

## Interim report for the period 1 June – 30 November 2009 for Bang & Olufsen a/s

- For the first half of the 2009/10 financial year, the Group's total turnover totalled DKK 1,234 million against DKK 1,533 million last year.
- As a result of the launch of a range of new products towards the end of the quarter, the order book at the end of the second quarter is significantly up on the corresponding period last year. The month of November recorded a turnover growth compared to November last year.
- At the end of the first half year of the 2009/10 financial year, the Group launched a range of important products, including BeoVision 10 and BeoVision 7-55, which have been positively received by the markets.
- Following the positive reception of BeoVision 10-40, the Group has decided to launch a 46 inch version of BeoVision 10 before the end of the financial year. The audio system, which was scheduled for launch before the end of the financial year, is, on this basis, postponed.
- The Group has reduced its capacity costs by DKK 244 million, from DKK 830 million for the same period last year to DKK 586 million, i.e. 29 per cent.
- Result before tax was negative at DKK 100 million against a negative result of DKK 210 million for the first half of 2008/09.
- The business area Automotive continued to advance in the first half year in that turnover totalled DKK 117 million against DKK 104 million for the same period last year.
- Based on the improved order situation, the planned product launches, and continued rigorous cost control, an increasing turnover is expected in the second half year of 2009/10, and a positive result before tax.
- Bang & Olufsen expects, that the 2009/10 financial year will result in a result before tax between DKK 0 and DKK -50 million and a turnover between DKK 2,700 and DKK 2,900 million (compared to the 2008/09 financial year of DKK -523 million and DKK 2,789.5 million respectively).

Jørgen Worning  
Chairman

Karl Kristian Hvidt Nielsen  
President & CEO

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## Management's report

### Main figures – Bang & Olufsen a/s - Group

(The interim report is unaudited and has not been reviewed by the company's auditor)

(DKK million)

Main figures for the period 1/6 – 30/11	2009/10	2008/09	
<b>Net turnover</b>	<b>1,233.5</b>	<b>1,532.5</b>	
<b>Gross profit</b>	<b>479.5</b>	<b>621.9</b>	
<i>Gross margin</i>	38.9 %	40.6 %	
<b>Operating loss</b>	<b>(93.6)</b>	<b>(208.2)</b>	
Result of investments in associates after tax	(1.5)	0.1	
Financial items, net	(5.3)	(2.2)	
<b>Result before tax</b>	<b>(100.4)</b>	<b>(210.3)</b>	
Tax on result for the period	24.2	45.6	
<b>Result for the period</b>	<b>(76.2)</b>	<b>(164.7)</b>	
Attributable to:			
Shareholders of the parent company	(76.9)	(165.9)	
Minority interests	0.7	1.2	
<b>Result for the period</b>	<b>(76.2)</b>	<b>(164.7)</b>	
<b>Earnings per share</b>			
Earnings per share, DKK	(2.1)	(7.1)	
Diluted earnings per share, DKK	(2.1)	(7.1)	
<b>Result for the period</b>	<b>(76.2)</b>	<b>(164.7)</b>	
Other comprehensive income, net of tax	5.6	(11.0)	
<b>Comprehensive income for the period</b>	<b>(70.6)</b>	<b>(175.7)</b>	
<b>Balance sheet information</b>	<b>30/11 2009</b>	<b>31/5 2009</b>	<b>30/11 2008</b>
Intangible assets	516.4	481.2	464.5
Tangible assets	578.3	613.2	659.6
Investment property	47.3	49.1	50.9
Financial assets	64.9	69.9	60.6
Deferred tax assets	131.5	104.9	53.6
<b>Total non-current assets</b>	<b>1,338.4</b>	<b>1,318.3</b>	<b>1,289.2</b>
Inventories	654.0	593.3	753.6
Receivables	528.7	491.0	714.0
Cash	103.2	258.1	62.7
<b>Total current assets</b>	<b>1,285.9</b>	<b>1,342.4</b>	<b>1,530.3</b>
<b>Total assets</b>	<b>2,624.3</b>	<b>2,660.7</b>	<b>2,819.5</b>
Equity	1,445.3	1,516.7	1,255.5
Non-current liabilities	406.8	422.6	452.8
Current liabilities	772.2	721.4	1,111.2
<b>Total equity and liabilities</b>	<b>2,624.3</b>	<b>2,660.7</b>	<b>2,819.5</b>
<b>Net interest-bearing debt</b>	<b>241.1</b>	<b>120.0</b>	<b>621.4</b>

Parentheses denote negative figures or amounts to be deducted.

