HARD AT WORK ON A GOOD NIGHT'S REST

ANNUAL REPORT 2009

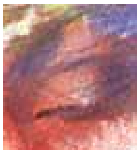
BETER BED HOLDING N.V.

Profile

Beter Bed operates in the European bedroom furnishings market and offers mattresses, box springs, bed bases, bedroom furniture, bed textiles and other related items. Its activities include retail trade through a total of 1,064 stores at year-end 2009 that operate via the chains Beter Bed (active in the Netherlands), Matratzen Concord (active in Germany, the Netherlands, Austria, Switzerland, Belgium and Poland), El Gigante del Colchón (active in Spain), BeddenREUS, Dormaël and Slaapgenoten (all three active in the Netherlands) and MAV (active in Germany). Beter Bed Holding is also active in the field of developing and wholesaling branded products in the bedroom furnishings sector in the Netherlands, Belgium, Germany and Spain via its subsidiary DBC International. Beter Bed Holding achieved net revenue of € 361.5 million in 2009. The company has been listed on Euronext Amsterdam since December 1996. The Beter Bed Holding share is included in the Amsterdam Small Cap Index (AScX).
For more information visit www.beterbedholding.com.

This annual report is also published in Dutch. In case of textual contradictions between the Dutch and the English version, the first shall prevail.

ANNUAL REPORT 2009



BETER BED HOLDING N.V.

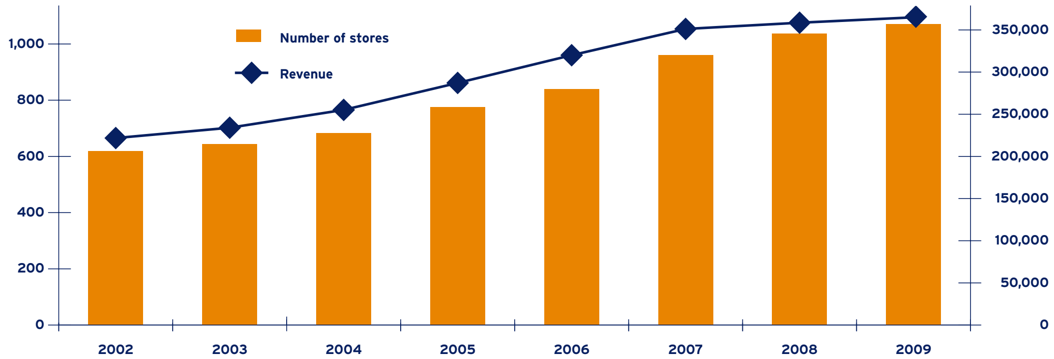
Contents

2009 in brief

2009 was characterised by:

- The great recession.
- A year with two faces.
- 0.8% growth in revenue to € 361.5 million.
- 9.0% operating profit (EBIT).
- 8.1% net profit growth to € 23.9 million.
- Dividend per share of € 1.04 (2008: € 0.52).
- Change in composition of Management Board.
- 97 stores opened, 69 stores closed, 28 new stores on balance.
- 1,064 stores.

Revenue and number of stores



Key figures

at 31 December, in thousand € unless otherwise stated

	2009		2008	
Revenue	**361,470**		**358,565**	
Gross profit	**197,832**	54.7%	**195,486**	54.5%
Total operating expenses	**165,194**	45.7%	**164,278**	45.8%
Operating profit (EBIT)	**32,638**	9.0%	**31,208**	8.7%
Net profit	**23,918**	6.6%	**22,126**	6.2%
Average number of outstanding shares (in 1,000 of shares)	**21,310**		**21,319**	
Earnings per share €	**1.12**		**1.04**	
Diluted earnings per share €	**1.12**		**1.03**	
Share price in € at year-end	**15.80**		**8.51**	
Solvency (%)	**50.5**		**44.0**	
Net interest-bearing debt/EBITDA	**0.22**		**0.29**	
Interest cover	**49.5**		**36.1**	
Number of staff at year-end (FTE)	**2,274**		**2,227**	
Number of retail stores at year-end	**1,064**		**1,036**	

Formulas

Matratzen Concord

This formula's core activity is selling mattresses, bed bases, box springs and bed textiles to consumers predominantly based on a cash & carry concept. The chain encompasses 862 stores with an average floor space of approximately 270 m². The stores are situated near consumers primarily at so-called C locations in and around city centres. The collections feature an extremely favourable price-quality ratio and at each location customers can count on receiving professional and personalised advice. The product concepts developed within the company contribute considerably to the formula's success. The formula operates in Germany, the Netherlands, Austria, Switzerland, Belgium and Poland. Matratzen Concord is the market leader in the German mattress market. The company's strategy is aimed at further expanding its European market leadership in the fragmented mattress specialist market.

www.matratzen-concord.de
www.matratzen-concord.at
www.matrassenconcord.nl
www.matratzen-concord.ch
www.materace-concord.pl

Beter Bed

Beter Bed offers a chain of bedroom furniture showrooms in the middle of the market featuring an excellent price-quality ratio. Consumers order the items in the store which are then delivered and assembled at their homes. All the stores are located in the Netherlands, predominantly at 'furniture boulevards' or in furniture store malls. The stores have an average floor space of approximately 1,000 m². In the stores, consumers can choose from a wide and up-to-date range of bedroom furnishings, mattresses, box springs, bed bases, bed textiles and other items at competitive prices. Beter Bed is market leader in the Netherlands and enjoys a high level of name recognition among consumers. Beter Bed's strategy is based on further strengthening its position in the Dutch market.

www.beterbed.nl

DBC

DBC was established in September 2001. It develops mattresses under the name M Line that are made of slow foam (i.e. 'NASA' foam). These mattresses feature unique, pressure-reducing qualities and some are equipped with a patented spring system. They are sold both by the own formulas and via third parties. The M Line products are also used in the healthcare sector. DBC continually seeks to improve existing products and to develop new, high-quality products by leveraging the latest technologies in the field of mattresses, bed bases, mattress covers and pillows.

www.mline.nl

El Gigante del Colchón

Beter Bed acquired this Spanish chain on 1 September 2005. The company had 20 stores with an average of 400 m^2 of floor space at the time of acquisition. There were 51 stores at the end of 2009 (2008: 50). The location strategy and the store image are comparable to those employed by Matratzen Concord. It is not, however, a cash & carry concept because Spanish consumers generally purchase double beds that are difficult to transport by private car. The products are consequently delivered to and assembled at consumers' homes.

www.gigantedelcolchon.com

BeddenREUS

BeddenREUS is a discount cash & carry formula in the Netherlands. The stores are predominantly located at B and C locations and have an average floor space of approximately 700 m^2. There were 34 stores at the end of 2009 (end 2008: 33).

www.beddenreus.nl

Slaapgenoten/Dormaël Slaapkamers

This chain of eleven own stores and one franchise store focuses on the high end of the Dutch bedroom furniture specialist market. The stores are situated at preferred locations in the Netherlands and have approximately 1,000 m^2 of floor space. They allow consumers to shop in attractive surroundings where they can choose from exclusive collections featuring numerous top brands. Slaapgenoten is an innovative concept developed under own management that is designed for customers who want top quality.

www.slaapgenoten.nl

www.dormaelslaapkamers.nl

Matratzen-AbVerkauf (MAV)

The first store based on this cash & carry formula was opened in October 2006. It is a hard discount concept for mattresses, bed bases and bed textiles for the German market. Consumer communications are conducted almost exclusively on the basis of price. There were 21 stores at the end of 2009 (2008: 30). The stores have an average floor space of 200 m^2.

www.mav-matratzen.de

Number of stores per formula

Formula		1 Jan. 2009	Closed	Opened	31 Dec. 2009
Matratzen Concord	Germany	721	40	59	740
	Austria	41	1	6	46
	The Netherlands	30	2	4	32
	Switzerland	30	-	4	34
	Belgium	4	-	3	7
	Poland	1	-	2	3
	Subtotal	**827**	**43**	**78**	**862**
Beter Bed	The Netherlands	84	4	4	84
El Gigante del Colchón	Spain	50	8	9	51
BeddenREUS	The Netherlands	33	3	4	34
Slaapgenoten/Dormaël	The Netherlands	12	-	-	12
MAV	Germany	30	11	2	21
Total		**1,036**	**69**	**97**	**1,064**

Number of stores per country

Country	1 Jan. 2009	Closed	Opened	31 Dec. 2009
Germany	751	51	61	761
The Netherlands	159	9	12	162
Spain	50	8	9	51
Austria	41	1	6	46
Switzerland	30	-	4	34
Belgium	4	-	3	7
Poland	1	-	2	3
Total	**1,036**	**69**	**97**	**1,064**

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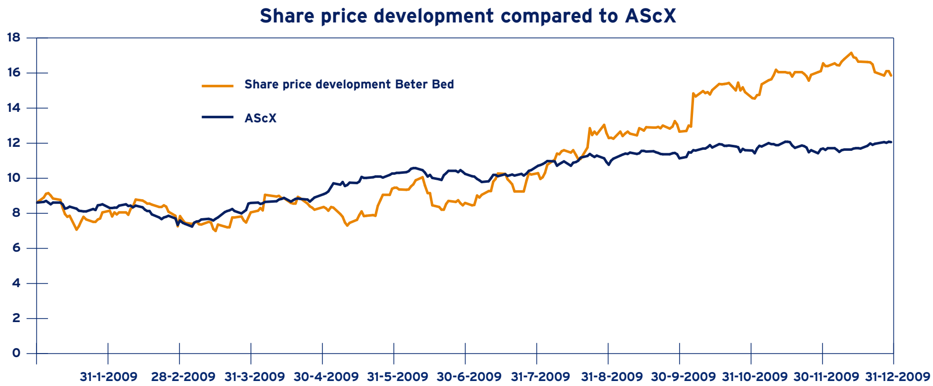
Share information

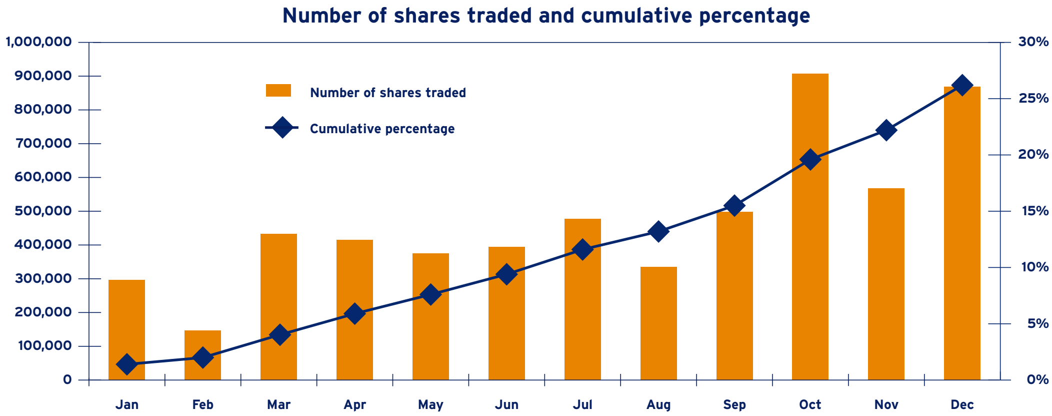
The shares in Beter Bed Holding N.V. are quoted on Euronext Amsterdam under security code NL0000339703. The shares of Beter Bed formed part of the Euronext Amsterdam Small Cap Index (AScX) in 2009. The number of shares outstanding at the end of 2009 totalled 21,805,117. No new shares were issued and repurchased in 2009. Shares repurchased and not yet cancelled totalled 403,480 at the end of the year under review. 112,500 shares were reissued in the year under review as a result of employee options being exercised. The average number of shares used to calculate earnings per share is 21,309,753. The number of shares used to calculate the diluted earnings per share is equal to 21,365,948. Earnings per share for 2009 total € 1.12 compared to € 1.04 in 2008. The diluted earnings per share in 2009 are € 1.12 compared to € 1.03 in 2008.

Share price development



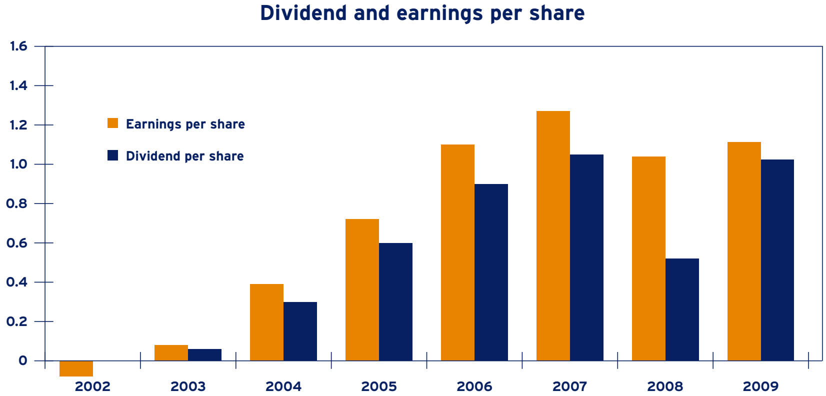
Trading volume

Three liquidity providers operated on behalf of the Beter Bed share in 2009, namely ABN AMRO N.V., Rabo Securities N.V. and ING Wholesale Banking.



