COMPANY ANNOUNCEMENT NO. 11.20, 2011/12 – 18 APRIL 2012

INTERIM REPORT 2011/12
1 JUNE 2011 – 29 FEBRUARY 2012

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

Tel +45 96 84 11 12
www.bang-olufsen.com
CVR-reg: 41257911

BANG & OLUFSEN

Q3 WEAKER THAN EXPECTED, BUT STRATEGY IMPLEMENTATION IS ON TRACK AND OUTLOOK FOR THE YEAR IS MAINTAINED

"Bang & Olufsen delivered a weaker result than expected in a continuing difficult market. Profit before tax was DKK 19 million in the third quarter compared to DKK 30 million in a strong third quarter last year, where we launched BeoVision 10-32 and BeoSound 8", says CEO Tue Mantoni.

"For the full financial year, an outlook of a 2011/12 profit before tax is maintained at the level of DKK 100 million based on a revenue level exceeding DKK 3,000 million".

"Our new subbrand B&O PLAY is off to a good start, and the first product Beolit 12 has received the highly regarded red dot design award. Bang & Olufsen has also, for the third year running, been awarded Best Brand in Car-HiFi by the German car magazine auto motor und sport. With BeoVision 12, BeoLab 12 and Beolit 12 we launched three strong products towards the end of the third quarter, and we expect a significant effect from these products in the fourth quarter. A number of distribution agreements for B&O PLAY were also entered into towards the end of the third quarter, and will only start having an impact in the fourth quarter."

"In the fourth quarter Bang & Olufsen will launch a new TV-concept for which we have great expectations under the subbrand B&O PLAY. In combination with the prospect of increased sales of video products as a result of a summer with EURO 2012 and the Olympic Games, we expect a strong fourth quarter."

Headlines

- The Group's revenue was DKK 766 million for the third quarter of the 2011/12 financial year compared to revenue of DKK 820 million last year.

- The B2C business line recorded revenue of DKK 638 million in the third quarter of the 2011/12 financial year compared to DKK 660 million in the same period last year. The B2B business line recorded revenue of DKK 126 million in the third quarter of the 2011/12 financial year compared to revenue of DKK 142 million in the same period last year.

- AV revenue in BRIC markets increased by 5 per cent and 20 percent in North America, whereas AV revenue in Europe decreased by 3 per cent.

- The Group's gross margin for the third quarter of the 2011/12 financial year was 38.3 per cent against a gross margin of 39.8 per cent in the same period last year. The lower gross margin is primarily driven by changes in the product mix and the distribution development.

- The profit before tax for the third quarter was DKK 19 million against a profit of DKK 30 million last year.

- Free cash flow in the third quarter was positive at DKK 16 million compared to DKK 91 million in the same period last year. The Group's net working capital was DKK 525 million at the end of the third quarter of the 2011/12 financial year against DKK 445 million last year, which is an increase of 18 per cent.

- The Group's total revenue for the first three quarters of the 2011/12 financial year was DKK 2,140 million against DKK 2,156 million last year, which is a decrease of 1 per cent. The profit before tax for the first three quarters of the 2011/12 financial year was DKK 27 million against DKK 32 million last year. In the first three quarters of the 2011/12 financial year, the negative net impact from non-recurring items was DKK 3 million, compared to DKK 21 million last year. Free cash flow in the first three quarters of the 2011/12 financial year was negative DKK 108 million compared to positive DKK 24 million last year.

- The launch of three new products, BeoVision 12, BeoLab 12, and Beolit 12 towards the end of the third quarter is together with coming product introductions, expected to have a significant positive impact on the result in the fourth quarter.

- For the financial year, an outlook of a 2011/12 profit before tax is maintained at the level of DKK 100 million based on a revenue level exceeding DKK 3,000 million. The EBIT-margin for the 2011/12 financial year is expected to be 3.5-4.0 per cent.

- After the end of the reporting period Beolit 12 has received the highly regarded red dot design award, and Bang & Olufsen has for the third year running been awarded Best Brand in Car-HiFi by readers of the magazine auto motor und sport. The Group has also entered into an agreement with the Shreyans Group which is Bang & Olufsen's new master dealer in India. Shreyans has significant experience with luxury goods and the set-up of luxury brand distribution.

Any enquiries about this announcement can be addressed to:
President & CEO Tue Mantoni, tel.: +45 9684 5000.

A webcast will be hosted on 18 April 2012 at 10.00. Access to the webcast is obtained through our home page www.bang-olufsen.com.

KEY FIGURES

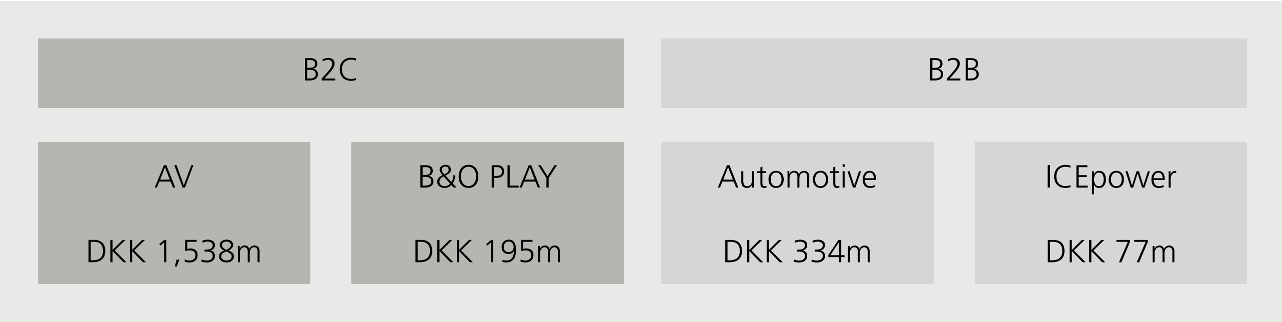
Bang & Olufsen a/s – Group
The figures are unaudited

