non-current assets are recognised in the following item in the profit and loss account:

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Restructuring costs	0.5	-	-	-
	0.5	-	-	-

No impairment losses on tangible non-current assets have been reversed.

Investment property

Depreciation of investment property is recognised in the following items in the profit and loss account:

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Production costs	3.7	3.6	8.7	5.3
Development costs	-	-	1.4	1.6
Administration costs etc.	-	-	0.7	0.4
	3.7	3.6	10.8	7.3

No impairment losses on investment property have been recognised.
No impairment losses on investment property have been reversed.

Employees

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Remuneration to the Board of Directors	3.7	3.6	3.7	3.6
Remuneration to the Board of Management	6.0	16.0	6.0	16.0
Share-based payment	10.8	20.6	5.0	12.4
Wages, salaries and fees	824.0	835.6	326.2	306.2
Pensions	33.3	39.5	12.0	20.2
Other social security costs	43.3	36.4	4.3	4.0
	921.1	951.7	357.2	362.4
Average number of full-time employees:				
Denmark	1,575	1,794	710	719
Abroad	728	747	-	-
	2,303	2,541	710	719
Employee costs are recognised in the following items in the profit and loss account:				
Production costs	260.5	337.3	110.1	121.0
Development costs	252.9	256.0	222.2	228.0
Distribution and marketing costs	255.2	266.9	-	-
Administration costs etc.	87.3	91.5	8.9	13.4
Restructuring costs	65.2	-	16.0	-
	921.1	951.7	357.2	362,4

(DKK million)

Notes …

5 … **Expenses, further information (continued)**

Remuneration of the Board of Directors, the Board of Management and other key management personnel:

Group

	2008/09			2007/08		
	Board of Directors, parent company	Board of Management, parent company	Other key management personnel	Board of Directors, parent company	Board of Management, parent company	Other key management personnel
Wages, salaries and fees	3.7	6.0	6.8	3.6	6.6	5.5
Severance pay	-	-	0.4	-	8.3	-
Bonus	-	-	2.7	-	1.1	0.8
Pensions	-	-	1.0	-	-	0.8
Remuneration	3.7	6.0	10.9	3.6	16.0	7.1
Share-based payment	-	0.6	3.1	-	6.1	2.4
Total remuneration	3.7	6.6	14.0	3.6	22.1	9.5

Parent company

	2008/09			2007/08		
	Board of Directors, parent company	Board of Management, parent company	Other key management personnel	Board of Directors, parent company	Board of Management, parent company	Other key management personnel
Wages, salaries and fees	3.7	6.0	3.9	3.6	6.6	2.9
Severance pay	-	-	0.4	-	8.3	-
Bonus	-	-	1.4	-	1.1	-
Pensions	-	-	0.6	-	-	0.4
Remuneration	3.7	6.0	6.3	3.6	16.0	3.3
Share-based payment	-	0.6	1.6	-	6.1	1.5
Total remuneration	3.7	6.6	7.9	3.6	22.1	4.8

(DKK million)

Notes …

5 … **Expenses, further information (continued)**

Share-based payment

Share option programme, Group

The Bang & Olufsen Group's share option programme comprises a number of directors in the Group. As at 31 May 2009, the total pool of options totals 566,697 options, which can be exercised in the period 2009-2014. Exercise of the share options is dependent on the owner of the option being employed at the time of the exercise. There are no further conditions for the acquisition of the options.

The share options can only be settled with shares. To a limited extent, Bang & Olufsen a/s has purchased own shares to cover the share option programme. The shares are recognised directly in the equity. The holding of own shares totals 110,076 shares as at 31 May 2009 (767,787 shares as at 31 May 2008).

Before the share issue in May 2009, the market value of the ordinary share was DKK 85, while the offer price for the new shares was DKK 19. The number of share options is, according to the share option agreements, increased to compensate for this dilution, so that the fair value of share options at the time of the issue remains unchanged.

The exercise prices, which are linked to vesting in the financial years 2005/06 and 2006/07, are based on exercise prices of 241 and 290 (500 and 601 before inclusion of the adjustment factor), which are adjusted by 5 % on the date of the company's financial statement announcement to NASDAQ OMX Copenhagen A/S, initially at the announcement in August 2006 and August 2007 respectively. The annual addition no longer applies or is limited to the extent that dividend is paid out on the latest Annual General Meeting before the announcement in question. The exercise price, which is linked to vesting in the financial year 2007/08, is fixed at 302 (625 before inclusion of the adjustment factor). The exercise price, which is linked to vesting in the financial year 2008/09, is fixed at 103 (214 before inclusion of the adjustment factor). The comparative figures have not been restated.

Share options, Bang & Olufsen Group	Board of Management	Other directors	Total number of shares	Exercise price per option	Exercise period
Outstanding 1 June 2007	140,000	53,500	193,500	573	August 2007 - August 2011
Exercised 2007/08	-	(3,000)	(3,000)	*525	August 2007 - August 2010
Allocated 2007/08	13,500	74,400	87,900	625	August 2010 - August 2013
Forfeited 2007/08	(13,500)	(3,000)	(16,500)	625	August 2010 - August 2013
Outstanding 31 May 2008	140,000	121,900	261,900	594	August 2008 - August 2013

As at 31 May 2008, the share options are divided as follows:

Vesting period:					
Financial year 2005/06	70,000	18,000	88,000	*533	August 2007 - August 2010
Financial year 2006/07	70,000	32,500	102,500	*624	August 2008 - August 2011
Financial year 2007/08	-	71,400	71,400	625	August 2010 - August 2013
Outstanding 31 May 2008	140,000	121,900	261,900	594	August 2008 - August 2013

* The exercise price is adjusted cf. above.

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

5 … **Expenses, further information (continued)**

Share options, Bang & Olufsen a/s	Board of Management	Other directors	Total number of shares	Exercise price per option	Exercise period
Outstanding 1 June 2008	140,000	121,900	261,900	594	August 2008 - August 2013
Allocated 2008/09	13,000	80,300	93,300	214	August 2011 - August 2014
Forfeited 2008/09	(35,000)	-	(35,000)	*533	August 2007 - August 2010
Forfeited 2008/09	(35,000)	-	(35,000)	*624	August 2008 - August 2011
Forfeited 2008/09	-	(8,700)	(8,700)	625	August 2010 - August 2013
Forfeited 2008/09	-	(3,125)	(3,125)	214	August 2011 - August 2014
Outstanding before share issue	83,000	190,375	273,375	481	August 2009 - August 2014
Change in number due to dilution from share issue	89,057	204,265	293,322		
Outstanding 31 May 2009	172,057	394,640	566,697	232	August 2009 - August 2014
Outstanding 1 June 2008	290,216	252,694	542,910	287	August 2008 - August 2013
Allocated 2008/09	26,949	166,459	193,408	103	August 2011 - August 2014
Forfeited 2008/09	(72,554)	-	(72,554)	*257	August 2007 - August 2010
Forfeited 2008/09	(72,554)	-	(72,554)	*301	August 2008 - August 2011
Forfeited 2008/09	-	(18,035)	(18,035)	302	August 2010 - August 2013
Forfeited 2008/09	-	(6,478)	(6,478)	103	August 2011 - August 2014
Outstanding 31 May 2009	172,057	394,640	566,697	232	August 2009 - August 2014

As at 31 May 2009, the share options are divided as follows:

Vesting period:					
Financial year 2005/06	72,554	37,313	109,867	*266	August 2007 - August 2010
Financial year 2006/07	72,554	67,371	139,925	*312	August 2008 - August 2011
Financial year 2007/08	-	129,975	129,975	302	August 2010 - August 2013
Financial year 2008/09	26,949	159,981	186,930	103	August 2011 - August 2014
Outstanding 31 May 2009	172,057	394,640	566,697	232	August 2009 - August 2014

* The exercise price is adjusted cf. above.

	2008/09	2007/08
The following amounts regarding the share option programme have been recognised as part of the employee costs in the Group	6.1	10.2

The recognition according to the Black-Scholes option pricing formula is based on the following conditions:	Options granted in 2008/09	Options granted in 2007/08
Expected volatility	52.1 %	22.3 %
5 year risk-free interest rate	4.27 %	4.31 %

In 2008/09 and 2007/08 an average addition for the Bang & Olufsen a/s share of 1.40 % and 2.66 % respectively has been used in the calculation. The expected maturity is fixed for the end of the vesting period.

Like last year the volatility is based on the historical volatility. The volatility is calculated based on 1 year's historical data.

Calculated on the basis of the closing price of 44.5 as at 31 May 2009 the net asset value totals DKK 0.0 million. The closing price as at 31 May 2008 was 264.5 corresponding to a calculated net asset value of DKK 0.0 million.

(DKK million)

Notes …

5 … **Expenses, further information (continued)**

Share option programme, parent company

A number of directors in Bang & Olufsen a/s are comprised by the Group's share option programme. As at 31 May 2009, the pool of unexercised options totals 340,330 options, which can be exercised in the period 2009-2014.

Share options, Bang & Olufsen a/s	Board of Management	Other directors	Total number of shares	Exercise price per option	Exercise period
Outstanding 1 June 2007	140,000	27,000	167,000	572	August 2007 - August 2011
Allocated 2007/08	13,500	30,400	43,900	625	August 2010 - August 2013
Forfeited 2007/08	(13,500)	(3,000)	(16,500)	625	August 2010 - August 2013
Outstanding 31 May 2008	140,000	54,400	194,400	587	August 2008 - August 2013

As at 31 May 2008, the share options are divided as follows:

Vesting period:					
Financial year 2005/06	70,000	9,000	79,000	*533	August 2007 - August 2010
Financial year 2006/07	70,000	18,000	88,000	*624	August 2008 - August 2011
Financial year 2007/08	-	27,400	27,400	625	August 2010 - August 2013
Outstanding 31 May 2008	140,000	54,400	194,400	587	August 2008 - August 2013

Outstanding 1 June 2008	140,000	54,400	194,400	587	August 2008 - August 2013
Allocated 2008/09	13,000	33,400	46,400	214	August 2011 - August 2014
Forfeited 2008/09	(35,000)	-	(35,000)	*533	August 2007 - August 2010
Forfeited 2008/09	(35,000)	-	(35,000)	*624	August 2008 - August 2011
Forfeited 2008/09	-	(3,500)	(3,500)	625	August 2010 - August 2013
Forfeited 2008/09	-	(3,125)	(3,125)	214	August 2011 - August 2014
Outstanding before share issue	83,000	81,175	164,175	504	August 2009 - August 2014
Change in number due to dilution from share issue	89,057	87,098	176,155		
Outstanding 31 May 2009	172,057	168,273	340,330	243	August 2009 - August 2014

Outstanding 1 June 2008	290,216	112,769	402,985	283	August 2008 - August 2013
Allocated 2008/09	26,949	69,237	96,186	103	August 2011 - August 2014
Forfeited 2008/09	(72,554)	-	(72,554)	*257	August 2007 - August 2010
Forfeited 2008/09	(72,554)	-	(72,554)	*301	August 2008 - August 2011
Forfeited 2008/09	-	(7,255)	(7,255)	302	August 2010 - August 2013
Forfeited 2008/09	-	(6,478)	(6,478)	103	August 2011 - August 2014
Outstanding 31 May 2009	172,057	168,273	340,330	243	August 2009 - August 2014

As at 31 May 2009, the share options are divided as follows:

Vesting period:					
Financial year 2005/06	72,554	18,657	91,211	*266	August 2007 - August 2010
Financial year 2006/07	72,554	37,313	109,867	*312	August 2008 - August 2011
Financial year 2007/08	-	49,544	49,544	302	August 2010 - August 2013
Financial year 2008/09	26,949	62,759	89,708	103	August 2011 - August 2014
Outstanding 31 May 2009	172,057	168,273	340,330	243	August 2009 - August 2014

* The exercise price is adjusted cf. above.

