INTERIM REPORT 2012/13

1 JUNE 2012 – 31 AUGUST 2012

BEOLAB 12-2

PLAYMAKER

Bang & Olufsen a/s
Peter Bangs Vej 15
DK-7600 Struer

Tel +45 9684 1122
www.bang-olufsen.com
CVR-no: 41257911

BANG & OLUFSEN

HIGHLIGHTS

"As expected, first quarter revenue was only marginally above last year. The implementation of our strategy plan, "Leaner, Faster, Stronger", remains on track and we maintain our guidance for 2012/13. Hence, we continue to expect double-digit growth and an improved EBIT-margin. The first quarter is a seasonally small quarter for Bang & Olufsen. Also, the quarter represents a tough comparison due to a significant impact from new product launches during the same period last year. With this in mind we are satisfied with the earnings for the first quarter of the 2012/13 financial year", says CEO Tue Mantoni.

- The Group's revenue was DKK 600 million for the first quarter of the 2012/13 financial year compared to revenue of DKK 599 million in the same period last year.

- The B2C business recorded revenue of DKK 440 million in the first quarter of the 2012/13 financial year compared to DKK 478 million in the same period last year. The B2B business recorded revenue of DKK 160 million in the first quarter of the 2012/13 financial year compared to revenue of DKK 122 million in the same period last year.

- B2C revenue in BRIC markets and in North America increased by 6 per cent and 11 per cent respectively, whereas B2C revenue in Europe decreased by 16 per cent, mainly due to the significant impact a year ago from the launch of the BeoVision 7-55 3D and the BeoSound 5 Encore.

- The Group's gross margin for the first quarter of the 2012/13 financial year was 40.8 per cent against a gross margin of 38.6 per cent in the same period last year.

- As expected, amortisation charges were DKK 21 million higher than last year and capitalised development projects were down by DKK 9 million compared to the same quarter last year. This has had an adverse impact on earnings before tax of DKK 30 million explaining the drop from a negative DKK 33 million last year to negative DKK 64 million in the first quarter of this year.

- Free cash flow in the first quarter was negative at DKK 145 million compared to negative DKK 137 million in the same period last year. The Group's net working capital was DKK 703 million at the end of the first quarter of the 2012/13 financial year, compared to DKK 534 million at the end of the first quarter of the 2011/12 financial year. This is mainly due to increased inventories which are built-up in advance of product launches in the second quarter, and a Christmas where Bang & Olufsen for the first time is selling newly launched B&O PLAY products.

- For the 2012/13 financial year, an outlook of a double-digit revenue growth, and an improved EBIT-margin year-on-year is maintained.

- After the end of the reporting period the previously announced strategic partnership with Sparkle Roll and A CAPITAL has been completed (cf. company announcements no 12.06 and 12.10). The new share issue has been carried out and paid in full, and A CAPITAL's chairman André Loesekrug-Pietri has been elected member of the Board of Directors of Bang & Olufsen a/s.

- Furthermore BeoPlay A9 was launched at the beginning of October, and BeoVision 11 will be launched on 10 October. It is expected that these two products will drive significant revenue in the second quarter.

- Agreements have also been made with 19 third party stores in Asia and Europe, and with one online store in Asia, after the end of the reporting period.

Any enquiries about this announcement can be addressed to:
CEO Tue Mantoni, tel.: +45 9684 5000
Investor Relations, Claus Højmark Jensen,
tel: +45 9684 1251 or +45 2325 1067

A webcast will be hosted on 10 October 2012 at 10.00. Access to the webcast is obtained through our home page www.bang-olufsen.com.

KEY FIGURES

Bang & Olufsen a/s - Group (DKK million)	**1st quarter**		**Growth**
The figures are unaudited	2012/13	2011/12	%
Income statement:			
Revenue	600	599	0%
Gross margin, %	40.8	38.6	6%
Earnings before interest, taxes, depreciation, amortisation and capitalisation (EBITDAC)	(30)	(25)	(20%)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	18	31	(42%)
Earnings before interest and tax (EBIT)	(61)	(29)	(110%)
Financial items, net	(3)	(3)	0%
Earnings before tax (EBT)	(64)	(33)	(94%)
Earnings after tax	(47)	(27)	(74%)
Financial position:			
Total assets	2,935	2,513	17%
Share capital	362	362	0%
Equity	1,581	1,515	4%
Net interest-bearing debt	395	224	76%
Net working capital	703	534	32%
Cash flow:			
– from operating activities	(74)	(53)	(40%)
– from investing activities	(71)	(84)	(15%)
– free cash flow	(145)	(137)	(6%)
– from financing activities	107	45	58%
Cash flow for the period	(38)	(92)	59%
Key figures:			
EBITDA-margin, %	3.0	5.2	-
EBIT-margin, %	(10.2)	(4.8)	-
NIBD/EBITDA ratio *)	1.08	0.74	-
Return on assets, %	(2.6)	(1.3)	-
Return on invested capital, excl. goodwill, %	(0.6)	0.1	-
Return on equity, %	(3.1)	(1.8)	-
Full time employees at the end of the period	2,083	2,024	-
Stock related key figures:			
Earnings per share (EPS), DKK	(1.3)	(0.7)	-
Earnings per share diluted (EPS-D), DKK	(1.3)	(0.7)	-
Price/Earnings	(55.1)	(85.7)	-

**) Calculated based on rolling 12m EBITDA*

MANAGEMENT REPORT

As expected the first quarter showed only marginal revenue growth. B&O PLAY and Automotive grew by 92 per cent and 37 per cent respectively offset by a decline in AV by 20 per cent. Also as expected, amortisation charges were DKK 21 million higher compared to the same quarter last year, at the same time as capitalised development projects were down by DKK 9 million. This leads to an adverse impact on earnings before tax of DKK 30 million explaining the drop from a negative DKK 33 million last year to a negative DKK 64 million in the first quarter of this year.

