# Interim report for the period 1 June – 30 November 2008 for Bang & Olufsen a/s

- For the first half of the 2008/09 financial year, the Group's turnover totalled DKK 1,533 million against last year's DKK 2,166 million, which was a historically strong half year. The decline is caused by the global financial crisis and a lack of product launches.
- In the first half-year, the Group's three largest geographical markets, Germany, UK and Denmark, recorded a decline in turnover of DKK 296 million. The Automotive business segment more than doubled its turnover from DKK 51 million to DKK 104 million.
- In late October, the Group launched a new strategy plan aimed at restructuring and strengthening the sales organisation as well as focusing the Group's product development and developing one overall digital technology platform to support the future product portfolio. The strategy plan will also secure the Group's short-term profitability.
- In the second quarter, the Group launched the BeoSound 5 audio system, which has been well received with sales scheduled to begin two months earlier than planned. The second quarter also saw the launch of a flexible concept for BeoVision 7, which is now available with or without DVD and loudspeaker. Finally, the development of DVB-HD (Full HD) modules was completed so that they could be launched to the first TV models shortly after the end of the half year. Coupled with further launches and more efficient distribution with stronger support for the shops, sales are expected to strengthen.
- The first half year 2008/2009 saw an operating loss of DKK 205 million against a profit of DKK 166 million last year. Result before tax was negative at DKK 207 million against a profit of DKK 150 million for the first half of 2007/08.
- As announced to the Stock Exchange on 19 December 2008, Bang & Olufsen expects the 2008/09 financial year as a whole to result in a turnover between DKK 3,100 and DKK 3,300 million. Result before tax is expected to be between DKK -260 to DKK -380 million not including restructuring costs.
- Restructuring costs are currently expected to be in the region of DKK 100 million. The effect of restructuring and other cost saving measures is expected to amount to DKK 250 million for the 2009/10 financial year when the aim is to break even.
- In light of the financial crisis, the Board of Directors will seek approval at an extraordinary general meeting that the solvency ratio be increased through a preferential share issue at a favourable rate with expected proceeds of approximately DKK 400 million, just as it will be proposed that the two share classes will be combined.

In connection with the planned preferential share issue, satisfactory conditions for the company's operational financing is secured with existing bank connections.

The share issue will give the company an economic back-up to carry through the plans to restructure and strengthen the sales organisation and focus the product development, including the development of a digital technology platform as the primary element for a future stronger product portfolio.

Jørgen Worning Chairman Karl Kristian Hvidt Nielsen President. CEO

## BANG & OLUFSEN A/S 15 JANUARY 2009

## Main figures – Bang & Olufsen a/s Group (unaudited and not reviewed by the company's auditor)

(DKK million)

Main figures for the period 1/6 – 30/11	2008/09		2007/08
Net turnover	1,532.5		2,166.2
<b>Gross profit</b> Gross margin	621.9 <i>40.6</i> %		998.5 46.1 %
Operating profit / loss Result of investments in associated companies after tax Financial items, net	(204.7) 0.1 (2.2)		165.9 (3.1) (13.3)
Result before tax Tax on result for the period	(206.8) 44.7		149.5 (39.7)
Result for the period	(162.1)		109.8
Attributable to: Shareholders of the parent company Minority interests Result for the period	(163.3) 1.2 (162.1)		106.9 2.9 109.8
Earnings per share Earnings per share, DKK Diluted earnings per share, DKK	(14.4) (14.4)		9.4
Balance sheet information	30/11 2008	31/5 2008	30/11 2007
Intangible assets Tangible assets Investment property Financial assets Deferred tax assets	464.5 659.6 50.9 60.6 51.7	417.2 655.7 52.8 58.3 22.7	442.5 652.6 54.6 81.5 25.2
Total non-current assets	1,287.3	1,206.7	1,256.4
Inventories Receivables Cash	761.2 714.0 62.7	801.4 702.1 107.1	829.1 1,040.1
Total current assets	1,537.9	1,610.6	1,869.2
Total assets	2,825.2	2,817.3	3,125.6
Equity Non-current liabilities Current liabilities	1,261.2 452.8 1,111.2	1,483.8 494.4 839.1	1,479.3 551.9 1,094.4
Total equity and liabilities	2,825.2	2,817.3	3,125.6

Parentheses denote negative figures or amounts to be deducted.