The above diagram shows the number of shares traded per month and the cumulative percentage of the outstanding shares that were traded in 2009 (as at 1 January).

Dividend policy



Beter Bed Holding N.V.'s dividend policy focuses on maximising shareholder returns whilst maintaining a healthy capital position. Subject to conditions, the company's objective is to pay out at least 50% of the realised net profit to the shareholders. This payment will be executed in the form of an interim dividend following publication of the third-quarter figures and a final dividend following the approval of the dividend proposal by the Annual General Meeting of Shareholders. This system makes it possible to spread out payment of the dividend evenly over the year.

The payment of the dividend may never result in the company's solvency falling below 30% on any publication date. The net interest-bearing debt/EBITDA ratio may not be greater than 2.

Subject to the approval of the Supervisory Board, the Management Board determines the percentage of the profit that will be transferred to the reserves. The decision to pay an interim dividend is also subject to the approval of the Supervisory Board.

	2009	2008	2007	2006	2005
Number of outstanding shares	21,805,117	21,805,117	21,805,117	21,642,617	21,642,617
Repurchased but not cancelled shares	403,480	515,980	238,736		
Closing price	€ 15.80	€ 8.51	€ 17.77	€ 19.30	€ 12.64
Highest closing price	€ 17.09	€ 18.20	€ 27.76	€ 21.09	€ 12.88
Lowest closing price	€ 6.94	€ 7.24	€ 16.80	€ 12.30	€ 5.68
Earnings per share	€ 1.12	€ 1.04	€ 1.27	€ 1.10	€ 0.72
Dividend	€ 1.04	€ 0.52	€ 1.05	€ 0.90	€ 0.60
Market capitalisation (in millions)	€ 345	€ 181	€ 383	€ 418	€ 274

Investor Relations policy

The company seeks to inform shareholders, investors and the market on a regular basis. This is done by means of the publication of press releases containing complete financial reports on a quarterly basis and through trading updates preceding the publication of the annual figures and interim figures.

It is also considered important to bring the company and the Beter Bed Holding N.V. share to the attention of prospective investors and to maintain the relationship with existing shareholders.
In addition to the aforementioned press releases, this responsibility is fulfilled by organising analysts' meetings and roadshow programs following the publication of the annual figures and the interim figures. The company furthermore attends conferences organised by brokers and receives interested parties at the company's offices or at its stores.

Dutch Financial Supervision Act

The following holdings as of the date of this annual report have been made public in compliance with chapter 5.3 of the Dutch Financial Supervision Act:

Breedinvest B.V., Laren, NL	12.8%
Delta Deelnemingen Fonds, Gouda, NL	11.6%
Aviva Plc, London, UK	7.6%
ASR Nederland N.V., Utrecht, NL	6.6%
Kempen Oranje Participaties N.V., Amsterdam, NL	6.5%
Menor Investments B.V., Limmen, NL	5.7%
Threadneedle Asset Management Holding Ltd, London, UK	5.4%
Todlin N.V., Maarsbergen, NL	5.2%

Options

Options for shares to be issued have been provided with a view to further enhancing the involvement and motivation of the Management Board and the Management. In total 218,000 options were awarded to the Management Board and the Management in the year under review. The options can be exercised from the publication of the third-quarter figures for 2011 (scheduled to be presented on 28 October 2011) if a net profit of at least € 25 million is achieved in at least one year of the validity period. The exercise period will end 3.5 years following the publication of the third-quarter figures for 2011.

The following option series were outstanding at the end of the year:

Year of issue	Management Board	Management	Exercise price in €	Duration up to and inclusive
2004	50,000	-	5.90	29-10-2011
2005	56,250	81,250	10.71	28-10-2011
2006	56,250	106,250	17.08	27-10-2012
2007	56,250	110,250	20.92	30-04-2013
2008	42,185	89,990	8.15	29-04-2014
2009	65,000	153,000	15.23	28-04-2015

Insider regulations

The company has ratified insider trading regulations. These regulations were changed in accordance with the legislation in 2008. The new regulations went into force on 3 November 2008. The persons subject to these regulations have declared in writing that they shall fully adhere to the regulations. The regulations are available on the Beter Bed Holding website.

Financial calendar 2010

12 March 2010	Publication of annual results 2009
12 March 2010	Analysts' meeting annual results 2009
28 April 2010	Publication of 1st quarter 2010 results
28 April 2010	Annual General Meeting of Shareholders
16 July 2010	Publication of 2nd quarter 2010 trading statement
27 August 2010	Publication of half-year results 2010
27 August 2010	Analysts' meeting half-year results 2010
29 October 2010	Publication of 3rd quarter 2010 results
21 January 2011	Publication of 4th quarter 2010 trading statement

The current financial calendar is available on the Beter Bed Holding website **www.beterbedholding.com.**

Objectives and policy

Objectives

- To ensure that the company is positioned to optimally tap into growth opportunities. Beter Bed seeks to utilise its strong retail formulas in order to further develop its position in all the markets in which the company operates. This will enable the company to further strengthen its market leadership in Europe.
- To increase net profit regardless of the market conditions. A temporary decrease in net profit is possible in the event of exceptional market conditions.
- A healthy balance sheet with solvency of at least 30% and a ratio between net interest-bearing debt and EBITDA that is not greater than two.

Policy

The company's objectives will be realised through:

- Growth in revenue at comparable stores (like-for-like growth). This method enables growth in revenue while the expenses remain virtually the same.
- Low investments per store and flexibility in rental contracts. Under poor market conditions, this provides the company with the advantage of being able to make adjustments to the number of stores relatively quickly.
- Expansion of the existing store concepts, primarily outside the Netherlands. New stores opened generally have a pay-back period of less than one year. In the case of less favourable market conditions, the rent and other costs of a potential new location must be in line with the lower revenue forecast.
- Continual optimisation of the sales organisation and improvements to the sales methods through activities including internal training.
- Ensuring an excellent provision of information. Thanks to its state-of-the-art IT systems, the company is able to respond extremely rapidly to new trends and to utilise very quickly possibilities for making efficiency improvements and capacity adaptations in line with changed market conditions.
- The further development of own product concepts (branding). This can be achieved by utilising technological developments in the field of foam and spring systems that can be used in mattresses and by addressing, sometimes local, trends in demand, such as the demand for box springs in the Netherlands.

The intensification of the policy that was introduced in late 2008 will be continued for the time being. It encompasses the following measures:

- Acceleration of the introduction of new products.
- Strengthening the policy on rent adjustment or closure of poorly performing stores.
- While new store openings will go ahead, the criteria these stores must meet with respect to rent and other expenses will be tightened to ensure that, under difficult market conditions, these stores can contribute immediately to profit.
- The promotional activities will be intensified to further boost growth in market share.

In view of the positive revenue performance in the third and fourth quarter of 2009, the company is now placing greater emphasis on growth in the number of stores.

Personal profiles

Supervisory Board

The Supervisory Board has the following members:
M.J.N.M. van Seggelen (Chairman), E.F. van Veen (Vice Chairman), C.A.S.M. Renders and J. Blokker.
All the Supervisory Directors have the Dutch nationality.

M.J.N.M. van Seggelen (1939, male)
Mr Van Seggelen studied economics at the University of Basel in Switzerland and began his professional career at an international institution for applied economic studies. He subsequently held management positions at consumer goods production and trading companies.

For the past twenty years, he has worked as a director for retail businesses in the non-food sector. He was Chairman of the Board of Directors of RetailNet, Gouda, and a member of the Board of Directors of N.V. Koninklijke Bijenkorf Beheer and ACF Holding N.V.

Mr Van Seggelen also holds supervisory directorships at Pearle Europe B.V. and Delta Wines B.V.

E.F. van Veen (1939, male)
Mr Van Veen graduated with a degree in business economics from Erasmus University in Rotterdam in 1967.

From 1973 to May 1998 he was successively Corporate Controller, Group Director, Corporate Director Financing & Controlling (CFO) and Executive Vice President of Royal Numico N.V. where he also served as a member of the Supervisory Board from May 2002 until May 2006.

He holds a supervisory directorship at Blokker Holding B.V.

C.A.S.M. Renders (1962, male)
Mr Renders has been the director-owner of Renders Management B.V. since 1988. After earning a degree in commercial law in Leiden and successfully completing the Simon School-Erasmus MBA program in Rotterdam/Rochester, Mr Renders began his career as a consultant in 1986.

Mr Renders holds various supervisory directorships at some closely-held companies.

J. Blokker (1942, male)
Mr Blokker is Chairman of the Board of Directors of Blokker Holding B.V.

He is also a Supervisory Director at Van Haren Schoenen B.V.

Management Board

The Management Board of Beter Bed Holding is comprised of Mr A.H. Anbeek, Chief Executive Officer and Mr D. van Hoeve, Finance Director. Both Mr Anbeek and Mr Van Hoeve hold the Dutch nationality.

A.H. Anbeek (1962, male)

Ton Anbeek earned a degree in Business Administration from Erasmus University Rotterdam and a degree in Organisational Psychology from Utrecht University.

He began his career in 1987 at Unilever where he held a range of positions in marketing and sales within various operating companies in the Netherlands until 2001. In 2001 he was appointed to the position of Global Marketing Director for all Unilever fabric softener brands and whilst fulfilling this role he lived and worked in London. He was appointed in 2004 to the position of Managing Director of Unilever Maghreb S.A. (Libya, Tunisia, Algeria, Morocco and Mauritania) and lived and worked in Casablanca during this period. He joined Koninklijke Auping B.V. in Deventer, the Netherlands as Managing Director in early 2007.

Mr Anbeek joined Beter Bed Holding N.V. on 1 January 2010 and was subsequently appointed Chief Executive Officer effective 1 March 2010.

D. van Hoeve (1970, male)

Duncan van Hoeve earned a degree in Business Economics at the Avans University of Applied Sciences in Breda, the Netherlands during the first half of the 1990s. He successfully completed the postgraduate HOFAM controller's program in 1999 and since then he has been registered as a Qualified Controller (QC).

He began his career in 1995 as an accountant at Fijnmechanische Industrie Adema & Touw B.V., a supplier of mechanical and electromechanical products.
In 1998, he accepted a position as Controller at the former Beter Bed Holding N.V. subsidiary called Beter Baby B.V., which was a retail organisation that specialised in the sale of baby nurseries and baby items. Following the management buy-out of this company, he joined Beter Bed Holding N.V. in 2000 where he was appointed to the position of Group Controller in 2001.

He has fulfilled the position of Finance Director at Beter Bed Holding N.V. since 1 September 2009.

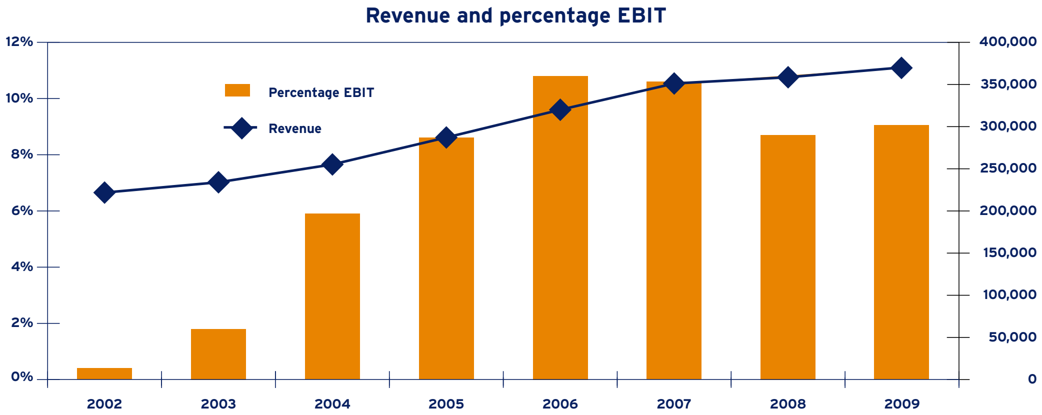
Report of the Management Board

General

The past year has been a year with two faces for Beter Bed Holding. After the financial crisis broke out in full force in the fourth quarter of 2008, consumers became increasingly less certain about their financial future. This was expressed in further declining consumer confidence. Headlines including the words ‘depression’ and ‘recession’ were not uncommon in the first quarter of 2009. These negative reports in the media clearly delivered a blow to consumer confidence. It did, however, gradually become apparent that ‘the great recession’ was not going to bring to bear the impact that consumers had initially expected. Unemployment did not rise as much as had been anticipated in comparison to previous forecasts and as a result consumers became somewhat less negative. While the markets in which Beter Bed Holding is active also continued to shrink through the remainder of 2009, the company was nonetheless able to realise a record result in the third and fourth quarter in terms of revenue and net profit thanks to the measures implemented in the field of range, marketing and costs. This made it possible to make up for the negative revenue and profit performance in the first half of 2009 in the second half of 2009 and to achieve growth in revenue and profit after all.

