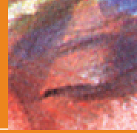


BETER BED HOLDING

Beter Bed Holding N.V.

ANNUAL REPORT 2008

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 1,036 stores at year-end 2008 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 € 359 million in 2008. 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.

Een Nederlandstalige versie van dit jaarverslag is ook beschikbaar.

Beter Bed Holding N.V.

Annual Report 2008

Contents

2008 in brief

2008 was characterised by:

- 2.1% growth in revenue.
- 8.7% operating profit (EBIT).
- Net profit € 22.1 million.
- Turbulence on the financial markets.
- Decreasing consumer confidence.
- Volatile consumer behaviour.
- 76 new stores.
- Opening of 1000th store.
- Beter Bed's 25th anniversary.
- Opening of the first store in Poland.

Revenue and number of stores

Key figures

at 31 December, in thousand € unless otherwise stated

	2008		2007	
Revenue	**358,565**		**351,171**	
Gross profit	**195,486**	54.5%	**188,741**	53.7%
Total operating expenses	**164,278**	45.8%	**151,395**	43.1%
Operating profit (EBIT)	**31,208**	8.7%	**37,346**	10.6%
Net profit	**22,126**	6.2%	**27,572**	7.9%
Average number of outstanding shares (in 1,000 of shares)	**21,319**		**21,653**	
Earnings per share €	**1.04**		**1.27**	
Diluted earnings per share €	**1.03**		**1.26**	
Share price in € at year-end	**8.51**		**17.77**	
Solvency (%)	**44.0**		**47.4**	
Net interest-bearing debt/EBITDA	**0.29**		**0.17**	
Interest cover	**36.1**		**79.1**	
Number of staff at year-end (FTE)	**2,227**		**2,075**	
Number of retail stores at year-end	**1,036**		**960**	

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 827 stores with an average floor space of approximately 270 m^2. 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 and Belgium. It underwent further expansion in December 2008 with the opening of one store in 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.matrassenconcord.nl
www.materace-concord.pl
www.matratzen-concord.at
www.matratzen-concord.ch

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 1,000 m^2. 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 are sold both by the own formulas and via third parties. The company has also developed a version especially for healthcare purposes.
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 50 stores at the end of 2008 (2007: 40). 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 600 m². There were 33 stores at the end of 2008 (end 2007: 31).

www.beddenreus.nl

Slaapgenoten/Dormaël Slaapkamers

This chain of ten own and two franchise stores 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 m² 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 30 stores at the end of 2008 (2007: 26). The stores have an average floor space of between 150 and 200 m².

www.mav-matratzen.de

Number of stores

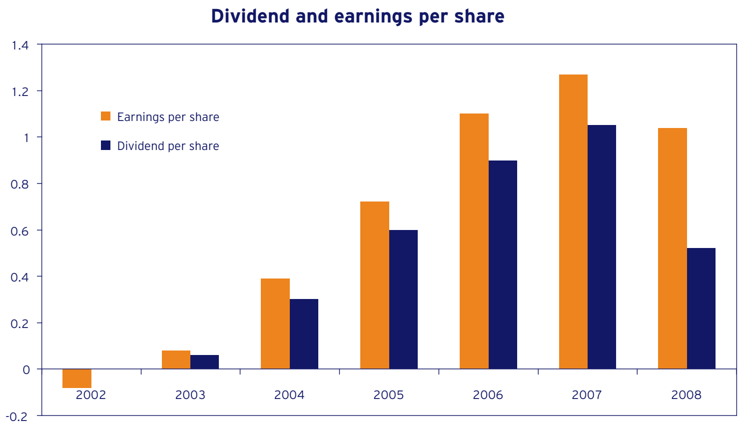
Formula		1 Jan 2008	Closed	Opened	31 Dec 2008
Matratzen Concord	Germany	673	33	81	721
	The Netherlands	33	5	2	30
	Austria	35	1	7	41
	Switzerland	25	1	6	30
	Belgium	2	-	2	4
	Poland	-	-	1	1
Beter Bed	The Netherlands	84	1	1	84
El Gigante del Colchón	Spain	40	1	11	50
BeddenREUS	The Netherlands	31	2	4	33
Slaapgenoten/Dormaël	The Netherlands	11	-	1	12
MAV	Germany	26	5	9	30
Total		**960**	**49**	**125**	**1,036**

Share information

The shares in Beter Bed Holding N.V. are quoted on Euronext Amsterdam under security code NL0000339703. The number of shares outstanding at the end of 2008 totalled 21,805,117. In 2008 no new shares were issued, while 289,744 own shares were bought back within the context of the share buy back program. The repurchased shares (528,480 shares in total) have not been cancelled. In the year under review 12,500 shares were reissued as a result of employee options being exercised. The average number of shares (used to calculate earnings per share) is 21,319,373. The number of shares used to calculate the diluted earnings per share is equal to 21,411,358. Earnings per share for 2008 total € 1.04 compared to € 1.27 in 2007. The diluted earnings per share in 2008 are € 1.03 compared to € 1.26 in 2007.

Three liquidity providers operated on behalf of the Beter Bed share in 2008, namely ABN AMRO N.V., Rabo Securities N.V. and ING Wholesale Banking.

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

	2008	2007	2006	2005
Number of outstanding shares	21,805,117	21,805,117	21,642,617	21,642,617
Repurchased but not cancelled shares	515,980	238,736		
Closing price	€ 8.51	€ 17.77	€ 19.30	€ 12.64
Highest closing price	€ 18.20	€ 27.76	€ 21.09	€ 12.88
Lowest closing price	€ 7.24	€ 16.80	€ 12.30	€ 5.68
Earnings per share	€ 1.04	€ 1.27	€ 1.10	€ 0.72
Dividend	€ 0.52	€ 1.05	€ 0.90	€ 0.60

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.