## BANG & OLUFSEN A/S ANNOUNCEMENT NO. 08.16 15 JANUARY 2009

Development in equity 1/6 – 30/11	2008/09	2007/08
Equity as at 1 June	1,483.8	1,681.9
Equity and exchange rate adjustments in subsidiaries Change in fair value of derivative financial instruments	(11.0)	3.6 (0.1)
Net income recognised directly in equity Retained earnings	(11.0) (162.1)	3.5 109.8
Total recognised income and expenses for the period	(173.1)	113.3
Purchase of 10 % equity interest in ICEpower a/s Employee shares Grant of share options Purchase of own shares Sale of own shares Dividend paid Dividend, own shares  Equity as at 30 November	(23.0) 4.7 4.5 - 3.8 (41.4) 1.9 (49.5) 1,261.2	- 10.4 5.2 (100.2) 1.6 (246.9) 14.0 (315.9)
Cash flow, main figures 1/6 – 30/11  Cash flow from operating activities Cash flow from investment activities Cash flow from financing activities	<b>2008/09</b> (37.6) (209.5) (65.0)	<b>2007/08</b> (0.3) (119.0) (154.6)
Cash flow for the period	(312.1)	(273.9)

Parentheses denote negative figures or amounts to be deducted.

## Management's report

#### Bang & Olufsen a/s

#### Comments on the development in the first half year

Turnover for the Bang & Olufsen a/s Group as a whole for the first half year 2008/09 was DKK 1,533 million against DKK 2,166 million last year, a historically strong first half year. This equates to a decline in turnover of DKK 633 million, or 29 per cent, owing to the global financial crisis and a lack of product launches.

Turnover in the branded business totalled DKK 1,497 million against DKK 2,127 million for the first half year last year. The decline can largely be ascribed to the large geographical markets in the consumer segment, while the business segment Automotive more than doubled its turnover in the first half year compared to the same period last year. The Group's turnover for the first half year this year was negatively affected by DKK 24 million as a result of changes to the sterling rate.

The Group's gross margin for the half year was 40.6 per cent against 46.1 per cent for the same period last year. This is owing to the fact that some of the production costs are fixed costs, and these remain at last year's level thus causing a decline in the gross margin.

Gross profit was DKK 622 million against DKK 999 million for the first half year 2007/08.

Expensed development costs increased by DKK 47 million from DKK 241 million to DKK 288 million. The net effect of capitalisation had a positive effect on the result by DKK 40 million for the first half year against a negative effect for the same period last year of DKK 3 million. The increased level of activity is a result of the focus on ensuring the development of significantly more new products for the 2009/10 financial year.

Distribution and marketing costs are on a par with last year when adjusted for losses and provisions for losses on receivables together with a non-recurring expenditure in 2007/08 relating to arbitration proceedings. Distribution and marketing costs total DKK 512 million for 2008/09 against DKK 520 million for 2007/08. These figures include losses on receivables and provisions for losses on receivables in 2008/09 of DKK 33 million. In 2007/08, distribution and marketing costs included losses and provisions of DKK 19 million and an extraordinary non-recurring expenditure of DKK 21 million relating to arbitration proceedings.

Administration costs totalled DKK 66 million against DKK 69 million in the first half of the last financial year. The operating loss totalled DKK 205 million against a profit of DKK 166 million last year.

Financial items amounted to a net expense of DKK 2 million against a net expense of DKK 13 million for the same period in 2007/08. For 2008/09 there is a positive net effect from foreign exchange adjustments of balance sheet items in yen and US dollars while the rate of sterling had a negative impact. Last year's net expense also included an interest expense of DKK 4 million relating to arbitration proceedings.

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The first half year's result before tax was negative at DKK 207 million against a profit of DKK 150 million last year. After tax, the first half year's result was negative at DKK 162 million against a profit of DKK 110 million for the corresponding period last year.

Cash flow for the half year was negative at DKK 312 million against a negative cash flow of DKK 274 million last year. The Group's capital tied up in receivables and inventories has been reduced as a result of the lower activity levels and the ongoing work of reducing the working capital.

#### Comments on the development in the second quarter

Turnover for the Bang & Olufsen a/s Group as a whole for the second quarter of 2008/09 totalled DKK 775 million against DKK 1,240 million last year, which equates to a decline of DKK 465 million or 38 per cent.

In the second quarter, turnover in the branded business decreased by 38 per cent from DKK 1,219 million last year to DKK 755 million this year.

The Group's gross margin for the quarter was 38.8 per cent against 46.3 per cent for the same quarter in 2007/08. This is owing to the fact that some of the production costs are fixed costs, and these remain at last year's level thus causing a decline in the gross margin. Through the carried through rationalisations the gross margin is expected to increase.

Seen in isolation, there was an operating loss for the second quarter of DKK 153 million against a profit of DKK 109 million last year. Result before tax was negative at DKK 149 million against a profit of DKK 94 million for the corresponding period last year. Result after tax in the second quarter was negative at DKK 114 million against a profit of DKK 52 million in the second quarter of the 2007/08 financial year.

#### BANG & OLUFSEN A/S 15 JANUARY 2009

#### **Development in the markets**

As expected and as previously announced, the market situation in the first months remained challenging. As anticipated, turnover for the first half year was at a lower level than the same period last year. This, however, should be seen in the light of the fact that, in terms of turnover, the two first quarters of the last financial year were the best since the start of the new millennium. The main reasons are the development in the global economy and the lack of product launches.

