Report for the 2007/08 financial year for Bang & Olufsen a/s

- The Group recorded a turnover of DKK 4,092 million for the 2007/08 financial year against DKK 4,376 million last year. Medicom was included in the comparative figures for 2006/07 at DKK 101 million. Adjusted for this, the year shows a decrease in turnover of DKK 183 million.
- The Group's gross margin was 46.2 per cent against 46.6 per cent in 2006/07.
- Operating profit totalled DKK 195 million against DKK 530 million, while result before tax was DKK 154 million against DKK 524 million. Results before tax was in part affected by non-recurring expenditures of DKK 40 million and a negative change in the net effect of capitalisation of DKK 50 million in total DKK 90 million.
- The Board of Directors recommends that a dividend of DKK 3.00 per share will be paid out, which is in line with the established dividend policy.
- The AVV business' three largest markets, Denmark, Germany and the UK, saw an overall decline in turnover of DKK 228 million during the financial year. The North American market declined by DKK 34 million. Measured in local currency, the decline in the US amounts to 4 per cent for the financial year.
- The Group's fastest growing geographical markets were Expansion Markets, Middle East and Asia Pacific at DKK 71 million. Among Expansion Markets, particularly Russia has excelled with an increase of DKK 28 million. European markets such as Switzerland and France also showed growth. Between them, the business areas Automotive and Enterprise achieved turnover growth of DKK 95 million, of which DKK 14 million in the fourth quarter. ICEpower also ended the year on a positive note.
- With the three high-end car manufacturers Audi, Aston Martin and Mercedes-AMG as partners, Bang & Olufsen Automotive is well equipped to expand its position as the most attractive supplier of in-car sound systems.
- During the financial year under review, Bang & Olufsen's launched the ground-breaking, patented Automatic Colour Management technology, the new remote control concept Beo5, BeoVision 8 in a 32 inch version and BeoVision 7-40 for the US market.
- In the fourth quarter and following the close of the financial year, the Group satisfactorily settled a case against five former dealers in the US as well as an arbitration case concerning the terms for Bang & Olufsen's acquisition of the distribution in Holland and an offshoot of an arbitration case from December last year.
- The Board of Directors expects the result for 2008/09 will be on or above the level for 2007/08 based on an expected lower turnover than in the 2007/08 financial year.

Jørgen Worning Chairman Karl Kristian Hvidt Nielsen President & CEO

For further information:

President & CEO Karl Kristian Hvidt Nielsen or Executive Vice President Peter Thostrup, tel.: +45 6155 4141.

BANG & OLUFSEN A/S 13 AUGUST 2008

Main figures - Bang & Olufsen a/s Group

(DKK million)

Main figures for the period 1/6 – 31/5	2007/08	2006/07
Net turnover	4,092.0	4,375.7
Gross profit Gross margin	1,892.4 <i>46.2</i> %	2,037.7 46.6 %
Operating profit Result of investments in associated companies after tax Gain on sale of shares in subsidiary Financial items, net	194.7 (11.2) - (29.8)	530.0 (1.1) 11.5 (16.0)
Result before tax Tax on result for the year	1 53.7 (41.4)	524.4 (151.9)
Result for the year	112.3	372.5
Attributable to: Shareholders of the parent company Minority interests Result for the year	104.7 7.6 112.3	367.4 5.1 372.5
•	112.5	372.3
Earnings per share Earnings per share, DKK Diluted earnings per share, DKK	9.2	31.4 31.4
Balance sheet information	31/5 2008	31/5 2007
Intangible assets Tangible assets Investment property Financial assets Deferred tax assets	417.2 655.7 52.8 58.3 22.7	450.0 617.9 56.4 104.0 21.2
Total non-current assets	1,206.7	1,249.5
Inventories Receivables Cash Total current assets	801.4 702.1 107.1 1,610.6	694.3 822.1 196.4 1,712.8
Total assets	2,817.3	2,962.3
Equity Non-current liabilities Current liabilities	1,483.8 494.4 839.1	1,681.9 371.1 909.3
Total equity and liabilities	2,817.3	2,962.3

Parentheses denote negative figures or amounts to be deducted.

BANG & OLUFSEN A/S 13 AUGUST 2008

Development in equity 1/6 – 31/5	2007/08	2006/07		
Equity as at 1 June	1,681.9	1,742.1		
Equity and exchange rate adjustments in subsidiaries Change in fair value of derivative financial instruments	6.6 (0.1)	1.5 0.1		
Net income recognised directly in equity Retained earnings	6.5 112.3	1.6 372.5		
Total recognised income and expenses for the year	118.8	374.1		
Employee shares Grant of share options Change in deferred tax regarding share options Tax of share options Option for minority interest Purchase of own shares Sale of own shares Dividend, own shares Dividend paid Equity as at 31 May	10.4 11.1 (6.1) - (100.2) 1.6 14.0 (247.7) (316.9)	10.8 0.4 (0.4) (3.4) (271.3) 18.5 11.3 (200.2) (434.3)		
Cash flow, main figures 1/6 – 31/5	2007/08	2006/07		
•				
Cash flow from operating activities Cash flow from investment activities Cash flow from financing activities	331.8 (254.3) (181.0)	520.8 (378.4) (488.0)		
Cash flow for the year	(103.5)	(345.6)		

Parentheses denote negative figures or amounts to be deducted.

Management's report

Bang & Olufsen a/s

For Bang & Olufsen a/s, the first half of the financial year proceeded according to plan, culminating in the most successful November ever. By contrast, the second half year was characterised by a challenging market situation with a slowdown across Europe and the US. This contributed to a downgrading of expectations for the financial year on 9 January, 14 March and 7 July.

By the end of the financial year, the sales situation in the main business remained challenging with a decline in incoming orders.