DKK million	3rd quarter		Growth	YTD		Growth
	2011/12	2010/11	%	2011/12	2010/11	%
Profit and loss account:						
Revenue	766	820	(7%)	2,140	2,156	(1%)
Gross margin, %	38.3	39.8	(4%)	40.3	40.7	(1%)
EBITDA	86	104	(17%)	223	222	0%
Operating profit/(loss) (EBIT)	23	36	(37%)	41	43	(6%)
Financial items, net	(4)	(3)	(23%)	(12)	(10)	(18%)
Profit before tax (EBT)	19	30	(38%)	27	32	(16%)
Profit after tax	17	28	(39%)	19	29	(36%)
Financial position:						
Balance sheet total	2,599	2,605	0%	2,599	2,605	0%
Share capital	362	362	0%	362	362	0%
Equity	1,563	1,535	2%	1,563	1,535	2%
Net interest-bearing debt	194	63	208%	194	63	208%
Net working capital	525	445	18%	525	445	18%
Cash flow:						
– from operating activities	87	181	(52%)	139	224	(38%)
– from investment activities	(72)	(90)	21%	(246)	(200)	(23%)
– free cash flow	16	91	(83%)	(108)	24	-
– from financing activities	(52)	(4)	(1,200%)	43	(17)	-
Cash flow for the period	(36)	87	-	(65)	6	-
Key figures:						
EBITDA-margin, %	11.3	12.7		10.4	10.3	
EBIT-margin, %	2.9	4.4		1.9	2.0	
NIBD/EBITDA	0.9	0.3		0.9	0.3	
Return on investments, %	1.0	1.5		1.9	1.8	
Return on invested capital, excl. goodwill, %	4.1	5.0		9.9	9.3	
Return on equity, %	1.1	1.8		1.2	1.9	
Number of employees at the end of the period	2,000	2,013		2,000	2,013	
Stock related key figures:						
Earnings per share (EPS), DKK	0.5	0.8		0.5	0.8	
Earnings per share diluted (EPS-D), DKK	0.5	0.8		0.5	0.8	
Price / Earnings	153	103		138	99	

Note – the key figures have been adjusted cf. disclosure in Note 1 to the Annual Report 2010/11

MANAGEMENT REPORT

Revenue YTD 2011/12 (DKK million)



Lower revenue in the third quarter

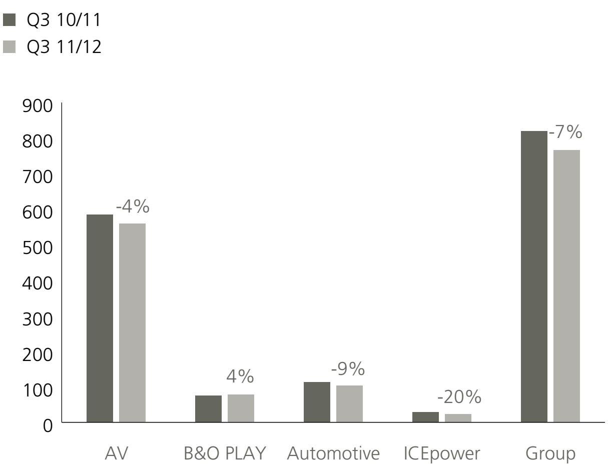
The Group's revenue for the third quarter of the 2011/12 financial year was DKK 766 million, compared to DKK 820 million last year. The Group's total revenue for the first three quarters of the 2011/12 financial year was DKK 2,140 million against DKK 2,156 million last year, which corresponds to a decrease of 1 per cent.

The profit before tax for the third quarter was DKK 19 million against a profit before tax of DKK 30 million last year. The result in the third quarter of the 2011/12 financial year is negatively affected by non-recurring items of net DKK 3 million of severance provisions relating to the organisational changes following the implementation of the new corporate strategy. The profit before tax for the first three quarters of the 2011/12 financial year was DKK 27 million against DKK 32 million last year. In the first three quarters of the 2011/12 financial year, the result is negatively affected by non-recurring items of net DKK 3 million. In the third quarter of the 2010/11 financial year the result was negatively affected by non-recurring items of DKK 21 million. YTD the non-recurring items are made up of a gain of DKK 7 million relating to the sale of a property and are negatively impacted by DKK 10 million in severance provisions relating to the organisational changes following the implementation of the new corporate strategy.

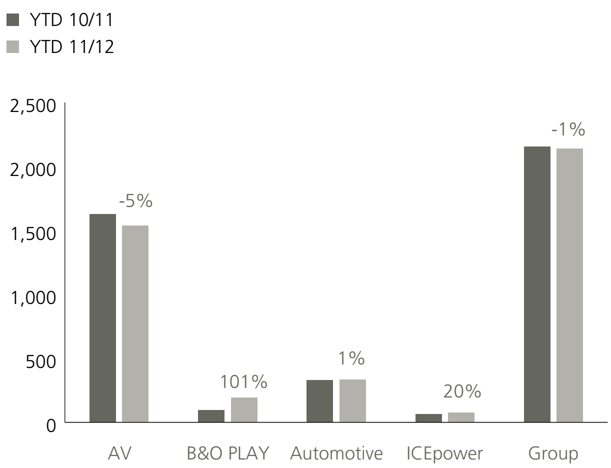
The Group's gross margin in the third quarter of the 2011/12 financial year was 38.3 per cent against a gross margin of 39.8 per cent for the same period last year. The lower gross margin is partly due to a change in the product mix. In the first three quarters of the 2011/12 financial year, the gross margin was 40.3 per cent against a gross margin of 40.7 per cent for the same period last year.

The B2C business line, which consists of the AV and the B&O PLAY segments, recorded revenue of DKK 638 million

Revenue and growth by segment (Q3)

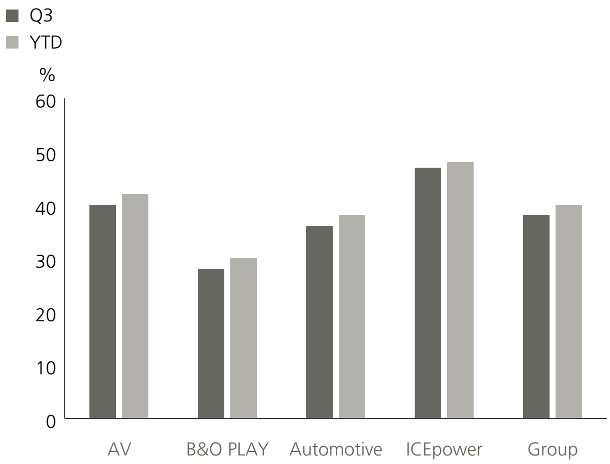


Revenue and growth by segment (YTD)



in the third quarter of the 2011/12 financial year compared to revenue of DKK 660 million in the same period last year.

