

Copenhagen Stock Exchange
Nikolaj Plads 6
1967 Copenhagen K

Translation

Struer, October 31, 2000

Interim report for the period June 1, 2000 - August 31, 2000 for Bang & Olufsen a/s

Improvement on the first quarter last year

- Turnover in the first quarter was DKK 710 million – DKK 15 million (or 2 per cent) above the equivalent figure for last year.
- Ordinary result before tax was DKK –17 million. This represents a marginal improvement of DKK 3 million on the first quarter of last year.
- For the full year Bang & Olufsen continues to expect a result in line with the 1999/00 financial year after investments in new business areas.

Peter Skak Olufsen
Chairman

Anders Knutsen
President, CEO

For further information, please contact Anders Knutsen, phone: +45 9684 5000.

Key figures for the Bang & Olufsen Group (unaudited)

(DKK million)

1/6 - 31/8 2000

	2000/01	1999/00
Net turnover	709.8	695.0
Operating profit	(7.8)	(12.6)
Financial items	(8.8)	(7.5)
Result from ordinary operations before tax	(16.6)	(20.1)
Tax on ordinary operations	4.9	6.0
Ordinary result after tax	(11.7)	(14.1)

Parentheses denote negative figures or amounts to be deducted.

Corporation tax is calculated as the share of the financial year's expected tax liability relating to the result for 3 months.

The result from ordinary operations before tax of DKK (16.6) million is apportioned between the following companies:

Bang & Olufsen AudioVisual a/s	(23.7)	(33.7)
Bang & Olufsen Telecom a/s	(0.5)	9.6
Bang & Olufsen Medicom a/s	4.0	5.3
Bang & Olufsen New Business a/s	(0.7)	-
Bang & Olufsen a/s*)	4.3	(1.3)

*) excl. Bang & Olufsen AudioVisual a/s, Bang & Olufsen Telecom a/s, Bang & Olufsen Medicom a/s and Bang & Olufsen New Business a/s

Balance sheet information	31/8-00	31/8-99
Equity capital	1,040.1	918.0
Assets	2,162.4	1,941.0
Assets, excl. liquid assets and securities	2,055.8	1,912.0

The accounting practice is unchanged compared to previous years.

Comparative figures are based on internal accounts. The comparative figures cover the period 1/6 1999 til 31/8 1999.

Development in equity capital

(DKK million)

Equity capital as at 1/6 2000 1,058.0

Exchange rate adjustment for investment in subsidiaries 3.6

Appreciation of own shares used for anniversary bonus 24.1

Value own shares for anniversary bonus (24.1)

Write-down own shares (9.8)

Profit after tax carried forward (11.7)

Equity capital as at 31/8 2000 1,040.1

The cost of acquisition of own shares has been deducted directly from the Group's equity capital.

Notes on development in the first quarter

Bang & Olufsen a/s

In connection with the financial statement in August this year Bang & Olufsen presented its new business model, which divides the Group into six independent business areas in order to create transparency and strengthen focus across the company. Moreover, the model will enhance Bang & Olufsen's ability to exploit the considerable growth potential arising from combining digital developments, the Internet and Bang & Olufsen's core competencies within concept development, design, image, sound and operation.

The Group has launched the activities which will support the new business model. With effect from the financial year 2001/02 we will issue detailed reports on the individual companies within the new group structure.

Turnover in Bang & Olufsen a/s was DKK 710 million for the first quarter of 2000/2001 against DKK 695 million for the same period the previous year. This corresponds to a rise of DKK 15 million or 2 per cent.

For the same period, the result of primary operations improved to DKK -8 million from DKK -13 million.

The ordinary result before tax was DKK -17 million against DKK -20 million last year – a marginal improvement of DKK 3 million – but in line with the forecast announced in the Annual Accounts and, more recently, at the Annual General Meeting in September 2000. We continue to expect growth in turnover as well as in earnings to occur primarily in the second half year as most product launches will take place towards the end of the first half year or early in the second.

The improvement in the ordinary result is primarily due to developments in Bang & Olufsen AudioVisual a/s.