In the fourth quarter and following the close of the financial year, the Group concluded a number of agreements and settlements, which are regarded as positive:

- A few days ago, Bang & Olufsen's department for the development and sales of sound systems for cars, Automotive, announced a new partnership with Mercedes-AMG, Bang & Olufsen's third partner within this business area. The other partners are Aston Martin and Audi. Following the close of the financial year, Bang & Olufsen and Audi signed an agreement to expand their existing partnership further in the years ahead.
- Bang & Olufsen has acquired a block of shares from Director Karsten Nielsen, one of the cofounders of the subsidiary, Bang & Olufsen ICEpower a/s, which has developed a pioneering
 technology included in all Bang & Olufsen's main products. It is, therefore, of considerable
 strategic importance that Bang & Olufsen now has attained full control of the company. The
 10 per cent shareholding was acquired for DKK 23 million.
- Bang & Olufsen satisfactorily concluded a legal dispute with five former dealers. Pending in the US courts for several years, the dispute concerned the terms for the start-up of the Bang & Olufsen shops previously run by the dealers. In financial terms, the satisfactory outcome means that a modest amount was expensed during the fourth quarter of the financial year.
- Bang & Olufsen also concluded a three year legal dispute in Holland. This concerned arbitration proceedings relating to the terms for Bang & Olufsen's acquisition of its Dutch distribution. The matter has now been settled without further costs to the Group.
- Finally, Bang & Olufsen closed an offshoot of an arbitration case which, in mid-December last year, went against Bang & Olufsen. As stated in announcement 07.11 of 9 January 2008, the outcome of the December arbitration case cost Bang & Olufsen DKK 25 million.

BANG & OLUFSEN A/S 13 AUGUST 2008

Comments to developments in the 2007/08 financial year

For the Bang & Olufsen a/s Group as a whole, turnover for the 2007/08 financial year was DKK 4,092 million against DKK 4,376 million last year. This represents a decrease of DKK 284 million, or 6.5 per cent. The comparative figures include Medicom's turnover at DKK 101 million. Adjusted for this, the Group saw a decrease in turnover of DKK 183 million or 4 per cent.

The branded business recorded a turnover of DKK 3,992 million against DKK 4,194 million for the 2006/07 financial year. Exchange rate developments had a negative impact on turnover at DKK 60 million compared to last year.

The Group's gross margin was 46.2 per cent against 46.6 per cent in 2006/07. The decline in the gross margin is primarily owing to a changed product mix with a greater emphasis on TVs.

Activities within the product development area continue to increase. Development costs amounted to DKK 546 million against DKK 459 million last year, an increase of DKK 87 million. DKK 51 million is attributable to the change in the net effect of capitalisation. The net effect of capitalisation of development costs was negative at DKK 16 million. Last year, the net effect was positive at DKK 35 million.

Distribution and marketing costs totalled DKK 1,004 million for 2007/08 against DKK 910 million last year. This includes non-recurring expenditures of DKK 21 million relating to the unsuccessful outcome of an arbitration case in December 2007. As part of the same case, DKK 4 million was expensed under financial items. In addition, DKK 49 million was expensed for losses and changes in provisions for losses on bad debts against DKK 17 million last year.

Administration costs amounted to DKK 149 million against DKK 139 million for the same period last year.

Operating profit for the financial year was DKK 195 million against DKK 530 million last year, i.e. a decrease of DKK 335 million.

Financial items amounted to a net expense of DKK 30 million against a net expense of DKK 16 million for the same period last year. The increase is owing to the DKK 4 million related to the arbitration case, a rise in exchange rate losses of DKK 5 million and a rise in interest costs owing to greater financing requirements as a result of recent years' shareholder-oriented initiatives.

Result before tax was a profit of DKK 154 million. This represents a decrease of DKK 370 million compared to the DKK 524 million for the previous financial year. Result after tax was a profit of DKK 112 million against DKK 373 million last year.

Cash flow for the period was negative at DKK 104 million against DKK 346 million for the same period last year. Investment levels were sustained, and DKK 348 million was expended on shareholder-oriented initiatives against DKK 472 million last year. During the financial year, the Group raised a long-term loan of DKK 200 million.

Comments to developments in the fourth quarter of the 2007/08 financial year

Fourth quarter turnover for the Bang & Olufsen a/s Group as a whole was DKK 885 million against DKK 1,089 million last year. This constitutes a decrease of DKK 204 million or 19 per cent.

During the fourth quarter, turnover in the branded business fell by DKK 213 million, from DKK 1,055 million last year to DKK 842 million this year. The fall largely relates to the consumer business while the business areas, Automotive and Enterprise, advanced.

Of the decrease in turnover of DKK 213 million, DKK 96 million can be ascribed to the three largest markets, Denmark, Germany and the UK.

The Group's gross margin for the quarter was 46.4 per cent against 45.0 per cent for the same quarter last year.

Gross profit fell by DKK 79 million from DKK 490 million to DKK 411 million as a result of the decrease in turnover.

Development costs over the quarter increased by DKK 40 million. This is in line with the Group's objective of maintaining a high level of activity.

Distribution and marketing costs increased by DKK 19 million during the quarter. Of this, DKK 16 million relates to losses and provisions for losses on receivables.

The fourth quarter's result before tax was negative at DKK 37 million against a profit of DKK 116 million for the period last year, a decrease of DKK 153 million. After tax, the result for quarter was negative at DKK 25 million against a profit of DKK 87 million last year.

Developments in the markets in the financial year

The Group began the financial year as planned, culminating in its best ever November sales. Since mid-December, turnover has been volatile, and, by the end of the financial year, order intake was lower than for the same period last year. The year as a whole, however, saw growth in markets such as Expansion Markets, including Russia, the Middle East, Asia Pacific, Switzerland and France as well as in business areas like Automotive and Enterprise. However, this has not been sufficient to compensate for the decline in turnover in the large markets such as Denmark, Germany and the UK.