	2009	2008	Change
Revenue (x € 1.0 million)	361.5	358.6	+ 0.8%
Operating profit (x € 1.0 million)	32.6	31.2	+ 4.6%
Net profit (x € 1.0 million)	23.9	22.1	+ 8.1%

The company achieved consolidated revenue of € 361.5 million in 2009, which represents a 0.8% increase in comparison to 2008 (€ 358.6 million). Revenue at comparable stores (“like-for-like”) amounted to -9.2% in the first half of 2009 and improved to +2.6% in the second half of 2009. Revenue performance at comparable stores totalled -3.1% for the full year. Operating profit (EBIT) totalled € 32.6 million and consequently accounts for 9% of the revenue. Net profit rose to € 23.9 million, representing an increase of 8.1% in comparison to 2008 (€ 22.1 million).



97 stores were opened and 69 were closed in the year under review. A number of the closures are related to the fact that a better location has been found in the vicinity of the existing store and a number are attributable to the fact that the store concerned did not perform sufficiently.
An overview of the store openings and closures per country and per formula is provided on page 9 of this report.

Investments, financing and cash flow

Total investments amounted to € 6.3 million in 2009. This is € 3.7 million lower than the € 10.0 million that was invested in 2008. Due to the negative revenue performance and the real threat of an economic crisis, the scheduled investment projects were re-evaluated with a view to minimising the outflow of cash resources as much as possible. The largest proportion of this amount, € 5.3 million, was invested in new and existing stores in 2009. The remaining amount was invested primarily in IT. While the decision was made during the course of 2009 to once again raise the pace of store openings, the impact of this will be delayed.
The cash flow (net profit plus depreciation) amounted to € 31.7 million in 2009, compared to € 29.4 million in 2008. The solvency percentage at year-end 2009 was 50.5% (2008: 44.0%).
The ratio between the net interest-bearing debt and EBITDA amounted to 0.22 at year-end 2009 compared to 0.29 at year-end 2008. A loan of € 10.0 million was taken out in the second quarter of 2009 that has a term of five years and yearly repayments of € 2.0 million.

Activities

Matratzen Concord

	2009	2008	Change
Revenue (x € 1,000)	212,245	197,861	7.3%
Number of stores	862	827	4.2%
Number of employees (FTE)	1,501	1,400	

Matratzen Concord achieved 7.3% growth in revenue in 2009 to € 212.2 million. The number of stores increased by 4.2% from 827 to 862. Revenue performance at comparable stores amounted to -0.7% in 2009. Key to the growth of Matratzen Concord is the development and further expansion of private labels and supplementing the range with third-party brands that are well known among consumers.

Beter Bed

	2009	2008	Change
Revenue (x € 1,000)	107,364	116,071	-7.5%
Number of stores	84	84	-
Number of employees (FTE)	514	535	

In addition to opening a store at Amsterdam Westpoort, the company furthermore launched the sale of products via the Beter Bed website, www.beterbed.nl, during the year under review. The outlet store in Hilversum and the store in Nuth were closed in 2009. A number of successful changes to the product range were made in the course of 2009 that contributed to revenue from the third quarter onwards. Full-year revenue did, however, decrease by 7.5% to € 107.4 million. The order intake at comparable stores decreased by 3.9%.

El Gigante del Colchón

	2009	2008	Change
Revenue (x € 1,000)	13,259	14,742	-10.1%
Number of stores	51	50	2.0%
Number of employees (FTE)	105	123	

Market conditions in Spain deteriorated further in 2009. The economic situation was, just like in 2008, even worse than in the other countries in which Beter Bed operates. With a revenue performance of -16.1% at comparable stores, total revenue decreased by 10.1% to € 13.3 million. Nine stores were opened and eight stores were closed in 2009 and as a result the number of stores has grown on balance to 51. The large number of closures is due to the negative revenue development and the policy of closing stores that make a negative contribution to the overall store results. A new distribution centre for the Catalonia region was opened in the second quarter of 2009.

BeddenREUS

	2009	2008	Change
Revenue (x € 1,000)	12,860	13,541	-5.0%
Number of stores	34	33	3.0%
Number of employees (FTE)	60	61	

BeddenReus had a difficult year that was reflected in an order intake at comparable stores of -12.1%. With four openings and three closures, the number of BeddenReus stores grew by one store, bringing the total number to 34 at year-end 2009. BeddenReus also began offering customers the opportunity to order its products through its website, www.beddenreus.nl, in 2009.

Slaapgenoten

	2009	2008	Change
Revenue (x € 1,000)	7,185	7,185	-
Number of stores	12	12	-
Number of employees (FTE)	24	26	

Slaapgenoten realised revenue totalling € 7.2 million in 2009, which was the same amount as achieved in 2008. The economic crisis led to the bankruptcy of one of the Dormaël franchisees in the fourth quarter of 2009. Slaapgenoten itself took over the operation of this store in Amersfoort in December 2009. The order intake at comparable stores decreased by 7.2% in 2009.

Matratzen-AbVerkauf (MAV)

	2009	2008	Change
Revenue (x € 1,000)	3,326	3,568	-6.8%
Number of stores	21	30	-30.0%
Number of employees (FTE)	35	47	

In 2009, Matratzen-AbVerkauf closed eleven stores that made a negative contribution to the overall store results and opened two stores, bringing the total number of stores at the end of 2009 to 21. Revenue at comparable stores rose by 0.9% in 2009.

DBC

	2009	2008	Change
Revenue (x € 1,000)	12,675	13,613	-6.9%
Number of employees (FTE)	11	11	

DBC once again clearly suffered from lagging demand in the more expensive segment of the market in 2009 just as it did in the previous year. The company is continually searching for means to improve its existing products. DBC is furthermore always looking for ways to translate advancing technology into new and innovative products.

Staff and organisation

As of 31 December 2009, a total of 2,274 employees (FTE) worked at Beter Bed companies, in comparison to 2,227 employees at the end of 2008. The increase in the number of employees results from the growth in the number of stores.

The commitment and quality of its employees largely determines the company's success. High-quality personal assistance is a decisive factor for the amount of revenue with respect to all of Beter Bed's retail formulas. The way in which the sales process is finalised by the logistics organisation plays a vital role in how customers reflect on their purchases. The support services must facilitate these processes in an extremely efficient manner and in this way contribute to the company's result.

The ongoing development and training of all employees consequently constitutes an important factor for developing the company's results. The company therefore conducts continuous education programs in fields including product knowledge and sales techniques. Internal candidates are in principle given precedence when filling management positions. These candidates are given the opportunity to complete targeted training in order to gain the required knowledge and expertise.

Corporate social responsibility

Beter Bed fully acknowledges its role in society. Fulfilling this role correctly will benefit both society and the company in the longer term. It goes without saying that each and every employee and supplier of Beter Bed Holding is expected to respect the laws and regulations in every area of business as a minimum requirement.

Beter Bed has agreed a code of conduct with its suppliers in order to prevent child labour and the use of wood from unacceptable sources in products.

Energy-efficient lighting is now used in all new Matratzen Concord stores. It was furthermore decided during the year under review to equip existing stores with energy-efficient lighting when they are refurbished.

Beter Bed naturally opts to use the most environmentally-friendly trucks for its logistics organisation. All new trucks are, for example, fitted with 'AdBlue' technology that further limits the emission of hazardous substances. During the year under review, employees who are entitled to a company car based on their terms of employment have been encouraged to select cars that have been awarded an 'A' energy label. This has resulted in the number of company cars with an 'A' energy label in the fleet to increase by a quarter.

The Beter Bed companies operate at the heart of society and sponsor sport associations, projects for the weaker members of society and various events. These projects are usually local in nature and are characterised by the demonstrable involvement and commitment of employees of the various Beter Bed Holding formulas.

Corporate Governance

The Management Board of Beter Bed Holding endorses the main principles of the Corporate Governance Code and endeavours to carry out this code as fully as possible. An overview of the respects in which the company deviates from the best practice provisions contained in the Corporate Governance Code is included on page 31 of this report.

Risk management and risks

The Management Board of Beter Bed Holding takes its responsibility for risk control and the risk management and control systems that have been implemented within the organisation for this purpose very seriously. Taking calculated risks does, however, remain an inherent part of doing business. Both the key risks and the measures that have been taken to control them are stated below. In addition to non-realisation of the budgeted revenue, for example as a result of general economic developments, the most important risks for the Beter Bed companies lie in the field of the continuity of IT systems and distribution centres.

Regardless of how well the internal risk management and control systems are structured, they can never offer absolute safeguards that the objectives relating to strategy, operations, reporting and compliance with regulations and legislation will be met at all times. Reality has shown that errors of judgement can be made when making decisions, that cost/benefit considerations are made, that simple errors or mistakes can have major consequences and that conspiracy of employees can lead to circumvention of internal control measures.

The principal measures that have been implemented in order to control the risks within the company are outlined below:

- As part of the annual budget cycle, an analysis is made of the specific opportunities and threats related to each activity. This analysis charts the opportunities and risks at the economic, strategic and commercial levels. The budget is discussed with and subsequently approved by the Supervisory Board.
- The detailed risk analysis of the core activities has been updated in collaboration with the management teams of the main formulas. This analysis makes a distinction between a number of categories of risk. This involves the categories financial, operational, administration and management, legal, social, information and fiscal.
  This risk analysis has been included as a permanent item on the agenda of the Audit Committee's meetings; the key points are then discussed during the plenary Supervisory Board meeting.

- The revenue of Matratzen Concord, the order intake of Beter Bed and the order intake of El Gigante del Colchón are reported daily to the Management Board of the Holding. The other activities report their revenue weekly.
- The Management Board of Beter Bed Holding holds weekly meetings with the management teams of the various formulas.
- The profit and loss account, balance sheet and cash flow are reported on a monthly basis in a detailed standard format. This includes a comparison to the same period in the preceding year and to the budget for the specific period. These reports are discussed during the monthly meeting with the Holding's Management Board.
- Beter Bed has three distribution centres located in the Netherlands and as a result the risk of a disaster relating to the delivery of goods to customers is spread over multiple locations. In addition, a business continuity plan was formulated for the main distribution centre. This plan is designed to reduce the consequences should a disaster take place.
- Beter Bed signed a Compliance Covenant with the Dutch tax authorities in January 2010. Under this covenant, all Dutch tax issues will be discussed with the Dutch tax authorities on the basis of transparency.
- Beter Bed purchased $ 5.9 million in 2009 (2008: $ 2.6 million). The currency risks are not covered. The exposures are periodically reassessed. Providing that sales prices remain the same, a change in the average dollar exchange rate of 5% would affect operating profit (EBIT) by approximately € 216,000.
- Measures to limit the interest rate risk are not necessary in light of the current capital structure. The effect of an interest rate increase or decrease of 50 basis points on the company's profit would, based on the use of credit facilities at year-end 2009, amount to approximately € 45,000 before taxes.
- The credit risk is limited to the wholesale activities and trade receivables connected with bonus agreements. Besides the standard, strict accounts receivables monitoring, no specific measures are required. The total amount of receivables for which the term has expired, but for which a write-down has not been recorded, was € 22,000 at the end of 2009.
- The liquidity risk is still limited due to the nature of the activities and the company's capital position. The crisis on the financial markets has, however, once again demonstrated the importance of having a strong financial position. In the current climate, it remains important as a company to avoid covenants with lenders. A description of the available credit facilities and the securities provided is given on page 63 of this report.
- As in each preceding year, the external auditor made an assessment of the administrative organisation and internal control system.

In control statement

Based on the preceding activities and taking into account the limitations that are necessarily connected to all internal risk management and control systems, the company's systems concerning financial risks provide the Management Board with a reasonable degree of certainty that the financial reporting does not contain any material errors and that the annual report provides a reliable representation of the situation on the balance sheet date and the developments during the financial year. These systems functioned properly during the year under review and there are no indications that they will not continue to do so in the current financial year. With regard to other risks there is a system of risk management and control in place that is appropriate for the size of the company and that this system operated effectively in the year under review.