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

5 … **Expenses, further information (continued)**

	2008/09	2007/08
The following amounts regarding the share option programme have been recognised as part of the employee costs in the parent company	3.0	8.3

The recognition according to the Black-Scholes option pricing formula is based on the following conditions:	Options granted in 2008/09	Options granted in 2007/08
Expected volatility	52.1 %	22.3 %
5 year risk-free interest rate	4.27 %	4.31 %

In 2008/09 and 2007/08 an average addition for the Bang & Olufsen a/s share of 1.40 % and 2.66 % respectively has been used in the calculation. The expected maturity is fixed for the end of the vesting period.

Like last year the volatility is based on the historical volatility. The volatility is calculated based on 1 year's historical data.

Calculated on the basis of the closing price of 44.5 as at 31 May 2009 the net asset value totals DKK 0.0 million. The closing price as at 31 May 2008 was 264.5 corresponding to a calculated net asset value of DKK 0.0 million.

Employee shares, Group

The period 1 June 2008 to 31 May 2009:
In the autumn of 2008 the employees in the Danish companies in the Bang & Olufsen Group were granted employee shares. The grant depended on the seniority of the employee. The employee shares were granted at no cost for the employees.

In accordance with Danish law, the employee shares are held in restricted accounts until the end of the seventh calendar year after the grant. Thus, the employee shares cannot be sold or in other ways be at the employees disposal during the 7 years.

The employee shares were granted by use of Bang & Olufsen a/s' holding of own shares.

The employees in the Group were granted 21,911 employee shares corresponding to 0.18 % of the share capital in Bang & Olufsen a/s at the date of the grant. The granted employee shares had a fair value of DKK 216.50 per share.

The fair value is calculated as at 22 August 2008, which was the date of the grant. The fair value corresponds to the market value of the shares on the grant date.

The discount element per employee share is DKK 216.50, which is recognised in the profit and loss account.

	2008/09
In the Bang & Olufsen Group the following amount has been recognised as part of the employee costs regarding the employee shares	4.7

(DKK million)

Notes …

5 … **Expenses, further information (continued)**

The period 1 June 2007 to 31 May 2008:
In the autumn of 2007 the employees in the Danish companies in the Bang & Olufsen Group were granted employee shares. The grant depended on the seniority of the employee. The employee shares were granted at no cost for the employees.

In accordance with Danish law, the employee shares are held in restricted accounts until the end of the seventh calendar year after the grant. Thus, the employee shares cannot be sold or in other ways be at the employees disposal during the 7 years.

The employee shares were granted by use of Bang & Olufsen a/s' holding of own shares.

The employees in the Group were granted 17,029 employee shares corresponding to 0.14 % of the share capital in Bang & Olufsen a/s. The granted employee shares had a fair value of DKK 610.00 per share. The fair value is calculated as at 13 August 2007, which was the date of the grant. The fair value corresponds to the market value of the shares on the grant date.

The discount element per employee share is DKK 610.00, which is recognised in the profit and loss account.

	2007/08
In the Bang & Olufsen Group the following amount has been recognised as part of the employee costs regarding the employee shares	10.4

Employee shares, parent company

The period 1 June 2008 to 31 May 2009:
The employees in Bang & Olufsen a/s were granted 9,153 employee shares corresponding to 0.08 % of the share capital in Bang & Olufsen a/s at the date of the grant. The granted employee shares had a fair value of DKK 216.50 per share. The fair value is calculated as at 22 August 2008, which was the date of the grant. The fair value corresponds to the market value of the shares on the grant date.

	2008/09
In Bang & Olufsen a/s the following amount has been recognised as part of the employee costs regarding the employee shares	2.0

The period 1 June 2007 to 31 May 2008:
The employees in Bang & Olufsen a/s were granted 6,756 employee shares corresponding to 0.06 % of the share capital in Bang & Olufsen a/s. The granted employee shares had a fair value of DKK 610.00 per share. The fair value is calculated as at 13 August 2007, which was the date of the grant. The fair value corresponds to the market value of the shares on the grant date.

	2007/08
In Bang & Olufsen a/s the following amount has been recognised as part of the employee costs regarding the employee shares	4.1

	Parent company	
	2008/09	2007/08
6 … **Dividend**		
Dividend received from subsidiaries	230.0	916.5
Dividend received from associates	1.0	-
Dividend received	231.0	916.5

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Notes …				
7 … **Financial income**				
Interest income from banks etc.	2.2	4.4	0.5	1.6
Interest income from subsidiaries			64.2	40.7
Interest income from associates	-	0.1	-	0.1
Exchange rate gains, net	-	-	-	16.4
Other financial income	9.2	15.5	-	0.2
Financial income	11.4	20.0	64.7	59.0
8 … **Financial costs**				
Interest costs on mortgage loans	16.0	11.8	13.5	10.0
Interest costs on bank loans etc.	14.6	14.8	14.5	11.9
Interest costs to subsidiaries			14.9	11.5
Exchange rate losses, net	7.2	12.3	8.1	-
Other financial costs	3.4	10.9	2.6	2.7
Financial costs	41.2	49.8	53.6	36.1
9 … **Tax on result for the year**				
Parent company:				
Current tax	-	(29.6)	-	(29.6)
Change in current tax due to change in tax rate	-	0.6	-	0.6
Change in deferred tax	(132.8)	(16.3)	(132.8)	(16.3)
Change in deferred tax due to change in tax rate	-	(8.5)	-	(8.5)
Adjustment to previous years, current tax	(9.1)	16.2	(9.1)	16.2
Adjustment to previous years, deferred tax	2.5	11.8	2.5	11.8
Total, parent company	(139.4)	(25.8)	(139.4)	(25.8)
Subsidiaries:				
Current tax	16.5	98.4		
Corrections	-	1.7		
Change in current tax due to change in tax rate	-	(11.3)		
Change in deferred tax	(18.5)	(0.6)		
Change in deferred tax due to change in tax rate	-	0.6		
Adjustment to previous years, current tax	(6.9)	(22.6)		
Adjustment to previous years, deferred tax	7.1	1.0		
Total, subsidiaries	(1.8)	67.2		
Total tax for the year	(141.2)	41.4	(139.4)	(25.8)
Tax for the year is recognised as follows:				
Tax recognised in the profit and loss account	(140.2)	41.4	(138.4)	(25.8)
Tax recognised directly in equity, deferred tax asset	(1.0)	-	(1.0)	-

Parantheses denote negative figures or figures to be deducted.

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08

Notes …

9 … **Tax on result for the year (continued)**

Tax on result for the year is specified as follows:

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Calculated tax of result before tax	(130.8)	38.4	(72.8)	188.2
Tax effect of:				
Non-deductible costs and non-taxable income	2.3	3.8	1.3	0.5
Deviating tax rate in foreign subsidiaries	(6.2)			
Reduction of the tax rate from 28 % to 25 %	-	(18.6)	-	(7.9)
Adjustment of tax relating to previous years	(6.4)	6.4	(6.6)	28.0
Non-capitalised tax losses	1.7	3.5	-	-
Foreign withholding tax	0.2	-	-	-
Non-taxable dividend from investments in subsidiaries			(60.0)	(229.1)
Other	(1.0)	(2.1)	(0.3)	(5.5)
	(140.2)	41.4	(138.4)	(25.8)
Danish income tax rate	25.0 %	25.0 %	25.0 %	25.0 %
Tax effect of:				
Non-deductible costs and non-taxable income	(0.4 %)	2.5 %	(0.4 %)	0.1 %
Deviating tax rate in foreign subsidiaries	1.1 %	6.5 %		
Reduction of the tax rate from 28 % to 25 %	-	(12.1 %)	-	(1.0 %)
Adjustment of tax relating to previous years	1.2 %	4.2 %	2.3 %	3.7 %
Non-capitalised tax losses	(0.3 %)	2.2 %	-	-
Foreign withholding tax	-	-	-	-
Non-taxable dividend from investments in subsidiaries			20.6 %	(30.4 %)
Other	0.2 %	(1.4 %)	0.1 %	(0.8 %)
Average effective tax rate for the year	26.8 %	26.9 %	47.6 %	(3.4 %)

Income tax paid including tax paid on account for the jointly-taxed Danish companies amounts to DKK 13.3 million in 2008/09 (DKK 82.0 million in 2007/08). The parent company pays current tax for jointly taxed Danish companies.

10 … **Minority interests' share of result for the year**

	Group 2008/09	Group 2007/08
Bang & Olufsen ICEpower a/s	-	2.4
OÜ BO-Soft	2.3	5.2
Minority interests' share of result for the year	2.3	7.6

Parantheses denote negative figures or figures to be deducted.

(DKK million)	Group 2008/09	2007/08

Notes …

11 … **Earnings per share**

The calculation of earnings per share and diluted earnings per share for the present year and the comparison year is adjusted in accordance with IAS 33, Earnings per Share, since the number of outstanding shares has increased following the rights issue, which included a bonus element, to existing share holders.

The market value of the ordinary share was DKK 85 immediately before the share issue in May 2009, and the offer price for the new shares was DKK 19, cf. prospectus published at 16 April 2009.

	2008/09	2007/08
Result for the year	(382.8)	112.3
Minority interests' share of result for the year	(2.3)	(7.6)
The shareholders of the parent company's share of result for the year	(385.1)	104.7
Average number of shares	25,660,229	25,046,676
Average number of own shares	(1,078,509)	(1,461,187)
Average number of shares in circulation	24,581,720	23,585,489
Average dilutive effect of outstanding share options	-	-
Average number of shares in circulation - diluted	24,581,720	23,585,489
Earnings per share, DKK	(15.7)	4.4
Diluted earnings per share, DKK	(15.7)	4.4
Earnings per share from continuing operations, DKK	(15.7)	4.4
Diluted earnings per share from continuing operations, DKK	(15.7)	4.4

The calculation of earnings per share from continuing operations is made on the same basis as the calculation of earnings per share, since no discontinued operations exist in 2008/09 or 2007/08.

In the period until 1 August 2009 the average number of circulating shares is unchanged.