Investor Relations policy

The Management Board considers bringing the company and the Beter Bed Holding N.V. share to the attention of prospective investors and maintaining relations with existing shareholders to be an important responsibility. In addition to press releases and analysts' meetings, it fulfils this responsibility by conducting roadshow programs after the publication of the annual figures and interim figures. The Management Board also attends conferences organised by brokers and meets with interested parties at the office or in the company's 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%
Kempen Capital Management N.V., Amsterdam, NL	9.9%
Aviva Plc, London, UK	7.6%
Fortis Verzekeringen Nederland N.V., Utrecht, NL	6.6%
Menor Investments B.V., Limmen, NL	5.7%
Harris Associates L.P., Chicago, USA	5.6%
Todlin N.V., Maarsbergen, NL	5.2%

Financial calendar 2009

13 March 2009	Publication of annual results 2008
13 March 2009	Analysts' meeting annual results 2008
23 April 2009	Publication of 1st quarter 2009 results
23 April 2009	Annual General Meeting of Shareholders
17 July 2009	Publication of 2nd quarter 2009 trading statement
28 August 2009	Publication of half-year results 2009
28 August 2009	Analysts' meeting half-year results 2009
30 October 2009	Publication of 3rd quarter 2009 results
22 January 2010	Publication of 4th quarter 2009 trading statement

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

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 163,300 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 2010 (scheduled to be presented on 29 October 2010) and only if a net profit of at least € 22.5 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 2010.

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	75,000	87,500	5.90	29-10-2011
2005	75,000	100,000	10.71	28-10-2011
2006	75,000	125,000	17.08	27-10-2012
2007	75,000	129,000	20.92	30-04-2013
2008	56,250	104,050	8.15	29-04-2014

Insider regulations

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

Supervisory Board

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. Board members step down periodically according to a schedule drawn up by the Supervisory Board. The following curricula vitae provide an overview of the other supervisory directorships that are held by the members of the 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.

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	27 April 2005	AGM 2009
J. Blokker	26 April 2006	AGM 2010

Mr J. 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.

Curriculum Vitae

M.J.N.M. van Seggelen (1939)
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 20 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.

Curriculum Vitae

E.F. van Veen (1939)

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 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 also holds supervisory directorships at Docdata N.V. (Vice Chairman), Blokker Holding B.V. and Nabuurs Groep Haps B.V.

Curriculum Vitae

C.A.S.M. Renders (1962)

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.

Curriculum Vitae

J. Blokker (1942)

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 F.J.H. Geelen, Chief Executive Officer, and Mr E.J. van der Woude, Chief Financial Officer.

Curriculum Vitae

mr drs F.J.H. Geelen (1955)

Frans Geelen holds a master's degree in business economics from Erasmus University in Rotterdam and a master's degree in law from Leiden University.

He began his career in 1979 at Koninklijke Bijenkorf Beheer.

He joined Intercena in 1982 where he held various positions at companies belonging to the Brenninkmeijer family. He was appointed Managing Director of Intercena in 1992.
In 1996 he joined the Executive Board of C&A Europe.

He joined Beter Bed Holding N.V. on 1 September 2000 in the position of Chief Operating Officer and on 1 January 2001 he was appointed to the position of Chief Executive Officer.

Curriculum Vitae

drs E.J. van der Woude (1959)

Ric van der Woude holds a master's degree in business economics from the Vrije Universiteit in Amsterdam.

He began his career in 1984 at Esso Benelux.

In 1990 he joined C&A Nederland where he held various financial and administrative positions.
In 1998 he was appointed CFO of European Specialty Stores, a holding that comprises smaller retail companies owned by the Brenninkmeijer family in Europe.

He joined Beter Bed Holding N.V. on 1 January 2002 and, as the company's Chief Financial Officer, was appointed to the position of statutory director of Beter Bed Holding effective 1 May 2004.

Report of the Supervisory Board

We are pleased to present the financial statements of Beter Bed Holding N.V. for the financial year 2008 and the report of the Management Board.

The Supervisory Board looks back at 2008 with mixed feelings. The company's profit was, after all, 20% lower than in 2007. However, in view of the crisis on the financial markets and the related decline in consumer confidence, the Supervisory Board is nonetheless of the opinion that the company also performed well in 2008.

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 63 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 during 2008 and the Supervisory Board of responsibility in respect of their supervision.

Following the announcement of the third quarter figures in October 2008, it was decided to pay out an interim dividend of € 0.29 per share. In accordance with the proposal of the Management Board, we recommend payment of a final dividend of € 0.23 per share. This means that 50% of the profits earned in 2008 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 10 of this report). In addition, 289,744 own shares were purchased during the first four months of the year under review for an amount of € 4.2 million.

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 Renders will step down as supervisory director following the Annual General Meeting of Shareholders in accordance with the rotation schedule. He will at that time have completed three terms as a supervisory director and will in principle not be eligible for reappointment. The Supervisory Board, however, proposes reappointing Mr Renders for a term of four years. In addition to his personal qualities, Mr Renders is the youngest member of the Supervisory Board and his reappointment would ensure continuity within the Supervisory Board in the future. Mr Van Seggelen and Mr Blokker will step down in 2010. The Supervisory Board will at that time propose reappointing Mr Blokker for a term of four years and Mr Van Seggelen for a term of two years. The Supervisory Board will now commence the process of finding a replacement for Mr Van Veen (2011) and Mr Van Seggelen (2012). The composition of the Supervisory Board fulfils the requirements set out in the Dutch Corporate Governance Code. Mr Blokker is the only member of the Supervisory Board that is not independent owing to his position as director of majority shareholder Breedinvest B.V.

Supervisory Board Meetings

The Supervisory Board was intensely involved in the developments of Beter Bed Holding and its subsidiaries in 2008. The Supervisory Board met with the Management Board on six occasions, with one of the meetings being held in Cologne. 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 two supervisory directors travelled to Barcelona to visit El Gigante del Colchón.

The Management Board provided the Supervisory Board with good information on a frequent basis, both verbally and in writing. The six meetings with the Management Board were properly prepared and allowed for the formation of a 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 2009 was adopted at the meeting held on 18 December 2008. 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 our Supervisory Board, the performance of the Management Board and the terms of employment policy.

After receiving an explanation from its Audit Committee, the Supervisory Board discussed the updated risk inventory with the Management Board. We are 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 management 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 half-year figures and the auditor's report.
- The Supervisory Board's nomination of Ernst & Young 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 20 of this report. Due to the company's size, the selection and appointment Committee is formed by the full membership of the Supervisory Board.

Corporate Governance

The management's views relating to the Dutch Corporate Governance Code are explained on page 33 of this report. This topic is placed on the annual agenda of the Annual General Meeting of Shareholders. The Supervisory Board and the Management Board have not altered their views regarding the Code over the past year. We have taken note of the amended Corporate Governance Code that was presented by the Frijns Committee (the Dutch Corporate Governance Code

Monitoring Committee chaired by Mr Frijns) on 10 December 2008. The Supervisory Board is of the opinion that this amended code will not lead to substantial changes to the manner in which the company is managed.