Product launches

During the financial year, Bang & Olufsen launched the ground-breaking, patented Automatic Colour Management technology, ACM, which sets new standards for plasma TV and, therefore, further differentiates Bang & Olufsen's products in this area. Automatic Colour Management is a calibration mechanism that optimises colour and picture quality throughout the lifetime of the plasma TV whereas, over time, conventional plasma screens lose their original colour, which leads to the picture fading. Automatic Colour Management automatically restores the colour balance so that the picture quality remains intact.

ANNOUNCEMENT NO. 08.05

Bang & Olufsen's well-established remote control concept, Beo 4, has been supplemented by the new remote control concept Beo5. The Beo5 is not only unique in its design, but also in its functionality as the software-based device can be set up in accordance with the precise needs and requirements of the individual Bang & Olufsen customer.

On the audio side, the Group launched a centre loudspeaker, BeoLab 10, which has strengthened and differentiates the TV portfolio. Combined with BeoVision 4 with Automatic Colour Management, BeoLab 10 represents a new and unique concept.

The TV portfolio has been further expanded by BeoVision 7-40 for the US market. Moreover, the BeoVision 8 family now includes a 32 inch version.

The multi-functional dvd machine, DVD2, was also launched alongside the BeoSound 6 mp3 player and the music mobile phone, Serenata.

Distribution development

The financial year saw the worldwide B1 network increased by a further 45 B1 shops. 76 B1 shops were opened or upgraded while 31 shops were closed or converted to shop in shops.

Consequently, by the end of May 2008, there were 822 B1 shops across the world against 777 at the end of the 2006/07 financial year.

B1 shops account for 81 per cent of the total turnover. The number of shop in shops is 421 against 522 at the end of the previous financial year.

The organic growth for Bang & Olufsen shops which have been in operation for more than 24 months was, for the financial year as a whole, -5 per cent for B1 shops and -11 per cent for shop in shops.

Business-to-business business areas

Enterprise

Bang & Olufsen Enterprise, which covers the Group's sales to luxury hotels across the world as well as construction projects in the Middle East and Asia, posted a particularly satisfactory development in turnover from DKK 96 million last year to DKK 155 million this year. This equates to an advance of 61 per cent. The positive development is partly owing to significant growth in the Middle East and Asia, including the installation during the financial year of Bang & Olufsen products in the largest hotel project ever in Macau, China.

The financial year under review also continued to see a good intake of orders for delivery in the years ahead. In the new financial year, Enterprise will intensify its sales efforts in the Middle Eastern region. Towards the end of the financial year, it was decided, therefore, that Enterprise's daily management should be based in Dubai in order to grow the market in the area.

ANNOUNCEMENT NO. 08.05

Bang & Olufsen's products are now represented in more than 200 five star hotels worldwide. Synergies from marketing, PR and local events between Bang & Olufsen's retailers and these prominent hotels are particularly positive and offer significant potential for all parties.

Automotive

Bang & Olufsen Automotive's turnover for the financial year was DKK 123 million against DKK 87 million last year, equating to an advance of 41 per cent.

During the year, the partnership with Audi was extended to include six Audi models so that Bang & Olufsen Sound Systems are now available for Audi A4, Audi A5/S5, Audi R8 and – during the autumn – for Audi Q5. An even more advanced Bang & Olufsen Advanced Sound System is available for Audi A8/S8 and Audi Q7.

The previously announced partnership with Aston Martin has also proceeded according to plan and is now far advanced.

Automotive continues to make a contribution in terms of PR and method development – inspired by the automotive industry. As a consequence, Automotive expanded its TS 16 949 quality certificate to include all processes related to its activities within the motor industry. Moreover, Automotive has established an office in the Munich area in order to enhance its support to its German partners and to improve the recruitment of individuals with experience in the sector.

Bang & Olufsen ICEpower a/s

Turnover for Bang & Olufsen ICEpower a/s for the financial year totalled DKK 118 million against DKK 117 million in 2006/07, which means that ICEpower ended the year on a high note. As its achievements included a new contract with Samsung, ICEpower's technology will continue to be incorporated into many of Samsung's new mobile phone models. In the first half of the financial year, sales on the project side fell slightly below expectations, and two new products were launched later than scheduled. These new products are variants of a stereo amplifier based on an ASX2 platform, which was introduced as a new concept in the previous financial year. Research and product development activities were maintained at a high level and on the sales side, a subsidiary was established in Japan during the first half of 2007/08.

A substantial part of the turnover continues to derive from the sale of standard amplifier modules and customised solutions for quality producers in the global audio market as well as increased royalty revenue in connection with the sale of amplifier technology and acoustic solutions for major OEM partners.

Result before tax for the 2007/08 financial year totalled DKK 25 million against DKK 39 million last year.

ANNOUNCEMENT NO. 08.05

Associated companies

Bang & Olufsen Medicom a/s

Bang & Olufsen Medicom a/s is included in the item, Result of investments in associated companies after tax, with a negative result after tax of DKK 11 million. In the first three quarters of 2006/07, Medicom was included in the Group's figures with a turnover of DKK 101 million and a result of DKK 1 million.

Organizational changes

Towards the end of the financial year, the Group appointed Kalle Hvidt Nielsen as the new President & CEO. Kalle Hvidt Nielsen, who joined the company on August 1, 2008, will now lay the foundation for the company's future development.