**BANG & OLUFSEN A/S**  
**25 January 2010**

**ANNOUNCEMENT NO. 09.12**

<b>Development in equity 1/6 – 30/11</b>	<b>2009/10</b>	<b>2008/09</b>
Equity as at 1 June	1,520.1	1,483.8
Accumulated effect at the beginning of the period from changes to accounting principles applied	<u>(3.4)</u>	<u>(3.1)</u>
Adjusted equity as at 1 June	1,516.7	1,480.7
Comprehensive income for the period	(70.6)	(175.7)
Costs related to capital increase	(2.7)	-
Purchase of 10 % equity interest in Bang & Olufsen ICEpower a/s	-	(23.0)
Employee shares	1.2	4.7
Grant of share options	3.0	4.5
Sale of own shares	-	3.8
Dividend paid, minority interests	(2.3)	(5.2)
Dividend paid	-	(36.2)
Dividend, own shares	<u>-</u>	<u>1.9</u>
Equity as at 30 November	<u>1,445.3</u>	<u>1,255.5</u>

<b>Cash flows, main figures 1/6 – 30/11</b>	<b>2009/10</b>	<b>2008/09</b>
Cash flows from operating activities	(12.9)	(37.6)
Cash flows from investment activities	(103.2)	(209.5)
Cash flows from financing activities	<u>(33.0)</u>	<u>(65.0)</u>
Cash flows for the period	<u>(149.1)</u>	<u>(312.1)</u>

Parentheses denote negative figures or amounts to be deducted.

**Comments on developments in the first half of the 2009/10 financial year**

At the end of the first half of the 2009/10 financial year, the Group launched a range of important products, including BeoVision 10 and BeoVision 7-55, which have been positively received by the markets. The Group was not in a position to meet the demand for the new products before the end of the second quarter, which means that the order book at the end of the second quarter is significantly up on the corresponding period last year. The month of November recorded a turnover growth compared to November last year, which indicates a turning point in the company's turnover development.

Following the positive reception of BeoVision 10-40, the Group has decided to launch a 46 inch version of BeoVision 10 before the end of the financial year. The audio system, which was scheduled for launch before the end of the financial year, is, on this basis, postponed.

For the first half year 2009/10, turnover for the Bang & Olufsen a/s Group totalled DKK 1,234 million against DKK 1,533 million last year, which equates to a decline in turnover of DKK 299 million, i.e. 20 per cent.

*Net turnover according to business area*

(DKK million)	1/6 - 30/11 2009/10	1/6 - 30/11 2008/09
Audio and video business	1,089	1,389
Automotive	117	104
<b>Branded business, total</b>	<b>1,206</b>	<b>1,493</b>
Bang & Olufsen ICEpower a/s	34	44
<b>Non-branded business, total</b>	<b>34</b>	<b>44</b>
Intra-group turnover	(6)	(4)
<b>Net turnover in total</b>	<b>1,234</b>	<b>1,533</b>

For the branded business, turnover totalled DKK 1,206 million against DKK 1,493 million for the same period last year. The decline is largely attributable to the major markets within the consumer business, while the business segment Automotive continued to show advances and increased its turnover by DKK 13 million, from DKK 104 million in the first half year of 2008/09 to DKK 117 million in the first half year of 2009/10.

The Group's gross margin for the half year was 38.9 per cent against 40.6 per cent for the same period last year.

The Group maintained its rigorous cost control in the first half year of 2009/10 and reduced capacity costs by DKK 244 million from DKK 830 million to DKK 586 million or 29 per cent. Administration

costs etc. decreased by 32 per cent alone – from DKK 66 million in the first half year of 2008/09 to DKK 45 million in the first half year of 2009/10.

The first half year's result before tax was negative at DKK 100 million against a negative result of DKK 210 million for the same period last year, see note 3, page 17. After tax, the result for the half year was negative at DKK 76 million against a negative result of DKK 165 million last year.

Cash flows for the period were adversely affected by the season and was negative at DKK 149 million against a negative DKK 312 million last year.

### **Comments on developments in the second quarter**

For the second quarter of 2009/10, turnover for the Bang & Olufsen a/s Group as a whole was DKK 669 million against DKK 775 million for the same period last year, which equates to a decline of DKK 106 million, i.e. 14 per cent. The decline in turnover is largely owing to the fact that the new products were launched late in the quarter and thus did not have a significant effect on turnover in the second quarter.

In the second quarter, turnover for the branded business declined by 13 per cent, i.e. from DKK 753 million last year to DKK 656 million this year.

The Group's gross margin for the quarter was 38.0 per cent against 38.8 per cent for the same quarter in 2008/09. The lower gross margin is largely attributable to the launch of new products, which, as expected, had a negative effect on the gross margin.

Seen in isolation, the operating loss for the second quarter was DKK 41 million against a loss of DKK 153 million for the same period last year. Result before tax was negative at DKK 48 million against a negative result of DKK 149 million for the equivalent period last year. Result after tax in the second quarter was negative at DKK 34 million against a negative result of DKK 114 million in the second quarter of the 2008/09 financial year.

## **Developments in the markets**

As expected, the market situation for the first half of the 2009/10 financial year continued to be affected by the general economic downturn. As a result, turnover for the first half year was at a lower level compared to the same period last year.