Group turnover in the last month of the half year, November, is traditionally significantly higher than in the year's other months. However, as stated in the company's announcement of 19 December 2008 the usual seasonal effect failed to materialise.

For the first half year 2008/09, turnover for the Group's three largest markets, Germany, UK and Denmark, totalled DKK 447 million, which is DKK 296 million less than for the same period last year. This, however, should be seen on the backdrop of the fact that the first half year last year was particularly good.

The business area Automotive continued its positive development and saw an increase in turnover of DKK 53 million to DKK 104 million.

#### **Product launches**

In the second quarter, Bang & Olufsen launched a new audio system, BeoSound 5, a unique concept for managing and playing digitally stored music. BeoSound 5 comes with the ground-breaking feature MOTS (More Of The Same), an advanced multi-dimensional mathematical algorithm that analyses the music library and selects music that corresponds to the music listened to. In contrast to other services in the market, which typically compare genres, artists and the like, MOTS analyses the music based on parameters such as syncopation, key tonality and rhythm. The MOTS algorithm is owned by Bang & Olufsen, which has two patents pending for this technology.

The BeoSound 5 graphics are also unique and build on the internally developed graphics architecture, Callisto, which provides more advanced and faster graphics. The graphics offer optimally synchronised interaction between the graphics and the three-part wheel with which BeoSound 5 is operated. BeoSound 5 also includes digital sound generation technology that optimises the performance. All these features make BeoSound 5 a unique and differentiated product.

BeoSound 5 has been well received by the markets, in customer tests and launch activities. The focused development work also means that sales of BeoSound 5 can begin two months earlier than planned, i.e. already from the end of January instead of March.

Bang & Olufsen also launched a flexible concept for BeoVision 7, which is now available in several varieties. The customer, therefore, can decide whether or not to opt for the integrated DVD module, and the same is possible for the loudspeaker, which allows for a more flexible price structure.

Development work regarding the latest digital receiver techology, DVB-HD (Full HD), is proceeding as planned and DVB-HD modules were launched for the first TV models immediately after the end of the half year.

#### BANG & OLUFSEN A/S 15 JANUARY 2009

#### **Distribution development**

During the half year, 22 B1 shops were opened or upgraded while 42 shops were closed or converted to shop-in-shops.

By the end of November 2008, there were 802 B1 shops worldwide against 822 at the end of the 2007/08 financial year. Consequently, the net movement for the half year was -20 shops.

The share of turnover from B1 shops is 81 per cent. The number of shop-in-shops is 393 against 421 at the close of the previous financial year.

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

#### **Enterprise**

Bang & Olufsen Enterprise, which encompasses the Group's sales to luxury hotels and large-scale exclusive property projects worldwide, recorded a turnover of DKK 40 million in the first half of the financial year 2008/09 against DKK 81 million for the same period last year. The decline reflects time-related differences as the business area is characterised by project sales. The order book, however, remains satisfactory for this business area. The latest major contract was signed at the start of the second quarter and covers products for a two digit million sum for more than 100 villas in the prestigious project Jumeirah Golf Estates in Dubai. The contract confirms that Bang & Olufsen's products are a natural component for luxury golf projects in Dubai and elsewhere. Towards the end of the period under review, the financial crisis resulted in a generally reduced order book.

#### **Automotive**

For the first half year, Bang & Olufsen Automotive's turnover was DKK 104 million against DKK 51 million for the same period last year. Automotive's turnover is based on sales of branded, high-end sound systems for vehicles in the premium segment. As mentioned in Bang & Olufsen's strategy plan, launched on 21 October 2008, the Automotive business segment has seen continuous, highly positive development and is regarded as an important part of Bang & Olufsen's core business.

During the first half year 2008/09, the partnership with Audi was developed further and now covers Bang & Olufsen Sound Systems for Audi A4/S4, Audi A5/S5, Audi R8 and Audi Q5 as well as Bang & Olufsen Advanced Sound System for Audi A8/S8 and Audi Q7. The development of other sound system in partnership with Audi is proceeding exactly as planned, including a second generation Advanced Sound System.

The partnership with Aston Martin is also successful and the BeoSound DBS system, which has been specially developed for Aston Martin DBS has been very positively received in the market. The sound system was, for example, a clear winner in the renowned magazine AutoFocus (no. 4, 2008) in a comparative test between the world's most prestigious sound systems for luxury cars. The successful partnership will continue its positive development over the coming years.

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The partnership with Mercedes-AMG is proceeding as planned with the development of sound systems for several models. The first concrete result of the partnership is expected to be presented during the 2009/2010 financial year.

#### Bang & Olufsen ICEpower a/s

Turnover for Bang & Olufsen ICEpower a/s was DKK 44 million for the first half year of 2008/09 against DKK 48 million in 2007/08. Result before tax was DKK 7 million against DKK 2 million in the first half year last year.

#### **Financing**

During the 2009/10 financial year, Bang & Olufsen's solvency ratio will fall to a level between 35-40 per cent. On the backdrop of the global financial crisis, the Board of Directors' view is that a level of more than 50 per cent would be more expedient.