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. Within this context we wish to refer to the www.beterbedholding.com website that contains all the company's current information.

We have observed the commitment that the Management Board and all the employees have demonstrated, particularly during the final months of the year, in order to withstand the tumultuous developments. We wish to take this opportunity to convey our sincere appreciation for the results achieved under these difficult circumstances.

Uden, the Netherlands, 12 March 2009

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 two statutory directors.
The remuneration of the statutory Management Board is comprised of the following components:

- Competitive fixed salary.
- Competitive pension scheme.
- Variable remuneration up to a maximum of 100% of the fixed salary.
- Options for new shares.

A 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.

A competitive pension scheme
A defined contribution scheme will, in principle, apply whereby the percentage of the defined contribution will be determined by taking into account the percentages used at the other companies with which the members of the Supervisory Board are affiliated as well as the fiscally-permitted maximum contribution. In 2008, the CEO and CFO received a contribution of 35% and 25% of the fixed salary respectively. These percentages will remain unchanged in 2009.

Variable remuneration up to 100% of the fixed salary
This variable remuneration is largely result-related and is awarded partially at the discretion of the Supervisory Board. A distinction is made between the CEO and the CFO with regard to this component of the remuneration. The CEO can earn a maximum variable remuneration of 100% of the fixed salary, while the CFO can earn a maximum variable remuneration of 50% of the fixed salary.

The structure is as follows:

- Realisation of 90% of the budgeted operating profit (EBIT) would result in a variable remuneration totalling 15% or 10% respectively of the fixed salary.
- Realisation of the budgeted operating profit (EBIT) would result in a variable remuneration totalling 35% or 20% respectively of the fixed salary.
- A variable remuneration totalling 20% of the fixed salary may be awarded at the discretion of the Supervisory Board.
- The CEO could earn 2.175% of the operating profit that exceeded the budget with a maximum of 30% of his fixed salary.

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 financial targets for 2008 were not met. 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 financial targets have been achieved. The Supervisory Board is of the opinion that the formulated personal targets have been achieved sufficiently. The CEO has received a variable remuneration of 40% of his fixed salary. For the CFO this is 30%.

Options for new shares

These options are awarded to both the statutory 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.

No so-called change of control clauses have been included in the contracts of either the CEO or the CFO. 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.

The following schedule provides a list of the remuneration of Mr Geelen and Mr Van der Woude in 2008.

Amounts in €	**F.J.H. Geelen**	**E.J. van der Woude**
Fixed salary	300,000	160,000
Pension contribution	105,000	40,000
Variable remuneration 2008	120,000	48,000
Value of awarded options	52,125	26,063
Total	**577,125**	**274,063**

Mr Geelen and Mr Van der Woude held the following options for shares in Beter Bed Holding N.V. at year-end 2008:

	Series	**Number**	**Value of each option at time of awarding**	**Exercise price**	**Expiry date**	**Profit target in million €**
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	30-04-2013	36.0
	2008	37,500	€ 1.39	€ 8.15	29-04-2014	22.5
E.J. van der Woude	2004	25,000	€ 1.72	€ 5.90	29-10-2011	12.0
	2005	25,000	€ 2.89	€ 10.71	28-10-2011	15.0
	2006	25,000	€ 3.15	€ 17.08	27-10-2012	27.5
	2007	25,000	€ 3.56	€ 20.92	30-04-2013	36.0
	2008	18,750	€ 1.39	€ 8.15	29-04-2014	22.5

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

The fixed salaries for Mr Geelen and Mr Van der Woude for 2009 are € 315,000 and € 175,000 respectively. The maximum achievable variable remuneration continues to be 100% of the fixed salary for Mr Geelen and 50% of the fixed salary for Mr Van der Woude.

Objectives and strategy

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. Priorities will have to be adjusted during such a period. These adjustments include:
    - Accelerated introduction of new products.
    - Strengthened policy on rent adjustment or closure of poorly performing stores.
    - While new store openings will continue, 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.
- To realise an EBIT margin of at least 12.5% of the revenue within the next few years. This target will unlikely be achieved as long as the market conditions remain as they were in 2008.
- Under the current market conditions, a sound balance sheet and a strong cash flow is a key condition for maintaining strength and effectiveness in enterprise.

Strategy

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 expenses remain virtually the same.
- Low investments per store and flexibility in relation to rental contracts. Under poor market conditions, this gives the company the advantage of being able to make changes to the store base relatively quickly.
- Expansion of the existing store concepts, particularly outside the Netherlands. New stores opened on the basis of these concepts generally have a pay-back period of less than one year. In the event of depressed market conditions the rent and other expenses for a prospective new location must be in line with the lower revenue forecast.
- Continuous optimisation of the sales organisation and improvement of the sales methods through in-company training and other means.

- Ensuring an excellent provision of information. State-of-the-art IT systems enable the company to respond very quickly to new trends and opportunities for efficiency improvements and to rapidly make capacity adjustments in the event of 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.

Report of the Management Board

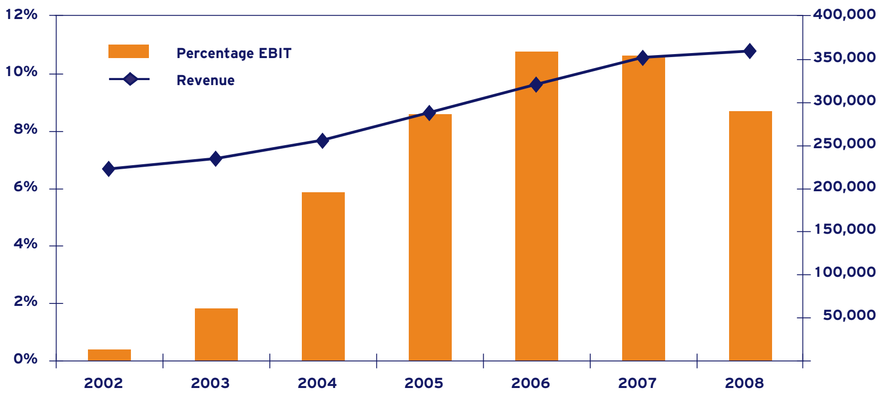
General

The year 2008 can be accurately characterised as a turbulent year. Crisis on the financial markets and an incessant flow of reports on the ensuing recession. It is hardly surprising that, in the midst of all this negative reporting, consumer confidence deteriorated during the year under review. Consumer confidence, the willingness to make major purchases, and the development of unemployment are key factors for the revenue of Beter Bed Holding.

