Copenhagen Stock Exchange
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Translation

Struer, October 10, 2002

Quarterly statement for the period June 1, 2002 – August 31, 2002 for Bang & Olufsen a/s

The quarterly accounts have been prepared in accordance with the new Annual Accounts Act. The result for the period, the list of opening balances and comparative figures have been adjusted accordingly, c.f. appendix 1.

- Turnover for the first quarter totalled DKK 887 million against DKK 795 million in the first quarter last year. This represents a growth of DKK 92 million or 12%.
- The ordinary result before tax was DKK –9 million, an improvement of DKK 10 million on the first quarter last year.
- Cash flow for the first quarter was positive at DKK 58 million.
- In general, European markets saw positive developments while the US continues to disappoint.
- On the basis of the realised result for the first quarter and developments in September we have found no reason to adjust our expectations. The change to the new Annual Accounts Act will have a positive impact on the result for the year of around DKK 30 million. Thus, the expectations for the full year are in the region of a pre-tax result of DKK 280-295 million.

Jørgen Worning
Chairman

Torben Ballegaard Sørensen
President, CEO

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

1/6 - 31/8 2002

	2002/03	**2001/02**
Net turnover	886.8	794.9
Operating loss	(3.0)	(9.7)
Financial items	(5.6)	(9.6)
Result from ordinary operations before tax	(8.6)	(19.3)
Tax on ordinary result	(5.5)	0.2
Result for the period after tax	(14.1)	(19.1)
Of which minority share	-	1.1
Bang & Olufsen a/s' share of the result for the period	(14.1)	(18.0)

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 3 months.

Balance sheet information	**31/8 02**	**31/8 01**
Equity	1,395.6	1,280.4
Assets	2,538.3	2,476.1
Assets, excl. liquid funds	2,331.7	2,363.0

Development in equity
(DKK million)

Equity as at June 1, 2002	1,406.9	1,308.3
Exchange rate adjustment of investment in subsidiaries	2.8	(8.4)
Equity adjustments in subsidiaries	-	(1.5)
Loss carried forward	(14.1)	(18.0)
Equity as at August 31, 2002	1,395.6	1,280.4

Parentheses denote negative figures or amounts to be deducted.

Notes on the first quarter

Bang & Olufsen a/s

Turnover for the Bang & Olufsen Group for the first quarter of 2002/03 was DKK 887 million against DKK 795 million for the first quarter last year, i.e. a growth of DKK 92 million or 12%. The increase in turnover primarily derives from Bang & Olufsen Audio-Visual a/s.

Operating losses for the first quarter were DKK –3 million against DKK –10 million for the same period last year, i.e. an improvement of DKK 7 million.

The ordinary pre-tax result was DKK –9 million against DKK –19 million, an improvement of DKK 10 million.

Both operating losses and the ordinary pre-tax result have been positively affected by the change to the new Annual Accounts Act in that the Group has capitalised and amortised development costs, c.f. appendix 1.

Turnover during the summer is traditionally below that for the rest of the year and is not necessarily indicative of sales in the peak season. Both turnover and result for the first quarter met expectations.

The result after tax was DKK -14 million against DKK –18 million last year. The result has been positively affected by the change to the new Annual Accounts Act, c.f. appendix 1.

Branded business

Total turnover for the Group's branded business was DKK 816 million against DKK 736 million for the first quarter last year. This equals an increase of DKK 80 million, i.e. 11%.

The pre-tax ordinary result for the Group's branded business totalled DKK -5 million against DKK -11 million for the first quarter last year, i.e. an improvement of DKK 6 million.

Bang & Olufsen AudioVisual

Turnover for Bang & Olufsen AudioVisual for the first quarter amounted to DKK 805 million against DKK 718 million for the same period last year. This corresponds to a growth of DKK 87 million or 12%.

Market developments

The development in turnover for the individual markets can, in general, be described as satisfactory. However, due to product launches, some markets have experienced substantial quarterly fluctuations.

