Copenhagen Stock Exchange Nikolaj Plads 6 1067 Copenhagen K

Translation

Struer, 19 April 2006

Interim report for the period 1 June 2005 – 28 February 2006 for Bang & Olufsen a/s

- The Group's turnover for the first three quarters was DKK 3,117 million against DKK 2,770 million for the same period last year. This represents an advance of DKK 347 million, or 13%.
- The result from ordinary operations before tax totalled DKK 367 million against DKK 271 million for the same period last year, an increase in result of DKK 96 million, or 35%.
- Except for the UK and Japan, the Group recorded a satisfactory development in all markets during the first three quarters.
- Turnover for the third quarter was DKK 1,193 million against DKK 1,048 million last year, equating to an increase of DKK 145 million, or 14%. The quarterly result from ordinary operations before tax was a profit of DKK 182 million against DKK 135 million last year, an improvement of DKK 47 million.
- The non-branded business contributed to the Group's advances in terms of turnover and result. Bang & Olufsen ICEpower a/s increased its turnover from DKK 33 million to DKK 64 million, while Bang & Olufsen Medicom a/s improved its turnover by DKK 41 million from DKK 124 million to DKK 165 million.
- In the third quarter, the Group launched the mobile phone, Serene. Two new music systems, BeoSound 3 and BeoSound 4, have just been launched as well as a new system for wireless transfer of high quality sound, BeoLink Wireless 1.
- The new production plant in the Czech Republic was commissioned as planned.
- The first three quarters have proceeded satisfactorily. For the full year, the Group expects a 9-10% increase in turnover and anticipates a result from ordinary operations before tax in the DKK 420 - 440 million range (calculated in accordance with IFRS).

Jørgen Worning Chairman Torben Ballegaard Sørensen President, CEO

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

Main figures are prepared in accordance with IFRS (International Financial Reporting Standards).

(DKK million)

Main figures for the period 1/6 – 28/2	2005/06		2004/05
Net turnover	3,116.8		2,769.9
Gross profit Gross margin	1,480.4 <i>47.5%</i>		1,293.1 <i>4</i> 6.7%
Operating profit Financial items, net	366.9 (0.3)		270.6 (0.1)
Result from ordinary operations before tax Tax on ordinary profit*	366.6 (111.1)		270.5 (89.8)
Result for the period after tax	<u>255.5</u>		180.7
Result for the period, Bang & Olufsen a/s' share Result for the period, minority interests' share	254.3 1.2		180.9 (0.2)
Result for the period after tax	<u>255.5</u>		180.7
Balance sheet information	28/2 2006	31/5 2005	28/2 2005
Balance sheet information Intangible assets Tangible assets Investment properties Financial assets Total non-current assets	28/2 2006 334.6 668.7 0.7 116.8 1,120.8	291.8 617.0 0.8 80.1 989.7	28/2 2005 273.2 622.3 0.8 88.8 985.1
Intangible assets Tangible assets Investment properties Financial assets	334.6 668.7 0.7 	291.8 617.0 0.8 <u>80.1</u>	273.2 622.3 0.8 <u>88.8</u>
Intangible assets Tangible assets Investment properties Financial assets Total non-current assets Inventories Receivables Liquid funds	334.6 668.7 0.7 116.8 1,120.8 654.7 739.0 443.4	291.8 617.0 0.8 <u>80.1</u> 989.7 429.7 632.5 731.9	273.2 622.3 0.8 <u>88.8</u> <u>985.1</u> 477.8 690.9 622.8
Intangible assets Tangible assets Investment properties Financial assets Total non-current assets Inventories Receivables Liquid funds Total current assets	334.6 668.7 0.7 116.8 1,120.8 654.7 739.0 443.4 1,837.1	291.8 617.0 0.8 80.1 989.7 429.7 632.5 731.9 1,794.1	273.2 622.3 0.8 88.8 985.1 477.8 690.9 622.8 1,791.5

^{*}Corporation tax has been calculated as the share of the financial year's expected tax liability relating to the result for the 9 months.

