### Report for the 2009/10 financial year for Bang & Olufsen a/s

- The Group's turnover for the 2009/10 financial year totalled DKK 2,762 million against DKK 2,790 million last year. Turnover for the fourth quarter was DKK 779 million against DKK 617 million for the same period last year. This corresponds to an increase of 26 per cent.
- The result before tax for the 2009/10 financial year was negative at DKK 50 million against a negative result of DKK 523 million last year. The result before tax for the fourth quarter was positive at DKK 22 million against a negative result of DKK 108 million for the fourth quarter of 2008/09.
- The Group has reduced its capacity costs by DKK 465 million from DKK 1,602 million last year to DKK 1,137 million. The Group has, however, maintained a high activity level in the development department in order to secure growth going forward.
- The Group's gross margin for the 2009/10 financial year was 39.5 per cent, which is on a par with last year's gross margin.
- Sales growth in the second half year was primarily driven by a number of important product launches. 35 per cent of the Group's sales within the audio and video business therefore derived from new products, with "new" defined as sales in the first 12 months after the launch.
- The majority of the Group's markets showed progress in the fourth quarter and the Group's two largest markets, Germany and Denmark, reported turnover growth of DKK 34 million, equating to 27 per cent.
- Automotive showed continued growth in the 2009/10 financial year, i.e. a turnover of DKK 268 million against DKK 174 million last year. In the fourth quarter, Automotive achieved a turnover of DKK 101 million against DKK 41 million for the same period last year.
- Based on a continuing high activity level within product development and an increased marketing effort, Bang & Olufsen expects that the 2010/11 financial year as a whole will result in a positive development in the turnover and a positive result before tax based on a gross margin not deviating significantly from the level achieved in the 2009/10 financial year.

The group expects that the turnover in the first quarter of the 2010/11 financial year will be at the same level as the previous year.

Jørgen Worning Chairman Karl Kristian Hvidt Nielsen President & CEO

# Announcement No. 10.03 *Translation*

### Management's report

Main figures –	Rang &	Olufsen	a/s -	Group
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(DKK million)

Main figures for the period 1/6 – 31/5	2009/10	2008/09
Net turnover	2,761.5	2,789.5
<b>Gross profit</b> Gross margin	<b>1,089.5</b> 39.5 %	<b>1,105.7</b> 39.6 %
Operating profit / loss Result of investments in associates after tax Financial items, net	(33.8) (6.7) (9.1)	( <b>495.9</b> ) 2.3 (29.8)
<b>Result before tax</b> Tax on result for the year	<b>(49.6)</b> 16.7	<b>(523.4)</b> 140.3
Result for the year	(32.9)	(383.1)
Attributable to: Shareholders of the parent company Minority interests Result for the year	(34.4) 1.5 (32.9)	(385.4) 2.3 (383.1)
Earnings per share		
Earnings per share, DKK	(1.0)	(15.7)
Diluted earnings per share, DKK	(1.0)	(15.7)
<b>Result for the year</b> Other comprehensive income, net of tax	<b>(32.9)</b> 10.1	<b>(383.1)</b> (13.3)
Comprehensive income for the year	(22.8)	(396.4)
Balance sheet information	31/5 2010	31/5 2009
Intangible assets Tangible assets Investment property Financial assets Deferred tax assets	546.5 560.5 45.4 46.7 140.4	481.2 613.2 49.1 69.9 104.9
Total non-current assets	1,339.5	1,318.3
Inventories Receivables Cash	563.6 490.6 253.6_	593.3 491.0 258.1
Total current assets	1,307.8	1,342.4
Total assets	2,647.3	2,660.7
Equity Non-current liabilities Current liabilities Total equity and liabilities	1,496.2 377.7 773.4 <b>2,647.3</b>	1,516.7 422.6 721.4 <b>2,660.7</b>
7 <i>y</i>		

Parentheses denote negative figures or amounts to be deducted.

# Announcement No. 10.03 *Translation*

Development in equity 1/6 – 31/5	2009/10	2008/09
Equity as at 1 June	1,516.7	1,483.8
Accumulated effect at the beginning of the year from changes to accounting principles applied		(3.1)
Adjusted equity as at 1 June		1,480.7
Comprehensive income for the year	(22.8)	(396.4)
Capital increase Costs related to capital increase Tax on costs related to capital increase Purchase of 10 % equity interest in Bang & Olufsen ICEpower a/s Employee shares Grant of share options Sale of own shares Sale of subscription rights Dividend paid, minority interests Dividend paid Dividend, own shares Equity as at 31 May	(2.8) - - 1.2 6.2 - (2.3) - - 1,496.2	459.1 (25.8) 1.0 (23.0) 4.7 6.1 46.0 3.8 (5.2) (36.2) 1.9
Cash flows, main figures 1/6 – 31/5	2009/10	2008/09
Cash flows from operating activities Cash flows from investment activities Cash flows from financing activities	256.7 (215.9) (44.2)	113.2 (339.2) 417.7
Cash flows for the year	(3.4)	191.7

Parentheses denote negative figures or amounts to be deducted.

## Announcement No. 10.03 TRANSLATION

### Comments on developments during the 2009/10 financial year

The Group's total turnover for the 2009/10 financial year was DKK 2,762 million against DKK 2,790 million last year.

Net turnover according to business area

Net turnover in total	2,762	2,790
Intra-Group turnover	(13)	(8)
Non-branded business	80	85
Branded business	2,695	2,713
(DKK million)	2009/10	2008/09

While the first half year continued to be characterised by a general downturn in sales, the second half year was characterised by an increase in turnover. A key reason for the positive development in sales in the second half year was that launch of new products met sales expectations and sales requirements for new products. As a result, 35 per cent of Bang & Olufsen's sales within the audio and video business derived from new products defined as sales in the 12 months after the launch. Automotive also continued to develop positively.