By contrast, the second quarter saw growth in one of the Group's main markets, Denmark, where turnover increased from DKK 67 million to DKK 71 million. The second quarter also saw growth in turnover in Russia and China (incl. Hong Kong) of 14.7 per cent and 35.7 per cent respectively, which is in keeping with the Group's strategy with increased focus on growth markets such as Russia and China.

The Group expects that products launched in the second quarter of 2009/10 will contribute to general advances in the markets in the second half of the current financial year.

## **Product launches**

During the first half of the 2009/10 financial year, Bang & Olufsen launched a range of exciting and differentiated products which have all been well received and contributed to maintain a good balance in the product portfolio.

### **BeoVision 10-40**

In October 2009, Bang & Olufsen launched the first member of a new TV family with 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 the slim design, the new TV offers a superb sound quality via integrated stereo loudspeakers and a digital surround sound module. As the wall bracket for 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 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 loudspeaker for a surround sound set-up or via BeoLab 7-6, which is a dedicated stereo loudspeaker. In addition, the TV offers an integrated digital surround sound module and integrated Blu-ray player as an option.

### **BeoCom 5**

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

### **BeoTime**

Finally, 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, 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.

### **Distribution development**

During the half year, 25 B1 shops were opened or upgraded, while 64 shops were closed or converted to shop-in-shops.

At the end of November 2009, there were 719 B1 shops across the world compared to 758 at the end of the 2008/09 financial year. The net change for the half year, therefore, is a decline of 39 shops.

B1 shops account for 82 per cent of the turnover. The number of shop-in-shops is 328 against 385 at the end of the last financial year.

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

#### **Enterprise**

In recent years, Bang & Olufsen Enterprise has become the preferred brand among some of the world's leading developers, interior designers and hotels.

In the first half year of 2009/10, Bang & Olufsen Enterprise recorded a turnover of DKK 22 million against DKK 40 million last year. The lower turnover is owing to the fact that the market is characterised by delays to projects in progress and postponed decisions relating to new audio/video equipment for the segments in which Enterprise is involved.

#### **Automotive**

In the first half year, Bang & Olufsen Automotive, which manufactures and sells exclusive sound systems for the automotive industry, posted a turnover of DKK 117 million against DKK 104 million for the same period last year, which is highly satisfactory.

In the first half of the 2009/10 financial year, the partnership with Audi was extended further through the launch of Bang & Olufsen's Sound System for Audi R8 Spyder and Audi A5 Sportback. In addition, the new Audi A8 was launched with the second generation Bang & Olufsen Advanced Sound System.

The partnership with Aston Martin was also extended in the first half of the financial year with the launch of Bang & Olufsen BeoSound systems throughout the Aston Martin V8/V12 Vantage family and

the launch of Bang & Olufsen BeoSound system in Aston Martin Rapide in which the system is standard equipment. All Aston Martin models are now available with Bang & Olufsen sound systems. Towards the end of 2009, Bang & Olufsen had entered into a further partnership agreement with Aston Martin concerning the development and supply of a sound system for a car scheduled for launch in 2012.

In addition, Bang & Olufsen has presented the initial concrete results from the previously announced partnership with Mercedes-AMG. Consequently, the new Mercedes-Benz SLS AMG with sound systems from Bang & Olufsen was unveiled at the Frankfurt Motorshow.

### **Bang & Olufsen ICEpower a/s**

Bang & Olufsen ICEpower a/s supplies high quality sound solutions for a large number of audio and electronics manufacturers as well as for largescale concert installations. The company supplies standard modules of the highest quality and customised sound solutions for consumers as well as professional audio products for the home cinema, the automotive industry and mobile products. Bang & Olufsen ICEpower a/s recently launched a new chip MS3, which ensures optimum sound experience in mobile units.

For the first half year 2009/10, turnover for Bang & Olufsen ICEpower a/s totalled DKK 34 million against DKK 44 million for the same period last year. The result before tax was DKK 3 million against DKK 7 million for the first half year last year.

Bang & Olufsen ICEpower a/s, therefore, continues to be affected by the general global economic downturn, which has resulted in a lower activity level.



## **Expectations for the 2009/10 financial year**

At the end of the 2008/09 financial year, the Group expressed its expectations for the current financial year as follows:

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

Based on the improved order situation, the planned product launches, and continued rigorous cost control, an increasing turnover is expected in the second half year of 2009/10, and a positive result before tax.

Bang & Olufsen expects, that the 2009/10 financial year will result in a result before tax between DKK 0 and DKK -50 million and a turnover between DKK 2,700 and DKK 2,900 million (compared to the 2008/09 financial year of DKK -523 million and DKK 2,789.5 million respectively).

### **Risk factors**

The interim 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 interim 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.

## 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 to 30 November 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 interim reports for listed companies.

