

**Interim report for the period 1 June 2008 - 28 February 2009 for
Bang & Olufsen a/s**

- For the first three quarters of the financial year, the Group's turnover totalled DKK 2,173 million against DKK 3,207 million for the same period last year. The Group's gross margin was 40.4 per cent against 46.2 per cent for the same period last year, which is primarily owing to the fact that some of the production costs are fixed costs which take time to scale down.
- Operating result was a loss of DKK 388 million against a profit of DKK 219 million for the same period last year. The result before tax was negative at DKK 414 million against a profit of DKK 191 million in 2007/08, a decline of DKK 605 million. The result was negatively affected by restructuring costs of DKK 105 million.
- As part of its Pole Position strategy plan, which was presented in October 2008, Bang & Olufsen is focusing the product development aimed at launching more new products. The initial results of the efforts already became evident in the third quarter when Bang & Olufsen globally launched the digital music system, BeoSound 5, earlier than assumed. In keeping with the strategy of offering the complete integration of different products and functions in the home, Bang & Olufsen also launched Master Link Gateway, which can link the BeoLink system with Home Automation systems from other manufacturers. During the period under review, Bang & Olufsen also extended the flexible concept for BeoVision 7 to include the 40 inch version, which offers more price flexibility. Finally, the company launched a DVB-HD module to meet the new standards within digital TV transmission.
- Immediately after the end of the quarter, Bang & Olufsen launched BeoVision 4-103, which in size and function sets new standards. At the start of the fourth quarter, Bang & Olufsen also launched BeoVision 8-40, which is offered at an attractive price level and at the same time has an impressive sound and picture quality.
- In the third quarter of 2008/09, Automotive announced the expansion of its portfolio for both Audi and Aston Martin. In addition, Automotive has signed a contract with a potential new partner in the premium segment regarding the first phases in the development of sound systems for this partner.
- In line with the Pole Position strategy, Bang & Olufsen continued to focus on providing more efficient support and development of Bang & Olufsen's dealer network through one overall, global sales organisation. As part of this strategy, the company has prepared and started the set up of a Shared Service Centre for professional and efficient servicing of the company's dealers.
- Finally, the company has adhered to the strategy plan and initiated a range of restructurings and adjustments of the organisation in order to ensure profitability in its operations. Rigorous cost control started to pay off at the end of the third quarter. The Group's capital tied up in debtors and inventories has been reduced as a result of the lower level of activity and the management's focus on reducing working capital.
- Owing to uncertain global market developments and declining incoming orders, Bang & Olufsen a/s expects that the 2008/09 financial year as a whole will result in a turnover in the region of DKK 2,800 million. The result before tax is expected to be in the region of DKK -510 million including extraordinary restructuring costs of around DKK 105 million. The estimate for 2009/10 for a break-even result before tax is maintained, based on turnover in the region of DKK 3,200 million. The growth in turnover is primarily driven by the launch of new products.
- At the extraordinary general meeting on 4 March, 2009, the Board of Directors was authorised to increase the solvency ratio through a preferential subscription right issue at a favourable rate with expected proceeds of around DKK 400 million. At the current time, the company has received positive indications that are expected to secure proceeds in the region of DKK 450 million. The prospectus for the issue is expected to be published shortly.

Jørgen Worning
Chairman

Karl Kristian Hvidt Nielsen
President & CEO

Interim report
(unaudited and not reviewed by the company's auditor)

Management's report

Main figures – Bang & Olufsen a/s Group

(DKK million)

Main figures for the period 1/6 – 28/2	2008/09	2007/08	
Net turnover	2,172.5	3,207.1	
Gross profit	878.1	1,481.7	
<i>Gross margin</i>	40.4 %	46.2 %	
Operating profit / loss	(387.7)	219.4	
Result of investments in associated companies after tax	3.0	(7.8)	
Financial items, net	(29.5)	(21.0)	
Result before tax	(414.2)	190.6	
Tax on result for the period	96.3	(53.5)	
Result for the period	(317.9)	137.1	
Attributable to:			
Shareholders of the parent company	(319.9)	133.1	
Minority interests	2.0	4.0	
Result for the period	(317.9)	137.1	
Earnings per share			
Earnings per share, DKK	(28.0)	11.7	
Diluted earnings per share, DKK	(28.0)	11.7	
Balance sheet information	28/2 2009	31/5 2008	29/2 2008
Intangible assets	466.0	417.2	411.0
Tangible assets	634.1	655.7	650.7
Investment property	50.0	52.8	53.7
Financial assets	65.1	58.3	70.1
Deferred tax assets	54.6	22.7	29.1
Total non-current assets	1,269.8	1,206.7	1,214.6
Inventories	680.9	801.4	850.5
Receivables	571.2	702.1	726.5
Cash	37.3	107.1	48.5
Total current assets	1,289.4	1,610.6	1,625.5
Total assets	2,559.2	2,817.3	2,840.1
Equity	1,138.5	1,483.8	1,511.4
Non-current liabilities	418.1	494.4	545.1
Current liabilities	1,002.6	839.1	783.6
Total equity and liabilities	2,559.2	2,817.3	2,840.1