The Board of Directors will, therefore, seek approval at an extraordinary general meeting that a share issue be carried out with preference for existing shareholders at a favourable rate. It will also be proposed that the two share classes be combined so that the holders of A shares (ordinary shares (multiple voting shares)) will have their shares converted to B shares (ordinary shares) in the ratio of 1 to 1. Subsequently Bang & Olufsen will have one share class only. The share issue is expected to take place during the spring assuming that the extraordinary general meeting will approve both proposals.

With full subscription, the proceeds from the share issue are expected to amount to approx. DKK 400 million.

The company has already received declarations from a number of existing shareholders that the first half of the issue will be subscribed to, corresponding to proceeds of DKK 200 million.

In connection with the planned preferential share issue, satisfactory conditions for the company's operational financing is secured with existing bank connections.

The share issue will give the company an economic back-up to carry through the plans to restructure and strengthen the sales organisation and focus the product development, including the development of a digital technology platform as the primary element for a future stronger product portfolio.

#### **ANNOUNCEMENT NO. 08.16**

#### Expectations for the financial year 2008/09

In its announcement of 19 December 2008, Bang & Olufsen expressed its expectations for the 2008/09 financial years as follows:

"Bang & Olufsen a/s expects a turnover in the region of DKK 3,100 to DKK 3,300 million for the 2008/09 financial year as a whole. Result before tax is expected to be between DKK -260 to DKK -380 million".

On this backdrop, the Group also announced:

"In view of the new situation, Bang & Olufsen intends to initiate a number of restructuring measures with immediate effect, the costs of which have not been incorporated into the published estimate."

The restructuring costs are expected to be in the region of DKK 100 million. The effect of the restructurings and other cost savings is expected to amount to DKK 250 million in the 2009/10 financial year.

On this basis, it was announced on 19 December that:

"The restructuring initiatives, combined with a stronger product launch programme, aim to support the Group's objective to break even during the 2009/10 financial year."

The Group has positive expectations for the sale of the new audio product, BeoSound 5, which was launched in mid-November in Copenhagen. The new concept for managing and playing digitally stored music is now being launched and publicised in several markets. As a result of stronger focus on product development, sales can begin two months earlier than planned, i.e. already from the end of January instead of March.

In the second half year, the BeoVision 8 family will be expanded by a 40 inch version. This TV is expected to be an important entry product for Bang & Olufsen, as it will make the product portfolio even more complete and coherent.

Towards the end of the financial year, Bang & Olufsen expects to initiate the first launch events for the BeoVision 4 family, which will be expanded by an entirely new product which, both in size and functionality, will set new standards for Bang & Olufsen's TV portfolio.

For the 2008/09 financial year the full effects of the cost adjustments of DKK 160 million will be seen. The Group implemented the cost adjustments in connection with the launch of the new strategy on 21 October 2008.

#### **ANNOUNCEMENT NO. 08.16**

## **Statement by the Management**

The Board of Directors and the Management have today considered and adopted the interim report report for the period 1 June to 30 November 2008 for Bang & Olufsen a/s.

The interim report is presented in accordance with IAS 34, Interim Financial Reporting, 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 interim report provides a true and fair view of the Group's assets, liabilities and financial position as at 30 November 2008 and as well as the Group's result of the activities and cash flow for the period 1 June to 30 November 2008.

We believe that the management's report gives a fair presentation of the developments in the Group's activities and finances, results for the period 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.

Struer, 15 January 2009		
The Board of Directors fo	or Bang & Olufsen a/s	
Jørgen Worning Chairman	 Lars Brorsen Vice Chairman	Peter Skak Olufsen
Thorleif Krarup	Niels B. Christiansen	Rolf Eriksen
Knud Olesen	Jesper Olesen	Anette Revsgaard Sejbjerg
The Board of Manageme	ent for Bang & Olufsen a/s	
Karl Kristian Hvidt Nielse President & CEO	 n	