Expectations for the 2008/09 financial year

Product portfolio

The year is expected to offer a range of different and exciting products that will contribute to maintaining the right balance in the product mix. Of the product launches planned for 2008/09, the following should be mentioned:

- A new audio concept designed to set new standards for enjoying music in the home. The concept is an important step in the new way of living with, and experiencing, music in the converging digital world. The product combines the very best from Bang & Olufsen's long tradition of producing sublime audio systems with the digital world of the present and future.
- In the second half year, the BeoVision 8 family will be increased by a 40 inch version.
- Towards the end of the financial year, Bang & Olufsen expects to build on the BeoVision 4 family by launching a new product, which in size and functionality will set new standards within Bang & Olufsen's video portfolio.
- Towards the end of the financial year, Bang & Olufsen will launch a new concept for land line telephony.

Distribution development

Bang & Olufsen will continue the qualitative expansion of its distribution. On the backdrop of the challenging retail environment, Bang & Olufsen will, however, concentrate its efforts on existing shops and open fewer new ones.

The ambition for the financial year is a net addition of around 20 new B1 shops.

A/V business

The AV business, Bang & Olufsen's core business, is expected to face a challenging year - as has been the case since mid-December 2007. The Group expects a decline in turnover in the AV business in the two first quarters of the 2008/09 financial year and expects growth to resume during the second half year at the earliest. This is, in part, owing to the fact that the timing of the launches of the new products is such that the products are not expected to be able to create a foundation for turnover growth until the second half of the financial year.

BANG & OLUFSEN A/S 13 AUGUST 2008

Automotive

At the beginning of the 2008/09 financial year, Bang & Olufsen announced a further expansion of the Audi partnership in relation to the next generation of sound systems, which will be available in further Audi models from 2010. In addition, a few days ago, the Group announced the start of a new partnership with Mercedes-AMG, Bang & Olufsen's third partner in the Automotive business area.

As previously announced, the third automotive partner is Aston Martin. In the second quarter of the 2008/09 financial year, Bang & Olufsen expects to announce more about specific developments in the strategic partnership with the UK car manufacturer.

With these three high-end car manufacturers as partners, Automotive is well placed to expand its position as the most attractive supplier of in-car sound systems. Moreover, during the financial year, Bang & Olufsen was named as Number One Brand in the Car-HiFi category in the respected magazine 'auto motor und sport's reader survey: Best Brand 2008.

The Group expects to see further positive developments in this business area.

ICEpower

Bang & Olufsen has so far owned 90 per cent of the shares in Bang & Olufsen ICEpower a/s. However, immediately after the end of the 2007/08 financial year, the company acquired the remaining 10 per cent. The Group has, therefore, gained full control of this strategically important subsidiary which supplies unique technology to a broad segment of the Group's products, from loudspeakers and sound systems to TVs and sound systems for the automotive industry.

Bang & Olufsen expects to use its control to further optimise and broaden Bang & Olufsen ICEpower a/s' potential.

For 2008/2009, ICEpower's turnover is expected to remain at the same level as in 2007/08.

Expectations for the Group's result for 2008/09

Market conditions for the 2008/09 financial year are expected to remain challenging. The first two months of the financial year are below last year's level.

Growth and an improvement to the results can at the earliest be expected in the second half year where the planned product launches will begin to take effect. The Group expects to be able to maintain its gross margin, and work will continue to focus on the Group's cost structure.

On that backdrop, Bang & Olufsen expects to post an operating profit and a result before tax on the same level as or above the result for the previous financial year, based on an expected lower turnover than in the 2007/08 financial year.

Board of Directors' decision and recommendation to the Annual General Meeting

The board recommends to the Annual General Meeting:

- a. that, on behalf of the company, the Board is authorised to acquire within 18 months from the date of the Annual General Meeting up to 10 per cent of the company's share capital at a price that must not be more than 10 per cent above or below the most recent price before the acquisition for the ordinary shares on OMX The Nordic Exchange Copenhagen.
- b. that a dividend of DKK 3.00 be paid per nominal DKK 10 share bringing the total dividend to approx. DKK 36.2 million. Last year, the dividend was DKK 20.00 per nominal share of DKK 10.00 equating to a payment of DKK 242 million.
- c. that the proposal put forward by the Board of Directors concerning overall guidelines for performance-based remuneration be approved.
- d. that paragraph 9, section 2 of the Articles of Association be changed from:

"Of the section of the Board of Directors elected at the general meeting the 2 members longest in office shall retire each year at the ordinary general meeting; should more than 2 members have been in office for the same period of time it shall be determined by lot who is to retire. No member shall be elected to hold office for a period exceeding four years. Reelection may take place."

to

"The section of the Board of Directors elected at the general meeting shall retire each year at the ordinary Annual General Meeting. Re-election may take place."

The printed version of the Annual Report will be sent to those shareholders, who have requested it no later than 17 September, 2008. The report will also be available at www.bang-olufsen.com from the same date.

The Annual General Meeting will be held on Friday, 26 September, 2008 at 16.30 at Struer Gymnasium.

Dividend payment is expected to take place on Thursday, October 2, 2008.

Copenhagen, 13 August 2008

ANNOUNCEMENT NO. 08.05

Statement by the Management on the Annual Report

The Board of Directors and the Management have today considered and adopted the annual report of the annual report for the financial year 1 June 2007 to 31 May 2008 for Bang & Olufsen a/s.

The annual report is presented in accordance with International Financial Reporting Standards as endorsed by the European Union as well as further Danish requirements to the presentation of financial statements for listed companies.

We consider the applied accounting policies to be appropriate so that the annual report provides a true and fair view of the Group's and parent company's assets, liabilities and financial position as at 31 May 2008 and as well as the Group's and parent company's result of the activities and cash flow for the financial year 1 June 2007 to 31 May 2008.

We believe that the management's report in the annual report gives a fair presentation of the developments in the Group's and the parent company'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.

