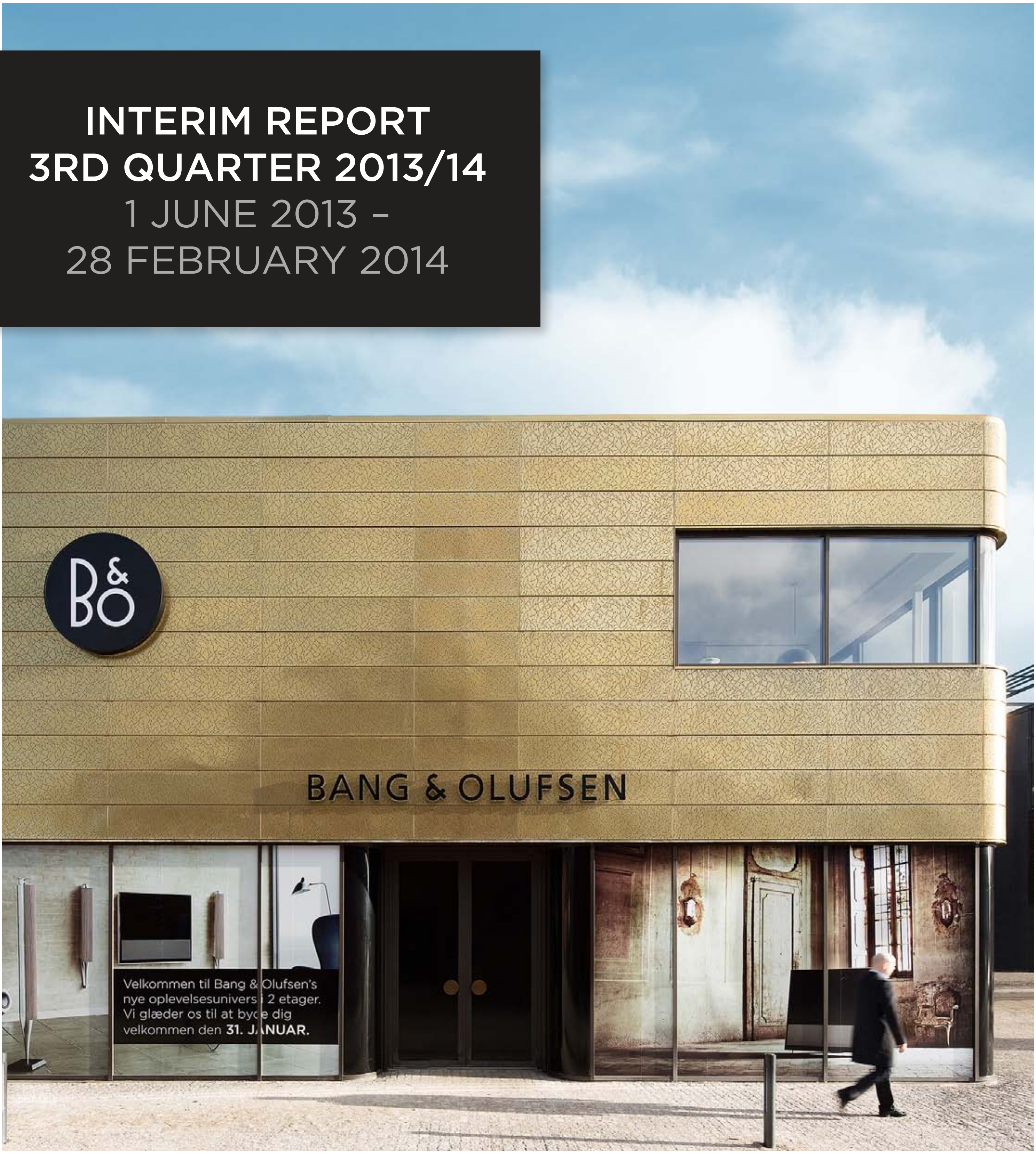
INTERIM REPORT 3RD QUARTER 2013/14
1 JUNE 2013 – 28 FEBRUARY 2014



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

Tel. +45 9684 1122
www.bang-olufsen.com
Comreg: 41257911

BANG & OLUFSEN

Q3 HIGHLIGHTS

"In the third quarter we saw signs of improvement in our European business, which was driven by strong demand for our newly launched speakers in particular and AV products in general. With the successful launch of new products and with a strong pipeline of new products in the coming quarters, we believe that the improvements in our European AV business will continue. Our Automotive business continued on a solid trajectory, whereas the B&O PLAY revenue saw a set-back due to the focus on AV activities in the B1 stores and a too low level of new product introductions", says CEO Tue Mantoni.

- The Group's revenue was DKK 675 million for the third quarter of the 2013/14 financial year compared to revenue of DKK 655 million in the same period last year.

- The B2C business recorded revenue of DKK 528 million in the third quarter of the 2013/14 financial year compared to DKK 524 million in the same period last year. The AV segment grew by 12 per cent whereas B&O PLAY decreased by 25 per cent. The same quarter last year was positively affected by the DKK 25 million build-up of inventory to the dedicated B&O PLAY shop-in-shops in China.

- B2C revenue in Europe increased by 17 per cent in the third quarter compared to the same quarter last year. The B2C revenue in BRIC markets decreased by 36 per cent compared to the same quarter last year which was affected by the DKK 25 million build-up of inventory mentioned above. North America decreased by 14 per cent, and revenue in Rest of world decreased by 22 per cent.

- The B2B business recorded revenue of DKK 152 million in the third quarter of the 2013/14 financial year compared to revenue of DKK 131 million in the same period last year. Automotive grew by 10 per cent.

- The Group's gross margin for the third quarter of the 2013/14 financial year was 42.7 per cent compared to 34.9 per cent in the same period last year, and on level with the 42.7 per cent in the second quarter of the financial year 2013/14. The low gross margin in the same quarter last year was mainly related to an adverse effect from indirect production costs due to reduction in inventory levels. The improved gross margin is also a result of higher margins on new products in both the AV and the B&O PLAY segments.

- Capacity costs were DKK 315 million in the third quarter, compared to DKK 343 million in the third quarter last year. Distribution and marketing costs have increased by DKK 6 million compared to the same quarter last year due to increased marketing activities and take-over of distribution in China. R&D costs decreased by DKK 22 million compared to the same quarter last year but were on level with the previous quarters.

Frontpage photo: A purpose-built store with Bang & Olufsen's new store concept opened in the Main Square in Herning, Denmark on 31 January 2014

- Administration costs were positively affected by a non-recurring gain of approximately DKK 11 million relating to a sale and leaseback of the land and production facilities previously owned by Bang & Olufsen s.r.o. in the Czech Republic.

- Earnings before interest and tax for the third quarter of the 2013/14 financial year were negative DKK 28 million compared to negative DKK 114 million in the same quarter last year.

- The Group's net working capital was DKK 560 million at the end of the third quarter of the 2013/14 financial year, compared to DKK 708 million at the end of the third quarter last year, and DKK 630 million at the end of the second quarter of the 2013/14 financial year.

- Free cash flow in the third quarter was DKK 94 million compared to DKK 92 million in the same period last year. The free cash flow was positively impacted by DKK 79 million from the sale of the land and production facilities owned by Bang & Olufsen s.r.o. in the Czech Republic. The same period last year was positively impacted by a significant reduction in net working capital.

- On a year-to-date basis, for the first nine months of the 2013/14 financial year, the Group's total revenue was DKK 2,063 million against DKK 2,074 million last year, corresponding to a decrease of 1 per cent. Earnings before interest and tax for the first nine months of the 2013/14 financial year were negative DKK 61 against negative DKK 149 million last year. The free cash flow in the first nine months of the 2013/14 financial year was negative at DKK 28 million compared to negative DKK 261 million last year.

- During the third quarter Executive Vice President and CFO Henning Bejer Beck resigned from his position at Bang & Olufsen. He will continue in his position at Bang & Olufsen until the end of July 2014. The search for a new CFO has been initiated.

- The Group's expectations to the 2013/14 financial year remain unchanged.

