

Copenhagen Stock Exchange
Nikolaj Plads 6
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Translation

Struer, 21 August 2006

Report for the 2005/06 financial year for Bang & Olufsen a/s

- The Group's result before tax was DKK 431 million against DKK 380 million last year. This represents an increase of DKK 51 million, or 13 per cent, which is in line with previously announced expectations. The result is based on an increase in turnover of 13 per cent, from DKK 3,742 million to DKK 4,225 million.
- During the year, the Group showed satisfactory turnover development in all European markets. After a difficult start to the year, the UK recorded a 14% increase in turnover during the fourth quarter compared to the previous year. Lower gross margin in the fourth quarter among other due to significant product mix changes.
- During the 2005/06 financial year, a range of new products was launched, including a 40" LCD-TV, BeoVision 7-40, three new loudspeakers, BeoLab 4, Beolab 7-2 and BeoLab 7-4, and two new music systems, BeoSound 3 and BeoSound 4. Moreover, the Group launched BeoMedia, which integrates PC technology into Bang & Olufsen's audio and video systems, a unique mobile phone, Serene, as well as a new system for wireless transfer of high quality sound, BeoLink Wireless 1.
- Bang & Olufsen ICEpower a/s doubled its turnover from DKK 50 to DKK 100 million while the result improved by DKK 28 million from DKK 2 million during the 2004/05 financial year to DKK 30 million in 2005/06.
- The Group's cash flow for the 2005/06 financial year was negative at DKK 229 million after payment of dividend and a share buy-back of DKK 298 million. On the strength of Bang & Olufsen a/s' satisfactory financial status, the Board will recommend that a dividend of DKK 16 per share be paid, corresponding to approx. DKK 199 million, and that, over the quarters, a further approx. DKK 300 million be used for the purchase of own shares.
- Expectations for the 2006/07 financial year are for turnover growth of 8-10 per cent and profits before tax of DKK 460-500 million.

Jørgen Worning
Chairman

Torben Ballegaard Sørensen
President, CEO

Main figures for the Bang & Olufsen a/s Group

Main figures are prepared in accordance with IFRS (International Financial Reporting Standards).

(DKK million)

Main figures for the financial year	2005/06	2004/05
Net turnover	4,225.2	3,742.2
Gross profit	1,942.5	1,736.5
<i>Gross margin</i>	46.0 %	46.4 %
Operating profit	438.9	372.2
Result, associated companies	(1.0)	0.4
Financial items, net	<u>(7.2)</u>	<u>7.2</u>
	(8.2)	7.6
Result before tax	430.7	379.8
Tax on ordinary profit*	<u>(134.7)</u>	<u>(114.9)</u>
Result for the year after tax	<u>296.0</u>	<u>264.9</u>
Result for the year, Bang & Olufsen a/s' share	294.0	265.1
Result for the year, minority interests' share	<u>2.0</u>	<u>(0.2)</u>
Result for the year after tax	<u>296.0</u>	<u>264.9</u>
Balance sheet information	31/5 2006	1/6 2005
Intangible assets	356.2	291.8
Tangible assets	667.4	617.0
Investment properties	0.7	0.8
Financial assets	<u>71.2</u>	<u>80.1</u>
Total non-current assets	<u>1,095.5</u>	<u>989.7</u>
Inventories	567.4	429.7
Receivables	748.6	632.5
Liquid funds	502.5	731.9
Long-term assets determined for sale	<u>1.1</u>	<u>-</u>
Total current assets	<u>1,819.6</u>	<u>1,794.1</u>
Total assets	<u>2,915.1</u>	<u>2,783.8</u>
Equity	1,742.1	1,714.6
Non-current liabilities	402.7	345.8
Current liabilities	<u>770.3</u>	<u>723.4</u>
Total equity and liabilities	<u>2,915.1</u>	<u>2,783.8</u>

*Corporation tax has been calculated as the share of the financial year's expected tax liability relating to the result for the year.

Parentheses denote negative figures or amounts to be deducted.

Development in equity 1/6 – 31/5

	2005/06	2004/05
Equity as at 1 June	1,750.5	1,651.9
Accumulated effect at the beginning of the year of changes to accounting principles applied	<u>(35.9)</u>	<u>(39.9)</u>
Adjusted equity 1 June	<u>1,714.6</u>	<u>1,612.0</u>
Equity and exchange rate adjustments, subsidiaries	(10.7)	5.4
Change in fair value of derivative financial instruments	-	0,2
Issues of employee shares	11.5	7.5
Allocation of share options	5.8	2.9
Tax relating to share options	<u>6.2</u>	<u>0.2</u>
Net income recognised directly in equity	12.8	16.2
Retained earnings	<u>296.0</u>	<u>264.9</u>
Total income	<u>308.8</u>	<u>281.1</u>
Issue of employee shares	5.6	4.0
Purchase of own shares	(148.9)	(105.5)
Sale of own shares	5.3	6.5
Dividend paid	(149.0)	(86.7)
Dividend, own shares	<u>5.7</u>	<u>3.2</u>
	<u>(281.3)</u>	<u>178.5</u>
Equity as at 31 May	<u>1,742.1</u>	<u>1,714.6</u>

Cash flow, main figures 1/6 – 31/5

	2005/06	2005/04
Cash flow from operating activities	394.6	740.1
Cash flow from investment activities	(378.5)	(233.4)
Cash flow from financial activities	<u>(245.5)</u>	<u>(247.8)</u>
Cash flow for the period	<u>(229.4)</u>	<u>258.9</u>

Parentheses denote negative figures or amounts to be deducted.

Comments on the development

Advance in both turnover and profit for the year

In the 2005/06 financial year, the Group recorded a turnover of DKK 4,225 million against DKK 3,742 million last year, equating to an increase of DKK 483 million or 13 per cent. The result before tax totalled DKK 431 million against DKK 380 million last year, i.e. an increase of DKK 51 million or 13 per cent. The result is satisfactory and is in line with the Group's expectations for a result in the region of DKK 420-440 million.

Operating profit for the 2005/06 financial year totalled DKK 439 million against DKK 372 million last year. This corresponds to an advance of DKK 67 million or 18 per cent.

The TV portfolio alone produced a DKK 286 million increase in turnover in 2005/06. The positive development stems from the launch of a complete flat-screen TV portfolio which, with the exception of the US, Japan and Korea, now ranges from a 22" LCD-TV to a 65" plasma TV. As the TV portfolio usually has a lower gross margin than the product portfolio in general, the Group's gross margin for the year has, as expected, fallen from 46.4 per cent to 46.0 per cent, or 0.4 percentage points.