During the first quarter, the UK market saw a rise in turnover of DKK 21 million, i.e. 25% in local currency while the region comprising Germany, Austria and Switzerland showed overall growth of DKK 15 million, i.e. 9%. The German market is on level with the turnover for the first quarter last year.

The Danish market showed a rise in turnover of 7%, while the other Scandinavian countries, Sweden and Norway, are slightly below the level of last year.

The French and Spanish/Portuguese markets saw an increase of DKK 4 million (14%) and DKK 13 million (35%) respectively in local currencies. The Italian market achieved a growth of DKK 17 million, i.e. 91% in local currency.

The Japanese market recorded a slight decrease in the first quarter of DKK 4 million or 14% in local currency. Other Asian markets showed a rise in turnover of DKK 9 million, i.e. 27% in local currency.

Turnover in the US market fell by DKK 15 million (or 6% in local currency) compared to the first quarter last year. Bang & Olufsen recorded a first quarter loss of DKK 26 million, including one-off costs of approx. DKK 12 million as a result of changes to the US distribution and sales organisation. Adjustments will continue to be made throughout the financial year.

Average turnover for comparable shops in the US market declined by about 3% compared to the first quarter last year. The average covers substantial variations in the development of individual shops. Focus remains on supporting existing US shops. Therefore, there has been only a modest rise in the total number of B1 shops to now 60 against 58 at the end of the last financial year.

Product launches

During the first quarter we completed, as planned, the launch of BeoVision 5, Bang & Olufsen's new high quality plasma solution, and BeoSound 2, Bang & Olufsen's new portable digital music player, in Europe and the Far East.

Distribution development

At the end of the first quarter, there are 627 B1 shops against 558 last year, which constitutes a net increase for the quarter of 9 shops and an overall increase of 69 compared to the first quarter last year. B1 shops now account for 62% of turnover against 56% for the first quarter last year.

Bang & Olufsen Telecom

Bang & Olufsen Telecom's turnover for the first quarter was DKK 65 million compared to DKK 55 million for the first quarter last year, i.e. a growth of DKK 10 million or 18%.

Especially the launch of the cordless phone, BeoCom 2, in the UK, Swiss and Italian markets has positively contributed to Bang & Olufsen Telecom's result.

Non-branded business

Bang & Olufsen Medicom

During the first quarter, Bang & Olufsen Medicom's turnover totalled DKK 66 million against DKK 56 million last year – a growth of DKK 10 million or 18%.

Bang & Olufsen Medicom is currently seeing a fall in incoming orders in the fields of production and development. Consequently, the company does not expect to meet last year's turnover and earnings, but expects a lower result for the current financial year than that of last year.

Consequently, Bang & Olufsen Medicom has adjusted both the organisation and its capacity to reflect the reduced order level.

Bang & Olufsen ICEpower

Bang & Olufsen ICEpower developed in line with expectations. A first quarter loss of DKK 4 million, however, has impacted on the Group's result.

During the current financial year, Bang & Olufsen ICEpower will launch a new range of amplifiers, the ASP series, in which the ICEpower amplifier is fully integrated with a power supply, based on a newly developed switch-mode power supply technology, ICEpower Supply. The products in the ASP series will have the same effect as the A series, i.e. 250W, 500W and 1000W.

Expectations for the financial year

The current financial year will see the launch of BeoVision 5 in the US market. In addition, Bang & Olufsen plans to launch a new updated TV within the classic BeoVision MX family and an audio product with built-in CD memory in the form of hard-disk technology, which allows many hours of music to be stored directly in the product.

In the field of telephones, a new cordless telephone will be launched. A stand-alone product which will appeal to a number of user situations and complement a variety of environments - being based on functional and design simplicity.

At the end of the financial year, Bang & Olufsen expects to launch two important products, each of which will represent a major step forward in terms of both technology and design. The products are a new audio centre and an acoustic product, which will set new standards for the high end audio market.