Any enquiries about this announcement can be addressed to:
CEO, Tue Mantoni, tel.: +45 9684 5000
CFO, Henning Bejer Beck, tel.: +45 9684 5000
Investors, Claus Højmark Jensen, tel: +45 2325 1067

A webcast will be hosted on 11 April 2014 at 10.00 CET. Access to the webcast is obtained through our home page www.bang-olufsen.com.

KEY FIGURES

Bang & Olufsen a/s – Group

(DKK million)	3rd quarter 2013/14	3rd quarter 2012/13	YTD 2013/14	YTD 2012/13
Income statement:				
Revenue	675	655	2,063	2,074
Gross margin, %	42.7	34.9	42.0	40.1
Earnings before interest, taxes, depreciation, amortisation and capitalisation (EBITDAC)	11	(91)	10	(80)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	47	(30)	193	94
Earnings before interest and tax (EBIT)	(28)	(114)	(61)	(149)
Financial items, net	(10)	(12)	(27)	(18)
Earnings before tax (EBT)	(37)	(125)	(88)	(167)
Earnings after tax	(32)	(91)	(77)	(122)
Financial position:				
Total assets	2,779	2,825	2,779	2,825
Share capital	393	393	393	393
Equity	1,550	1,684	1,550	1,684
Net interest-bearing debt	300	331	300	331
Net working capital	560	708	560	708
Cash flow:				
– from operating activities	87	172	120	(42)
– from investing activities	6	(80)	(147)	(219)
– free cash flow	94	92	(28)	(261)
– from financing activities	(2)	(93)	65	193
Cash flow for the period	92	(2)	37	(67)
Key figures:				
EBITDA-margin, %	7.0	(4.5)	9.3	4.5
EBIT-margin, %	(4.1)	(17.5)	(3.0)	(7.2)
NIBD/EBITDA ratio *)	1.4	1.3	1.4	1.3
Return on assets, %	(1.1)	(4.8)	(2.5)	(6.3)
Return on invested capital, excl. goodwill, %	2.0	(3.1)	7.3	1.0
Return on equity, %	(2.0)	(5.6)	(4.8)	(7.5)
Full time employees at the end of the period	2,139	2,036	2,139	2,036
Stock related key figures:				
Earnings per share (EPS), DKK	(0.8)	(2.3)	(2.0)	(3.2)
Earnings per share diluted (EPS-D), DKK	(0.8)	(2.3)	(2.0)	(3.2)
Price/Earnings	(75)	(28)	(31)	(20)

**) Calculated based on rolling 12m EBITDA*

MANAGEMENT REPORT

Group revenue increased by 3 per cent in the third quarter, driven by revenue growth in AV, Automotive and ICEpower, but with a decline in the revenue in the B&O PLAY segment. Revenue in Europe grew by 17 per cent, after four quarters of declining revenue and closure of 140 stores. The growth in Europe was partially offset by a decline in the non-European markets. Earnings before interest and tax for the third quarter of the 2013/14 financial year were negative DKK 28 million, which was a significant improvement compared to negative DKK 114 million in the same period last year.

Development in the third quarter

Revenue Q3 2013/14 (Q3 2012/13 in brackets)

B2C		B2B	
DKK 528m (DKK 524m)		DKK 152m (DKK 131m)	
AV	B&O PLAY	Automotive	ICEpower
DKK 406m (DKK 362m)	DKK 122m (DKK 162m)	DKK 129m (DKK 118m)	DKK 23m (DKK 13m)

Revenue

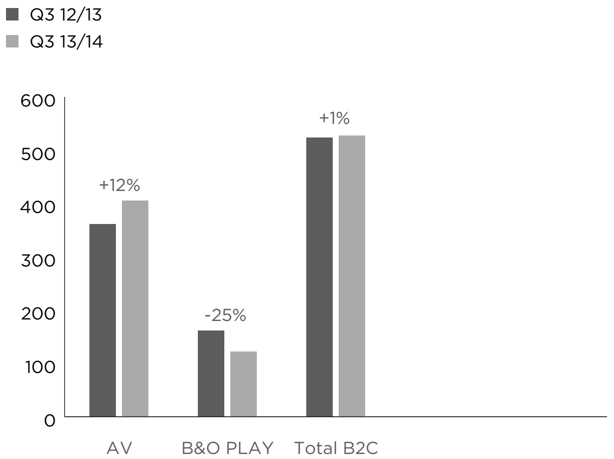
The Group's revenue for the third quarter of the 2013/14 financial year was DKK 675 million compared to DKK 655 million last year, corresponding to growth of 3 per cent.

The B2C business, which consists of the AV and the B&O PLAY segments, recorded revenue of DKK 528 million in the third quarter of the 2013/14 financial year which is marginally higher than the DKK 524 million realised in the same period last year.

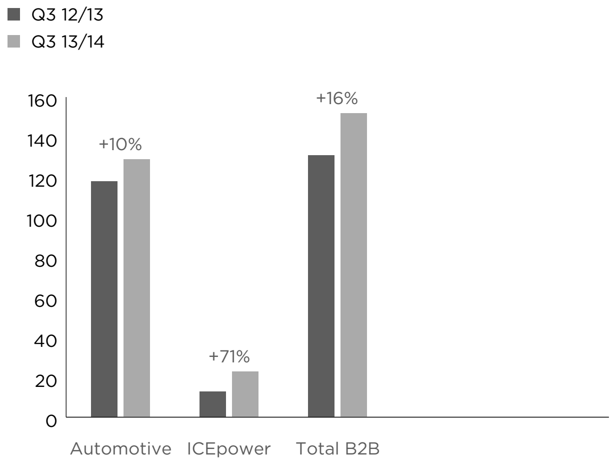
The AV segment recorded revenue of DKK 406 million in the third quarter of the 2013/14 financial year, compared to DKK 362 million last year, correspondning to an increase of 12 per cent. The third quarter was positively impacted by strong demand for the newly launched speaker products, especially the BeoLab 18, as well as a general demand across the product range.

B&O PLAY recorded revenue of DKK 122 million in the third quarter of the 2013/14 financial year compared

Revenue and growth by segment Q3 – B2C (DKK million)



Revenue and growth by segment Q3 – B2B (DKK million)



to DKK 162 million in the same period last year, or a decrease of 25 per cent. Sales through 3rd party distribution and e-commerce increased by DKK 13 million, however the sales through the B1/SiS sales channel decreased by DKK 52 million compared to the same period last year. The B&O PLAY revenue through the B1/SiS sales channel saw a set-back due to the focus on AV activities in the B1 stores and a too low level of new product introductions, as well as the DKK 25 million build-up of inventory in BRIC in the third quarter last year. The 3rd party distribution and e-commerce will be increasingly important channels for B&O PLAY going forward as the AV product portfolio is expected to grow even stronger in the coming quarters.

B2C revenue in Europe increased by 17 per cent in the third quarter which was due to the above mentioned strong demand for the newly launched speakers and the successful campaign acitivites for the BeoVision 11.

BRIC markets decreased by DKK 39 million, corresponding to 36 per cent in the third quarter compared to the the same quarter last year. The third quarter last year included DKK 25 million in build-up of inventory for the dedicated B&O PLAY shop-in-shops in China.

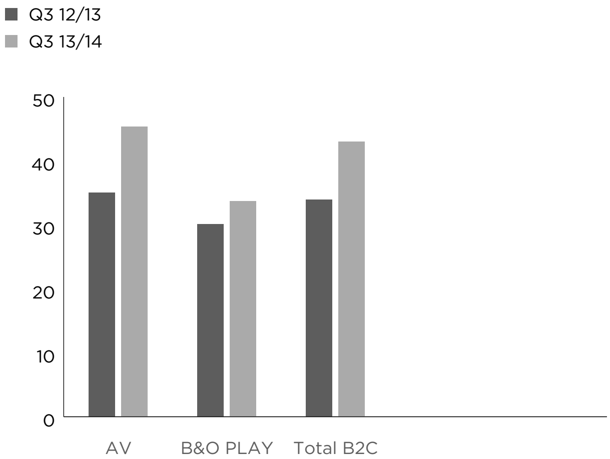
B2C revenue in North America decreased by 14 per cent compared to the same quarter last year. Revenue generated through B1-distribution was adversely affected by relocation of some of the major stores. Revenue in the Rest of World decreased by 22 per cent.