Branded business – turnover according to product categories

(DKK million)	2009/10	2008/09
Video Loudspeakers Audio Telephones Spareparts, accessories etc. Automotive	1,297 427 389 95 219 268	1,198 498 484 130 229 174
Total turnover	2,695	2,713

For the 2009/10 financial year, the Group's gross margin was 39.5 per cent, which is on a par with 2008/09.

The result before tax was negative at DKK 50 million against a negative result of DKK 523 million.

The Group has reduced its capacity costs by DKK 465 million from DKK 1,602 million for the same period last year to DKK 1,137 million.

Distribution and marketing costs were reduced by DKK 220 million during the financial year from DKK 929 million to DKK 709 million. Losses and changes in provision for bad debts and dealer loans during the 2009/10 financial year were expensed at DKK 61 million against DKK 60 million last year. Administration expenses etc. declined by DKK 20 million, from DKK 105 million to DKK 85 million during the 2009/10 financial year.

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The Group incurred development costs of DKK 438 million against DKK 537 million in 2008/09.

The net effect of capitalisation in 2009/10 was positive at DKK 95 million of which DKK 25 million was subsequently refunded by Automotive customers. In 2008/09, the net effect of capitalisation was positive at DKK 60 million.

The Group's cash flows from operating activities were DKK 257 million against DKK 113 million last year. The improvement is in part owing to the improved result and in part to the continued improvement in working capital, which improved by DKK 82 million compared to last year. Interest-bearing debt (net) was reduced from DKK 120 million to DKK 84 million for the same period.

### Comments to developments in the fourth quarter of the 2009/10 financial year

For the fourth quarter of 2009/10, turnover for the Bang & Olufsen a/s group as a whole was DKK 779 million against DKK 617 million last year, i.e. an increase of DKK 162 million or 26 per cent. The increase in turnover can be largely attributed to the new products, which have, in general, met the sales expectations.

The majority of the Group's markets showed advances in the fourth quarter and the Group's two largest markets, Germany and Denmark, recorded turnover growth of DKK 34 million corresponding to 27 per cent.

In the fourth quarter, turnover for the branded business increased by DKK 160 million from DKK 598 million last year to DKK 758 million this year, corresponding to 27 per cent.

Gross profit increased by DKK 91 million from DKK 228 million to DKK 319 million.

The Group's gross margin for the quarter was 40.9 per cent against 36.9 per cent for the same quarter last year, which is largely due to the increased turnover.

The Group's development costs for the quarter were DKK 89 million against DKK 110 million in 2008/09. Distribution and marketing costs declined during the quarter by DKK 24 million from DKK 208 million in the 2008/09 financial year to DKK 184 million in the 2009/10 financial year as a result of the restructuring and the focusing of the sales and marketing organisation. Finally, administration costs increased from DKK 16 million to DKK 18 million.

The result before tax for the fourth quarter was positive at DKK 22 million against a negative result of DKK 108 million for the same period last year. After tax, the result for the quarter was positive at DKK 25 million against a negative result of DKK 65 million last year.

#### Development in the markets for the 2009/10 financial year

While the Group saw a decline in turnover in most markets during the first half of the 2009/10 financial year, the second half of the financial year showed a significant improvement in most markets, which can largely be attributed to the successful product launches.

Denmark, Switzerland, Italy and the Asian markets showed advances on last year while one of the Group's main markets, UK, experienced a decline in sales of 9 per cent measured in local currency.

## Announcement No. 10.03 TRANSLATION

#### **Product launches**

Bang & Olufsen has focused on product development with the objective of launching several new products. The results of this effort materialised in the 2009/10 financial year where a number of important new products were launched:

#### BeoVision 10-40

In October 2009, Bang & Olufsen launched the first member of a new TV family which is characterised by a new, unique design expression. BeoVision 10-40 is a Full HD LCD TV with LED backlight, based on a slim 200 Hz panel. Despite its slim design, the new TV offers excellent sound quality through integrated stereo speakers and a digital surround sound module. As the wall bracket for the BeoVision 10-40 is an integral part of the product, it only adds 4 mm extra depth to the TV when wall mounted. The TV also offers a unique turning option enabling the screen to be viewed in the preferred viewing position.

#### • BeoVision 10-46

BeoVision 10-46 is based on the same chassis as the 40" version, but differentiates itself visually by having a 32 per cent larger screen and a white rear cover which gives the TV an even lighter expression and supports the concept of a TV that blends into the wall. BeoVision 10-46 has an LED-based LCD screen with Full HD and a frame rate updating speed of 200/240 Hz. The concept has integrated surround sound and DVB-HD modules, electronic curtains and an extended connection panel allowing the user to add a total surround sound set-up with up to five extra loudspeakers as well as a wide range of external units.

#### BeoVision 7-55

Bang & Olufsen has also launched a new model for the BeoVision 7 family in the form of a 55 inch Full HD LCD TV with direct type LED backlight with local dimming, which breaks new ground in terms of increased contrast level for LCD TV technology. The new TV offers sublime sound quality via BeoLab 7-4, a dedicated mono speaker for surround sound or via BeoLab 7-6, which is a dedicated stereo loudspeaker. In addition, the TV offers an integrated digital surround sound module and an integrated Blu-ray player as an option.

#### BeoCom 5

In November, Bang & Olufsen launched a cordless telephone with an integrated speaker for hands-free telephony and conference calls. The combination of hands-free telephony and the integrated speaker offers new conversation options in the home. BeoCom 5 also provides for two separate telephone lines so users can combine a conventional fixed network line and IP-telephony or use one line for private calls and the other line for business calls if the user works from home. BeoCom 5 is characterised by superlative sound quality with the integrated speaker based on the same acoustic competencies that Bang & Olufsen uses in traditional loudspeakers, which gives a natural and clear sound performance.

#### BeoTime

Bang & Olufsen has launched the unique BeoTime, which combines an alarm clock with a remote control. BeoTime allows the user to choose to wake up to the sound of a gentle alarm clock and the sound of a TV programme, a radio station or music from the Bang & Olufsen system. In addition, BeoTime has a built-in sleep timer, which enables the user to fall asleep to the user's preferred music or TV programme in that BeoTime shuts down the system at a pre-set time. Since November, BeoTime has offered increased system functionality in that home automation sources such as light, curtains etc. can now be activated in combination with MasterLink Gateway.