Development in equity 1/6 – 28/2	2005/06	2004/05
Equity as at 1 June Accumulated effect at the beginning of the year of changes to accounting principles applied	1,750.5 <u>(34.0)</u>	1,651.9 (38.0)
Adjusted equity	1,716.5	1,613.9
Equity and exchange rate adjustments, subsidiaries Change in fair value of derivative financial instruments Net income recognised directly in equity Retained earnings Total income	2.4 (1.1) 1.3 255.5 256.8	1.3 0.3 1.6 180.7 182.3
Capital increase used for employee shares Issue of employee shares Allocation of share options Purchase of own shares Dividend paid Sale of own shares Dividend, own shares	5.6 11.5 4.2 (147.2) (149.0) 6.3 5.7 (262.9)	4.0 7.5 1.0 (105.5) (86.7) 5.8 3.2 (170.7)
Equity as at 28 February	<u>1,710.4</u>	<u>1,625.5</u>
Cash flow, main figures 1/6 – 28/2	2005/06	2005/04
Cash flow from operating activities Cash flow from investment activities Cash flow from financial activities	296.0 (286.0) <u>(298.5)</u>	499.8 (148.4) (201.6)
Cash flow for the period	(288.5)	149.8

Comments to the development in the first three quarters

Bang & Olufsen a/s

Turnover for the Bang & Olufsen a/s Group for the first three quarters was DKK 3,117 million against DKK 2,770 million for the same period last year. This represents an increase of DKK 347 million, or 13%.

Over the first three quarters, the branded business recorded growth in turnover of DKK 272 million on the same period last year. This equates to an increase of 10%. The non-branded business, i.e. Bang & Olufsen Medicom a/s and Bang & Olufsen ICEpower a/s, achieved a DKK 72 million increase in turnover, equating to 46%.

Seen in isolation, the gross margin for the third quarter was 47.2%, which, compared to the second quarter's gross margin of 48.7%, is a decrease of 1.5%. This is owing to the change in the product mix towards more TV sales.

Compared to the same period last year, the gross margin increased from 46.7% to 47.5%. The improvement in the gross margin for the three quarters was achieved despite a relatively larger growth in the TV and telephone area, which have lower gross margins. The improvement is owing to favourable price developments on the purchasing side and to the fact that fixed production costs, as a consequence of the implemented structural changes, did not increase in line with the turnover.

The company continues to maintain a high level of development activity with a DKK 317 million spend compared to DKK 282 million for the same period last year. The net effect of capitalisation of development costs was positive for the period at DKK 45 million against DKK 5 million for the same period last year (see appendix 4).

During the period under review, distribution and marketing costs increased by DKK 52 million, i.e. from DKK 626 million to DKK 678 million owing to increased marketing activities and the taking over of the Australian sales operation. The latter has increased market costs by DKK 30 million, of which DKK 9 million are non-recurring.

During the first three quarters, costs relating to the issue of employee shares of DKK 11.5 million were incurred against DKK 7.5 million last year.

The result from ordinary operations before tax totalled DKK 367 million against DKK 271 million for the same period last year, i.e. an improvement of DKK 96 million. The result from ordinary operations after tax totalled DKK 256 million against DKK 181 million last year.

Cash flow for the first three quarters was negative at DKK 289 million. During the period under review, DKK 296 million was paid out in dividends and purchase of own shares. The higher activity level increased tie-up of liquidity in trade receivables and inventories by DKK 330 million against DKK 71 million for the same period last year. In addition, the investment level increased by DKK 129

million to DKK 282 million. Up to February 28, 2006, the Group has invested DKK 59 million in the Czech factory in Koprivinice.

Branded business

Turnover in the branded business increased by DKK 272 million, i.e. 10%, to DKK 2,917 million against DKK 2,645 million last year.

The result from ordinary operations before tax totalled DKK 336 million against DKK 268 million for the same period last year. This represents an increase of DKK 68 million, equating to 25%.