Revenue YTD 2012/13 (DKK million)

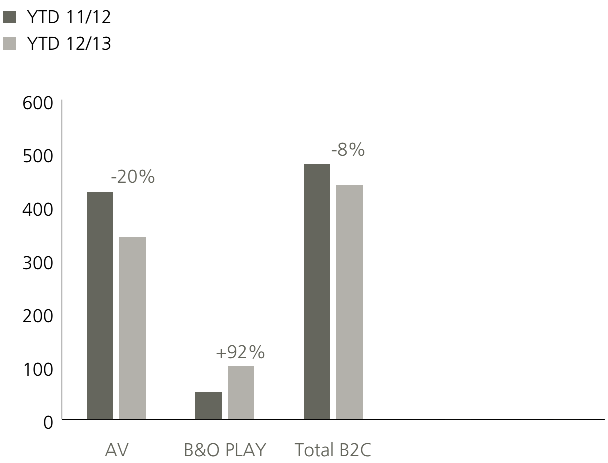
B2C		B2B	
AV	B&O PLAY	Automotive	ICEpower
DKK 342m	DKK 99m	DKK 134m	DKK 27m

Q1 revenue driven by growth in B&O PLAY and Automotive
The Group's revenue for the first quarter of the 2012/13 financial year was DKK 600 million, compared to DKK 599 million last year.

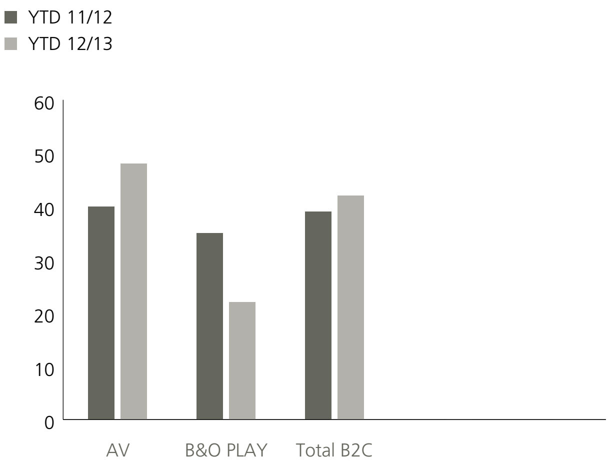
Earnings before tax for the first quarter were negative DKK 64 million against negative earnings of DKK 33 million in the same period last year.

The Group's gross margin in the first quarter of the 2012/13 financial year was 40.8 per cent against a gross margin of 38.6 per cent for the same period last year. The improved gross margin is mainly explained by favourable product mix and distribution development in AV and favourable product mix in Automotive, whereas B&O PLAY showed a lower gross margin compared to the same quarter last year.

Revenue and growth by segment – B2C (DKK million)



Gross margin by segment – B2C (%)



B2C

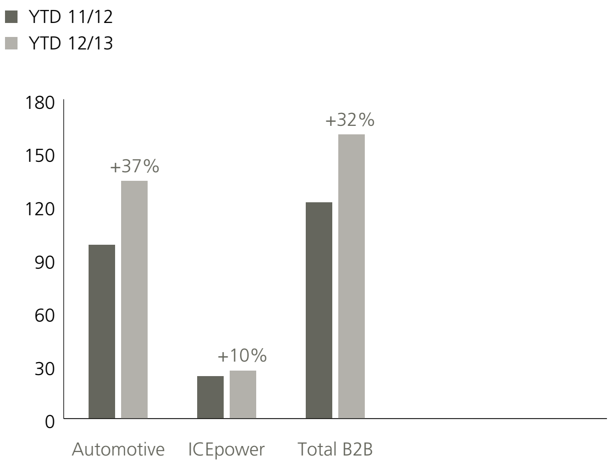
The B2C business, which consists of the AV and the B&O PLAY segments, recorded revenue of DKK 440 million in the first quarter of the 2012/13 financial year compared to revenue of DKK 478 million in the same period last year.

The AV segment recorded revenue of DKK 342 million in the first quarter of the 2012/13 financial year compared to DKK 427 million in the same period last year. The significant reduction year on year should be seen in light of major product launches in the first quarter of 2011/12 where both the BeoVision 7-55 3D and BeoSound 5 Encore sound system were released for sale. AV revenue in the BRIC markets increased by 6 per cent, whereas Europe declined by 16 per cent. Macroeconomic conditions in Europe remain difficult, which had a negative effect on European revenue in the first quarter of 2012/13.

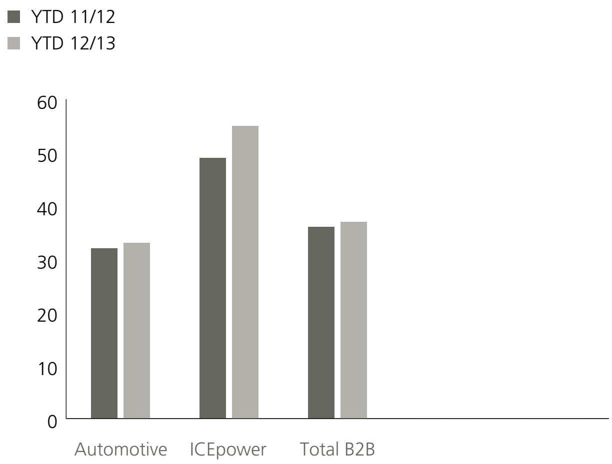
The gross margin for the AV segment in the first quarter of the 2012/13 financial year was 48.1 per cent against a gross margin of 39.8 per cent for the same period last year. The change in gross margin is primarily due to changes in product mix which is positively affected by increased speaker revenue with higher gross margin, and the distribution development where the stores acquired in Hong Kong and Southern China in the third quarter of 2011/12 gives an increase in overall gross margin. This is however to a certain extent off-set by increased distribution and marketing costs as evidenced by the development in capacity costs.