In the annual report, we expressed our expectations for the current financial year as follows:

"The first two months have shown satisfactory results and the Bang & Olufsen Group expects to achieve a pre-tax result of between DKK 250 and DKK 265 million based on a moderate growth in turnover. This is in line with the Group's three year targets (c.f. Stock Exchange Announcement of April 17, 2002) for an annual growth in earnings of between 10 and 15%."

The Bang & Olufsen Group companies have, in general, shown satisfactory sales in the first quarter although the US market is performing below expectations. Despite uncertain consumer conditions in the US we continue to expect a significantly improved result compared to the previous financial year.

On the basis of the realised result for the first quarter and developments in September we see no reason to change our expectations.

Based on the previous Annual Accounts Act, we expected a pre-tax result of between DKK 250-265 million. The year's result will be positively influenced by capitalisation and subsequent amortisation of our development costs in accordance with the new Annual Accounts Act. The effect is estimated to be approx. DKK 30 million, wherefore expectations for the full year calculated on the basis of the new Annual Accounts Act are for a pre-tax result of DKK 280 - DKK 295 million.

Appendix 1

Changes to Accounting Principles

As a consequence of the new Annual Accounts Act which came into force on June 7, 2001 and the changes and updates made to a number of Danish accounting guidelines, certain changes to the accounting principles applied were introduced from June 1, 2002.

All comparative figures have been adjusted to the changes in the accounting principles applied.

The changes in principle have affected the result for the period by DKK 6.2 million. The corresponding change for the 1st quarter for the previous year are DKK 0.4 million.

Due to the changes, equity capital has increased by DKK 163 million as at June 1, 2002 and by DKK 161 million as at June 1, 2001.

The result for the period:

	1/6–31/8 02	1/6–31/8 01
Operating loss:		
Operating loss before changes to accounting principles	(9.2)	(10.1)
Development costs capitalised during the quarter	26.1	20.3
Amortisation, development costs	(19.9)	(19.9)
Total change	**(6.2)**	**0.4**
Operating loss after changes to accounting principles	**(3.0)**	**(9.7)**
Result from ordinary operations		
Result from ordinary operations before tax and before change to accounting principles	(14.8)	(19.7)
Change as a result of new accounting principles, cf. above	6.2	0.4
Result from ordinary operations before tax and after changes to accounting principles	**(8.6)**	**(19.3)**
Tax on ordinary result	(5.5)	0.2
Result for the period after tax	**(14.1)**	**(19.1)**

Parentheses denote negative figures or amounts to be deducted.

Equity is specified as follows:	1/6 02	1/6 01
Opening equity	1,244.1	1,146.9
Changes to opening equity:		
Capitalised development costs	165.6	163.5
Adjustment, deferred tax	(49.7)	(49.0)
Adjustment re. dividend	46.9	46.9
Adjusted opening equity	**1,406.9**	**1,308.3**

Parentheses denote negative figures or amounts to be deducted.

The following areas are subject to changes in the accounting principles applied.

Group goodwill

Past practice
Group goodwill is determined at the time of the acquisition as the difference between the original price and the acquired company's intrinsic value calculated in accordance with the Group's accounting principles. Group goodwill is depreciated directly over the equity.

New practice
Group goodwill is calculated at the time of the acquisition as the difference between the original price and the acquired company's intrinsic value calculated in accordance with the Group's accounting principles. Group goodwill and goodwill acquired from and including June 1, 2002 are recognised in the balance sheet and amortised on a straight line basis over the expected economic lifetime, which is determined on the basis of the Management Board's experience of the individual business areas, although a maximum of 20 years applies.

Development costs

Past practice
Product development costs are expensed in the year in which they are incurred and comprise costs relating to the Group's development departments, including salaries, wages, materials, services and depreciation of fixtures & fittings and plant used for development activities.

New practice
Development projects that are clearly defined and identifiable and are expected to be marketed as new products within potential future markets are recognised as intangible fixed assets.

Development costs are included at cost price as intangible fixed assets and are amortised over the expected useful life when the criteria for this have been met.