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

12 … **Intangible assets**

Group	Goodwill	Acquired rights	Completed development projects	Development projects in progress	Total
Cost price 1 June 2007	44.8	144.8	795.4	116.2	1,101.2
Amortisation and impairment losses 1 June 2007	-	(100.4)	(550.8)	-	(651.2)
Carrying amount 1 June 2007	44.8	44.4	244.6	116.2	450.0
Cost price 1 June 2007	44.8	144.8	795.4	116.2	1,101.2
Exchange rate adjustment to year-end rate	(0.1)	-	-	-	(0.1)
Additions during the year	2.5	3.8	17.8	100.8	124.9
Disposals during the year	-	(0.1)	(128.5)	(1.6)	(130.2)
Completed development projects	-	-	102.9	(102.9)	-
Cost price 31 May 2008	47.2	148.5	787.6	112.5	1,095.8
Amortisation and impairment losses 1 June 2007	-	(100.4)	(550.8)	-	(651.2)
Amortisation during the year	-	(7.2)	(146.5)	-	(153.7)
Reversed amortisation on disposals during the year	-	0.2	128.5	-	128.7
Impairment losses during the year	(2.4)	-	-	-	(2.4)
Amortisation and impairment losses 31 May 2008	(2.4)	(107.4)	(568.8)	-	(678.6)
Carrying amount 31 May 2008	44.8	41.1	218.8	112.5	417.2
Cost price 31 May 2008	47.2	148.5	787.6	112.5	1,095.8
Amortisation and impairment losses 31 May 2008	(2.4)	(107.4)	(568.8)	-	(678.6)
Carrying amount 31 May 2008	44.8	41.1	218.8	112.5	417.2
Cost price 1 June 2008	47.2	148.5	787.6	112.5	1,095.8
Exchange rate adjustment to year-end rate	(0.3)	-	-	-	(0.3)
Additions during the year	0.5	19.1	40.8	154.9	215.3
Disposals during the year	-	(6.3)	(95.4)	-	(101.7)
Completed development projects	-	-	82.4	(82.4)	-
Cost price 31 May 2009	47.4	161.3	815.4	185.0	1,209.1
Amortisation and impairment losses 1 June 2008	(2.4)	(107.4)	(568.8)	-	(678.6)
Exchange rate adjustment to year-end rate	0.3	-	-	-	0.3
Amortisation during the year	-	(8.3)	(130.0)	-	(138.3)
Reversed amortisation on disposals during the year	-	5.2	95.4	-	100.6
Impairment losses during the year	(0.5)	-	(11.4)	-	(11.9)
Amortisation and impairment losses 31 May 2009	(2.6)	(110.5)	(614.8)	-	(727.9)
Carrying amount 31 May 2009	44.8	50.8	200.6	185.0	481.2
Cost price 31 May 2009	47.4	161.3	815.4	185.0	1,209.1
Amortisation and impairment losses 31 May 2009	(2.6)	(110.5)	(614.8)	-	(727.9)
Carrying amount 31 May 2009	44.8	50.8	200.6	185.0	481.2

No contractual obligations regarding purchase of intangible assets exist.

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

12 … **Intangible assets (continued)**

Parent company	Goodwill	Acquired rights	Completed development projects	Development projects in progress	Total
Cost price 1 June 2007	3.2	126.2	581.0	108.4	818.8
Amortisation and impairment losses 1 June 2007	-	(88.0)	(360.7)	-	(448.7)
Carrying amount 1 June 2007	3.2	38.2	220.3	108.4	370.1
Cost price 1 June 2007	3.2	126.2	581.0	108.4	818.8
Additions during the year	-	4.0	14.5	91.1	109.6
Disposals during the year	-	(0.1)	(36.2)	(1.6)	(37.9)
Completed development projects	-	-	100.9	(100.9)	-
Cost price 31 May 2008	3.2	130.1	660.2	97.0	890.5
Amortisation and impairment losses 1 June 2007	-	(88.0)	(360.7)	-	(448.7)
Amortisation during the year	-	(6.3)	(131.2)	-	(137.5)
Reversed amortisation on disposals during the year	-	0.1	36.2	-	36.3
Amortisation and impairment losses 31 May 2008	-	(94.2)	(455.7)	-	(549.9)
Carrying amount 31 May 2008	3.2	35.9	204.5	97.0	340.6
Cost price 31 May 2008	3.2	130.1	660.2	97.0	890.5
Amortisation and impairment losses 31 May 2008	-	(94.2)	(455.7)	-	(549.9)
Carrying amount 31 May 2008	3.2	35.9	204.5	97.0	340.6
Cost price 1 June 2008	3.2	130.1	660.2	97.0	890.5
Additions during the year, intra-group business combination	-	-	91.5	3.5	95.0
Additions during the year	-	19.1	40.1	149.0	208.2
Disposals during the year	-	(5.0)	(95.4)	-	(100.4)
Completed development projects	-	-	75.7	(75.7)	-
Cost price 31 May 2009	3.2	144.2	772.1	173.8	1,093.3
Amortisation and impairment losses 1 June 2008	-	(94.2)	(455.7)	-	(549.9)
Additions during the year, intra-group business combination	-	-	(82.2)	-	(82.2)
Amortisation during the year	-	(7.6)	(127.0)	-	(134.6)
Reversed amortisation on disposals during the year	-	5.0	95.4	-	100.4
Impairment losses during the year	-	-	(11.4)	-	(11.4)
Amortisation and impairment losses 31 May 2009	-	(96.8)	(580.9)	-	(677.7)
Carrying amount 31 May 2009	3.2	47.4	191.2	173.8	415.6
Cost price 31 May 2009	3.2	144.2	772.1	173.8	1,093.3
Amortisation and impairment losses 31 May 2009	-	(96.8)	(580.9)	-	(677.7)
Carrying amount 31 May 2009	3.2	47.4	191.2	173.8	415.6

No contractual obligations regarding purchase of intangible assets exist.

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

13 … **Tangible assets**

Group	Land and buildings	Plant and machinery	Other equipment	Leasehold improve-ments	Tangible assets in progress	Total
Cost price 1 June 2007	480.5	1,080.8	242.7	68.4	62.2	1,934.6
Depreciation and impairment losses 1 June 2007	(228.4)	(877.0)	(172.0)	(39.3)	-	(1,316.7)
Carrying amount 1 June 2007	252.1	203.8	70.7	29.1	62.2	617.9
Cost price 1 June 2007	480.5	1,080.8	242.7	68.4	62.2	1,934.6
Exchange rate adjustment to year-end rate	8.5	0.9	1.6	(3.9)	0.4	7.5
Reclassification	12.6	17.4	(30.0)	-	-	-
Additions during the year	24.9	60.9	20.5	9.3	74.8	190.4
Completed assets	0.3	40.1	1.3	-	(41.7)	-
Disposals during the year	(2.3)	(51.2)	(15.7)	(4.9)	(14.9)	(89.0)
Cost price 31 May 2008	524.5	1,148.9	220.4	68.9	80.8	2,043.5
Depreciation and impairment losses 1 June 2007	(228.4)	(877.0)	(172.0)	(39.3)	-	(1,316.7)
Exchange rate adjustment to year-end rate	(0.4)	(0.2)	1.0	2.3	-	2.7
Reclassification	(1.3)	(4.7)	6.0	-	-	-
Depreciation during the year	(20.2)	(93.6)	(18.3)	(7.4)	-	(139.5)
Reversed depreciation on disposals during the year	0.2	48.4	12.9	4.2	-	65.7
Depreciation and impairment losses 31 May 2008	(250.1)	(927.1)	(170.4)	(40.2)	-	(1,387.8)
Carrying amount 31 May 2008	274.4	221.8	50.0	28.7	80.8	655.7
Cost price 31 May 2008	524.5	1,148.9	220.4	68.9	80.8	2,043.5
Depreciation and impairment losses 31 May 2008	(250.1)	(927.1)	(170.4)	(40.2)	-	(1,387.8)
Carrying amount 31 May 2008	274.4	221.8	50.0	28.7	80.8	655.7
Cost price 1 June 2008	524.5	1,148.9	220.4	68.9	80.8	2,043.5
Exchange rate adjustment to year-end rate	(5.5)	(3.7)	(1.0)	0.2	(0.5)	(10.5)
Additions during the year	9.8	50.3	18.8	12.2	20.3	111.4
Completed assets	9.7	48.5	0.9	1.2	(60.3)	-
Disposals during the year	(1.6)	(37.7)	(10.2)	(9.3)	(7.1)	(65.9)
Cost price 31 May 2009	536.9	1,206.3	228.9	73.2	33.2	2,078.5
Depreciation and impairment losses 1 June 2008	(250.1)	(927.1)	(170.4)	(40.2)	-	(1,387.8)
Exchange rate adjustment to year-end rate	(0.2)	1.1	0.6	-	-	1.5
Depreciation during the year	(18.3)	(86.0)	(18.3)	(8.7)	-	(131.3)
Reversed depreciation on disposals during the year	1.6	35.2	7.6	8.4	-	52.8
Impairment losses during the year	-	-	-	(0.5)	-	(0.5)
Depreciation and impairment losses 31 May 2009	(267.0)	(976.8)	(180.5)	(41.0)	-	(1,465.3)
Carrying amount 31 May 2009	269.9	229.5	48.4	32.2	33.2	613.2
Cost price 31 May 2009	536.9	1,206.3	228.9	73.2	33.2	2,078.5
Depreciation and impairment losses 31 May 2009	(267.0)	(976.8)	(180.5)	(41.0)	-	(1,465.3)
Carrying amount 31 May 2009	269.9	229.5	48.4	32.2	33.2	613,2

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

13 … **Tangible assets (continued)**

Tangible assets in general

Neither in 2008/09 nor 2007/08 subsidies regarding acquisitions of tangible assets have been received, and there are no unfulfilled conditions regarding subsidies that have been received in the past. No contractual obligations regarding purchase of tangible assets exist.

Property

The cash value of property in Denmark according to the most recent valuation is DKK 331.8 million (DKK 297.0 million in 2007/08). The cash value of property contains land and buildings as well as investment property. The cost price of foreign property is DKK 138.6 million (DKK 139.1 million in 2007/08).