At the close of the first quarter, the result after tax totals DKK -12 million against DKK -14 million last year.

Bang & Olufsen AudioVisual a/s

First quarter turnover in Bang & Olufsen AudioVisual a/s was DKK 645 million against DKK 633 million last year. This represents an improvement of DKK 12 million or 2 per cent.

The ordinary result before tax for the first quarter of 2000/01 was DKK -24 million. This is an improvement on the first quarter last year where the figure was DKK -34 million.

Individual markets

The first quarter saw an increase in turnover in some markets including US, France, Belgium and Holland. The positive trend for the B1 shops in Germany continued whereas sales through other types of retail outlets declined. Overall, developments in Denmark and Switzerland were unsatisfactory.

Products

Although BeoVision Avant USA was scheduled for launch in the North American market towards the end of the previous financial year, the launch did not occur until August. The introduction of Avant adds an important product to our portfolio in the US.

As planned Bang & Olufsen will market three new products during the current half year:

BeoCenter 1, which combines audio/video within one product comprising TV, DVD, CD and radio with optional built-in satellite receiver.

DVD 1, Bang & Olufsen's first stand-alone DVD player.

BeoSound 1, a new audio system.

Distribution development

During the first quarter 13 new B1 shops were opened, bringing the total number of B1 shops to 460 worldwide. The B1 shops now account for 48 per cent of turnover. Overall, sales from B1 shops advanced while turnover in other shops declined compared to the first quarter last year.

We continue to pursue the present distribution strategy and expect to reach the year's target of 100 new shops. This would bring the total number of B1 shops worldwide to 550 by the end of the year.

New business

In Bang & Olufsen New Business, the Group continues to develop business activities for PowerHouse, Car Entertainment and acoustics. PowerHouse, for instance, has entered into the initial, commercial minor contracts concerning supply of ICEpower modules. In addition we are looking into a number of possible new customers/partnerships within ICEpower technology applications.

Bang & Olufsen's music systems for cars – Car Entertainment – were unveiled to the public for the first time at the Paris car show in September 2000. This is an important step in the partnership with the world's largest producer of electronics for cars, Visteon Automotive System.

Multimedia

In December Bang & Olufsen Multimedia will launch its first freeware product under www.bang-olufsen.com. Through the software developed for the site customers can store and organise music on their PC and play it from here. Via Bang & Olufsen's PC link the music can also be reproduced throughout the user's home.

Simultaneously with this Bang & Olufsen Multimedia is developing a series of dedicated products for digitalised music. These primarily concern a music system with built-in storage for music collections and a music monitor, i.e. an advanced PC monitor with unique sound reproduction and simple Bang & Olufsen operation.

Bang & Olufsen Telecom a/s

Bang & Olufsen Telecom a/s had a first quarter turnover of DKK 50 million, a decline of DKK 33 million compared to the previous year. The difference is due to last year's launch of BeoCom 6000 telephone in the US market which contributed significantly to earnings in the first quarter last year. Expectations for earnings in Telecom are based on the second half year when a new cordless telephone, BeoCom 2, ISDN products and 2-line sets for the US will be launched.

Bang & Olufsen Medicom a/s

Bang & Olufsen Medicom a/s achieved a turnover of DKK 47 million against DKK 44 million last year, a rise of 5 per cent.

Conclusions - expectations for the year as a whole

In the financial statement of August 17 this year, we stated the following forecast for the full year:

"Excluding the planned investments in new activities, the following development in the ordinary result before tax for the year 2000/01 is expected.

Growth in both turnover and earnings will primarily take place during the second half year as most product launches will take place in the latter part of the first half year or early in the second half year.

For the full financial year growth in turnover of around 10 per cent and earnings of around DKK 360 million are expected. DKK 50 million in increased development costs for new activities should be deducted from this figure, of which DKK 40 million relates to multimedia. Ordinary result before tax is expected to be on a level with the financial year 1999/00."

Based on the result for the first quarter we maintain our expectations for the full year.