#### • Adaptive Sound Technology (AST)

Adaptive Sound Technology (AST) is a new patented technology which enables the listener to optimise the sound from different locations in the home irrespective of the position of the loudspeakers. In a normal stereo or surround sound set up, for example, the loudspeakers need to be placed symmetrically. In many homes, this presents inconvenient restrictions in relation to the design of the room. AST technology provides the user with the freedom to position the loudspeakers in harmony with the rest of the design and the

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technology will make the necessary compensation to achieve optimum sound performance. The AST technology, therefore, supports Bang & Olufsen's intention to create user-friendly experiences.

#### BeoLab 11

BeoLab 11 is a new subwoofer, which combines excellent bass, design and unusual placement options. BeoLab 11 comprises two identical loudspeaker cabinets whose baffles face each other. The acoustic design offers minimum vibration, which means the sub-woofer can be mounted on the wall as an alternative to the traditional floor placement.

#### BeoLink for iPhone and iPod Touch

BeoLink for iPhone and iPod Touch is a new software application that provides complete control of the home's audio-video equipment and home automation system. The application, which can be downloaded from Apple's App Store, allows the user to operate the home's Bang & Olufsen equipment and home automation system through the use of either the iPhone or iPod Touch.

### **Distribution development**

The share of turnover from B1 shops totals 82 per cent. Organic growth for the financial year for the currently active Bang & Olufsen shops with more than 24 months of operations was 7 per cent for both B1 shops and for shop in shops. Seen in isolation, fourth quarter growth for the same shops was 36 per cent for B1 shops and 29 per cent for shop in shops.

The 2009/10 financial year saw a net decline in the number of B1 shops of 55. 33 B1 shops were opened or upgraded while 88 shops were closed or converted to shop in shops. The number of shop in shops is 300 against 385 at the end of the previous financial year.

At the end of May 2010, there were a total of 703 B1 shops across the world against 758 shops at the end of the 2008/09 financial year.

#### **Business-to-Business areas**

#### **Bang & Olufsen Enterprise**

Bang & Olufsen Enterprise is well established as the most exclusive brand among some of the world's leading property developers, interior designers and hotels. The business area, which comprises the Group's sales to luxury hotels across the world as well as to construction projects in, amongst others, the Middle East and Asia, posted a turnover of DKK 46 million in the fourth quarter of the 2009/10 financial year against DKK 50 million last year. As a result, turnover for the 2009/10 financial year was DKK 91 million against DKK 115 million last year.

The market continues to be characterised by delays to projects and postponed decisions relating to new audiovideo equipment for the segments in which Enterprise is active. The business area has been particularly hit by postponements of already confirmed orders for construction projects in the Middle East.

### **Bang & Olufsen Automotive**

For the 2009/10 financial year, Bang & Olufsen Automotive achieved a turnover of DKK 268 million against DKK 174 million last year. In the fourth quarter, turnover totalled DKK 101 million against DKK 41 million for the 2008/09 financial year. The satisfactory growth is partly owing to a general increase in sales of cars and partly to the launch of new sound systems over the period.

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During the 2009/10 financial year, the partnership with Audi was extended through the launch of Bang & Olufsen Advanced Sound System for the new Audi A8 and Audi A8 Long as well as in the recently launched Audi A7. The co-operation with Aston Martin has also developed positively in that all Aston Martin models on the market are now available with Bang & Olufsen sound systems and Aston Martin has even chosen to install Bang & Olufsen as the standard system in both Aston Martin DBS and Aston Martin Rapide in order to provide their customers with the ultimate sound experience.

Bang & Olufsen's partnership with Mercedes-AMG reached an important milestone during the 2009/10 financial year when, in the autumn, the first, concrete result of the co-operation became evident: a Bang & Olufsen sound system customised for Mercedes-Benz SLS AMG. Both car and sound system have been well received by the market. At the same time, the partnership with Mercedes-AMG has resulted in a high level of activity following the development of no fewer than five further sound systems. The first of these, BeoSound AMG for Mercedes-Benz S-Class, has just been introduced to the world's media and will be available as an option in almost all Mercedes-Benz S-Class versions, including AMG versions.

With the continued expansion of the portfolio in partnership with a number of high profile partners, Automotive is expected to continue the growth over the coming years.

### Bang & Olufsen ICEpower a/s

Turnover for Bang & Olufsen ICEpower a/s totalled DKK 80 million for the 2009/10 financial year against DKK 85 million last year.

Bang & Olufsen ICEpower a/s supplies patented amplifier technology which combines high efficiency with low energy consumption and superb sound quality. As the ICEpower amplifier has very high energy efficiency, it allows for more compact constructions which, in turn, offer greater design freedom. In addition, the reduced heat generation means that the life-cycle of the electronic components is increased.

A significant part of the turnover continues to derive from sales 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 the sale of amplifier technology and acoustic solutions for major OEM partners.

#### **Dividend**

The Board of Directors recommends that no dividend be paid.

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### Expectations for the 2010/11 financial year

### **Product portfolio**

The Group's objective for the 2010/11 financial year is to support the growth ambitions within the branded business through a continued high activity level within product development. The Group therefore expects that approximately 25 per cent of the Group's turnover from the audio and video business will be derived from new products, with "new" defined as sales in the first 12 months after the launch.

### **Distribution development**

Based on the recent positive turnover development in the mature shops, the Group plans to intensify the efforts to recruit new outlets. The Group expects that the total number of B1-shops will not be significantly different at the end of the 2010/11 financial year compared to the end of the 2009/10 financial year.

### Expectations for the Group result for 2010/11

Based on a continuing high activity level within product development and an increased marketing effort, Bang & Olufsen expects that the 2010/11 financial year as a whole will result in a positive development in the turnover and a positive result before tax based on a gross margin not deviating significantly from the level achieved in the 2009/10 financial year.

