Copenhagen Stock Exchange Nikolaj Plads 6 DK - 1067 Copenhagen K

Translation

Struer, January 12, 2005

Interim report for the period June 1 – November 30, 2004 for Bang & Olufsen a/s

- Consolidated turnover for the first half year was DKK 1,722 million against DKK 1,708 million for the same period last year, i.e. a marginal increase of DKK 14 million. Turnover for the half year was only slightly affected by foreign exchange rate changes.
- Ordinary profit before tax was DKK 144 million against DKK 109 million for the same period last year, i.e. an improvement of DKK 35 million or 32%. This can primarily be attributed to an advance in the gross margin, which was 46.7% against 44.2% last year. The improvement was achieved despite a DKK 26 million reduction in the net capitalisation of development costs compared to the same period last year.
- Bang & Olufsen Medicom a/s' ordinary result before tax result improved by DKK 18 million, reducing the loss to DKK 2 million against DKK 20 million last year.
- Turnover for the second quarter was DKK 996 million against DKK 1,065 million the previous year. This corresponds to a decline of DKK 69 million or 6%. Turnover in September and October was down on the previous year but November exceeded last year's figures. The quarterly ordinary profit before tax amounted to DKK 134 million against DKK 145 million last year, i.e. a decrease of DKK 11 million.
- As planned, the Group launched a range of new products towards the end of the second quarter, including BeoVision 6-26, a 26" LCD TV, and BeoVision 4-37, a 37" plasma TV. Furthermore, BeoVision 7-32, a 32" LCD TV, was launched in December, a month ahead of schedule.
- Based on the realised profit for the half year, the Group maintains its expectations for a profit before tax for the year in the region of DKK 360-390 million based on moderate growth in turnover.

Jørgen Worning Chairman Torben Ballegaard Sørensen President, CEO

Main figures – Bang & Olufsen a/s – the Group (unaudited) (DKK million)

1/6 - 30/11	2004/05	2003/04
Net turnover*	1,721.8	1,707.9
Gross profit* Gross margin	804.4 <i>46.7</i>	754.4 <i>44.2</i>
Operating profit Financial items, net	144.8 <u>(1.0)</u>	108.3 <u>0.7</u>
Profit from ordinary operations before tax Tax on ordinary profit**	143.8 <u>(47.9)</u>	109.0 (13.4)
Profit for the period after tax Of which minority interests Profit for the period, Bang & Olufsen a/s' share	95.9 0.3 96.2	95.6 0.1 95.7
Balance sheet information Equity Assets Assets, excluding liquid funds	30/11 04 1,578.6 2,665.6 2,296.0	30/11 03 1,471.5 2,597.7 2,403.7
Development in equity Equity as at June 1 Repurchase of own shares Dividend paid Dividend, own shares Sale of own shares Capital increase for employee shares Exchange rate adjustment of investment in subsidiarie Retained earnings Equity as at November 30	1,651.9 (100.2) (86.7) 3.2 5.8 6.4 es 2.0 96.2 1,578.6	1,551.1 (95.9) (94.0) 9.1 - 3.6 1.9 <u>95.7</u> 1,471.5
Cash flow Cash flow from operating activities Cash flow from investment activities Cash flow from financing activities	2004/05 187.9 (98.7) <u>(192.6)</u>	2003/04 66.1 (109.2) (207.9)
Cash flow for the period	(103.4)	<u>(251.0)</u>

^{*} According to the Danish accounting guideline 22 cash discounts are set off against turnover and cost of sales. As a consequence the figures for 2003/04 have been changed accordingly.

Parentheses denote negative figures or amounts to be deducted.

^{**} Corporation tax has been calculated as the share of the financial year's expected tax liability relating to the result for the 6 months. The corporation tax for 2003/04 was positively affected by DKK 23 million as a result of debt conversion of outstandings with the US subsidiary.

Comments to the development in the first half year

Bang & Olufsen a/s

Turnover for the Bang & Olufsen a/s Group totalled DKK 1,722 million against DKK 1,708 million for the same period last year. This represents a marginal increase of DKK 14 million.

The level of turnover for the branded business was unchanged for the first half year, while Bang & Olufsen Medicom a/s saw an advance of DKK 13 million in the non-branded business.

Turnover for the second quarter totalled DKK 996 million against DKK 1,065 million last year. While satisfactory turnover was achieved during the summer, turnover in September and October fell below last year. Turnover in November exceeded last year.