B&O PLAY recorded revenue of DKK 99 million in the first quarter of the 2012/13 financial year compared to DKK 52 million in the same period last year. The gross margin for B&O PLAY in the first quarter of the 2012/13 financial year was 21.5 per cent against a gross margin of 34.6 per cent for the same period last year. The lower gross margin is mainly attributable to product mix and to lower volumes resulting in a higher ratio of indirect production costs. The product portfolio in the first quarter of 2011/12 exclusively consisted of BeoSound 8 sound system and accessories with relatively high gross margins. The product portfolio was gradually extended during the course of the 2011/12 financial year, and now contains products with lower gross margins, for instance the newly launched BeoPlay V1 which has a lower gross margin than other B&O PLAY products. During the first quarter it was decided to move the production of the BeoPlay V1 TV from Denmark to the Group's production facilities in the Czech Republic, which will improve the gross margin going forward.

Revenue and growth by segment – B2B (DKK million)



Gross margin by segment – B2B (%)



B2B

The B2B business area, which consists of the Automotive and ICEpower segments, recorded revenue of DKK 160 million in the first quarter of the 2012/13 financial year compared to revenue of DKK 122 million in the same period last year. This corresponds to a increase of 32 per cent.

The Automotive segment recorded revenue of DKK 134 million in the first quarter of the 2012/13 financial year, compared to DKK 98 million in the first quarter last year as predicted and earlier announced based on the launch of a number of new car models at the end of the 2011/12 financial year. The gross margin within the Automotive segment in the first quarter of the 2012/13 financial year was 33.4 per cent against a gross margin of 32.2 per cent for the same period last year. The change in gross margin is primarily due to a change in the product mix.

The ICEpower segment recorded revenue of DKK 27 million in the first quarter of the 2012/13 financial year compared to DKK 24 million in the same period last year. The gross margin within the ICEpower segment was 55.1 per cent in the first quarter of the 2012/13 financial year against a gross margin of 49.4 per cent for the same period last year.

Development in capacity costs and balance sheet items
During the first quarter of the 2012/13 financial year, the Group increased its capacity costs by DKK 46 million to DKK 306 million from DKK 260 million in the same period last year, which mainly relates to higher development costs as well as higher distribution and marketing costs.

Distribution and marketing costs were DKK 175 million in the first quarter of the 2012/13 financial year compared to DKK 148 million in the same period last year. This corresponds to an increase of DKK 27 million, among other things as a result of increased marketing and newly launched products, as well as increased marketing efforts in Europe leading up to the Olympic Games. Costs have also increased compared to the first quarter of the 2011/12 due to the establishment of a national sales office in Shanghai, the acquisition of activities and own distribution in Hong Kong and Southern China in the third quarter of 2011/12 and the establishment of a B&O PLAY sales organisation during the course of the 2011/12 financial year. All of this has contributed to an increased distribution and marketing spend in what is normally considered a low cost quarter for distribution and marketing costs.

Administration costs etc. totalled DKK 19 million which is in line with the DKK 21 million incurred in the first quarter of the 2011/12 financial year.

The Group incurred development costs of DKK 109 million for the first quarter of the 2012/13 financial year (of which DKK 48 million were capitalised) against DKK 117 million (of which DKK 56 million were capitalised) for the same period last year. The activity level in product development remains high, primarily relating to development projects within Automotive.

Expensed development costs (incl. amortisation and impairment losses) were DKK 112 million for the first quarter of the 2012/13 financial year, while expensed development costs for the same period last year were DKK 91 million. Total amortisation charges and impairment losses on development projects were DKK 51 million compared to DKK 30 million last year. The increase in amortisation charges relates to amortisation on the audio- and video engines, which were launched in the first and fourth quarter of 2011/12 respectively (BeoSound 5 Encore and BeoPlay V1) and to amortisation on newly launched automotive models. The net effect of capitalisation was negative at DKK 3 million compared to a positive effect of DKK 26 million last year – a negative net result effect of capitalisation of DKK 29 million compared to the same period last year.

Capitalised development costs and carrying amount

(DKK million) – YTD 2012/13

2012/13	B2C	B2B	Total
Capitalised, net	26	22	48
Carrying amount, net	428	204	632

(DKK million) – YTD 2011/12

2011/12	B2C	B2B	Total
Capitalised, net	33	23	56
Carrying amount, net	384	153	537

In the first quarter of the 2012/13 financial year the capitalised development costs were DKK 48 million, of which DKK 20 million relate to Automotive projects.

During the first quarter reimbursements of DKK 0.5 million were received from Automotive partners for development projects compared to DKK 1 million in the same period last year. The reimbursements received have been offset directly in intangible assets.

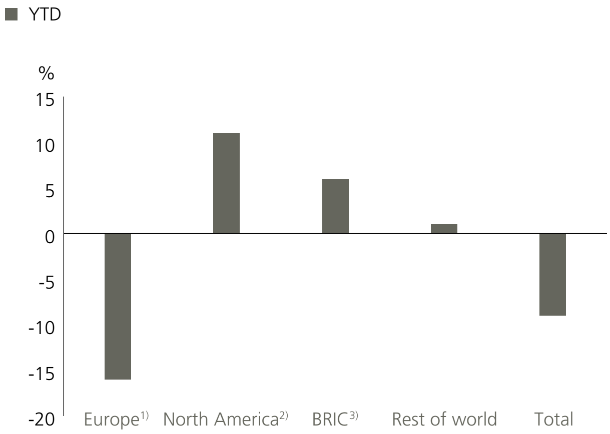
Free cash flow in the quarter was negative at DKK 145 million compared to negative DKK 137 million in the same period last year. The Group's net working capital was DKK 703 million by the end of the first quarter of the 2012/13 financial year, compared to DKK 534 million at the end of the first quarter of the 2011/12 financial year and DKK 613 million at the end of the 2011/12 financial year. The increase is due to higher inventory levels, which have been partly off-set by lower trade receivables compared to the end of 2011/12. The higher inventory levels are mainly due to build-up of stock related to product launches in May, further ramp-up in anticipation of the launch of BeoPlay A9 and BeoVision 11 in October 2012, as well as planning for distribution lead-times for the up-coming Christmas sales. It is expected that net working capital levels will remain high well into the third quarter, as inventory levels will decrease but trade receivables increase, as a result of higher revenue levels.