The B2B business, which consists of the Automotive and ICEpower segments, recorded revenue of DKK 152 million in the third quarter of the 2013/14 financial year compared to revenue of DKK 131 million in the same period last year, which corresponds to an increase of 16 per cent.

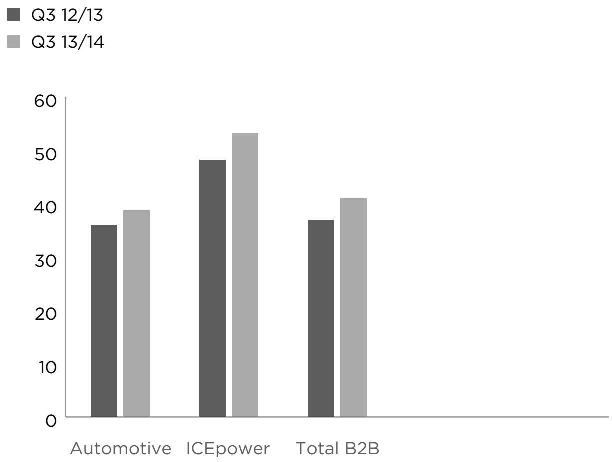
The Automotive segment recorded revenue of DKK 129 million in the third quarter of the 2013/14 financial year, compared to DKK 118 million in the third quarter last year, corresponding to a growth of 10 per cent. The growth continues to be driven by a combination of an increased number of car models as well as sales and marketing campaigns targeted at increasing take-rates.

The ICEpower segment recorded revenue of DKK 23 million in the third quarter of the 2013/14 financial year compared to DKK 13 million in the same period last year, which was unusually low.

Gross margin by segment Q3 – B2C (%)



Gross margin by segment Q3 – B2B (%)



Gross margin

The Group's gross margin increased to 42.7 per cent in the third quarter from a gross margin of 34.9 per cent in the third quarter of the 2012/13 financial year.

The gross margin in AV was 45.4 per cent in the third quarter of the financial year, compared to 35.1 per cent in the same quarter last year, and 47.2 per cent in the second quarter of the 2013/14 financial year. The low gross margin in the same quarter last year was mainly due to an adverse effect from indirect production costs due to reduction in inventory levels. The improved gross margin is also a result of higher margins on new products in both the AV and the B&O PLAY segments.

The gross margin for B&O PLAY in the third quarter of the 2013/14 financial year was 33.7 per cent against a gross margin of 30.1 per cent for the same period last year. The increase compared to the same quarter last year is mainly due to product mix as newly launched products have a higher margin.

The gross margin within the Automotive segment in the third quarter of the 2013/14 financial year was 38.8 per cent against a gross margin of 36.1 per cent for the same period last year. The improvement was mainly driven by a changed mix between the premium and advanced sound systems.

The gross margin within the ICEpower segment was 53.2 per cent in the third quarter of the 2013/14 financial year against a gross margin of 48.3 per cent for the same period last year.

Capacity costs

During the third quarter of the 2013/14 financial year, the capacity costs decreased to DKK 315 million from DKK 342 million in the same period last year.

Distribution and marketing costs were DKK 208 million in the third quarter of the 2013/14 financial year compared to DKK 202 million in the same period last year, mainly due to increased marketing activities and the take-over of the distribution in China. With the upcoming product launches in Q4 it is expected that distribution and marketing costs will remain high in the fourth quarter of the financial year.

Administration costs totalled DKK 10 million in the third quarter of the 2013/14 financial year. This included a non-recurring gain of approximately DKK 11 million from the disposal of the land and production facilities owned by Bang & Olufsen s.r.o. in the Czech Republic which were sold at the end of the third quarter as part of a sale and leaseback transaction (refer to note 8). Adjusted for this non-recurring item administration costs were on the same level as the third quarter of the 2012/13 financial year.

Expensed development costs (incl. amortisation and impairment losses) were DKK 98 million for the third quarter of the 2013/14 financial year, compared to DKK 119 million for the same period last year. Total amortisation charges and impairment losses on development projects were DKK 59 million compared to DKK 56 million last year. The increase in amortisation charges mainly relates to amortisation on completed Automotive projects. The net effect of capitalisation was negative DKK 24 million compared to a positive effect of DKK 5 million last year.

In the third quarter of the 2013/14 financial year the capitalised development costs were DKK 66 million, of which DKK 16 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 2 million in the same period last year. The reimbursements received have been offset directly in intangible assets.

Earnings before interest and tax for the third quarter of the 2013/14 financial year were negative DKK 28 million compared to negative DKK 114 million for the same period last year.

Earnings before tax for the third quarter of the 2013/14 financial year were negative DKK 37 million against negative DKK 125 million in the same period last year.

Capitalised development costs and carrying amount
(DKK million) – Q3

2013/14	**B2C**	**B2B**	**Total**
Capitalised, net	48	18	66
Carrying amount, net	446	246	692

Capitalised development costs and carrying amount
(DKK million) – Q3

2012/13	**B2C**	**B2B**	**Total**
Capitalised, net	38	23	61
Carrying amount, net	420	224	644

Development YTD

Revenue YTD 2013/14 (YTD 2012/13 in brackets)

B2C		B2B	
DKK 1,557m (DKK 1,599m)		DKK 519m (DKK 473m)	
AV	B&O PLAY	Automotive	ICEpower
DKK 1,149m (DKK 1,179m)	DKK 408m (DKK 420m)	DKK 444m (DKK 405m)	DKK 75m (DKK 68m)

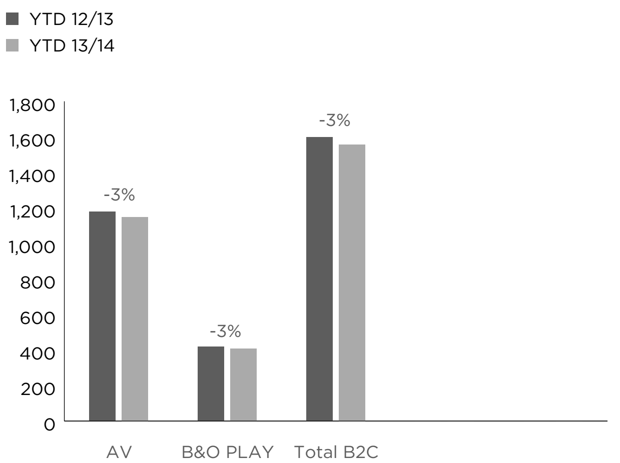
Revenue

The Group's total revenue for the first nine months of the 2013/14 financial year was DKK 2,063 million against DKK 2,074 million last year.

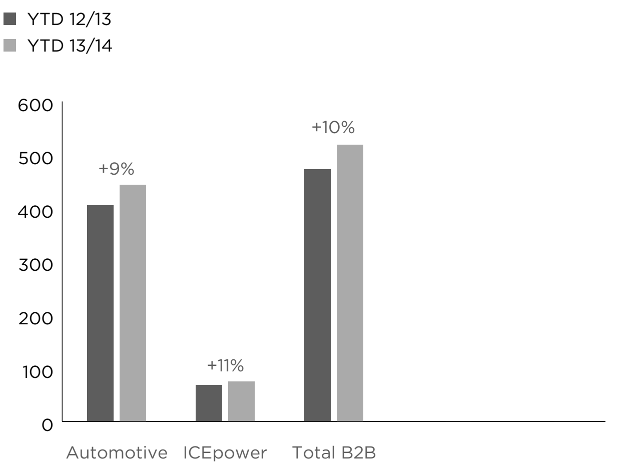
Accumulated the B2C business recorded revenue of DKK 1,557 compared to DKK 1,599 million in the first nine months of the 2012/13 financial year, or a decrease of 3 per cent. This was driven by a 3 per cent decline both in AV and B&O PLAY.