Gross margin by segment



The AV business recorded revenue of DKK 559 million in the third quarter of the 2011/12 financial year compared to DKK 585 million in the same period last year. AV revenue in the BRIC markets increased by 5 per cent, whereas Europe declined by 3 per cent. Accumulated the AV business recorded revenue of DKK 1,538 million compared to DKK 1,627 million in the first three quarters of the 2010/11 financial year. The gross margin within the AV business in the third quarter of the 2011/12 financial year was 39.9 per cent against a gross margin of 42.5 per cent for the same period last year. The gross margin in the second half of the financial year is historically lower than in the first half of the financial year. The change in gross margin is primarily due to changes in product mix.

B&O PLAY recorded revenue of DKK 78 million in the third quarter of the 2011/12 financial year compared to DKK 75 million in the same period last year. The low growth in Q3 compared to the very high growth in Q2 is primarily due to the launch of the BeoSound 8 in late November and the delayed launch of the Beolit 12 in late January 2012. This meant that Q3 last year saw the full impact including Christmas sales of the BeoSound 8, whereas Q3 this year only saw limited impact from the Beolit 12. Accumulated B&O PLAY recorded revenue of DKK 195 million DKK compared to DKK 97 million in the first three quarters of the 2010/11 financial year. The gross margin within B&O PLAY in the third quarter of the 2011/12 financial year was 27.8 per cent against a gross margin of 29.9 per cent for the same period last year.

The B2B business line, which consists of the Automotive and ICEpower segments, recorded revenue of DKK 126 million in the third quarter of the 2011/12 financial year compared to revenue of DKK 142 million in the same period last year. This corresponds to a decrease of 11 per cent.

The Automotive business recorded revenue of DKK 103 million in the third quarter of the 2011/12 financial year, compared to DKK 113 million in strong third quarter last year, where Bang & Olufsen among other things launched a new sound system for the Audi A6. Accumulated the Automotive business recorded revenue of DKK 334 million DKK compared to DKK 332 million in the first three quarters of the 2010/11 financial year. The gross margin within the Automotive business in the third quarter of the 2011/12 financial year was 36.2 per cent against a gross margin of 31.6 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 business recorded revenue of DKK 23 million in the third quarter of the 2011/12 financial year compared to DKK 29 million in the same period last year. Accumulated the ICEpower business recorded revenue of DKK 77 million DKK compared to DKK 64 million in the first three quarters of the 2010/11 financial year. The gross margin within the ICEpower business was 47.2 per cent in the third quarter of the 2011/12 financial year against a gross margin of 41.5 per cent for the same period last year.

During the third quarter of the 2011/12 financial year, the Group decreased its capacity costs by DKK 20 million to DKK 271 million from DKK 291 million in the same period last year. During the first three quarters of the 2011/12 financial year, the Group reduced its capacity costs by DKK 12 million from DKK 834 million in the same period last year to DKK 822 million this year.

Distribution and marketing costs decreased during the third quarter of the 2011/12 financial year by DKK 9 million from DKK 172 million to DKK 163 million, among other things as a result of organisational changes in the global sales organisation, following the implementation of the new corporate strategy. Administration costs etc. totalled DKK 21 million, a reduction of DKK 17 million compared to the corresponding period last year, where the total costs of DKK 38 million among other things included severance pay.

The Group incurred development costs of DKK 109 million for the third quarter of the 2011/12 financial year (of which DKK 60 million were capitalised) against DKK 116 million 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 86 million for the third quarter of the 2011/12 financial year, whereas expensed development costs for the same period last year were DKK 81 million. The net effect of capitalisation was positive at DKK 22 million compared to DKK 35 million last year – a net result effect of capitalisation of DKK -13 million compared to the same period last year.

Capitalised development costs and book value
(DKK million) – YTD 2011/12

2011/12	Consumer business	Business-to-business	Total
Capitalised, net	117	66	183
Book value, net	411	180	591

In the third quarter of the 2011/12 financial year the capitalised development costs were DKK 60 million, of which DKK 20 million related to Automotive projects. For the first three quarters of the 2011/12 financial year the capitalised development costs were DKK 183 million, of which DKK 66 million were within the B2B area. Within B2B DKK 62 million relate to Automotive projects.

During the third quarter reimbursements of DKK 3 million were received from Automotive partners for development projects compared to DKK 0 million in the same period last year. The reimbursements received have been offset directly in intangible assets.

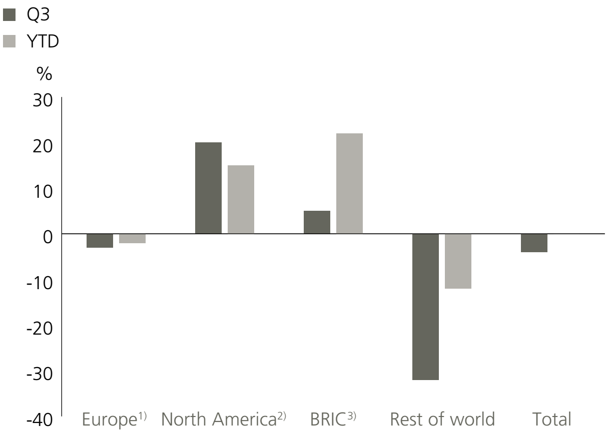
Free cash flow in the quarter was positive at DKK 16 million compared to DKK 91 million in the same period last year. The Group's net working capital was DKK 525 million by the end of the third quarter of the 2011/12 financial year against DKK 445 million last year, which is an increase of 18 per cent.

The net interest bearing debt increased to DKK 194 million compared to DKK 63 million by the end of the third quarter of the 2010/11 financial year. The increase in the net interest bearing debt is primarily caused by lower cash flow from operating activities. This is mainly caused by an increase in trade receivables following a strong February, and increased inventories to accommodate the product launches at the end of Q3 and the expected product launches in Q4, combined with continued high investments in development projects and tools for the automotive production.