At 46.7% for the half year against 44.2% last year (an improvement of 2.5 percentage points), the Group's gross margin continues its positive trend. The gross margin for the 2003/04 financial year amounted to 45.4%.

Substantial development activities were maintained, i.e. DKK 182 million against DKK 169 million last year were used. The net effect of capitalisation during the period under review was positive by DKK 8 million against DKK 34 million last year.

Ordinary profit before tax was DKK 144 million against DKK 109 million for the same period last year equating to an improvement of DKK 35 million or 32%. Profit after tax was DKK 96 million, which is at the same level as last year.

Cash flow for the period showed an improvement of DKK 148 million. Of this, DKK 119 million was accounted for by corporation tax, where DKK 69 million was paid in the first half of 2003/04, whereas in 2004/05 there was a refund of DKK 50 million.

As in the previous year, the Group implemented shareholder–oriented initiatives in the form of distribution of dividend and repurchase of own shares. This amounts to DKK 187 million in 2004/05 against DKK 190 million in 2003/04.

Branded business

Within the branded business, the level of turnover was unchanged compared to last year, i.e. DKK 1,650 million this year compared to DKK 1,653 million last year.

The ordinary profit before tax was DKK 148 million against DKK 129 million last year. This represents an increase of DKK 19 million or 15%.

Development in the markets

Percentage changes are calculated in local currency

In the report for the 1st quarter, the Group predicted that sales conditions in the European markets would be less favourable.

Actual developments in the most important European markets were as follows:

- In the second quarter, the UK turnover was 7% down on the the previous year. Cumulatively, turnover for the half year was 5% below the year before.
- In the Danish market, turnover remained largely unchanged, i.e. DKK 236 million against DKK 230 million last year or an increase of 3%. Efforts to enhance the distribution continue, and the B1 shops now account for 44% of the total turnover.
- The second quarter saw a 10% decline in turnover in the German market compared to last year resulting in a 4% decline in turnover for the half year. One contributory factor was the ongoing distribution development which, over the past year, led to the termination of trading with all 150 stores in the category "Other". Overall, B1 and shop in shops with more than two years trading behind them achieved an increase in turnover of 3%. A systematic shop and marketing approach meant that B1 shops saw a 21% increase in turnover while shop in shops suffered a 15% decline.

The Group continues to focus on improving operations in the US market, which saw 16% growth in turnover in the second quarter (measured in local currency) and an increase of 10% for the half year. The advance took place despite the fact that Bang & Olufsen sold three B1 shops and closed down two own B1 shops during the first six months. The US market showed an advance of DKK 14 million for the first half year thus reducing last year's loss of DKK 15 million to a loss of DKK 1 million. In the second quarter, the result before tax showed an advance of DKK 6 million, as the quarter, in line with expectations, produced a positive result of DKK 1 million against a loss of DKK 5 million for the same period last year.

Product launches

As planned, Bang & Olufsen launched a range of new products during the second quarter.

October saw the launch of the new 26" LCD TV, BeoVision 6-26, which was followed in November by the 37" plasma TV, BeoVision 4-37.

November also saw the launch of the stereo loudspeaker, BeoLab 7-1, which can be combined with the portfolio of BeoVision 4 plasma TVs. With BeoLab 7-1, Bang & Olufsen's flat screen TVs have obtained a sound that sets new standards for the TV sector. Bang & Olufsen's sound expertise was once again highlighted as the internationally renowned Hi-fi magazine "The Gramophone" named BeoLab 5 "The loudspeaker of the year" in 2004.

In November, customers in several markets were given the opportunity to purchase BeoCenter 2 with a built-in DAB module which provides digital radio. This technology is currently most widespread in the US, UK, Germany and Denmark.

At the beginning of December, a month earlier than planned, BeoVision 7-32 was launched in Europe, the Middle East and parts of Asia. BeoVision 7-32 is a 32" LCD flat screen TV with built-in DVD.

The above mentioned products all received a particularly positive reception in the market.

As described in the Annual Report in August 2004, the current year will be characterised by the ongoing technology shift from traditional CRT TV to the new flat-screen TV products. This means that, initially, the many new launches must compensate for a slowdown in the sale of CRT TVs. These two opposing developments mean that sales figures will be more volatile between the months than usual.

Distribution development

During the second quarter, new B1 shops were opened, particularly in Spain, Italy and Russia. 35 shops were opened or upgraded while 37 shops were closed or converted to shop in shops.