Parentheses denote negative figures or amounts to be deducted.

BANG & OLUFSEN A/S
14 APRIL 2009

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Development in equity 1/6 – 28/2	2008/09	2007/08
Equity as at 1 June	1,483.8	1,681.9
Equity and exchange rate adjustments in subsidiaries	(21.3)	6.5
Change in fair value of derivative financial instruments	-	(0.1)
Net income recognized directly in equity	(21.3)	6.4
Retained earnings	(317.9)	137.1
Total recognized income and expenses for the period	(339.2)	143.5
Purchase of 10 % equity interest in Bang & Olufsen ICEpower a/s	(23.0)	-
Employee shares	4.7	10.4
Grant of share options	5.7	7.9
Purchase of own shares	-	(100.2)
Sale of own shares	46.0	1.6
Dividend paid	(41.4)	(247.7)
Dividend, own shares	1.9	14.0
	(6.1)	(314.0)
Equity as at 28 February	1,138.5	1,511.4

Cash flow, main figures 1/6 – 28/2	2008/09	2007/08
Cash flow from operating activities	86.2	202.9
Cash flow from investment activities	(276.2)	(153.0)
Cash flow from financing activities	(23.8)	(158.3)
Cash flow for the period	(213.8)	(108.4)

Parentheses denote negative figures or amounts to be deducted.

Comments on developments during the interim period

Result before tax for the period 1 June 2008 – 28 February 2009 (Q1 - Q3 2008/09) was in line with expectations negative at DKK 414 million against a positive result of DKK 191 million for the same period last year.

The result for the period is affected by restructuring costs of DKK 105 million, which relate to the Group's strategy plan.

Net turnover

The Group's net turnover for Q1 – Q3 2008/09 totalled DKK 2,173 million against DKK 3,207 million for the same period last year. This equates to a decrease in turnover of 32.2 per cent.

Net turnover according to business areas

(DKK million)	1/6 2008 - 28/2 2009	1/6 2007- 29/2 2008
Audio and video business	1,989	3,067
Automotive	133	81
Total branded business	2,122	3,148
Bang & Olufsen ICEpower a/s	64	73
Total non-branded business	64	73
Intragroup turnover	(13)	(14)
Total net turnover	2,173	3,207

The decrease in turnover, which can be attributed to the audio and video business, is caused by the economic downturn and a lack of product launches.

Pole Position strategy plan: A focused product development

As part of the Pole Position strategy plan, which was presented in October 2008, Bang & Olufsen therefore focused the product development aimed at launching more successful new products.

Consequently, Bang & Olufsen launched the digital music system, BeoSound 5, globally which, through an intelligent and advanced multi-dimensional mathematical algorithm (MOTS), analyses the music library and selects music that corresponds to the music listened to. In contrast to other services in the market, which typically compares 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.

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

During the period under review, Bang & Olufsen also extended the flexible concept for BeoVision 7 to include the 40 inch version in several variants, which makes for a more flexible price structure.

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

Immediately after the end of the quarter, Bang & Olufsen launched BeoVision 4-103, which in size and function sets new standards. The BeoVision 4-103 concept is the core in the "intelligent home" due to its numerous opportunities for combining the sound and picture experience with the Home Automation systems via Master Link Gateway and the TV's Beo5 remote control.

Shortly after the end of the quarter, Bang & Olufsen also launched BeoVision 8-40, which is offered at a very attractive price level. BeoVision 8-40 is equipped with a 40 inch glare LCD screen, Full HD, digital surround sound, MPEG4 DVB receiver and a range of technologies that produces impressive picture and sound quality.

In the third quarter of 2008/09, Automotive expanded its portfolio for both Audi and Aston Martin. Furthermore, the company has just announced that Bang & Olufsen's sound system in the future will be available as an option to yet two Aston Martin Models: Aston Martin DB9 and Aston Martin DB9 Volante. In addition, Automotive has signed a contract with a potential new partner in the premium segment regarding the first phases in the development of sound systems for this partner.