The Group's equity has increased from DKK 1,538 million to DKK 1,563 million, which among other things is due to the positive net result. The equity ratio is 60.2 per cent.

The development in Bang & Olufsen distribution by region

Revenue growth by region



In the third quarter of the 2011/12 financial year, revenue in Region Europe[1)] decreased by DKK 14 million – corresponding to 3 per cent – from DKK 477 million to DKK 463 million for the same period last year. North America[2)] recorded revenue of DKK 48 million compared to DKK 40 million last year, an increase of 20 per cent. The BRIC countries[3)] increased from DKK 61 million to DKK 64 million, i.e. 5 per cent. Revenue in Rest of World decreased from DKK 76 million to DKK 52 million, i.e. a decrease of 32 per cent, which is due to high activity in Enterprise in the third quarter last year.

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 third quarter of the 2011/12 financial year, Bang & Olufsen launched BeoVision 12 and BeoLab 12, and under the sub-brand B&O PLAY, Beolit 12.

BeoVision 12

In January Bang & Olufsen announced a new 65-inch plasma television with first delivery at the end of February. BeoVision 12 is equipped with a NeoPDP panel, which gives an improved 3D performance as well as a better motion performance. BeoVision 12 has an integrated center loudspeaker which contains ICEpower amplifiers to match other powerful Bang & Olufsen loudspeakers in a surround sound array. The video engine which handles all acoustic treatment and picture technology includes a complete 7.1 surround sound-module as standard.

BeoLab 12

In January Bang & Olufsen also launched BeoLab 12, which was available in the stores at the end of February. BeoLab 12 is Bang & Olufsen's first wall-mounted loudspeaker developed with TV- and surround sound-systems in mind. The loudspeaker is a perfect fit with all flatscreens in the market, and is equipped with Bang & Olufsen's own ICEpower class D amplification technology. As a consequence of the limited space and the requirement for high peak power a new amplifier with related power supply has been developed. This provides a solution which delivers 480 watts in total.

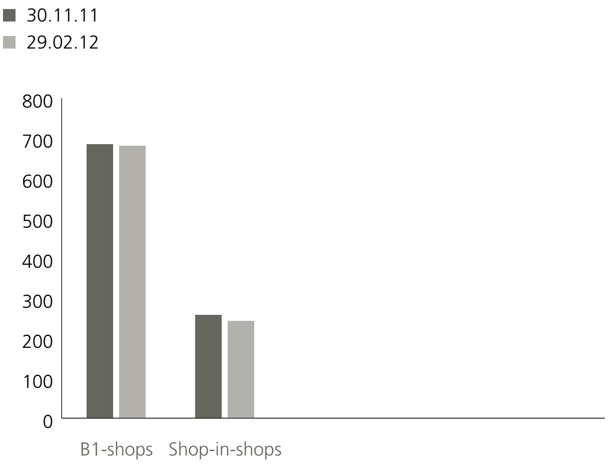
Beolit 12

The first product under the B&O PLAY brand was available globally in Bang & Olufsen shops and in most Apple stores in Europe and select Apple stores in the US from the end of January. Beolit 12 is a portable music system, which uses Apple's AirPlay-technology to wirelessly play music from an iPod, iPhone, Mac or PC. Beolit 12 is aimed at both existing and new customers, and Bang & Olufsen expect that Beolit 12 will fill a gap in the market by delivering a high-quality listening experience at the same time as it has the functionality to play music from one's portable digital unit or smartphone.

Distribution development

By the end of the third quarter, there were 681 B1-shops across the world against 685 at the end of the second quarter of 2011/12. Thus, the net movement for the third quarter was a reduction of 4 shops, with 9 openings and 13 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.

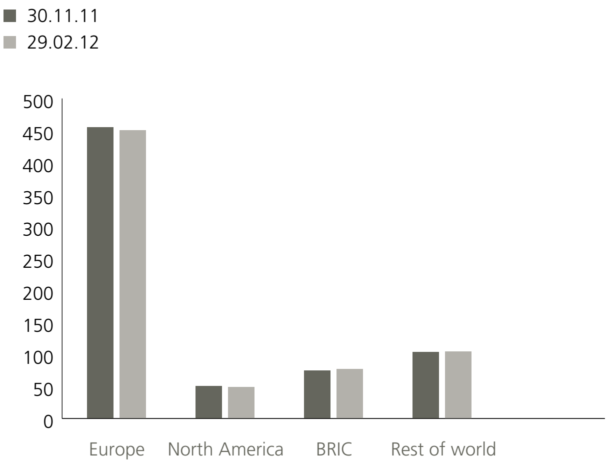
By the end of February 2012, there were 450 B1-shops in Region Europe against 455 at the end of the second quarter of 2011/12. The net movement in Europe for the third quarter therefore amounts to -5 shops, with 5 openings and 10 closures.

In Region North America, there were 49 B1-shops, compared to 51 at the end of the second quarter 2011/12. The net movement in North America for the third quarter was therefore -2 shops, with 1 opening and 3 closures.

In the BRIC markets there were 77 B1-shops against 75 at the end of the second quarter of 2011/12. Note that Hong Kong, Taiwan and Korea have now been included in BRIC, whereas they were included in the Rest of World in the half-year report[4]. The net movement for the third quarter is 2 openings.

In Rest of World there were 105 B1-shops against 104 at the end of the second quarter of 2011/12. The net movement for the third quarter is 1 opening.

B1 shops by region



The number of shop-in-shops is 243 against 265 at the end of last financial year. The share of revenue for B1-shops is 84 per cent compared to 83 per cent in the first three quarters of the 2010/11 financial year.

The organic growth in Bang & Olufsen shops with more than 24 months of operations was -2 per cent for B1-shops and 9 per cent for shop-in-shops for the third quarter of the 2011/12 financial year. For the first three quarters of the 2011/12 financial year the growth was 3 per cent in B1-shops and -1 per cent in shop-in-shops.

[4] Prior periods have been restated – refer to note 6

Expectations for the future

Bang & Olufsen maintains an outlook of a 2011/12 result before tax in the level of DKK 100 million based on a revenue level exceeding DKK 3,000 million.