Development in the markets

Percentage changes are computed in local currencies

Except for the UK and Japan, the Group's turnover was satisfactory in all markets.

- The positive development in the Danish market continues, and Denmark is now the Group's largest market. During the first three quarters, turnover totalled DKK 418 million against DKK 381 million for the same period last year equating to an advance of DKK 37 million or 10%. Sweden also saw a positive development with an advance of 9%, while the level in Norway was unchanged.
- The UK recorded a turnover of DKK 402 million for the first three quarters against DKK 416 million last year. This equates to a decline of approx. 4% in local currency. The market continues to be affected by a general slowdown.
- Benelux saw strong advances, with 18% growth in Belgium and 19% in Holland on the three first quarters last year.
- Central Europe sustained the advance of turnover, which has characterised the markets since the first quarter of 2005/06. Over the period, Germany saw a 13% increase in turnover while Switzerland grew 18% and Austria 10%.
- Latin Europe also maintained the positive development from the half year. Both France and Spain recorded growth rates of over 20% while Italy experienced 7% growth compared to last year.
- In the US, turnover in the wholesale business for the first three quarters was on a par with last year, while the third quarter advanced by 6.5%. Total turnover in the US, including sales in own retail shops, was DKK 192 million for the first three quarters compared to DKK 207 million for the same period last year. The decrease of DKK 15 million is primarily attributable to the desired reduction in the number of own shops from 19 to 10. The Group continues to focus on improving operations and the quality of the US business. The disposal of own retail shops continues.

Apart from Japan, Asia saw advances in the first three quarters. As a whole, Asia, excluding Japan, experienced growth of DKK 25 million. Turnover in Japan, where new launches will not take place until the fourth quarter, fell by 16% compared to the same period last year. In Australia, Bang & Olufsen acquired the country's 15 B1 shops in the second quarter, and work continues to improve the efficiency as well as the quality of both the retail chain and marketing.

Product launches

In February, the Group launched the mobile phone, Serene, which has been well received by the market. The new mobile phone is distributed in all European markets as well as in Russia and the Ukraine.

Distribution development

During the first three quarters of the financial year, 45 B1 shops were opened or upgraded, while 27 shops were closed.

At the end of the third quarter, there were 690 B1 shops worldwide against 672 at the end of the 2004/05 financial year and 641 at the end of February last year. The Group continues to develop the global distribution at a rate of approx. 50 new shops net per annum. The net addition is currently 28 shops.

The share of turnover accounted for by B1 shops totals 72%.

The number of shop in shops is 605 against 637 at the end of the previous financial year.

New business development

Automotive

The launch and roll-out of Bang & Olufsen's Advanced Sound System for Audi A8 is proceeding as planned. The first models of this vehicle with an integrated Bang & Olufsen sound system were made available to European customers in December. With the launch of the Advanced Sound System in the Audi A8 Bang & Olufsen has set a new standard as the world's absolute best sound at the highend segment.

Audi A8 will be launched in the US, Japan and China during the summer of 2006.

Sales and development work within the Automotive segment continues and is aimed at other models within the Audi brand and towards other selected car brands.

Production development

The construction of the new plant in the Czech Republic proceeded as planned and, by the beginning of February, the first products were dispatched from the Koprivinice factory. By the end of the third quarter, 120 persons were employed at Koprivinice. This figure is expected to increase to 200 by the beginning of 2007.

Non-branded business

Bang & Olufsen Medicom a/s

For the first three quarters of the financial year, Bang & Olufsen Medicom a/s recorded a turnover of DKK 165 million. This represents an advance of DKK 41 million compared to the same period last year when turnover totalled 124 million.

The result from ordinary operations before tax showed an improvement of DKK 12 million, as the result for the first three quarters was a profit of DKK 16 million against a profit of 4 million for the same period last year.

Bang & Olufsen Medicom focuses on design and development services with regard to medical devices for pharmaceutical and diagnostic application. Contract production is, as planned, being phased out and turnover for the fourth quarter will, therefore, be at a lower level than in the first nine months of the year.