	2008	2007	Change
Revenue (x € 1.0 million)	358.6	351.2	2.1%
Operating profit (x € 1.0 million)	31.2	37.3	-16.4%
Net profit (x € 1.0 million)	22.1	27.6	-19.8%

The company achieved consolidated revenue of € 358.6 million in 2008, which represents a 2.1% increase in comparison to 2007 (€ 351.2 million). Revenue at comparable stores came under pressure due to decreasing consumer confidence and totalled -6.3%. Operating profit (EBIT) totalled € 31.2 million and consequently amounted to 8.7% of the revenue. Net profit fell to € 22.1 million, marking a decrease of 19.8% in comparison to 2007 (€ 27.6 million).

Revenue and percentage EBIT



In the year under review 125 stores were opened and 49 were closed. While the closures can relate to the fact that a better location has been found in the vicinity of the existing store, they may also indicate that the related store did not perform sufficiently. A list of the 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 € 10.0 million in 2008. This is marginally lower than the amount that was invested in 2007 (€ 10.8 million). The largest proportion of this amount, € 8.2 million, was once again invested in new and existing stores in 2008. The remaining amount was invested primarily in IT.
The cash flow (net profit plus depreciation) amounted to € 29.4 million in 2008, compared to € 34.5 million in 2007.
The solvency percentage at year-end 2008 was 44.0% (2007: 47.4%). The ratio between the net interest-bearing debt and EBITDA amounted to 0.29 at year-end 2008 compared to 0.17 at year-end 2007.

Activities

Matratzen Concord

	2008	2007
Revenue (x € 1,000)	197,861	192,824
Number of stores	827	768
Number of employees (FTE)	1,400	1,275

Matratzen Concord achieved 2.6% growth in revenue in 2008 to € 197.9 million. The number of stores increased from 768 to 827. Revenue in comparable stores consequently fell 5.9%. Key to the development 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. In addition to the private labels that were introduced in previous years, the collections of bed textile brands Irisette and Paradies were added to the range in 2008. Following the launch of activities in Belgium in 2007, the first store was opened in Poland in late 2008.

Beter Bed

	2008	2007
Revenue (x € 1,000)	116,071	117,036
Number of stores	84	84
Number of employees (FTE)	535	533

Beter Bed had its 25th anniversary in 2008. This milestone was celebrated primarily through attractive promotions for consumers. Following the large number of new store openings in 2007, relatively few new stores were opened during the year under review. Only one new store in Middelburg was opened. The last remaining Beter Bed Junior store was integrated into the Beter Bed store in Utrecht. Revenue decreased by 0.8% to € 116.1 million in 2008. The order intake in comparable stores was -5.7%.

El Gigante del Colchón

	2008	2007
Revenue (x € 1,000)	14,742	13,910
Number of stores	50	40
Number of employees (FTE)	123	104

Market conditions in Spain deteriorated further in 2008 and the economic situation was even worse in this country than in the other countries in which Beter Bed operates. With a revenue performance of -12.9% in comparable stores, total revenue rose to € 14.7 million. Eleven stores were opened and one store was closed in 2008 and as a result the number of stores has grown to 50. The expansion program was temporarily delayed in the fourth quarter due to the expectation that rental prices will decrease further.

BeddenREUS

	2008	2007
Revenue (x € 1,000)	13,541	12,736
Number of stores	33	31
Number of employees (FTE)	61	56

BeddenREUS performed relatively well in 2008 with revenue performance in comparable stores of -2.2%. The number of stores totalled 33 at year-end 2008. In 2008 2 stores were closed and 4 were opened.

Slaapgenoten

	2008	2007
Revenue (x € 1,000)	7,185	6,733
Number of stores	12	11
Number of employees (FTE)	26	26

After a very difficult start to the year, Slaapgenoten was ultimately able to realise revenue totalling € 7.2 million. This represents an increase of 6.7% in comparison to 2007. There was, however, a decrease of 7.7% in comparable stores. The new store in Uden was opened just before Christmas 2008.

Matratzen-AbVerkauf (MAV)

	2008	2007
Revenue (x € 1,000)	3,568	1,854
Number of stores	30	26
Number of employees (FTE)	47	46

Matratzen-AbVerkauf had 30 stores at year-end 2008. Revenue in comparable stores rose by 10.1%.

DBC

	2008	2007
Revenue (x € 1,000)	13,613	15,360
Number of employees (FTE)	11	14

DBC clearly suffered from lagging demand in the more expensive part of the market. 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 progressive products.

Staff and organisation

As of 31 December 2008, a total of 2,227 employees (FTE) worked at Beter Bed companies, in comparison to 2,075 employees at the end of 2007. 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

The Management Board of Beter Bed Holding would consequently like to take this opportunity to thank all the employees for their commitment and contribution to the company's result. We are convinced that each employee will continue to carry out his or her activities with the same motivation and commitment in the period that lies ahead.

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.

The code of conduct for suppliers relating to both child labour and the origins of the wood used and the monitoring of hazardous substances in all the containers that Beter Bed imports was discussed in last year's annual report.

Energy-saving lighting has been used in the new Matratzen Concord stores. A study is currently being conducted in order to determine whether it would be economically feasible to replace the lighting in the existing stores with this type of energy-saving lighting.
It goes without saying that Beter Bed selects trucks that cause the least possible harm to the environment for its logistical organisation. All new trucks are, for example, equipped with so-called 'Add Blue' technology that limits the emission of hazardous substances.

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.

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. The principal risks and the measures in place to control them are described 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 is reported daily to the Management Board of the Holding. The other activities report their revenue weekly.

- The Management Board of Beter Bed Holding meets weekly 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 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 purchased $ 2.6 million in 2008 (2007: $ 5.8 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 € 100,000.
- 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 2008, amount to approximately € 80,000 before taxes.
- The credit risk is limited to the wholesale activities and trade receivables connected with bonus agreements. Besides the standard and strict account 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 € 17,000 at the end of 2008.
- The liquidity risk is limited due to the nature of the activities and the company's capital position. The crisis on the financial markets has once again demonstrated the importance of having a strong financial position. In the current climate, it is more important than ever as a company to avoid the risk of breach of covenants with lenders. A description of the available credit facilities and the securities provided is given on page 52 of this report.
- As in each preceding year, the external auditor made an assessment of the administrative organisation and internal control system.