True and fair view statement

The Management Board is of the opinion that, to the best of its knowledge, the annual report gives a true and fair view of the situation on the balance sheet date, the developments during the financial year of Beter Bed Holding N.V. and of its affiliated companies of which the data are included in its financial statements, and the expected developments, whereby, inasmuch as this is not opposed by important interests, special attention will be devoted to the investments and the conditions upon which the development of revenue and profitability are dependent. The Management Board is furthermore of the opinion that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and profit of Beter Bed Holding N.V. and the companies included in the consolidation.

Expectations and outlook

Even though revenue performance was positive in the third and fourth quarters of 2009, the general development of the economy remains surrounded with uncertainties. Although Beter Bed Holding has been able to benefit from the turnaround in consumer confidence in the last quarters, a deterioration of consumer confidence and a corresponding impact on revenue performance cannot be ruled out based on the currently available data. This is why the policy continues to be appropriate for the current strategy of international expansion and strengthening the existing market positions through the:

- Accelerated introduction of new products in order to optimally respond to customer demands.
- Further intensification of promotional activities in order to promote growth of market share and to meet consumers' need for high-quality products that are competitively priced.

- Reduction of costs per store. The requirements set for existing stores will be stepped up in terms of the ratio between revenue and costs in order to ensure profitability even at lower revenue levels.

In view of the positive revenue performance in the third and fourth quarter of 2009, the company is now placing greater emphasis on growth in the number of stores. Net growth in the number of stores (the balance of openings and closures) is expected to increase in the course of the second quarter of 2010 in comparison to 2009.

Despite the extreme winter weather conditions, which in particular meant that an extremely large number of Matratzen Concord stores in Germany were either inaccessible or difficult to access for a number of weeks, the company expects to realise growth in profit of at least 35% with higher revenue in the first quarter of 2010 compared to the first quarter of 2009.

Uden, The Netherlands, 11 March 2010

A.H. Anbeek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Corporate Governance

The Supervisory Board and the Management Board subscribe to the principles for good corporate governance as laid down in the Dutch Corporate Governance Code.

The company's website www.beterbedholding.com gives a full overview of all the best practice provisions and whether or not the company complies with these individual provisions.

In the year under review, the Supervisory Board adopted, in consultation with the Management Board, a position vis-à-vis the code that was updated by the Dutch Corporate Governance Code Monitoring Committee in December 2008. The deviations from the code will be placed on the agenda for discussion at the Annual General Meeting of Shareholders to be held on 28 April 2010.

The company complies with all best practice provisions with the exception of the best practice provisions mentioned in this section. Where applicable, the reasons for not complying or not fully complying with a best practice provision are explained. In addition, details are provided for a number of best practice provisions regarding their application within the company.

Best practice II.1.3.

The company has an internal risk management and control system in place that is suitable for the company. A separate code of conduct has not, however, been developed due to the size of the company.

Best practice II.2.3.

The components included in this best practice will be incorporated into the option programme that is in operation within the company.

Best practice II.2.4.

Options are awarded at the discretion of the Supervisory Board. This best practice will be complied with for options provided from 2010 according to the following stipulations. Options provided up to and including 2009 may be exercised earlier than after three years providing the profit target has been met. If a Management Board member is not eligible for reappointment at the conclusion of a first appointment period, his or her options may be exercised up to three months following termination of employment. Options can furthermore be exercised without special restrictions should an offer for all the shares of the company be fulfilled.

Best practice II.2.8.

The contract of employment with the Management Board member does not allow for the possibility of raising the maximum amount equal to one annual salary if dismissal during the first appointment period should appear to be unreasonable.

Best practice II.2.10.

The company shall apply this best practice rule as follows. Variable remuneration may be awarded according to the evaluation and (partially) at the discretion of the Supervisory Board. This is maximised at 60% of the gross fixed annual salary; 30% will be related to the targets set periodically by the Supervisory Board; the remaining 30% will be paid entirely at the discretion of the Supervisory Board. The Supervisory Board can, at its discretion and only in the event of special circumstances, decide to adjust the variable remuneration.

Best practice II.2.11.

Please refer to the comment on best practice provision II.2.10.

Best practice III.3.1.

Suitability for the position is by far the most important criterion. Diversity is not an aim in itself.

Best practice III.3.5.

Providing this serves the company's interests, the Supervisory Board can submit proposals for deviating from this term. The company's articles of association will be brought into line with this best practice regarding this point by no later than 2011.

Best practice III.4.3.

The position of Secretary of the company will be fulfilled by an employee of the company, currently the Finance Director.

Best practice III.5.14.

The Selection and Appointment Committee will be formed by the entire Supervisory Board in view of the company's size.

The best practice provisions in section III.8. "one-tier management structure" and section IV.2. "certification of shares" do not apply to the company.

Best practice IV.3.1.

Webcasting will not be used to broadcast analysts' meetings and other meetings for the time being due to cost considerations. The dates of the meetings with analysts will be published on the website in advance and the presentation will be made available on the website following the meeting.

Best practice IV.3.12.

The company provides persons with voting rights with the opportunity to give power of attorney to an officer of the company.

The best practice provisions in section V.3. "internal audit function" do not apply to the company because the company does not have an internal audit function due to its size.

Report of the Supervisory Board

General

Supervisory Directors are appointed for a period that expires on the day of the first Annual General Meeting of Shareholders that is held four years after their appointment. Supervisory Directors step down periodically according to a schedule drawn up by the Supervisory Board. The curriculum vitae of the members of the Supervisory Board can be found in the personal profiles section on page 18 of this annual report.

The retirement by rotation schedule is as follows:

Supervisory Director	Appointed/Reappointed	Retirement/Reappointment
M.J.N.M. van Seggelen	26 April 2006	AGM 2010
E.F. van Veen	25 April 2007	AGM 2011
C.A.S.M. Renders	23 April 2009	AGM 2013
J. Blokker	26 April 2006	AGM 2010

Mr Blokker was appointed for the first time in June 2002. The other members of the Supervisory Board have held their positions since the stock market flotation at the end of 1996.

The Supervisory Board looks back on 2009 as an eventful, but successful year.
Despite lagging consumer confidence, revenue rose by almost 1% and the company realised good net profit, which was 8% higher than in 2008.
Besides the attention the company was forced to devote to the economic crisis, we were furthermore faced with the announced resignation of the members of the Management Board. Mr Geelen informed us in March that he had decided to step down from the company and a few weeks later Mr Van der Woude informed us that he had accepted a position elsewhere.
The Supervisory Board is pleased with the appointment of Mr Anbeek to the position of Chief Executive Officer effective 1 March 2010 and with the promotion of Mr Van Hoeve to the position of Finance Director effective 1 September 2009.

Financial statements, discharge, dividend

The financial statements have been compiled by the Management Board and have been audited and approved by our auditor Ernst & Young Accountants. The report provided by Ernst & Young Accountants is included on page 76 of this annual report. We have discussed the financial statements extensively in the presence of the Management Board and Ernst & Young Accountants. The Supervisory Board has considered the financial statements and recommends that the Annual General Meeting of Shareholders adopts these financial statements accordingly. Adoption will discharge the Management Board of responsibility in respect of their management and the Supervisory Board of responsibility in respect of their supervision.

Following the announcement of the third-quarter figures in October 2009, it was decided to pay out an interim dividend of € 0.35 per share. In accordance with the proposal of the Management Board, we recommend payment of a final dividend of € 0.69 per share. This means that 93% of the profits earned in 2009 will be paid in the form of dividend to shareholders. This is in keeping with the dividend policy that was approved by the Annual General Meeting of Shareholders on 27 April 2005 (see page 12 of this report).

Composition of the Supervisory Board

The members of the Supervisory Board are appointed by the Annual General Meeting of Shareholders. The Supervisory Board seeks to attain an effective combination of knowledge and experience in relation to the company's activities. The Supervisory Board has instituted two committees, namely the Audit Committee and the Remuneration Committee.

Mr Van Seggelen and Mr Blokker will step down as Supervisory Directors following the Annual General Meeting of Shareholders in accordance with the rotation schedule. Mr Van Seggelen will at that time have completed three terms as a Supervisory Director and would in principle not be eligible for reappointment. However, as announced and discussed last year, a proposal will be made to the Annual General Meeting of Shareholders to appoint Mr Van Seggelen for another period of two years.

Mr Blokker will have completed two terms as a Supervisory Director and it will be proposed to the Annual General Meeting of Shareholders that he will be reappointed for a period of four years.

As stated last year, the process of finding replacements for Mr Van Veen (2011) and Mr Van Seggelen (2012) is still underway. We expect to be able to nominate candidates for membership of the Board in the agenda for the Annual General Meeting of Shareholders on 28 April 2010.

The composition of the Supervisory Board complies with the related requirements set forth in the Dutch Corporate Governance Code. Only Mr Blokker is not independent as he is a Director of majority shareholder Breedinvest B.V.

Composition of the Management Board

Following the announcement of his intended resignation, the Supervisory Board entered into agreements with Mr Geelen regarding the point in time that Mr Geelen would transfer his position to his successor and the related terms and conditions.
Mr Geelen participated in the process of searching for a successor.
Mr Anbeek has been unanimously selected from five serious candidates for nomination for appointment, which took place at an Extraordinary General Meeting of Shareholders on 5 November 2009 at which 72.4% of the shares were represented.
Mr Anbeek took up employment with the company on 1 January 2010 and has assumed Mr Geelen's statutory responsibilities on 1 March 2010. Mr Geelen will, however, remain available up to the Supervisory Board Meeting on 11 March 2010 at which the annual figures will be discussed.
Mr Geelen's contract of employment will then end on 31 March 2010. Following Mr Van der Woude's resignation, our Group Controller, Mr Van Hoeve, has been appointed to the position of Finance Director.
The members of the Supervisory Board have consulted very frequently, sometimes on a weekly basis, regarding the progress of the appointment procedure.

Supervisory Board Meetings

In part due to the aforementioned activity, the Supervisory Board was intensely involved in the developments of Beter Bed Holding and its subsidiaries in 2009. The Supervisory Board met with the Management Board on five occasions. The Supervisory Board also consulted with the Management Board via three conference calls. The Supervisory Board furthermore met on two occasions without the Management Board present and visited El Gigante del Colchón in Barcelona.

The Management Board provided the Supervisory Board with good information on a frequent basis, both verbally and in writing. The meetings with the Management Board were properly prepared and allowed for the formation of a well-considered judgement regarding the company's commercial, operational, strategic and organisational developments. A great deal of attention was, of course, furthermore devoted to the development of the operating profit in general and in Spain in particular, the positioning of the retail formulas in the European markets and the company's strategy for the medium term.

The budget for 2010 was adopted at the meeting held on 22 December 2009. This budget includes both the company's operational and financial objectives and the strategy that it will follow in order to realise these objectives. Within this context the Supervisory Board also gave its approval for the proposed investments. During the closed meetings topics were discussed including the performance and composition of the Supervisory Board, the performance of the Management Board, the terms of employment policy and the selection of candidates for the position of Chief Executive Officer.

After receiving an explanation from its Audit Committee, the Supervisory Board discussed the updated inventory with the Management Board. The Supervisory Board is convinced that the procedures regarding risk analysis, risk management and risk control and the audit conducted by the external auditor regarding the AO/IC (Administrative Organisation and Internal Control) provide sufficient security for the in control statement concerning the operation of the system of risk control and risk management.

Audit Committee

The Audit Committee is comprised of Mr Van Veen (Chairman) and Mr Renders, and meets at least twice a year. Mr Van Veen serves as the financial expert as defined in the Corporate Governance Code.

The committee dealt with a number of topics during the year under review including:

- Updating and managing the risk inventory conducted by the Management Board.
- The annual financial statements, the interim figures and the auditor's report.
- The Supervisory Board's nomination of Ernst & Young Accountants for the position of external auditor.

Remuneration Committee

The Remuneration Committee is comprised of Mr Renders (Chairman), Mr Van Veen and Mr Van Seggelen and meets at least twice a year. The Remuneration Report is found after the Report of the Supervisory Board on page 40 of this report.

Selection and Appointment Committee

Due to the company's size, the Selection and Appointment Committee is formed by the full membership of the Supervisory Board.

Corporate Governance

In connection with the Frijns Committee's presentation of the revised Dutch Corporate Governance Code on 10 December 2008, the Supervisory Board and the Management Board have updated their views regarding the Corporate Governance Code in the past year. The amendments proposed by the Frijns Committee have not led to major changes to the way in which the company is managed.

The management's views relating to the updated Dutch Corporate Governance Code are explained on page 31 of this report. This topic is placed on the agenda of the Annual General Meeting of Shareholders every year.