The group expects that the turnover in the first quarter of the 2010/11 financial year will be at the same level as the previous year.

### **Risk factors**

The report contains statements relating to expectations for future developments, including future turnover and operating results as well as expected business-related events. Such statements are uncertain and carry an element of risk since many factors, of which some are beyond Bang & Olufsen's control, can mean that actual developments will deviate significantly from the expectations expressed in the report. Without being exhaustive, such factors include among others general economic and commercial factors, including market and competitive matters, supplier issues and financial issues in the form of foreign exchange, interest rates, credit and liquidity risks.

Lyngby, 24 August 2010

## Announcement No. 10.03 TRANSLATION

### **Statement by the Management**

We have today considered and approved the announcement of the annual report and the Annual Report for the financial year 1 June 2009 - 31 May 2010 for Bang & Olufsen a/s.

The Annual Report is presented in accordance with International Financial Reporting Standards as endorsed by the EU and further Danish disclosure requirements for annual reports for listed companies.

It is our opinion that the consolidated and annual accounts provide a true and fair view of the Group's and Parent Company's assets, liabilities and financial position as at 31 May 2010 and the results of the Group's and Parent Company's operations and cash flows for the financial year 1 June 2009 – 31 May 2010.

It is also our opinion that the management report in the Annual Report gives a true and fair view of developments in the Group's and Parent Company's activities and finances, results for the year and the Group's and Parent Company's financial position in general as well as a description of the most significant risks and uncertainties to which the Group and Parent Company are exposed.

The Board of Directors for Ban	g & Olufsen a/s	
Jørgen Worning Chairman	Rolf Eriksen Deputy chairman	Peter Skak Olufsen
Niels B. Christiansen	Ole Andersen	Tue Mantoni
Knud Olesen	Jesper Olesen	Anette Revsgaard Sejbjerg
The Board of Management for	Bang & Olufsen a/s	
Karl Kristian Hvidt Nielsen President & CEO		
Christian Winther Executive Vice President	John Bennett-Therkildsen Executive Vice President	

# Announcement No. 10.03 *Translation*

### Profit and loss account

### Bang & Olufsen a/s

		Group			
Neter		1/3 - 31/5 2009/10 *	1/3 - 31/5 2008/09 *	1/6 - 31/5 2009/10	1/6 - 31/5 2008/09
Notes	Net turnover Production costs	<b>779.3</b> (460.2)	<b>617.0</b> (389.4)	<b>2,761.5</b> (1,672.0)	<b>2,789.5</b> (1,683.8)
	Gross profit	319.1	227.6	1,089.5	1,105.7
2 3 4	Development costs Distribution and marketing costs Administration costs etc. Restructuring costs Other operating income	(89.4) (183.9) (17.6)	(110.0) (207.7) (16.2) (0.9)	(342.8) (708.5) (85.3) - 13.3	(462.7) (928.9) (104.5) (105.5)
	Operating profit / loss	28.2	(107.2)	(33.8)	(495.9)
	Result of investments in associates after tax	(4.7)	(0.7)	(6.7)	2.3
5 6	Financial income Financial costs	5.3 (6.4)	2.2 (2.5)	15.4 (24.5)	11.4 (41.2)
	Financial items, net	(1.1)	(0.3)	(9.1)	(29.8)
	Result before tax	22.4	(108.2)	(49.6)	(523.4)
	Tax on result for the year	2.9	43.7	16.7	140.3
	Result for the year	25.3	(64.5)	(32.9)	(383.1)
	Attributable to:				
	Shareholders of the parent company Minority interests	25.0 0.3	(64.8) 0.3	(34.4) 1.5	(385.4) 2.3
		25.3	(64.5)	(32.9)	(383.1)
	Earnings per share				
	Earnings per share, DKK	0.7	(2.4)	(1.0)	(15.7)
	Diluted earnings per share, DKK	0.7	(2.4)	(1.0)	(15.7)

<sup>\*</sup> The amounts are unaudited.

# Announcement No. 10.03 *Translation*

### Statement of comprehensive income

### Bang & Olufsen a/s

		Group				
Notes		1/3 - 31/5 2009/10 *	1/3 - 31/5 2008/09 *	1/6 - 31/5 2009/10	1/6 - 31/5 2008/09	
Notes	Result for the year	25.3	(64.5)	(32.9)	(383.1)	
	Exchange rate adjustment of foreign subsidiaries Change in fair value of derivative financial instruments	4.4	9.0	12.8	(12.3)	
	used as cash flow hedges Transfer to the profit and loss account of fair value adjustments of derivative financial instruments	(3.0)	(1.0)	(4.6)	(1.0)	
	used as cash flow hedges	1.3	_	0.6	_	
	Tax on other comprehensive income	0.7		1.3		
	Other comprehensive income, net of tax	3.4	8.0	10.1	(13.3)	
	Comprehensive income for the year	28.7	(56.5)	(22.8)	(396.4)	
	Attributable to:					
	Shareholders of the parent company	28.4	(56.8)	(24.3)	(398.7)	
	Minority interests	0.3	0.3	1.5	2.3	
		28.7	(56.5)	(22.8)	(396.4)	

<sup>\*</sup> The amounts are unaudited.