As a supplement to the current projects with, among others, AstraZeneca and Novo Nordisk, Bang & Olufsen Medicom has entered into new agreements with Novartis and Sankyo Pharma.

In the diagnostic solutions area, electronic stethoscopes continue their positive sales trends in all markets. The electronic stethoscopes are being developed in a close partnership between Bang & Olufsen Medicom and 3M Healthcare.

Bang & Olufsen ICEpower a/s

Bang & Olufsen ICEpower a/s experienced a highly positive development during the period. For the first three quarters, turnover totalled 64 million against DKK 33 million for the same period the previous year. Of the DKK 64 million 89% derives from external partners with the Bang & Olufsen Group accounting for the remainder.

The turnover stems from increased sales of standard ICEpower modules and specially developed system solutions for well-known brands within the Audio sector in the US and Asia, as well as from increasing royalties from the sale of ICEpower technology to partners such as Sanyo and Samsung TN.

For the period under review, Bang & Olufsen ICEpower a/s recorded profits of DKK 15 million against a loss for the same period last year of DKK 2 million.

Expectations for the financial year

Turnover and result

At the end of the 2004/05 financial year, the Group expressed its expectations for the current financial year as follows:

A 6-8% increase in turnover and profits of between DKK 400-430 million.

The first three quarters have proceeded satisfactorily.

In the fourth quarter, a new important element for the BeoLink system was launched. With BeoLink Wireless 1, wireless sound of an unusually high quality can be beamed throughout the home. In addition, two new music systems, BeoSound 3 and BeoSound 4 were launched. Both systems are unique in terms of quality and concept and rank at the less expensive end of the scale.

For the fourth quarter, the Group expects turnover to be in line with the same period last year where the number of launches was substantial. As a result of the relatively high growth rates within the TV and telephone area, the Group's gross margin will be lower over the next quarters, including this year's fourth quarter.

The Group's high level of activity within product development and marketing will continue. The impact from the net capitalisation of development costs, which varies significantly from period to period, is expected to be positive for the year at DKK 40-50 million.

Overall, the Group expects a 9-10% increase in turnover and a result from ordinary operations before tax in the DKK 420-440 million range.

Statement by the management

The Board of Directors and Management Board have today discussed and adopted the interim report for the period 1 June 2005 - 28 February 2006 for Bang & Olufsen a/s. The interim report, which comprises condensed consolidated financial statements for Bang & Olufsen a/s, is presented in accordance with the international accounting standards (IFRS/IAS), and further Danish information requirements for listed companies.

We regard the accounting policies as appropriate, the accounting estimates as sound and the overall presentation of the interim report as adequate. It is our view that the interim report gives a true and fair view of the Group's assets, liabilities and financial position as at 28 February 2006, and the result of the Group's activities and cash flow for the period 1 June 2005 – 28 February 2006.

Struer, 19 April 2006

Bang & Olufsen a/s, Board of Directors

Jørgen Worning	Torsten Erik Rasmussen	Peter Skak Olufsen
Preben Damgaard Nielsen	Lars Brorsen	Thorleif Krarup
Ole Christian Olesen	John Christoffersen	Knud Olesen
Bang & Olufsen a/s, Board	of Management	
Torben Ballegaard Sørensen	Peter Thostrup	

Accounting principles applied

As of 1 June 2005 the consolidated and the separate financial statement for Bang & Olufsen a/s is prepared in accordance with the International Financial Reporting Standards (IFRS). The comparative figures for 2004/05 have been changed accordingly. For further information please refer to the announcement to the Copenhagen Stock Exchange as of 3 October 2005 regarding the Group's transition to presentation of financial statements according to the IFRS.