The Supervisory Board is aware of the broad interests that the company represents and acknowledges its responsibility to all the company's stakeholders: shareholders, employees, customers, suppliers and financiers. For more facts and details regarding this topic, please visit the www.beterbedholding.com website that contains all the company's current information.

The Supervisory Board has already offered its compliments at the 2009 Annual General Meeting of Shareholders to Mr Geelen and Mr Van der Woude for the way in which they have managed the company over the past years. The Supervisory Board also wishes to express its gratitude to Mr Geelen for his loyal dedication in the year under review and for the way in which he has transferred his responsibilities to his successor this year.

The Supervisory Board would, however, above all like to thank all the employees who demonstrated unwavering commitment to realising good revenues and results and were consequently able to achieve an excellent performance.

Uden, The Netherlands, 11 March 2010

M.J.N.M. van Seggelen, Chairman
E.F. van Veen, Vice Chairman
C.A.S.M. Renders
J. Blokker

Remuneration Report

The Remuneration Committee advises the Supervisory Board regarding the formulation of the remuneration policy and the determination of the individual remuneration of the Management Board.

The remuneration of the Management Board is comprised of the following components:

- A competitive fixed salary.
- A competitive pension scheme.
- A variable remuneration.
- Options for new shares.

Competitive fixed salary

The competitiveness of the fixed salary is determined according to the knowledge and experience of the Supervisory Directors and is not based on external studies.

Competitive pension scheme

A defined contribution scheme will, in principle, apply. The percentage of the defined contribution will be determined by taking into account the other companies with which the members of the Supervisory Board are affiliated as well as the fiscally-permitted maximum amount. The Chief Executive Officer has received a contribution of 35% of the fixed salary over 2009. The Finance Director has received a contribution of 11% of the fixed salary.

Variable remuneration

The variable remuneration is largely result-related and is awarded partially at the discretion of the Supervisory Board. The maximum variable remuneration for the Chief Executive Officer and the Finance Director over 2009 amounts to 100% and 39% of the fixed salary respectively.
As for the Chief Executive Officer's variable remuneration, 60% thereof depends on achieving quantitative objectives and 40% is at the discretion of the Supervisory Board. As for the Finance Director's variable remuneration, 40% thereof depends on achieving quantitative results, while the remaining 60% depends on achieving qualitative objectives.

For 2010, the breakdown of the component of the variable remuneration that depends on quantitative objectives is as outlined below:

- Upon realisation of approximately 90% of the budgeted operating profit (EBIT), 25% of the variable remuneration that depends on the quantitative objectives is paid.
- Upon realisation of approximately 100% of the budgeted operating profit (EBIT), 25% of the variable remuneration that depends on the quantitative objectives is paid.
- Upon realisation of an operating profit of between approximately 100% and approximately 120% of the budgeted operating profit, the pro rata component, subject to a maximum of 50% of the variable remuneration that depends on the quantitative objectives, is paid.

The budget is set at a level that the Supervisory Board deems to be challenging yet feasible at the time of determining the budget. The extent to which there are normal market conditions and whether there has been sound business practice are and will be taken into account when assessing the degree to which the quantitative targets have been achieved. For competitive reasons, the budgeted operating result will not be published.

Options for new shares

Following a discussion by the Remuneration Committee it has been decided to maintain the long-term incentive in the form of options. Options are awarded to both the Management Board and the management teams of the different formulas. A maximum of 1% of the outstanding share capital may be awarded in options per year. Options are generally awarded after the completion of the third quarter and at the discretion of the Supervisory Board. The options are always conditional. A net profit target that is defined at the time of issuing the options must be achieved during the period to expiry before the options may be exercised. The value of the options is determined by an actuarial calculation based on the Black & Scholes model.

The contracts of the Management Board members do not include so-called change of control clauses. Should, however, an offer for all the shares in the company be fulfilled, all the options may be exercised regardless of the status of the achievement of the targets.

When formulating the remuneration policy and determining the individual salary, the Remuneration Committee carried out the scenario analyses referred to in the Corporate Governance Code best practice II.2.1.

Arrangements with Mr Geelen

When Mr Geelen's intention was announced to leave the company no later than the date of the 2010 Annual General Meeting of Shareholders, it was agreed with him that, contrary to the arrangements in the share option agreements, the share options can still be exercised after termination of the employment contract. Also, Mr Geelen will continue to be entitled to the pro rata component of the variable remuneration for the period of his employment in 2010 (until 1 April 2010).

Arrangements with Mr Van der Woude

When the first quarterly figures for 2009 were published, Mr Van der Woude expressed his intention to leave the company with effect from 1 October 2009. It was agreed with Mr Van der Woude that, contrary to the arrangements in the option agreement, he would be able to exercise the 2004 option series until the date of termination of the employment contract (1 October 2009). Mr Van der Woude exercised this option series at a price of € 12.00. The Supervisory Board also gave Mr Van der Woude a discretionary bonus of € 39,375.

Arrangements with Mr Anbeek

On 5 November 2009, the Extraordinary General Meeting of Shareholders resolved to appoint Mr Anbeek to the position of Chief Executive Officer as from 1 March 2010. The following arrangements have been made with Mr Anbeek regarding his remuneration. The fixed gross annual salary amounts to € 300,000. The variable remuneration amounts to a maximum of 60% of the fixed gross annual salary. Half of the maximum variable remuneration is linked to quantitative objectives. The other half of the maximum variable remuneration is at the discretion of the Supervisory Board. Mr Anbeek's pension scheme contains a contribution of 30% of his fixed gross annual salary.

Variable remuneration for 2009

For 2009, the objectives for the part of the variable remuneration that depends on quantitative objectives were all realised. Furthermore, the Supervisory Board is of the opinion that the formulated personal objectives that form the basis of the discretionary part of the variable remuneration have also been realised to a sufficient extent.

The following schedule provides a list of the remuneration of Messrs Geelen, Van der Woude and Van Hoeve in 2009.

	Total	Salary (in €)	Pension (in €)	Variable remuneration (in €)	Employee stock options (in €)
F.J.H. Geelen	900,250	315,000	110,250	315,000	160,000
E.J. van der Woude*	203,438	131,250	32,813	39,375	-
D. van Hoeve**	162,473	76,000	8,473	30,000	48,000

* For the period 1 January 2009 up to and including 30 September 2009

** Non-statutory Management Board member since 1 September 2009; the amounts apply to the entire year

Mr Geelen and Mr Van der Woude held the following options for shares in Beter Bed Holding N.V. at year-end 2009:

	Series	Number	Value of each option at time of awarding	Exercise price	Expiry date	Profit target in millions of €
F.J.H. Geelen	2004	50,000	€ 1.72	€ 5.90	29-10-2011	12.0
	2005	50,000	€ 2.89	€ 10.71	28-10-2011	15.0
	2006	50,000	€ 3.15	€ 17.08	27-10-2012	27.5
	2007	50,000	€ 3.56	€ 20.92	30-4-2013	36.0
	2008	37,500	€ 1.39	€ 8.15	29-4-2014	22.5
	2009	50,000	€ 3.20	€ 15.23	28-4-2015	25.0
D. van Hoeve	2005	6,250	€ 2.89	€ 10.71	28-10-2011	15.0
	2006	6,250	€ 3.15	€ 17.08	27-10-2012	27.5
	2007	6,250	€ 3.56	€ 20.92	30-4-2013	36.0
	2008	4,685	€ 1.39	€ 8.15	29-4-2014	22.5
	2009	15,000	€ 3.20	€ 15.23	28-4-2015	25.0

The formulated target has been met for the series from 2004, 2005, 2006 and 2008. The value at the time of awarding is determined via an actuarial calculation based on the Black & Scholes model.


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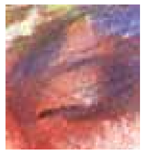
FINANCIAL STATEMENTS 2009



BETER BED HOLDING N.V.

Consolidated balance sheet

at 31 December in thousand €

before proposed profit appropriation

		2009	2008
Fixed assets			
Tangible fixed assets	1		
Land		5,323	5,498
Buildings		4,956	5,319
Other fixed operating assets		19,384	21,123
		29,663	**31,940**
Intangible fixed assets	2		
Goodwill		**3,811**	**3,811**
Financial fixed assets			
Deferred tax assets	14	**1,038**	**528**
Current assets			
Stocks	3		
Finished products and goods for resale		**51,467**	**49,393**
Debtors	4		
Trade accounts receivable		910	1,129
Other debtors		5,032	4,981
		5,942	**6,110**
Cash and cash equivalents	5	**17,156**	**5,196**
Total assets		**109,077**	**96,978**

	Note	2009	2008
## Liabilities			
Equity attributable to equity holders of the parent	6		
Issued share capital		436	436
Share premium account		16,145	16,145
Reserve for currency translation differences		137	130
Revaluation reserve		2,722	2,852
Other reserves		11,694	1,014
Retained earnings		23,918	22,126
		55,052	**42,703**
Long-term liabilities	7		
Deferred tax liabilities		1,816	1,748
Credit institutions		7,000	-
		8,816	**1,748**
Current liabilities	8		
Credit institutions		2,000	16,337
Trade creditors		15,721	13,472
Profit tax payable	14	2,968	1,283
Taxes and social security contributions		8,636	4,987
Other liabilities		15,884	16,448
		45,209	**52,527**
Total liabilities		**109,077**	**96,978**

Consolidated profit and loss account

at 31 December in thousand €

	Note	2009		2008	
Revenue	9	361,470		358,565	
Cost of sales		(163,638)		(163,079)	
Gross profit		**197,832**	54.7%	**195,486**	54.5%
Wage and salary costs	10	78,238		78,089	
Depreciation of tangible fixed assets	12	7,750		7,309	
Other operating expenses	13	79,206		78,880	
Total operating expenses		**165,194**	45.7%	**164,278**	45.8%
Operating profit (EBIT)		**32,638**	9.0%	**31,208**	8.7%
Financial income		67		16	
Financial expenses		(727)		(880)	
Profit before taxation		**31,978**	8.8%	**30,344**	8.5%
Income tax expense	14	(8,060)		(8,218)	
Net profit		**23,918**	6.6%	**22,126**	6.2%
Earnings per share	16				
Earnings per share in €		1.12		1.04	
Diluted earnings per share in €		1.12		1.03	

Consolidated statement of comprehensive income

at 31 December in thousand €

	2009			2008		
	Gross	Tax	Net	Gross	Tax	Net
Net profit	31,978	(8,060)	23,918	30,344	(8,218)	22,126
Revaluation	(175)	45	(130)	-	-	-
Movements in reserve for currency translation differences	7	-	7	140	-	140
Total comprehensive income	**31,810**	**(8,015)**	**23,795**	**30,484**	**(8,218)**	**22,266**

Consolidated cash flow statement

at 31 December in thousand €

	2009	2008
Cash flow from operating activities		
Operating profit	32,638	31,208
Financing income received	67	16
Financing expenses paid	(727)	(880)
Profit tax paid	(6,772)	(9,800)
Depreciation	7,750	7,309
Costs employee stock options	247	557
Movements in:		
- Stocks	(2,074)	370
- Debtors	168	(772)
- Short-term liabilities	5,334	2,963
- Other	7	120
	36,638	**31,091**
Cash flow from investing activities		
Additions to tangible fixed assets	(6,331)	(10,029)
Disposals of tangible fixed assets	683	488
	(5,648)	**(9,541)**
Cash flow from financing activities		
Drawing of loan	10,000	-
Repayment of loan	(1,000)	-
Income from the issue of shares	664	74
Dividend paid	(12,357)	(21,064)
Share buy-back program	-	(4,196)
	(2,693)	**(25,186)**
Movements in cash and cash equivalents	**28,297**	**(3,636)**
Cash and cash equivalents at the start of the financial year	(11,141)	(7,505)
Cash and cash equivalents at the end of the financial year	17,156	(11,141)

Consolidated statement of changes in equity

	Total	Issued share capital	Share premium reserve	Reserve for currency translation differences	Revaluation reserve	Other reserves	Retained earnings
Balance on 1 Jan. 2008	**45,066**	**436**	**16,145**	**(10)**	**2,852**	**(1,929)**	**27,572**
Net profit 2008	22,126	-	-	-	-	-	22,126
Other components of comprehensive income 2008	140	-	-	140	-	-	-
Profit appropriation 2007	(14,894)	-	-	-	-	12,678	(27,572)
Interim dividend 2008	(6,170)	-	-	-	-	(6,170)	-
Share buy-back program	(4,196)	-	-	-	-	(4,196)	-
Issue of shares	74	-	-	-	-	74	-
Costs of employee stock options	557	-	-	-	-	557	-
Balance on 31 Dec. 2008	**42,703**	**436**	**16,145**	**130**	**2,852**	**1,014**	**22,126**
Net profit 2009	23,918	-	-	-	-	-	23,918
Other components of comprehensive income 2009	(123)	-	-	7	(130)	-	-
Profit appropriation 2008	(4,897)	-	-	-	-	17,229	(22,126)
Interim dividend 2009	(7,460)	-	-	-	-	(7,460)	-
Issue of shares	664	-	-	-	-	664	-
Costs of employee stock options	247	-	-	-	-	247	-
Balance on 31 Dec. 2009	**55,052**	**436**	**16,145**	**137**	**2,722**	**11,694**	**23,918**

General notes

The consolidated financial statements have been prepared on a historical cost basis, except for land, which is carried at fair value. The consolidated financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS), as approved for use in the European Union and in accordance with the interpretations as adopted by the International Accounting Standards Board (IASB). Unless expressly stated otherwise, the amounts stated in these notes refer to the consolidated figures. The consolidated financial statements have been drawn up in euros and all amounts have unless stated otherwise been rounded off to thousands (€ 000).
The 2009 consolidated financial statements of Beter Bed Holding N.V. have been drawn up by the Management Board and were considered in the meeting of the Supervisory Board on 11 March 2010. These financial statements are still to be adopted by the shareholders. The adoption of the financial statements has been placed on the agenda of the Annual General Meeting of Shareholders on 28 April 2010.
Pursuant to Section 402, of Book 2 of the Dutch Civil Code, the company financial statements contain an abbreviated profit and loss account.