## Announcement No. 10.03 *Translation*

# BANG & OLUFSEN A/S 24 AUGUST 2010

Balance sheet

Assets

### Bang & Olufsen a/s

	Gro	Group	
Mary	31/5 - 10	31/5 - 09	
Notes  Intangible assets Goodwill Acquired rights Completed development projects Development projects in progress	44.7 46.0 249.1 206.7	44.8 50.8 200.6 185.0	
Total intangible assets	546.5	481.2	
Tangible assets Land and buildings Plant and machinery Other equipment Leasehold improvements Tangible assets in progress and prepayment for tangible assets	240.9 209.4 34.9 23.2 52.1	269.9 229.5 48.4 32.2	
Total tangible assets	560.5	613.2	
Investment property	45.4	49.1	
Financial assets Investments in associates Other financial receivables Total financial assets	5.3 41.4 46.7	9.5 60.4 69.9	
Deferred tax assets	140.4	104.9	
Total non-current assets	1,339.5	1,318.3	
Inventories	563.6	593.3	
Receivables Trade receivables Receivables from associates Income tax receivables Other receivables Prepayments	417.9 1.5 21.2 27.6 	407.9 1.4 21.7 31.6 28.4	
Total receivables	490.6	491.0	
Cash	253.6	258.1	
Total current assets	1,307.8	1,342.4	
Total assets	2,647.3	2,660.7	

Balance sheet

### Equity and liabilities

### Bang & Olufsen a/s

`		Gro	up
N		31/5 - 10	31/5 - 09
Notes	Equity		
	Share capital	362.4	362.4
	Share premium	232.1	232.1
	Translation reserve	13.1	(39.6)
	Reserve for cash flow hedges	(5.0)	(1.0)
	Retained earnings	892.1	960.5
	Equity attributable to shareholders of the parent company	1,494.7	1,514.4
	Minority interests	1.5	2.3
	Total equity	1,496.2	1,516.7
	Non-current liabilities		
	Pensions	7.8	7.0
	Deferred tax	6.2	4.8
	Provisions	78.2	78.1
	Mortgage loans	225.8	230.3
	Loans from banks etc.	52.8	95.7
	Other non-current liabilities	6.9	6.7
	Total non-current liabilities	377.7	422.6
	Current liabilities		
	Mortgage loans	4.6	6.5
	Loans from banks etc.	42.8	32.6
	Overdraft facilities	11.9	13.0
	Provisions Trade payables	52.7 259.4	65.7 188.3
	Trade payables Income tax	20.0	21.2
	Other payables	323.3	324.6
	Deferred income	58.7	69.5
	Total current liabilities	773.4	721.4
	Total liabilities	1,151.1	1,144.0
	Total equity and liabilities	2,647.3	2,660.7

## Announcement No. 10.03 *Translation*

### Cash flow statement 1/6 – 31/5

### Bang & Olufsen a/s

		Gro	ир
Notes		2009/10	2008/09
7	Result for the year Depreciation, amortisation and impairment losses Adjustments	(32.9) 245.4 (14.1)	(383.1) 285.7 (92.7)
8	Change in working capital	82.1	358.2
	Cash flows from operating loss	280.5	168.1
	Interest received etc. Interest paid etc. Income tax paid	15.4 (24.5) (14.7)	11.4 (41.2) (25.1)
	Cash flows from operating activities	256.7	113.2
	Purchase of intangible non-current assets Purchase of tangible non-current assets Sale of intangible non-current assets Sale of tangible non-current assets Received reimbursements, intangible non-current assets Capital increase, Bang & Olufsen Medicom a/s Purchase of 10 % equity interest in Bang & Olufsen ICEpower a/s Change in financial receivables	(211.6) (82.7) - 34.7 24.7 - - 19.0	(211.5) (111.4) 10.8 7.9 - (3.6) (23.0) (8.4)
	Cash flows from investment activities	(215.9)	(339.2)
	Capital increase Costs related to capital increase Proceeds from loans Repayment of long-term loans Dividend paid, minority interests Dividend paid Dividend, own shares Dividend from associates Sale of own shares Sale of subscription rights  Cash flows from financing activities	(2.8) - (39.1) (2.3) - - - - - - (44.2)	459.1 (25.8) 14.8 (37.9) (5.2) (36.2) 1.9 1.0 42.2 3.8
	cash nows from infancing activities	(44.2)	417.7
	Changes in cash and cash equivalents	(3.4)	191.7
	Cash and cash equivalents 1 June	245.1	53.4
	Cash and cash equivalents 31 May	241.7	245.1

## Announcement No. 10.03 *Translation*

### Statement of changes in equity

### Bang & Olufsen a/s, Group

(DKK million)	Equity attributable to shareholders 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
Accumulated effect at the beginning of the year from changes to accounting principles	_	_	_	_	(3.1)	_	(3.1)
Adjusted equity 1 June 2008	120.8	14.6	(42.9)	-	1,376.1	12.1	1,480.7
Comprehensive income for the year	-	-	3.3	(1.0)	(401.0)	2.3	(396.4)
Capital increase Costs related to capital increase Tax on costs related to capital increase Purchase of 10 % equity interest	241.6 - -	217.5 - -	- - -	- - -	(25.8) 1.0	- - -	459.1 (25.8) 1.0
in Bang & Olufsen ICEpower a/s Employee shares Grant of share options Sale of own shares Sale of subscription rights Dividend paid regarding 2007/08 Dividend, own shares	- - - - -	- - - -	- - - -	- - - - -	(16.1) 4.7 6.1 46.0 3.8 (36.2) 1.9	(6.9) - - - - (5.2)	(23.0) 4.7 6.1 46.0 3.8 (41.4) 1.9
Equity 31 May 2009	362.4	232.1	(39.6)	(1.0)	960.5	2.3	1,516.7
Equity 1 June 2009	362.4	232.1	(39.6)	(1.0)	960.5	2.3	1,516.7
Comprehensive income for the year	-	-	12.8	(4.0)	(33.1)	1.5	(22.8)
Costs related to capital increase Employee shares Grant of share options Dividend paid regarding 2008/09 Reclassification related to currency translation of foreign subsidiaries	- - - -	- - - -	- - - - 39.9	- - - -	(2.8) 1.2 6.2 - (39.9)	(2.3)	(2.8) 1.2 6.2 (2.3)
Equity 31 May 2010	362.4	232.1	13.1	(5.0)	892.1		1,496.2

### Announcement No. 10.03 TRANSI ATION

### Notes to the annual report

#### 1. Accounting principle applied

The consolidated financial statements and the separate financial statements for 2009/10 for the Group and Bang & Olufsen a/s, respectively, have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union and further Danish disclosure requirements for the presentation of financial statements for listed companies (class D entities) cf. the Statutory Order on Adoption of IFRS (the Danish announcment on Adoption of IFRS) issued in accordance with the Danish Financial Statements Act. The consolidated financial statements and the separate financial statements also comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Annual Report is prepared using the same accounting policies as the 2008/2009 Annual Report except that an amendment to IAS 38, Intangible Assets, means that marketing materials are now expensed in connection with the acquisition against previously in connection with the external use thereof. The effect on equity as at 1 June, 2008 amounts to DKK -3.1 million (a reduction in inventories of DKK 4.1 million and an increase in deferred tax assets of DKK 1.0 million) while the effect on the result after tax for the 2008/09 financial year is DKK - 0.3 million (an increase in distribution and marketing costs of DKK 0.4 million and an increase in tax on the year's result of DKK 0.1 million).