The EBIT-margin for the 2011/12 financial year is expected to be 3.5-4.0 per cent. This compares to an EBIT-margin of 2.1 per cent for the 2010/11 financial year.

As communicated in the announcement of the 'Leaner, Faster, Stronger' strategy, the focus in the B2C business line will be to drive increased sales through new product launches in the AV and the B&O PLAY segments. In the fourth quarter B&O PLAY will launch a new TV-concept, for which we have great expectations. In addition, the new Bang & Olufsen products launched towards the end of the third quarter, i.e. BeoVision 12, BeoLab 12 and Beolit 12, are expected to have full impact in the fourth quarter. In general Bang & Olufsen expects increased sales of video products in the coming months as a result of a summer with both EURO 2012 and the Olympic Games.

The B1 distribution will be reduced further in Europe to focus on the shops that deliver the highest customer service and experience and to increase sales and profitability per shop. We expect to see growth in the number of B1 shops outside Europe. B&O PLAY has launched an online store which is available in the US and 11 markets in Europe at www.beoplay.com. B&O PLAY also has agreements with Apple online stores and retail stores in both the US and in Europe.

In the B2B business line the focus is on delivering a strong service to the existing four Automotive partners; Aston Martin, Audi, BMW and Mercedes AMG and increase the take-rates (the percentage of the cars that are sold with a Bang & Olufsen sound system). Several of the partners will launch new models with Bang & Olufsen systems in the fourth quarter of the 2011/12 financial year. We therefore expect a strong 2012/13, whereas the 2011/12 financial year is expected to show only modest growth due to the late impact of the new models.

The 2011/12 outlook is sensitive to a timely and successful launch of a number of planned new products.

Subsequent events

After the end of the reporting period Bang & Olufsen has entered into an agreement with the Shreyans Group which is Bang & Olufsen's new master dealer in India. Shreyans has significant experience with luxury goods and set-up of distribution for brands such as Porsche, Ferrari, Ducati, and Fendi. As a result the Bang & Olufsen Group has secured a solid base for increased growth in the Indian market where there currently are five Bang & Olufsen shops.

B&O PLAY has entered into a number of distribution agreements. John Lewis, a British chain of exclusive department stores and Excelsior, one of Italy's leading design concept stores, are among the new sales outlets. In total, distribution agreements have been made with approximately 100 3rd party outlets (in addition to Apple Corporate Stores) in Europe.

After the end of the reporting period the portable music system Beolit 12 has been awarded the highly regarded red dot design award 2012 for best product design. Red dot award is awarded by Design Zentrum Nordrhein Westfalen in Essen, Germany, and is an internationally recognised symbol for excellent design and innovation.

Bang & Olufsen has for the third year running been awarded Best Brand in Car-HiFi by the German car magazine auto motor und sport. It is the readers of the highly regarded car magazine who have voted Bang & Olufsen into first spot.

STATEMENT OF EXECUTIVE MANAGEMENT AND THE BOARD OF DIRECTORS

We have today considered and approved the interim report for the period 1 June 2011 – 29 February 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 29 February 2012 and the results of the Group's operations and cash flows for the period 1 June – 29 February 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, 18 April 2012

Executive Management:

Tue Mantoni
President & CEO

Henning Bejer Beck
Executive Vice President, CFO

John Bennett-Therkildsen
Executive Vice President

Board of Directors:

Ole Andersen
Chairman

Alberto Torres
Deputy Chairman

Peter Skak Olufsen

Rolf Eriksen

Jesper Jarlbæk

Jim Hagemann Snabe

Knud Olesen

Jesper Olesen

Per Østergaard Frederiksen

PROFIT AND LOSS ACCOUNT

DKK million		3rd quarter		YTD		Year
	Note	2011/12	2010/11	2011/12	2010/11	2010/11
Revenue		**766.3**	**820.1**	**2,140.3**	**2,156.3**	**2,866.9**
Production costs		(473.0)	(493.7)	(1,277.0)	(1,279.1)	(1,711.4)
Gross profit		**293.3**	**326.4**	**863.3**	**877.2**	**1,155.5**
Gross margin, %		38.3	39.8	40.3	40.7	40.3
Development costs	3	(86.3)	(81.0)	(264.7)	(228.8)	(311.4)
Distribution and marketing costs		(162.9)	(171.8)	(486.1)	(520.3)	(660.8)
Administration costs etc.		(21.4)	(37.9)	(71.5)	(84.7)	(123.5)
Operating profit (EBIT)		**22.7**	**35.7**	**41.0**	**43.4**	**59.8**
Result of investments in associates after tax		(0.2)	(2.4)	(2.0)	(1.2)	0.2
Financial income		0.9	2.5	4.5	6.3	7.5
Financial costs		(4.6)	(5.5)	(16.5)	(16.5)	(27.4)
Profit before tax (EBT)		**18.8**	**30.3**	**27.0**	**32.0**	**40.1**
Tax on profit for the period		(1.8)	(2.4)	(8.2)	(2.7)	(12.1)
Profit for the period		**17.0**	**27.9**	**18.8**	**29.3**	**28.0**
Attributable to:						
Shareholders of the parent company		17.0	27.5	18.8	28.4	26.9
Minority interests		0.0	0.4	0.0	0.9	1.1
		17.0	**27.9**	**18.8**	**29.3**	**28.0**
Earnings per share						
Earnings per share (EPS), DKK		0.5	0.8	0.5	0.8	0.7
Diluted earnings per share (EPS-D), DKK		0.5	0.8	0.5	0.8	0.7

STATEMENT OF COMPREHENSIVE INCOME

DKK million	3rd quarter		YTD		Year
	2011/12	2010/11	2011/12	2010/11	2010/11
Profit for the period	**17.0**	**27.9**	**18.8**	**29.3**	**28.0**
Exchange rate adjustment of investments in foreign subsidiaries	5.5	3.0	(0.5)	11.6	12.0
Change in fair value of derivative financial instruments used as cash flow hedges	2.4	(3.3)	14.3	(25.8)	(36.2)
Transfer to the profit and loss account of fair value adjustments of derivative financial instruments used as cash flow hedges:					
Transfer to revenue	(5.0)	8.6	(8.4)	22.6	28.5
Transfer to production costs	2.4	(0.7)	2.4	(2.2)	1.8
Tax on other comprehensive income	0.0	(1.2)	(2.1)	1.3	1.4
Other comprehensive income, net of tax	**5.3**	**6.4**	**5.7**	**7.5**	**7.5**
Comprehensive income for the period	**22.3**	**34.3**	**24.5**	**36.8**	**35.5**
Attributable to:					
Shareholders' of the parent company	22.3	33.9	24.5	35.9	34.4
Minority interests	0.0	0.4	0.0	0.9	1.1
	22.3	**34.3**	**24.5**	**36.8**	**35.5**