## BANG & OLUFSEN A/S 15 JANUARY 2009

## Profit and loss account

#### Bang & Olufsen a/s

Net turnover Production costs         775.3 (474.2)         1,239.8 (666.3)         1,532.5 (910.6)         2,166.2 (1,167.7)           Gross profit         301.1 (30.0)         573.5 (248.1)         661.9 (248.1)         (243.7)           Development costs         (130.0)         (119.4)         (248.1)         (243.7)           Distribution and marketing costs         (284.0)         (300.1)         (512.2)         (520.0)           Administration costs etc.         (40.3)         (44.8)         (66.3)         (68.9)           Operating profit / loss         (153.2)         109.2         (204.7)         165.9           Result of investments in associated companies after tax         3.1         (2.3)         0.1         (3.1)           Financial income         11.2         4.5         14.5         8.9
Production costs         (474.2)         (666.3)         (910.6)         (1,167.7)           Gross profit         301.1         573.5         621.9         998.5           Development costs         (130.0)         (119.4)         (248.1)         (243.7)           Distribution and marketing costs         (284.0)         (300.1)         (512.2)         (520.0)           Administration costs etc.         (40.3)         (44.8)         (66.3)         (68.9)           Operating profit / loss         (153.2)         109.2         (204.7)         165.9           Result of investments in associated companies after tax         3.1         (2.3)         0.1         (3.1)
Gross profit         301.1         573.5         621.9         998.5           Development costs         (130.0)         (119.4)         (248.1)         (243.7)           Distribution and marketing costs         (284.0)         (300.1)         (512.2)         (520.0)           Administration costs etc.         (40.3)         (44.8)         (66.3)         (68.9)           Operating profit / loss         (153.2)         109.2         (204.7)         165.9           Result of investments in associated companies after tax         3.1         (2.3)         0.1         (3.1)
Development costs       (130.0)       (119.4)       (248.1)       (243.7)         Distribution and marketing costs       (284.0)       (300.1)       (512.2)       (520.0)         Administration costs etc.       (40.3)       (44.8)       (66.3)       (68.9)         Operating profit / loss       (153.2)       109.2       (204.7)       165.9         Result of investments in associated companies after tax       3.1       (2.3)       0.1       (3.1)
Distribution and marketing costs       (284.0)       (300.1)       (512.2)       (520.0)         Administration costs etc.       (40.3)       (44.8)       (66.3)       (68.9)         Operating profit / loss       (153.2)       109.2       (204.7)       165.9         Result of investments in associated companies after tax       3.1       (2.3)       0.1       (3.1)
Distribution and marketing costs       (284.0)       (300.1)       (512.2)       (520.0)         Administration costs etc.       (40.3)       (44.8)       (66.3)       (68.9)         Operating profit / loss       (153.2)       109.2       (204.7)       165.9         Result of investments in associated companies after tax       3.1       (2.3)       0.1       (3.1)
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Financial income 11.2 4.5 14.5 8.9
Thancial meetic 11.2 4.5 14.5 0.5
Financial costs (9.7) (17.7) (16.7) (22.2)
Financial items, net 1.5 (13.2) (2.2) (13.3)
Result before tax (148.6) 93.7 (206.8) 149.5
Tax on result for the period 34.9 (42.0) 44.7 (39.7)
Result for the period (113.7) 51.7 (162.1) 109.8
Attributable to:
Shareholders of the parent company (113.8) 49.3 (163.3) 106.9
Minority interests
(113.7) 51.7 (162.1) 109.8
Earnings per share
Earnings per share, DKK (10.0) 4.3 (14.4) 9.4
Diluted earnings per share, DKK         (10.0)         4.3         (14.4)         9.4

## BANG & OLUFSEN A/S 15 JANUARY 2009

## Balance sheet

#### Assets

#### Bang & Olufsen a/s

(DKK million)		Group	
	30/11 - 08	31/5 - 08	30/11 - 07
Intangible assets			
Goodwill	44.8	44.8	44.8
Acquired rights	48.2	41.1	41.7
Completed development projects	158.6	218.8	257.8
Development projects in progress	212.9	112.5	98.2
Total intangible assets	464.5	417.2	442.5
Tangible assets			
Land and buildings	274.0	274.4	248.3
Plant and machinery	204.3	221.8	212.5
Other equipment	50.7	50.0	76.0
Leasehold improvements	29.8	28.7	27.4
Tangible assets in progress and prepayment for tangible assets	100.8	80.8	88.4
Total tangible assets	659.6	655.7	652.6
Investment property	50.9	52.8	54.6
Financial assets			
Investments in associated companies	7.4	6.3	12.7
Other financial receivables	53.2	52.0	68.8
Total financial assets	60.6	58.3	81.5
Deferred tax assets	51.7	22.7	25.2
Total non-current assets	1,287.3	1,206.7	1,256.4
Inventories	761.2	801.4	829.1
Receivables			
Trade receivables	583.6	593.0	923.2
Income tax receivables	56.6	39.7	44.1
Other receivables	37.7	38.9	44.4
Prepayments	36.1	30.5	28.4
Total receivables	714.0	702.1	1,040.1
Total receivables	714.0	702.1	1,040.1
Cash	62.7	107.1	
Total current assets	1,537.9	1,610.6	1,869.2
Total assets	2,825.2	2,817.3	3,125.6