Furthermore, the revised IAS 1, Presentation of Financial Statements, which changes the presentation of the primary statements and IFRS 8, Operating Segments, which mean different disclosure requirements for segments have both been implemented with effect from 1 June, 2009. The implementation of these standards has not resulted in changes to recognition and measurement.

In addition, other new and amended standards and interpretations with effect from 1 June 2009, including IAS 23, Borrowing Costs, have been implemented with effect from the financial year 2009/10. These changes in accounting policy have not affected recognition and measurement in the Annual Report.

#### Bang & Olufsen a/s

(DKK million)	Group				
2. Development costs	1/3 - 31/5 2009/10 *	1/3 - 31/5 2008/09 *	1/6 - 31/5 2009/10	1/6 - 31/5 2008/09	
Development costs incurred before capitalisation Amount hereof capitalised Total amortisation and impairment losses on development projects Development costs recognised in restructuring costs Development costs recognised in the profit and loss account	117.3 (56.4) 28.5 	139.4 (49.1) 34.1 (14.4) 110.0	437.7 (206.4) 111.5 	537.0 (201.3) 141.4 (14.4) 462.7	
3. Restructuring costs					
Restructuring costs by functions:					
Production costs Development costs Distribution and marketing costs Administration costs etc.	- - -	(2.1) (0.4) 1.6 1.8	- - -	11.0 14.4 74.3 5.8	
Restructuring costs	-	0.9	-	105.5	
Functions including restructuring costs:					
Production costs	460.2	387.3	1,672.0	1,694.8	
Development costs	89.4	109.6	342.8	477.1	
Distribution and marketing costs  Administration costs etc.	183.9 17.6	209.3 18.0	708.5 85.3	1,003.2 110.3	
Total	751.1	724.2	2,808.6	3,285.4	
TUIdI	/51.1	/24.2	2,008.6	3,285.4	

<sup>\*</sup> The amounts are unaudited

### Announcement No. 10.03 **TRANSLATION**

### Bang & Olufsen a/s

bang a Olaisen a/s								
(DKK million)		Group						
4. Other operating income	1/3 - 31/5 2009/10 *	1/3 - 31/5 2008/09 *	1/6 - 31/5 2009/10	1/6 - 31/5 2008/09				
Profit on sale of property, Switzerland			13.3					
Other operating income			13.3					
5. Financial income								
Interest income from banks etc.	0.4	0.1	1.0	2.2				
Exchange rate gains, net Other financial income	2.7 2.2	2.1	7.8 6.6	9.2				
Financial income	5.3	2.2	15.4	11.4				
6. Financial costs								
Interest costs on bank loans etc.	2.3	2.9	6.8	16.0				
Interest costs on mortgage loans Exchange rate losses, net	3.6	3.8 (5.2)	14.3	14.6 7.2				
Other financial costs	0.5	1.0	3.4	3.4				
Financial costs	6.4	2.5	24.5	41.2				
7. Adjustments								
Change in other liabilities			(11.9)	18.1				
Financial income etc. Financial costs etc.			(15.4) 24.5	(11.4) 41.2				
Result of investments in associates after tax			6.7	(2.3)				
Gain/loss on sale of non-current assets  Tax on result for the year			(9.0) (16.7)	1.4 (140.3)				
Various adjustments			7.7	0.6				
Adjustments			(14.1)	(92.7)				
8. Change in working capital								
Change in receivables			-	194.5				
Change in inventories Change in accounts payables etc.			29.7 52.4	204.0 (40.3)				
Change in working capital			82.1	358.2				

<sup>\*</sup> The amounts are unaudited.