The B2B business recorded revenue of DKK 519 million compared to DKK 473 million in the first nine months of the 2012/13 financial year, which corresponds to an increase of 10 per cent. This was driven by an increase of 9 per cent in the Automotive revenue. Revenue in ICEpower also showed significant improvement and increased by 11 per cent in the first nine months of the 2013/14 financial year compared to the same period last year.

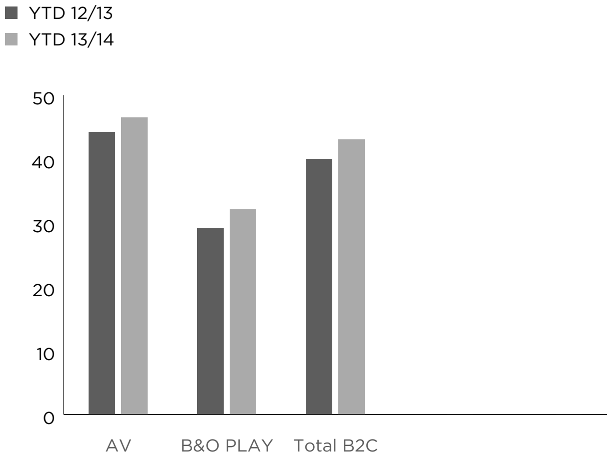
Revenue and growth by segment YTD – B2C (DKK million)



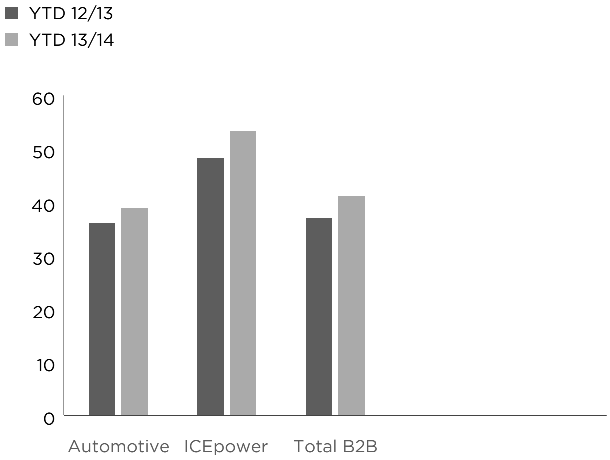
Revenue and growth by segment YTD – B2B (DKK million)



Gross margin by segment YTD – B2C
(%)



Gross margin by segment YTD – B2B
(%)



Gross margin

The Group's gross margin was 42.0 per cent in the first nine months of the 2013/14 financial year compared to a gross margin of 40.1 for the same period last year.

The gross margin in AV was 46.5 per cent compared to 44.2 per cent for the same period last year. The increase in the AV margin is due to product mix where newly launched products have a higher margin.

The gross margin for B&O PLAY in the first nine months of the 2013/14 financial year was 32.1 per cent against a gross margin of 29.1 per cent in the same period last year due to higher margins on new products.

The gross margin in the Automotive segment in the first nine months of the 2013/14 financial year was 36.1 per cent against a gross margin of 36.2 per cent for the same period last year.

The gross margin within the ICEpower segment was 54.3 per cent in the period against a gross margin of 53.3 per cent for the first nine months in the 2012/13 financial year.

Capacity costs
During the first nine months of the 2013/14 financial year, the Group capacity costs decreased by DKK 54 million from DKK 981 million to DKK 927 million this year.

During the first nine months of the 2013/14 financial year the Group incurred non-recurring costs of DKK 15 million compared to DKK 25 million in the same period last year.

Distribution and marketing expenses increased to DKK 579 million in the first nine months compared to DKK 568 million in the same period last year. It is expected that increased marketing activities and the increased number of own stores will result in a higher level of distribution and marketing costs also in the fourth quarter.

Administration costs totalled DKK 54 million in the first nine months of the 2013/14 financial year compared to DKK 64 million incurred in the same period last year. The administration costs included a non-recurring gain of approximately DKK 11 million on the disposal of the land and production facilities owned by Bang & Olufsen s.r.o. in the Czech Republic which were sold at the end of the third quarter as part of a sale and leaseback transaction (refer to note 8). Adjusted for this non-recurring item adminstration costs were on the same level as for the first nine months of the 2012/13 financial year.

Expensed development costs (incl. amortisation and impairment losses) were DKK 295 million for the first nine months of the 2013/14 financial year compared to DKK 348 million for the same period last year. Total amortisation charges and impairment losses on development projects were DKK 178 million compared to DKK 158 million last year. The net effect of capitalisation was positive DKK 5 million compared to a positive effect of DKK 16 million last year, hence resulting in a negative impact from capitalisation of DKK 11 million in the first nine months of the 2013/14 financial year compared to the same period last year.

Capitalised development costs and carrying amount
(DKK million) – YTD

2013/14	B2C	B2B	Total
Capitalised, net	150	63	213
Carrying amount, net	446	246	692

Capitalised development costs and carrying amount
(DKK million) – YTD

2012/13	B2C	B2B	Total
Capitalised, net	100	74	174
Carrying amount, net	420	224	644

During the first nine months of the 2013/14 financial year, the Group's capitalisation rate was 61 per cent compared to 48 per cent during the same period last year. The high level of capitalisation is due to the completion and near-completion of a number of development projects for coming product launches.

In the first nine months of the 2013/14 financial year the capitalised development costs were DKK 213 million, of which DKK 56 million relate to Automotive projects.

During the first nine months reimbursements of DKK 7 million were received from Automotive partners for development projects compared to DKK 8 million in the same period last year. The reimbursements received have been offset directly in intangible assets.

Earnings before interest and tax for the first nine months were negative DKK 61 million against negative DKK 149 million in the same period last year.

Earnings before tax for the first nine months were negative DKK 88 million against negative earnings of DKK 167 million in the same period last year.

Development in balance sheet items and cash flow
Free cash flow in the third quarter was positive at DKK 94 million compared to positive DKK 92 million in the same period last year. In the third quarter of the 2013/14 financial year the disposal of the land and production facilities owned by Bang & Olufsen s.r.o. in the Czech Republic had a positive impact of DKK 79 million, whereas the same period last year was positively impacted by a reduction in net working capital. In the first nine months of the financial year 2013/14 Bang & Olufsen generated a free cash flow of negative DKK 28 million compared to negative DKK 261 million in the same period last year. In addition to the above mentioned disposal of land and production facilities the first nine months free cash flow was positively affected by DKK 54 million relating to sale of tools developed for and sold to Automotive partners for recent product launches (zero last year).

At the end of the third quarter the Group's net working capital was DKK 560 compared to DKK 708 million at the end of the third quarter of the 2012/13 financial year and DKK 630 million at the end of the second quarter of the 2013/14 financial year. The decrease compared to the previous quarter mainly relates to a decrease in trade receivables and inventories offset to a certain extent by a decrease in payables.

The net interest bearing debt decreased to DKK 300 million from DKK 331 million by the end of the third quarter of the 2012/13 financial year, and from DKK 395 million at the end of the second quarter of the 2013/14 financial year. The decrease compared to the previous quarter is primarily caused by lower net working capital and the sale and leaseback transaction as mentioned above.

The Group's equity decreased from DKK 1,640 million at the end of the 2012/13 financial year to DKK 1,550 million at the end of the third quarter this year, which was mainly due to the negative earnings after tax.

The Group equity ratio was 56 per cent at the end of the third quarter of the 2013/14 financial year against 59 per cent at the end of the 2012/13 financial year.

Distribution development

Revenue development by region in the third quarter
In the third quarter of the 2013/14 financial year revenue in Region Europe increased by DKK 50 million to DKK 342 million corresponding to an increase of 17 per cent. The third quarter was positively impacted by strong demand for the newly launched speaker products, especially the BeoLab 18 and AV products in general, while the third quarter last year was adversely affected by the European network restructuring.

Revenue in North America decreased by DKK 7 million to DKK 42 million, corresponding to a decline of 14 per cent compared to the same quarter last year. The revenue generated through B1-distribution was adversely affected by relocation of some of the large stores.