Application of new standards

The company has applied the following new and amended IFRS standards and IFRIC interpretations, which are relevant to the group, in the year under review:

- IFRS 8: Identification of segments and valuation of segment information based on internal reporting structure used by management.
- IAS 1: Changes in the presentation of financial statements.
- IFRS 7: Changes in the notes to financial instruments.

The application of these standards and interpretations had no material effect on the capital and profit of the group.

Application of new accounting standards

No early application has taken place of new standards, amendments of existing standards, new IFRIC standards or interpretations whose application is mandatory for financial years beginning on or after 1 January 2009. The following new standards, interpretations and amendments could be relevant to Beter Bed Holding:

- IAS 27: Consolidated and Separate Financial Statements.
- IFRS 3R: Business Combinations.

The application of these new standards, amendments of existing standards and new interpretations is expected to result mainly in changes in the notes to a number of items in the financial statements in future years.

Principles of consolidation

New group companies are included in the consolidation at the time at which the company can exercise effective control over the company. The information is accounted for on the basis of full consolidation using uniform accounting policies. All intercompany balances and transactions, including unrealised gains on intercompany transactions, are eliminated in full. Beter Bed Holding N.V. has issued declarations of joint and several liability for all Dutch group companies for the obligations arising from all legal transactions entered into by these group companies. Pursuant to these letters of guarantees, the Dutch group companies have made use of the exemption options laid down in Article 403, paragraphs 1 and 3, of Part 9, Book 2 of the Dutch Civil Code.

The following companies are involved in the consolidation of Beter Bed Holding N.V. and its participating interests.

Name of statutory interest	**Registered office**	**Interest %**
BBH Beteiligungs GmbH	Cologne, Germany	100
BBH Services GmbH & Co K.G.	Cologne, Germany	100
Beter Bed B.V.	Uden, the Netherlands	100
Beter Bed Holding N.V. y Cia S.C.	Barcelona, Spain	100
Beter Beheer B.V.	Uden, the Netherlands	100
Concord Polska Sp. Z.o.o.	Warsaw, Poland	100
DBC International B.V.	Uden, the Netherlands	100
DBC Nederland B.V.	Uden, the Netherlands	100
DBC Deutschland GmbH	Moers, Germany	100
DFC Comfort B.V.	Heelsum, the Netherlands	100
Dormaël Slaapkamers B.V.	Soesterberg, the Netherlands	100
El Gigante del Colchón S.L.	Barcelona, Spain	100
Linbomol S.L.	Barcelona, Spain	100
M Line Bedding S.L.	Barcelona, Spain	100
Matrassen Concord B.V.	Uden, the Netherlands	100
Matratzen Concord AG	Frauenfeld, Switzerland	100
Matratzen Concord GmbH	Cologne, Germany	100
Matratzen Concord GesmbH	Vienna, Austria	100
MAV Matratzen-Abverkauf GmbH	Cologne, Germany	100
Meubelgroothandel Classic Heerlen B.V.	Kerkrade, the Netherlands	100
M-T-M Nederland B.V.	Uden, the Netherlands	100
Procomiber S.L.	Barcelona, Spain	100

Principles for the translation of foreign currencies

The consolidated financial statements have been prepared in euros. The euro is the functional and reporting currency of the group. Assets and liabilities in foreign currencies are translated at the rate of exchange on the balance sheet date; result items are translated at the rate of exchange at the time of the transaction. The resultant exchange differences are credited to or deducted from the profit and loss account. Exchange differences in the annual accounts of foreign group companies incorporated in the consolidation are taken directly to the reserves. The results of consolidated foreign participating interests are translated into euros at the average exchange rate for the year under review. On the disposal of a foreign entity, the deferred accumulated amount recognised in equity for the foreign entity concerned is taken through profit or loss.

Accounting policies

Tangible fixed assets

Tangible fixed assets other than company land are valued at the purchase price or production price less straight-line depreciation based on the expected economic life or lower realisable value. Company land is valued at the estimated current value. Land is carried at fair value on the basis of periodic valuations by an outside expert. Any revaluations are recognised in equity, with a provision for deferred taxation being formed at the same time. Land and tangible fixed assets under construction are not depreciated.

A tangible fixed asset is derecognised in the event of disposal or if no future economic benefits are expected from its disposal or use. Any gains or losses arising from its balance sheet derecognition (calculated as the difference between the net proceeds on disposal and the book value of the asset) are taken through profit or loss for the year in which the asset is derecognised.

The residual value of the asset, its economic life and valuation principles are reviewed and if necessary adapted at the end of the financial year.

Lease agreements

The determination whether an arrangement forms or contains a lease agreement is based on the content of the agreement and requires an assessment to determine whether the execution of the agreement is dependent upon the use of a certain asset or certain assets and whether the agreement gives the right to actually use the asset.

Operational lease payments are recorded as expenses in the profit and loss account evenly throughout the lease period.

Goodwill

Goodwill is the difference between the acquisition price, plus the directly attributable costs, minus the fair value of identifiable assets and the fair value of the acquired liabilities. Goodwill is valued at cost minus any possible impairment losses. Goodwill is checked at least annually for impairment, if events or changes in circumstances indicate that the book value has possibly been impaired. To check for impairment, the goodwill that arose from a business combination is attributed from the acquisition date to the company's cash-flow generating units, or combinations of units, which are expected to profit from the synergy of the business combination, regardless of whether other assets or liabilities of the company are attributed to these units or groups of units. Goodwill impairments cannot be reversed after initial recognition.

Impairment of assets

The company assesses per reporting date whether there are indications that an asset has been impaired. If there is any such indication or if the annual assessment of impairment of an asset is required, the company estimates the asset's realisable value. An asset's realisable value is the higher of the fair value of an asset or the cash-flow generating unit (after deduction of the selling costs) or the value in use, unless the asset does not generate incoming cash flows that are largely independent of the flows of other assets or groups of assets. If an asset's book value exceeds the realisable value, the asset is deemed to have been impaired and its value is decreased to the realisable value. When assessing the value in use, the present value of the estimated future cash flows is determined, with the application of a discount rate before tax that takes into account the current market assessment of the time value of money and the specific risks associated with the asset.

An assessment is made on each reporting date of whether there are indications that a formerly included impairment loss no longer exists or has decreased. If there is any such indication, the realisable value is estimated. A formerly included impairment loss is only reversed if a change has occurred in the estimate that was used to determine the realisable value of the last impairment loss was included in the accounts. In that case, the book value of the asset is increased to the realisable value. This increased amount cannot be higher than the book value that would have been determined (after deducting sums in depreciation) if no impairment loss had been included for the asset in previous years. Any such reversal is accounted for in the profit and loss account.

Derecognition in the balance sheet of financial assets and liabilities

A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is no longer included in the balance sheet if the group is no longer entitled to the cash flows from that asset or if substantially all risks and rewards of the asset have been transferred or – if substantially all risks and rewards of the asset have not been transferred – the entity has transferred control of the asset.

A financial obligation is no longer included in the balance sheet once the obligation has been fulfilled or discontinued or has expired. If an existing financial obligation is replaced by another from the same lender, under substantially different conditions, or if considerable amendments are made to the conditions of the existing obligation, the replacement or amendment is dealt with by including the new obligation in the balance sheet and no longer including the original obligation. The difference between the relevant book values is included in the profit and loss account.

Taxation

Tax liabilities for current or previous years are valued at the amount that is expected to be paid to the tax authorities. The amount is calculated on the basis of the tax rates set by law and the applicable tax legislation.

A provision is formed for deferred tax liabilities based on the temporary differences on the balance sheet date between the tax book value of assets and liabilities and the book value entered in these financial statements. Deferred tax liabilities are entered for all taxable temporary differences. The deferred tax liabilities are valued at nominal value.

Deferred tax assets are recognised for available tax loss carryforwards and deferred tax assets arising from temporary differences at the balance sheet date between the amounts of assets and liabilities for tax purposes and the book values recognised in these financial statements. They are valued at nominal value. Deferred tax assets arising from future tax loss carryforwards are only recognised to the extent that it is probable that sufficient future taxable profit will be available against which they can be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on applicable tax rates and enacted tax laws.

Stocks

Stocks are valued at the lower of purchase price and market value. The market value is formed by the estimated sale price within normal business operations minus the estimated costs of completion and the estimated costs for settling the sale. Where necessary, the downward adjustment of the value of unmarketable goods is taken into account. Unrealised intercompany profits are eliminated from the stock valuation.

Cash and cash equivalents

Cash and cash equivalents on the balance sheet consist of bank credit and cash.

Other assets and liabilities

Other assets and liabilities are valued at amortised cost. Where necessary the liabilities take doubtful debts into account. The notes contain a specification of any differences between the market value of these assets and liabilities and the amounts stated in the balance sheet.

Determination of the result

Revenue

The revenue is understood as the proceeds of the sale of goods and services to third parties less discounts and similar, and sales taxes. Revenue is valued at the time the goods are delivered to consumers and other customers.

Cost of sales

These comprise the cost of the goods and services included in sales, after deduction of any payment discounts received, increased by directly attributable purchase and supply costs.

Expenses

The costs are determined in accordance with the aforementioned accounting policies, and are allocated to the financial year to which they relate. Interest is recognised as an expense in the period to which it relates.

Pensions

A variety of pension schemes are in use within the company. In the Netherlands, the majority of the employees participate in the Wonen Industrial Pension Fund. This is an average pay scheme with a maximum pension accrual on the income for social security contributions. This arrangement is currently considered a defined benefit arrangement. This pension fund is not, however, presently able to provide data that enable a pure application of IAS 19. The Pension Fund has stated that any underfunding will not be recovered from participating companies by means of a premium increase. Virtually all other pension schemes are based on the defined contribution system. The premiums paid to the industrial pension fund and to insurers respectively are included as expenses in the year for which they are applicable. There are no company specific pension schemes in the other countries.

Depreciation

Depreciation is calculated using the straight-line method based on the expected economic life. Additions in the year under review are depreciated from the date of purchase.

Cash flow statement

The cash flow statement is drawn up using the indirect method. The ‘cash and cash equivalents’ item stated in the cash flow statement can be defined as cash and cash equivalents less short-term bank overdrafts, inasmuch as this does not relate to the short-term component of long-term loans.

Share-based transactions

Members of the Management Board and a few other employees of the company receive remuneration in the form of payment transactions based on shares, whereby these employees provide certain services in return for capital instruments (transactions settled in equity instruments).

The expenses of the transactions settled with employees in equity instruments are valued at the real value on the allotment date. The real value is determined on the basis of the Black & Scholes model. Performance conditions are taken into account when determining the value of the transactions settled in equity instruments.

The expenses of the transactions settled in equity instruments are, together with an equal increase to the capital and reserves, entered in the period in which the conditions relating to the performance and/or services are met, ending on the date on which the involved employees receive full rights to allotment (the date upon which these rights have become unconditional).
The cumulative expenses, for transactions settled in equity instruments on the reporting date, reflect the degree to which the waiting period has expired and also reflects the company's best estimation of the number of equity instruments that will ultimately be allotted unconditionally. The amount that is charged to the profit and loss account for a certain period reflects the movements in the cumulative expense that is entered at the beginning of that period.