At the end of the half year, there were 640 B1 shops worldwide compared to 642 at the beginning of the financial year. The Group continues to build its global distribution with emphasis on quality, and, as announced earlier, expectations for the year are for a net increase of between 30 and 40 B1 shops. The share of turnover in B1 shops is unchanged at almost 70%.

The number of shop in shops is 639 against 670 at the start of the year and 666 at the same time last year.

New business development

Bang & Olufsen continues its focus on the CarFi area. The new advanced sound system for cars is now almost completed and the Group expects to be able to announce a cooperation with a leading European car manufacturer in the third quarter.

Production development

The start-up of production in the Czech Republic proceeded as planned so that by the end of November a staff of 50 had been taken on at the plant in Koprivnice in the Czech Republic. The planning of the new factory is on schedule and the factory is expected to be commissioned early in 2006.

Non-branded business

Bang & Olufsen Medicom a/s

Bang & Olufsen Medicom a/s' turnover for the first half year was DKK 72 million, an increase of DKK 13 million compared to the equivalent period the year before when turnover totalled DKK 59 million.

The ordinary result before tax showed an improvement of DKK 18 million in that the half-year result showed a loss of DKK 2 million against a loss of DKK 20 million last year.

The advance is due to a good order intake for the production of medical dosing systems and new development contracts with pharmaceutical customers within the field of tablet dosing and inhaling. Bang & Olufsen Medicom a/s has among others entered into a contract with the pharmaceutical group, Lundbeck, with regard to tests of the tablet dispenser "The Helping Hand" in Austria, Sweden, Portugal and Italy.

Bang & Olufsen ICEpower a/s

Turnover for Bang & Olufsen ICEpower a/s was DKK 20 million for the half year against DKK 17 million the previous year.

The significant development activities continued and the result for the half year was a loss of DKK 3 million against DKK 1 million for the same period last year.

For several years, Bang & Olufsen ICEpower a/s has worked closely with Sanyo with regard to the development of a new ICEpower chip for Sanyo's products. The development of the chip has now been completed and is ready to go into mass production by Sanyo.

Expectations for the financial year

Turnover and result

As planned, a number of new products will be launched in the second half year:

BeoVision 7-32 was launched at the beginning of December to be followed by a new hard-disk based video recorder, HDR 1, in January.

March will see the introduction of a 65" plasma TV, BeoVision 4-65, which will be the largest product in the BeoVision 4 family. In addition, a new home cinema concept is being rolled out, BeoLiving, which will offer a completely integrated cinema experience with highly advanced sound, picture projection, as well as light and room adaptation.

The new BeoLink Media product, which integrates PC technology in the Bang & Olufsen system, will be launched gradually during the second half year. BeoLink Media offers easy and convenient access to internet radio as well as digitally stored music and photos.

On the background of these launches and based on the continuing slowdown in sales of conventional TV products, turnover for the second half year is expected to be slightly above that of the same period last year.

The Group anticipates that the stronger emphasis on TV products in the product mix will mean that the gross margin in the second half year will be lower than in the same period last year.

In the 2003/04 Annual Report, the Group expressed its expectations for the current financial year as follows:

"On the background of a moderate growth in turnover, the Group expects pretax profits in the region of DKK 360-390 million, which holds the 3 year objective of 10-15% annual growth in earnings."

Based on the realised profit for the half year, the Group maintains the abovementioned expectations.

Annual General Meeting 2005

Bang & Olufsen a/s' Annual General Meeting will be held on Wednesday, 28 September 2005, and not as previously communicated on Friday, 23 September 2005.

Main and key figures - Bang & Olufsen a/s

For the period 1/6-30/11 2004

(DKK million)	2004/05	2003/04	2002/03	2001/02	2000/01
Profit and Loss account Net turnover Operating profit Financial items, net Profit from ordinary operations before tax Consolidated profit Profit for the period, Bang & Olufsen a/s' share	1,722 145 (1) 144 96 96	1,708 108 1 109 96 96	2,058 138 (3) 136 82 84	1,997 108 (10) 99 52 58	1,866 162 (23) 141 97 97
Balance sheet Total assets, end of November Share capital Equity, end of November Minority interests	2,666 124 1,579 2	2,598 135 1,472 1	2,705 134 1,448	2,844 134 1,317	2,641 134 1,261
Cash flow for the period Of which cash flow from: Operating activity Investment activity -of which investment in tangible fixed assets -of which investment in intangible fixed assets Financing activity	(103) 188 (99) (34) (56) (193)	(251) 66 (109) (45) (70) (208)	(10) 139 (77) (39) (50) (72)	(137) (22) (110) (68) (44) (6)	(197) (17) (165) (132) (45) (49)
Key figures Profit ratio, % Rate of return, % Return on equity, % Current ratio Equity ratio, % Intrinsic value (nom. DKK 10), DKK Quotation as at 30 November Quotation/intrinsic value	8 6 6 2.4 59 127 354 2.8	6 5 6 2.3 56 108 235 2.2	7 6 6 2.0 54 108 165 1.5	5 4 4 1.8 46 98 176 1.8	9 7 8 1.8 48 94 369 3.9

Parentheses denote negative figures.