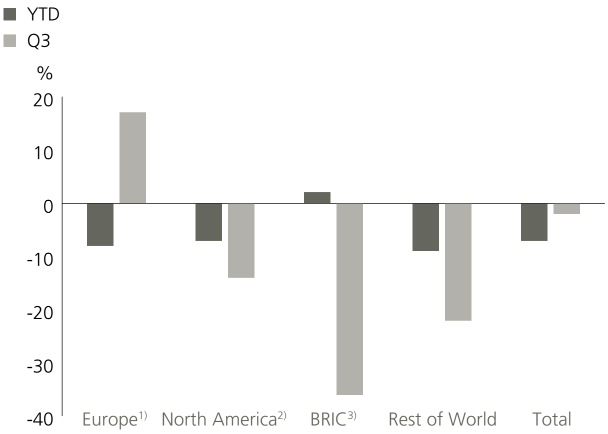
Revenue in BRIC markets decreased by DKK 39 million to DKK 68 million, corresponding to a decline of 36 per cent compared to the same quarter last year. The third quarter last year was positively impacted by DKK 25 milion related to the build-up of inventory for the dedicated B&O PLAY shop-in-shops.

Revenue in Rest of World decreased from DKK 59 million in the third quarter last year to DKK 46 million this year, corresponding to a decrease of 22 per cent.

Revenue through third party channels was DKK 30 million compared to DKK 17 million for the same period last year. The revenue continues to be driven by an increase in the number of new third party retailers.

Revenue development by region YTD
Europe recorded revenue of DKK 943 million in the first nine months of the 2013/14 financial year, compared to DKK 1,026 million in the same period last year, a decline of 8 per cent.

Revenue development by region (Q3 and YTD)



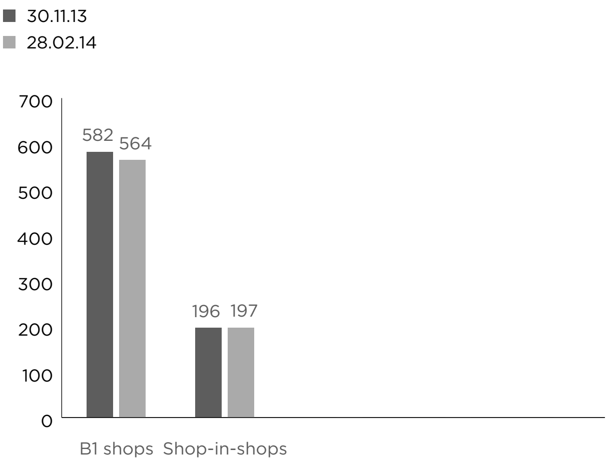
[1] Europe covers Denmark, Norway, Sweden, United Kingdom, Netherlands, Belgium, Germany, Switzerland, Austria, Spain, Italy and France.
[2] North America covers USA, Canada and Mexico.
[3] BRIC covers Brazil, Russia, India, China, Taiwan, Hong Kong and Korea.

North America recorded revenue of DKK 123 million for the first nine months of the 2013/14 financial year, compared to DKK 131 million last year which corresponds to a decline of 7 per cent.

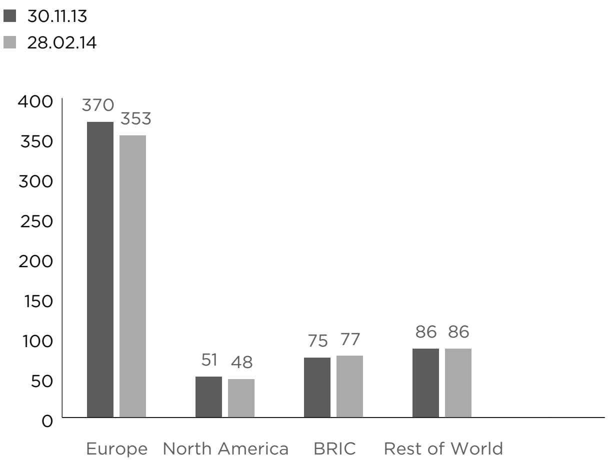
BRIC recorded revenue of DKK 225 million in the first nine months of the 2013/14 financial year, compared to DKK 222 million last year, which is an increase of 2 per cent.

Rest of World recorded revenue of DKK 162 million in the first nine months of the 2013/14 financial year, compared to DKK 177 million last year, i.e. a decrease of 9 per cent.

Number of B1 shops and shop-in-shops



B1 shops by region



Development in the number of shops

Bang & Olufsen continues to focus the distribution on fewer, more productive stores which will enable the retail network to invest in service, events, marketing, store design and other customer focused activities, which will further strengthen the customer experience and ensure a stronger long-term growth for Bang & Olufsen and the network.

By the end of the third quarter, there were 564 B1 shops across the world against 582 at the end of the second quarter of the 2013/14 financial year. Thus, the net movement for the third quarter was a net reduction of 18 shops, with 7 openings and 25 closures.

By the end of February 2014, there were 353 B1 shops in Europe against 370 at the end of the second quarter 2013/14. The net movement in Europe for the third quarter therefore amounts to a net reduction of 17 shops, with 1 opening and 18 closures.

In North America, there were 48 B1 shops, against 51 at the end of the second quarter of the financial year 2013/14. The movement in North America for the third quarter was 3 closures.

In the BRIC markets the number of B1 shops were 77 against 75 at the end of the second quarter of the financial year 2013/14. The net movement for the third quarter is an increase of 2 shops, with 4 openings and 2 closures.

In Rest of world there were 86 B1 shops which is status quo compared to the end of the second quarter of the financial year 2013/14. The movement for the third quarter amounts to 2 openings and 2 closures.

At the end of the third quarter of the 2013/14 financial year, Sparkle Roll had opened 48 dedicated B&O PLAY stores across China, i.e. an increase of 6 from the 42 opened at the end of the second quarter of the financial year 2013/14.

By the end of February 2014 the total number of shop-in-shops, including the B&O PLAY stores owned and operated by Sparkle Roll, was 197 against 196 at the end of the second quarter of the financial year 2013/14.

For the third quarter of the 2013/14 financial year the organic revenue growth in Bang & Olufsen shops with more than 24 months of operations was 21 per cent for B1 shops and 11 per cent for shop-in-shops. Revenue in Europe increased by 17 per cent compared to the same quarter last year despite closing 140 shops in Europe in the last 12 months.

Product launches

In the third quarter of the 2013/14 financial year, Bang & Olufsen launched BeoLink Gateway and BeoLab Transmitter 1/BeoLab Receiver 1. Form 2i was launched under the B&O PLAY brand and ICEpower introduced four new powerful amplifiers utilizing the latest ICEpower technology. After the end of the reporting period, Bang & Olufsen launched BeoSound Essence and announced new sound systems for Audi TT and Aston Martin V8 Vantage N430.

BeoSound Essence

In April Bang & Olufsen launched a new audio system, BeoSound Essence. With BeoSound Essence one touch is all it takes to turn on the tunes and enjoy premium-quality digital music. It is a simple approach to accessing digital music possibilities, whether they are in the cloud or on a smart phone or tablet. BeoSound Essence makes music access as easy as turning on a light switch via its wireless sound wheel, that can be placed anywhere in the room. BeoSound Essence can be combined with any pair of Bang & Olufsen active speakers.

BeoLink Gateway

Bang & Olufsen launched BeoLink Gateway at Integrated Systems Europe (ISE) in February. The BeoLink Gateway hardware and software connects Bang & Olufsen products to other home automation solutions.

BeoLab Transmitter 1/BeoLab Receiver 1

In January Bang & Olufsen launched a WiSA compatible transmitter/receiver set that enables wireless connection between any Bang & Olufsen sound system or television and practically all Bang & Olufsen active speakers. The launch demonstrates Bang & Olufsen's commitment to ensure that existing customers can upgrade their equipment with new exciting technology and features.

Form 2i

The classic Form 2 headphones from B&O PLAY have been updated with microphone, 3-button remote and improved comfort and renamed Form 2i. Form 2i is an ultra-light on-ear headphone with an impressive stereo sound available in a total of 6 colors.

Automotive

After the end of the reporting period Bang & Olufsen has announced new sound systems for Audi TT and Aston Martin V8 Vantage N430.