Based on the above 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 fairly presents the position at the balance sheet date and 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, the Management Board is convinced that there is a system of risk management and control in place that is appropriate for the size of the company and that it operated effectively in the year under review.

Expectations and outlook

The first ten weeks of 2009 have seen a continuation of the decline in revenue in comparable stores that was already visible in 2008. For the first quarter of 2009 the company expects net profit of over € 4 million (2008: € 7.9 million).

To meet the current special economic conditions as successfully as possible the company is putting a number of additional measures in place, in line with the current strategy of international expansion and strengthening existing market positions:

- Fast-tracked introduction of new products to accelerate the translation of the falling raw materials prices into better purchasing terms and optimally respond to customers' wishes.
- Further intensification of promotional activities to boost growth in market share and meet consumers' need for attractively-priced products of good quality.
- Further 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. The number of stores that will be closed is consequently expected to be higher than in previous years.
- More stringent criteria for new stores. The opening of new stores will continue in 2009 as well. The criteria these stores will have to satisfy in terms of rent and other costs will be tightened up, in order to ensure that these stores can contribute immediately to the result even in this challenging market environment. On balance, the company expects to increase the number of stores in 2009.

Uden, the Netherlands, 12 March 2009

F.J.H. Geelen
E.J. van der Woude

Corporate Governance

The Management Board and the Supervisory 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. This section provides an explanation of the best practice provisions that the company does not comply with (entirely) and the reasons for deciding not to comply. These departures from the code were approved by the Annual General Meeting of Shareholders on 25 April 2007. The code also includes several provisions that do not apply to Beter Bed. These provisions relate to a one-tier management structure, certification of shares and the responsibility of institutional investors. The Dutch Corporate Governance Code Monitoring Committee sent a modified code to the Dutch cabinet last year with the request to establish this amended Corporate Governance Code in law. The proposals for amendments concern executive remuneration, diversity of the composition of the Supervisory Board, the responsibility of shareholders and the role of the Board of Directors and the Supervisory Board in relation to acquisitions. The recommendations of the Monitoring Committee have already been taken into account whenever possible. With respect to a number of instances, the company will deliberate either the implementation of the proposals or the explanation of why the recommendation will not be followed in the course of the year.

Best practice II.1.1.

The contracts that had already been entered into with the Management Board members (at the time of publication of the code) have not been revised to comply with the four-year appointment period in view of possible labour law issues. For new Management Board members the aim is to adhere to this provision.

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.2.6.

Trading in shares other than those issued by the own company is considered to be a private matter of the related Management Board member. There are consequently no regulations within the company regarding trading in shares other than those issued by the own company.

Best practice II.2.7.

No contractual agreements regarding remuneration in the event of dismissal of Management Board members have been entered into. Existing contracts (at the time of publication of the code) will not be revised with respect to this point.

Best practice III.6.7.

Possibly combining a management task with a position on the Supervisory Board on a temporary basis is not considered to be problematic, if such a combination is required by the circumstances.

Best practice III.7.3.

Trading in shares other than those issued by the own company is considered to be a private matter of the related Supervisory Director. There are consequently no regulations within the company regarding trading in shares other than those issued by the own 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 information will be made available on the website following the meeting.

Best practice IV.3.7.

A shareholders circular will only be used in exceptional cases because the notes enclosed with the agenda for the Annual General Meeting of Shareholders generally provide sufficient information.

Best practice V.3.1.

Beter Bed Holding does not have an internal auditor due to its size.

Beter Bed Holding N.V.

Financial Statements 2008

Consolidated balance sheet

at 31 December in thousand €
before proposed profit appropriation

	Note	2008	2007
Fixed assets			
Tangible fixed assets	1		
Land		5,498	5,498
Buildings		5,319	5,936
Other fixed operating assets		21,123	18,254
		31,940	**29,688**
Intangible fixed assets	2		
Goodwill		**3,811**	**3,811**
Financial fixed assets	3		
Deferred tax assets		**528**	**-**
Current assets			
Stocks	4		
Finished products and goods for resale		**49,393**	**49,763**
Debtors	5		
Trade accounts receivable		1,129	921
Other debtors		4,981	4,417
		6,110	**5,338**
Cash and cash equivalents	6	**5,196**	**6,560**
Total assets		**96,978**	**95,160**

Liabilities

	Note	2008	2007
Equity attributable to equity holders of the parent	7		
Issued share capital		436	436
Share premium account		16,145	16,145
Reserve for currency translation differences		130	(10)
Revaluation reserve		2,852	2,852
Other reserves		1,014	(1,929)
Retained earnings		22,126	27,572
		42,703	**45,066**
Long-term liabilities	8		
Deferred tax liabilities		**1,748**	**1,772**
Current liabilities	9		
Credit institutions		16,337	14,065
Trade creditors		13,472	10,546
Profit tax payable		1,283	2,313
Taxes and social security contributions		4,987	4,800
Other liabilities		16,448	16,598
		52,527	**48,322**
Total liabilities		**96,978**	**95,160**

Consolidated profit and loss account

at 31 December in thousand €

	Note	2008		2007	
Revenue	10	358,565		351,171	
Cost of sales		(163,079)		(162,430)	
Gross profit		**195,486**	54.5%	**188,741**	53.7%
Wage and salary costs	11	78,089		73,093	
Depreciation of tangible fixed assets	12	7,309		6,974	
Other operating expenses	13	78,880		71,328	
Total operating expenses		**164,278**	45.8%	**151,395**	43.1%
Operating profit (EBIT)		**31,208**	8.7%	**37,346**	10.6%
Financial income		16		121	
Financial expenses		(880)		(593)	
Profit before taxation		**30,344**	8.5%	**36,874**	10.5%
Income tax expense	14	(8,218)		(9,302)	
Net profit		**22,126**	6.2%	**27,572**	7.9%
Earnings per share in €		1.04		1.27	
Diluted earnings per share in €		1.03		1.26	