BALANCE SHEET – ASSETS

DKK million	29/02 2012	28/02 2011	31/05 2011
Goodwill	49.1	44.8	44.8
Acquired rights	29.7	40.3	37.7
Completed development projects	311.0	197.7	191.7
Development projects in progress	280.5	284.5	322.0
Total intangible assets	**670.3**	**567.3**	**596.2**
Land and buildings	213.9	225.9	227.8
Plant and machinery	165.1	178.1	164.0
Other equipment	10.5	31.5	31.3
Leasehold improvements	14.6	17.3	15.6
Tangible assets in progress and prepayment for tangible assets	93.0	56.6	69.1
Total tangible assets	**497.1**	**509.4**	**507.8**
Investment property	**41.6**	**43.0**	**42.7**
Investments in associates	5.7	5.7	5.7
Other financial receivables	45.7	37.6	40.1
Total financial assets	**51.4**	**43.3**	**45.8**
Deferred tax assets	**125.7**	**146.9**	**144.1**
Total non-current assets	**1,386.1**	**1,309.9**	**1,336.6**
Inventories	**611.5**	**595.8**	**563.0**
Trade receivables	395.1	385.4	365.2
Receivables from associates	2.7	0.4	1.7
Income tax receivables	17.9	17.8	13.3
Other receivables	37.8	26.0	24.3
Prepayments	22.0	21.2	15.0
Total receivables	**475.5**	**450.8**	**419.5**
Cash	**125.7**	**248.8**	**189.1**
Total current assets	**1,212.7**	**1,295.4**	**1,171.6**
Total assets	**2,598.8**	**2,605.3**	**2,508.2**

BALANCE SHEET – EQUITY AND LIABILITIES

DKK million	29/02 2012	28/02 2011	31/05 2011
Share capital	362.4	362.4	362.4
Share premium	0.0	232.1	0.0
Translation reserve	24.6	24.7	25.1
Reserve for cash flow hedges	(2.6)	(10.4)	(10.9)
Retained earnings	1,178.9	926.1	1,161.1
Equity attributable to shareholders of the parent company	1,563.3	1,534.9	1,537.7
Minority interests	0.0	0.4	0.6
Total equity	**1,563.3**	**1,535.3**	**1,538.3**
Pensions	8.9	7.9	9.0
Deferred tax	7.2	6.4	8.1
Provisions	89.1	87.9	81.5
Mortgage loans	216.2	221.1	219.5
Loans from banks etc.	0.0	40.2	0.0
Other non-current liabilities	0.8	0.6	0.9
Total non-current liabilities	**322.2**	**364.1**	**319.0**
Mortgage loans	5.1	6.4	6.4
Loans from banks etc.	50.0	42.9	0.0
Overdraft facilities	48.3	0.9	47.7
Provisions	50.7	53.8	56.4
Trade payables	253.8	275.4	199.8
Income tax	14.7	18.3	21.7
Other payables	264.5	307.9	303.9
Deferred income	26.2	0.3	15.0
Total current liabilities	**713.3**	**705.9**	**650.9**
Total liabilities	**1,035.5**	**1,070.0**	**969.9**
Total equity and liabilities	**2,598.8**	**2,605.3**	**2,508.2**

Note – the comparatives for the corresponding periods in 2010/11 have been adjusted cf. disclosure in Note 1 to the Annual Report 2010/11

CASH FLOW STATEMENT

DKK million		3rd quarter		YTD		Year
	Note	2011/12	2010/11	2011/12	2010/11	2010/11
Profit for the period		17.0	27.9	18.8	29.3	28.0
Depreciation, amortisation and impairment losses		63.6	68.2	181.8	179.0	239.6
Adjustments for non-cash items	4	(5.2)	16.0	28.3	24.1	48.5
Cash flows from ordinary activities before change in working capital		**75.4**	**112.1**	**228.9**	**232.4**	**316.1**
Change in receivables		79.0	122.2	(50.4)	36.4	63.1
Change in inventories		0.7	41.5	(48.5)	(32.2)	0.6
Change in accounts payables etc.		(71.7)	(87.6)	25.0	3.4	(37.0)
Interest paid etc.		(3.6)	(3.0)	(12.0)	(10.2)	(19.9)
Income tax paid		7.6	(4.0)	(4.4)	(6.0)	(3.1)
Cash flows from operating activities		**87.4**	**181.2**	**138.6**	**223.8**	**319.8**
Purchase of intangible non-current assets		(62.1)	(67.3)	(192.9)	(180.3)	(253.3)
Purchase of tangible non-current assets		(29.3)	(24.5)	(88.2)	(64.1)	(96.4)
Investments in associated companies		(1.7)	(0.8)	(5.1)	(0.8)	(0.8)
Sale of tangible non-current assets		16.0	0.7	36.0	6.3	4.9
Received reimbursements, intangible non-current assets		2.8	0.0	9.5	35.1	26.6
Change in financial receivables		2.6	1.6	(5.6)	3.8	1.3
Cash flows from investment activities		**(71.7)**	**(90.3)**	**(246.3)**	**(200.0)**	**(317.7)**
Free cash flow		**15.7**	**90.9**	**(107.7)**	**23.8**	**2.1**
Repayment of long-term loans		(1.7)	(4.3)	(4.6)	(15.4)	(100.1)
Proceeds from short-term borrowings		(50.0)	0.0	50.0	0.0	0.0
Dividend paid, minority interests		0.0	0.0	(2.3)	(2.0)	(2.0)
Sale of own shares		0.0	0.0	0.0	0.0	2.0
Cash flow from financing activities		**(51.7)**	**(4.3)**	**43.1**	**(17.4)**	**(100.1)**
Changes in cash and cash equivalents		**(36.0)**	**86.6**	**(64.6)**	**6.4**	**(98.0)**
Cash and cash equivalents, opening balance		113.2	161.8	141.4	241.7	241.7
Exchange rate adjustment, cash		0.2	(0.5)	0.6	(0.2)	(2.3)
Cash and cash equivalents, closing balance		**77.4**	**247.9**	**77.4**	**247.9**	**141.4**
Cash and cash equivalents:						
Cash		125.7	248.8	125.7	248.8	189.1
Current overdraft facilities		(48.3)	(0.9)	(48.3)	(0.9)	(47.7)
Cash and cash equivalents, closing balance		**77.4**	**247.9**	**77.4**	**247.9**	**141.4**