Parent company	Land and buildings	Plant and machinery	Other equipment	Leasehold improve-ments	Tangible assets in progress	Total
Cost price 1 June 2007	201.3	22.7	133.6	1.3	0.6	359.5
Depreciation and impairment losses 1 June 2007	(111.9)	(12.9)	(106.3)	(1.2)	-	(232.3)
Carrying amount 1 June 2007	89.4	9.8	27.3	0.1	0.6	127.2
Cost price 1 June 2007	201.3	22.7	133.6	1.3	0.6	359.5
Additions during the year	2.9	0.8	14.7	-	6.6	25.0
Completed assets	-	-	0.3	-	(0.5)	(0.2)
Disposals during the year	(0.5)	(0.2)	(1.0)	-	-	(1.7)
Cost price 31 May 2008	203.7	23.3	147.6	1.3	6.7	382.6
Depreciation and impairment losses 1 June 2007	(111.9)	(12.9)	(106.3)	(1.2)	-	(232.3)
Depreciation during the year	(8.1)	(1.8)	(11.4)	-	-	(21.3)
Reversed depreciation on disposals during the year	-	0.2	1.0	-	-	1.2
Depreciation and impairment losses 31 May 2008	(120.0)	(14.5)	(116.7)	(1.2)	-	(252.4)
Carrying amount 31 May 2008	83.7	8.8	30.9	0.1	6.7	130.2
Cost price 31 May 2008	203.7	23.3	147.6	1.3	6.7	382.6
Depreciation and impairment losses 31 May 2008	(120.0)	(14.5)	(116.7)	(1.2)	-	(252.4)
Carrying amount 31 May 2008	83.7	8.8	30.9	0.1	6.7	130.2
Cost price 1 June 2008	203.7	23.3	147.6	1.3	6.7	382.6
Additions during the year	4.1	1.5	8.8	-	-	14.4
Completed assets	-	0.5	0.9	-	(6.5)	(5.1)
Disposals during the year	(0.5)	(1.0)	(2.4)	(0.3)	(0.2)	(4.4)
Cost price 31 May 2009	207.3	24.3	154.9	1.0	-	387.5
Depreciation and impairment losses 1 June 2008	(120.0)	(14.5)	(116.7)	(1.2)	-	(252.4)
Depreciation during the year	(5.8)	(1.9)	(11.6)	-	-	(19.3)
Reversed depreciation on disposals during the year	0.5	0.9	2.4	0.2	-	4.0
Depreciation and impairment losses 31 May 2009	(125.3)	(15.5)	(125.9)	(1.0)	-	(267.7)
Carrying amount 31 May 2009	82.0	8.8	29.0	-	-	119.8
Cost price 31 May 2009	207.3	24.3	154.9	1.0	-	387.5
Depreciation and impairment losses 31 May 2009	(125.3)	(15.5)	(125.9)	(1.0)	-	(267.7)
Carrying amount 31 May 2009	82.0	8.8	29.0	-	-	119.8

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

13 … **Tangible assets (continued)**

Tangible assets in general

Neither in 2008/09 nor 2007/08 subsidies regarding acquisitions of tangible assets have been received, and there are no unfulfilled conditions regarding subsidies that have been received in the past. No contractual obligations regarding purchase of tangible assets exist.

Property

The cash value of property in Denmark according to the most recent valuation is DKK 331.8 million (DKK 243.0 million in 2007/08). The cash value of property contains land and buildings as well as investment property.

	Group		**Parent company**	
14 … **Investment property**	2008/09	2007/08	2008/09	2007/08
Cost price 1 June	80.3	80.3	183.2	181.1
Depreciation and impairment losses 1 June	(27.5)	(23.9)	(110.0)	(102.7)
Carrying amount 1 June	52.8	56.4	73.2	78.4
Cost price 1 June	80.3	80.3	183.2	181.1
Additions during the year, intra-group business combination	-	-	79.0	-
Additions during the year	-	-	5.2	1.9
Completed assets	-	-	5.1	0.2
Disposals during the year	-	-	(1.1)	-
Cost price 31 May	80.3	80.3	271.4	183.2
Depreciation and impairment losses 1 June	(27.5)	(23.9)	(110.0)	(102.7)
Additions during the year, intra-group business combination	-	-	(26.7)	-
Depreciation during the year	(3.7)	(3.6)	(10.8)	(7.3)
Reversed depreciation on disposals during the year	-	-	1.1	-
Depreciation and impairment losses 31 May	(31.2)	(27.5)	(146.4)	(110.0)
Carrying amount 31 May	49.1	52.8	125.0	73.2
Cost price 31 May	80.3	80.3	271.4	183.2
Depreciation and impairment losses 31 May	(31.2)	(27.5)	(146.4)	(110.0)
Carrying amount 31 May	49.1	52.8	125.0	73.2

The Group's investment property is a house that is used only for rental purposes, and the property that is used by the associated company Bang & Olufsen Medicom a/s. Some of the parent company's buildings are investment property, since these are owned solely for rental to the other companies in the Group.

All investment property is located in Struer and is used for production, storage and offices. Due to the location of the investment property it is not possible to estimate the fair value of the property, since the fair value is completely dependent on the companies in the Group's continued use of the property. Furthermore it is not possible to establish a range of estimates within which the fair value of the investment property is most likely to be. Independent valuers have not been used.

No contractual obligations to purchase, construct or develop investment property exist. Furthermore no contractual obligations regarding repairs, maintenance or enhancements of the investment property exist.

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

14 … **Investment property (continued)**

Investment property, Group

Rental income from the investment property of DKK 5.2 million has been received in 2008/09 (DKK 5.1 million in 2007/08). In the same period the direct operating expenses regarding the investment property that generated rental income were DKK 3.1 million (DKK 3.9 million in 2007/08).

The properties are leased on operating leases with a remaining duration of 24 months. According to the existing operating leases a rental income of DKK 5.4 million will be received in 2009/10.

Investment property, parent company

In 2008/09 DKK 43.0 million have been received in rental income from the investment property (DKK 42.9 million in 2007/08). In the same period the direct operating expenses regarding the investment property that generated rental income were DKK 18.8 million (DKK 18.1 million in 2007/08).

The parent company's investment property is rented to the subsidiaries on operating leases with a lease term of 3 months. According to the existing operating leases the parent company will receive a rental income of DKK 11.7 million in the 3 months, which are included in the lease term of the operating leases.

15 … **Impairment of non-current assets**

Intangible assets – impairment losses during the year

In 2008/09 an impairment loss of DKK 11.4 million is recognised on completed development projects in the Group and the parent company. DKK 7.3 million is related to an impairment loss on the development project regarding Advance Sound System to Audi Q7. The impairment loss is recognised due to sales below expectations for the model concerned. The remaining part of the impairment loss is related to 3 smaller development projects, which are written down due to the fact that the products are being phased out of the product programme (in connection with the Group's strategy "Pole Position").

In the Group an impairment loss on goodwill of DKK 0.5 million (DKK 2.4 million in 2007/08) is recognised. The impairment losses are recognised in the English subsidiary in connection with the purchase of shops.

No impairment losses on other intangible assets except for the above mentioned are recognised in 2008/09 or 2007/08 in the Group or the parent company.

The assessment of the recoverable amount of the intangible assets is based on calculations of value in use of the assets.
The value in use is calculated based on expected future cash flows from the assets according to the budgets approved by management over the expected lifetime of the assets, and a discount rate before tax of 10 %.

Tangible assets – impairment losses during the year

In 2008/09 an impairment loss of DKK 0.5 million on leasehold improvements is recognised in the English subsidiary due to the discontinued use of certain leased premises in connection with the establishment of the single, global sales organisation.

No impairment losses on other tangible assets than the above mentioned are recognised in 2008/09 in the Group or the parent company.

No impairment losses on tangible assets were recognised in the Group or the parent company in 2007/08.

The assessment of the recoverable amount of the tangible assets is based on calculations of value in use of the assets. The value in use is calculated based on expected future cash flows from the assets according to the budgets approved by management over the expected lifetime of the assets, and a discount rate before tax of 10 %.

Financial assets – impairment losses during the year

No impairment losses on financial assets are recognised in the Group or the parent company in 2008/09 or 2007/08, except from what appears from note 18.

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Notes …				
16 … **Investments in subsidiaries**				
Cost price 1 June			722.8	722.6
Additions during the year			23.7	0.2
Disposals during the year			(27.0)	-
Cost price 31 May			719.5	722.8

For a list of subsidiaries please refer to note 44.

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
17 … **Investments in associates**				
Cost price 1 June	19.0	19.0	2.0	2.0
Additions during the year	3.6	-	3.6	-
Cost price 31 May	22.6	19.0	5.6	2.0
Revaluations and impairment losses 1 June	(12.7)	(3.2)		
Share of result for the year after tax	2.3	(11.2)		
Negative investment offset against receivable	(1.7)	1.7		
Distributed dividend	(1.0)	-		
Revaluations and impairment losses 31 May	(13.1)	(12.7)		
Carrying amount 31 May	9.5	6.3	5.6	2.0

							Bang & Olufsen's share	
Name and registered office	Owners share	Total assets	Total liabilities	Share capital	Equity	Result for the year	Equity	Result for the year
Bang & Olufsen Medicom a/s, Struer	35 %	26.4	17.7	9.4	8.7	3.5	3.1	1.2
John Bjerrum Nielsen A/S, Bramming	33 %	43.6	21.3	10.0	19.3	3.3	6.4	1,1

Parantheses denote negative figures or figures to be deducted.

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08

Notes …

18 … **Other financial receivables**

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Other financial receivables (gross) 1 June	69.7	105.4	3.0	0.2
Exchange rate adjustment to year-end rate	(2.1)	(7.7)	-	-
Movements during the year (net)	10.8	(28.0)	-	2.8
Other financial receivables (gross) 31 May	78.4	69.7	3.0	3.0
Write-down for expected losses 1 June	(17.7)	(17.2)	-	-
Exchange rate adjustment to year-end rate	0.7	0.7	-	-
Change in write-down during the year	(4.6)	(18.4)	-	-
Actual losses during the year	3.6	17.2	-	-
Write-down for expected losses 31 May	(18.0)	(17.7)	-	-
Other financial receivables (net) 31 May	60.4	52.0	3.0	3.0

The write-down of other financial receivables is recognised in the profit and loss account as part of distribution and marketing costs. The write-down is based on an individual assessment of the ability to pay of each individual debtor. The Group and the parent company have no overdue other financial receivables, for which no write-down is recognised.

The fair value of other financial receivables in the Group amounts to DKK 59.4 million (DKK 49.6 million in 2007/08). The fair value in the parent company amounts to DKK 2.2 million (DKK 2.0 million in 2007/08). The fair value is calculated as the present value of the future expected cash flows from the receivables.

19 … **Deferred tax assets**

Group	Non-current assets	Inventories	Receivables	Provisions	Tax loss carry-forwards	Other	Total
Deferred tax assets 1 June 2007	3.7	0.2	1.5	11.8	3.7	0.3	21.2
Exchange rate adjustment to year-end rate	0.1	-	-	-	-	-	0.1
Recognised in the profit and loss account	(0.2)	0.5	4.6	0.3	(3.7)	(0.1)	1.4
Deferred tax assets 31 May 2008	3.6	0.7	6.1	12.1	-	0.2	22.7
Transferred from deferred taxes	(73.2)	-	-	0.5	-	-	(72.7)
Exchange rate adjustment to year-end rate	(0.2)	-	(0.2)	(0.3)	-	-	(0.7)
Recognised in the profit and loss account	(5.3)	(9.7)	(1.4)	8.9	158.8	2.2	153.5
Recognised in equity	-	-	-	-	1.0	-	1.0
Deferred tax assets 31 May 2009	(75.1)	(9.0)	4.5	21.2	159.8	2.4	103.8

Parent company	Non-current assets	Inventories	Receivables	Provisions	Tax loss carry-forwards	Other	Total
Deferred tax assets 31 May 2008	-	-	-	-	-	-	-
Transferred from deferred taxes	(73.2)	-	-	0.5	-	-	(72.7)
Additions during the year, intra-group business combination	(4.6)	-	-	-	-	-	(4.6)
Recognised in the profit and loss account	(15.8)	-	(1.5)	-	146.6	-	129.3
Recognised in equity	-	-	-	-	1.0	-	1.0
Deferred tax assets 31 May 2009	(93.6)	-	(1.5)	0.5	147.6	-	53.0

Parantheses denote negative figures or figures to be deducted.