## Announcement No. 10.03 *Translation*

### Key figures

#### Bang & Olufsen a/s, Group

(DKK million)	2009/10	2008/09	2007/08	2006/07	2005/06
9. Main and key figures					
Profit and loss account	2.762	2.700	4.003	4 276	4 225
Net turnover	2,762	2,790	4,092	4,376	4,225
Of which from foreign markets, % Operating profit/loss	89 (34)	91 (496)	88 195	85 530	82 439
Financial items, net	(9)	(30)	(30)	(16)	(7)
Result before tax	(50)	(523)	154	524	431
Result for the year	(33)	(383)	112	373	296
Result for the year, shareholders of the parent company	(34)	(385)	105	367	294
Balance sheet					
Total assets, end of year	2,647	2,661	2,814	2,959	2,912
Share capital	362	362	121	121	125
Equity, end of year	1,496	1,517	1,481	1,679	1,739
Equity attributable to shareholders of the parent company, end of year	1,495 2	1,514 2	1,469	1,673 6	1,735 4
Minority interests	2	2	12	О	4
Cash flows for the year Of which cash flows from:	(3)	192	(104)	(346)	(229)
Operating activities	257	113	332	521	395
Investment activities	(216)	(339)	(254)	(378)	(379)
- of which investment in tangible non-current assets	(83)	(111)	(190)	(158)	(185)
- of which investment in intangible non-current assets	(212)	(212)	(125)	(210)	(171)
- of which investment in equity interests	-	(27)	-	-	-
Financing activities	(44)	418	(181)	(488)	(246)
Employment Number of annulus and of successions	2.046	2.051	2.570	2 520	2 422
Number of employees, end of year	2,046	2,051	2,579	2,520	2,422
Key figures					
EBITDA	212	(210)	494	790	671
EBITDA-margin, %	8	(8)	12	18	16
Profit ratio, % Return on assets, %	(1) (2)	(18) (20)	5 7	12 23	10 20
Return on invested capital, excl. goodwill, %	6	(22)	20	41	40
Return on equity, %	(2)	(26)	7	22	17
Current ratio	1.7	1.9	1.9	1.9	2.4
Equity ratio, %	56	57	52	57	60
Financial gearing	0.1	0.1	0.2	0.0	(0.1)
Net interest-bearing debt	84	120	335	80	(219)
Net turnover/Invested capital excl. goodwill	2.0	1.7	2.4	2.8	3.1
Earnings per share (nom. DKK 10), DKK *	(1)	(16)	4	15	12
Diluted earnings per share (nom. DKK 10), DKK *	(1)	(16)	4 59	15 67	12
Intrinsic value per share (nom. DKK 10), DKK * Quotation as at 28 February *	41 56	42 45	128	337	67 330
Price/earnings *	(59)	(3)	29	22	28
Price/earnings **  Price/earnings, diluted *	(59)	(3)	29	22	28
Quotation/Intrinsic value per share *	1.4	1.1	2.2	5.0	4.9
Dividend paid/proposed per share (nom. DKK 10), DKK	0.00	0.00	3.00	20.00	16.00
Number of shares, end of the year	36,244,014	36,244,014	12,081,338	12,081,338	12,450,925
Number of own shares, end of the year	90,372	110,076	767,787	619,923	669,587
Average number of shares in circulation *	36,147,002	24,581,720	23,585,489		24,613,475
Average dilutive effect of outstanding share options *	-	-		25,942	86,401
Average number of shares in circulation - diluted *	36,147,002	24,581,720	23,585,489	24,247,158	24,699,876

<sup>\*</sup> The amounts for 2005/06 - 2007/08 are adjusted due to the dilution resulting from the bonus element related to the rights issue in the spring of 2009 in accordance with IAS 33.

The key figures for 2005/06 - 2008/09 are adjusted due to the change in the accounting principles applied.

Parentheses denote negative figures.

### Announcement No. 10.03 TRANSI ATION

Definitions of key figures:

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

investments in associates after tax

EBITDA-margin: EBITDA x 100

Net turnover

Profit ratio (EBIT): Operating profit/loss x 100

Net turnover

Rate on assets: Operating profit/loss x 100

Average operational assets

EBITA: Result before interests, tax, amortisation, impaiment losses on intangible assets and

result of investments in associates after tax

Return on invested capital, excl. goodwill: EBITA x 100

Average invested capital, excl. goodwill

Return on equity: Result for the year, excl. minority interests x 100

Average equity, excl. minority interests

Current ratio: Current assets

Current liabilities

Equity ratio: Equity, end of year, excl. minority interests x 100

Total equity and liabilities, end of year

Interest bearing debt (net) end of year Financial gearing:

Equity, end of year

Net turnover/invested capital, excl. goodwill:

Average invested capital, excl. goodwill

Earnings per share (nom. DKK 10), DKK: Result for the year, excl. minority interests

Average number of shares in circulation

Diluted earnings per share

Result for the year, excl. minority interests (nom. DKK 10), DKK: Average number of shares in circulation - diluted

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

Number of shares, end of year

Price / earnings:

Earnings per share (nom. DKK 10)

Price/earnings, diluted: Ouotation

Diluted earnings per share (nom. DKK 10)

In the calculation of the above key figures for 2005/06 -2007/08 the number of shares and the quotation are adjusted for the dilution

resulting from the bonus element related to the rights issue in the spring of 2009 in accordance with IAS 33:

Adjusted number of shares: Original number of shares before the rights issue

Adjustment factor for the dilution related to the rights issue

Adjusted quotation: Quotation before the rights issue x adjustment factor for the dilution related to the rights

issue

Adjustment factor for the dilution related to

the rights issue:

Theoretical quotation after the rights issue Quotation immediately before the rights issue

Main and key figures are prepared in accordance with IFRS and "Recommendations and Key Figures 2010" from The Danish Association of Financial Analysts, except from those that are not defined in there. Comparison figrues are adjusted.

# Announcement No. 10.03 *Translation*

#### 10. Segment information

The period 1/6 2009 to 31/5 2010

	Branded business	Non-branded business				
(DKK million)	Bang & Olufsen	Bang & Olufsen Medicom a/s	Bang & Olufsen ICEpower a/s	Total segments		
Net turnover Internal turnover	2,679.5	<u>-</u>	79.9 (13.4)	2,759.4 (13.4)		
External turnover	2,679.5		66.5	2,746.0		
Result before tax	(60.9)	(5.6)	16.9	(49.6)		

The period 1/6 2008 to 31/5 2009

The period 1/6 2008 to 31/5	2009			
	Branded business	Non-branded bu		
(DKK million)	Bang & Olufsen	Bang & Olufsen Medicom a/s	Bang & Olufsen ICEpower a/s	Total segments
Net turnover Internal turnover	2,725.7		85.0 (7.5)	2,810.7 (7.5)
External turnover	2,725.7		77.5	2,803.2
Result before tax	(534.9)	1.2	10.3	(523.4)
Reconciliation of segment	information		1/6 - 31/5 2009/10	1/6 - 31/5 2008/09
Net turnover, total segments Effect of differences in excha in the internal management a Elimination of internal turnov	nge rates used accounting		2,759.4 15.5 (13.4)	2,810.7 (13.7) (7.5)
Net turnover, Group			2,761.5	2,789.5
Result before tax, total segme	ents		(49.6)	(523.4)
Result before tax, Group			(49.6)	(523.4)

Parentheses denote negative figures or amounts to be deducted.