The net interest bearing debt increased to DKK 395 million from DKK 224 million by the end of the first quarter of the 2011/12 financial year. The increase in the net interest bearing debt is primarily caused by higher net working capital.

The Group's equity has decreased from DKK 1,626 million to DKK 1,581 million, which primarily is due to the net result. The equity ratio is 53.9 per cent.

The development in Bang & Olufsen distribution by region

Revenue growth by region (B2C)



In the first quarter of the 2012/13 financial year revenue in Region Europe decreased by DKK 52 million – corresponding to 16 per cent – from DKK 331 million for the same period last year to DKK 279 million. Bang & Olufsen still experiences major challenges in Southern Europe due to the macroeconomic situation. The first quarter 2011/12 also represents a very tough comparison due to major product launches such as the BeoVision 7-55 3D and BeoSound 5 Encore sound system.

North America recorded revenue of DKK 42 million compared to DKK 38 million last year, an increase of 11 per cent, mainly borne by B&O PLAY.

The BRIC countries increased from DKK 49 million to DKK 52 million, i.e. 6 per cent. The strategic partnership entered into with Sparkle Roll and A CAPITAL has not yet had an effect on sales.

Revenue in Rest of World was DKK 56 million, i.e. on level with the same period last year.

Revenue through third party channels has more than doubled from DKK 5 million last year to DKK 11 million in the first quarter 2012/13. In the first quarter of the 2012/13 financial year, agreements have been made with 16 third party stores in Australia and Europe.

[1] Europe covers Denmark, Norway, Sweden, United Kingdom, Netherlands, Belgium, Germany, Switzerland, Austria, Spain, Italy and France.
[2] North America covers USA, Canada and Mexico.
[3] BRIC covers Brazil, Russia, India, China, Taiwan, Hong Kong and Korea.

Product launches

In the first quarter of the 2012/13 financial year, Bang & Olufsen launched BeoLab 12-2 and Playmaker within B2C.

BeoLab 12-2

In June Bang & Olufsen announced the launch of BeoLab 12-2. BeoLab 12-2 joins the slightly larger BeoLab 12-3, launched earlier this year, as the company's first dedicated wall speakers created for rooms featuring flat screen televisions. New ICEpower amplifier technology and a slimmed down power supply deliver no less than 320 watts.

Playmaker

In July Bang & Olufsen launched Playmaker. Playmaker can be added to any set of Bang & Olufsen active loudspeakers, and works with both Apple AirPlay and DLNA, so it streams whatever anybody wants to play from practically any smartphone, tablet, Mac, PC or media server. Playmaker is a simple way for existing Bang & Olufsen customers to add digital music to their systems – wirelessly – and has the specs to handle even Bang & Olufsen's most demanding speakers, BeoLab 5. Bang & Olufsen also expects that most new customers will want to include Playmaker when purchasing any new pair of BeoLab speakers, and thus get a complete wireless stereo system, ready to play – without a separate amplifier unit.

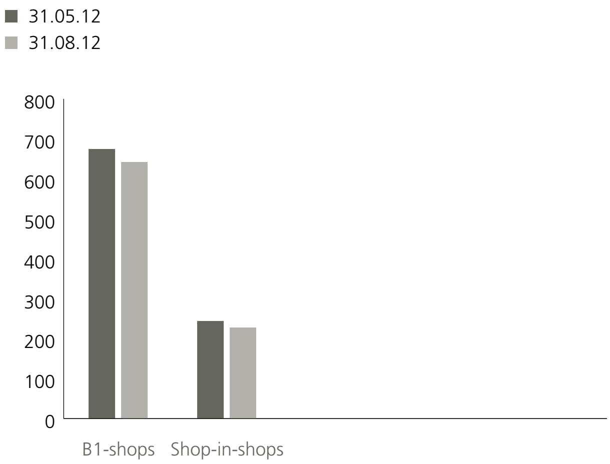
Automotive

In June Bang & Olufsen launched BeoSound AMG in the new Mercedes-Benz CLS Shooting Brake and BeoSound Vanquish in the new Aston Martin Vanquish.

Distribution development

By the end of the first quarter, there were 642 B1-shops across the world against 674 at the end of the financial year 2011/12. Thus, the net movement for the first quarter was a reduction of 32 shops, with 5 openings and 37 closures.

Number of B1-shops and shop-in-shops



In accordance with the communicated strategy, the Group expects a reduction in the number of shops in Europe and an increase in the number of shops in growth markets over the coming years. In the first quarter Bang & Olufsen has made an extra effort in closing down some of the weakest B1-shops and shop-in-shops. This is a continuation of the Group's strategy to improve the overall health of the retail network. The closed shops have an average annual revenue of less than DKK 1 million.

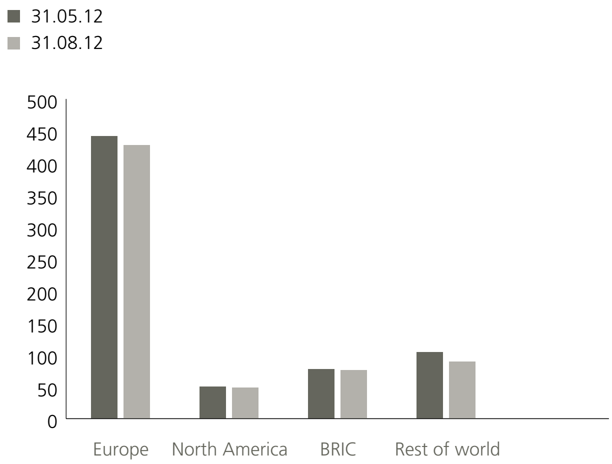
By the end of August 2012, there were 428 B1-shops in Region Europe against 442 at the end of the financial year 2011/12. The net movement in Europe for the first quarter therefore amounts to 14 shops, with 4 openings and 18 closures.