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08

Notes …

19 … **Deferred tax assets (continued)**

Deferred tax assets relate to the subsidiaries in Denmark, Norway, Sweden, Germany, the UK, Belgium, France, Italy, Spain, Australia and Singapore. Deferred tax assets have been calculated based on local tax rates. In the jointly-taxed Danish companies a deferred tax asset, gross of DKK 159,8 million has been recognised in 2008/09 (DKK 147,6 million in the parent company in 2008/09, DKK 0.0 million in the Group and the parent company in 2007/08) based on tax loss carry-forwards, which can be carried forward indefinitely. This deferred tax asset has been recognised due to the management´s expectations of the Group´s long-term earnings.

Deferred tax assets relating to the subsidiary in the US have not been recognised in 2008/09 or 2007/08. The unrecognised deferred tax assets amount to DKK 83.5 million (DKK 79.1 million in 2007/08). The basis for the unrecognised deferred tax assets includes tax losses of DKK 163.2 million (DKK 141.8 million in 2007/08). The tax losses can be carried forward for a period of 1 - 20 years.

20 … **Inventories**

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Raw materials	121.4	124.1	-	-
Work in progress	34.4	40.0	-	-
Spare parts	150.6	166.4	-	-
Finished goods	291.4	470.9	1.2	1.4
Inventories 31 May	597.8	801.4	1.2	1.4
The following amounts of the carrying amount are expected to be realised after more than 12 months:				
Spare parts	108.0	96.4	-	-
Inventories 31 May	108.0	96.4	-	-

The Group pursues a policy of being able to supply spare parts for product repairs for up to 12 years after the products are sold Consequently, a large proportion of the spare parts is not expected to be sold until after 12 months.

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Carrying amount of inventories recognised at net realisable value	0.9	0.7	-	-
Inventory consumption recognised as part of production costs during the year	1,289.0	1,754.3	0.2	0.1
Write-down of inventories recognised as part of production costs during the year	37.7	23.1	-	-
Reversal of write-down of inventories recognised as part of production costs during the year	20.7	17.5	-	-

The reversal of write-down of inventories during the year was made due to the fact that sales of the inventories, which were written-down, exceeding the expected. The reversal of write-down of inventories last year was made due to the same circumstances.

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Notes …				
21 … Trade receivables				
Trade receivables (gross) 31 May	500.3	662.5	-	-
Write-down for expected losses 1 June	(69.5)	(52.9)	-	-
Exchange rate adjustment to year-end rate	(0.3)	2.7	-	-
Change in write-down during the year	(55.8)	(30.5)	-	-
Actual losses during the year	33.2	11.2	-	-
Write-down for expected losses 31 May	(92.4)	(69.5)	-	-
Trade receivables (net) 31 May	407.9	593.0	-	-

All trade receivables fall due within 1 year.

The write-down of trade receivables is recognised in the profit and loss account as part of distribution and marketing costs. The write-down is based on an individual assessment of the ability to pay of each individual debtor. The Group and parent company have no overdue trade receivables, for which no write-down is recognised.

The fair value of trade receivables in the Group amounts to DKK 407.9 million (DKK 593.0 million in 2007/08), while the fair value in the parent company amounts to DKK 0.0 million (DKK 0.0 million in 2007/08). The carrying amount of receivables that fall due within 1 year is expected to be a reasonable approximation of the fair value.

22 … Receivables from subsidiaries

	Parent company 2008/09	Parent company 2007/08
Receivables from subsidiaries (net) 31 May	759.6	921.4

All receivables from subsidiaries fall due within 1 year.

There has been no need for write-down of receivables from subsidiaries.

The fair value of receivables from subsidiaries amounts to DKK 759.6 million (DKK 921.4 million in 2007/08). The carrying amount of receivables that fall due within 1 year is expected to be a reasonable approximation of the fair value.

23 … Receivables from associates

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Receivables from associates (net) 31 May	1.4	2.1	-	-
Negative investment offset against receivable	-	(1.7)	-	-
Transferred to payables to associates	-	(0.4)	-	-
Receivables from associates (net) 31 May	1.4	-	-	-

All receivables from associates fall due within 1 year.

There has been no need for write-down of receivables from associates.

The fair value of receivables from associates in the Group amounts to DKK 1.4 million (DKK 0.0 million in 2007/08).
The fair value of receivables from associates in the parent company amounts to DKK 0.0 million (DKK 0.0 million in 2007/08). The carrying amount of receivables that fall due within 1 year is expected to be a reasonable approximation of the fair value.

Parantheses denote negative figures or figures to be deducted.

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08

Notes …

24 … **Income tax receivable**

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Income tax receivable 1 June	39.7	27.0	9.2	28.4
Exchange rate adjustment to year-end rate	(1.4)	(0.4)	-	-
Additions during the year, intra-group business combination	-	-	12.8	-
Adjustment previous years	(9.1)	(1.6)	9.1	(16.2)
The year's current tax incl. jointly taxed subsidiaries	2.8	1.0	-	29.6
Change in tax rate	-	-	-	(0.6)
Income tax paid	11.0	29.7	13.3	-
Income tax refunded	(9.1)	(2.5)	-	(32.0)
Intra-group transfers due to joint taxation			(44.2)	-
Transferred to income tax payable	(12.2)	(13.5)	-	-
Income tax receivable 31 May	21.7	39.7	0.2	9.2

DKK 0.0 million of the income tax receivable in the Group is expected to be received after 1 year (DKK 0.0 million in 2007/08). DKK 0.0 million of the income tax receivable in the parent company is expected to be received after 1 year (DKK 0.0 million in 2007/08).

25 … **Other receivables**

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Value added tax receivable	8.4	17.5	-	9.8
Deposits	9.4	7.4	1.3	1.3
Other receivables	13.8	14.0	1.0	1.5
Other receivables 31 May	31.6	38.9	2.3	12.6

All other receivables fall due within 1 year.

There has been no need for write-down of other receivables.

The fair value of other receivables in the Group amounts to DKK 31.6 million (DKK 38.9 million in 2007/08), while the fair value in the parent company amounts to DKK 2.3 million (DKK 12.6 million in 2007/08). The carrying amount of receivables that fall due within 1 year is expected to be a reasonable approximation of the fair value.

26 … **Share capital**

As at 31 May, the share capital comprises:	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
36,244,014 shares of DKK 10.00	362.4	-	362.4	-
1,085,543 ordinary shares of DKK 10.00 (multiple voting shares)	-	10.8	-	10.8
10,995,795 ordinary shares of DKK 10.00	-	110.0	-	110.0
	362.4	120.8	362.4	120.8

During the spring 2009, Bang & Olufsen a/s completed a capital increase in the form of a rights issue. At the same time the share classes were merged into one share class.

Each share of DKK 10.00 gives 1 vote after the merger of the share classes. Previously each ordinary share (multiple voting share) of DKK 10.00 gave 10 votes, while each ordinary share of DKK 10.00 gave 1 vote.

Parantheses denote negative figures or figures to be deducted.

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Notes …				
26 … **Share capital (continued)**				
Number of shares 1 June	-	-	-	-
Merger of share classes, former ordinary shares (multiple voting shares)	1,085,543	-	1,085,543	-
Merger of share classes, former ordinary shares	10,995,795	-	10,995,795	-
Capital increase	24,162,676	-	24,162,676	-
Number of shares 31 May	36,244,014	-	36,244,014	-
Number of ordinary shares (multiple voting shares) 1 June	1,085,543	1,085,543	1,085,543	1,085,543
Merger of share classes	(1,085,543)	-	(1,085,543)	-
Number of ordinary shares (multiple voting shares) 31 May	-	1,085,543	-	1,085,543
Number of ordinary shares 1 June	10,995,795	10,995,795	10,995,795	10,995,795
Merger of share classes	(10,995,795)	-	(10,995,795)	-
Number of ordinary shares 31 May	-	10,995,795	-	10,995,795
Own shares:				
Number of shares	110,076	-	110,076	-
Number of ordinary shares	-	767,787	-	767,787
Number of own shares	110,076	767,787	110,076	767,787
Nominal value, DKK million	1.1	7.7	1.1	7.7
% of share capital, year-end	0.3	6.4	0.3	6.4

The Group's own shares are reserved for the partial coverage of the share option programme, cf. note 5.

Acquisitions during the year:				
Number of shares	200	164,893	200	164,893
Nominal value, DKK million	-	1.6	-	1.6
% of share capital, year-end	-	1.4	-	1.4
Total acquisition sum, DKK million	-	100.2	-	100.2

The acquisitions were undertaken in accordance with the authority from the Annual General Meeting to purchase own shares with the purpose of subsequent capital reductions and the coverage of the share option programme.

Disposals during the year:				
Number of shares	657,911	20,029	657,911	20,029
Nominal value, DKK million	6.6	0.2	6.6	0.2
% of share capital, year-end	1.8	0.1	1.8	0.1
Total sales sum, DKK million	46.0	1.6	46.0	1.6

In 2008/09 21,911 own shares were used (20,029 in 2007/08). Of these 0 were used for the exercise of share options and 21,911 have been granted as employee shares (in 2007/08 3,000 were used for the exercise of share options and 17,029 were granted as employee shares).

Parantheses denote negative figures or figures to be deducted.

(DKK million)	Group 2008/09	2007/08

Notes …

27 … **Retained earnings**

In the 2008/09 financial year DKK 36.2 million have been paid as dividend corresponding to DKK 3.00 per share (DKK 241.6 million corresponding to DKK 20.00 per share in 2007/08). At the Annual General Meeting 18 September 2009 no dividend for the financial year 2008/09 will be proposed.

28 … **Minority interests**

	2008/09	2007/08
Balance 1 June	12.1	6.0
Transfer to minority interests	-	2.4
Minority interests' share of result for the year	2.3	7.6
Dividend paid	(12.1)	(6.1)
Option for minority interest	-	2.2
Balance 31 May	2.3	12.1

29 … **Pensions**

Defined contribution plans:

In defined contribution plans, Bang & Olufsen recognises the premium payments (e.g. a fixed amount or a fixed percentage of the salary) for independent insurance companies, which are responsible for the pension obligations, in the profit and loss account as they are paid. Once the pension contributions for defined contribution plans have been paid, Bang & Olufsen has no further pension obligations to current or former employees. The pension plans in the Danish and the majority of the foreign companies are all defined contribution plans.

In the Group DKK 33.7 million (DKK 38.8 million in 2007/08) have been recognised in the profit and loss account as costs related to defined contribution plans. In the parent company DKK 12.0 million (DKK 20.2 million in 2007/08) have been recognised as costs related to defined contribution plans.