STATEMENT OF CHANGES IN EQUITY

DKK million	29/02 2012	28/02 2011	31/05 2011
Equity, opening balance	**1,538.3**	**1,496.2**	**1,496.2**
Profit for the period	18.8	29.3	28.0
Comprehensive income after tax	5.7	7.5	7.5
Comprehensive income for the period	24.5	36.8	35.5
Employee shares	0.0	1.1	1.1
Acquisition of minority shares BO-Soft	(0.6)	0.0	0.0
Grant of share options	3.4	3.2	5.5
Sale of own shares	0.0	0.0	2.0
Distributed dividend, minority interests	(2.3)	(2.0)	(2.0)
Equity, closing balance	**1,563.3**	**1,535.3**	**1,538.3**

NOTES

NOTE 1: Applied 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 2010/11 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 2010/11 Annual Report, with the exception of some new or amended Standards (IFRS and IAS) and Interpretations (IFRICs) which have become effective. Management assesses that these new Standards and Interpretations will not have any material impact on the interim report.

The segmentation in Note 5 has been changed to reflect the changes made in the internal reporting following the implementation of the new corporate strategy.

NOTE 2: Assumptions and accounting estimates

The preparation of interim reports requires that management makes estimates and asssumptions 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 assumptions are unchanged in the preparation of the interim report compared to the preparation of the Annual Report as at 31 May 2011.

NOTE 3: Development costs

DKK million	3rd quarter		YTD		Year
	2011/12	2010/11	2011/12	2010/11	2010/11
Incurred development costs	108.5	116.1	341.8	325.7	448.1
Hereof capitalized	(59.8)	(67.0)	(183.4)	(178.1)	(251.0)
Total amortisation and impairment losses on development projects	37.6	31.9	106.3	81.2	114.3
Development costs recognised in the profit and loss account	**86.3**	**81.0**	**264.7**	**228.8**	**311.4**

NOTES

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

DKK million	3rd quarter		YTD		Year
	2011/12	2010/11	2011/12	2010/11	2010/11
Change in other liabilities	1.2	4.0	1.7	4.6	2.2
Financial items	3.7	3.0	12.0	10.2	19.9
Result of investments in associates after tax	0.2	2.4	2.0	1.2	(0.2)
Profit/loss on sale of non-current assets	(7.0)	0.0	(7.0)	0.3	2.4
Tax on result for the period	1.8	2.4	8.2	2.7	12.1
Various adjustments	(5.1)	4.2	11.4	5.1	12.1
Adjustment for non-cash items	**(5.2)**	**16.0**	**28.3**	**24.1**	**48.5**

NOTE 5: Segment information

DKK million	3rd quarter		YTD		Change, %
	2011/12	2010/11	2011/12	2010/11	YTD
Revenue by business area					
Consumer business:					
AV	559.3	584.7	1,538.2	1,626.9	(5.5)
B&O PLAY	78.2	75.1	195.0	97.0	101.0
Total consumer business	637.5	659.8	1,733.2	1,723.9	0.5
Business to business:					
ICEpower	22.9	28.5	77.0	64.0	20.3
Automotive	103.3	113.3	334.0	332.0	0.6
Total business to business	126.2	141.8	411.0	396.0	3.8
Elimination of internal revenue	(3.5)	(2.2)	(11.9)	(8.6)	38.4
Exchange rate adjustments	6.1	20.7	8.0	45.0	(82.2)
Revenue net	**766.3**	**820.1**	**2,140.3**	**2,156.3**	**(0.7)**
Gross margin by business area, %					
Consumer business:					
AV	39.9	42.5	41.8	42.6	
B&O PLAY	27.8	29.9	29.7	34.5	
Business to business:					
ICEpower	47.2	41.5	47.5	45.5	
Automotive	36.2	31.6	38.2	31.9	
Total gross margin %	**38.3**	**39.8**	**40.3**	**40.7**	

NOTES

NOTE 5: Segment information – continued

DKK million	3rd quarter 2011/12	3rd quarter 2010/11	YTD 2011/12	YTD 2010/11	Change,% YTD
Revenue by region					
Consumer business					
Bang & Olufsen distribution:					
Europe	462.7	477.0	1,200.3	1,231.1	(2.5)
North America incl. Canada	47.6	39.6	125.3	109.0	15.0
BRIC	64.4	61.1	193.7	158.6	22.1
Rest of World	52.1	76.1	186.6	211.8	(11.9)
Total Bang & Olufsen distribution	626.8	653.8	1,705.9	1,710.5	(0.3)
3rd party distribution and e-commerce:					
B&O PLAY	10.7	6.0	27.3	13.4	103.7
Total 3rd party distribution and e-commerce	10.7	6.0	27.3	13.4	103.7
Total consumer business	**637.5**	**659.8**	**1,733.2**	**1,723.9**	**0.5**
Business to business					
ICEpower	22.9	28.5	77.0	64.0	20.3
Automotive	103.3	113.3	334.0	332.0	0.6
Total business to business	**126.2**	**141.8**	**411.0**	**396.0**	**3.8**
Elimination of internal revenue	(3.5)	(2.2)	(11.9)	(8.6)	(38.4)
Exchange rate adjustments	6.1	20.7	8.0	45.0	(82.2)
Revenue net	**766.3**	**820.1**	**2,140.3**	**2,156.3**	**(0.7)**