The Group has continued to expand its development activities and development costs incurred total DKK 512 million against DKK 415 million in 2004/05. As a result of capitalisations, DKK 443 million was expensed compared to DKK 393 million last year. The net capitalisation effect on profits for 2005/06 was positive by DKK 69 million against DKK 22 million the previous year.

Distribution and marketing costs increased by DKK 77 million from DKK 834 million to DKK 911 million. The rise is primarily due to costs arising from the acquisition of the Australian distribution, which amounted to DKK 44 million.

Administration costs for the year under review were DKK 150 million against DKK 137 million last year, an increase of DKK 13 million.

Financial items were negative at DKK 7 million, compared to last year's plus of DKK 7 million. The difference of DKK 14 million is due, inter alia, to exchange rate gains of DKK 13 million in 2004/05, whereas in 2005/06, there was an exchange rate loss of DKK 9 million.

The overall tax rate for the year was 31.3 per cent, corresponding to a tax charge of DKK 135 million. For the 2004/05 financial year, the tax charge was 115 million equating to 30.3 per cent. Thus, the year's profit after tax was DKK 296 million against DKK 265 million last year. The Group did not capitalise the value of deferred tax relating to the US.

Fourth quarter

Seen in isolation, turnover for the fourth quarter was slightly better than expected, while the contribution margin was slightly below expectations.

Turnover for the quarter was DKK 1,108 million against DKK 972 million for the fourth quarter last year, equating to growth of DKK 136 million. Operating profit totalled DKK 72 million against DKK 102 million last year, while profits before tax for the fourth quarter totalled DKK 64 million against DKK 109 million last year, mainly due to a lower gross margin during the quarter.

The fourth quarter gross margin was 41.7 per cent, which represents a fall compared to the fourth quarter last year and also compared to the accumulated gross margin of 47.5 per cent at the end of third quarter. The lower

gross margin in the fourth quarter is primarily owing to a shift in the quarter's product mix following the launch of the new mobile phone, Serene, and the significant emphasis on the newly launched BeoVision 7-40 TV.

Moreover, the running-in of certain new production processes, the implementation of the RoHS directive¹ and some instability concerning the supply of critical components temporarily impacted on production efficiency, supply stability and, consequently, the gross margin. The realised gross margin in the first months of the 2006/07 financial year has reverted to the accumulated level for 2005/06.

Distribution and marketing costs for the fourth quarter were DKK 232 million against DKK 207 million for the same quarter last year, i.e. an increase of DKK 25 million, of which DKK 13 million can be attributed to costs relating to the Australian distribution operations.

Financial items during the fourth quarter were negative at DKK 8 million compared to the previous year's gain of DKK 8 million. This development is due to negative exchange adjustments, which were positive last year.

The balance sheet as at end May 2006

The balance sheet increased by DKK 131 million from DKK 2,784 million to DKK 2,915 million during the financial year. The increase is primarily attributable to an increase in the funds tied up in inventories and trade receivables. The Group's inventories increased by DKK 138 million during the financial year, while trade receivables were higher by DKK 106 million, not least as a result of a high fourth quarter turnover.

As at May 31, 2006, capitalised development projects totalled DKK 326 million against DKK 258 million as at May 31, 2005.

Investments (net) totalled DKK 343 million against DKK 223 million last year. Of this, investments in development projects account for DKK 165 million against DKK 111 million last year. Capital investments (net) totalled DKK 172 million against DKK 101 million in 2004/05.

The investment in the new factory in the Czech Republic amounted to DKK 74 million in the 2005/06 financial year.

In May 2006, the Group raised a loan of Euro 10 million in connection with the construction of the factory in the Czech Republic. Repayments on long-term loans totalled DKK 39 million against DKK 70 million last year. Dividend of DKK 149 million was paid during the year and buy back of own shares accounted for DKK 149 million.

Cash flow for the year was negative at DKK 229 million against a positive cash flow of DKK 259 million for 2004/05.

The Board of Directors recommends that a dividend of DKK 16 per share be paid for 2005/06, i.e. approx. DKK 199 million, and that, over the quarters, a further approx. DKK 300 million be used for the purchase of own shares.

As in previous years, the Board of Directors has decided to issue employee shares. Each employee will be allocated up to 12 shares corresponding to the issue of 18,334 employee shares.

¹ During the financial year, the company implemented the new RoHS directive. This is an EU directive which, from July 1, 2006, will restrict the use of hazardous materials in electronics, and which has significantly impacted on the Group's production processes and purchase of raw materials.

Equity was DKK 1,742 million against DKK 1,715 million last year.

Branded business

The Group's branded business comprises the activities marketed under the Bang & Olufsen brand.

Turnover in the Group's branded business for 2005/06 totalled DKK 3,964 million against DKK 3,547 million last financial year, representing an increase of DKK 417 million or 12 per cent.

The result before tax for the Group's branded business was DKK 388 million against DKK 356 million last year, i.e. an improvement of DKK 32 million or 9 per cent.

Development in the markets

Percentage changes are calculated in local currency. Please refer to the supplementary figures in Appendix 4.

UK and Benelux

In the fourth quarter, the UK recorded an increase in turnover of 14% on the same period last year. Although the first three quarters were characterised by a general slowdown, due to fourth quarter growth, turnover for the UK for the financial year reached last year's level and totalled DKK 538 million against DKK 536 million last year. This equates to an advance of DKK 2 million. The total number of B1 shops in the UK rose by 4 and, at the end of the financial year, stood at 98.

Sales in the Benelux region were satisfactory. Two years ago, Bang & Olufsen took over the Dutch distribution after which it was decided to rationalise the sales and distribution activities in the Benelux region. This having been accomplished, the Benelux region recorded growth rates of 20 per cent in Holland and 19 per cent in Belgium. Agreement still has to be reached with the previous Dutch distributor concerning goodwill payment. A settlement is expected to be reached by arbitration.

Scandinavia

In Denmark, Bang & Olufsen, to a considerable extent, succeeded in capitalising on its product launches through its broad and effective distribution network while benefiting from strong Danish retail spending. Denmark is now the Group's largest market. Turnover totalled DKK 558 million against DKK 511 million in 2004/05.

The number of shop in shop outlets fell by 12 to 140 during the financial year. As there was a net addition of 5 B1 shops, there are now 48 B1 shops in all.

In Sweden, the stagnating turnover in 2004/05 was turned into growth of 11 per cent in 2005/06. The improvement to the B1 distribution network contributed to Sweden's good result.

Norway again failed to exploit market potential satisfactorily. As a result, Norway only recorded 3% growth on the year.

Central Europe

Central Europe continues the growth in turnover that has characterised these markets since the start of the financial year. The rise in turnover was most

significant in Switzerland with 18 per cent, while Germany advanced by 14 per cent and Austria by 6 per cent compared to 2004/05.