In Region North America, there were 49 B1-shops, compared to 50 at the end of the financial year 2011/12. The net movement in North America for the first quarter was therefore 1 shop, with 1 closure.

In the BRIC markets there were 76 B1-shops against 78 at the end of the financial year 2011/12. The net movement for the first quarter amounts to 1 opening and 3 closures.

In Rest of World there were 89 B1-shops against 104 at the end of the financial year 2011/12. The net movement for the first quarter amounts to 15 closures. The master dealer markets have been particularly affected, primarily in Middle East where the very unstable political climate has caused a number of store closures. It should be noted that the 15 closures represent annual revenue of less than DKK 10 million.

B1-shops by region



The number of shop-in-shops is 228 against 244 at the end of the financial year 2011/12. The share of revenue for B1-shops is 87 per cent compared to 83 per cent in the first quarter of the 2011/12 financial year.

The organic revenue decline in Bang & Olufsen shops with more than 24 months of operations was 8 per cent for B1-shops and 6 per cent for shop-in-shops for the first quarter of the 2012/13 financial year.

The Group's expectations to the future
The financial year 2012/13 is the second year in the implementation of the 5-year "Leaner, Faster, Stronger" strategy.

The focus on new product launches continues in the core Bang & Olufsen AV business, B&O PLAY and Automotive. To increase average sales and profitability by retail store the focus on stores which deliver the best customer service and experience will be accelerated. We expect growth in the number of B1 stores outside Europe, whereas the B1 distribution will be further reduced in Europe. The number of distribution points for B&O PLAY is expected to be expanded worldwide.

Within the B2B business focus will be on providing excellent service to the existing four Automotive partners; Aston Martin, Audi, BMW and Mercedes AMG. Several of the partners launched new models with Bang & Olufsen systems in the fourth quarter of the financial year 2011/12, which as expected had a positive effect on Automotive revenue in the first quarter of 2012/13. It is expected that it will continue to positively impact the business in 2012/13.

The challenging macroeconomic outlook, the low level of consumer confidence and the company's high exposure to Europe lead to an uncertain trading environment ahead.

However, due to the company's strong innovation pipeline and the continued implementation of the strategic initiatives from the "Leaner, Faster, Stronger" strategy, we continue to expect double-digit revenue growth in 2012/13 driven mainly by Automotive and B&O PLAY.

The core AV business will remain challenged due to two factors: 1. Exposure to Europe remains high and trading conditions in the region continue to be tough, as also evidenced in the first quarter of 2012/13. 2. The impact from key improvement initiatives like retail network restructuring takes time to materialise. This is consistent with the communication made at the launch of the "Leaner, Faster, Stronger" strategy, that the first two years represent a transition period to prepare the business for future growth.

We expect the second and third quarters to be strong compared to last year, the timing driven primarily by product launches and updates. The fourth quarter represent a tough comparison and no or moderate growth can be expected in this quarter.

We expect an improved EBIT-margin compared to the previous year, despite increased amortisation charges on development projects.

Subsequent events
After the end of the reporting period the previously announced strategic partnership with Sparkle Roll and A CAPITAL has been completed (cf. company announcements no 12.06 and 12.10). The new share issue has been carried out and paid in full, and A CAPITAL's chairman André Loesekrug-Pietri has been elected member of the Board of Directors of Bang & Olufsen a/s.

Furthermore BeoPlay A9 was launched at the beginning of October, and BeoVision 11 will be launched on 10 October. It is expected that these two products will drive significant revenue in the second quarter.

Agreements have also been made with 19 third party stores in Asia and Europe, and one online store in Asia, after the end of the reporting period.

MANAGEMENT'S STATEMENT

We have today considered and approved the interim report for the period 1 June 2012 – 31 August 2012 for Bang & Olufsen a/s.

The interim report is presented in accordance with IAS 34, Interim Financial Reporting, as endorsed by the EU and further Danish disclosure requirements for interim reports for listed companies.

It is our opinion that the interim report provides a true and fair view of the Group's assets, liabilities and financial position as at 31 August 2012 and the results of the Group's operations and cash flows for the period 1 June 2012 – 31 August 2012.

It is also our opinion that the management report gives a true and fair view of developments in the Group's activities and financial situation, the profit for the period and the Group's financial position in general as well as a description of the most significant risks and uncertainties to which the Group is exposed.

Struer, 10 October 2012

Executive Management:

Tue Mantoni
CEO

Henning Bejer Beck
Executive Vice President & CFO

John Christian Bennett-Therkildsen
Executive Vice President

Board of Directors:

