The Copenhagen Stock Exchange
Nikolaj Plads 6
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Translation

Struer, January 15, 2003

Interim report for first half year 2002/03

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

- Turnover increased by DKK 61 million to DKK 2,058 million, i.e. an increase of 3% compared to the first half of 2001/02.
- The ordinary result before tax totalled DKK 136 million against DKK 99 million for the first half year last year, corresponding to an improvement of DKK 37 million, or 37%.
- Turnover for the second quarter totalled DKK 1,171 million against DKK 1,202 the previous year, corresponding to a fall in turnover of DKK 31 million. However, as the pre-tax ordinary result for the second quarter amounted to DKK 145 million against DKK 118 million the year before, the result showed an improvement of DKK 27 million.
- Tight balance sheet control has resulted in an improvement to the Group's cash flow by DKK 127 million.
- Highly positive developments in a number of important markets, including UK, Spain, Italy and Scandinavia. Developments in Germany and Holland during the second quarter of the financial year were, however, unsatisfactory. The US market in general remains problematic. We are, however, beginning to see positive trends in a number of shops.
- Product launches are on schedule. BeoVision 5 has been launched in the US and the new version of BeoSound 3200 with hard disk and the BeoCom 4 telephone are to be launched in this quarter. In May a ground-breaking acoustic innovation is launched.
- The start of the third quarter has given us no reason to adjust our expectations for the financial year 2002/03 for a moderate growth in turnover and a pre-tax result of between DKK 280 and 295 million.

Jørgen Worning
Chairman of the board

Torben Ballegaard Sørensen
President, CEO

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

1/6-30/11 2002

	2002/03	**2001/02**
Net turnover	2,058.1	1,996.7
Operating profit	138.2	108.1
Financial items	(2.6)	(8.9)
Result from ordinary operations before tax	135.6	99.2
Tax on ordinary result	(54.0)	(47.4)
Result for the period after tax	81.6	51.8
Of which minority share	2.0	6.2
Bang & Olufsen a/s' share of the result	83.6	58.0

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 6 months.

Balance sheet information	**30/11-02**	**30/11-01**
Equity	1,448.1	1,317.1
Assets	2,705.1	2,843.4
Assets, excl. liquid funds	2,544.5	2,744.9

Development in equity		
Equity as at June 1	1,406.9	1,308.3
Dividend paid	(46.9)	(46.9)
Dividend own shares	3.1	3.1
Capital increase used for employee shares	1.6	1.3
Exchange rate adjustment of investment in subsidiaries	(0.2)	(6.7)
Retained earnings for the period	83.6	58.0
Equity as at November 30	1,448.1	1,317.1

Parentheses denote negative figures or amounts to be deducted.

Notes on the first half year

Bang & Olufsen a/s

Turnover for Bang & Olufsen a/s for the first half year was DKK 2,058 million against DKK 1,997 million for the 2001/02 half year. This represents a growth of DKK 61 million or 3%. Turnover is, therefore, somewhat lower than expected and conceals wide variations in developments across markets and business areas. The trend in primarily US dollar and sterling adversely affected turnover by DKK 26 million compared to last year.

As planned, the Group implemented a number of initiatives aimed at improving profitability. In consequence, operating profit was DKK 138 million against DKK 108 million for the same period last year, i.e. an improvement of DKK 30 million or 28%.

The ordinary pre-tax result totalled DKK 136 million against DKK 99 million for the same period last year. This represents an improvement of DKK 37 million or 37%. The increase in earnings is due to improved margins following streamlining of production, implementation of price increases for a number of products and generally tighter cost controls throughout the Group.

The result after tax was DKK 82 million against DKK 52 million for the same period last year, i.e. an improvement of DKK 30 million, or 58%.

Both operating profit and the ordinary result before tax are positively affected with DKK 16 million as a result of the implementation of the new Annual Accounts Act, in that the Group has capitalised and amortised development costs, c.f. appendix 1.

Through tight balance sheet control, the half year ended without the traditionally large negative cash flow. Thus, the Group's cash flow for the first half year was negative at only DKK 10 million against a negative cash flow of DKK 137 million in the first half of last year – an improvement of DKK 127 million.

Branded business

Total turnover for the Group's branded business was DKK 1,928 million against DKK 1,866 million for the same period last year. This represents an increase of DKK 62 million or 3%.

The pre-tax, ordinary result for the Group's branded business was DKK 148 million against DKK 106 million same period last year, an improvement of DKK 42 million or 40%.

In the branded business, Telecom activities achieved a turnover of DKK 154 million against DKK 135 million same period last year. The increase, DKK 19 million or 14%, is satisfactory and is the result of recent years' dedicated improvement initiatives. The cordless telephones BeoCom 2 and BeoCom 6000, continuously, contributed to the turnover.

Developments in the markets

The UK saw an advance in turnover for the period of DKK 51 million or 24% in local currency. This makes the UK the Group's largest market – a position which has been achieved through several years of committed effort towards creating a sound distribution and, in recent years, a positive trend within the consumer durables segment.