Consolidated cash flow statement

at 31 December in thousand €

	2008	2007
Cash flow from operating activities		
Net profit	22,126	27,572
Depreciation	7,309	6,974
Movements in capital and reserves		
connected with employee stock options	557	484
Movements in:		
- Stocks	370	(9.488)
- Debtors	(772)	(431)
- Short term liabilities	1,933	(3,448)
- Deferred tax liabilities	(24)	191
- Deferred tax assets	(528)	-
- Other	120	14
	31,091	**21,868**
Cash flow from investing activities		
Additions to tangible fixed assets	(10,029)	(10,815)
Disposals of tangible fixed assets	488	318
	(9,541)	**(10,497)**
Cash flow from financing activities		
Income from the issue of shares	74	552
Repayment of long-term liabilities	-	(417)
Dividend paid	(21,064)	(21,737)
Share buy back program	(4,196)	(5,818)
	(25,186)	**(27,420)**
Movements in cash and cash equivalents	**(3,636)**	**(16,049)**
Cash and cash equivalents at the beginning of		
the financial year	(7,505)	8,544
Cash and cash equivalents at the end of		
the financial year	(11,141)	(7,505)

Consolidated overview of movements equity

	Total	Issued share capital	Share premium reserve	Reserve for currency translation differences	Revaluation reserve	Other reserves	Retained earnings
Balance on 1 January 2007	**42,701**	**433**	**15,596**	**-**	**1,548**	**1,294**	**23,830**
Net profit for 2007	27,572	-	-	-	-	-	27,572
Revaluation	1,304	-	-	-	1,304	-	-
Movements in reserve for currency translation differences	8	-	-	8	-	-	-
Total recognised income and expense for 2007	**28,884**	**-**	**-**	**8**	**1,304**	**-**	**27,572**
Profit appropriation 2006	(14,173)	-	-	-	-	9,657	(23,830)
Interim dividend 2007	(7,564)	-	-	-	-	(7,564)	-
Share issue	552	3	549	-	-	-	-
Share buy back program	(5,818)	-	-	-	-	(5,818)	-
Expenses employee options	484	-	-	-	-	484	-
Adjustment of reserve for currency translation differences	-	-	-	(18)	-	18	-
Balance on 31 Dec. 2007	**45,066**	**436**	**16,145**	**(10)**	**2,852**	**(1,929)**	**27,572**
Net profit for 2008	22,126	-	-	-	-	-	22,126
Revaluation	-	-	-	-	-	-	-
Movements in reserve for currency translation differences	140	-	-	140	-	-	-
Total recognised income and expense for 2008	**22,266**	**-**	**-**	**140**	**-**	**-**	**22,126**
Profit appropriation 2007	(14,894)	-	-	-	-	12,678	(27,572)
Interim dividend 2008	(6,170)	-	-	-	-	(6,170)	-
Share issue	74	-	-	-	-	74	-
Share buy back program	(4,196)	-	-	-	-	(4,196)	-
Expenses employee options	557	-	-	-	-	557	-
Balance on 31 Dec. 2008	**42,703**	**436**	**16,145**	**130**	**2,852**	**1,014**	**22,126**

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 2008 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 12 March 2009. 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 23 April 2009.
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 in the year under review:

- IFRS 2 / IFRIC 11: Share-based payment.
- IFRIC 14 / IAS 19: The limit on a defined benefit asset, minimum funding requirements and their interaction.

The application of these standards and interpretations had no effect on the financial statements of the group.

Application of new accounting standards

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

- IFRS 2: Clarification of vesting conditions and clarification of cancellation of option/share plans.
- 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.
- IAS 23: Changes in the accounting treatment for borrowing costs.

The application of these new standards, amendments of 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 GmbH	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

Financial assets

A financial asset (or, if applicable, part of a financial asset or part of the company of similar financial assets) is no longer included in the balance sheet if the entity is no longer entitled to the cash flows from that asset.

Financial obligations

A financial obligation is no longer included in the balance sheet once the obligation has been fulfilled, discontinued or has expired.
If an existing financial obligation is replaced by another from the same lender, under more or less the same conditions, or if considerable amendments are made to the conditions of the existing obligation, the replacement or change 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.

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.

Deferred tax liabilities

The deferred tax liabilities are valued at the nominal value. This item incorporates the deferred tax liabilities arising from the temporary differences between the values for financial reporting and tax purposes of company land and stocks. The deferred tax liability has been included at the rate at which it is expected to be settled.

Determination of the result

Net revenue

The net 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.

Taxation

Tax liabilities for current or previous years are valued at the amount that is expected to be paid to the tax authorities. The tax 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.
Deferred tax liabilities are valued at the tax rates that are expected to apply to the period in which the claim will be realised or the liability will be settled based on the tax rates set by law and the applicable tax legislation.
Deferred tax assets are recognised for available tax loss carry forwards and deferred tax assets arising from temporary differences between amounts for financial reporting purposes and amounts for tax purposes.
They are valued at nominal value. Deferred tax assets arising from future tax loss carry forwards are only recognised to the extent that it is probable that sufficient future taxable profit will be available against which they can be utilised.

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.

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 € 100 (2007: € 200) 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 € 80 before tax (2007: € 70), on the basis of the use of the credit facilities at year-end 2008. 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 52 of this report. For an explanation of the other risks, please refer to the related section in the Report of the Management Board.

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

The company's products are delivered within one business segment and one geographic segment, namely the European bedroom furnishings market. Also, there is a comparable risk and returns profile. In view of the nature of the goods, the customers and the distribution channels, the products are in essence also comparable.

Estimates

If significant estimates are made in 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

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 2007	**3,747**	**5,815**	**14,858**	**24,420**
Investments	-	488	10,327	10,815
Revaluation	1,751	-	-	1,751
Currency adjustment	-	-	(6)	(6)
Disposals	-	-	(318)	(318)
Depreciation	-	(367)	(6,607)	(6,974)
Book value 31 December 2007	**5,498**	**5,936**	**18,254**	**29,688**
Accumulated depreciation	-	3,503	46,457	49,960
Accumulated revaluation	(3,829)	-	-	(3,829)
Purchase price	**1,669**	**9,439**	**64,711**	**75,819**

	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**

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 14 September 2007 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% per year has been used after those five years.
The net present value of expected cash flows calculated using a discount rate of 12.5% (2007: 15%) supports the goodwill recognised as at the balance sheet date.

3. Financial fixed assets

A tax asset of € 425 for future loss carryforwards has been recognised at year-end 2008.

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

An amount of € 382 in tax carryforwards is not recognised, as realising this asset is not currently considered to be probable.
Of these tax loss carryforwards, € 222 expire in 2011 and € 160 expire in 2023.