Moreover, the Group expects to roll out a range of new, important product launches:

New TV family

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

New model for the BeoVision 7 family

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

New audio product

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

Addition to the acoustic portfolio

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

New telephone

For many years, Bang & Olufsen's telephones have enjoyed considerable success. However, in line with the Group's strategy plan, the management does not expect to continue to start development projects for this product category. Consequently, the Group has initiated its final concept for landline telephony in the form of a telephone with loudspeakers for among others hands-free conversations and conference calls. The telephone is also intended for internet telephony. This concept also allows the user to select colours in the full graphic display.

BeoTime

Bang & Olufsen is about to roll out a watch as part of the Group's range of gift articles. The Management believes that the design differs from everything else on the market. The watch can also be used as a remote control for other Bang & Olufsen products and comprises a built-in movement sensor which enables the in-built display to be revolved so that it suits left-hand use.

Distribution development

The year's first three quarters saw a net decline of 38 in the number of B1 shops as a result of the decrease in turnover. The reduction in the number of shops relates to the European markets, while 2 B1 shops opened in China and 3 in Russia over the past nine months. In these two markets, 14 and 12 new shops are expected to open over the next two financial years in accordance with the statements in the Pole Position strategy.

Gross profit

The Group's gross profit for Q1 – Q3 2008/09 totalled DKK 878 million against DKK 1,482 million for the same period last year. The decline in gross profit is primarily owing to the decrease in turnover, which also had a negative impact on the gross margin.

Costs

As a consequence of the changed market conditions, the management has initiated a range of cost-cutting initiatives. This was announced in connection with the launch of the Group's Pole Position strategy plan on 21 October 2008 and the interim report for the 1st half year 2008/09 on 15 January 2009. Consequently, costs for Q1 - Q3 2008/09 include restructuring costs of DKK 105 million.

Development costs before capitalisation increased from DKK 371 to DKK 398 million. At the same time, the net effect of capitalisation changed from DKK 22 to DKK -45 million as a result of the Group's stronger focus in the product development area.

Distribution and marketing costs fell from DKK 759 to DKK 720 following restructuring and the focusing of the sales and marketing organisation as well as the activities described in the Group's Pole Position strategy plan. Finally, administration costs fell from DKK 111 to DKK 88 million as a consequence of the cost adjustments undertaken by the management.

The result has been negatively affected by restructuring costs of DKK 105 million.

Financial items

Financial items amounted to a net cost of DKK 30 million against DKK 21 million for the same period last year. The exchange rate loss increased by DKK 5 million on the year while the Group's interest expenses increased as a result of the Group's higher capital requirements in the current year.

Tax

Tax on the result for the period is positive at DKK 96 million and equates to a tax rate of 23.2%. For the same period last year, there was a tax expense of DKK 54 million at a 28.1 % tax rate.

Balance sheet items

Coupled with the further restructurings and other savings announced in connection with the publication of the interim report for the 1st half year 2008/09 on 15 January 2009, the management has further increased its focus on the Group's liquidity situation, including the tie-up of working capital and cash management.

The Group, therefore, is committed to reducing capital tied up in working capital and has identified opportunities to reduce inventories and for improved payment terms with regard to the Group's trade payables. As a result, capital tied-up in inventories fell by DKK 120 million from DKK 801 to DKK 681 million for the period 1 June 2008 – 28 Februar 2009 (Q1 - Q3 2008/09). For the same period, trade receivables fell from DKK 593 to DKK 456 million primarily as a result of the lower turnover. Finally, amounts owed to suppliers of goods and services fell from DKK 216 million to DKK 178 million as a result of reduced goods procurement in part compensated by the management's increased focus on achieving longer payment terms. Overall, the Group's tie-up of working capital in the financial year fell by DKK 268 million from DKK 817 million to DKK 549 million.

Cash flow

Cash flow from operating activities for Q1 - Q3 2008/09 was positive at DKK 86 million against DKK 203 million for the same period last year.

The Group sold 616,000 own B shares to the Færch Foundation on 26 January 2009, which contributed DKK 42.2 million to the Group's cash flow from financing activities.

The Group's cash flow for the period amounted to DKK -214 million whereas for the same period last year, it was DKK -108 million.