The continuing positive development in Central Europe stems from three factors. Bang & Olufsen's product portfolio in 2005/06, not least within TV, appealed to consumers. The ongoing rationalisation of the distribution and marketing also made a significant contribution. Finally, the distribution continued to expand with the net addition of 10 B1 shops in the region. Moreover, the upgrading of 22 multi-brand shops to shop in shops was undertaken.

Southern Europe

The Southern European markets, France, Spain, Portugal and Italy, continue their positive development achieving two digit growth rates. France increased turnover by 17 per cent on the year while Spain/Portugal advanced by 25 per cent. Italy also saw positive development with growth of 11 per cent year on year.

Growth in the region is also due to the strong product portfolio and the ongoing efficiency and quality improvements to the distribution. Overall, the region saw a net addition of 10 new B1 shops.

North America

In the US, the wholesale business showed a small advance in turnover on the year. Overall turnover in the US, including sales in own retail shops, was DKK 254 million in 2005/06 against DKK 270 million for the same period last year. The lack of growth in 2005/06 in this market is partly owing to the ongoing reorganisation of the distribution, and partly to bottlenecks on the product side in the form of supply shortages or launch shifts concerning certain key products. The new financial year is expected to see an addition of 5-8 new B1 shops and the product programme is expected to expand through i.e. a new large format TV and a US version of the successful BeoVision 7-40 TV with effect from the second half-year.

Asia and overseas markets

In Asia, focus remains on expanding distribution. Working with partners with extensive brand experience, the strategy is to penetrate these markets with high profile shops in the region's capitals. Bang & Olufsen's two new markets, China and India, are developing positively. Consequently, during the financial year, 5 new shops were opened in China, where the number has now reached 10. One new B1 shop opened in India, which now has a total of 3 B1 shops.

In Japan, the Group recorded a decline, but a revitalised sales organisation and distribution is expected, along with the launch of the new BeoSystem 3 TV product, to provide a platform for renewed growth.

In Australia, in the second quarter, Bang & Olufsen took over the country's 15 B1 shops. The transfer is now complete while efficiency measures and quality improvements to the retail arm and to marketing with a view to ensuring stable growth and earnings continue.

Developments in Russia and in the Middle East were satisfactory with two digit growth rates achieved for the year under review.

Other Asian and overseas markets experienced certain variations in turnover. The result was total sales of DKK 467 million compared to DKK 406 million last year.

Overall distribution development

At the close of the 2005/06 financial year, 1,372 shops worldwide were selling Bang & Olufsen's products. Of these, 725 were B1 shops and 596 shop in shops. 51 shops were operating in the "other" multi-brand shop category.

At the start of the financial year, the Group's objective was to maintain focus on improving the quality of the distribution and open 50 new B1 shops (net) during the year based on the opening of 60-70 shops. While 83 B1 shops were opened or upgraded, 30 B1 shops were closed. Thus 53 B1 shops (net) were opened.

Turnover in B1 shops with a minimum of two years in operation rose by 9 per cent on the year.

New business development

Advanced sound systems for cars (CarFi)

In December, Bang & Olufsen launched its first advanced sound system for cars in close collaboration with Audi. Audi A8 and S8 are the first cars to be equipped with the new system, which is built upon innovative Bang & Olufsen technologies, including the digital ICEpower amplifier technology and the acoustic lens that optimises sound performance of treble and mid-range in the cabin.

This advanced sound system sets new standards for high-end car stereo, with Bang & Olufsen Advanced Sound System winning several prizes and awards.

The system has been particularly well received in the market, with sales exceeding expectations.

Sales to the hotel industry

During the financial year, the Group increased its global efforts with regard to sales of audio/video equipment to the hotel industry. At the close of the financial year, Bang & Olufsen's products were presented in more than 100 five-star hotels across the world.

Turnover within the hotel area (Enterprise) totalled DKK 55 million against DKK 39 million the previous year, corresponding to an advance in turnover of DKK 16 million.

Besides the continued co-operation with the Hyatt, Radisson Edwardian, Starwood and Rocco Forte hotel chains, solutions have been supplied to more prestige hotels, and partnership agreements have been signed with the five-star hotel chains, Four Seasons, Mandarin Oriental and Shangri-La. This offers Bang & Olufsen the opportunity to obtain orders for audio/video solutions for these hotels over the next few years.

Production and development

The establishment of the new 14,000 square metre production facility in the Czech Republic has proceeded as planned. At the end of January, the builders put the finishing touches to the new factory in Koprivnice, and a few days later, the first finished products were despatched from the new production facility in the Czech Republic. During the fourth quarter, the spare parts warehouse was also relocated from Struer to the new factory where, by the end of the financial year, 146 people were employed. It is expected that staffing will reach the planned level of 200 in the spring of 2007.

Work continues on the globalisation of the Group's development activities and the network of development partners has been expanded to partners in Rumania, India and Taiwan. In addition, the Group has acquired the majority shareholding in the software company, Liewenthal, in Estonia.

Product launches during the year

The Group's massive effort with regard to product development resulted in a range of strong, new products during the financial year 2005/06.

In the second quarter, the Group introduced BeoVision 7-40, a 40" LCD-TV with an integrated DVD player and unique picture quality. The TV is supported by two differing sound concepts: BeoLab 7-2 is a powerful stereo center loudspeaker, while BeoLab 7-4, with its acoustic lens technology, has been specially developed for surround sound for home cinema. Both television and loudspeakers have won several renowned awards. In the second quarter, the Group also introduced BeoLab 4, a compact and highly flexible loudspeaker at an attractive price point. The loudspeaker can be combined with BeoSound 4 and other Bang & Olufsen music systems and is also highly suitable as a PC loudspeaker.

In the third quarter, the mobile phone, Serene, was successfully launched in Europe, Ukraine and Russia. The telephone was designed by Bang & Olufsen and developed and produced in partnership with Samsung.

In the audio and acoustic area, the Group launched a range of new audio products in the fourth quarter, which are unique in concept, functionality and design. BeoSound 4 is a stationary music system with CD, FM and digital radio (optional), while BeoSound 3 is a genuine portable solution with an integrated, rechargeable battery, soft-touch operation and clock-radio function. The two music systems, BeoSound 4 and BeoSound 3 both have digital SD-card functionality. BeoSound 4 makes it easy to copy CDs to the SD-card, which can be played back on BeoSound 3 or on MP3-players as Bang & Olufsen's BeoSound 2.

During the financial year, the Group also launched BeoMedia, which integrates PC and internet access into Bang & Olufsen systems, and the first wireless solution for sound distribution in an uncompromising quality throughout the home, BeoLink Wireless 1.

Non-branded business

The Group's non-branded business encompasses the activities marketed independently of the Bang & Olufsen brand, i.e. Bang & Olufsen Medicom a/s and Bang & Olufsen ICEpower a/s.