ICEpower

In January ICEpower introduced four new powerful amplifiers utilizing the latest ICEpower technology – ideal for active subwoofers, active speakers, stereo and surround amplifiers. 300ASC, 300AC and 700ASC are additions to the ICEpower ASC Series, and 700ASX is a cost-effective solution with the same features as other ASX modules.

Expectations to the 2013/14 financial year

The Group's expectations to the 2013/14 financial year remain unchanged from the announcement on 16th of January 2014.

Revenue is expected to show moderate growth compared to the financial year 2012/13.

In the fourth quarter of the 2013/14 financial year, Bang & Olufsen will launch a new generation TV and a new high-end speaker in the wireless speaker range.

The gross margin is expected to increase to a level slightly above the level in the 2012/13 financial year through continued focus on operational and sourcing efficiencies and an increased share of sales of high margin products.

Capacity costs, excluding the increased costs of own retail due to the takeover of the retail operations in China, are expected to be reduced.

The EBIT margin is expected to show significant improvement compared to the 2012/13 financial year to a level around break-even.

MANAGEMENT'S STATEMENT

We have today considered and approved the interim report for the period 1 June 2013 – 28 February 2014 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 28 February 2014 and the results of the Group's operations and cash flows for the period 1 June 2013 – 28 February 2014.

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 earnings 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, 11 April 2014

Executive Management:

Tue Mantoni
President & CEO

Henning Bejer Beck
Executive Vice President & CFO

Board of Directors:

Ole Andersen
Chairman

Jim Hagemann Snabe
Deputy Chairman

Jesper Jarlbæk

André Loesekrug-Pietri

Rolf Eriksen

Majken Schultz

Knud Olesen

Jesper Olesen

Per Østergaard Frederiksen

CONSOLIDATED INCOME STATEMENT

		3rd quarter		**YTD**		**FY**
(DKK million)	Note	2013/14	2012/13	2013/14	2012/13	2012/13
Revenue		**674.5**	**654.6**	**2,062.9**	**2,074.0**	**2,813.9**
Production costs		(386.6)	(426.3)	(1,196.7)	(1,242.9)	(1,718.0)
Gross profit		**287.9**	**228.3**	**866.2**	**831.1**	**1,095.9**
Gross margin, %		42.7	34.9	42.0	40.1	38.9
Development costs	3	(97.6)	(119.3)	(294.6)	(348.1)	(442.4)
Distribution and marketing costs		(207.8)	(201.8)	(579.0)	(568.3)	(754.0)
Administration costs		(10.0)	(21.5)	(53.7)	(64.1)	(85.9)
Earnings before interest and tax (EBIT)		**(27.5)**	**(114.3)**	**(61.1)**	**(149.4)**	**(186.4)**
Share of result after tax in associated companies		-	0.6	-	1.2	1.3
Financial income		0.8	1.8	3.9	6.2	8.6
Financial costs		(10.3)	(13.4)	(30.7)	(24.6)	(33.2)
Financial items, net		(9.5)	(11.6)	(26.8)	(18.4)	(24.7)
Earnings before tax (EBT)		**(37.0)**	**(125.3)**	**(87.9)**	**(166.6)**	**(209.7)**
Income tax for the period		5.1	34.6	11.0	44.1	51.3
Earnings for the period		**(31.9)**	**(90.7)**	**(76.9)**	**(122.5)**	**(158.4)**
Earnings per share						
Earnings per share (EPS) and earnings per share from continuing operations, DKK		(0.8)	(2.3)	(2.0)	(3.2)	(4.3)
Diluted earnings per share (EPS-D) and diluted earnings per share from continuing operations, DKK		(0.8)	(2.3)	(2.0)	(3.2)	(4.3)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3rd quarter		YTD		FY
(DKK million)	2013/14	2012/13	2013/14	2012/13	2012/13
Earnings for the period	**(31.9)**	**(90.7)**	**(76.9)**	**(122.5)**	**(158.4)**
Items that will be reclassified subsequently to the income statement:					
Exchange rate adjustment of investments in foreign subsidiaries	(1.8)	(1.2)	(11.2)	1.2	(3.0)
Change in fair value of derivative financial instruments used as cash flow hedges	(2.3)	3.7	(7.2)	(5.6)	(4.7)
Transfer to the income statement of fair value adjustments of derivative financial instruments used as cash flow hedges, realised cash flows:					
Transfer to revenue	0.6	(0.2)	1.5	(6.4)	(5.8)
Transfer to production costs	(0.8)	(0.8)	(1.6)	4.8	6.2
Income tax on items that may be reclassified to the income statement	0.6	(0.7)	1.8	1.8	1.1
Items that will not be reclassified to the income statement:					
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	(2.7)
Income tax on items that will not be reclassified to the income statement	-	-	-	-	0.7
Other comprehensive income, net of tax	**(3.7)**	**0.8**	**(16.7)**	**(4.2)**	**(8.3)**
Total comprehensive income for the period	**(35.6)**	**(89.9)**	**(93.6)**	**(126.7)**	**(166.7)**

CONSOLIDATED BALANCE SHEET

(DKK million)	28/2/14	28/2/13	31/5/13
Goodwill	62.6	50.1	51.9
Acquired rights	15.7	23.0	20.7
Completed development projects	425.9	448.6	484.7
Development projects in progress	266.2	195.0	178.2
Intangible assets	**770.4**	**716.7**	**735.4**
Land and buildings	111.1	199.6	198.2
Plant and machinery	132.1	144.3	155.6
Other equipment	27.8	34.8	24.4
Leasehold improvements	38.4	17.6	30.2
Tangible assets in course of construction and prepayments of tangible assets	28.5	83.6	67.5
Tangible assets	**337.9**	**479.9**	**475.9**
Investment property	**39.0**	**40.3**	**40.0**
Investments in associates	7.0	5.6	7.0
Other financial receivables	42.6	39.6	43.3
Financial assets	**49.6**	**45.2**	**50.3**
Deferred tax assets	**201.5**	**176.3**	**183.3**
Total non-current assets	**1,398.4**	**1,458.4**	**1,484.9**
Inventories	**620.0**	**704.7**	**572.1**
Trade receivables	449.3	434.2	443.9
Receivables from associates	1.9	4.6	1.8
Corporation tax receivable	34.2	23.5	23.8
Other receivables	54.3	53.6	41.7
Prepayments	52.1	36.8	43.2
Receivables	**591.8**	**552.7**	**554.4**
Cash	**169.1**	**108.8**	**145.9**
Total current assets	**1,380.9**	**1,366.2**	**1,272.4**
Total assets	**2,779.3**	**2,824.6**	**2,757.3**

CONSOLIDATED BALANCE SHEET

(DKK million)	28/2/14	28/2/13	31/5/13
Share capital	392.7	392.7	392.7
Translation reserve	10.8	26.3	22.1
Reserve for cash flow hedges	(3.2)	0.9	4.0
Retained earnings	1,149.4	1,264.0	1,221.2
Total equity	**1,549.7**	**1,683.9**	**1,640.0**
Pensions	13.1	10.1	13.2
Deferred tax	12.9	8.6	13.8
Provisions	55.2	79.3	57.9
Mortgage loans	199.7	207.8	206.1
Other non-current liabilities	2.4	0.9	3.1
Total non-current liabilities	**283.3**	**306.7**	**294.1**
Mortgage loans	7.8	7.1	6.8
Loans from banks	220.0	170.0	150.0
Overdraft facilities	42.0	54.9	56.2
Provisions	28.5	44.0	39.4
Trade payables	346.5	248.8	295.3
Corporation tax payable	30.6	29.8	25.5
Other liabilities	240.9	244.8	226.9
Deferred income	30.0	34.6	23.1
Total current liabilities	**946.3**	**834.0**	**823.2**
Total liabilities	**1,229.6**	**1,140.8**	**1,117.3**
Total equity and liabilities	**2,779.3**	**2,824.6**	**2,757.3**