## BANG & OLUFSEN A/S 15 JANUARY 2009

## Balance sheet

## **Equity and liabilities**

## Bang & Olufsen a/s

(DKK million)		Group	
	30/11 - 08	31/5 - 08	30/11 - 07
<b>Equity</b> Share capital	120.8	120.8	120.8
Share premium Translation reserve Reserve for cash flow hedges	14.6 (13.0)	14.6 (42.9)	14.6 (33.8)
Retained earnings	1,137.6	1,379.2	1,372.0
Equity attributable to shareholders of the parent company Minority interests	1,260.0 1.2	1,471.7 12.1	1,473.6 5.7
Total equity	1,261.2	1,483.8	1,479.3
Non-current liabilities			
Pensions	9.4	9.5	9.7
Deferred tax	59.3	64.2	71.4
Provisions	66.3	77.3	99.1
Mortgage loans	231.5	235.7	284.0
Loans from banks etc.	79.7	101.1	80.9
Other non-current liabilities	6.6	6.6	6.8
Total non-current liabilities	452.8	494.4	551.9
Current liabilities			
Mortgage loans, short term part	8.6	8.5	16.4
Loans from banks etc., short term part	42.9	42.9	32.5
Other loans from banks	321.4	53.7	117.0
Provisions	55.6	46.0	36.7
Trade payables	199.0	216.0	280.2
Payables to associated companies Income tax	1.4 31.2	1.8 66.3	91.7
Other payables	338.5	320.0	426.8
Deferred income	112.6	83.9	93.1
Total current liabilities	1,111.2	839.1	1,094.4
Total liabilities	1,564.0	1,333.5	1,646.3
Total equity and liabilities	2,825.2	2,817.3	3,125.6

## BANG & OLUFSEN A/S 15 JANUARY 2009

## Cash flow statement for the period 1/6 - 30/11

#### Bang & Olufsen a/s

	Gro	up
	2008/09	2007/08
Result for the period Depreciations, amortisations and impairment losses Adjustments Change in working capital Interest received etc. Interest paid etc. Income tax paid	(162.1) 141.1 (47.2) 74.0 14.5 (16.7) (41.2)	109.8 119.1 75.3 (213.8) 8.9 (22.2) (77.4)
Cash flow from operating activities	(37.6)	(0.3)
Purchase of intangible non-current assets Purchase of tangible non-current assets Sale of intangible non-current assets Sale of tangible non-current assets Purchase of 10 % equity interest in ICEpower a/s Change in financial receivables	(120.4) (74.0) 5.7 3.4 (23.0) (1.2)	(63.5) (95.4) - 20.5 - 19.4
Cash flow from investment activities	(209.5)	(119.0)
Proceeds from long-term loans Repayment of long-term loans Dividend paid Dividend, own shares Purchase of own shares Sale of own shares	(25.5) (41.4) 1.9 -	200.0 (23.1) (246.9) 14.0 (100.2) 1.6
Cash flow from financing activities	(65.0)	(154.6)
Changes in cash and cash equivalents	(312.1)	(273.9)
Cash and cash equivalents 1 June	53.4	156.9
Cash and cash equivalents 30 November	(258.7)	(117.0)

## BANG & OLUFSEN A/S 15 JANUARY 2009

## **Equity statement**

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

(DKK million)	Equity	/ attributable to	o shareholders of	the parent com	pany	Minority interests	Total
	Share capital	Share premium	Translation reserve	Reserve for cash flow hedges	Retained earnings		Equity Group
Equity 1 June 2007	120.8	14.6	(17.3)	0.1	1,557.7	6.0	1,681.9
Equity and exchange rate adjustments in subsidiaries Change in fair value of derivative financial instruments	-	- -	(16.5)	(0.1)	20.1	- -	3.6 (0.1)
Net income recognized directly in equity Retained earnings	-	-	(16.5)	(0.1)	20.1 106.9	2.9	3.5 109.8
Total recognised income and expense for the period	_	-	(16.5)	(0.1)	127.0	2.9	113.3
Employee shares Grant of share options Option for minority interest Purchase of own shares Sale of own shares Dividend paid regarding 2006/07 Dividend, own shares	- - - - -	- - - - -	- - - - -	- - - - -	10.4 5.2 0.3 (100.2) 1.6 (244.0) 14.0	(0.3) - - (2.9)	10.4 5.2 - (100.2) 1.6 (246.9) 14.0
	-	-	-	-	(312.7)	(3.2)	(315.9)
Equity 30 November 2007	120.8	14.6	(33.8)		1,372.0	5.7	1,479.3
Equity 1 June 2008	120.8	14.6	(42.9)	-	1,379.2	12.1	1,483.8
Equity and exchange rate adjustments in subsidiaries		_	29.9		(40.9)		(11.0)
Net income recognized directly in equity Retained earnings	-		29.9		(40.9) (163.3)	1.2	(11.0) (162.1)
Total recognised income and expense for the period		-	29.9		(204.2)	1.2	(173.1)
Purchase of 10 % equity interest in ICEpower a/s Employee shares Grant of share options Sale of own shares Dividend paid regarding 2007/08 Dividend, own shares	- - - - -	- - - - -	- - - - -	- - - - -	(16.1) 4.7 4.5 3.8 (36.2) 1.9	(6.9) - - (5.2) - (13.4)	(23.0) 4.7 4.5 3.8 (41.4) 1.9
- '			- (42.5)		(37.4)	(12.1)	(49.5)
Equity 30 November 2008	120.8	14.6	(13.0)		1,137.6	1.2	1,261.2

#### Specifications for the interim report for the period 1/6 – 30/11

#### Accounting principle applied

The interim report for Bang & Olufsen a/s is prepared in accordance with IAS 34 and further Danish information requirements for the presentation of financial statements for listed companies. Further Danish information requirements to the presentation of interim reports are issued in the interim report announcement and by NASDAQ OMX Copenhagen A/S. IFRS is implemented so that the interim report is also within the provisions in the International Financial Reporting Standards that have been endorsed by the European Union. Accounting principles applied and methods of computation in the interim report are unchanged compared with the financial report 2007/08.