Risks

Currency risks, arising mainly from purchases in dollars, are not covered. A 5% change in the average dollar exchange rate would, on the basis of the purchasing volumes in the financial year, produce an effect of approximately € 216 (2008: € 100) on the operating profit (EBIT) if sales prices remain the same. There are virtually no financial instruments in foreign currencies. Owing to the current capital structure of the company, interest rate risk is very limited. The effect on the result of a change (increase or decrease) in interest rate by 50 basis points would be approximately € 45 before tax (2008: € 80), on the basis of the use of the credit facilities at year-end 2009.
Credit risk is limited to the wholesale operations and trade receivables under bonus agreements. No specific measures are required for this, in addition to standard credit control. The fair value of receivables is equal to their book value. The maximum credit risk equals the carrying amount of the receivables.

Liquidity risk is not very significant, owing to the nature of the company's operations and financial position. A description of the available credit facilities is set out on page 63 of this report. For an explanation of the other risks, please refer to the related section in the Report of the Management Board on page 26.

Capital management

The company has a target solvency of at least 30% (in accordance with the dividend policy). The item stocks is by far the most important in the working capital. Targets have been defined for this for each formula. These variables are included in the weekly reports.

Information by segment

Various operating segments are identified within the group as they are reviewed by the decision-makers within the entity. These operating segments independently earn revenues and incur expenses. These operating segments are aggregated into a single reportable segment as the nature of the products, the customers and distribution methods are comparable and in addition the economic characteristics are similar.

Estimates

If important estimates are made when drawing up the financial statements, an explanation will be provided in the discussions for each item in question. Accounting estimates were applied mainly for stocks and goodwill.

Notes to the consolidated balance sheet and profit and loss account

at 31 December, in thousand €

1. Tangible fixed assets

The movements in this item were as follows:

	Land	Buildings	Other fixed operating assets	Total
Book value 1 January 2008	**5,498**	**5,936**	**18,254**	**29,688**
Investments	-	-	10,029	10,029
Revaluation	-	-	-	-
Transfers	-	(256)	256	-
Currency adjustment	-	-	20	20
Disposals	-	-	(488)	(488)
Depreciation	-	(361)	(6,948)	(7,309)
Book value 31 December 2008	**5,498**	**5,319**	**21,123**	**31,940**
Accumulated depreciation	-	3,864	52,618	56,482
Accumulated revaluation	(3,829)	-	-	(3,829)
Purchase price	**1,669**	**9,183**	**73,741**	**84,593**
Book value 1 January 2009	**5,498**	**5,319**	**21,123**	**31,940**
Investments	-	-	6,331	6,331
Revaluation	(175)	-	-	(175)
Transfers	-	-	-	-
Currency adjustment	-	-	-	-
Disposals	-	-	(683)	(683)
Depreciation	-	(363)	(7,387)	(7,750)
Book value 31 December 2009	**5,323**	**4,956**	**19,384**	**29,663**
Accumulated depreciation	-	4,227	56,919	61,146
Accumulated revaluation	(3,654)	-	-	(3,654)
Purchase price	**1,669**	**9,183**	**76,303**	**87,155**

The revaluation relates to the company land at Uden and Hoogeveen and the land forming part of retail properties owned. These properties are located in the Dutch cities of Elst, Den Helder, 's-Hertogenbosch and Uden. This land was revalued on 12 October 2009 by an independent valuer. The value of land is defined as the price that would be paid in a private sale of the land in undeveloped state but prepared for building, offered free of all third-party rights and in the way most suitable for the immovable property, after best preparation, by the highest-bidding candidate, with any taxes payable to the government and/or sales tax and notarial charges being borne by the buyer.
The tangible fixed assets are intended for own use.

2. Intangible fixed assets

The goodwill relates to the acquisition of the Spanish companies. The cash flow-generating unit to which this acquired goodwill is allotted is El Gigante del Colchón. The realisable value of the goodwill is determined on the basis of the present value of the company. This is calculated on the basis of the future cash flows, based on the financial budgets and prognoses of the cash flow-generating units over a period of five years; a growth rate of 2.5% per year has been used after those five years (2008: 2%). The growth rate used relates to the expected inflation for the coming years.
The net present value of expected cash flows calculated using a discount rate after taxes of 12.5% (2008: 12.5%) supports the goodwill recognised as at the balance sheet date.

3. Stocks

This comprises stocks held in stores to the value of € 45,146 (2008: € 42,366) and stocks held in warehouses to the value of € 6,321 (2008: € 7,027). The write-down for possible obsolescence included in this item can be specified as follows:

	2009	2008
Balance at 1 January	**1,461**	**1,067**
Movement	8	394
Balance at 31 December	**1,469**	**1,461**

The provision is determined taking account of the quantity of goods withdrawn from the range or returned to suppliers.

4. Debtors

All the accounts receivable fall due within less than one year and are carried at amortised cost price which is equal to the nominal value. Sales in stores and deliveries are settled in cash. Receivables relate mainly to receivables due from wholesale customers and trade receivables arising from agreed bonuses. A provision of € 63 is recognised for wholesale accounts receivable. This is 75% of the overdue receivables.

5. Cash and cash equivalents

This item relates to the cash and bank balances. The amount is composed as follows: cash € 521 (2008: € 402), bank balances € 14,154 (2008: € 2,777) and cash in transit € 2,481 (2008: € 2,017).

6. Equity

The movements in the equity items are shown in the consolidated equity movement overview on page 51. The company's authorised share capital amounts to € 1,250, divided into 62.5 million ordinary shares with a nominal value of € 0.02.

The movements in the number of shares used to calculate earnings per share are as follows:

	2009	2008
Issued and paid-up shares as at 1 January	21,805,117	21,805,117
Share issue on exercise of employee stock options	-	-
Issued and paid-up shares as at 31 December	21,805,117	21,805,117
Shares in portfolio as at 1 January	515,980	238,736
Repurchased during the year	-	289,744
Reissue on exercise of options	(112,500)	(12,500)
Shares in portfolio as at 31 December	403,480	515,980

The repurchased shares have not yet been cancelled and therefore not been deducted from the number of issued and paid-up shares. These repurchased shares are no longer included in the earnings per share calculation.

The revaluation reserve relates to land. A proposal will be submitted to the Annual General Meeting of Shareholders to distribute a final dividend in cash of € 0.69 per share. The total dividend for 2009 will therefore amount to € 1.04 per share (2008: € 0.52).

7. Long-term liabilities

The deferred tax liabilities relate to the differences between the valuation of stocks and land in the Netherlands for tax and financial reporting purposes. This difference is long-term in nature.

The movements in this item in 2009 and 2008 were as follows:

	2009	2008
Balance at 1 January	**1,748**	**1,772**
To profit and loss account	113	(24)
To equity	(45)	-
Balance at 31 December	**1,816**	**1,748**

Within deferred tax liabilities at the end of the financial year, € 932 (2008: € 976) relate to the revaluation of land and € 884 (2008: € 772) to the difference between the valuation of stock for tax purposes and for financial reporting purposes.

A loan of € 10.0 million at a fixed rate of interest of 4.75% was entered into in June 2009. The loan has a term of five years and is repaid by monthly installments. The annual repayment obligation of € 2.0 million is paid from present cash flows and reported in the balance sheet in Current liabilities – Credit institutions. The liquidity risk, at € 500 per quarter, is negligible.

8. Current liabilities

The current account facilities available to the company for financing the group total € 25.0 million. In connection with these liabilities to credit institutions the company and its subsidiaries have undertaken not to encumber their assets with any security rights without advance consent by the credit institution. In addition a roll-over facility has been concluded with Fortis for an amount of € 10.0 million, with a term of eight years (until September 2015). This facility can be used as required. Security has been provided in the form of a mortgage on the distribution centres in Uden and Hoogeveen and on the retail property in Den Helder. At the end of the financial year, no use was made of this roll-over facility. The headroom of the current account facilities and the security provided are unchanged from year-end 2008. In general, creditors in the Netherlands are paid within ten days. In Germany the payment conditions stipulate payment 15 days after the end of the month in which goods are delivered.

9. Information by geographic area

Revenue by country

	2009	%	2008	%
Germany	185,003	51	174,127	49
The Netherlands	140,481	39	150,981	42
Other countries	36,450	10	33,994	9
Intercompany adjustment	(464)	-	(537)	-
Total	**361,470**	**100**	**358,565**	**100**

Fixed assets by country

Intangible fixed assets totalling € 3,811 (2008: € 3,811) carried in the balance sheet at 31 December 2009 consisted in full of the goodwill paid in 2005 on the acquisition of the activities in Spain.

Tangible fixed assets

	2009	2008
Germany	8,992	8,677
The Netherlands	17,818	20,430
Other countries	2,853	2,833
Total	**29,663**	**31,940**

10. Wage and salary costs

The following wage and salary components are included in the operating expenses:

	2009	2008
Wages and salaries	64,446	64,240
Social security costs	11,435	11,128
Pension costs	2,110	2,144
Costs of employee stock options	247	577
Total	**78,238**	**78,089**

The pension contributions relate virtually exclusively to defined contribution schemes or schemes designated as such.

Of the total cost for employee stock options, € 70 relate to the (former) members of the company's Management Board (2008: € 211).

Average number of employees

All the companies included in the consolidation had an average of 2,217 employees (FTE) in 2009 (2008: 2,169):

	2009	2008
Germany	1,336	1,248
The Netherlands	645	694
Spain	104	117
Austria	73	57
Switzerland	43	42
Belgium	11	10
Poland	5	1
Total	**2,217**	**2,169**

11. Option program

The options are long-term in nature and can be exercised providing that the profit target has been met. The costs of the option program are calculated using the Black & Scholes model. An overview of the details of the options granted and still outstanding, as well as the values employed in the Black & Scholes model, is provided below:

	2009	2008	2007	2006	2005*	2004*
Number granted	218,000	163,300	216,500	212,500	215,000	212,500
Number outstanding	218,000	132,175	166,500	162,500	137,500	50,000
Value according to Black & Scholes	€ 3.20	€ 1.39	€ 3.56	€ 3.15	€ 2.89	€ 1.72
Exercise from	28-Oct-2011	29-Oct-2010	31-Oct-2009	March 2009	28-Oct-08	March 2008
Exercise through	28-Apr-2015	29-Apr-2014	30-Apr-2013	27-Oct-2012	28-Oct-2011	29-Oct-2011
Profit target (in millions)	€ 25.0	€ 22.5	€ 36.0	€ 27.5	€ 15.0	€ 12.0
Share price on the allotment date	€ 15.23	€ 8.15	€ 20.92	€ 17.08	€ 10.71	€ 5.90
Exercise price	€ 15.23	€ 8.15	€ 20.92	€ 17.08	€ 10.71	€ 5.90
Expected life	3.8 years	3.8 years	3.8 years	4.2 years	4.5 years	3.5 years
Risk-free rate of interest	2.4%	3.8%	4.3%	3.9%	3.0%	3.0%
Volatility**	48.0%	38.0%	33.2%	41.1%	50.6%	49.3%
Dividend yield	5.0%	9.0%	6.7%	8.5%	6.5%	4.4%

* recalculated following the share split in May 2006.

** expected volatility is based on end-of-month closing prices for the most recent period with a length equalling the expected term with a maximum of five years.

In 2009, 112,500 options of the series from 2004 were exercised at an average price of € 15.15.

12. Depreciation

Depreciation in the year under review amounted to € 7,750 (2008: € 7,309).

The depreciation rates, which are based on the expected economic life, are as follows:

Land	0%
Buildings	3.33%
Plant	10%
Other	10 tot 33%

13. Other operating expenses

Other operating expenses include € 42.0 million in rental expenses and lease expenses (2008: € 40.0 million). The remainder of these costs relates mainly to selling and distribution costs.

14. Income tax expense

A tax asset is recognised at year-end 2009 under financial fixed assets of € 889 (2008: € 425) relating to future tax loss carryforwards.

The differences between the valuation of tangible fixed assets for tax purposes and for financial reporting purposes give rise to the recognition of a tax asset of € 149 (2008: € 103).

An amount of € 603 (2008: € 382) in tax loss carryforwards is not recognised in the balance sheet, as their utilisation is currently assessed as being unlikely. Of the tax loss carryforwards € 222 expire in the year 2011, € 160 expire in the year 2023 and € 221 expire in the year 2024.