Development in the markets

(Figures for all markets are presented in note 11 "Turnover branded business")

The third quarter of the financial year was characterised by the global slowdown primarily owing to adverse economic trends. Overall, the Group's three largest markets, Denmark, Germany and the UK, recorded a turnover of DKK 190 million in the third quarter against DKK 336 million in the same period last year. This represents a decline of DKK 146 million or 43 per cent.

The decline in turnover has been less pronounced in the growth markets where around 40 B1 shops are expected to be opened over the next two financial years. Bang & Olufsen expects to open 14 new shops in China and 12 new shops in Russia with other new shops spread across the remaining growth markets. The opening of new shops in growth markets is in line with the statements in the Pole Position strategy.

Capital structure

At the extraordinary general meeting on 4 March, 2009, the Board of Directors was authorised to increase the solvency ratio through a preferential subscription right issue at a favourable rate with expected proceeds of around DKK 400 million. At the current time, the company has received positive indications that are expected to secure proceeds in the region of DKK 450 million. The prospectus for the issue is expected to be published shortly.

Subsequent events

No events have occurred after the interim period to significantly impact on the assessment of the interim report.

Expectations for the 2008/09 and 2009/10 financial years

In announcement no. 08.15 of 19 December 2008, Bang & Olufsen a/s expressed its expectations for the 2008/09 financial year 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 and DKK -380 million”.

On this backdrop, the Group also stated:

“ 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.”

On this basis, it was announced on 19 December 2008 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.”

Owing to the uncertain global market developments and declining incoming orders, Bang & Olufsen a/s expects that the 2008/09 financial year as a whole will result in a turnover in the region of DKK 2,800 million. The result before tax is expected to be in the region of DKK - 510 million including extraordinary restructuring costs of around DKK 105 million.

The estimate for 2008/09 is based on an audio and video turnover in the region of DKK 2,540 million and a turnover for Automotive and ICEpower of DKK 170 million and DKK 90 million respectively.

Bang & Olufsen a/s maintains its expectations for a break-even result before tax for the 2009/10 financial year, based on a turnover in the region of DKK 3,200 million. The growth in turnover is primarily driven by the launch of new products.

The 2009/10 budget is based on an audio and video turnover in the region of DKK 2,900 million and a turnover for Automotive and ICEpower of DKK 200 million and DKK 100 million respectively.

The accumulated effect of the two restructuring rounds and further cost savings is expected to contribute positively with around DKK 550 million in total for the 2009/10 financial year calculated based on the activities, which were planned at the beginning of the 2008/09 financial year.

The expectations for 2008/09 and 2009/10 represent the management's best assessment. They contain estimates and forward-looking statements which, as a result of recent developments in the global economy, are characterised by substantial and considerably greater uncertainty than would be the case under normal market conditions.

Statement by the Management

The Board of Directors and the Board of Management have today considered and adopted the interim report for the period 1 June 2008 to 28 February 2009 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 28 February 2009 and as well as the Group's result of the activities and cash flow for the period 1 June 2008 to 28 February 2009.

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.

Lyngby, 14 April 2009

The Board of Directors for 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 Management for Bang & Olufsen a/s

Karl Kristian Hvidt Nielsen
President & CEO

Profit and loss account

Bang & Olufsen a/s

(DKK million)

		Group			
		1/12 - 28/2 2008/09	1/12 - 29/2 2007/08	1/6 - 28/2 2008/09	1/6 - 29/2 2007/08
Notes	Net turnover	640.0	1,040.9	2,172.5	3,207.1
	Production costs	(383.8)	(557.7)	(1,294.4)	(1,725.4)
	Gross profit	256.2	483.2	878.1	1,481.7
2	Development costs	(104.6)	(148.7)	(352.7)	(392.4)
	Distribution and marketing costs	(208.0)	(239.0)	(720.2)	(759.0)
	Administration costs etc.	(22.0)	(42.0)	(88.3)	(110.9)
3	Restructuring costs	(104.6)	-	(104.6)	-
	Operating profit / loss	(183.0)	53.5	(387.7)	219.4
	Result of investments in associated companies after tax	2.9	(4.7)	3.0	(7.8)
4	Financial income	(5.3)	5.1	9.2	14.0
5	Financial costs	(22.0)	(12.8)	(38.7)	(35.0)
	Financial items, net	(27.3)	(7.7)	(29.5)	(21.0)
	Result before tax	(207.4)	41.1	(414.2)	190.6
6	Tax on result for the period	51.6	(13.8)	96.3	(53.5)
	Result for the period	(155.8)	27.3	(317.9)	137.1
Attributable to:					
	Shareholders of the parent company	(156.6)	26.2	(319.9)	133.1
	Minority interests	0.8	1.1	2.0	4.0
		(155.8)	27.3	(317.9)	137.1
Earnings per share					
	Earnings per share, DKK	(13.5)	2.3	(28.0)	11.7
	Diluted earnings per share, DKK	(13.5)	2.3	(28.0)	11.7