We consider the accounting principles applied 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 2009 and as well as the Group's result of the activities and cash flows for the period 1 June to 30 November 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, 25 January 2010

The Board of Directors for Bang & Olufsen a/s

\_\_\_\_\_  
Jørgen Worning  
Chairman

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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

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Karl Kristian Hvidt Nielsen  
President & CEO

Profit and loss account

**Bang & Olufsen a/s**

(DKK million)

		Group			
		1/9 - 30/11 2009/10	1/9 - 30/11 2008/09	1/6 - 30/11 2009/10	1/6 - 30/11 2008/09
Notes	<b>Net turnover</b>	<b>668.5</b>	<b>775.3</b>	<b>1,233.5</b>	<b>1,532.5</b>
	Production costs	(414.3)	(474.2)	(754.0)	(910.6)
	<b>Gross profit</b>	<b>254.2</b>	<b>301.1</b>	<b>479.5</b>	<b>621.9</b>
2	Development costs	(88.8)	(130.0)	(178.4)	(248.1)
	Distribution and marketing costs	(193.7)	(284.1)	(363.3)	(515.7)
	Administration costs etc.	(26.1)	(40.3)	(44.7)	(66.3)
3	Other operating income	13.3	-	13.3	-
	<b>Operating loss</b>	<b>(41.1)</b>	<b>(153.3)</b>	<b>(93.6)</b>	<b>(208.2)</b>
	Result of investments in associates after tax	(0.4)	3.1	(1.5)	0.1
4	Financial income	(0.4)	11.2	5.9	14.5
5	Financial costs	(5.7)	(9.7)	(11.2)	(16.7)
	Financial items, net	(6.1)	1.5	(5.3)	(2.2)
	<b>Result before tax</b>	<b>(47.6)</b>	<b>(148.7)</b>	<b>(100.4)</b>	<b>(210.3)</b>
	Tax on result for the period	14.0	34.9	24.2	45.6
	<b>Result for the period</b>	<b>(33.6)</b>	<b>(113.8)</b>	<b>(76.2)</b>	<b>(164.7)</b>
Result for the period attributable to:					
	Shareholders of the parent company	(34.2)	(113.9)	(76.9)	(165.9)
	Minority interests	0.6	0.1	0.7	1.2
		<b>(33.6)</b>	<b>(113.8)</b>	<b>(76.2)</b>	<b>(164.7)</b>
<b>Earnings per share</b>					
	Earnings per share, DKK *	(0.9)	(4.8)	(2.1)	(7.1)
	Diluted earnings per share, DKK *	(0.9)	(4.8)	(2.1)	(7.1)

\* The amount for 2008/09 is 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.

Comprehensive income

**Bang & Olufsen a/s**

(DKK million)

	Group			
	1/9 - 30/11 2009/10	1/9 - 30/11 2008/09	1/6 - 30/11 2009/10	1/6 - 30/11 2008/09
Notes				
<b>Result for the period</b>	<b>(33.6)</b>	<b>(113.8)</b>	<b>(76.2)</b>	<b>(164.7)</b>
Exchange rate adjustment of investments in foreign subsidiaries	(3.0)	(10.5)	2.5	(11.0)
Change in fair value of derivative financial instruments	3.3	-	4.2	-
Tax on other comprehensive income	(0.9)	-	(1.1)	-
<b>Other comprehensive income, net of tax</b>	<b>(0.6)</b>	<b>(10.5)</b>	<b>5.6)</b>	<b>(11.0)</b>
<b>Comprehensive income for the period</b>	<b>(34.2)</b>	<b>(124.3)</b>	<b>(70.6)</b>	<b>(175.7)</b>
Comprehensive income for the period attributable to:				
Shareholders of the parent company	(34.8)	(124.4)	(71.3)	(176.9)
Minority interests	0.6	0.1	0.7	1.2
	<b>(34.2)</b>	<b>(124.3)</b>	<b>(70.6)</b>	<b>(175.7)</b>

Balance sheet

Assets

**Bang & Olufsen a/s**

(DKK million)

Notes	Group		
	30/11 - 09	31/5 - 09	30/11 - 08
<b>Intangible assets</b>			
Goodwill	44.7	44.8	44.8
Acquired rights	48.0	50.8	48.2
Completed development projects	231.7	200.6	158.6
Development projects in progress	192.0	185.0	212.9
Total intangible assets	<u>516.4</u>	<u>481.2</u>	<u>464.5</u>
<b>Tangible assets</b>			
Land and buildings	246.3	269.9	274.0
Plant and machinery	230.5	229.5	204.3
Other equipment	39.9	48.4	50.7
Leasehold improvements	26.2	32.2	29.8
Tangible assets in progress and prepayment for tangible assets	35.4	33.2	100.8
Total tangible assets	<u>578.3</u>	<u>613.2</u>	<u>659.6</u>
<b>Investment property</b>	<u>47.3</u>	<u>49.1</u>	<u>50.9</u>
<b>Financial assets</b>			
Investments in associates	8.0	9.5	7.4
Other financial receivables	56.9	60.4	53.2
Total financial assets	<u>64.9</u>	<u>69.9</u>	<u>60.6</u>
<b>Deferred tax assets</b>	<u>131.5</u>	<u>104.9</u>	<u>53.6</u>
<b>Total non-current assets</b>	<u><b>1,338.4</b></u>	<u><b>1,318.3</b></u>	<u><b>1,289.2</b></u>
<b>Inventories</b>	<u>654.0</u>	<u>593.3</u>	<u>753.6</u>
<b>Receivables</b>			
Trade receivables	451.7	407.9	583.6
Receivables from associates	2.3	1.4	-
Income tax receivables	22.5	21.7	56.6
Other receivables	25.0	31.6	37.7
Prepayments	27.2	28.4	36.1
Total receivables	<u>528.7</u>	<u>491.0</u>	<u>714.0</u>
<b>Cash</b>	<u>103.2</u>	<u>258.1</u>	<u>62.7</u>
<b>Total current assets</b>	<u><b>1,285.9</b></u>	<u><b>1,342.4</b></u>	<u><b>1,530.3</b></u>
<b>Total assets</b>	<u><b>2,624.3</b></u>	<u><b>2,660.7</b></u>	<u><b>2,819.5</b></u>