The interim report for Bang & Olufsen is prepared in accordance with IFRS and further Danish information requirements for the presentation of financial statements for listed companies. Further Danish information requirements for the presentation of financial statements are issued in the IFRS-announcement, which is issued with reference to the Danish Financial Statements Act, and by the Copenhagen Stock Exchange. IFRS is implemented so that the interim report is also within the provisions in the International Financial Reporting Standards that have been endorsed by the European Union.

Bang & Olufsen does not apply IAS 34 in the preparation of interim reports.

Main and key figures - Bang & Olufsen a/s

1/6 2005 - 28/2 2006

(DKK million)	2005/06	2004/05*	2003/04	2002/03	2001/02
Profit and loss account Net turnover Operating profit Financial items, net Result from ordinary operations before tax Group result Result for the period, Bang & Olufsen a/s' share	3,117 367 - 367 256 256	2,770 271 - 271 181 181	2,656 273 (2) 271 199 200	3,083 254 (2) 251 175 171	3,189 214 (12) 202 120 127
Balance sheet Total assets, end of February Share capital Equity, end of February Minority interests	2,958 125 1,710 3	2,777 124 1,626	2,659 135 1,588	2,668 134 1,534	2,644 134 1,390
Cash flow for the period Of which cash flow from: Operating activity Investment activity - of which investment in tangible non-current assets - of which investment in intangible non-current assets Financing activity	(289) 296 (286) (146) (125) (299)	500 (148) (60) (80) (202)	478 (156) (64) (102) (198)	510 (155) (69) (85) (83)	253 (107) (96) (16) (6)
Key figures Profit ratio, % Rate of return, % Return on equity, % Current ratio Equity ratio, % Intrinsic value (nom. DKK 10), DKK Quotation as at 28 February Quotation/intrinsic value	12 16 15 2.1 58 137 745 5.4	9 13 11 1.6 59 131 388 3.0	10 13 12 1.9 60 123 314 2.6	8 11 12 1.6 58 114 125	7 9 9 1.4 53 104 214 2.1

^{*} Comparative figures for 2004/05 are adjusted to IFRS.

Parentheses denote negative figures.

Appendix 1 (continued)

The key figures are defined as follows:

Profit ratio: Operating profit x 100

Net turnover

Rate of return: Operating profit x 100

Average operational assets

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

Average equity

<u>Current assets</u> Current liabilities Current ratio:

Equity ratio:

Equity, end of period x 100
Total equity and liabilities, end of period

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

Number of shares, end of period

Interim report For the period 1/6 2005 - 28/2 2006

	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	2,916.9 (21.0) 2,895.9	164.8 (1.0) 163.8	64.3 (7.2) 57.1	(29.2) 29.2 0.0	3,116.8 0.0 3,116.8			
Operating profit/loss	336.6	16.8	13.5	-	366.9			
Profit/loss from ordinary operations before tax	335.9	15.8	14.9	-	366.6			

Interim report For the period 1/6 2004 - 28/2 2005

	Branded business	Non-branded bu	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	2,644.8 (20.8) 2,624.0	123.7 (1.2) 122.5	33.4 (10.0) 23.4	(32.0) 32.0 0.0	2,769.9 0.0 2,769.9			
Operating profit/loss	265.5	6.0	(0.9)	-	270.6			
Profit/loss from ordinary operations before tax	267.8	4.2	(1.5)	-	270.5			

Turnover branded business

(DKK million)	Turnove 1/6-05 – 28/	Change in local currency	
	2005/06	2004/05	
Denmark United Kingdom Germany Holland Switzerland The US/Canada Spain/Portugal France Asian markets, excl. Japan Italy Expansion Markets Sweden Belgium Norway Austria Japan	418 402 347 219 205 192 174 153 148 140 112 84 72 50 47 36	381 416 305 183 175 207 141 126 123 131 90 80 61 48 42	9.7 % (4.4) % 13.3 % 19.3 % 17.8 % (12.6) % 22.9 % 21.0 % - 7.1 % - 8.7 % 18.2 % 10.0 % 10.0 % (15.8) %
Enterprise* Middle East Telephone distribution Other Turnover to non-branded business	40 28 16 13 21	27 13 19 12 21	104.5 %
Total branded business	2,917	2,645	

^{*} Enterprise handles the turnover to the hotel business.

