

Copenhagen Stock Exchange
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Translation

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Interim report for first half year 2001/2002

- Turnover rose satisfactorily by DKK 131 million to DKK 1,997 million, corresponding to a 7% rise on the first half of 2000/01.
- Ordinary result before tax was DKK 98 million against 135 million last year. Profitability has been under pressure following developments in the US and changes to the product mix towards lower margin products.
- Strong development in a number of important markets, including UK, Germany, France and Spain.
- Losses in US adversely affected the result by approx. DKK 30 million.
- The planned audio/video product launches were implemented during the first half year. Two new products will be launched in the second half year.
- Medicom continues to show positive development, including a successful partnership with 3M.
- Stable development in Telecom with good demand for cordless products.
- Adjustments of investment and cost levels progress as planned.
- The beginning of the third quarter has been satisfactory. We maintain our expectations towards a satisfactory rise in turnover and a result on last year's level.

Jørgen Worning
Chairman

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President & CEO

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First half year 2001/2002

Main figures - Bang & Olufsen a/s - the Group

(DKK million)

	2001/02	2000/01
Net turnover	1,997	1,866
Operating profit	107	156
Result from ordinary operations in associated companies	1	2
Financial items	(10)	(23)
Result from ordinary operations before tax	98	135
Tax on ordinary result	(47)	(42)
Ordinary result after tax	51	93
Minority shares	6	0
Half year result after tax and minority shares	57	93

Parentheses denote negative figures or amounts to be deducted.

Tax on the ordinary result is calculated as the share of the financial year's expected tax liability which relates to the interim result. Tax has increased from 31% of the result of ordinary operations in 2000/01 to 48% in 2001/02. The rise primarily arises from the fact that no tax asset has been recorded relating to the loss in the US.

Balance sheet information	30/11 - 01	30/11 - 00
Equity capital	1,202	1,151
Assets	2,679	2,483
Assets, excl. liquid assets and securities	2,580	2,415

Development in equity capital	2001/02
Equity capital as at June 1, 2001	1,147
Exchange rate adjustment for investment in subsidiaries	(6)
Capital increase in connection with staff shares, net of tax	1
Dividend own shares	3
Profit after tax carried forward	57
Equity capital as at November 30, 2001	1,202

Parentheses denote negative figures or amounts to be deducted.

The accounting practice is unchanged from previous years.

Notes on developments in the first half year.

Bang & Olufsen a/s

Turnover for Bang & Olufsen a/s was DKK 1,997 million against DKK 1,866 million for the first half year 2000/01. This is a satisfactory rise of DKK 131 million, i.e. 7%.

Operating profit totalled DKK 107 million.

The ordinary result before tax was DKK 98 million against DKK 135 million last year. The unsatisfactory profitability is primarily attributable to operating losses in the US and a shift in the product mix towards video. In addition, the increased costs relating to new business areas totalled approximately DKK 15 million.

Bang & Olufsen AudioVisual a/s

Advances in Europe

Turnover in Bang & Olufsen AudioVisual a/s amounted to DKK 1,833 million, an increase of DKK 101 million, or 6%, compared to the first half of 2000/01. The UK, Germany, France and Spain saw a significant rise in turnover while other non-Scandinavian markets developed as expected. Denmark, Norway and Sweden experienced a fall in turnover. The overall progress is a result of improved distribution and an accelerated launch programme.

The US continues to be characterised by uncertainty and although sales to dealers were on a par with last year, earnings on both wholesale and retail level were substantially lower. As Bang & Olufsen owns and operates shops in the US, this development has had a marked impact on the interim result.

Developments in major markets

Germany

After a number of years of falling turnover, the German market seems to be confirming the upward trend of the current financial year. Bang & Olufsen achieved a turnover of DKK 316 million in the first half year, against DKK 291 million, i.e. an increase of DKK 25 million, i.e. 9%.

The development of the Central European region with its German based headquarters has started, and we expect the new regional structure to enhance efficiency across the region as well as improve support to retailers in Germany, Switzerland and Austria. The new Central European region has a total of 98 B1 shops and 623 other shops.

Scandinavia

Half-year turnover in Denmark amounted to DKK 201 million, a fall of DKK 33 million compared to last year. Norway and Sweden also saw turnover decline.

The region now has 67 B1 shops and 338 other shops.

United Kingdom

UK posted a DKK 22 million increase in turnover, i.e. from DKK 227 to 249 million. The rise is largely attributable to successful distribution development where 8 new B1 shops were opened. The UK now has 70 dedicated Bang & Olufsen shops.

Holland

Holland is Bang & Olufsen's fifth largest market. The first half year resulted in a rise in turnover from DKK 139 million to DKK 153 million, i.e. 10%. There are currently 35 B1 shops in Holland.