Balance sheet

Equity and liabilities

**Bang & Olufsen a/s**

(DKK million)

Notes	Group		
	30/11 - 09	31/5 - 09	30/11 - 08
<b>Equity</b>			
Share capital	362.4	362.4	120.8
Share premium	232.1	232.1	14.6
Translation reserve	(50.1)	(39.6)	(13.0)
Reserve for cash flow hedges	3.2	(1.0)	-
Retained earnings	897.0	960.5	1,131.9
Equity attributable to shareholders of the parent company	1,444.6	1,514.4	1,254.3
Minority interests	0.7	2.3	1.2
<b>Total equity</b>	<b>1,445.3</b>	<b>1,516.7</b>	<b>1,255.5</b>
<b>Non-current liabilities</b>			
Pensions	6.4	7.0	9.4
Deferred tax	3.8	4.8	59.3
Provisions	75.1	78.1	66.3
Mortgage loans	228.1	230.3	231.5
Loans from banks etc.	86.7	95.7	79.7
Other non-current liabilities	6.7	6.7	6.6
Total non-current liabilities	406.8	422.6	452.8
<b>Current liabilities</b>			
Mortgage loans, short-term part	4.5	6.5	8.6
Loans from banks etc., short-term part	17.8	32.6	42.9
Other loans from banks	7.2	13.0	321.4
Provisions	54.8	65.7	55.6
Trade payables	276.2	188.3	199.0
Payables to associates	-	-	1.4
Income tax	16.5	21.2	31.2
Other payables	323.2	324.6	338.5
Deferred income	72.0	69.5	112.6
Total current liabilities	772.2	721.4	1,111.2
<b>Total liabilities</b>	<b>1,179.0</b>	<b>1,144.0</b>	<b>1,564.0</b>
<b>Total equity and liabilities</b>	<b>2,624.3</b>	<b>2,660.7</b>	<b>2,819.5</b>

Cash flow statement for the period 1/6 – 30/11

**Bang & Olufsen a/s**

(DKK million)

Notes	Group	
	2009/10	2008/09
Result for the period	(76.2)	(164.7)
Depreciation, amortisation and impairment losses	122.0	141.1
6 Adjustments	(35.9)	(48.1)
7 Change in working capital	(8.6)	77.5
Interest received etc.	5.9	14.5
Interest paid etc.	(11.2)	(16.7)
Income tax paid	(8.9)	(41.2)
<b>Cash flows from operating activities</b>	<b>(12.9)</b>	<b>(37.6)</b>
Purchase of intangible non-current assets	(95.3)	(120.4)
Purchase of tangible non-current assets	(43.6)	(74.0)
Sale of intangible non-current assets	-	5.7
Sale of tangible non-current assets	32.2	3.4
Purchase of 10 % equity interest in Bang & Olufsen ICEpower a/s	-	(23.0)
Change in financial receivables	3.5	(1.2)
<b>Cash flows from investment activities</b>	<b>(103.2)</b>	<b>(209.5)</b>
Costs related to capital increase	(2.7)	-
Repayment of long-term loans	(28.0)	(25.5)
Dividend paid, minority interests	(2.3)	(5.2)
Dividend paid	-	(36.2)
Dividend, own shares	-	1.9
<b>Cash flows from financing activities</b>	<b>(33.0)</b>	<b>(65.0)</b>
<b>Changes in cash and cash equivalents</b>	<b>(149.1)</b>	<b>(312.1)</b>
Cash and cash equivalents 1 June	245.1	53.4
<b>Cash and cash equivalents 30 November</b>	<b>96.0</b>	<b>(258.7)</b>