Turnover for the period in Spain/Portugal advanced DKK 28 million or 30% in local currency. Again, the favourable trend can be ascribed to the continuing commitment to enhancing distribution.

The Italian and French markets both posted increased turnover for the period – DKK 22 million (or 25%) and DKK 2 million (3% in local currency), respectively.

The Danish market saw an increase in turnover of DKK 26 million or 13% for the period, while the Norwegian and Swedish markets advanced by DKK 4 million (or 6%) and DKK 3 million (or 3% in local currency), respectively. In general, developments in the Scandinavian markets can be regarded as satisfactory.

During the first six months, the German market experienced a disappointing fall in turnover of DKK 60 million or 19% in local currency, especially within the smaller multibrand shops. As mentioned in the Announcement to the Stock Exchange for 2001/2002, we face significant structural changes with regard to our German distribution. We intend to strengthen focus in this area.

With advances of DKK 5 million (3%) and DKK 2 million (8%), respectively, the Swiss and Austrian markets maintained turnover levels.

The Dutch market suffered a setback of DKK 25 million or 17% in local currency as a consequence of weak demand in the period's last two months.

Despite closings of B1 shops the US market maintained the same level of turnover compared to the same period last year, measured in US dollar. The Bang & Olufsen owned B1 shops, which opened before May 31, 2001, realized a turnover increase of 13% compared to the same period last year.

Operating losses in the US for the period was DKK 22 million against DKK 28 million for the same period last year. Added to this are losses on and provisions for accounts receivable together with the closing of shops as a consequence of ongoing structural changes totaling DKK 23 million against DKK 3 million last year.

The US market continues to present difficulties and the expected improvements to operations have so far been marginal.

Bang & Olufsen currently owns and operates 24 shops in the US against 30 shops at the end of the first six months last year. Efforts to support the distribution in the US market continue.

During the first half year, most Asian markets saw fair progress and Asia now accounts for a 6% overall growth in turnover - or DKK 6 million. Japan and Singapore suffered some setbacks while other Asian markets performed strongly.

Expansion Markets, which comprise Russia, The Middle East, South America, Africa and the East European markets, accounted for an increase in turnover of DKK 18 million or 38%.

Product launches

During the first six months, Bang & Olufsen, as planned, continued the launch of BeoVision 5, Bang & Olufsen's new plasma TV, in Europe and the Far East. This was also the case for BeoSound 2, the new portable digital player.

Moreover, Bang & Olufsen launched a new updated TV within the classic BeoVision MX family – BeoVision MX 8000, which amongst other offers modern digital surround sound.

Distribution development

At the end of the half year, the number of B1 shops stands at 638 against 602 for the same period last year. During the first six months 20 new B1 shops and 34 shop in shops were opened. B1 shops now account for 66% of the turnover against 56% for the first six months last year.

Worldwide Bang & Olufsen has 694 shop-in-shops, i.e. shops that also carry products from other manufacturers than Bang & Olufsen but have dedicated a sales area to Bang & Olufsen's products. The shop-in-shops account for 23% of the turnover.

541 other shops sell Bang & Olufsen's products accounting for 11% of the turnover.

Non-branded business

Bang & Olufsen Medicom a/s

Bang & Olufsen Medicom has a turnover of DKK 120 million against DKK 126 million for the first six months last year. This represents a fall of DKK 6 million or 5%.

As mentioned in the Announcement to the Stock Exchange for the first quarter, Bang & Olufsen Medicom is currently experiencing decreasing order levels with regard to both production and development. Consequently, the company does not expect to reach last year's levels for turnover and earnings and expects a full year result on a lower level than for the previous year. In consequence, Bang & Olufsen Medicom has adjusted its organisation and its capacity in accordance with the lower order levels.

The development of new products is proceeding as planned and expectations are that important current projects within the field of administration of oral medicine will enter the final development stages with subsequent test launches in co-operation with one or more pharmaceutical companies.

Bang & Olufsen ICEpower a/s

Bang & Olufsen ICEpower achieves a turnover of DKK13 million for the first six months against DKK 5 million for the previous year.

Due to the ongoing investments in technology and product development ICEpower, however, posted a loss of DKK 8 million for the half year (against DKK 10 million for the first six months last year.)

The increase in turnover is seen as an indication of ICEpower's growing presence in the market for digital amplifier technology.

Expectations for the financial year

Product launches

In December, Bang & Olufsen launched, as planned, BeoVision 5 in the US market. In addition, a new version of the classic BeoSound Ouverture, BeoSound 3200, with built-in hard-disk memory for storing large amounts of music in the product itself, will be launched in March.

January will see the launch of a new cordless telephone, BeoCom 4, a stand-alone product for a wide variety of users and environments with strong emphasis on functional and design simplicity.

Towards the end of the financial year, Bang & Olufsen expects to launch a major acoustic product, which will incorporate ground-breaking technology and design – and set new standards for the high end of the audio market. A similar, pioneering audio centre product is planned for launch in the autumn 2003.

The result for the year

In the statement for the 1st quarter 2002/03, we expressed our expectations for the current financial year as follows: 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.