Defined benefit plans:

In defined benefit plans, Bang & Olufsen is obliged to pay a certain benefit (e.g. retirement benefit as a fixed sum of the salary at retirement). In defined benefit plans Bang & Olufsen carries the risk, since changes to the calculation basis result in changes in the actuarially calculated capital value.

The major defined benefit plans in the Group include employees in Germany and Norway. In the consolidated financial statements, a net obligation of DKK 6.2 million (DKK 8.3 million in 2007/08) has been recognised relating to the Group's obligations to current or former employees concerning defined benefit plans. The obligation is calculated after deduction of the plan assets. The parent company has no defined benefit plans.

In the Group an income of DKK 0.4 million (an expense of DKK 0.7 million in 2007/08) has been recognised in the profit and loss account regarding defined benefit plans.

Parantheses denote negative figures or figures to be deducted.

Notes	(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
29	**Pensions (continued)**				
	Present value of defined benefit obligation	26.5	29.0		
	Fair value of plan assets	(20.1)	(20.3)		
	Unrecognised actuarial gains and losses	(0.2)	(0.4)		
	Defined benefit plans 31 May, net	6.2	8.3		
	Of which included as part of the liabilities	7.0	9.5		
	Of which included as part of the assets	(0.8)	(1.2)		
	Development in the present value of the defined benefit obligation:				
	Present value of the defined benefit obligation 1 June	29.0	28.1		
	Exchange rate adjustment to year-end rate	(0.8)	0.2		
	Current service cost	0.5	1.3		
	Interest costs	0.9	1.3		
	Recognised actuarial gains and losses	(3.0)	(1.6)		
	Benefits paid	(0.1)	(0.3)		
	Present value of the defined benefit obligation 31 May	26.5	29.0		
	Defined benefit obligation from plans that are wholly unfunded	5.6	4.1		
	Defined benefit obligation from plans that are wholly or partly funded	20.9	24.9		
	Development in the fair value of plan assets regarding defined benefit plans:				
	Fair value of plan assets 1 June	20.3	18.1		
	Exchange rate adjustment to year-end rate	(0.9)	0.2		
	Expected return on plan assets	0.7	0.9		
	Recognised actuarial gains and losses	(0.5)	0.5		
	Administration costs	(0.1)	(0.1)		
	Benefits paid	(0.1)	(0.1)		
	Contributions by the employer	0.7	0.8		
	Fair value of plan assets 31 May	20.1	20.3		
	Amounts recognised in the profit and loss account:				
	Current service cost	0.5	1.3		
	Interest costs on the obligation	0.9	1.3		
	Expected return on plan assets	(0.7)	(0.9)		
	Recognised actuarial gains and losses	(1.2)	(1.1)		
	Administration costs	0.1	0.1		
	Total amount recognised for defined benefit plans	(0.4)	0.7		
	Total amount recognised for defined contribution plans	33.7	38.8	12.0	20.2
	Total amount recognised in the profit and loss account, cf. note 5	33.3	39.5	12.0	20.2
	Actual return on plan assets regarding the defined benefit plans	1.4	-		

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

29 … **Pensions (continued)**

The defined benefit plan in Germany is partly funded by means of an independent pension fund. As at 31 May 2009, the actuarially calculated net obligation is recognised in the Group's balance sheet at DKK 3.9 million (DKK 4.8 million in 2007/08). The net obligation is calculated as the present value of the future payments of DKK 11.7 million (DKK 12.3 million in 2007/08) less the fair value of the pension fund's assets of DKK 7.8 million (DKK 7.5 million in 2007/08). The actuarial calculation is based on a calculation rate of 6.0 % p.a., an expected rate of salary increase of 2.0 % p.a. and an expected rate of return of 4.0 % p.a. In the Group's profit and loss account the plan is recognised as an income of DKK 0.8 million (DKK 0.7 million in 2007/08).

The defined benefit plan in Norway is also partly funded by means of an independent pension fund. As at 31 May 2009 the actuarially calculated net receivable is recognised in the Group's balance sheet at DKK 0.9 million (DKK 1.2 million in 2007/08). The net receivable is calculated as the fair value of the plan assets of DKK 6.2 million (DKK 8.9 million in 2007/08) less the present value of the future payments of DKK 5.5 million (DKK 9.5 million in 2007/08) and added unrecognised actuarial losses of DKK 0.2 million (DKK 0.6 million in 2007/08). The actuarial calculation is based on a calculation rate of 5.0 % p.a., an expected rate of salary increase of 3.3 % p.a. and an expected rate of return of 6.0 % p.a. In the Group's profit and loss account the plan is recognised as an expense of DKK 0.4 million (DKK 0.6 million in 2007/08).

30 … **Deferred tax**

Group	Non-current assets	Inven-tories	Receiv-ables	Provisions	Share-based payment	Other	Total
Deferred tax 1 June 2007	85.5	0.3	(8.4)	(5.7)	(3.9)	-	67.8
Exchange rate adjustment to year-end rate	(0.3)	-	-	-	-	-	(0.3)
Recognised in the profit and loss account	(22.8)	7.5	14.6	(7.2)	(2.2)	0.7	(9.4)
Recognised in equity	-	-	-	-	6.1	-	6.1
Deferred tax 31 May 2008	62.4	7.8	6.2	(12.9)	-	0.7	64.2
Exchange rate adjustment to year-end rate	0.1	-	-	-	-	-	0.1
Transferred to deferred tax assets	(73.2)	-	-	0.5	-	-	(72.7)
Recognised in the profit and loss account	17.6	(7.7)	(5.5)	11.8	-	(3.0)	13.2
Deferred tax 31 May 2009	6.9	0.1	0.7	(0.6)	-	(2.3)	4.8

Parent company	Non-current assets	Inven-tories	Receiv-ables	Provisions	Share-based payment	Other	Total
Deferred tax 1 June 2007	85.1	-	-	(1.6)	(3.9)	-	79.6
Recognised in the profit and loss account	(11.9)	-	-	1.1	(2.2)	-	(13.0)
Recognised in equity	-	-	-	-	6.1	-	6.1
Deferred tax 31 May 2008	73.2	-	-	(0.5)	-	-	72.7
Transferred to deferred tax assets	(73.2)	-	-	0.5	-	-	(72.7)
Deferred tax 31 May 2009	-	-	-	-	-	-	-

Deferred tax has been calculated based on local tax rates.

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

31 … **Provisions**

Group	Warranty	Fairness	Jubilee-benefits	Restruc-turing	Other obligations	Total
Provisions 1 June 2007	83.8	25.5	12.6	-	8.4	130.3
Exchange rate adjustment to year-end rate	(1.1)	(0.8)	-	-	(0.7)	(2.6)
Provisions during the year	42.9	10.1	1.7	-	2.0	56.7
Provisions used during the year	(43.8)	(7.2)	(1.1)	-	(0.7)	(52.8)
Provisions reversed during the year	(5.4)	(1.0)	(3.6)	-	-	(10.0)
Change in calculation of present value during the year	0.8	0.7	0.3	-	(0.1)	1.7
Provisions 31 May 2008	77.2	27.3	9.9	-	8.9	123.3
Exchange rate adjustment to year-end rate	(0.6)	(0.2)	-	-	0.3	(0.5)
Provisions during the year	25.4	9.2	1.5	35.5	1.2	72.8
Provisions used during the year	(35.5)	(8.4)	(1.2)	-	(0.7)	(45.8)
Provisions reversed during the year	(4.2)	(1.8)	(1.8)	-	(0.8)	(8.6)
Change in calculation of present value during the year	0.7	1.3	0.6	-	-	2.6
Provisions 31 May 2009	63.0	27.4	9.0	35.5	8.9	143.8

The expected due dates of the provisions as at 31 May 2008 are as follows:	Warranty	Fairness	Jubilee-benefits	Restruc-turing	Other obligations	Total
Falls due 1 - 5 years	41.2	18.3	3.1	-	8.2	70.8
Falls due after 5 years	-	0.1	5.8	-	0.6	6.5
Non-current provisions	41.2	18.4	8.9	-	8.8	77.3
Falls due within 1 year	36.0	8.9	1.0	-	0.1	46.0
Provisions 31 May 2008	77.2	27.3	9.9	-	8.9	123.3

The expected due dates of the provisions as at 31 May 2009 are as follows:	Warranty	Fairness	Jubilee-benefits	Restruc-turing	Other obligations	Total
Falls due 1 - 5 years	33.0	17.3	2.8	8.6	8.2	69.9
Falls due after 5 years	0.1	-	5.4	2.2	0.5	8.2
Non-current provisions	33.1	17.3	8.2	10.8	8.7	78.1
Falls due within 1 year	29.9	10.1	0.8	24.7	0.2	65.7
Provisions 31 May 2009	63.0	27.4	9.0	35.5	8.9	143.8

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

31 … **Provisions (continued)**

Parent company	Jubilee-benefits	Total
Provisions 1 June 2007	4.5	4.5
Provisions during the year	0.6	0.6
Provisions used during the year	(0.3)	(0.3)
Provisions reversed during the year	(1.5)	(1.5)
Change in calculation of present value during the year	0.1	0.1
Provisions 31 May 2008	3.4	3.4
Provisions during the year	0.6	0.6
Provisions used during the year	(0.4)	(0.4)
Provisions reversed during the year	(0.6)	(0.6)
Change in calculation of present value during the year	0.2	0.2
Provisions 31 May 2009	3.2	3.2

The expected due dates of the provisions as at 31 May 2008 are as follows:		
Falls due 1 - 5 years	1.3	1.3
Falls due after 5 years	1.8	1.8
Non-current provisions	3.1	3.1
Falls due within 1 year	0.3	0.3
Provisions 31 May 2008	3.4	3.4

The expected due dates of the provisions as at 31 May 2009 are as follows:		
Falls due 1 - 5 years	1.0	1.0
Falls due after 5 years	1.8	1.8
Non-current provisions	2.8	2.8
Falls due within 1 year	0.4	0.4
Provisions 31 May 2009	3.2	3.2

The company gives 2 - 5 years warranty on certain products and thereby undertakes the liability to repair or replace products, which do not function satisfactorily. Some products are repaired after the end of the warranty period, and a provision regarding this fairness is recognised.

Provisions of DKK 90.4 million (DKK 104.5 million in 2007/08) regarding expected warranty and fairness claims have been recognised. The provisions are based on previous experience relating to the level of repair and returned goods.

The specification of the expected due dates is based on previous experience regarding the timing of claims and returns, if any.

No third-party reimbursements will be received regarding the provisions.

Parantheses denote negative figures or figures to be deducted.