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
<b>Equity 1 June 2008</b>	120.8	14.6	(42.9)	-	1,379.2	12.1	1,483.8
Accumulated effect at the beginning of the period from changes to accounting principles applied	-	-	-	-	(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 period	-	-	29.9	-	(206.8)	1.2	(175.7)
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	-	-	-	-	4.5	-	4.5
Sale of own shares	-	-	-	-	3.8	-	3.8
Dividend paid regarding 2007/08	-	-	-	-	(36.2)	(5.2)	(41.4)
Dividend, own shares	-	-	-	-	1.9	-	1.9
<b>Equity 30 November 2008</b>	120.8	14.6	(13.0)	-	1,131.9	1.2	1,255.5
<b>Equity 1 June 2009</b>	362.4	232.1	(39.6)	(1.0)	963.9	2.3	1,520.1
Accumulated effect at the beginning of the period from changes to accounting principles applied	-	-	-	-	(3.4)	-	(3.4)
Adjusted equity as at 1 June 2009	362.4	232.1	(39.6)	(1.0)	960.5	2.3	1,516.7
Comprehensive income for the period	-	-	(10.5)	4.2	(65.0)	0.7	(70.6)
Costs related to capital increase	-	-	-	-	(2.7)	-	(2.7)
Employee shares	-	-	-	-	1.2	-	1.2
Grant of share options	-	-	-	-	3.0	-	3.0
Dividend paid regarding 2008/09	-	-	-	-	-	(2.3)	(2.3)
<b>Equity 30 November 2009</b>	362.4	232.1	(50.1)	3.2	897.0	0.7	1,445.3



**Notes to the interim report for the period 1/6 - 30/11**

**1. Accounting principles applied**

The interim report for Bang & Olufsen a/s is prepared in accordance with IAS 34, Interim Financial Reporting, as endorsed by the European Union and further Danish requirements to the presentation of interim reports for listed companies.

The interim report has been prepared in accordance with the same accounting principles as the 2008/09 annual report except that an amendment to IAS 38, Intangible Assets, has meant that marketing materials are now being expensed in connection with the acquisition compared to previously in connection with the external use thereof. As at 31 May, 2008, the effect from this on equity is DKK -3.1 million while the effect on the result after tax for the 2008/09 financial year is DKK -0.3 million. The effect on the result after tax for the first half year of 2008/09 is DKK -2.6 million.

In addition, the amended IAS 1, Presentation of Financial Statements, which amends the presentation of the primary statements, and IFRS 8, Operating segments, which involves amendments to information requirements for segments, were both implemented with effect from 1 June 2009. The implementation of these standards has not resulted in changes to recognition and measurement.

Moreover, other new and amended Standards and Interpretations with effect from 1 January, 2009, including IAS 23, Borrowing costs, were implemented with effect for the 2009/10 financial year. These changes to the accounting principles have not impacted on recognition and measurement in the interim report.

Interim report for the parent company has not been prepared.

**Bang & Olufsen a/s**

(DKK million)

	Group			
	1/9 - 30/11 2009/10	1/9 - 30/11 2008/09	1/6 - 30/11 2009/10	1/6 - 30/11 2008/09
<b>2. Development costs</b>				
Development costs incurred before capitalisation	117.1	150.0	216.5	288.3
Amount thereof capitalised	(54.8)	(53.1)	(93.1)	(107.1)
Total amortisation and impairment losses on development projects	<u>26.5</u>	<u>33.1</u>	<u>55.0</u>	<u>66.9</u>
Development costs recognised in the profit and loss account	<u>88.8</u>	<u>130.0</u>	<u>178.4</u>	<u>248.1</u>
<b>3. Other operating income</b>				
Profit on sale of building, Switzerland	<u>13.3</u>	<u>-</u>	<u>13.3</u>	<u>-</u>
Other operating income	<u>13.3</u>	<u>-</u>	<u>13.3</u>	<u>-</u>

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**Bang & Olufsen a/s**

(DKK million)

	Group			
	1/9 - 30/11 2009/10	1/9 - 30/11 2008/09	1/6 - 30/11 2009/10	1/6 - 30/11 2008/09
<b>4. Financial income</b>				
Interest income from banks etc.	-	0.6	0.5	1.6
Exchange rate gains, net	(2.5)	8.2	2.4	8.3
Other financial income	2.1	2.4	3.0	4.6
Financial income	<u>(0.4)</u>	<u>11.2</u>	<u>5.9</u>	<u>14.5</u>
<b>5. Financial costs</b>				
Interest costs on bank loans etc.	1.5	5.1	2.6	7.9
Interest costs on mortgage loans	3.6	3.6	7.3	7.3
Other financial costs	0.6	1.0	1.3	1.5
Financial costs	<u>5.7</u>	<u>9.7</u>	<u>11.2</u>	<u>16.7</u>
<b>6. Adjustments</b>				
Change in other liabilities			(14.5)	(1.5)
Financial income etc.			(5.9)	(14.5)
Financial costs etc.			11.2	16.7
Result of investments in associates after tax			1.5	(0.1)
Gain on sale of non-current assets			(11.6)	(1.0)
Tax on result for the period			(24.2)	(45.6)
Various adjustments			7.6	(2.1)
Adjustments			<u>(35.9)</u>	<u>(48.1)</u>
<b>7. Change in working capital</b>				
Change in receivables			(36.0)	5.0
Change in inventories			(60.7)	43.7
Change in accounts payables etc.			88.1	28.8
Change in working capital			<u>(8.6)</u>	<u>77.5</u>