CONSOLIDATED CASH FLOW STATEMENT

		3rd quarter		YTD		FY
(DKK million)	Note	2013/14	2012/13	2013/14	2012/13	2012/13
Earnings for the period		(31.9)	(90.7)	(76.9)	(122.5)	(158.4)
Amortisation, depreciation and impairment losses		74.6	84.8	253.6	243.3	331.9
Adjustments for non-cash items	4	(4.4)	(31.6)	(23.0)	(46.6)	(68.0)
Change in receivables		70.5	199.7	(27.0)	84.7	80.5
Change in inventories		14.0	143.6	(47.8)	(39.7)	92.8
Change in trade payables etc.		(25.7)	(120.6)	72.0	(137.9)	(117.9)
Cash flows from operations		97.1	185.2	150.9	(18.7)	160.9
Interest received and paid, net		(9.5)	(11.7)	(26.8)	(18.5)	(24.7)
Income tax paid		(0.4)	(1.7)	(4.6)	(4.6)	(9.7)
Cash flows from operating activities		**87.2**	**171.8**	**119.5**	**(41.8)**	**126.5**
Purchase of intangible non-current assets		(70.8)	(66.2)	(226.0)	(179.3)	(263.2)
Purchase of tangible non-current assets		(19.1)	(16.8)	(71.1)	(55.0)	(83.8)
Sale of tangible non-current assets		89.2	0.7	141.9	0.8	4.8
Received reimbursements, intangible non-current assets		3.4	1.6	7.1	7.7	10.9
Change in financial receivables		3.6	0.7	0.7	7.0	3.3
Cash flows from investing activities		**6.3**	**(80.0)**	**(147.4)**	**(218.8)**	**(328.1)**
Free cash flow		**93.5**	**91.8**	**(27.9)**	**(260.6)**	**(201.5)**
Repayment of long-term loans		(2.1)	(1.6)	(5.5)	(4.6)	(6.6)
Proceeds from short-term borrowings		-	(90.0)	70.0	20.0	-
Capital increase		-	(1.7)	-	178.7	178.7
Purchase of own shares		-	-	-	(1.3)	(1.3)
Sale of own shares		0.6	-	0.6	0.5	0.5
Cash flow from financing activities		**(1.5)**	**(93.3)**	**65.1**	**193.3**	**171.2**
Change in cash and cash equivalents		**92.0**	**(1.5)**	**37.2**	**(67.3)**	**(30.3)**
Cash and cash equivalents, opening balance		35.0	54.6	89.7	121.3	121.3
Exchange rate adjustment, cash and cash equivalents		0.1	0.8	0.2	(0.1)	(1.4)
Cash and cash equivalents, closing balance		**127.1**	**53.9**	**127.1**	**53.9**	**89.7**
Cash and cash equivalents:						
Cash		169.1	108.8	169.1	108.8	145.9
Current overdraft facilities		(42.0)	(54.9)	(42.0)	(54.9)	(56.2)
Cash and cash equivalents, closing balance		**127.1**	**53.9**	**127.1**	**53.9**	**89.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(DKK million)	28/2/14	28/2/13	31/5/13
Equity, opening balance	**1,640.0**	**1,626.0**	**1,626.0**
Earnings for the period	(76.9)	(122.5)	(158.4)
Other comprehensive income, net of tax	(16.7)	(4.2)	(8.3)
Comprehensive income for the period	(93.6)	(126.7)	(166.7)
Capital increase	-	178.7	178.7
Grant of share options	2.7	6.7	2.8
Purchase of own shares	-	(1.3)	(1.3)
Sale of own shares	0.6	0.5	0.5
Equity, closing balance	**1,549.7**	**1,683.9**	**1,640.0**

NOTES

1 ACCOUNTING PRINCIPLES

The interim report for Bang & Olufsen a/s has been 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 2012/13 contains a full description of applied accounting principles.

Bang & Olufsen a/s has from 1 June 2013 implemented Amendment to IAS 1 'Presentation of Financial Statements' regarding Presentation of Other Comprehensive income and IAS 19 'Employee benefits (amended 2011)'. Only the changes to IAS 19 regarding pension obligations have an effect on recognition and measurement. The implementation of IAS 19 'Employee benefits (amended 2011)' means that Bang & Olufsen no longer is using the corridor method for actuarial gains and losses. All changes to the expected pension obligations and to the plan assets will be recognised in Other Comprehensive income. Previously the corridor method allowed delayed recognition of certain actuarial gains and losses. The comparative numbers for financial year 2012/13 have been restated, and accumulated actuarial gains and losses as at 31 May 2011 have been recognized directly in equity per 1 June 2012. The effect on the opening equity was DKK 0.6 million, the effect on result after tax and on total comprehensive income for the financial year 2012/13 was positive DKK 1.4 million and negative DKK 2.0 million respectively.

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sales price are usually interdependent because they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognized as income but shall be deferred and amortised over the lease term. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognized immediately. If the sales price is below fair value, any profit or loss shall be recognized immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sales price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used. If the fair value at the time of the sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognized immediately.

Other accounting principles and computation methods applied in the interim report are unchanged compared to the principles applied in the 2012/13 Annual Report.

NOTES

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.

Management have assessed the terms and conditions of the sale and leaseback transaction entered into in the Czech Republic (note 8). Based on the contractual terms including the buy-back clause, the length of the lease period and the minimum lease payments compared to the market value, it has been assessed that the lease does not meet the requirements of a finance lease in accordance with IAS 17 'Leases'. The lease has therefore been classified as an operating lease.

All other 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 2013.

3 DEVELOPMENT COSTS

	3rd quarter		YTD		FY
(DKK million)	2013/14	2012/13	2013/14	2012/13	2012/13
Incurred development costs before capitalisation	74.2	124.8	300.0	364.5	475.8
Hereof capitalised	(35.5)	(61.1)	(182.9)	(174.2)	(250.8)
Incurred development costs after capitalisation	38.6	63.7	117.0	190.3	225.0
Capitalisation (%)	*48.0*	*48.9*	*61.0*	*47.8*	*52.7*
Total amortisation charges and impairment losses on development projects	59.0	55.6	177.5	157.8	217.4
Development costs recognised in the consolidated income statement	**97.6**	**119.3**	**294.6**	**348.1**	**442.4**

4 ADJUSTMENTS FOR NON-CASH ITEMS IN THE CASH FLOW STATEMENT

	3rd quarter		YTD		FY
(DKK million)	2013/14	2012/13	2013/14	2012/13	2012/13
Change in other liabilities	(4.8)	(0.6)	(13.4)	(17.4)	(39.0)
Financial items, net	9.6	11.6	26.8	18.4	24.7
Share of result after tax in associated companies	-	(0.6)	-	(1.2)	(2.6)
Gain/loss on sale of non-current assets	(9.9)	0.2	(8.5)	(0.2)	(1.2)
Tax on earnings for the period	(5.1)	(34.7)	(11.0)	(44.1)	(51.8)
Various adjustments	5.8	(7.5)	(16.9)	(2.1)	1.9
Adjustment for non-cash items	**(4.4)**	**(31.6)**	**(23.0)**	**(46.6)**	**(68.0)**

NOTES

5 SEGMENT INFORMATION

	3rd quarter		YTD		Change, %
(DKK million)	2013/14	2012/13	2013/14	2012/13	YTD
Revenue by segment and business area					
Consumer business (B2C):					
AV	405.7	361.9	1,149.0	1,179.2	(3)
B&O PLAY	122.1	161.9	407.7	419.8	(3)
Total consumer business (B2C)	527.8	523.8	1,556.7	1,599.0	(3)
Business to business (B2B):					
Automotive	129.4	117.8	443.8	405.4	9
ICEpower	22.8	13.3	75.0	67.7	11
Total business to business (B2B)	152.2	131.1	518.8	473.1	10
Elimination of internal revenue	(3.3)	(1.8)	(9.4)	(8.6)	-
Exchange rate adjustments	(2.2)	1.5	(3.2)	10.5	-
Revenue, Group	**674.5**	**654.6**	**2,062.9**	**2,074.0**	**(1)**
Gross margin by business area, %					
Consumer business (B2C):					
AV	45.4	35.1	46.5	44.2	
B&O PLAY	33.7	30.1	32.1	29.1	
Business to business (B2B):					
Automotive	38.8	36.1	36.1	36.2	
ICEpower	53.2	48.3	54.3	53.3	
Gross margin %, Group	**42.7**	**34.9**	**42.0**	**40.1**	