Parentheses denote negative figures.

Distribution development

Shop segment	Number of shops	Number of shops	Change in the period	Share of turnover
	per 28/2-06	per 1/6-05	1/6-05 – 28/2-06	per segment
B1	690	672	18	72 %
Shop in shop	605	637	(32)	27 %
Other	60	88	(28)	<u>1 %</u>
Total	1,355	1,397	(42)	100 %

Definitions of shop segments:

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

Parentheses denote negative figures.

Specifications for the period 1/6 – 28/2

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

	2005/06	2004/05
Development costs		
Expensed development costs before capitalisation Of which capitalised Amortisation and write-downs of development projects	361.2 (119.1) <u>74.4</u>	286.2 (69.6) 65.1
Development costs included in the profit and loss account	<u>316.5</u>	<u>281.7</u>
Financial income Interest income from banks Exchange rate gains, net Other financial income	6.6 - 6.7 13.3	5.4 5.1 <u>6.3</u> <u>16.8</u>
Financial costs		
Interest on bank loans Interest on mortgage loans Exchange rate losses, net Other financial costs	4.4 5.2 1.6 <u>2.4</u> 13.6	7.4 6.0 - <u>3.5</u>

Parentheses denote negative figures.

Bang & Olufsen a/s

(DKK million)

		2005/06 Quarterly results			2005/06 Accumulated results			
	1 quarter	2 quarter	3 quarter		1 quarter	2 quarter	3 quarter	
Net turnover	798.7	1,125.6	1,192.5		798.7	1,924.3	3116.8	
Gross profit	370.2	547.9	562.3		370.2	918.1	1480.4	
Operating profit Result from investments in associated companies after tax	53.9	136.3	176.7 -		53.9 -	190.2 -	366.9	
Financial items, net	(3.8)	(1.5)	5.0		(3.8)	(5.3)	(0.3)	
Result from ordinary operations before tax Tax on ordinary profit	50.1 (17.5)	134.8 (41.6)	181.7 (52.0)		50.1 (17.5)	184.9 (59.1)	366.6 (111.1)	
Result for the period after tax	32.6	93.2	129.7		32.6	125.8	255.5	
Result for the period, Bang & Olufsen a/s' share Result for the period, minority interests' share	32.7 (0.1)	92.2 1.0	129.4 0.3		32.7	124.9 0.9	254.3 1.2	
Result for the period after tax	32.6	93.2	129.7		32.6	125.8	255.5	

	2004/05 Quarterly results					2004/05 Accumulated results			
	1 quarter	2 quarter	3 quarter	4 quarter	1	1 quarter	2 quarter	3 quarter	4 quarter
Net turnover	725.6	996.2	1,048.1	972.3		725.6	1,721.8	2,769.9	3,742.2
Gross profit	328.7	472.4	492.0	443.4		328.7	801.1	1,293.1	1,736.5
Operating profit Result from investments	6.7	130.2	133.7	101.6		6.7	136.9	270.6	372.2
in associated companies after tax Financial items, net	- 3.4	- (4.4)	0.9	0.4 7.3		- 3.4	- (1.0)	(0.1)	0.4 7.2
Result from ordinary operations before tax Tax on ordinary profit	10.1 (3.4)	125.8 (41.5)	134.6 (44.9)	109.3 (25.1)		10.1 (3.4)	135.9 (44.9)	270.5 (89.8)	379.8 (114.9)
Result for the period after tax	6.7	84.3	89.7	84.2		6.7	91.0	180.7	264.9
Result for the period, Bang & Olufsen a/s' share Result for the period, minority interests' share	6.9	84.4 0.1	89.6 0.1	84.2 <u>-</u>		6.9	91.3	180.9	265.1 (0.2)
Result for the period after tax	6.7	84.3	89.7	84.2		6.7	91.0	180.7	264.9