**Key figures**

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

(DKK million)

**2009/10**    **2008/09**

**8. Key figures**

EBITDA	27	(67)
EBITDA-margin, %	2	(4)
Profit ratio, %	(8)	(14)
Return on assets, %	(4)	(8)
Return on invested capital, excl. goodwill, %	2	(4)
Return on equity, %	(5)	(12)
Current ratio	1,7	1,4
Equity ratio, %	55	45
Financial gearing	0,2	0,5
Net turnover/Invested capital excl. goodwill	0,9	0,9
Intrinsic value per share (nom. DKK 10), DKK *	40	50
Quotation as at 30 November *	74	57
Price/earnings *	(35)	(8)
Price/earnings, diluted *	(35)	(8)
Quotation/Intrinsic value per share *	1,9	1,1
Number of shares, end of period	36.244.014	12.081.338
Number of own shares, end of period	90.372	726.076
Average number of shares in circulation *	36.140.398	23.487.488
Average number of shares in circulation - diluted *	36.140.398	23.487.488
Net interest-bearing debt	241	621

\* The amount for 2008/09 is 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 2008/09 are adjusted due to the change in the accounting principles applied.

Parentheses denote negative figures.

Definitions of key figures:

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

In the calculation of the above key figures for 2008/09 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:	$\frac{\text{Original number of shares before the rights issue}}{\text{Adjustment factor for the dilution related to the rights issue}}$
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:	$\frac{\text{Theoretical quotation after the rights issue}}{\text{Quotation immediately before the rights issue}}$

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

9. Segment information

The period 1/6 2009 to 30/11 2009

(DKK million)	Branded business	Non-branded business		Total segments
	Bang & Olufsen	Bang & Olufsen Medicom a/s	Bang & Olufsen ICEpower a/s	
Net turnover	1,205.6	-	33.9	1,239.5
Internal turnover	-	-	(6.3)	(6.3)
<b>External turnover</b>	<u>1,205.6</u>	<u>-</u>	<u>27.6</u>	<u>1,233.2</u>
<b>Result before tax</b>	<u>(101.8)</u>	<u>(1.4)</u>	<u>2.8</u>	<u>(100.4)</u>

The period 1/6 2008 to 30/11 2008

(DKK million)	Branded business	Non-branded business		Total segments
	Bang & Olufsen	Bang & Olufsen Medicom a/s	Bang & Olufsen ICEpower a/s	
Net turnover	1,492.7	-	44.1	1,536.8
Internal turnover	-	-	(3.7)	(3.7)
<b>External turnover</b>	<u>1,492.7</u>	<u>-</u>	<u>40.4</u>	<u>1,533.1</u>
<b>Result before tax</b>	<u>(216.1)</u>	<u>(1.0)</u>	<u>6.8</u>	<u>(210.3)</u>

Reconciliation of segment information	1/6 - 30/11 2009/10	1/6 - 30/11 2008/09
Net turnover, total segments	1,239.5	1,536.8
Differences in exchange rates used for translation	0.3	(0.6)
Elimination of internal turnover	<u>(6.3)</u>	<u>(3.7)</u>
<b>Net turnover, Group</b>	<u>1,233.5</u>	<u>1,532.5</u>
Result before tax, total segments	<u>(100.4)</u>	<u>(210.3)</u>
<b>Result before tax, Group</b>	<u>(100.4)</u>	<u>(210.3)</u>

Parentheses denote negative figures or amounts to be deducted.

## 10. Turnover branded business

	Turnover 1/6 - 30/11 2009/10	Turnover 1/6 - 30/11 2008/09	Growth in local currency	Turnover 1/9 - 30/11 2009/10	Turnover 1/9 - 30/11 2008/09	Growth in local currency
Denmark	124	139	(11.3) %	71	67	4.5 %
Germany	121	156	(22.0) %	69	77	(10.3) %
United Kingdom	117	152	(15.1) %	57	73	(11.5) %
Automotive	117	104	12.5 %	68	57	19.3 %
Asian markets excl. Japan	98	118	(16.9) %	50	47	6.4 %
Switzerland	88	104	(18.3) %	46	52	(15.5) %
Holland	78	102	(23.7) %	46	51	(10.7) %
North America	68	95	(27.2) %	34	54	(29.0) %
France	57	79	(26.9) %	33	44	(23.3) %
Spain/Portugal	57	70	(18.8) %	29	34	(17.6) %
Italy	56	59	(4.6) %	33	37	(8.5) %
Expansion markets, excl Russia	41	61	(32.5) %	24	32	(23.7) %
Russia	38	51	(25.1) %	22	19	14.7 %
Belgium	30	40	(23.2) %	15	23	(32.5) %
Sweden	24	30	(12.8) %	12	15	(18.8) %
Enterprise *	22	40	(44.8) %	9	21	(59.1) %
Middle East	20	26	(23.5) %	10	12	(12.4) %
Austria	17	23	(27.4) %	9	12	(31.0) %
Norway	15	18	(17.2) %	9	9	(16.1) %
Japan	13	19	(38.8) %	7	11	(36.4) %
Other	5	7	(16.7) %	3	6	(34.8) %
<b>Total branded business</b>	<b>1,206</b>	<b>1,493</b>		<b>656</b>	<b>753</b>	

\* Enterprise comprises turnover to the hotel sector etc.