Bang & Olufsen Medicom a/s develops and manufactures products for the medico-technical and pharmaceutical industries, while Bang & Olufsen ICEpower a/s develops and manufactures efficient, compact and intelligent amplifier modules that are sold to Bang & Olufsen itself and to external partners.

Bang & Olufsen Medicom a/s

During the financial year, Medicom received new orders and increased sales to existing customers. Turnover for Bang & Olufsen Medicom totalled DKK 198 million for the financial year against DKK 184 million last year, equating to an advance of DKK 14 million or 8 per cent. The result before tax was a

profit of DKK 13 million against DKK 22 million last year, i.e. a fall in pre-tax profits of DKK 9 million.

The decline in profits is due to a lower gross margin compared to last year when a project-based non-recurring income occurred. The company's development costs during the financial year totalled DKK 13 million against DKK 8 million in 2004/05, and relate to the continued strengthening of the product portfolio within medico-technical products, i.e. within "Patient Compliance Devices", where Medicom has a strong position in the new and growing market for medical dosing systems.

Bang & Olufsen ICEpower a/s

Turnover for Bang & Olufsen ICEpower doubled during the financial year from DKK 50 million to DKK 100 million. The turnover partly derives from royalties in connection with the sale of amplifier technology and acoustic solutions for major partners, including Samsung, and income realised in connection with sales of standard amplifier modules. More than 90% of ICEpower's turnover is externally based.

As ICEpower continues to invest in technology development, the drive to attract new customers remains a focus area. The result before tax was a profit of DKK 30 million against a profit of DKK 2 million last year, i.e. an improvement of DKK 28 million.

Expectations for the 2006/07 financial year

Expectations for the new financial year:

Turnover in the branded business

The aim is to generate growth in turnover through organic growth and the expansion of new business areas. The following factors are considered the most important in achieving the goal:

1. Product portfolio

The year will offer a broad portfolio of differentiated products in order to ensure the right balance in the product mix. Of the anticipated product launches in 2006/07, the following should be mentioned:

- BeoSystem 3 was rolled out in Japan and USA in July and launched in Europe in August. BeoSystem 3 is a strong, global TV platform, which sets new standards for picture quality and sound performance.
- In the first and second quarter, the Group expects to launch a new audio/video centre, BeoCenter 6-23 and BeoCenter 6-26. It comes with a 23" and a 26" screen respectively and with integrated FM and digital radio. BeoCenter 6, in its expression, builds on the successful BeoVision 6 family.
- The second quarter is also expected to see the launch of a blue-tooth earset, Earset 2, which, with two microphones and a special microprocessor, can filter away any disturbing sound and ensure very high sound quality.
- In addition, during the second quarter, Bang & Olufsen will launch a quality loudspeaker, BeoVox 1, which can be built directly into the wall, a so-called "in-wall speaker", which, for in-

stance, builds on the CarFi experience. This loudspeaker can be used everywhere in the home, including wet rooms, as well as an outdoor loudspeaker.

- In the second quarter and starting on the US market, Bang & Olufsen will roll out a new global flagship within flat-screen TVs, which, together with the loudspeaker programme, will offer a special cinematic experience.
- In the third quarter, a new loudspeaker, BeoLab 9, will also be launched. It will appear in a pioneering design and incorporate Bang & Olufsen's advanced lens technology. BeoLab 9 will be equipped with a particularly powerful amplifier to ensure highly authentic sound. In performance as well as price level, BeoLab 9 will occupy the position previously held by the large column-shaped loudspeaker, BeoLab 1.
- The second half-year will see the launch of the new TV concept, BeoVision 8. This is targetted at customers who have so far purchased the classic Bang & Olufsen MX-series, and will be available in two screen sizes, a 26" version and a 32" version. This TV, like the MX series, has a 'casual' design and is easy to place.
- In the fourth quarter, the successful BeoVision 7, 40", will be launched in the US, Japan and Korea.
- In the fourth quarter, the Group further expects to launch an integrated DVD-recorder/player.

2. Distribution development

During the 2005/06 financial year, Bang & Olufsen added 53 B1 shops to its distribution. The Group expects to maintain this positive development through a net addition of approx. 50 new B1-shops in 2006/07.

3. Marketing

In its marketing, the Group will continue to focus on the brand's substance and product-related qualities. The aim remains to improve and intensify efficient dialogue marketing, where the individual customer has closer links to the individual Bang & Olufsen shop and to the brand. Bang & Olufsen will maintain its general communication presence through for instance national and international advertising.

4. New business areas (CarFi)

During the new financial year, Bang & Olufsen expects to announce further contracts for other Audi models. Moreover, selective sales and prototype work is in progress vis-a-vis other leading car makers, and the Group expects to announce new partnership agreements during 2006/07. In total, Automotive is expected to record a turnover of between DKK 50-70 million in 2006/07. In terms of profit contribution, however, this business area will continue to impact negatively on the Group's EBIT, as new projects require both investment and costs in the 1-2 years prior to the launch. On the backdrop of the successful launch of the sound system in A8/S8 as well as the forthcoming new products, it is expected that the CarFi area will account for substantial business within the next few years.

Profitability

On the cost side, a high level of activity in the development area is expected to continue, while the increase in development costs within the audio/visual area will be slightly lower than over the past two to three years. The net effect of capitalised development costs will, therefore, be lower than last year.

It is anticipated that the gross margin for the year will be on a par with the 2005/06 financial year.

Non-branded business

ICEpower is expected to maintain its positive development, both through royalties and through the sale of standard amplifier modules. Bang & Olufsen Medicom's turnover is expected to fall below last year's level and profits to be around zero as a key production agreement has been terminated as was expected.

Expectations for the Group's result for 2006/07

The summer months have proceeded satisfactorily with turnover above last year. For the 2006/07 financial year, expectations are for turnover growth of 8-10 per cent and profits before tax of DKK 460 – 500 million.

Capital structure

Bang & Olufsen operates in a sector with very frequent and significant changes in technology. Distribution development largely takes place through retailer-owned shops, but in certain markets it might be necessary to acquire established retail networks. The draw on liquidity in individual financial years is characterised by considerable seasonal variations. The Group will occasionally be faced with small or medium-sized acquisition opportunities within new business areas and new fields of technology.

On the backdrop of this, Bang & Olufsen has a need for sufficient capital reserves and the Group will therefore, as a long-term average, aim at a solvency ratio of 40-50% and net interest-bearing debts in a range between 0.25 and 2.00 times earnings before interest, depreciation, amortisation and tax (EBIDAT).