Development costs that do not meet the criteria for capitalisation in the balance sheet are included as cost in the Profit & Loss account when incurred.

Development projects comprise salaries and wages, materials, services and depreciation of fixtures & fittings and plant that directly or indirectly relate to the Group's development activities.

Capitalised development costs are measured at cost price with deduction of accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight line basis over the estimated economic useful life. The amortisation period is normally 3-6 years.

Dividend

Dividend for the financial year

Past practice
Proposals for dividend are included as a liability in the accounts.

New practice
Dividend is recognised as a liability in the accounts when approved by the Annual General Meeting. Proposed dividend is not recognised as a liability, but is shown as a separate item under equity.

Dividend receivable

Past accounting practice
Dividend receivable is recognised as current assets in the balance sheet when proposed.

New accounting practice
Dividend receivable is recognised in the balance sheet from the date of approval by the Annual General Meeting.

Mortgage debt

Mortgage debt is recognised at the amortised cost price. The introduction of the new Annual Accounts Act has no significant consequences for the Group.

Derivative financial instruments and hedging

Derivative financial instruments are initially recognised in the balance sheet at cost price and subsequently measured at market value. Derivative financial instruments are included in other receivables and other debt.

Changes to the market value of derivative financial instruments which meet the criteria for hedging the market value of a recognised asset or a recognised commitment are included in the profit & loss account together with any changes in the market value of the hedged asset or the hedged commitment.

Changes to the market value of derivative financial instruments which meet the conditions for hedging future assets or commitments are recognised in the equity under result carried forward. Earnings and costs relating to hedged transactions are transferred from the equity capital when the hedged position is realised.

For derivative financial instruments which do not qualify as hedging instruments, changes are included on a continuing basis at market value in the profit & loss account.

The change to the new Annual Accounts Act has no significant consequences for the Group.

Leasing

The Group has operating leasing contracts only.

Rental and leasing costs are expensed in the year in which they are incurred.

Appendix 2

Quarterly statement
For the period 1/6 2002 to 31/8 2002

(DKK million)	Branded business Bang & Olufsen	Non-branded business B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	B&O a/s Group
Turnover	816.2	65.9	6.0	(1.3)	886.8
Operating profit/loss	(0.4)	1.9	(4.5)		(3.0)
Resultat of ordinary operations before tax	(5.3)	0.9	(4.2)		(8.6)

Quarterly statement
For the period 1/6 2001 t0 31/8 2001

(DKK million)	Branded business Bang & Olufsen	Non-branded business B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	B&O a/s Group
Turnover	736.1	56.2	2.8	(0.2)	794.9
Operating profit/loss	(2.1)	(2.8)	(4.8)		(9.7)
Resultat of ordinary operations before tax	(10.8)	(3.6)	(4.9)		(19.3)

Parentheses denote negative figures or amounts to be deducted.

Appendix 3

Turnover and distribution, Bang & Olufsen AudioVisual a/s

Turnover in markets

(DKK million)	Group Turnover 1 quarter 2002/03	Growth in local currency
United Kingdom	125	25%
Germany	108	1%
Denmark	94	7%
USA	74	(6%)
Holland	71	11%
Switzerland	62	14%
Spain/Portugal	49	35%
Asian markets, excluding Japan	41	27%
Italy	35	91%
France	33	14%
Expansion Markets	26	46%
Belgium	22	37%
Sweden	17	(8%)
Japan	13	(14%)
Norway	13	(1%)
Austria	13	65%
Other	9	
	805	

Parentheses denote negative figures or amounts to be deducted.

Development in number of shops for Bang & Olufsen AudioVisual a/s

Shop segment	No of shops as at 31/8-02	Change during the period 1/6-02 - 31/8-02	Share of turnover per segment
B1	627	9	62%
Shop in shop	678	18	24%
Other	584	(57)	14%
Total	1,889	(30)	100%

Parentheses denote negative figures.

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.