Parentheses denote negative figures.

## 11. Distribution development

Shop segment	Number of shops per 30/11-09	Change in the period 1/6-09 – 30/11-09	Share of turnover 1 <sup>st</sup> half year 2009/10	Share of turnover 2008/09 financial year
B1	719	(39)	82 %	81 %
Shop-in-shop	328	(57)	18 %	19 %
Other	3	0	0 %	0 %
Total	1,050	(96)	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.
- Other 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 period -8 percent for B1 shops and -18 percent for shop-in-shops. For the second quarter seen in isolation, growth for the same shops was -3 percent for B1 shops and -10 percent for shop-in-shops.

Appendix 1

(DKK million)

	2009/10				2009/10			
	Quarterly results				Accumulated quarterly results			
	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter
<b>Net turnover</b>	<b>565.0</b>	<b>668.5</b>			<b>565.0</b>	<b>1,233.5</b>		
<b>Gross profit</b>	<b>225.3</b>	<b>254.2</b>			<b>225.3</b>	<b>479.5</b>		
<b>Operating loss</b>	<b>(52.5)</b>	<b>(41.1)</b>			<b>(52.5)</b>	<b>(93.6)</b>		
Result of investments in associates after tax	(1.1)	(0.4)			(1.1)	(1.5)		
Financial items, net	0.8	(6.1)			0.8	(5.3)		
<b>Result before tax</b>	<b>(52.8)</b>	<b>(47.6)</b>			<b>(52.8)</b>	<b>(100.4)</b>		
Tax on result for the period	10.2	14.0			10.2	24.2		
<b>Result for the period</b>	<b>(42.6)</b>	<b>(33.6)</b>			<b>(42.6)</b>	<b>(76.2)</b>		
Of which minority interests' share	(0.1)	(0.6)			(0.1)	(0.7)		
<b>Shareholders of the parent company's share of result for the period</b>	<b>(42.7)</b>	<b>(34.2)</b>			<b>(42.7)</b>	<b>(76.9)</b>		
	2008/09				2008/09			
	Quarterly results				Accumulated quarterly results			
	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter
<b>Net turnover</b>	<b>757.2</b>	<b>775.3</b>	<b>640.0</b>	<b>617.0</b>	<b>757.2</b>	<b>1,532.5</b>	<b>2,172.5</b>	<b>2,789.5</b>
<b>Gross profit</b>	<b>320.8</b>	<b>301.1</b>	<b>256.2</b>	<b>227.6</b>	<b>320.8</b>	<b>621.9</b>	<b>878.1</b>	<b>1,105.7</b>
<b>Operating loss</b>	<b>(54.9)</b>	<b>(153.3)</b>	<b>(180.5)</b>	<b>(107.2)</b>	<b>(54.9)</b>	<b>(208.2)</b>	<b>(388.7)</b>	<b>(495.9)</b>
Result of investments in associates after tax	(3.0)	3.1	2.9	(0.7)	(3.0)	0.1	3.0	2.3
Financial items, net	(3.7)	1.5	(27.3)	(0.3)	(3.7)	(2.2)	(29.5)	(29.8)
<b>Result before tax</b>	<b>(61.6)</b>	<b>(148.7)</b>	<b>(204.9)</b>	<b>(108.2)</b>	<b>(61.6)</b>	<b>(210.3)</b>	<b>(415.2)</b>	<b>(523.4)</b>
Tax on result for the period	10.7	34.9	51.0	43.7	10.7	45.6	96.6	140.3
<b>Result for the period</b>	<b>(50.9)</b>	<b>(113.8)</b>	<b>(153.9)</b>	<b>(64.5)</b>	<b>(50.9)</b>	<b>(164.7)</b>	<b>(318.6)</b>	<b>(383.1)</b>
Of which minority interests' share	(1.1)	(0.1)	(0.8)	(0.3)	(1.1)	(1.2)	(2.0)	(2.3)
<b>Shareholders of the parent company's share of result for the period</b>	<b>(52.0)</b>	<b>(113.9)</b>	<b>(154.7)</b>	<b>(64.8)</b>	<b>(52.0)</b>	<b>(165.9)</b>	<b>(320.6)</b>	<b>(385.4)</b>

Parentheses denote negative figures.