Excess liquidity will be used either for dividend or for purchase of own shares. The Group's dividend policy states that no less than one third of the company's profits after tax be paid as dividend. Based on the above policy and due to the company's strong financial position, the Board of Directors recommends that a dividend of DKK 16 per share be paid for 2005/06, i.e. approx. DKK 199 million, equating to two-thirds of the year's profits after tax, and that, over the quarters, a further approx. DKK 300 million be used for the purchase of own shares.

Ambitions for the next four years

Last year, Bang & Olufsen declared its ambition of achieving a level of turnover of around DKK 6 billion within five years. This to be achieved at the same time as profitability with an EBIT of at least 10% is maintained. Based on the recently presented accounts the company believes that the ambition is both intact and realistic.

The Board of Directors' resolutions and recommendations to the Annual General Meeting

The Board of Directors recommends to the Annual General Meeting:

- a. That the Board of Directors, on behalf of the company, is authorised – within 18 months from the date of the Annual General Meeting – to acquire up to 10% of the company's share capital at a price which must not exceed 10% above or below the most recent price quoted for ordinary shares on the Copenhagen Stock Exchange.
- b. That a dividend of DKK 16 be paid per nominal share of DKK 10, bringing the total dividend to approx. DKK 199 million. Last year, the dividend was DKK 12 per nominal share of DKK 10, corresponding to a dividend of DKK 149 million.

The printed annual report will be sent to shareholders who request it no later than September 19, 2006. The report will also be available from www.bang-olufsen.com from the same date.

The Annual General Meeting will be held on Thursday, September 28 at 16.30 at Struer Gymnasium.

Dividend payment is expected to take place on Wednesday, October 4, 2006.

Statement by the Management on the Annual Report

The Board of Directors and the Management have today considered and adopted the preliminary announcement of annual report and the annual report for 2005/06 for Bang & Olufsen a/s. The report is presented in accordance with International Financial Reporting Standards as endorsed by the European Union as well as further Danish requirements on the presentation of financial statements for listed companies.

We consider the applied accounting policies to be appropriate so that the annual report provides a true and fair view of the Group's and Parent Company's assets, liabilities, financial position and result as well as the Group's cash flow.

Struer, 21 August 2006

The Board of Directors of Bang & Olufsen a/s

Jørgen Worning

Torsten Erik Rasmussen

Peter Skak Olufsen

Preben Damgaard Nielsen

Lars Brorsen

Thorleif Krarup

Ole Christian Olesen

John Christoffersen

Knud Olesen

The Board of Management of Bang & Olufsen a/s

Torben Ballegaard Sørensen

Peter Thostrup

Appendix 1

Accounting principles applied

As of 1 June 2005 the consolidated and the separate financial statement for Bang & Olufsen a/s is prepared in accordance with the International Financial Reporting Standards (IFRS). The comparative figures for 2004/05 have been changed accordingly. For further information please refer to the announcement to the Copenhagen Stock Exchange as of 3 October 2005 regarding the Group's transition to presentation of financial statements according to the IFRS.

The annual report for Bang & Olufsen is prepared in accordance with IFRS and further Danish information requirements for the presentation of financial statements for listed companies. Further Danish information requirements for the presentation of financial statements are issued in the IFRS-announcement, which is issued with reference to the Danish Financial Statements Act, and by the Copenhagen Stock Exchange. IFRS is implemented so that the annual report is also within the provisions in the International Financial Reporting Standards that have been endorsed by the European Union.

Main and key figures - Bang & Olufsen a/s

1/6 2005 – 31/5 2006

(DKK million)	2005/06	2004/05*	2003/04	2002/03	2001/02
Profit and loss account					
Net turnover	4,225	3,742	3,613	3,974	4,212
Turnover on foreign markets as percentage of the above	82	82	83	81	81
Operating profit	439	372	334	296	260
Financial items, net	(8)	8	7	(9)	(35)
Result before tax	431	380	341	290	228
Group result	296	265	266	193	138
Result for the year, Bang & Olufsen a/s' share	294	265	264	190	149
Balance sheet					
Total assets, end of year	2,915	2,784	2,741	2,572	2,504
Share capital	125	124	124	134	134
Equity, end of year	1,742	1,715	1,652	1,551	1,406
Investment in tangible fixed assets	(185)	(123)	(138)	(132)	(150)
Minority interests	4	2	2	1	-
Cash flow for the year					
(229)	259	28	296	184	
Of which cash flow from:					
Operating activity	395	740	447	643	433
Investment activity	(379)	(233)	(195)	(245)	(224)
- of which investment in tangible fixed assets	(185)	(123)	(138)	(132)	(150)
- of which investment in intangible fixed assets	(171)	(125)	(147)	(146)	(85)
Financing activity	(246)	(248)	(224)	(102)	(25)
Employment					
Number of employees at year-end	2,422	2,331	2,339	2,636	2,871
Key figures					
Profit ratio, %	10	10	9	7	6
Rate of return, %	20	18	15	13	11
Return on equity, %	17	16	17	13	10
Return on invested capital, excl. goodwill, %	63	58	54	47	35
Return on equity, %	17	16	16	13	10
Current ratio	2.3	2.5	2.6	2.6	2.1
Equity ratio, %	60	62	60	60	56
Financial gearing	0.5	0.6	0.5	0.5	0.4
Net turnover / Invested capital, excl. goodwill	2.6	2.7	3.3	3.5	3.7
Result per share (nom. DKK 10), DKK	25	22	22	15	11
Intrinsic value per share (nom. DKK 10), DKK	140	141	133	115	112
Quotation as at 31 May	680	389	355	159	235
Price/earnings	27	18	16	10	21
Quotation / Intrinsic value	4.9	2.8	2.7	1.4	2.1
Dividend paid / proposed per share (nom. DKK 10), DKK	16.00	12.00	7.00	7.00	3.50

* Comparative figures for 2004/05 are adjusted to IFRS.

Parentheses denote negative figures.

Appendix 1 (continued)

Definitions of key figures:

Profit ratio:	$\frac{\text{Operating profit} \times 100}{\text{Net turnover}}$
Rate of return:	$\frac{\text{Operating profit} \times 100}{\text{Average operational assets}}$
Return on invested capital, excl. goodwill:	$\frac{\text{Operating profit before depreciation and goodwill write offs}}{\text{Average invested capital, excl. goodwill}}$
Return on equity:	$\frac{\text{Bang \& Olufsen a/s' share of result for the year} \times 100}{\text{Average equity, excl. minority interests}}$
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Equity ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total equity and liabilities, end of year}}$
Financial gearing:	$\frac{\text{Interestbearing debt (net) end of year}}{\text{Equity, end of year}}$
Result per share (nominel DKK 10), DKK:	$\frac{\text{Result after tax}}{\text{Average number of circulating shares}}$
Intrinsic value per share (nom. DKK 10), DKK:	$\frac{\text{Equity, end of year}}{\text{Number of shares, end of year}}$
Price / earnings:	$\frac{\text{Quotation}}{\text{Result per share (nom. DKK 10)}}$

Main and key figures for 2004/05 and 2005/06 have been prepared in accordance with IFRS. The comparative figures for previous years have not been adjusted to IFRS, but are prepared in accordance with the company's accounting principles as valid at the time and as based on the Danish Financial Statements Act.