(DKK million)

Notes …

32 … **Current and non-current financial liabilities, mortgage loans**

Group	Falls due within 1 year	Falls due 1 - 5 years	Falls due after 5 years	Falls due after 1 year total
Fixed rate loans, interest rate level 5.8 - 6.4 %	4.8	12.5	181.1	193.6
Fixed rate loans, interest rate level 4.0 - 5.0 %	1.7	7.4	29.3	36.7
Carrying amount 31 May 2009	6.5	19.9	210.4	230.3
Fixed rate loans, interest rate level 5.8 - 6.4 %	6.9	14.0	184.5	198.5
Fixed rate loans, interest rate level 4.0 - 5.0 %	1.6	6.5	30.7	37.2
Carrying amount 31 May 2008	8.5	20.5	215.2	235.7

Parent company				
Fixed rate loans, interest rate level 5.8 - 6.4 %	4.8	12.5	181.1	193.6
Fixed rate loans, interest rate level 4.0 - 5.0 %	1.7	7.4	29.3	36.7
Carrying amount 31 May 2009	6.5	19.9	210.4	230.3
Fixed rate loans, interest rate level 5.8 - 6.4 %	6.9	14.0	184.5	198.5
Carrying amount 31 May 2008	6.9	14.0	184.5	198.5

The fair value of the current and non-current financial liabilities, mortgage loans in the Group amounts to DKK 235.4 million (DKK 242.2 million in 2007/08), while the fair value in the parent company amounts to DKK 235.4 million (DKK 206.0 million in 2007/08). The fair value is calculated as the present value of the expected future instalments and interest payments.

(DKK million)

Notes …

33 … **Current and non-current financial liabilities, loans from banks etc.**

Group	Falls due within 1 year	Falls due 1 - 5 years	Falls due after 5 years	Falls due after 1 year, total
Fixed rate loans, interest rate level 5.8 - 6.4 %	-	25.0	-	25.0
Fixed rate loans, interest rate level 4.0 - 5.0 %	17.8	55.8	14.9	70.7
Fixed rate loans, interest rate level 2.0 - 3.0 %	14.8	-	-	-
Carrying amount 31 May 2009	32.6	80.8	14.9	95.7
Fixed rate loans, interest rate level 5.8 - 6.4 %	25.0	12.5	-	12.5
Fixed rate loans, interest rate level 4.0 - 5.0 %	17.9	66.2	22.4	88.6
Carrying amount 31 May 2008	42.9	78.7	22.4	101.1

Parent company				
Fixed rate loans, interest rate level 5.8 - 6.4 %	-	25.0	-	25.0
Fixed rate loans, interest rate level 4.0 - 5.0 %	10.4	26.0	-	26.0
Carrying amount 31 May 2009	10.4	51.0	-	51.0
Fixed rate loans, interest rate level 5.8 - 6.4 %	25.0	12.5	-	12.5
Fixed rate loans, interest rate level 4.0 - 5.0 %	10.4	36.4	-	36.4
Carrying amount 31 May 2008	35.4	48.9	-	48.9

The fair value of the current and non-current financial liabilities, loans from banks etc. in the Group amounts to DKK 128.3 million (DKK 144.0 million in 2007/08), while the fair value in the parent company amounts to DKK 61.4 million (DKK 84.3 million in 2007/08). The fair value is calculated as the present value of the expected future instalments and interest payments.

(DKK million)

Notes …

34 … **Other non-current liabilities**

Group	Falls due 1 - 5 years	Falls due after 1 year, total
Accrued deposit	3.1	3.1
Other non-current liabilities	3.6	3.6
Carrying amount 31 May 2009	6.7	6.7
Accrued deposit	3.0	3.0
Other non-current liabilities	3.6	3.6
Carrying amount 31 May 2008	6.6	6.6

Parent company		
Accrued deposit	3.1	3.1
Other non-current liabilities	3.4	3.4
Carrying amount 31 May 2009	6.5	6.5
Other non-current liabilities	3.4	3.4
Carrying amount 31 May 2008	3.4	3.4

The fair value of other non-current liabilities in the Group amounts to DKK 6.5 million (DKK 5.7 million in 2007/08), while the fair value in the parent company amounts to DKK 6.3 million (DKK 2.9 million in 2007/08). The fair value is calculated as the present value of the expected future instalments and interest payments.

(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Notes …				
35 … **Income tax**				
Accrued income tax 1 June	66.3	122.3	-	-
Exchange rate adjustment to year-end rate	(1.5)	(0.8)	-	-
Corrections	-	0.4	-	-
Adjustment previous years	(27.0)	(18.7)	-	-
The year's current tax incl. jointly taxed subsidiaries	18.8	69.7	-	-
Income tax paid during the year	(23.2)	(93.1)	-	-
Other	-	-	0.1	-
Transferred to income tax receivable	(12.2)	(13.5)	-	-
Accrued income tax 31 May	21.2	66.3	0.1	-

DKK 0.0 million of the accrued income tax in the Group is expected to be paid after 1 year (DKK 0.0 million in 2007/08).
DKK 0.0 million of the accrued income tax in the parent company is expected to be paid after 1 year (DKK 0.0 million in 2007/08).

36 … **Other payables**

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Payroll-related items	130.0	143.1	56.8	55.3
Taxes and duties	64.4	39.7	17.7	-
Phantom shares	-	0.2	-	0.2
Restructuring	9.1	-	2.6	-
Other payables	121.1	137.0	29.1	42.4
Other payables, total	324.6	320.0	106.2	97.9

All other payables fall due within 1 year.

The fair value of other payables in the Group amounts to DKK 324.6 million (DKK 320.0 million in 2007/08), while the fair value in the parent company amounts to DKK 106.2 million (DKK 97.9 million in 2007/08). The carrying amount of payables that fall due within 1 year is expected to be a reasonable approximation of the fair value.

Parantheses denote negative figures or figures to be deducted.

NOTES TO THE CASH FLOW STATEMENT

Notes ...	(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
37 ...	**Adjustments**				
	Change in other liabilities	18.1	(6.7)	(0.2)	(1.1)
	Financial income etc.	(11.4)	(20.0)	(64.7)	(59.0)
	Financial costs etc.	41.2	49.8	53.6	36.1
	Result of investments in associates after tax	(2.3)	11.2		
	Dividend from associates			(1.0)	-
	Gain/loss on sale of non-current assets	1.4	-	-	0.5
	Tax on result for the year	(140.2)	41.4	(138.4)	(25.8)
	Various adjustments	0.6	16.9	10.7	21.4
	Total adjustments	(92.6)	92.6	(140.0)	(27.9)
38 ...	**Change in working capital**				
	Change in receivables	194.5	131.9	225.8	(674.8)
	Change in inventories	203.6	(107.1)	0.2	(1.0)
	Change in accounts payables etc.	(40.3)	(47.0)	(9.7)	(6.3)
	Total change in working capital	357.8	(22.2)	216.3	(682.1)
39 ...	**Cash and cash equivalents**				
	Cash and cash equivalents consists of:				
	Cash	258.1	107.1	217.7	5.3
	Other loans from banks	(13.0)	(53.7)	(12.9)	(53.6)
	Cash and cash equivalents 31 May	245.1	53.4	204.8	(48.3)

There are no restrictions in the Group's or the parent company's use of cash and cash equivalents.

Notes ...		Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
40 ...	**Fees to auditors elected at the Annual General Meeting**				
	Statutory audit:				
	Deloitte	4.6	4.3	0.6	0.5
	Statutory audit, total	4.6	4.3	0.6	0.5
	Other services:				
	Deloitte	2.0	1.9	1.9	0.4
	Other services, total	2.0	1.9	1.9	0.4
	Fees to auditors elected at the Annual General Meeting, total	6.6	6.2	2.5	0.9

Parantheses denote negative figures or figures to be deducted.

(DKK million)	Group		Parent company	
Notes …	2008/09	2007/08	2008/09	2007/08
41 … **Contingent liabilities and other financial commitments**				

Rental and leasing commitments regarding operating leases etc.

The Group and the parent company have entered into a number of operating leases and rental agreements regarding plant and machinery, shops and other property. There is a big diversity in the length of the agreements. The longest agreement runs for 11 years. All agreements contain conditions regarding renewal. The Group and the parent company are entitled to determine, whether or not the agreements are renewed. None of the agreements impose restrictions in the Group's or the parent company's rights of disposal.

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Leasing commitments relating to plant and machinery etc.	30.3	41.6	18.2	26.7
Leasing commitments relating to establishment of shops	258.6	185.8	-	-
Leasing commitments relating to office and factory property	96.8	108.1	65.3	64.2
Total	385.7	335.5	83.5	90.9
Which can be specified as follows:				
payment due within 1 year	93.0	75.9	17.9	18.5
payment due between 1 and 5 years	199.5	179.6	36.3	42.2
payment due after 5 years	93.2	80.0	29.3	30.2
Total	385.7	335.5	83.5	90.9
Rental and leasing payments for the year	97.0	78.5	27.5	26.4
Of which minimum rental and lease payments	97.0	78.5	27.5	26.4
Expected future income from non-cancellable sublease agreements, total	-	6.3	-	-

Neither in the Group nor in the parent company contingent rental or lease payments have been recognised in the profit and loss account in 2008/09 or 2007/08.

In connection with the establishment of shops in previous financial years, the Group has entered into a number of long-term rental agreements. The agreements include conditions concerning the right to sublet.

At the balance sheet date neither the Group nor the parent company has entered into any non-cancellable lease agreements regarding assets held under operating leases, from which sublease payments are received.

Guarantees

	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
Total guarantees as at 31 May	19.3	24.7	7.3	7.9
Of which regarding subsidiaries	0.3	0.3	-	-
Of which regarding associates	5.2	5.2	5.2	5.2

None of the guarantees are expected to result in any losses.

41 … **Contingent liabilities and other financial commitments (continued)**

Letters of intent

Bang & Olufsen Operations a/s has issued letters of intent to the subsidiaries in the US and Japan.

VAT and other taxes

The Danish companies in the Group are jointly registered and are jointly and severally liable for VAT and other taxes.

Mortgages and securities

Land and buildings and investment property have been mortgaged in the amount of DKK 385.8 million (DKK 385.8 million as at 31 May 2008) as security for the Group's mortgage and bank debt of DKK 365.1 million (DKK 388.2 million as at 31 May 2008). Land and buildings and investment property have been mortgaged in the amount of DKK 385.8 million (DKK 142.0 million as at 31 May 2008) as security for the parent company's mortgage and bank debt of DKK 298.2 million (DKK 289.7 million as at 31 May 2008). Other tangible non-current assets related to the land and buildings and investment property are included in the security. The carrying amount of the Group's mortgaged land and buildings and investment property is DKK 199.8 million (DKK 207.9 million as at 31 May 2008), while the carrying amount in the parent company is DKK 199.8 million (DKK 155.6 million as at 31 May 2008). No intangible assets are pledged as security for liabilities. No financial assets are pledged as security for liabilities.

As security of all receivables and payables with Danske Bank a statement has been made to the effect that no shares in the subsidiaries of Bang & Olufsen a/s can be sold or pledged as security without the consent of the bank.

The loan of initially DKK 74.5 million from Danske Bank to Bang & Olufsen s.r.o, with a remaining debt of DKK 52.1 million as at 31 May 2009 (DKK 59.7 as at 31 May 2008) includes a clause stating, that the loan can be called, if a shareholder obtains controlling influence of Bang & Olufsen a/s.