Some new or amended Standards and Interpretations are effective for the financial year 2008/09. The assessment of the management is that these Standards and Interpretations will not have significant influence on the annual report.

Interim report for the parent company has not been prepared.

#### Bang & Olufsen a/s

(DKK million)	Group			
Development costs	1/9 - 30/11 2008/09	1/9 - 30/11 2007/08	1/6 - 30/11 2008/09	1/6 - 30/11 2007/08
Expensed development costs before capitalisation Of which capitalised Amortisations and impairment losses on development projects	150.0 (53.1) 33.1	118.1 (34.3) 35.6	288.3 (107.1) 66.9	240.6 (64.1) 67.2
Development costs recognized in the profit and loss account	130.0	119.4	248.1	243.7
Financial income				
Interest income from banks Interest income from associated companies Exchange rate gains, net Other financial income	0.6 - 8.2 2.4	1.1 0.1 (0.1) 3.4	1.6 - 8.3 4.6	2.5 0.1 - 6.3
Financial income	11.2	4.5	14.5	8.9
Financial costs				
Interest costs on mortgage loans Interest costs on bank loans etc. Exchange rate losses, net Other financial costs Financial costs	5.1 3.6 - 1.0 9.7	3.5 4.2 2.9 7.1	7.9 7.3 - 1.5	5.2 5.3 2.9 8.8 22.2
Tax on result for the period				
Calculated tax on result for the period Adjustment regarding previous years Reduction of the corporation tax rate from 28 to 25	38.3 (3.4)	(36.1) (5.9)	48.1 (3.4)	(52.5) (5.9) 18.7
Tax on result for the period	34.9	(42.0)	44.7	(39.7)
Adjustments				
Change in other liabilities Financial income etc. Financial costs etc. Financial costs etc. Result of investments in associated companies after tax Gain on sale of non-current assets Tax on result for the period Various adjustments Adjustments			(1.5) (14.5) 16.7 (0.1) (1.0) (44.7) (2.1)	6.2 (8.9) 22.2 3.1 - 39.7 13.0
			(	
Change in working capital				
Change in receivables Change in inventories Change in accounts payables etc.			5.0 40.2 28.8	(208.6) (134.8) 129.6
Change in working capital			74.0	(213.8)

## BANG & OLUFSEN A/S 15 JANUARY 2009

## Key figures

## Bang & Olufsen a/s, Group

(DKK million)	2008/09	2007/08
Key figures		
EBITDA	(64)	282
EBITDA-margin, %	(4)	13
Profit ratio (EBIT), %	(13)	8
Return on assets, %	(8)	6
Return on invested capital, excl. goodwill, %	(4)	16
Return on equity, %	(12)	7
Current ratio	1.4	1.7
Equity ratio, %	45	47
Financial gearing	0.5	0.4
Net turnover / Invested capital excl. goodwill	0.9	1.3
Intrinsic value per share (nom. DKK 10), DKK	104	122
Quotation as at 30 November	118	504
Price/earnings	(8)	54
Price/earnings, diluted	(8)	54
Quotation / Intrinsic value per share	1.1	4.1
Number of shares (multiple voting shares and ordinary shares)	12,081,338	12,081,338
Number of own shares (multiple voting shares and ordinary shares)	726,076	767,787
Average number of circulating shares	11,329,259	11,407,847
Average number of circulating shares - diluted	11,329,259	11,407,847

Parentheses denote negative figures.

#### **ANNOUNCEMENT NO. 08.16**

#### 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 15 JANUARY 2009

#### The period 1/6 2008 to 30/11 2008

	Branded business	Non-brand			
(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	1,497.2 (5.1)	-	44.1 (3.7)	(8.8) 8.8	1,532.5
External turnover	1,492.1		40.4		1,532.5
Operating profit / loss	(210.8)		6.1		(204.7)
Result before tax	(212.6)	(1.0)	6.8		(206.8)

#### The period 1/6 2007 to 30/11 2007

	Branded business	Non-brand			
(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	2,127.0 (4.2)	-	48.2 (4.8)	(9.0) 9.0	2,166.2
External turnover	2,122.8	-	43.4		2,166.2
Operating profit	159.2		6.7		165.9
Result before tax	150.4	(3.1)	2.2		149.5

Parentheses denote negative figures or amounts to be deducted.