Balance sheet

Assets

Bang & Olufsen a/s

(DKK million)

Notes	Group		
	28/2 - 09	31/5 - 08	29/2 - 08
Intangible assets			
Goodwill	44.8	44.8	44.8
Acquired rights	49.2	41.1	40.9
Completed development projects	212.4	218.8	248.4
Development projects in progress	159.6	112.5	76.9
Total intangible assets	<u>466.0</u>	<u>417.2</u>	<u>411.0</u>
Tangible assets			
Land and buildings	260.1	274.4	248.6
Plant and machinery	224.7	221.8	200.3
Other equipment	49.8	50.0	91.8
Leasehold improvements	28.3	28.7	29.8
Tangible assets in progress and prepayment for tangible assets	71.2	80.8	80.2
Total tangible assets	<u>634.1</u>	<u>655.7</u>	<u>650.7</u>
Investment property	<u>50.0</u>	<u>52.8</u>	<u>53.7</u>
Financial assets			
Investments in associated companies	10.2	6.3	8.0
Other financial receivables	54.9	52.0	62.1
Total financial assets	<u>65.1</u>	<u>58.3</u>	<u>70.1</u>
Deferred tax assets	<u>54.6</u>	<u>22.7</u>	<u>29.1</u>
Total non-current assets	<u>1,269.8</u>	<u>1,206.7</u>	<u>1,214.6</u>
Inventories	<u>680.9</u>	<u>801.4</u>	<u>850.5</u>
Receivables			
Trade receivables	455.5	593.0	623.9
Receivables from associated companies	2.1	-	-
Income tax receivables	38.3	39.7	39.4
Other receivables	41.4	38.9	34.5
Prepayments	33.9	30.5	28.7
Total receivables	<u>571.2</u>	<u>702.1</u>	<u>726.5</u>
Cash	<u>37.3</u>	<u>107.1</u>	<u>48.5</u>
Total current assets	<u>1,289.4</u>	<u>1,610.6</u>	<u>1,625.5</u>
Total assets	<u>2,559.2</u>	<u>2,817.3</u>	<u>2,840.1</u>

Balance sheet

Equity and liabilities

Bang & Olufsen a/s

(DKK million)

Notes	Group		
	28/2 - 09	31/5 - 08	29/2 - 08
Equity			
Share capital	120.8	120.8	120.8
Share premium	14.6	14.6	14.6
Translation reserve	(25.5)	(42.9)	(38.0)
Reserve for cash flow hedges	-	-	-
Retained earnings	1,026.6	1,379.2	1,408.9
Equity attributable to shareholders of the parent company	1,136.5	1,471.7	1,506.3
Minority interests	2.0	12.1	5.1
Total equity	1,138.5	1,483.8	1,511.4
Non-current liabilities			
Pensions	8.7	9.5	9.7
Deferred tax	5.9	64.2	70.0
Provisions	87.4	77.3	98.2
Mortgage loans	231.4	235.7	239.0
Loans from banks etc.	77.8	101.1	120.6
Other non-current liabilities	6.9	6.6	7.6
Total non-current liabilities	418.1	494.4	545.1
Current liabilities			
Mortgage loans, short term part	8.6	8.5	8.4
Loans from banks etc., short term part	42.9	42.9	42.9
Other loans from banks	197.7	53.7	-
Provisions	52.5	46.0	37.2
Trade payables	177.6	216.0	185.0
Payables to associated companies	-	1.8	-
Income tax	28.9	66.3	107.1
Other payables	397.0	320.0	332.6
Deferred income	97.4	83.9	70.4
Total current liabilities	1,002.6	839.1	783.6
Total liabilities	1,420.7	1,333.5	1,328.7
Total equity and liabilities	2,559.2	2,817.3	2,840.1

Cash flow statement for the period 1/6-08 – 28/2-09

Bang & Olufsen a/s

(DKK million)