NOTES

5 SEGMENT INFORMATION (CONTINUED)

	3rd quarter		**YTD**		**Change, %**
(DKK million)	2013/14	2012/13	2013/14	2012/13	YTD
Revenue by region					
Consumer business (B2C)					
Bang & Olufsen distribution:					
Europe	341.6	291.7	942.9	1,025.5	(8)
North America	41.9	48.5	122.5	131.1	(7)
BRIC	68.6	107.8	225.3	221.8	2
Rest of world	46.1	58.8	161.5	176.6	(9)
Total Bang & Olufsen distribution	498.2	506.8	1,452.2	1,555.0	(7)
3rd party distribution and e-commerce:					
B&O PLAY	29.6	17.0	104.5	44.0	137
Total 3rd party distribution and e-commerce	29.6	17.0	104.5	44.0	137
Total consumer business (B2C)	527.8	523.8	1,556.7	1,599.0	(3)
Business to business (B2B)					
Automotive	129.4	117.8	443.8	405.4	9
ICEpower	22.8	13.3	75.0	67.7	11
Total business to business (B2B)	152.2	131.1	518.8	473.1	10
Elimination of internal revenue	(3.3)	(1.8)	(9.4)	(8.6)	-
Exchange rate adjustments	(2.2)	1.5	(3.2)	10.5	-
Revenue, Group	**674.5**	**654.6**	**2,062.9**	**2,074.0**	**(1)**

(DKK million)	B2C		B2B			
YTD 2013/14	AV	B&O PLAY	Automotive	ICEpower	Adjustments	Total
Revenue	1,148.9	407.7	443.8	75.0	(12.5)	2,062.9
Production costs	(614.7)	(276.8)	(283.6)	(34.3)	12.7	(1,196.7)
Gross profit	534.2	130.9	160.2	40.7	0.2	866.2
Unallocated costs	-	-	-	-	-	(954.1)
Earnings before tax	-	-	-	-	-	(87.9)

NOTES

6 SHOPS BY REGION – BANG & OLUFSEN DISTRIBUTION (B1 AND SHOP-IN-SHOP)

Number (units)	28/2/14	30/11/13	31/8/13	31/5/13	28/2/13
B1					
Europe	353	370	382	402	419
North America	48	51	53	51	50
BRIC	77	75	75	73	73
Rest of world	86	86	87	85	86
	564	**582**	**597**	**611**	**628**

Number (units)	28/2/14	30/11/13	31/8/13	31/5/13	28/2/13
SHOP-IN-SHOP					
Europe	142	147	153	199	208
North America	5	5	4	4	2
BRIC*)	49	43	28	17	1
Rest of world	1	1	1	1	1
	197	**196**	**186**	**221**	**212**

**) includes Sparkle Roll dedicated B&O PLAY stores*

NOTES

7 BUSINESS COMBINATION

As of 1 June 2013 Bang & Olufsen has taken over 20 shops from the previous master dealer Richcom in China (including Beijing and Shanghai). This is expected to lead the way for further expansion and stronger control of distribution in the BRIC region.

(DKK million)	**2013/14** Richcom
The assumed fair value of acquired assets and liabilities is as follows:	
Other equipment	2.7
Total non-current assets	**2.7**
Inventories	20.3
Total current assets	**20.3**
Acquired net assets	**23.0**
The purchase price is as follows:	
Cash	35.9
Total purchase price	**35.9**
Goodwill	**12.9**
Expected cash flow for acquisition:	
Cash payment	35.9
Less cash and cash equivalents in acquired business	0.0
Expected cash outflow for acquisition	**35.9**

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.

8 SALE AND LEASEBACK

Bang & Olufsen s.r.o. have on 14 February 2014 entered a sale and leaseback agreement with Bidston Management s.r.o. The transaction includes all buildings and installations previously owned by Bang & Olufsen s.r.o.

The net sales price is DKK 79 million which resulted in a profit on disposal of approximately DKK 11 million. The initial lease period is 15 years with annual lease payments of DKK 7.7 million. The tenant has the right to extend the lease by five years for three consecutive periods.

The sales price and the annual lease payments are stated at fair value.

The future lease commitments are as follows:

(DKK million)	
Leasing commitments:	
Land & buildings	115.2
Total	**115.2**
Maturity	
Due within 1 year	7.7
Due 1-5 years	30.7
Due after 5 years	76.8
Total	**115.2**

APPENDIX 1

Earnings by quarter 2013/14:

	2013/14			
(DKK million)	Q1	Q2	Q3	Q4
Revenue	**566.4**	**822.0**	**674.5**	
Gross profit	**227.0**	**351.4**	**287.9**	
Earnings before interest and tax (EBIT)	**(64.2)**	**30.7**	**(27.5)**	
Share of result after tax in associated companies	-	-	-	
Financial items, net	(3.3)	(14.0)	(9.5)	
Earnings before tax (EBT)	**(67.5)**	**16.7**	**(37.0)**	
Income tax for the period	14.7	(8.8)	5.1	
Earnings for the period	**(52.8)**	**7.9**	**(31.9)**	

Accumulated earnings by quarter 2013/14:

	2013/14			
(DKK million)	Q1	Q2	Q3	Q4
Revenue	**566.4**	**1,388.4**	**2,062.9**	
Gross profit	**227.0**	**578.3**	**866,2**	
Earnings before interest and tax (EBIT)	**(64.2)**	**(33.6)**	**(61.1)**	
Share of result after tax in associated companies	-	-	-	
Financial items, net	(3.3)	(17.2)	(26.8)	
Earnings before tax (EBT)	**(67.5)**	**(50.8)**	**(87.9)**	
Income tax for the period	14.7	5.8	11.0	
Earnings for the period	**(52.8)**	**(45.0)**	**(76.9)**	

APPENDIX 1

Earnings by quarter 2012/13:

	2012/13			
(DKK million)	Q1	Q2	Q3	Q4
Revenue	**600.4**	**819.0**	**654.6**	**739.9**
Gross profit	**245.0**	**357.8**	**228.3**	**264.8**
Earnings before interest and tax (EBIT)	**(61.3)**	**26.2**	**(114.3)**	**(37.0)**
Share of result after tax in associated companies	-	0.6	0.6	0.1
Financial items, net	(2.9)	(3.9)	(11.6)	(6.2)
Earnings before tax (EBT)	**(64.2)**	**22.9**	**(125.3)**	**(43.1)**
Income tax for the period	17.0	(7.5)	34.6	7.2
Earnings for the period	**(47.2)**	**15.4**	**(90.7)**	**(35.9)**

Accumulated earnings by quarter 2012/13:

	2012/13			
(DKK million)	Q1	Q2	Q3	Q4
Revenue	**600.4**	**1,419.4**	**2,074.0**	**2,813.9**
Gross profit	**245.0**	**602.8**	**831.1**	**1,095.9**
Earnings before interest and tax (EBIT)	**(61.3)**	**(35.1)**	**(149.4)**	**(186.4)**
Share of result after tax in associated companies	-	0.6	1.2	1.3
Financial items, net	(2.9)	(6.8)	(18.4)	(24.7)
Earnings before tax (EBT)	**(64.2)**	**(41.3)**	**(166.6)**	**(209.7)**
Income tax for the period	17.0	9.5	44.1	51.3
Earnings for the period	**(47.2)**	**(31.8)**	**(122.5)**	**(158.4)**

ADDITIONAL INFORMATION

For further information please contact:

CEO, Tue Mantoni, tel.: +45 9684 5000
CFO, Henning Bejer Beck, tel.: +45 9684 5000
Investors, Claus Højmark Jensen, tel.: +45 2325 1067

Financial calendar

Wednesday 13 August 2014	Annual Report 2013/14
Wednesday 10 September 2014	Annual General Meeting 2013/14
Thursday 2 October 2014	Interim report (1st quarter 2014/15)

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.