Option schemes

The market value of the options has been calculated on the basis of the Black-Scholes model for determining the value of options. For the approximated valuation of the options for 2006/07, an average addition of 2.41 % and a volatility of 29.59 % have been used. The risk-free interest (swap interest, mid-price) has for 2006/07 been calculated for the 5th year at 4.09 %, and the expected term is fixed for the expiry of the maturity period.

Appendix 2

Annual report for the financial year 1/6 2005 to 31/5 2006

(DKK million)	Branded business	Non-branded business		Other/ eliminations	B&O a/s Group
	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s		
Net turnover	3,963.9	198.4	100.4	(37.5)	4,225.2
Internal turnover	<u>(26.0)</u>	<u>(1.4)</u>	<u>(10.1)</u>	<u>37.5</u>	<u>-</u>
External turnover	<u>3,937.9</u>	<u>197.0</u>	<u>90.3</u>	<u>-</u>	<u>4,225.2</u>
Operating profit	<u>397.8</u>	<u>14.0</u>	<u>27.1</u>	<u>-</u>	<u>438.9</u>
Result before tax	<u>388.1</u>	<u>12.7</u>	<u>29.9</u>	<u>-</u>	<u>430.7</u>

Annual report for the financial year 1/6 2004 to 31/5 2005

(DKK million)	Branded business	Non-branded business		Other/ eliminations	B&O a/s Group
	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s		
Net turnover	3,547.3	183.8	50.2	(39.1)	3,742.2
Internal turnover	<u>(24.3)</u>	<u>-</u>	<u>(14.8)</u>	<u>39.1</u>	<u>-</u>
External turnover	<u>3,523.0</u>	<u>183.8</u>	<u>35.4</u>	<u>-</u>	<u>3,742.2</u>
Operating profit	<u>345.2</u>	<u>24.7</u>	<u>2.3</u>	<u>-</u>	<u>372.2</u>
Result before tax	<u>356.0</u>	<u>22.1</u>	<u>1.7</u>	<u>-</u>	<u>379.8</u>

Parentheses denote negative figures or amounts to be deducted.

Appendix 3

Profit and loss account

Bang & Olufsen a/s

(DKK million)

	Group		Parent company	
	2005/06	2004/05	2005/06	2004/05
Net turnover	4,225.2	3,742.2	914.1	265.1
Production costs	(2,282.8)	(2,005.7)	(387.3)	(252.7)
Gross profit	1,942.4	1,736.5	526.8	12.4
Development costs	(442.9)	(393.3)	(439.4)	-
Distribution and marketing costs	(910.6)	(833.6)	-	-
Administration costs etc.	(150.0)	(137.4)	(31.2)	(20.4)
Operating profit	438.9	372.2	56.2	(8.0)
Result from investments in associated companies after tax	(1.0)	0.4	-	-
Impairment of investments in associated companies	-	-	(17.0)	-
Dividend	-	-	200.0	132.0
Financial income	17.7	30.7	13.4	50.4
Financial costs	(24.9)	(23.5)	(19.9)	(21.9)
Financial items, net	(7.2)	7.2	(6.5)	28.5
Result before tax	430.7	379.8	232.7	152.5
Tax on result for the year	(134.7)	(114.9)	(10.1)	(6.5)
Result for the year	296.0	264.9	222.6	146.0
Attributable to:				
Equity holders of the parent company	294.0	265.1		
Minority interests	2.0	(0.2)		
	296.0	264.9		
Earnings per share				
Basic earnings per share, DKK	24.8	21.9		
Diluted earnings per share, DKK	24.7	21.9		
Basic earnings per share from continuing operations, DKK	24.8	21.9		
Diluted earnings per share from continuing operations, DKK	24.7	21.9		

Proposed profit distribution:

Retained earnings	23.4	(2.9)
Proposed dividend for the financial year	199.2	148.9
	222.6	146.0

The proposed dividend corresponds to a dividend of DKK 16 per share (DKK 12 in 2004/05).

Parentheses denote negative figures or amounts to be deducted.

Assets

Bang & Olufsen a/s

(DKK million)

	Group		Parent company	
	31/05 - 06	31/05 - 05	31/05 - 06	31/05 - 05
Intangible assets				
Goodwill	18.0	19.3	3.2	3.2
Acquired rights	12.1	14.3	8.3	10.4
Completed development projects	216.3	176.3	186.1	-
Development projects in progress	109.8	81.9	100.4	-
Total intangible assets	<u>356.2</u>	<u>291.8</u>	<u>298.0</u>	<u>13.6</u>
Tangible assets				
Land and buildings	332.8	282.5	91.0	98.0
Plant and machinery	200.7	201.5	11.2	7.0
Other equipment	58.2	49.7	31.9	12.6
Leasehold improvements	26.6	29.9	0.2	0.5
Tangible assets in progress and prepayments for tangible assets	49.1	53.4	4.1	0.5
Total tangible assets	<u>667.4</u>	<u>617.0</u>	<u>138.4</u>	<u>118.6</u>
Investment property	<u>0.7</u>	<u>0.8</u>	<u>87.4</u>	<u>93.6</u>
Financial assets				
Investments in subsidiaries	-	-	728.2	862.7
Investments in associated companies	6.0	7.0	-	17.0
Deferred tax assets	28.8	44.4	-	4.0
Other financial receivables	36.4	28.7	-	-
Total financial receivables	<u>71.2</u>	<u>80.1</u>	<u>728.2</u>	<u>883.7</u>
Total non-current assets	<u>1,095.5</u>	<u>989.7</u>	<u>1,252.0</u>	<u>1,109.5</u>
Inventories	<u>567.4</u>	<u>429.7</u>	<u>0.2</u>	<u>0.2</u>
Receivables				
Trade receivables	655.1	548.8	-	-
Receivables from subsidiaries	-	-	156.8	92.7
Corporation tax receivable	16.6	22.6	14.8	-
Other receivables	51.4	45.9	12.6	2.8
Accruals	25.5	15.2	4.0	3.3
Total receivables	<u>748.6</u>	<u>632.5</u>	<u>188.2</u>	<u>98.8</u>
Liquid funds	<u>502.5</u>	<u>731.9</u>	<u>306.1</u>	<u>537.4</u>
Non-current assets classified as held for sale	<u>1.1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>1,819.6</u>	<u>1,794.1</u>	<u>494.5</u>	<u>636.4</u>
Total assets	<u>2,915.1</u>	<u>2,783.8</u>	<u>1,746.5</u>	<u>1,745.9</u>