Notes	Group	
	2008/09	2007/08
Result for the period	(317.9)	137.1
Depreciations, amortisations and impairment losses	212.6	198.2
7 Adjustments	(51.1)	103.4
8 Change in working capital	302.0	(133.7)
Interest received etc.	9.2	14.0
Interest paid etc.	(38.7)	(35.0)
Income tax paid	(29.9)	(81.1)
Cash flow from operating activities	86.2	202.9
Purchase of intangible non-current assets	(168.0)	(81.4)
Purchase of tangible non-current assets	(104.3)	(141.1)
Sale of intangible non-current assets	12.8	-
Sale of tangible non-current assets	7.9	43.4
Capital increase, Bang & Olufsen Medicom a/s	(3.6)	-
Purchase of 10 % equity interest in Bang & Olufsen ICEpower a/s	(23.0)	-
Change in financial receivables	2.0	26.1
Cash flow from investment activities	(276.2)	(153.0)
Proceeds from long-term loans	-	200.0
Repayment of long-term loans	(27.5)	(26.0)
Dividend paid	(41.4)	(247.7)
Dividend, own shares	1.9	14.0
Dividend from associated companies	1.0	-
Purchase of own shares	-	(100.2)
Sale of own shares	42.2	1.6
Cash flow from financing activities	(23.8)	(158.3)
Changes in cash and cash equivalents	(213.8)	(108.4)
Cash and cash equivalents 1 June	53.4	156.9
Cash and cash equivalents 28 February	(160.4)	48.5

Equity statement

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 2007	120.8	14.6	(17.3)	0.1	1,557.7	6.0	1,681.9
Equity and exchange rate adjustments in subsidiaries	-	-	(20.7)	-	27.2	-	6.5
Change in fair value of derivative financial instruments	-	-	-	(0.1)	-	-	(0.1)
Net income recognized directly in equity	-	-	(20.7)	(0.1)	27.2	-	6.4
Retained earnings	-	-	-	-	133.1	4.0	137.1
Total recognized income and expense for the period	-	-	(20.7)	(0.1)	160.3	4.0	143.5
Employee shares	-	-	-	-	10.4	-	10.4
Grant of share options	-	-	-	-	7.9	-	7.9
Option for minority interest	-	-	-	-	1.2	(1.2)	-
Purchase of own shares	-	-	-	-	(100.2)	-	(100.2)
Sale of own shares	-	-	-	-	1.6	-	1.6
Dividend paid regarding 2006/07	-	-	-	-	(244.0)	(3.7)	(247.7)
Dividend, own shares	-	-	-	-	14.0	-	14.0
	-	-	-	-	(309.1)	(4.9)	(314.0)
Equity 29 February 2008	120.8	14.6	(38.0)	-	1,408.9	5.1	1,511.4
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	-	-	17.4	-	(38.7)	-	(21.3)
Net income recognized directly in equity	-	-	17.4	-	(38.7)	-	(21.3)
Retained earnings	-	-	-	-	(319.9)	2.0	(317.9)
Total recognized income and expense for the period	-	-	17.4	-	(358.6)	2.0	(339.2)
Purchase of 10 % equity interest in Bang & Olufsen ICEpower a/s	-	-	-	-	(16.1)	(6.9)	(23.0)
Employee shares	-	-	-	-	4.7	-	4.7
Grant of share options	-	-	-	-	5.7	-	5.7
Sale of own shares	-	-	-	-	46.0	-	46.0
Dividend paid regarding 2007/08	-	-	-	-	(36.2)	(5.2)	(41.4)
Dividend, own shares	-	-	-	-	1.9	-	1.9
	-	-	-	-	6.0	(12.1)	(6.1)
Equity 28 February 2009	120.8	14.6	(25.5)	-	1,026.6	2.0	1,138.5

Specifications for the interim report for the period 1/6-08 – 28/2-09

1. 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			
	1/12 - 28/2 2008/09	1/12 - 29/2 2007/08	1/6 - 28/2 2008/09	1/6 - 29/2 2007/08
2. Development costs				
Expensed development costs before capitalisation	109.3	130.0	397.6	370.6
Of which capitalised	(45.1)	(25.9)	(152.2)	(90.0)
Amortisations and impairment losses on development projects	40.4	44.6	107.3	111.8
Development costs recognized in the profit and loss account	104.6	148.7	352.7	392.4

3. Restructuring costs

Restructuring costs by functions:

Production costs	13.1	-	13.1	-
Development costs	14.8	-	14.8	-
Distribution and marketing costs	72.7	-	72.7	-
Administration costs etc.	4.0	-	4.0	-
Restructuring costs	104.6	-	104.6	-

Functions including restructuring costs:

Production costs	396.9	557.7	1,307.5	1,725.4
Development costs	119.4	148.7	367.5	392.4
Distribution and marketing costs	280.7	239.0	792.9	759.0
Administration costs etc.	26.0	42.0	92.3	110.9
Total	823.0	987.4	2,560.2	2,987.7