The Board of Directors for Bang & Olufsen a/s Jørgen Worning Peter Skak Olufsen Lars Brorsen Chairman Vice Chairman Preben Damgaard Nielsen Thorleif Krarup Niels B. Christiansen Knud Olesen Jesper Olesen Anette Revsgaard Sejbjerg The Board of Management for Bang & Olufsen a/s Karl Kristian Hvidt Nielsen Peter Thostrup President, CEO **Executive Vice President**

BANG & OLUFSEN A/S 13 AUGUST 2008

Profit and loss account

Bang & Olufsen a/s

(DKK million)

(UKK MIIION)	Group				
	1/3 - 31/5 2007/08 *	1/3 - 31/5 2006/07 *	1/6 - 31/5 2007/08	1/6 - 31/5 2006/07	
Net turnover Production costs	884.9 (474.2)	1,089.1 (599.0)	4,092.0 (2,199.6)	4,375.7 (2,338.0)	
Gross profit	410.7	490.1	1,892.4	2,037.7	
Development costs Distribution and marketing costs Administration costs etc.	(153.1) (244.5) (37.8)	(112.8) (226.0) (36.4)	(545.5) (1,003.5) (148.7)	(458.8) (910.2) (138.7)	
Operating profit	(24.7)	114.9	194.7	530.0	
Result of investments in associated companies after tax Gain on sale of shares in subsidiary	(3.4)	(1.1) 11.5	(11.2)	(1.1) 11.5	
Financial income Financial costs	6.0 (14.8)	4.9 (14.7)	20.0 (49.8)	15.7 (31.7)	
Financial items, net	(8.8)	(9.8)	(29.8)	(16.0)	
Result before tax	(36.9)	115.5	153.7	524.4	
Tax on result for the year	12.1	(28.2)	(41.4)	(151.9)	
Result for the year	(24.8)	87.3	112.3	372.5	
Attributable to:					
Shareholders of the parent company Minority interests	(28.4)	85.6 1.7	104.7 7.6	367.4 5.1	
	(24.8)	87.3	112.3	372.5	
Earnings per share					
Earnings per share, DKK	-2.5	7.4	9.2	31.4	
Diluted earnings per share, DKK	-2.5	7.4	9.2	31.4	
Earnings per share from continuing operations, DKK	-2.5	7.4	9.2	31.4	
Diluted earnings per share from continuing operations, DKK	-2.5	7.4	9.2	31.4	

^{*} The amounts are unaudited.

BANG & OLUFSEN A/S 13 AUGUST 2008

Balance sheet

Assets

Bang & Olufsen a/s

(DKK million)

(DKK million)	Group		
	31/5 - 08	31/5 - 07	
Intangible assets Goodwill	44.8	44.8	
Acquired rights	41.1	44.4	
Completed development projects	218.8	244.6	
Development projects in progress	112.5	116.2	
Total intangible assets	417.2	450.0	
Tangible assets			
Land and buildings	274.4	252.1	
Plant and machinery	221.8	203.8	
Other equipment	50.0	70.7	
Leasehold improvements Tangible assets in progress and	28.7	29.1	
prepayment for tangible assets	80.8	62.2	
Total tangible assets	655.7	617.9	
Investment property	52.8	56.4	
Financial assets			
Investments in associated companies	6.3	15.8	
Other financial receivables	52.0	88.2	
Total financial assets	58.3	104.0	
Deferred tax assets	22.7	21.2	
Total non-current assets	1,206.7	1,249.5	
Inventories	801.4	694.3	
Receivables			
Trade receivables	593.0	733.8	
Receivables from associated companies	-	8.5	
Income tax receivables	39.7	27.0	
Other receivables	38.9	30.0	
Prepayments	30.5	22.8	
Total receivables	702.1	822.1	
Cash	107.1	196.4	
Total current assets	1,610.6	1,712.8	
Total assets	2,817.3	2,962.3	

BANG & OLUFSEN A/S 13 AUGUST 2008

Balance sheet

Equity and liabilities

Bang & Olufsen a/s

(DKK million)		
	Gro	up
	31/5 - 08	31/5 - 07
Equity Share capital Share premium Translation reserve Reserve for cash flow hedges Retained earnings	120.8 14.6 (42.9) - 1,379.2	120.8 14.6 (17.3) 0.1 1,557.7
Equity attributable to shareholders of the parent company Minority interests	1,471.7 12.1	1,675.9 6.0
Total equity	1,483.8	1,681.9
Non-current liabilities Pensions Deferred tax Provisions Mortgage loans Loans from banks etc. Other non-current liabilities	9.5 64.2 77.3 235.7 101.1 6.6	9.7 67.8 97.0 93.4 97.1 6.1
Total non-current liabilities	494.4	371.1
Current liabilities Mortgage loans, short term part Loans from banks etc., short term part Other loans from banks Provisions Trade payables Payables to associated companies Income tax Other payables Deferred income Total current liabilities	8.5 42.9 53.7 46.0 216.0 1.8 66.3 320.0 83.9	14.0 32.4 39.5 33.3 213.7 - 122.3 356.2 97.9
Total liabilities	1,333.5	1,280.4
Total equity and liabilities	2,817.3	2,962.3

BANG & OLUFSEN A/S 13 AUGUST 2008

Cash flow for the period 1/6 - 31/5

Bang & Olufsen a/s

(DKK million)