Ole Andersen
Chairman

Jim Hagemann Snabe
Deputy Chairman

Jesper Jarlbæk

André Loesekrug-Pietri

Rolf Eriksen

Alberto Torres

Knud Olesen

Jesper Olesen

Per Østergaard Frederiksen

CONSOLIDATED INCOME STATEMENT

		1st quarter		**Year**
(DKK million)	Note	2012/13	2011/12	2011/12
Revenue		**600.4**	**598.6**	**3,007.7**
Production costs		(355.4)	(367.6)	(1,792.0)
Gross profit		**245.0**	**231.0**	**1,215.7**
Gross margin-%		40.8	38.6	40.4
Development costs	3	(111.8)	(91.0)	(337.4)
Distribution and marketing costs		(175.2)	(147.8)	(654.3)
Administration costs etc.		(19.3)	(20.7)	(101.6)
Earnings before interest and tax (EBIT)		**(61.3)**	**(28.5)**	**122.4**
Share of result after tax in associated companies		-	(0.9)	(2.1)
Financial income		2.6	1.6	9.4
Financial costs		(5.5)	(4.8)	(25.5)
Financial items, net		(2.9)	(3.2)	16.1
Earnings before tax (EBT)		**(64.2)**	**(32.6)**	**104.2**
Tax for the period		17.0	5.6	(30.9)
Earnings after tax for the period		**(47.2)**	**(27.0)**	**73.3**
Attributable to:				
Shareholders in Bang & Olufsen a/s		(47.2)	(27.0)	73.3
		(47.2)	**(27.0)**	**73.3**
Earnings per share				
Earnings per share (EPS), DKK		(1.3)	(0.7)	2.0
Diluted earnings per share (EPS-D), DKK		(1.3)	(0.7)	2.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1st quarter		**Year**
(DKK million)	2012/13	2011/12	2011/12
Earnings for the period	**(47.2)**	**(27.0)**	**73.3**
Exchange rate adjustment of investments in foreign subsidiaries	5.6	3.5	0.0
Change in fair value of derivative financial instruments used as cah flow hedges, future cash flows	(5.4)	2.4	25.7
Transfer to the income statement of fair value adjustments of derivative financial instruments used as cash flow hedges, realised cash flows			
- Transfer to revenue	(4.6)	(2.9)	(10.8)
- Transfer to production costs	4.4	(0.7)	4.3
Tax on other comprehensive income	1.4	0.3	(4.8)
Other comprehensive income, net of tax	**1.4**	**2.6**	**14.4**
Comprehensive income for the period	**(45.8)**	**(24.4)**	**87.7**
Attributable to:			
Shareholders in Bang & Olufsen a/s	(45.8)	(24.4)	87.7
	(45.8)	**(24.4)**	**87.7**

CONSOLIDATED BALANCE SHEET

(DKK million)	31/08 2012	31/08 2011	31/05 2012
Goodwill	47.8	44.8	47.8
Acquired rights	27.1	34.3	27.8
Completed development projects	383.2	315.8	296.8
Development projects in progress	249.0	221.4	338.9
Total intangible assets	**707.1**	**616.3**	**711.3**
Land and buildings	209.6	222.9	210.3
Plant and machinery	145.6	165.1	145.6
Other equipment	29.5	32.8	29.3
Leasehold improvements	22.2	15.4	17.5
Tangible assets in course of construction and prepayments of tangible assets	91.8	76.2	96.8
Total tangible assets	**498.7**	**512.4**	**499.5**
Investment property	**41.0**	**42.3**	**41.3**
Investments in associates	5.6	5.7	5.6
Other financial receivables	47.7	40.4	46.6
Total financial assets	**53.3**	**46.1**	**52.2**
Deferred tax assets	**156.7**	**146.1**	**139.9**
Total non-current assets	**1,456.8**	**1,363.2**	**1,444.2**
Inventories	**856.5**	**597.1**	**665.0**
Trade receivables	386.1	370.9	539.9
Receivables from associates	4.5	6.0	2.4
Corporation tax receivable	15.1	16.3	12.4
Other receivables	42.4	36.0	50.4
Prepayments	44.0	21.2	18.8
Total receivables	**492.1**	**450.4**	**623.9**
Cash	**129.2**	**102.7**	**159.1**
Total current assets	**1,477.8**	**1,150.2**	**1,448.0**
Total assets	**2,934.6**	**2,513.4**	**2,892.2**

CONSOLIDATED BALANCE SHEET

(DKK million)	31/08 2012	31/08 2011	31/05 2012
Share capital	362.4	362.4	362.4
Translation reserve	30.7	28.6	25.1
Reserve for cash flow hedges	2.1	(12.1)	8.3
Retained earnings	1,185.7	1,135.8	1,230.2
Total equity	**1,580.9**	**1,514.7**	**1,626.0**
Pensions	10.7	9.0	9.8
Deferred tax	22.8	4.2	15.4
Provisions	92.9	82.5	86.2
Mortgage loans	211.2	217.9	212.9
Other non-current liabilities	0.7	0.9	0.9
Total non-current liabilities	**338.3**	**314.5**	**325.2**
Mortgage loans	6.9	6.4	6.6
Loans from banks	260.0	50.0	150.0
Overdraft facilities	46.4	52.8	37.8
Provisions	49.8	55.2	54.8
Trade payables	332.2	202.4	384.8
Corporation tax payable	21.6	22.7	27.8
Other liabilities	277.2	261.7	259.9
Deferred income	21.3	33.0	19.3
Total current liabilities	**1,015.4**	**684.2**	**941.0**
Total liabilities	**1,353.7**	**998.7**	**1,266.2**
Total equity and liabilities	**2,934.6**	**2,513.4**	**2.892.2**