Definition of the key figures:

Profit ratio: Operating profit x 100

Net turnover

Rate of return: Operating profit x 100

Average operational assets

Profits from ordinary operations after tax x 100 Return on equity:

Average equity

Current ratio: Current assets Current liabilities

Equity ratio: Equity, end of period x 100 Liabilities, end of period

Intrinsic value (nom. DKK 10), DKK: Equity, end of period Number of shares, end of period

Interim report

For the period 1/6 2004 to 30/11 2004

	Branded business	Non-branded business				
(DKK million)	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	B&O a/s Group	
Net turnover Internal turnover External turnover	1,649.9 <u>(13.6)</u> 1,636.3	71.9 <u>(1.1)</u> 70.8	20.5 (<u>5.8)</u> <u>14.7</u>	(20.5) 20.5 0.0	1,721.8 <u>0.0</u> 1,721.8	
Operating profit/loss	147.6	(0.2)	(2.6)	-	144.8	
Profit/loss from ordinary operations before tax	148.4	(1.5)	(3.1)	-	143.8	

Interim report

For the period 1/6 2003 to 30/11 2003

	Branded business	Non-branded business			
(DKK million)	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	B&O a/s Group
Net turnover Internal turnover External turnover	1,652.5 (14.5) 1,638.0	59.3 <u>(0.5)</u> <u>58.8</u>	16.8 (5.7) 11.1	(20.7) <u>20.7</u> <u>0.0</u>	1,707.9 0.0 1,707.9
Operating profit/loss	127.01	(18.3)	(0.4)	-	108.3
Profit/loss from ordinary operations before tax	129.2	(19.6)	(0.6)	-	109.0

Parentheses denote negative figures or amounts to be deducted.

Turnover Branded Business

(DKK million)	Turnove 1/6-30/1	Growth in local currency	
	2004/05	2003/04	
United Kingdom Denmark Germany USA Holland Switzerland Spain/Portugal France Asian markets, excl. Japan Italy Expansion Markets Sweden Belgium Japan Norway Austria Enterprise Telephone distribution Other Turnover to non-branded business	270 236 182 140 103 99 90 83 79 76 62 48 35 31 28 26 19 14	280 230 190 138 105 99 96 82 86 78 59 52 35 28 29 24 5	(5.4)% 2.5 % (4.3) % 10.0 % (1.6) % (0.7) % (7.4) % 1.3 % (7.0) % (2.9) % 0.1 % (7.9) % (0.1) % 11.4 % (5.3) % 8.6 % 316.2 % (17.8) %
Total branded business	<u>1,650</u>	<u>1,652</u>	

Enterprise handles the turnover to the hotel business.

Distribution development

Shop segment	Number of shops	Number of shops	Change during the period	Share of turnover
	per 30/11-04	per 1/6 2004	1/6-04 – 30/11-04	per segment
B1	640	642	(2)	70%
Shop in shop	639	670	(31)	27%
Other	152	<u>215</u>	<u>(63)</u>	<u>3%</u>
Total	<u>1,431</u>	<u>1,527</u>	<u>(96)</u>	<u>100%</u>

Definitions of shop segments:

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

Parentheses denote negative figures.

Specifications

Bang & Olufsen a/s – the Group (DKK million)

	2004/05	2003/04
Development costs		
Expensed development costs before capitalization Of which capitalized Amortization and write-downs of development projects	182.2 (47.1) <u>39.0</u>	169.2 (67.7) 33.7
Development costs included in the Profit and Loss account	<u>174.1</u>	<u>135.2</u>
Financial income Interest income from banks Exchange rate gains, net Other financial income	3.5 2.9 <u>4.6</u> 11.0	3.7 6.4 <u>4.1</u> 14.2
Financial costs		
Interest on bank loans Interest on mortgage loans Other financial costs	4.5 4.7 <u>2.8</u> 12.0	6.2 4.7 <u>2.6</u> 13.5

Parentheses denote negative figures.