Liabilities

Bang & Olufsen a/s

(DKK million)

	Group		Parent company	
	31/05 - 06	31/05 - 05	31/05 - 06	31/05 - 05
Equity				
Share capital	124.5	124.1	124.5	124.1
Share premium account	14.6	9.4	14.6	9.4
Translation reserve	(4.7)	1.1	-	-
Retained earnings	1,603.6	1,577.9	1,256.0	1,299.1
Equity attributable to equity holders of the parent company	1,738.0	1,712.5	1,395.1	1,432.6
Minority interests	4.1	2.1	-	-
Total equity	1,742.1	1,714.6	1,395.1	1,432.6
Non-current liabilities				
Pensions	15.5	8.5	-	-
Deferred tax	63.7	65.5	62.7	-
Provisions	86.6	63.6	4.6	1.4
Mortgage loans	107.2	120.7	66.9	79.3
Loans from banks etc.	129.7	87.5	62.5	87.5
Total non-current liabilities	402.7	345.8	196.7	168.2
Current liabilities				
Mortgage loans	44.9	37.4	37.5	37.4
Loans from banks etc.	1.4	1.8	-	-
Provisions	31.1	50.9	0.2	0.2
Trade payables	208.0	208.0	29.0	16.5
Corporation tax	78.3	72.0	-	30.7
Other payables	366.7	311.8	88.0	60.2
Accruals	39.9	41.5	-	0.1
Total current liabilities	770.3	723.4	154.7	145.1
Total liabilities	1,173.0	1,069.2	351.4	313.3
Total equity and liabilities	2,915.1	2,783.8	1,746.5	1,745.9

Cash flow statement

Bang & Olufsen a/s

(DKK million)

	Group		Parent company	
	2005/06	2004/05	2005/06	2004/05
Result for the year	296.0	264.9	222.6	146.0
Depreciations, amortisations and impairment losses	232.3	243.5	138.5	35.3
Adjustments	162.1	111.8	30.1	(7.4)
Change in working capital	(188.2)	69.8	(76.7)	157.1
Interest received etc.	17.7	30.7	13.4	50.4
Interest paid etc.	(24.9)	(23.5)	(19.9)	(21.9)
Corporation tax paid	(100.4)	42.9	(43.6)	51.9
Cash flow from operating activities	394.6	740.1	264.4	411.4
Purchase of non-current intangible assets	(171.4)	(124.7)	(151.6)	(8.9)
Purchase of non-current tangible assets	(185.2)	(122.9)	(23.5)	(12.0)
Additions regarding investment property	-	-	(2.3)	-
Sale of non-current intangible assets	-	2.1	-	-
Sale of non-current tangible assets	13.5	22.1	0.3	4.1
Additions regarding investments in subsidiaries	-	-	-	(44.4)
Dividend received from associated company	-	2.0	-	-
Acquisitions of activities	(27.7)	-	-	-
Change in financial receivables	(7.7)	(12.0)	-	-
Cash flow from investment activities	(378.5)	(233.4)	(177.1)	(61.2)
Proceeds from long-term loan	74.6	-	-	-
Repayment of long-term loans	(38.8)	(69.5)	(37.3)	(37.4)
Dividend paid	(149.0)	(86.7)	(149.0)	(86.7)
Dividend, own shares	5.7	3.2	5.7	3.2
Repurchase of own shares	(148.9)	(105.5)	(148.9)	(105.5)
Subscription of employee shares	5.6	4.0	5.6	4.0
Tax relating to share option programme	-	0.2	-	-
Sale of own shares	5.3	6.5	5.3	6.5
Cash flow from financing activities	(245.5)	(247.8)	(318.6)	(215.9)
Change in liquid funds - cash flow for the year	(229.4)	258.9	(231.3)	134.3
Liquid funds 1 June	731.9	473.0	537.4	403.1
Liquid funds 31 May	502.5	731.9	306.1	537.4

Parentheses denote negative figures or amounts to be deducted.

Equity statement

Bang & Olufsen a/s, Group

(DKK million)

	Equity attributable to equity holders of the parent company				Minority interests	Total
	Share capital	Share premium account	Translation reserve	Retained earnings		Equity Group
Equity 1 June 2004	123.8	5.7	-	1,522.4	-	1,651.9
Accumulated effect at the beginning of the year from changes to accounting principles applied	-	-	0.1	(42.3)	2.3	(39.9)
Adjusted equity as at 1 June 2004	123.8	5.7	0.1	1,480.1	2.3	1,612.0
Exchange rate and equity adjustments in subsidiaries	-	-	1.0	4.4	-	5.4
Change in fair value of financial instrument	-	-	-	0.2	-	0.2
Subscription of employee shares	-	-	-	7.5	-	7.5
Grant of share options	-	-	-	2.9	-	2.9
Tax related to share options	-	-	-	0.2	-	0.2
Net income recognised directly in equity	-	-	1.0	15.2	-	16.2
Retained earnings	-	-	-	265.1	(0.2)	264.9
Total recognised income and expense for the period	-	-	1.0	280.3	(0.2)	281.1
Subscription of employee shares	0.3	3.7	-	-	-	4.0
Purchase of own shares	-	-	-	(105.5)	-	(105.5)
Sale of own shares	-	-	-	6.5	-	6.5
Dividend paid regarding 2003/04	-	-	-	(86.7)	-	(86.7)
Dividend, own shares	-	-	-	3.2	-	3.2
	0.3	3.7	-	(182.5)	-	(178.5)
Equity 31 May 2005	124.1	9.4	1.1	1,577.9	2.1	1,714.6
Equity 1 June 2005	124.1	9.4	-	1,617.0	-	1,750.5
Accumulated effect at the beginning of the year from changes to accounting principles applied	-	-	1.1	(39.1)	2.1	(35.9)
Adjusted equity as at 1 June 2005	124.1	9.4	1.1	1,577.9	2.1	1,714.6
Exchange rate and equity adjustments in subsidiaries	-	-	(5.8)	(4.9)	-	(10.7)
Subscription of employee shares	-	-	-	11.5	-	11.5
Grant of share options	-	-	-	5.8	-	5.8
Tax related to share options	-	-	-	6.2	-	6.2
Net income recognised directly in equity	-	-	(5.8)	18.6	-	12.8
Retained earnings	-	-	-	294.0	2.0	296.0
Total recognised income and expense for the period	-	-	(5.8)	312.6	2.0	308.8
Subscription of employee shares	0.4	5.2	-	-	-	5.6
Purchase of own shares	-	-	-	(148.9)	-	(148.9)
Sale of own shares	-	-	-	5.3	-	5.3
Dividend paid regarding 2004/05	-	-	-	(149.0)	-	(149.0)
Dividend, own shares	-	-	-	5.7	-	5.7
	0.4	5.2	-	(286.9)	-	(281.3)
Equity 31 May 2006	124.5	14.6	(4.7)	1,603.6	4.1	1,742.1

Parentheses denote negative figures or amounts to be deducted.