Although we have succeeded in improving operations in a number of shops in the US market, the improvement in results in this market will be less than expected at the beginning of the year.

Over the past 12 months, the Group has been committed to strengthening earnings, balance sheet and cash flow in order to counter the current high levels of uncertainty.

Therefore, despite a somewhat weaker-than-expected growth in turnover, we maintain our expectations for a pre-tax earnings level of DKK 280-295 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 reflect the changes in the accounting principles applied.

The changes in principle have affected the result for the period positively by DKK 15.7 million. The corresponding change for the first 6 months for the previous year are DKK 1.1 million.

Due to the changes, equity 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: (DKK million)

	1/6-30/11 02	1/6-30/11 01
Operating profit:		
Operating profit before changes to accounting principles	122.5	107.0
Development costs capitalised during the half year	54.5	40.6
Amortisation, developments costs	(38.8)	(39.5)
Total change	**15.7**	**1.1**
Operating profit after changes to accounting principles	**138.2**	**108.1**
Result from ordinary operations before tax:		
Result from ordinary operations before tax and before changes to accounting principles	119.9	98.1
Change as a result of new accounting principles, cf. above	15.7	1.1
Result from ordinary operations before tax and after changes to accounting principle:s	**135.6**	**99.2**
Tax on ordinary result	(54.0)	(47.4)
Result for the period after tax	**81.6**	**51.8**

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 retained earnings. 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

Main and key figures - Bang & Olufsen a/s

First half year

The Group (DKK million)	1998/99	1999/00	2000/01	2001/02	2002/03
Result					
Net turnover	1,779	1,800	1,866	1,997	2,058
Operating profit	198	157	162	108	138
Result from ordinary operations before tax	213	143	141	99	136
Ordinary result after tax	146	97	97	52	82
Extraordinary result after tax	(50)	20	-	-	-
Result for the period after tax	96	117	97	52	82
Result for the period after tax and minority interests	96	117	97	58	84
Balance sheet					
Total assets as at November 30	2,213	2,487	2,641	2,844	2,705
Share capital	134	134	134	134	134
Equity as at November 30	1,027	1,136	1,261	1,317	1,448
Minority interests	-	-	-	-	-
Cash flow for the period	(544)	(163)	(197)	(137)	(10)
Key figures					
Profit ratio, %	11	9	9	5	7
Rate of return, %	10	8	7	4	6
Return on equity, %	12	9	8	4	6
Current ratio	1.6	1.7	1.8	1.8	2.0
Equity ratio, %	46	46	48	46	54
Intrinsic value (nominal DKK 10), DKK	77	85	94	98	108
Quoted share price as at November 30	392	242	369	176	165
Quoted share price / Intrinsic value	5.1	2.8	3.9	1.8	1.5

Parentheses denote negative figures.

The key figures are as follows:

Profit ratio: $\frac{\text{Operating profit*100}}{\text{Net turnover}}$

Rate of return: $\frac{\text{Operating profit*100}}{\text{Average operative assets}}$

Return on equity: $\frac{\text{Ordinary result after tax*100}}{\text{Average equity capital}}$

Current ratio: $\frac{\text{Current assets}}{\text{Current liabilities}}$

Equity ratio: $\frac{\text{Equity at year end*100}}{\text{Total liabilities at year end}}$

Intrinsic value (nominal DKK 10), DKK: $\frac{\text{Equity as at year end}}{\text{No of shares at year end}}$

Appendix 3

Interim Report
For the period 1/6 2002 to 30/11 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 The Group
Turnover	1,928.1	120.9	13.4	(4.3)	2,058.1
Operating profit/loss	149.0	(2.3)	(8.5)		138.2
Result from ordinary operations before tax	148.4	(4.4)	(8.4)		135.6

Interim Report
For the period 1/6 2001 to 30/11 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 The Group
Turnover	1,865.8	125.7	5.4	(0.2)	1,996.7
Operating profit/loss	113.2	5.0	(10.1)		108.1
Result from ordinary operations before tax	106.1	3.3	(10.2)		99.2

Parentheses denote negative figures or amounts to be deducted.

Appendix 4

Turnover and distribution, Bang & Olufsen AudioVisual a/s

Turnover apportioned into markets

(DKK million)	Group Turnover 1st half year 2002/03	Growth local currency
United Kingdom	300	24%
Germany	256	(19%)
Denmark	227	13%
USA	167	(1%)
Switzerland	141	3%
Holland	127	(17%)
Spain/Portugal	119	30%
Italy	108	25%
France	96	3%
Asian markets, excluding Japan	80	23%
Expansion Markets	67	38%
Sweden	53	3%
Belgium	47	7%
Norway	36	6%
Austria	34	8%
Japan	25	(18%)
Other	21	
	1,904	

Parentheses denote negative figures.

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

Shop segment	No of shops as at 30/11-02	Change during the period 1/6-02 – 30/11-02	Share of turnover per segment
B1	638	20	66%
Shop in shop	694	34	23%
Other	541	(100)	11%
Total	1,873	(46)	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.