CONSOLIDATED CASH FLOW STATEMENT

		1st quarter		**Year**
(DKK million)	Note	2012/13	2011/12	2011/12
Earnings for the period		(47.2)	(27.0)	73.3
Amortisation, depreciation and impairment losses		79.2	59.4	256.2
Adjustments for non-cash items	4	(12.4)	1.9	81.6
Change in receivables		136.7	(23.6)	(204.7)
Change in inventories		(191.5)	(34.1)	(94.8)
Change in trade payables etc.		(35.3)	(24.3)	144.5
Cash flows from operations		(70.5)	(47.7)	256.1
Interest received and paid, net		(2.9)	(3.2)	(16.1)
Income tax paid		(1.0)	(2.0)	(14.7)
Cash flows from operating activities		**(74.4)**	**(52.9)**	**225.3**
Purchase of intangible non-current assets		(48.1)	(51.0)	(280.1)
Purchase of tangible non-current assets		(21.8)	(34.1)	(136.8)
Acquisition of activity		-	-	(12.9)
Sale of tangible non-current assets		0.1	0.8	45.6
Received reimbursements, intangible non-current assets		0.5	0.5	12.1
Capital increase, Bang & Olufsen Medicom a/s		-	-	(1.7)
Change in financial receivables		(1.1)	(0.3)	(6.5)
Cash flows from investing activities		**(70.4)**	**(84.1)**	**(380.3)**
Free cash flow		**(144.8)**	**(137.0)**	**(155.0)**
Repayment of long-term loans		(1.4)	(1.6)	(6.4)
Proceeds from short-term borrowings		110.0	50.0	150.0
Payment of debt regarding purchase of minority interest and dividend		-	(3.4)	(5.7)
Purchase of own shares		(1.3)	-	(4.3)
Cash flow from financing activities		**107.3**	**45.0**	**133.6**
Change in cash and cash equivalents		**(37.5)**	**(92.0)**	**(21.4)**
Cash and cash equivalents, opening balance		121.3	141.4	141.4
Exchange rate adjustment, cash and cash equivalents		(1.0)	0.5	1.3
Cash and cash equivalents, closing balance		**82.8**	**49.9**	**121.3**
Cash and cash equivalents:				
Cash		129.2	102.7	159.1
Current overdraft facilities		(46.4)	(52.8)	(37.8)
Cash and cash equivalents, closing balance		**82.8**	**49.9**	**121.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(DKK million)	31/08 2012	31/08 2011	31/05 2012
Equity, opening balance	**1,626.0**	**1,538.3**	**1,538.3**
Earnings for the period	(47.2)	(27.0)	73.3
Other comprehensive income, net of tax	1.4	2.6	14.4
Comprehensive income for the period	(45.8)	(24.4)	87.7
Employee shares	-	-	1.2
Purchase of minority interest and distributed dividend	-	(0.6)	(2.9)
Grant of share options	2.0	1.4	6.0
Purchase of own shares	(1.3)	-	(4.3)
Equity, closing balance	**1,580.9**	**1,514.7**	**1,626.0**

NOTES

1 Accounting principles

The interim report for Bang & Olufsen a/s is prepared as a condensed set of financial statements in accordance with IAS 34 'Interim Financial Reporting', as endorsed by the European Union and further Danish disclosure requirements for interim reports for listed companies. The interim report has not been audited or reviewed by the company's external auditors. An interim report for the parent company has not been prepared. The interim report is stated in Danish krone (DKK) which is the functional currency of the parent company.

The Annual Report 2011/12 contains a full description of applied accounting principles.

Accounting principles and computation methods applied in the interim report are unchanged compared to the principles applied in the 2011/12 Annual Report. The new Standards and Interpretations have not had a material impact on recognition and measurement.

2 Significant estimates and assessments by management

The preparation of interim reports requires that management makes estimates and assessments which affect the application of accounting principles and recognised assets, liabilities, income and expenses. Actual results may deviate from these estimates.

The material estimates that management makes when applying the accounting principles of the group, and the material uncertainty connected with these estimates and assessments are unchanged in the preparation of the interim report compared to the preparation of the Annual Report as at 31 May 2012.

3 Development costs

	1st quarter		**Year**
(DKK million)	2012/13	2011/12	2011/12
Incurred development costs before capitalisation	108.5	116.9	471.5
Hereof capitalised	(47.6)	(56.2)	(279.9)
Total amortisation charges and impairment losses on development projects	50.9	30.3	145.8
Development costs recognised in the consolidated income statement	**111.8**	**91.0**	**337.4**

NOTES

4 Adjustments for non-cash items in the cash flow statement

	1st quarter		Year
(DKK million)	2012/13	2011/12	2011/12
Change in other liabilities	2.4	2.6	3.9
Financial items, net	2.9	3.2	16.1
Share of result after tax in associated companies	-	0.9	0.1
Gain/loss on sale of non-current assets	(0.2)	-	(8.2)
Tax on earnings for the period	(17.0)	(5.6)	30.9
Various adjustments	(0.5)	0.8	38.8
Adjustment for non-cash items	**(12.4)**	**1.9**	**81.6**

5 Segment information

	1st quarter		Change, %
(DKK million)	2012/13	2011/12	YTD
Revenue by segment and business area			
Consumer business (B2C):			
AV	341.6	426.9	(20.0)
B&O PLAY	98.6	51.5	91.5
Total consumer business (B2C)	440.2	478.4	(8.0)
Business to business (B2B):			
Automotive	133.7	97.5	37.1
ICEpower	26.7	24.3	9.9
Total business to business (B2B)	160.4	121.8	31.7
Elimination of internal revenue	(3.9)	(2.1)	
Exchange rate adjustments	3.7	0.5	
Revenue, Group	**600.4**	**598.6**	**0.3**
Gross margin by business area, %			
Consumer business (B2C):			
AV	48.1	39.8	
B&O PLAY	21.5	34.6	
Business to business (B2B):			
Automotive	33.4	32.2	
ICEpower	55.1	49.4	
Gross margin-%, Group	**40.8**	**38.6**	

NOTES

5 Segment information (continued)

	1st quarter		Change, %
(DKK million)	2012/13	2011/12	YTD
Revenue by region			
Consumer business (B2C)			
Bang & Olufsen distribution:			
Europe	279.3	330.6	(15.5)
North America	42.0	38.0	10.5
BRIC	51.5	48.7	5.7
Rest of world	56.3	56.0	0.5
Total Bang & Olufsen distribution	429.1	473.3	(9.3)
3rd party distribution and e-commerce:			
B&O PLAY	11.1	5.1	117.6
Total 3rd party distribution and e-commerce	11.1	5.1	117.6
Total consumer business (B2C)	**440.2**	**478.4**	**(8.0)**
Business to business (B2B)			
Automotive	133.7	97.5	37.1
ICEpower	26.7	24.3	9.9
Total business to business (B2B)	**160.4**	**121.8**	**31.7**
Elimination of internal revenue	(3.9)	(2.1)	
Exchange rate adjustments	3.7	0.5	
Revenue, Group	**600.4**	**598.6**	**0.3**