DKK million YTD 2011/12	Consumer business AV	Consumer business B&O PLAY	Business to business ICEpower	Business to business Automotive	Internal revenues and adj.	Total
Revenue	1,538.2	195.0	77.0	334.0	(3.9)	2,140.3
Production costs	(895.2)	(137.1)	(40.4)	(206.4)	2.1	(1,277.0)
Gross profit	**643.0**	**57.9**	**36.6**	**127.6**	**(1.8)**	**863.3**
Unallocated costs						(836.3)
Profit before tax (EBT)						**27.0**

NOTES

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

	Number (units)				Share of revenue (%)	
	29.02.2012	30.11.2011	31.08.2011	31.05.2011	YTD 2011/12	YTD 2010/11
Europe[5)]	690	711	717	730	70.4%	72.0%
North America incl. Canada[6)]	51	53	53	52	7.3%	6.4%
BRIC[7)]	77	75	72	71	11.4%	9.3%
Rest of world[8)]	106	104	102	102	10.9%	12.3%
	924	**943**	**944**	**955**	**100%**	**100%**

NOTE 7: Acquisition of activity

As of 1 January 2012 Bang & Olufsen has acquired 100% of the Hong Kong and South China operations that were previously run by an agent. This is expected to lead the way for further expansion and stronger control of distribution in the BRIC region.

DKK million	B&O Hong-Kong Pty Ltd.
Other equipment	1.3
Total non-current assets	**1.3**
Inventories	7.2
Total current assets	**7.2**
Acquired net assets	**8.5**
Goodwill	4.4
Total payment	**12.9**
Cash payment	**12.9**

At the time of acquisition a purchase price has been paid which exceeds the fair value of the acquired identifiable assets. This positive difference (goodwill) can primarily be justified by expected synergy effects between the acquired activities and the Group's existing activities and future growth prospects. These synergies are not recognised separately from goodwill as they are not separately identifiable. The balances above are preliminary.

5) Shop-in-shop; 240 (30.11.2011; 256)
6) Shop-in-shop; 2 (30.11.2011; 2)
7) Shop-in-shop; 0 (30.11.2011; 0). Total units in BRIC now also include Taiwan, Hong Kong and Korea (previously included in Rest of world). Previous periods have been restated.
8) Shop-in-shop; 1 (30.11.2011; 0)

APPENDIX 1

Profit/(loss) by quarter 2011/12:

DKK million	2011/12			
	Q1	Q2	Q3	Q4
Revenue	**598.6**	**775.5**	**766.3**	
Gross profit	**231.0**	**339.3**	**293.2**	
Operating profit (EBIT)	**(28.5)**	**46.8**	**22.7**	
Result of investments in associates after tax	(0.9)	(0.9)	(0.2)	
Financial items, net	(3.2)	(5.1)	(3.7)	
Profit/(loss) before tax (EBT)	**(32.6)**	**40.8**	**18.8**	
Tax on profit/(loss) for the period	5.6	(12.0)	(1.8)	
Profit/(loss) for the period	**(27.0)**	**28.8**	**17.0**	

Accumulated profit/(loss) by quarter 2011/12:

DKK million	2011/12			
	Q1	Q2	Q3	Q4
Revenue	**598.6**	**1,374.1**	**2,140.3**	
Gross profit	**231.0**	**570.3**	**863.3**	
Operating profit (EBIT)	**(28.5)**	**18.3**	**41.0**	
Result of investments in associates after tax	(0.9)	(1.8)	(2.0)	
Financial items, net	(3.2)	(8.3)	(12.0)	
Profit/(loss) before tax (EBT)	**(32.6)**	**8.2**	**27.0**	
Tax on profit/(loss) for the period	5.6	(6.4)	(8.2)	
Profit/(loss) for the period	**(27.0)**	**1.8**	**18.8**	

APPENDIX 1 – CONTINUED

Profit/(loss) by quarter 2010/11:

DKK million	2010/11			
	Q1	Q2	Q3	Q4
Revenue	**561.7**	**774.5**	**820.1**	**710.6**
Gross profit	**224.8**	**326.0**	**326.4**	**278.3**
Operating profit (EBIT)	**(29.3)**	**37.0**	**35.7**	**16.4**
Result of investments in associates after tax	(2.9)	4.1	(2.4)	1.4
Financial items, net	(2.5)	(4.7)	(3.0)	(9.7)
Profit/(loss) before tax (EBT)	**(34.7)**	**36.4**	**30.3**	**8.1**
Tax on profit/(loss) for the period	8.0	(8.3)	(2.4)	(9.4)
Profit/(loss) for the period	**(26.7)**	**28.1**	**27.9**	**(1.3)**
Minority interests' share	0.0	(0.5)	(0.4)	(0.2)
Parent company shareholders' share	**(26.7)**	**27.6**	**27.5**	**(1.5)**

Accumulated profit/(loss) by quarter 2010/11:

DKK million	2010/11			
	Q1	Q2	Q3	Q4
Revenue	**561.7**	**1,336.2**	**2,156.3**	**2,866.9**
Gross profit	**224.8**	**550.8**	**877.2**	**1,155.5**
Operating profit (EBIT)	**(29.3)**	**7.7**	**43.4**	**59.8**
Result of investments in associates after tax	(2.9)	1.2	(1.2)	0.2
Financial items, net	(2.5)	(7.2)	(10.2)	(19.9)
Profit/(loss) before tax (EBT)	**(34.7)**	**1.7**	**32.0**	**40.1**
Tax on profit/(loss) for the period	8.0	(0.3)	(2.7)	(12.1)
Profit/(loss) for the period	**(26.7)**	**1.4**	**29.3**	**28.0**
Minority interests' share	0.0	(0.5)	(0.9)	(1.1)
Parent company shareholders' share	**(26.7)**	**0.9**	**28.4**	**26.9**

ADDITIONAL INFORMATION

For further information please contact:
President, CEO Tue Mantoni, tel: +45 9684 5000.

Financial calendar

Wednesday 15 August 2012	Annual Report 2011/12
Friday 21 September 2012	Annual General Meeting
Wednesday 10 October 2012	Interim report (1st quarter 2012/13)

The future
The report contains statements relating to expectations for future developments, including future revenue and operating results, 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.

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