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Bang & Olufsen a/s

(DKK million)

	Group			
	1/12 - 28/2 2008/09	1/12 - 29/2 2007/08	1/6 - 28/2 2008/09	1/6 - 29/2 2007/08
4. Financial income				
Interest income from banks	0.5	0.9	2.1	3.4
Interest income from associated companies	-	-	-	0.1
Exchange rate gains, net	(8.3)	-	-	-
Other financial income	2.5	4.2	7.1	10.5
Financial income	<u>(5.3)</u>	<u>5.1</u>	<u>9.2</u>	<u>14.0</u>
5. Financial costs				
Interest costs on mortgage loans	5.2	5.9	13.1	11.1
Interest costs on bank loans etc.	3.5	2.7	10.8	8.0
Exchange rate losses, net	12.4	4.7	12.4	7.6
Other financial costs	0.9	(0.5)	2.4	8.3
Financial costs	<u>22.0</u>	<u>12.8</u>	<u>38.7</u>	<u>35.0</u>
6. Tax on result for the period				
Calculated tax on result for the period	51.6	(9.1)	99.7	(61.6)
Adjustment regarding previous years	-	(4.7)	(3.4)	(10.6)
Reduction of the corporation tax rate from 28 % to 25 %	-	-	-	18.7
Tax on result for the period	<u>51.6</u>	<u>(13.8)</u>	<u>96.3</u>	<u>(53.5)</u>
7. Adjustments				
Change in other liabilities			16.1	6.6
Financial income etc.			(9.2)	(14.0)
Financial costs etc.			38.7	35.0
Result of investments in associated companies after tax			(3.0)	7.8
Gain on sale of non-current assets			(0.9)	-
Tax on result for the period			(96.3)	53.5
Various adjustments			3.5	14.5
Adjustments			<u>(51.1)</u>	<u>103.4</u>
8. Change in working capital				
Change in receivables			135.0	105.0
Change in inventories			120.5	(156.2)
Change in accounts payables etc.			46.5	(82.5)
Change in working capital			<u>302.0</u>	<u>(133.7)</u>

Key figures

Bang & Olufsen a/s, Group

(DKK million)

	2008/09	2007/08
9. Key figures		
EBITDA	(172)	410
EBITDA-margin, %	(8)	13
Profit ratio (EBIT), %	(18)	7
Return on assets, %	(15)	8
Return on invested capital, excl. goodwill, %	(11)	25
Return on equity, %	(25)	8
Current ratio	1.3	2.1
Equity ratio, %	44	53
Financial gearing	0.5	0.2
Net turnover / Invested capital excl. goodwill	1.3	2.0
Intrinsic value per share (nom. DKK 10), DKK	94	125
Quotation as at 28 February	79	334
Price/earnings	(3)	29
Price/earnings, diluted	(3)	29
Quotation / Intrinsic value per share	0.8	2.7
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)	110,076	767,787
Average number of circulating shares	11,414,550	11,376,530
Average number of circulating shares - diluted	11,414,550	11,376,530

Parentheses denote negative figures.

Definitions of key figures:

EBITDA:	Result before interests, tax, depreciations, amortisations and impairment losses
EBITDA-margin:	$\frac{\text{Result before interests, tax, depreciations, amortisations and impairment losses} \times 100}{\text{Net turnover}}$
Profit ratio (EBIT):	$\frac{\text{Operating profit} \times 100}{\text{Net turnover}}$
Rate of return:	$\frac{\text{Operating profit} \times 100}{\text{Average operational assets}}$
Return on invested capital, excl. goodwill:	$\frac{\text{Operating profit before depreciation and goodwill write offs}}{\text{Average invested capital, excl. goodwill}}$
Return on equity:	$\frac{\text{Bang \& Olufsen a/s' share of result for the year} \times 100}{\text{Average equity, excl. minority interests}}$
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Equity ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total equity and liabilities, end of year}}$
Financial gearing:	$\frac{\text{Interest bearing debt (net) end of year}}{\text{Equity, end of year}}$
Net turnover/invested capital, excl. goodwill:	$\frac{\text{Net turnover} \times 100}{\text{Average invested capital, excl. goodwill}}$
Earnings per share (nom. DKK 10), DKK:	$\frac{\text{Result after tax}}{\text{Average number of circulating shares}}$
Diluted earnings per share (nom. DKK 10), DKK:	$\frac{\text{Result after tax}}{\text{Average number of circulating shares - diluted}}$
Intrinsic value per share (nom. DKK 10), DKK:	$\frac{\text{Equity, end of year}}{\text{Number of shares, end of year}}$
Price / earnings:	$\frac{\text{Quotation}}{\text{Earnings per share (nom. DKK 10)}}$
Price/earnings, diluted:	$\frac{\text{Quotation}}{\text{Diluted earnings per share (nom. DKK 10)}}$