	Gro	up
	2007/08	2006/07
Result for the year	112.3	372.5
Depreciations, amortisations and impairment losses	299.2 92.6	248.9
Adjustments Change in working capital	92.6 (22.2)	162.6 (142.2)
Interest received etc.	20.0	15.7
Interest paid etc.	(49.8)	(31.7)
Income tax paid	(120.3)	(105.0)
Cash flow from operating activities	331.8	520.8
Purchase of intangible non-current assets	(124.9)	(210.1)
Purchase of tangible non-current assets	(190.4)	(157.6)
Sale of intangible non-current assets	1.5	0.7
Sale of tangible non-current assets	23.3	9.8
Disposals of activities	- 36.2	32.7
Change in financial receivables		(53.9)
Cash flow from investment activities	(254.3)	(378.4)
Proceeds from long-term loans	200.0	-
Repayment of long-term loans	(48.7)	(46.3)
Dividend paid	(247.7)	(200.2)
Dividend, own shares	14.0	11.3
Purchase of own shares Sale of own shares	(100.2) 1.6	(271.3) 18.5
Cash flow from financing activities	(181.0)	(488.0)
Changes in cash and cash equivalents	(103.5)	(345.6)
Cash and cash equivalents 1 June	156.9	502.5
Cash and cash equivalents 31 May	53.4	156.9

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Equity statement

Bang & Olufsen a/s, Group

(DKK million)	Equity attributable to shareholders of the parent company						Total
	Share capital	Share premium	Translation reserve	Reserve for cash flow hedges	Retained earnings		Equity Group
Equity 1 June 2006	124.5	14.6	(4.7)	-	1,603.6	4.1	1,742.1
Equity and exchange rate adjustments in subsidiaries Change in fair value of derivative financial instruments	- 	- -	(12.6)	0.1	14.1	- -	1.5 0.1
Net income recognized directly in equity Retained earnings	<u>-</u>	- -	(12.6)	0.1	14.1 367.4	- 5.1	1.6 372.5
Total recognised income and expense for the year			(12.6)	0.1	381.5	5.1	374.1
Capital reduction Employee shares Grant of share options Tax regarding share options Option for minority interest Purchase of own shares Sale of own shares	(3.7)	- - - - -	-	-	3.7 10.8 0.4 (0.4) (1.2) (271.3) 18.5	(2.2)	10.8 0.4 (0.4) (3.4) (271.3) 18.5
Dividend paid regarding 2005/06 Dividend, own shares	(3.7)	- -	- - -	- - -	(199.2) 11.3 (427.4)	(1.0)	(200.2) 11.3 (434.3)
Equity 31 May 2007	120.8	14.6	(17.3)	0.1	1,557.7	6.0	1,681.9
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 Change in fair value of derivative financial instruments	-	-	(25.6)	(0.1)	32.2	-	6.6
Net income recognized directly in equity Retained earnings	- - -	-	(25.6)	(0.1)	32.2 104.7	7.6	6.5
Total recognised income and expense for the year		_	(25.6)	(0.1)	136.9	7.6	118.8
Employee shares Grant of share options Change in deferred tax regarding share options Option for minority interest Transfer to minority interests Purchase of own shares Sale of own shares	- - - - -	- - - - -	- - - -	:	10.4 11.1 (6.1) (2.2) (2.4) (100.2) 1.6	- - 2.2 2.4	10.4 11.1 (6.1) - (100.2) 1.6
Dividend paid regarding 2006/07 Dividend, own shares	- - -	- - -	- - -	- - -	(241.6)	(6.1)	(247.7) 14.0
			-		(315.4)	(1.5)	(316.9)
Equity 31 May 2008	120.8	14.6	(42.9)	<u> </u>	1,379.2	12.1	1,483.8

Specifications for the annual report

Accounting principle applied

The annual report for Bang & Olufsen a/s, which comprises the annual report for the parent company Bang & Olufsen a/s and the annual report for the Bang & Olufsen Group, is prepared in accordance with the International Financial Reporting Standards (IFRS) and further Danish information requirements for the presentation of financial statements for listed companies. Further Danish information requirements for the presentation of financial statements are issued in the IFRS-announcement, which is issued with reference to the Danish Financial Statements Act, and by the OMX Nordic Exchange Copenhagen A/S. IFRS is implemented so that the annual report is also within the provisions in the International Financial Reporting Standards that have been endorsed by the European Union.

Accounting principles applied are unchanged compared to last year.

Bang & Olufsen a/s

•				
(DKK million)	Group			
Development costs	1/3 - 31/5 2007/08 *	1/3 - 31/5 2006/07 *	1/6 - 31/5 2007/08	1/6 - 31/5 2006/07
Expensed development costs before capitalisation Of which capitalised Amortisations and impairment losses on development projects	159.3 (40.9) 34.7	12 6.3 (47.7) 34.2	529.9 (130.9) 146.5	493.5 (142.2) 107.5
Development costs recognized in the profit and loss account	153.1	112.8	545.5	458.8
Financial income				
Interest income from banks Interest income from associated companies Other financial income	1.0 - 5.0	1.5 - 3.4	4.4 0.1 15.5	7.0 - 8.7
Financial income	6.0	4.9	20.0	15.7
Financial costs				
Interest costs on mortgage loans Interest costs on bank loans etc. Exchange rate losses, net Other financial costs	0.7 6.8 4.7 2.6	(1.2) 5.6 5.8 4.5	11.8 14.8 12.3 10.9	6.4 10.0 7.6 7.7
Financial costs	14.8	14.7	49.8	31.7
Tax on result for the year				
Calculated tax on result for the year Adjustment regarding previous years Reduction of the corporation tax rate from 28 to 25	7.4 4.2 0.5	(30.5)	(54.2) (6.4) 19.2	(152.1) 0.2 -
Tax on result for the year	12.1	(28.2)	(41.4)	(151.9
Adjustments				
Change in other liabilities Financial income etc. Financial costs etc. Result of investments in associated companies after tax Gain on disposal of activities Tax on result for the year Various adjustments			(6.7) (20.0) 49.8 11.2 - 41.4 16.9	4.5 (15.7) 31.7 1.1 (11.5) 151.9 0.6
Adjustments			92.6	162.6
Change in working capital				
3 3 1				
Change in receivables Change in inventories Change in accounts payables etc.			131.9 (107.1) (47.0)	(93.2) (131.4) 82.4

^{*} The amounts are unaudited.