## Announcement No. 10.03 TRANSLATION

#### 11. Turnover branded business\*

	Turnover 1/6 - 31/5 2009/10	Turnover 1/6 - 31/5 2008/09	Growth in local currency	Turnover 1/3 - 31/5 2009/10	Turnover 1/3 - 31/5 2008/09	Growth in local currency
Denmark	299	269	11.0 %	82	66	22.9 %
Germany	274	279	(1.8) %	78	60	28.9 %
Automotive	268	174	54.0 %	101	41	146.3 %
United Kingdom	241	277	(9.0) %	59	62	(8.6) %
Switzerland	210	188	7.5 %	54	43	22.0 %
Asian markets, excl. Japan	210	194	8.2 %	57	38	50.0 %
Holland	178	193	(7.5) %	44	41	7.5 %
France	133	148	(10.2) %	34	28	19.4 %
North America	128	159	(18.5) %	27	30	(15.4) %
Spain/Portugal	122	125	(2.5) %	35	18	92.1 %
Italy	112	109	2.7 %	26	22	18.0 %
Expansion markets, excl. Russia	92	103	(10.4) %	27	20	36.8 %
Enterprise **	91	115	(20.9) %	46	50	(8.0) %
Russia	76	83	(8.0) %	26	9	205.0 %
Belgium	72	75	(3.7) %	19	18	3.1 %
Sweden	51	58	(11.0) %	11	17	(38.0) %
Middle East	42	46	(7.7) %	14	9	57.9 %
Austria	35	37	(3.8) %	7	6	16.9 %
Norway	29	33	(12.8) %	5	8	(36.8) %
Japan	24	36	(35.8) %	6	8	(25.0) %
Other	8	12	(66.7) %		4	(100.0) %
Total branded business	2,695	2,713		758	598	

<sup>\*</sup> The amounts are unaudited.

Parentheses denote negative figures.

#### 12. Distribution development\*

Shop segment	Number of shops per 31/5-10	Change in the period <u>1/6-09 – 31/5-10</u>	Share of turnover full year 2009/10	Share of turnover full year 2008/09
B1	703	(55)	82 %	81 %
Shop in shop	300	(85)	18 %	19 %
Other	2	(1)	0 %	0 %
Total	1,005	(141)	100 %	100 %

Definitions of shop segments:

B1 Shops, which are dedicated retailers of Bang & Olufsen products.
Shop in shop 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 in currently active Bang & Olufsen shops with more than 24 months of operations was for the full year 7 % for B1 shops and 7 % for shop in shops. For fourth quarter seen in isolation, growth for the same shops was 36 % for B1 shops and 29 % for shop in shops.

\* The amounts are unaudited.

<sup>\*\*</sup> Enterprise comprises turnover to the hotel sector etc.

# Announcement No. 10.03 *Translation*

### **Appendix**

(DKK million)	1 quarter * 2	2009, Quarterly ! quarter * 3	results	quarter *	Acc 1 quarter * 2	2009 cumulated qu 2 quarter * 3	uarterly resul	lts 4 quarter
Net turnover	565.0	668.5	748.7	779.3	565.0	1,233.5	1,982.2	2,761.5
Gross profit	225.3	254.2	290.9	319.1	225.3	479.5	770.4	1,089.5
Operating profit / loss Result of investments in	(52.5)	(41.1)	31.6	28.2	(52.5)	(93.6)	(62.0)	(33.8)
associates after tax Financial items, net	(1.1) 0.8	(0.4) (6.1)	(0.5) (2.7)	(4.7) (1.1)	(1.1) 0.8	(1.5) (5.3)	(2.0) (8.0)	(6.7) (9.1)
<b>Result before tax</b> Tax on result for the year	<b>(52.8)</b> 10.2	<b>(47.6)</b> 14.0	<b>28.4</b> (10.4)	<b>22.4</b> 2.9	<b>(52.8)</b> 10.2	<b>(100.4)</b> 24.2	<b>(72.0)</b> 13.8	<b>(49.6)</b> 16.7
<b>Result for the year</b> Of which minority interests' share	<b>(42.6)</b> (0.1)	<b>(33.6)</b> (0.6)	<b>18.0</b> (0.5)	<b>25.3</b> (0.3)	<b>(42.6)</b> (0.1)	<b>(76.2)</b> (0.7)	<b>(58.2)</b> (1.2)	<b>(32.9)</b> (1.5)
Shareholders of the parent company's share of result for the year	(42.7)	(34.2)	17.5	25.0	(42.7)	(76.9)	(59.4)	(34.4)
	2008/09 Quarterly results 1 quarter * 2 quarter * 3 quarter * 4 quarter *			2008/09 Accumulated quarterly results 1 quarter * 2 quarter * 4 quarter				
Net turnover	757.2	775.3	640.0	617.0	757.2	1,532.5	2,172.5	2,789.5
Gross profit	320.8	301.1	256.2	227.6	320.8	621.9	878.1	1,105.7
Operating loss Result of investments in	(54.9)	(153.3)	(180.5)	(107.2)	(54.9)	(208.2)	(388.7)	(495.9)
associates after tax Financial items, net	(3.0) (3.7)	3.1 1.5	2.9 (27.3)	(0.7) (0.3)	(3.0) (3.7)	0.1 (2.2)	3.0 (29.5)	2.3 (29.8)
<b>Result before tax</b> Tax on result for the year	<b>(61.6)</b> 10.7	<b>(148.7)</b> 34.9	<b>(204.9)</b> 51.0	<b>(108.2)</b> 43.7	<b>(61.6)</b> 10.7	<b>(210.3)</b> 45.6	<b>(415.2)</b> 96.6	<b>(523.4)</b> 140.3
<b>Result for the year</b> Of which minority interests' share	<b>(50.9)</b> (1.1)	<b>(113.8)</b> (0.1)	<b>(153.9)</b> (0.8)	<b>(64.5)</b> (0.3)	<b>(50.9)</b> (1.1)	<b>(164.7)</b> (1.2)	<b>(318.6)</b> (2.0)	<b>(383.1)</b> (2.3)
Shareholders of the parent company's share of result for the year	(52.0)	(113.9)	(154.7)	(64.8)	(52.0)	(165.9)	(320.6)	(385.4)

Parentheses denote negative figures.