The loan of initially DKK 52.0 million from Danske Bank to Bang & Olufsen a/s, with a remaining debt of DKK 36.4 million as at 31 May 2009 (DKK 46.8 as at 31 May 2008) includes a clause stating, that the loan can be called, if a shareholder obtains controlling influence of Bang & Olufsen a/s.

Lawsuits

The companies in the Group are parties to a few pending lawsuits. It is the assessment of the Management, that the outcome of the lawsuits will not influence the Group's financial position. No further information is given regarding the lawsuits, as further information might harm the Group.

42 … **Financial instruments**

The extent and nature of the Group's and parent company's financial instruments appear from the profit and loss account, balance sheet and notes in accordance with the accounting principles applied. Information regarding conditions that can affect amount, dates of payment or reliability of future payments, where such information is not directly evident from the consolidated or the parent company's financial statements, or follows from common practice, is given below.

(DKK million)

Notes …

42 … **Financial instruments (continued)**

Monetary items* in the balance sheet of the Group as at 31 May translated to DKK:

		2008/09			2007/08		
Currency	Payment/maturity	Assets	Liabilities	Net	Assets	Liabilities	Net
EUR	0-12 months	316.4	151.9	164.5	456.9	158.3	298.6
	> 12 months	29.4	44.9	(15.5)	21.2	7.8	13.4
GBP	0-12 months	90.8	22.9	67.9	111.5	30.7	80.8
	> 12 months	17.7	-	17.7	9.2	-	9.2
SEK	0-12 months	17.4	5.4	12.0	18.6	6.9	11.7
	> 12 months	1.3	-	1.3	1.9	-	1.9
JPY	0-12 months	6.5	2.4	4.1	9.1	1.9	7.2
	> 12 months	-	-	-	-	0.2	(0.2)
CHF	0-12 months	26.7	22.9	3.8	29.5	5.7	23.8
	> 12 months	-	-	-	-	0.1	(0.1)
USD	0-12 months	41.1	56.0	(14.9)	64.0	29.2	34.8
	> 12 months	2.8	1.8	1.0	3.1	2.2	0.9
CZK	0-12 months	1.5	6.0	(4.5)	6.1	42.0	(35.9)
	> 12 months	-	-	-	5.3	52.2	(46.9)
SGD	0-12 months	10.4	1.2	9.2	24.3	3.1	21.2
	> 12 months	0.2	0.1	0.1	0.1	0.1	-
AUD	0-12 months	13.2	10.3	2.9	21.3	13.3	8.0
	> 12 months	3.5	2.0	1.5	-	2.0	(2.0)
Other	0-12 months	11.4	0.3	11.1	14.2	6.0	8.2
	> 12 months	4.3	3.8	0.5	7.5	-	7.5

Monetary items* in the balance sheet of the parent company as at 31 May translated to DKK:

		2008/09			2007/08		
Currency	Payment/maturity	Assets	Liabilities	Net	Assets	Liabilities	Net
EUR	0-12 months	25.4	9.9	15.5	48.3	18.7	29.6
GBP	0-12 months	5.9	0.3	5.6	-	0.1	(0.1)
SEK	0-12 months	2.8	-	2.8	1.1	0.2	0.9
JPY	0-12 months	0.7	-	0.7	-	-	-
CHF	0-12 months	1.6	-	1.6	0.5	-	0.5
USD	0-12 months	-	16.0	(16.0)	10.6	3.2	7.4
CZK	0-12 months	1.5	-	1.5	10.6	-	10.6
SGD	0-12 months	0.4	-	0.4	-	-	-
AUD	0-12 months	2.7	-	2.7	-	-	-
Other	0-12 months	0.1	0.1	-	1.2	0.3	0.9

* Monetary items are cash and cash equivalents etc., receivables and payables, which are settled in cash.

Parantheses denote negative figures or figures to be deducted.

Notes …	(DKK million)	Group 2008/09	Group 2007/08	Parent company 2008/09	Parent company 2007/08
42 …	**Financial instruments (continued)**				
	Categories of financial instruments				
	Other financial receivables	60.4	52.0	3.0	3.0
	Trade receivables	407.9	593.0	-	-
	Receivables from subsidiaries			759.6	921.4
	Receivables from associates	1.4	-	-	-
	Other receivables	31.6	38.9	2.3	12.6
	Cash	258.1	107.1	217.7	5.3
	Loans and receivables	759.4	791.0	982.6	942.3
	Other non-current liabilities	6.7	6.6	6.5	3.4
	Mortgage loans	236.8	244.2	236.8	205.4
	Loans from banks etc.	141.3	197.7	74.3	137.9
	Trade payables	188.3	216.0	41.7	49.7
	Payables to associates	-	1.8	-	0.1
	Other payables	324.6	320.0	106.2	97.9
	Financial liabilities measured at amortised costs	897.7	986.3	465.5	494.4

Hedging

The Group and the parent company have entered into cash flow hedges, which partially hedges the expected cash flows in CHF and GBP as at 31 May 2009. There were no forward contracts in the Group and the parent company as at 31 May 2008.

43 … Related parties

No related parties have a controlling influence in the Bang & Olufsen Group or Bang & Olufsen a/s.

The related parties that have significant influence in Bang & Olufsen a/s, are the board of directors, the board of management and certain other key management personnel and the close family members of these persons. Related parties also include companies in which these persons have significant interests.

The related parties that have significant influence in the Bang & Olufsen Group, are the board of directors, the board of management and certain other key management personnel in Bang & Olufsen a/s and certain members of the board of management and other key management personnel in other companies in the Group and the close family members of these persons. Related parties also include companies in which these persons have significant interests. The related parties in Bang & Olufsen a/s also comprise the companies in which the company have a controlling interest, cf. note 44.

The related parties in Bang & Olufsen a/s and the Bang & Olufsen Group also comprise the associates Bang & Olufsen Medicom a/s and John Bjerrum Nielsen A/S, in which Bang & Olufsen a/s has significant influence, cf. note 17.

Bang & Olufsen's share in the subsidiaries and associates are shown in note 44.

Board of directors, board of management and other key management personnel

Except from what follows from the employment and shareholdings, if any, there have been no transactions with the board of directors, the board of management and other key management personnel. Remuneration and share option programmes are shown in note 5.

(DKK million)	Group		Parent company	
Notes …	2008/09	2007/08	2008/09	2007/08
43 … **Related parties (continued)**				
Subsidiaries and associates				
The transactions with the subsidiaries and the associates have included the following:				
Purchase of raw materials from associates	22.2	42.7	-	-
Rendering of services from associates	0.1	1.0	-	-
Rental income from associates	4.9	4.8	4.9	-
Rendering of services and subsidies to associates	-	4.2	-	4.2
Rendering of services from subsidiaries			86.2	88.4
Rendering of services to subsidiaries			122.7	255.8
Royalty income from subsidiaries			123.9	580.0
Rental income from subsidiaries			80.9	82.0

The transactions with the subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting principles applied.

During 2008/09 Bang & Olufsen a/s has contributed DKK 3.6 million to the associated company Bang & Olufsen Medicom a/s in connection with a capital increase in the company.

Outstanding balances with subsidiaries and associates

Bang & Olufsen a/s' and the Bang & Olufsen Group's outstanding balances with the subsidiaries and the associates appear from the balance sheet. The outstanding balances carry interest. The interest charged on the outstanding balances is shown in notes 7 and 8. The terms of payment on the outstanding balances regarding purchase of goods are current month + 30 days. There are no securities regarding the outstanding balances, and there have been no need for write-downs of the outstanding balances. Furthermore, there have been no actual losses regarding the outstanding balances in 2008/09 or 2007/08.

Other transactions

Bang & Olufsen a/s has received DKK 230.0 million as dividend from the subsidiaries (DKK 916.5 million in 2007/08). Dividend of DKK 1.0 million has been received from the associates in 2008/09 (DKK 0.0 million in 2007/08).

Bang & Olufsen a/s has issued guarantees for the related parties, cf. note 41. None of the guarantees are expected to result in any losses.

No other transactions with the related parties have taken place.

(DKK million)

Notes …

44 … **Companies in the Bang & Olufsen Group**

Company name	Place of registration	Currency	Share capital local currency	Bang & Olufsen Group's share	Number of not disclosed subsidiaries
Branded business					
Bang & Olufsen a/s	Struer, DK	DKK	362,440,140	100 %	
Bang & Olufsen Operations a/s	Struer, DK	DKK	156,000,000	100 %	
Scandinavia					
Bang & Olufsen Danmark a/s	København, DK	DKK	3,000,000	100 %	
Bang & Olufsen AS	Oslo, N	NOK	3,000,000	100 %	
Bang & Olufsen Svenska AB	Stockholm, S	SEK	4,150,000	100 %	
Central Europe					
Bang & Olufsen Deutschland G.m.b.H.	München, D	EUR	1,022,584	100 %	2
Bang & Olufsen AG	Bassersdorf, CH	CHF	200,000	100 %	
Bang & Olufsen Ges. m.b.H	Tulin, A	EUR	1,744,148	100 %	
United Kingdom/Benelux					
Bang & Olufsen United Kingdom Ltd.	Berkshire, GB	GBP	2,600,000	100 %	2
S.A. Bang & Olufsen Belgium N.V.	Dilbeek, B	EUR	942,000	100 %	
Bang & Olufsen b.v.	Naarden, NL	EUR	18,000	100 %	
Rest of Europe					
Bang & Olufsen France S.A.	Levallois-Perret, F	EUR	3,585,000	100 %	1
Bang & Olufsen España S.A.	Madrid, E	EUR	1,803,036	100 %	2
Bang & Olufsen Italia S.p.A.	Milano, I	EUR	774,000	100 %	
North America					
Bang & Olufsen America Inc.	Arlington Heights, USA	USD	34,000,000	100 %	3
Asia					
Bang & Olufsen Japan K. K.	Tokyo, JP	JPY	100,000,000	100 %	
Bang & Olufsen Asia Pte Ltd.	Singapore, SG	SGD	2	100 %	
Bang & Olufsen Wholesale Pty Ltd.	Hawthorn, AUS	AUD	6,000,001	100 %	3
Middle East					
Bang & Olufsen Middle East FZ-LLC	Dubai, UAE	EUR	113,116	100 %	
Other					
Bang & Olufsen Expansion a/s	Struer, DK	DKK	7,000,000	100 %	
Bang & Olufsen s.r.o	Koprivnice, CZ	CZK	187,800,000	100 %	
OÜ BO-Soft	Tallin, EE	EEK	40,000	51 %	
Bang & Olufsen GPS Taiwan	Taipei, TW	TWD	5,000,000	100 %	
Non-branded business					
Bang & Olufsen ICEpower a/s*	Lyngby-Tårbæk, DK	DKK	1,939,750	100 %	2
Associates					
John Bjerrum Nielsen A/S	Bramming, DK	DKK	10,000,000	33 %	
Bang & Olufsen Medicom a/s	Struer, DK	DKK	9,372,000	35 %	

Dormant companies have not been included.

* As of 1 June 2008 Bang & Olufsen a/s acquired the remaining 10 % shares in Bang & Olufsen ICEpower a/s.

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