Specifications

Bang & Olufsen a/s

DKK million

	Group	
	2005/06	2004/05
Development costs		
Expensed development costs before capitalisation	512,1	415,2
Of which capitalised	(165,1)	(111,4)
Amortisations and impairment losses on development projects	95,9	89,5
Development costs included in the profit and loss account	442,9	393,3
Financial income		
Interest income from banks etc.	9,3	8,6
Exchange rate gains, net	-	12,7
Other financial income	8,4	9,4
Financial income	17,7	30,7
Financial costs		
Interest costs on bank loans etc.	6,0	10,4
Interest costs on mortgage loans	6,7	7,8
Exchange rate losses, net	9,5	-
Other financial costs	2,7	5,3
Financial costs	24,9	23,5
Adjustments		
Change in provisions	10,2	(7,4)
Financial income etc.	(17,7)	(30,7)
Financial costs etc.	24,9	23,5
Share in associated companies' result after tax	1,0	(0,4)
Loss on sale of fixed assets	3,3	1,6
Tax on result for the year	134,7	114,9
Minority interests	-	(0,2)
Various adjustments	5,7	10,5
	162,1	111,8
Change in working capital		
Change in receivables	(122,0)	51,0
Change in inventories	(112,8)	60,7
Change in accounts payables etc.	46,6	(41,9)
	(188,2)	69,8
Acquisitions of activities		
Inventories	(24,9)	-
Tangible assets	(8,6)	-
Deferred tax assets	(0,8)	-
Accruals	(0,1)	-
Provisions	6,7	-
	(27,7)	-

Parentheses denote negative figures or amounts to be deducted.

Appendix 4

Turnover branded business

(DKK million)	Turnover 2005/06	Turnover 2004/05	Change in local currency
Denmark	558	511	9.3 %
United Kingdom	538	536	(0.4) %
Germany	458	399	14.4 %
Holland	288	239	20.2 %
Switzerland	270	230	18.4 %
The US/Canada	254	270	(10.8) %
Spain/Portugal	233	187	24.6 %
Italy	215	192	11.4 %
Asian markets, excl. Japan	209	173	- %
France	203	173	16.7 %
Expansion Markets	167	149	- %
Sweden	111	103	11.1 %
Belgium	95	80	19.2 %
Norway	65	60	3.4 %
Austria	63	59	6.4 %
Enterprise*	55	39	42.1 %
Japan	52	60	(11.6) %
Middle East	39	24	61.9 %
Telephone distribution	25	23	-
Other	40	16	-
Turnover to non-branded business	<u>26</u>	<u>24</u>	-
Total branded business	<u>3,964</u>	<u>3,547</u>	-

* Enterprise handles the turnover to the hotel business.

Parentheses denote negative figures.

Distribution development

Shop segment	<u>Number of shops per 31/5-06</u>	<u>Change in the period 1/6-05 – 31/5-06</u>	<u>Share of turnover per segment 2005/06</u>	<u>Share of turnover per segment 2004/05</u>
B1	725	53	73 %	71 %
Shop in shop	596	(41)	26 %	27 %
Other	<u>51</u>	<u>(37)</u>	<u>1 %</u>	<u>2 %</u>
Total	<u>1,372</u>	<u>(25)</u>	<u>100 %</u>	<u>100 %</u>

Definitions of shop segments:

B1	Shops, which are dedicated retailers of Bang & Olufsen products.
Shop in shop	Shops with a dedicated sales area for Bang & Olufsen products.
Other	Shops without a dedicated sales area for Bang & Olufsen products.

Parentheses denote negative figures.

Appendix 5

Bang & Olufsen a/s

(DKK million)

	2005/06 Quarterly results				2005/06 Accumulated quarterly results			
	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter
Net turnover	798.7	1,125.6	1,192.5	1,108.4	798.7	1,924.3	3,116.8	4,225.2
Gross profit	370.2	547.9	562.3	462.0	370.2	918.1	1,480.4	1,942.4
Operating profit	53.9	136.3	176.7	72.0	53.9	190.2	366.9	438.9
Result from investments in associated companies	-	-	-	(1.0)	-	-	-	(1.0)
Financial items	(3.8)	(1.5)	5.0	(6.9)	(3.8)	(5.3)	(0.3)	(7.2)
Result from ordinary operations before tax	50.1	134.8	181.7	64.1	50.1	184.9	366.6	430.7
Tax on ordinary profit	(17.5)	(41.6)	(52.0)	(23.6)	(17.5)	(59.1)	(111.1)	(134.7)
Result for the period after tax	32.6	93.2	129.7	40.5	32.6	125.8	255.5	296.0
Of which minority interests	0.1	(1.0)	(0.3)	(0.8)	0.1	(0.9)	(1.2)	(2.0)
Result for the period, Bang & Olufsen a/s' share	32.7	92.2	129.4	39.7	32.7	124.9	254.3	294.0

	2004/05 Quarterly results				2004/05 Accumulated quarterly results			
	1 quarter	2 quarter	3 quarter	4 quarter	1 quarter	2 quarter	3 quarter	4 quarter
Net turnover	725.6	996.2	1,048.1	972.3	725.6	1,721.8	2,769.9	3,742.2
Gross profit	328.7	472.4	492.0	443.4	328.7	801.1	1,293.1	1,736.5
Operating profit	6.7	130.2	133.7	101.6	6.7	136.9	270.6	372.2
Result from investments in associated companies	-	-	-	0.4	-	-	-	0.4
Financial items	3.4	(4.4)	0.9	7.3	3.4	(1.0)	(0.1)	7.2
Result from ordinary Operations before tax	10.1	125.8	134.6	109.3	10.1	135.9	270.5	379.8
Tax on ordinary profit	(3.4)	(41.5)	(44.9)	(25.1)	(3.4)	(44.9)	(89.8)	(114.9)
Result for the period after tax	6.7	84.3	89.7	84.2	6.7	91.0	180.7	264.9
Of which minority interests	0.2	0.1	(0.1)	-	0.2	0.3	0.2	0.2
Result for the period, Bang & Olufsen a/s' share	6.9	84.4	89.6	84.2	6.9	91.3	180.9	265.1

Parentheses denote negative figures or amounts to be deducted.

Appendix 6

Bang & Olufsen Branded Business

Turnover share per shop segment in 2005/06