The reconciliation between the tax liability and the results of the calculation of the profit before taxes, multiplied by the local tax rate in the Netherlands, was as follows on 31 December 2009 and 31 December 2008:

	2009	2008
Profit before taxes	**31,978**	**30,344**
At the applicable legal rate of 25.5%		
in the Netherlands (2008: 25.5%)	8,154	7,738
Adjustment profits tax previous years	(12)	(27)
Non-deductible expenses	80	163
Deductible costs of employee stock options	-	(228)
Effect of the tax rates outside		
the Netherlands	(162)	572
At an effective tax rate of 25.2%		
(208: 27.1%)	**8,060**	**8,218**
Profit tax taken to the consolidated		
profit and loss account	8,060	8,218

The item tax in the profit and loss account comprises the following:

	2009	2008
Tax for current year	8,469	8,749
Adjustment of profit tax for prior years	(12)	(27)
Temporary differences	67	(79)
Future tax loss carryforwards	(464)	(425)
Profit tax in the consolidated profit and loss account	**8,060**	**8,218**

15. Remuneration for the members of the Management Board and the Supervisory Board

In 2009 the remuneration for the members of the Management Board and the Supervisory Board was as follows:

	Total		Salary (in €)		Variable remuneration (in €)		Pension (in €)		Employee stock options (in €)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
F.J.H. Geelen	900,250	577,125	315,000	300,000	315,000	120,000	110,250	105,000	160,000	52,125
E.J. van der Woude	203,438	274,063	131,250	160,000	39,375	48,000	32,813	40,000	-	26,063
D. van Hoeve	162,473	-	76,000	-	30,000	-	8,473	-	48,000	-
Total Management Board	**1,266,161**	**851,188**	**522,250**	**460,000**	**384,375**	**168,000**	**151,536**	**145,000**	**208,000**	**78,188**
M.J.N.M. van Seggelen	26,500	26,500	26,500	26,500						
E.F. van Veen	22,500	22,500	22,500	22,500						
C.A.S.M. Renders	22,500	22,500	22,500	22,500						
J. Blokker	16,000	16,000	16,000	16,000						
Total Supervisory Board	**87,500**	**87,500**	**87,500**	**87,500**						

The variable remunerations relate to the year in which they are classified and are included in the expenses of that year. For a detailed explanation, please refer to the Remuneration Report on page 40 of this annual report.

As on the date of this report, Mr Geelen owned 80,000 shares in the company.
As on the date of this report, Mr Van Hoeve owned 500 shares in the company.
As on the date of this report, Mr Anbeek owned 2,500 shares in the company.
Mr Blokker is director of the major shareholder Breedinvest B.V.
The members of the Supervisory Board do not have any options.

16. Earnings per share

The net profit of € 23,918, divided by the average number of outstanding shares totalling 21,309,753 equals earnings per share of € 1.12. Due to the option series outstanding, the number of shares used for the calculation of the diluted earnings per share is equal to 21,365,948. This results in diluted earnings per share of € 1.12.

17. Commitments not included in the balance sheet

The company has entered into long-term rental and lease obligations concerning buildings and other operating assets. The minimum obligation on the balance sheet date can be shown as follows:

Duration	**2010**	**2011**	**2012**	**2013**	**2014**	**after 2014**
Rental agreements	42,514	24,138	13,748	9,660	6,957	7,229
Lease agreements	1,995	1,432	920	409	186	24
Total	**44,509**	**25,570**	**14,668**	**10,069**	**7,143**	**7,253**

The majority of the rental agreements for the company premises required for the Beter Bed formula are long-term agreements (between five and ten years), with options for renewal.
The majority of the rental agreements for the Matratzen Concord formula have been concluded for a period between five to ten years, whereby a clause has been included stipulating that the agreements can be terminated without charge within the first two years.
In the year under review amounts of € 39.6 million arising from rental agreements for real estate and € 2.4 million arising from lease agreements have been recorded in the profit and loss account.

18. Related parties

The companies listed on page 53 of this report are included in the consolidation of Beter Bed Holding N.V. and its participating interests.

The financial relationships between Beter Bed Holding N.V. and its participating interests consist almost fully in receiving dividends and receiving interest on loans provided.

19. Post-balance sheet events

No events that are required to be disclosed occurred in the period between the end of the year under review and the preparation of these financial statements.

Company balance sheet

at 31 December, in thousand €
before proposed profit appropriation

		2009	2008
Fixed assets			
Tangible fixed assets		3	7
Financial fixed assets	1	115,608	93,867
		115,611	**93,874**
Current assets			
Debtors	2	4,693	14,292
Cash and cash equivalents	3	-	-
		4,693	**14,292**
Total assets		**120,304**	**108,166**

		2009	2008
Capital and reserves	4		
Issued share capital		436	436
Share premium account		16,145	16,145
Reserve for currency translation differences		137	130
Revaluation reserve		2,722	2,852
Other reserves		11,694	1,014
Retained earnings		23,918	22,126
		55,052	**42,703**
Provisions	5	**219**	**22**
Current liabilities	6	**65,033**	**65,441**
Total liabilities		**120,304**	**108,166**

Company profit and loss account

at 31 December, in thousand €

	2009	2008
Net profit of participating interests	**18,711**	**21,305**
Other income / expenses	**5,207**	**821**
Net profit	**23,918**	**22,126**

Notes to the company balance sheet and profit and loss account

at 31 December, in thousand €

General

The registered office of Beter Bed Holding N.V. is Linie 27, 5405 AR Uden, the Netherlands.
The financial statements have been compiled on the basis of Title 9, Book 2 of the Dutch Civil Code in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union and applied to the consolidated financial statements. The participating interests are valued at net asset value. Participating interests in group companies are valued at the net asset value calculated in accordance with Beter Bed Holding N.V.'s policies. When a participating interest has a negative equity the sequence is as follows: first, the valuation of the participating interest is reduced, then a provision is formed for amounts owed by the participating interest and, when so required, a provision is formed.
The company financial statements are presented in euros and all amounts are rounded to thousands (€ 000) unless stated otherwise.
The option provided by Section 402 of Book 2 of the Dutch Civil Code to include an abbreviated profit and loss account in the company financial statements has been used.

1. Financial fixed assets

This item includes the participating interests in the group companies and the amounts owed by the group companies. The movement in this item was as follows:

	Participating interests in group companies	**Loans**	**Total**
Balance at 1 January 2009	**11,822**	**82,045**	**93,867**
Profit from participating interest in 2009	18,711	-	18,711
Dividend paid	-	-	-
Revaluation	(130)	-	(130)
Exchange gain	7	-	7
Loans granted to group companies	-	-	-
Loans repaid by group companies	-	-	-
Capital contribution	2,991	-	2,991
Movements in amounts owed by group companies	(35)	-	(35)
Movements in loans owed by group companies	202	(202)	-
Movements in participating interests provision	197	-	197
Balance at 31 December 2009	**33,765**	**81,843**	**115,608**

2. Debtors

At 31 December	2009	2008
Group companies	3,156	12,616
Other debtors	1,537	1,676
Total	**4,693**	**14,292**

All debtors fall due within one year.

3. Cash and cash equivalents

This item relates to the balance of cash in hand and at the bank. The cash and cash equivalents are at the full disposal of the company.

4. Equity

The company's authorised capital amounts to € 1,250, divided into 62.5 million ordinary shares with a nominal value of € 0.02 each. At the end of 2009 21,805,117 shares had been issued and paid up. The number of shares outstanding has not changed in the year under review.
Shares repurchased and not yet cancelled total 403,480. These shares have not been deducted from the number of issued and paid-up shares. These repurchased shares are no longer included in the earnings per share calculation.
The movement in the equity items is explained in the consolidated equity movement overview on page 51.
The revaluation reserve is the statutory revaluation reserve, relates to company land and cannot be freely distributed.

5. Provisions

At year-end 2009 and 2008 the provisions consisted in full of the provision for participating interests. The participating interests provision is a provision for participating interests that have negative net asset value after setting off loans provided by the company. The movements in the provisions in 2009 and 2008 were as follows:

	2009	2008
Balance at 1 January	**22**	**6,454**
Other movements	197	(6,432)
Balance at 31 December	**219**	**22**

6. Current liabilities

The breakdown of this balance sheet item is as follows:

At 31 December	2009	2008
Credit institutions	62,583	63,939
Taxes and social security contributions	2,028	603
Other liabilities, accruals and deferred income	422	899
Total	**65,033**	**65,441**

The movement in current liabilities owed to credit institutions is due mainly to dividend payments and the repurchase of shares in the company's own capital during the financial year.

7. Financial statement audit fees

The fees for the audit of the financial statements performed by Ernst & Young Accountants amounted to:

	2009	2008
Audit of financial statements	70	70
Other audit services	1	-
Other non-audit services	21	23
Total	**92**	**93**

Commitments not included in the balance sheet

The company, as the responsible company within the tax entity in the Netherlands, is liable for debts arising from corporation tax owed by the Dutch companies.

Uden, The Netherlands, 11 March 2010

Management Board
A.H. Anbeek

Supervisory Board
M.J.N.M. van Seggelen
E.F. van Veen
C.A.S.M. Renders
J. Blokker


MATRATZEN
CONCORD
MATRATZEN
CONCORD
EUROPAS
GRÖSSTE
MATRATZENKETTE
SCHLARAFFIA
Herzlich
Willkommen!!!
Dunlopillo
2. Matratze
GRATIS
Sparwochen!

Other information

Appropriation of profit pursuant to the articles of association

Article 32 of the Articles of Association states the most important provisions pertaining to the appropriation of profit:

Paragraph 1

Every year the Management Board, subject to approval from the Supervisory Board, determines the proportion of the company's profit – the positive balance of the profit and loss account – to be added to the company's reserves.

Paragraph 2

The profit remaining after the reservation pursuant to the previous paragraph shall be placed at the disposal of the Annual General Meeting of Shareholders.

Appropriation of profit in thousand €

Profit for 2009	23,918
Interim dividend	(7,460)
Addition to the other reserves*	(1,691)
Profit available for payment	**14,767**

The proposal for the appropriation of profit has not been taken into the balance sheet.

* On the basis of the balance of outstanding and repurchased shares as at 31 December 2009

To the Annual General Meeting of Shareholders and the Supervisory Board of Beter Bed Holding N.V.

Auditor's Report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Beter Bed Holding N.V., Uden. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at December 31, 2009, the profit and loss account, statement of comprehensive income, cash flow statement for the year then ended and statement of changes in equity, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2009, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at December 31, 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Beter Bed Holding N.V. as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, The Netherlands, 11 March 2010

Ernst & Young Accountants LLP

was signed W.T. Prins

Historical summary

at 31 December

	2009	2008	2007	2006	2005	2004
Result (in thousand €)						
Revenue	361,470	358,565	351,171	320,017	287,136	255,166
Gross profit	197,832	195,486	188,741	171,024	152,619	134,595
Operating profit (EBIT)	32,638	31,208	37,346	34,481	24,685	14,960
Net profit	23,918	22,126	27,572	23,830	15,637	8,316
Depreciation	7,750	7,309	6,974	6,117	6,318	6,316
Cash flow	31,668	29,435	34,546	29,947	21,955	14,677
Net investment	5,648	9,541	10,497	7,655	6,299	3,787
Capital (in thousand €)						
Total assets	109,077	96,978	95,160	82,957	72,226	68,988
Equity	55,052	42,703	45,066	42,701	33,422	25,372
Figures per share*						
Net profit in €	1.12	1.04	1.27	1.10	0.72	0.39
Cash flow in €	1.49	1.38	1.60	1.38	1.02	0.68
Dividend paid in €	1.04	0.52	1.05	0.90	0.60	0.30
Average number of outstanding shares (in 1,000 of shares)	21,310	21,319	21,653	21,643	21,642	21,441
Share price in € at year-end	16	9	18	19	13	6
Ratios						
Operating profit/revenue	9.0%	8.7%	10.6%	10.8%	8.6%	5.9%
Net profit/revenue	6.6%	6.2%	7.9%	7.4%	5.4%	3.3%
Solvency	50.5%	44.0%	47.4%	51.5%	46.3%	36.8%
Interest cover	49.5	36.1	79.1	54.2	31.4	16.2

* Recalculated according to the number of shares on the basis of a nominal value of € 0.02 (after the split in May 2006)

at 31 December

	2009	2008	2007	2006	2005	2004
Other information						
Number of stores						
at year-end	1,064	1,036	960	839	775	682
Number of retail staff						
at year-end	2,274	2,227	2,075	1,810	1,717	1,567
Number of production staff						
at year-end	-	-	-	-	4	193
Revenue per staff						
(in € 1,000)	163	165	179	180	167	144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Colophon

This annual report is published by

Beter Bed Holding N.V.
Linie 27
5405 AR Uden
The Netherlands

P.O.Box 716
5400 AS Uden
The Netherlands

T +31 413 338 819
F +31 413 338 829
E bbholding@beterbed.nl
www.beterbedholding.com

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HARD AT WORK ON A GOOD NIGHT'S REST

Beter Bed Holding N.V.

Linie 27
5405 AR Uden
The Netherlands

P.O.Box 716
5400 AS Uden
The Netherlands

T +31 413 338 819
F +31 413 338 829
E bbholding@beterbed.nl
www.beterbedholding.com