## **ANNOUNCEMENT NO. 08.16**

(DKK million)		2008/				2008/		
	1 quarter	Quarterly 2 quarter	results 3 quarter	4 quarter	1 quarter	Accumulated qu 2 quarter	arterly results 3 quarter	4 quarter
Net turnover	757.2	775.3			757.2	1,532.5		
Gross profit	320.8	301.1			320.8	621.9		
Operating profit / loss Result of investments in	(51.5)	(153.2)			(51.5)	(204.7)		
associated companies after tax Financial items, net	(3.0)	3.1 1.5			(3.0) (3.7)	0.1 (2.2)		
<b>Result before tax</b> Tax on result for the period	<b>(58.2)</b> 9.8	<b>(148.6)</b> 34.9			<b>(58.2)</b> 9.8	<b>(206.8)</b> 44.7		
<b>Result for the period</b> Of which minority interests' share	<b>(48.4)</b> (1.1)	<b>(113.7)</b> (0.1)			<b>(48.4)</b> (1.1)	<b>(162.1)</b> (1.2)		
Shareholders of the parent company's share of result for the period	(49.5)	(113.8)			(49.5)	(163.3)		
	2007/08 Quarterly results			2007/08 Accumulated guarterly 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 Financial items, net	(0.8)	(2.3) (13.2)	(4.7) (7.7)	(3.4) (8.8)	(0.8) (0.1)	(3.1)	(7.8) (21.0)	(11.2) (29.8)
<b>Result before tax</b> Tax on result for the period	<b>55.8</b> 2.3	<b>93.7</b> (42.0)	<b>41.1</b> (13.8)	<b>(36.9)</b> 12.1	<b>55.8</b> 2.3	<b>149.5</b> (39.7)	<b>190.6</b> (53.5)	<b>153.7</b> (41.4)
<b>Result for the period</b> Of which minority interests' share	<b>58.1</b> (0.5)	<b>51.7</b> (2.4)	<b>27.3</b> (1.1)	<b>(24.8)</b> (3.6)	<b>58.1</b> (0.5)	<b>109.8</b> (2.9)	<b>137.1</b> (4.0)	<b>112.3</b> (7.6)
Shareholders of the parent company's share of result for the period	57.6	49.3	26.2	(28.4)	57.6	106.9	133.1	104.7

Parentheses denote negative figures.

#### **ANNOUNCEMENT NO. 08.16**

#### **Turnover branded business**

(DKK million)	Turnover 1/6-30/11 2008/09	Turnover 1/6-30/11 2007/08	Growth in local currency	Turnover 1/9-30/11 2008/09	Turnover 1/9-30/11 2007/08	Growth in local currency
Germany	156	229	(32.1) %	77	135	(43.2) %
United Kingdom Denmark	152 139	248 266	(28.7) % (47.6) %	73 67	137 137	(38.3) % (50.5) %
Asian markets, excl. Japan	118	200 145	(18.4) %	67 47	73	(34.9) %
Switzerland	104	156	(36.6) %	47 52	90	(46.3) %
Automotive	104	51	96.1 %	57	33	82.2 %
Holland	102	137	(25.9) %	51	81	(36.6) %
North America	95	120	(19.5) %	54	62	(18.9) %
France	79	114	(30.9) %	44	63	(30.9) %
Spain/Portugal	70	124	(43.7) %	34	70	(50.7) %
Expansion Markets, excl. Russia	61	65	(5.8) %	32	40	(20.1) %
Italy	59	97	(39.8) %	37	74	(50.8) %
Russia	51	59	(14.3) %	19	37	(47.9) %
Enterprise*	40	81	(50.0) %	21	43	(49.3) %
Belgium	40	53	(25.0) %	23	33	(32.2) %
Sweden	30	55	(42.2) %	15	36	(53.7) %
Middle East	26	28	(5.6) %	12	15	(21.3) %
Austria	23	30	(23.1) %	12	19	(33.9) %
Japan	19	24	(29.6) %	11	12	(26.0) %
Norway	18	36	(46.8) %	9	25	(57.2) %
Telephone distribution	2	5	(56.5) %	1	2	(58.3) %
Other	4	0	-	4	0	-
Turnover non-branded	_			_	_	
business	5	4	-	3	2	-
Total branded business	1,497	2,127	-	755	1,219	

Parentheses denote negative figures.

#### Distribution development

Shop segment	Number of shops per 30/11-08	Change in the period 1/6-08 – 30/11-08	Share of turnover per segment 2008/09	Share of turnover per segment 2007/08
B1	802	(20)	81 %	81 %
Shop in shop	393	(28)	19 %	19 %
Other	3	(11)	0 %	0 %
Total	1,198	(59)	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 for Bang & Olufsen shops, which have been in operation for more than 24 months, was for the half year -32 per cent for B1 shops and -34 per cent for shop in shops. For the second quarter seen in isolation -41 per cent for B1 shops and -42 per cent for shop in shops.