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

10. Segment information

The period 1/6 2008 to 28/2 2009

(DKK million)	Branded business	Non-branded business			B&O a/s Group
	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	
Net turnover	2,122.1	-	63.8	(13.4)	2,172.5
Internal turnover	(7.7)	-	(5.7)	13.4	-
External turnover	2,114.4	-	58.1	-	2,172.5
Operating profit / loss	(394.6)	-	6.9	-	(387.7)
Result before tax	(423.5)	2.0	7.3	-	(414.2)

The period 1/6 2007 to 29/2 2008

(DKK million)	Branded business	Non-branded business			B&O a/s Group
	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	
Net turnover	3,148.4	-	72.5	(13.8)	3,207.1
Internal turnover	(5.6)	-	(8.2)	13.8	-
External turnover	3,142.8	-	64.3	-	3,207.1
Operating profit	206.6	-	12.8	-	219.4
Result before tax	193.0	(7.8)	5.4	-	190.6

Parentheses denote negative figures or amounts to be deducted.

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Note 11. Turnover branded business

(DKK million)	Turnover 1/6-28/2 2008/09	Turnover 1/6-29/2 2007/08	Growth in local currency	Turnover 1/12-28/2 2008/09	Turnover 1/12-29/2 2007/08	Growth in local currency
Germany	219	350	(37.3) %	63	121	(47.3) %
United Kingdom	215	345	(26.9) %	63	97	(22.7) %
Denmark	203	384	(47.3) %	64	118	(46.6) %
Asian markets, excl. Japan	156	218	(28.2) %	38	73	(34.9) %
Holland	152	215	(29.3) %	50	77	(35.3) %
Switzerland	145	229	(40.0) %	41	73	(47.3) %
Automotive	133	81	63.7 %	29	34	(15.1) %
North America	129	168	(24.3) %	34	48	(35.9) %
France	120	171	(29.8) %	41	57	(27.7) %
Spain/Portugal	107	190	(43.7) %	37	66	(43.8) %
Italy	87	141	(38.5) %	28	44	(35.7) %
Expansion Markets, excl. Russia	83	97	(14.9) %	22	33	(3.5) %
Russia	74	92	(18.8) %	23	32	(27.2) %
Enterprise	65	108	(40.1) %	25	27	(21.1) %
Belgium	57	83	(31.7) %	17	30	(43.5) %
Sweden	41	79	(44.2) %	11	24	(48.6) %
Middle East	37	40	(8.0) %	11	12	(13.8) %
Austria	31	45	(31.9) %	8	15	(49.9) %
Japan	28	39	(39.1) %	9	15	(54.9) %
Norway	25	53	(48.5) %	7	17	(52.2) %
Telephone distribution	2	7	(71.0) %	0	2	-
Other	5	8	(46.4) %	1	3	(83.3) %
Turnover non-branded business	8	5	-	3	2	-
Total branded business	<u>2,122</u>	<u>3,148</u>		<u>625</u>	<u>1,020</u>	

Note 12. Distribution development

Shop segment	Number of shops per 28/2-09	Change in the period 1/6-08 – 28/2-09	Share of turnover per segment 2008/09	Share of turnover per segment 2007/08
B1	784	(38)	81 %	79 %
Shop in shop	392	(29)	19 %	21 %
Other	<u>3</u>	<u>(11)</u>	<u>0 %</u>	<u>0 %</u>
Total	<u>1,179</u>	<u>(78)</u>	<u>100 %</u>	<u>100 %</u>

Definitions of shop segments:

B1	Shops, which focus on sale of Bang & Olufsen products.
Shop in shop	Shops with a dedicated sales area for Bang & Olufsen products.
Other	Shops without a dedicated sales area for Bang & Olufsen products.

The organic growth for Bang & Olufsen shops, which have been in operation for more than 24 months, was for the first three quarters -33 per cent for B1 shops and -36 per cent for shop in shops. For third quarter seen in isolation -38 per cent for B1 shops and -39 per cent for shop in shops.

Parentheses denote negative figures.