(DKK million)	YTD 2012/13					
	Consumer business (B2C)		Business to business (B2B)		Internal revenue and adj.	Total
	AV	B&O PLAY	Automotive	ICEpower		
Revenue	**341.6**	**98.6**	**133.7**	**26.7**	**(0.2)**	**600.4**
Production costs	(177.2)	(77.4)	(89.0)	(12.0)	0.2	(355.4)
Gross profit	**164.4**	**21.2**	**44.7**	**14.7**	**-**	**245.0**
Unallocated costs	-	-	-	-	-	(309.2)
Earnings before tax (EBT)	**-**	**-**	**-**	**-**	**-**	**(64.2)**

NOTES

6 Shops by region – Bang & Olufsen distribution (B1 and shop-in-shop)

	Number (units)		Share of revenue (%)	
	31.08.2012	31.05.2012	YTD 2012/13	YTD 2011/12
Europe[4]	651	680	65.1%	69.9%
North America[5]	50	53	9.8%	8.0%
BRIC[6]	78	80	12.0%	10.3%
Rest of world[7]	91	105	13.1%	11.8%
	870	**918**	**100%**	**100%**

4) Shop-in-shop; 223 (31.05.2012; 238)
5) Shop-in-shop; 1 (31.05.2012; 3)
6) Shop-in shop; 2 (31.05.2012; 2)
7) Shop-in-shop; 2 (31.05.2012; 1)

APPENDIX 1

Earnings by quarter 2012/13:

	2012/13			
(DKK million)	Q1	Q2	Q3	Q4
Revenue	**600.4**			
Gross profit	**245.0**			
Earnings before interest and tax (EBIT)	**(61.3)**			
Share of result after tax in associated companies	-			
Financial items, net	(2.9)			
Earnings before tax (EBT)	**(64.2)**			
Tax for the period	17.0			
Earnings after tax for the period	**(47.2)**			

Accumulated earnings by quarter 2012/13:

	2012/13			
(DKK million)	Q1	Q2	Q3	Q4
Revenue	**600.4**			
Gross profit	**245.0**			
Earnings before interest and tax (EBIT)	**(61.3)**			
Share of result after tax in associated companies	-			
Financial items, net	(2.9)			
Earnings before tax (EBT)	**(64.2)**			
Tax for the period	17.0			
Earnings after tax for the period	**(47.2)**			

APPENDIX 1

Earnings by quarter 2011/12:

	2011/12			
(DKK million)	Q1	Q2	Q3	Q4
Revenue	**598.6**	**775.5**	**766.3**	**867.4**
Gross profit	**231.0**	**339.3**	**293.2**	**352.4**
Earnings before interest and tax (EBIT)	**(28.5)**	**46.8**	**22.7**	**81.4**
Share of result after tax in associated companies	(0.9)	(0.9)	(0.2)	(0.1)
Financial items, net	(3.2)	(5.1)	(3.7)	(4.1)
Earnings before tax (EBT)	**(32.6)**	**40.8**	**18.8**	**77.2**
Tax for the period	5.6	(12.0)	(1.8)	(22.7)
Earnings after tax for the period	**(27.0)**	**28.8**	**17.0**	**54.5**

Accumulated earnings by quarter 2011/12:

	2011/12			
(DKK million)	Q1	Q2	Q3	Q4
Revenue	**598.6**	**1,374.1**	**2,140.3**	**3,007.7**
Gross profit	**231.0**	**570.3**	**863.3**	**1,215.7**
Earnings before interest and tax (EBIT)	**(28.5)**	**18.3**	**41.0**	**122.4**
Share of result after tax in associated companies	(0.9)	(1.8)	(2.0)	(2.1)
Financial items, net	(3.2)	(8.3)	(12.0)	(16.1)
Earnings before tax (EBT)	**(32.6)**	**8.2**	**27.0**	**104.2**
Tax for the period	5.6	(6.4)	(8.2)	(30.9)
Earnings after tax for the period	**(27.0)**	**1.8**	**18.8**	**73.3**

ADDITIONAL INFORMATION

For further information please contact:
CEO Tue Mantoni, tel: +45 9684 5000
Investor Relations, Claus Højmark Jensen, tel.: +45 9684 1251 or +45 2325 1067

Financial calendar

Wednesday 9 January 2013	Interim Report (2nd quarter 2012/13)
Friday 5 April 2013	Interim Report (3rd quarter 2012/13)
Friday 16 August 2013	Annual Report 2012/13
Thursday 19 September 2013	Annual General Meeting
Wednesday 2 October 2013	Interim report (1st quarter 2013/14)

Safe Harbour statement

The report contains statements relating to expectations for future developments, including future revenue and earnings, as well as expected business-related events. Such statements are uncertain and carry an element of risk since many factors, of which some are beyond Bang & Olufsen's control, can mean that actual developments will deviate significantly from the expectations expressed in the report. Without being exhaustive, such factors include among others general economic and commercial factors, including market and competitive matters, supplier issues and financial issues in the form of foreign exchange, interest rates, credit and liquidity risks.

Applicable version

The interim report has been translated from Danish. In case of doubt the Danish version shall apply at all times.

About Bang & Olufsen

Bang & Olufsen was founded in Struer, Denmark, in 1925 by Peter Bang and Svend Olufsen, two innovative, young engineers devoted to high quality audio reproduction. Since then, the brand has become an icon of performance and design excellence through its long-standing craftsmanship tradition and the strongest possible commitment to high-tech research and development. Still at the forefront of domestic technology, Bang & Olufsen has extended its comprehensive experience with integrated audio and video solutions for the home to other areas such as the hospitality and automotive industries in recent years. Consequently, its current product range epitomises seamless media experiences in the home as well as in the car and on the move.

For additional information refer to www.bang-olufsen.com