Key figures

Bang & Olufsen a/s, Group

(DKK million)	2007/08	2006/07	2005/06	2004/05	2003/04
Profit and loss account Net turnover Of which on foreign market, % Operating profit Financial items, net Result before tax Result for the year Result for the year, shareholders of the parent company	4,092 88 195 (30) 154 112 105	4,376 85 530 (16) 524 373 367	4,225 82 439 (7) 431 296 294	3,742 82 372 7 380 265 265	3,610 83 337 2 341 266 264
Balance sheet Total assets, end of year Share capital Equity, end of year Equity attributable to shareholders of the parent company, end of year Minority interests	2,817 121 1,484 1,472	2,962 121 1,682 1,676 6	2,915 125 1,742 1,738 4	2,784 124 1,715 1,713 2	2,721 124 1,652 1,650 2
Cash flow for the year Of which cash flow form: Operating activities Investment activities - of which investment in tangible non-current assets - of which investment in intangible non-current assets - of which investment in capital shares Financing activities	(104) 332 (254) (190) (125) - (181)	(346) 521 (378) (158) (210) - (488)	(229) 395 (379) (185) (171) - (246)	259 740 (233) (123) (125) - (248)	28 448 (195) (138) (147) - (225)
Employment Number of employees, end of year	2,579	2,520	2,422	2,331	2,339
Key figures EBITDA EBITDA-margin, % Profit ratio (EBIT), % Return on assets, % Return on invested capital, excl. goodwill, % Return on equity, %	483 12 5 7 29	789 18 12 21 51 22	670 16 10 20 52 17	616 16 10 18 48 16	623 17 9 16 42 16
Current ratio Equity ratio, % Financial gearing Net turnover / Invested capital excl. goodwill Earnings per share (nom. DKK 10), DKK Diluted earnings per share (nom. DKK 10), DKK Intrinsic value per share (nom. DKK 10), DKK	1.9 53 0.2 2.4 9 9	1.9 57 0.0 2.8 31 31 139	2.4 60 (0.1) 3.3 25 25 140	2.5 62 (0.3) 2.9 22 22 141	2.7 61 (0.1) 2.5 22 22 133
Quotation as at 31 May Price/earnings Price/earnings, diluted Quotation / Intrinsic value per share Dividend paid/proposed per share (nom. DKK 10), DKK Number of shares (multiple voting shares and ordinary shares) Number of own shares (multiple voting shares and ordinary shares)	265 29 29 2.2 3.00 12,081,338 767,787	698 22 22 5.0 20.00 12,081,338 619,923	684 28 28 4.9 16.00 12,450,925 669,587	389 18 18 2.8 12.00 12,414,240 435,479	355 16 16 2.7 7.00 12,380,330 164,340
Average number of circulating shares Average number of dilutive share options outstanding Average number of circulating shares - diluted	11,376,530 -	11,683,175 12,513	11,872,382 41,676		11,850,685

Parentheses denote negative figures.

ANNOUNCEMENT NO. 08.05

Definitions of key figures:

EBITDA: Result before interests, tax, depreciations, amortisations and impairment losses

EBITDA-margin: Result before interests, tax, depreciations, amortisations and impairment losses x 100

Net turnover

Profit ratio (EBIT): Operating profit x 100

Net turnover

Rate of return: Operating profit x 100

Average operational assets

Return on invested capital, excl. goodwill: Operating profit before depreciation and goodwill write offs

Average invested capital, excl. goodwill

Return on equity: <u>Bang & Olufsen a/s' share of result for the year x 100</u>

Average equity, excl. minority interests

Current ratio: <u>Current assets</u>

Current liabilities

Equity ratio: Equity, end of year x 100

Total equity and liabilities, end of year

Financial gearing: <u>Interest bearing debt (net) end of year</u>

Equity, end of year

Net turnover/invested capital, excl. goodwill: Net turnover * 100

Average invested capital, excl. goodwill

Earnings per share (nom. DKK 10), DKK: Result after tax

Average number of circulating shares

Diluted earnings per share

(nom. DKK 10), DKK: Result after tax

Average number of circulating shares - diluted

Intrinsic value per share (nom. DKK 10), DKK: Equity, end of year

Number of shares, end of year

Price / earnings: Quotation

Earnings per share (nom. DKK 10)

Price/earnings, diluted: Quotation

Diluted earnings per share (nom. DKK 10)

Main and key figures from 2004/05 and onwards are prepared in accordance with IFRS and "Recommendations and Key Figures 2005" from The Danish Association of Financial Analysts. Main and key figures for the previous years are prepared in accordance with "Recommendations and Key Figures 1997" from The Danish Association of Financial Analysts and with the company's previous accounting principles applied based on the Financial Statements Act.

BANG & OLUFSEN A/S 13 AUGUST 2008

The period 1/6 2007 to 31/5 2008

	Branded business	Non-brand	led business		
(DKK million)	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	B&O a/s Group
Net turnover Internal turnover	3,991.7 (7.9)	-	1 17.9 (9.7)	(17.6) 17.6	4,092.0
External turnover	3,983.8		108.2		4,092.0
Operating profit	159.4		35.3		194.7
Result before tax	140.2	(11.2)	24.7		153.7

The period 1/6 2006 to 31/5 2007

	Branded business						
(DKK million)	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Andet/ elimineringer	B&O a/s koncernen		
Net turnover Internal turnover	4,194.0 (25.6)	101.2 (0.3)	116.7 (10.3)	(36.2) 36.2	4,375.7 -		
External turnover	4,168.4	100.9	106.4		4,375.7		
Operating profit	488.8	1.1	40.1		530.0		
Result before tax	485.2		39.2		524.4		

Parentheses denote negative figures or amounts to be deducted.