4. Stocks

This comprises stocks held in stores to the value of € 42,366 (2007: € 40,914) and stocks held in warehouses to the value of € 7,027 (2007: € 8,849). The write-down for possible obsolescence included in this item can be specified as follows:

	2008	2007
Balance at 1 January	**1,067**	**1,226**
Movement	394	(159)
Balance at 31 December	**1,461**	**1,067**

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

5. 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 € 64 is recognised for wholesale accounts receivable. This is 79% of the overdue receivables.

6. Cash and cash equivalents

This item relates to the cash and bank balances. The amount is composed as follows: cash € 402 (2007: € 398), bank balances € 2,777 (2007: € 2,486) and cash in transit € 2,017 (2007: € 3,676).

7. Equity

The movements in the equity items are shown in the consolidated equity movement overview on page 40. 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:

	2008	2007
Issued and paid-up shares as at 1 January	21,805,117	21,642,617
Share issue on exercise of employee stock options	-	162,500
Issued and paid-up shares as at 31 December	21,805,117	21,805,117
Shares in portfolio as at 1 January	238,736	-
Repurchased during the year	289,744	238,736
Reissue on exercise of options	(12,500)	-
Shares in portfolio as at 31 December	515,980	238,736

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 share premium account can be distributed free of tax. 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 € 0.23 per share. The total dividend for 2008 will therefore amount to € 0.52 per share (2007: € 1.05).

8. 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 2008 and 2007 were as follows:

	2008	2007
Balance at 1 January	**1,772**	**1,134**
To income tax payable	(24)	638
To equity	-	-
Balance at 31 December	**1,748**	**1,772**

Within deferred tax liabilities at the end of the financial year, € 976 (2007: € 976) relate to the revaluation of land and € 772 (2007: € 796) to the difference between the valuation of stock for tax purposes and for financial reporting purposes.

9. 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, an amount of € 10.0 million was used under this roll-over facility. In June 2003 a five-year loan was entered into with the Kreissparkasse in Cologne for an amount of € 5.0 million, carrying interest at 4.63% during the entire term. Repayments took place on a straight-line basis in monthly instalments. The remaining € 0.4 million was repaid in 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.

Notes to the consolidated profit and loss account

at 31 December, in thousand €

10. Revenue by activity

	2008	2007
Matratzen Concord	197,861	192,824
Beter Bed	116,071	117,036
El Gigante del Colchón	14,742	13,910
DBC	13,613	15,360
BeddenREUS	13,541	12,736
Slaapgenoten/Dormaël	7,185	6,733
MAV	3,568	1,854
Intercompany adjustment	(8,016)	(9,282)
Total	**358,565**	**351,171**

11. Wage and salary costs

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

	2008	2007
Wages and salaries	64,240	59,994
Social security costs	11,128	11,077
Pension costs	2,144	1,538
Costs of employee stock options	577	484
Total	**78,089**	**73,093**

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

Of the total cost for employee stock options, € 211 relate to the members of the company's Management Board (2007: € 190).

Average number of employees

All the companies included in the consolidation had an average of 2,169 employees (FTE) in 2008 (2007: 1,965):

	2008	2007
Germany	1,248	1,145
The Netherlands	694	654
Spain	117	84
Austria	57	45
Switzerland	42	36
Belgium	10	1
Poland	1	-
Total	**2,169**	**1,965**

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:

	2008	2007	2006	2005*	2004*
Number	160,300	204,000	200,000	175,000	162,500
Value according to Black & Scholes	€ 1.39	€ 3.56	€ 3.15	€ 2.89	€ 1.72
Exercise from	29-Oct-10	31-Oct-09	March 2009	28-Oct-08	March 2008
Exercise through	29-April-14	30-April-13	27-Oct-12	28-Oct-11	29-Oct-11
Profit target	€ 22.5 million	€ 36.0 million	€ 27.5 million	€ 15.0 million	€ 12.0 million
Share price on the allotment date	€ 8.15	€ 20.92	€ 17.08	€ 10.71	€ 5.90
Exercise price	€ 8.15	€ 20.92	€ 17.08	€ 10.71	€ 5.90
Expected life	3.8 years	3.8 years	4.2 years	4.5 years	3.5 years
Risk-free rate of interest	3.81%	4.29%	3.86%	3.02%	2.98%
Volatility**	38.00%	33.15%	41.11%	50.56%	49.33%
Dividend yield	9.00%	6.70%	8.49%	6.54%	4.38%

* 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 2008, 12,500 options of the series from 2004 were exercised at a price of € 8.24.

12. Depreciation

Depreciation in the year under review amounted to € 7,309 (in 2007: € 6,974).

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

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

13. Other operating expenses

Other operating expenses include € 40.0 million in rental expenses and lease expenses (2007: € 35.5 million). The remainder of these costs relates mainly to selling and distribution costs.

14. Income tax expense

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 2008 and 31 December 2007:

	2008	2007
Profit before taxes	**30,344**	**36,874**
At the applicable legal rate of 25.5% in the Netherlands (2007: 25.5%)	7,738	9,403
Adjustment profits tax previous years	(27)	(41)
Non-deductible expenses	163	144
Deductible costs of employee stock options	(228)	(1,023)
Effect of the tax rates outside the Netherlands	572	819
At an effective tax rate of 27.1% (2007: 25.2%)	**8,218**	**9,302**
Profit tax taken to the consolidated profit and loss account	8,218	9,302

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

	2008	2007
Tax for current year	8,749	9,535
Adjustment of profit tax for prior years	(27)	(41)
Temporary differences	(79)	(192)
Future tax loss carryforwards	(425)	-
Profit tax in the consolidated profit and loss account	**8,218**	**9,302**

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

In 2008 the remuneration for the members of the Management Board and the Supervisory Board was as follows:

	Salary (in €)		Variable remuneration (in €)		Pension (in €)	
	2008	2007	2008	2007	2008	2007
F.J.H. Geelen	300,000	290,000	120,000	290,000	105,000	101,500
E.J. van der Woude	160,000	145,000	48,000	72,500	40,000	36,250
Total, Management Board	**460,000**	**435,000**	**168,000**	**362,500**	**145,000**	**137,750**
M.J.N.M. van Seggelen	26,500	26,500				
E.F. van Veen	22,500	22,500				
C.A.S.M. Renders	22,500	22,500				
J. Blokker	16,000	16,000				
Total, Supervisory Board	**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 20 of this annual report.

Mr Geelen owned 73,504 shares in the company at the end of the financial year.
The members of the Supervisory Board do not have any options.
Mr Blokker is director of the major shareholder Breedinvest B.V.