ANNOUNCEMENT NO. 08.05

(DKK million)									
	2007/08 Quarterly results				2007/08 Accumulated quarterly results				
	1 quarter *	2 quarter *	3 quarter *	4 quarter *	1 quarter *	2 quarter *	3 quarter *	4 quarter	
Net turnover	926.4	1,239.8	1,040.9	884.9	926.4	2,166.2	3,207.1	4,092.0	
Gross profit	425.0	573.5	483.2	410.7	425.0	998.5	1,481.7	1,892.4	
Operating profit Result of investments in	56.7	109.2	53.5	(24.7)	56.7	165.9	219.4	194.7	
associated companies after tax	(8.0)	(2.3)	(4.7)	(3.4)	(0.8)	(3.1)	(7.8)	(11.2)	
Financial items, net	(0.1)	(13.2)	(7.7)	(8.8)	(0.1)	(13.3)	(21.0)	(29.8)	
Result before tax	55.8	93.7	41.1	(36.9)	55.8	149.5	190.6	153.7	
Tax on result for the year	2.3	(42.0)	(13.8)	12.1	2.3	(39.7)	(53.5)	(41.4)	
Result for the year	58.1	51.7	27.3	(24.8)	58.1	109.8	137.1	112.3	
Of which minority interests' share	(0.5)	(2.4)	(1.1)	(3.6)	(0.5)	(2.9)	(4.0)	(7.6)	
Shareholders of the parent company's share of result									
for the year	57.6	49.3	26.2	(28.4)	57.6	106.9	133.1	104.7	
	1 quarter *	2000 Quarterl 2 quarter *	6/07 ly results 3 quarter *	4 quarter *	1 quarter *	2006 Accumulated q 2 quarter *		4 quarter	
Net turnover	876.0	1,193.0	1,217.6	1,089.1	876.0	2,069.0	3,286.6	4,375.7	
Gross profit	405.3	573.4	568.9	490.1	405.3	978.7	1,547.6	2,037.7	
Operating profit Gain on sale of shares in subsidary	55.9	184.0 -	175.2 -	114.9 11.5	55.9	239.9	415.1	530.0 11.5	
Result of investments in associated companies after tax	-	-	-	(1.1)	-	-	-	(1.1)	
Financial items, net	1.6	(3.3)	(4.5)	(9.8)	1.6	(1.7)	(6.2)	(16.0)	
Result before tax Tax on result for the year	57.5 (20.3)	180.7 (51.5)	170.7 (51.9)	115.5 (28.2)	57.5 (20.3)	238.2 (71.8)	408.9 (123.7)	524.4 (151.9)	
Result for the year	37.2	129.2	118.8	87.3	37.2	166.4	285.2	372.5	
Of which minority interests' share	(1.0)	(1.8)	(0.6)	(1.7)	(1.0)	(2.8)	(3.4)	(5.1)	
Shareholders of the parent company's share of result									
for the year	36.2	127.4	118.2	85.6	36.2	163.6	281.8	367.4	

Parentheses denote negative figures.

* The amounts are unaudited.

BANG & OLUFSEN A/S 13 AUGUST 2008

Turnover branded business

(DKK million)	Turnover 1/6-31/5 2007/08	Turnover 1/6-31/5 2006/07	Growth in local curr		Turnover 1/3-31/5 2007/08*	Turnover 1/3-31/5 2006/07*	Growth in local curre	
Denmark	478	562	(15)	%	94	135	(31)	%
Germany	442	483	(9)	%	92	111	(17)	%
United Kingdom	420	523	(15)	%	75	111	(22)	%
Switzerland	287	280	5	%	58	64	(11)	%
Asian markets, excl. Japan	281	263	7	%	63	73	(14)	%
Holland	271	272	-		56	66	(15)	%
Spain/Portugal	237	260	(9)	%	48	70	(32)	%
France	215	209	3	%	44	55	(20)	%
North America	209	243	(4)	%	41	55	(14)	%
Italy	186	219	(15)	%	44	60	(26)	%
Enterprise * *	155	96	61	%	47	40	17	%
Expansion Markets, excl. Russia	125	108	16	%	27	33	(18)	%
Automotive	123	87	41	%	42	35	19	%
Belgium	106	108	(2)	%	22	25	(12)	%
Russia	106	78	36	%	14	13	8	%
Sweden	100	126	(19)	%	21	36	(40)	%
Norway	62	72	(16)	%	9	19	(53)	%
Middle East	58	50	17	%	19	13	40	%
Austria	57	60	(5)	%	12	14	(9)	%
Japan	49	54	(4)	%	10	18	(46)	%
Telephone distribution	10	12	-		3	4	-	
Other	7	3	-		(1)	(3)	-	
Turnover non-branded business	8	26	-		2	8		
Total branded business	3,992	4,194			842	1,055		

^{*} The amounts are unaudited.

Parentheses denote negative figures.

Distribution development

Shop segment	Number of shops per 31/5-08	Change in the period 1/6-07 – 31/5-08	Share of turnover per segment 2007/08	Share of turnover per segment 2006/07
B1	822	45	81 %	75 %
Shop in shop	421	(101)	19 %	25 %
Other	14	(4)	0 %	0 %
Total	1,257	(60)	100 %	100 %

Definitions of shop segments:

B1 Shops, which are dedicated retailers of Bang & Olufsen products.
Shop in shop
Other Shops with a dedicated sales area for bang & Olufsen products.
Shops without a dedicated sales area for Bang & Olufsen products.

Parentheses denote negative figures.

The organic growth for Bang & Olufsen shops, which have been in operation for more than 24 months, was for the financial year as a whole -5 per cent for B1 shops and -11 per cent for shop in shops. The corresponding figures for the fourth quarter was -16 per cent and -23 per cent.

^{**} Enterprise stands for turnover to the hotel sector.