Earnings per share

The net profit of € 22,126, divided by the average number of outstanding shares totalling 21,319,373 equals earnings per share of € 1.04. Due to the option series outstanding, the number of shares used for the calculation of the diluted earnings per share is equal to 21,411,358. This results in diluted earnings per share of € 1.03.

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	**2009**	**2010**	**2011**	**2012**	**2013**	**after 2013**
Rental agreements	43,396	23,612	15,486	8,798	5,523	6,709
Lease agreements	2,408	1,762	1,155	635	295	155
Total	**45,804**	**25,374**	**16,641**	**9,433**	**5,818**	**6,864**

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 € 37.6 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.

The company has entered into a buy back commitment for the inventory and stocks towards the financers of the franchisees of the Dormaël formula. At the end of 2008 the maximum commitment amounted to € 0.2 million.

Company balance sheet

at 31 December, in thousand €

before proposed profit appropriation

		2008	2007
Tangible fixed assets		**7**	**25**
Financial fixed assets	1	**93,867**	**80,850**
Debtors	2	**14,292**	**15,787**
Cash and cash equivalents	3	**-**	**1,495**
Total assets		**108,166**	**98,157**

		2008	2007
Capital and reserves	4		
Issued share capital		436	436
Share premium account		16,145	16,145
Reserve for currency translation differences		130	(10)
Revaluation reserve		2,852	2,852
Other reserves		1,014	(1,929)
Retained earnings		22,126	27,572
		42,703	**45,066**
Provisions	5	**22**	**6,454**
Current liabilities	6	**65,441**	**46,637**
Total liabilities		**108,166**	**98,157**

Company profit and loss account

at 31 December, in thousand €

	2008	2007
Net profit of participating interests	**21,305**	**24,147**
Other income / (expenses)	**821**	**3,425**
Net profit	**22,126**	**27,572**

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 2008	**36,708**	**44,142**	**80,850**
Profit from participating interest in 2008	21,305	-	21,305
Dividend paid	(40,000)	-	(40,000)
Exchange gain	140	-	140
Loans granted to group companies	-	38,840	38,840
Loans repaid by group companies	-	(750)	(750)
Capital contribution	58	-	58
Movements in amounts owed by group companies	(144)	-	(144)
Movements in loans owed by group companies	187	(187)	-
Movements in participating interests provision	(6,432)	-	(6,432)
Balance at 31 December 2008	**11,822**	**82,045**	**93,867**

2. Debtors

At 31 December	2008	2007
Group companies	12,616	14,257
Other debtors	1,676	1,530
Total	**14,292**	**15,787**

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 2008 21,805,117 shares had been issued and paid up. The number of shares outstanding has not changed in the year under review.
289,744 shares in the company's own capital were repurchased in 2008. These 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 movement in the equity items is explained in the consolidated equity movement overview on page 40.
The entire share premium account can be distributed tax free. The revaluation reserve is the statutory revaluation reserve, relates to company land and cannot be distributed tax free.

5. Provisions

At year-end 2008 and 2007 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 2008 and 2007 were as follows:

	2008	2007
Balance at 1 January	**6,454**	**14,472**
Other movements	(6,432)	(8,018)
Balance at 31 December	**22**	**6,454**

6. Current liabilities

The breakdown of this balance sheet item is as follows:

At 31 December	2008	2007
Credit institutions	63,939	43,560
Taxes and social security contributions	603	1,999
Other liabilities, accruals and deferred income	899	1,078
Total	**65,441**	**46,637**

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.

Financial statement audit fees

The fees for the financial statement audit were € 148 in both 2008 and 2007. In both years, € 70 was billed by the Dutch accounting firm of Ernst & Young Accountants and € 78 by the accounting firms abroad. In addition to the audit fee, the Dutch accounting firm also invoiced € 23 (2007: € 18) for other non-audit services in 2008.

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.

We declare that the financial statements, to the best of our knowledge, provide a true and fair view of the assets, liabilities, financial position and the result of Beter Bed Holding N.V. and the entities included in the consolidation.

Uden, the Netherlands, 12 March 2009

Management Board
F.J.H. Geelen
E.J. van der Woude

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

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 2008 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, 2008, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2008, 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, 2008, 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, 2008, 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, 12 March 2009

Ernst & Young Accountants LLP

was signed by W.T. Prins

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 2008	22,126
Interim dividend	(6,170)
Addition to the other reserves*	11,059
Profit available for payment	**4,897**

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 2008

Historical summary

at 31 December

	2008	2007	2006	2005	2004	2003
Result (in thousand €)						
Revenue	358,565	351,171	320,017	287,136	255,166	234,018
Gross profit	195,486	188,741	171,024	152,619	134,595	121,965
Operating profit (EBIT)	31,208	37,346	34,481	24,685	14,960	4,282
Net profit	22,126	27,572	23,830	15,637	8,316	1,751
Depreciation	7,309	6,974	6,117	6,318	6,316	6,883
Cash flow	29,435	34,546	29,947	21,955	14,677	8,634
Net investment	9,541	10,497	7,655	6,299	3,787	3,458
Capital (in thousand €)						
Total assets	96,978	95,160	82,957	72,226	68,988	63,202
Equity	42,703	45,066	42,701	33,422	25,372	19,774
Figures per share*						
Net profit in €	1.04	1.27	1.10	0.72	0.39	0.08
Cash flow in €	1.38	1.60	1.38	1.02	0.68	0.40
Dividend paid in €	0.52	1.05	0.90	0.60	0.30	0.06
Average number of outstanding shares (in 1,000 of shares)	21,319	21,653	21,643	21,642	21,441	21,414
Share price in € at year-end	9	18	19	13	6	4
Ratios						
Operating profit/revenue	8.7%	10.6%	10.8%	8.6%	5.9%	1.8%
Net profit/revenue	6.2%	7.9%	7.4%	5.4%	3.3%	0.7%
Solvency	44.0%	47.4%	51.5%	46.3%	36.8%	31.3%
Interest cover	36.1	79.1	54.2	31.4	16.2	2.6

* 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

	2008	2007	2006	2005	2004	2003
Other information						
Number of stores						
at year-end	1,036	960	839	775	682	644
Number of retail staff						
at year-end	2,227	2,075	1,810	1,717	1,567	1,497
Number of production staff						
at year-end	-	-	-	4	193	284
Revenue per staff						
(in € 1.000)	165	179	180	167	144	131

Colophon

This annual report is published by

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BETER BED HOLDING

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