France, Spain and Portugal

Largely as a result of strong support to the retailers, the French market increased turnover in the first half year by 12%, i.e. from DKK 84 million to DKK 94 million, Spain/Portugal posted a rise in turnover of no less than 19% to DKK 91 million.

USA

In both turnover and earnings, the American market suffered the consequences of the economic downturn. We did not succeed in bringing a number of our B1 shops up to a satisfactory level of activity and the result fell by approx. DKK 30 million compared to last year. Developments in the market continue to be characterised by considerable uncertainty and we are seeing major fluctuations in turnover per shop from month to month. Consequently, it is difficult to predict developments over the remaining months.

For the time being we have suspended the opening of further B1 shops and have allocated maximum marketing resources to supporting existing shops. As the older, well-established shops are performing best, we are focusing on strengthening the newer shops.

Despite the disappointing and difficult situation, the US remains an important, long-term growth market for the group.

Stable development in Asia

In spite of the uncertainties in the international economy, developments in Asian markets continue to show a positive trend with turnover in Japan rising by 22% on last year.

Share of turnover for B1 shops continues to increase

During the half year, Bang & Olufsen opened 46 new B1 shops and upgraded another 25, bringing the total to 602 B1 shops worldwide. Dedicated B1 shops account for 56% of the total turnover compared to 48% for the same period last year.

Product launches meet expectations

During the half year, Bang & Olufsen AudioVisual launched a new tabletop TV, BeoVision 3, and an upgraded BeoVision Avant which is now available with an integrated DVD player.

Both products have been well received in the launch markets and have contributed to increased traffic in the shops as well as to turnover.

During the autumn, we launched BeoVision 4, a plasma solution for the American market.

In general, demand has been for the product portfolio's TV segment, which by tradition has the lowest margin. In the second half year, therefore, we are initiating a number of marketing and product development initiatives to strengthen audio sales.

In February, we will launch BeoSound 2, a compact and elegant MP3 player, in all markets. The spring will see the launch of a new plasma concept, BeoVision 5, in Europe and the Middle East.

Bang & Olufsen Telecom a/s

Stable development

Turnover for Bang & Olufsen Telecom a/s increased by DKK 12 million to DKK 135 million.

During the period under review, the company undertook a major restructuring of the development and sales functions. This is aimed at improving efficiency and enhancing competencies within product development as well as at refocusing on the two distribution channels. At the close of the first half year, sales are apportioned as follows: 75% by Bang & Olufsen's audio/visual dealers and approx. 25% by specialised tele-retailers.

Growth in the first half year was, in general, spread across the whole product portfolio. However, cordless products – the well-known BeoCom 6000 as well as the new BeoCom 2 - are showing particularly strong sales.

Developments in Bang & Olufsen Telecom are proceeding on schedule and the company expects to achieve its objectives for both turnover and result.

Bang & Olufsen Medicom a/s

Successful partnership with 3M

Turnover for Bang & Olufsen Medicom a/s was DKK 126 million against DKK 99 million last year, i.e. an increase of DKK 27 million. This business unit thus continues the stable growth which has characterised recent years.

In late autumn, 3M and Medicom presented the results of a joint development project, the world's first digital stethoscope, which has been well received by the medical profession across the world. Medicom has thus demonstrated its competencies within Intelligent Acoustic Diagnostics. In December, the stethoscope received the prestigious "Engineers Product Prize".

Developments in Bang & Olufsen Medicom, including the collaboration with 3M, AstraZeneca and Novo Nordisk, are proceeding according to plan and the company anticipates meeting its expectations.

Bang & Olufsen New Business a/s

New Business' objectives are to optimise the group's considerable competencies within the field of acoustics.

During the half year, New Business examined the potential for and value of entering the market for professional acoustics. Our conclusion is that an independent product portfolio for the professional segment does not offer the necessary commercial benefits. We shall, therefore, concentrate on the competencies relating to the core business.

The business has embarked on a positive dialogue with selected high-end car makers on the potential for exploiting Bang & Olufsen's acoustic competencies and brand within this segment. The business area will continue to be developed, although financial returns are only expected in later years.

Bang & Olufsen ICEpower a/s

The amplifier market experienced a general decline which has impacted on ICEpower's activities. Negotiations on joint development projects with e.g. Sanyo are continuing, but the likely business effect is seen to be substantially lower than originally envisaged. Sales of ICEpower's amplifier solutions are, therefore, slower than anticipated and the company has not met expectations.

Bang & Olufsen and the second half year

Expectations for the full year

In the quarterly statement of October 22 we expressed our expectations for a modest increase in turnover and a result on a par with last year for the full financial year. Turnover in the first half year exceeded expectations and has, therefore, compensated for declining margins.

The initiated cost saving measures have been implemented as planned and important launches have been moved forward. We expect to launch the first unique Bang & Olufsen plasma-TV, BeoVision 5, in the final quarter of the financial year.

In the US we expect a slightly less marked decline in the result for the second half year than in the first half year. The uncertainties in the US market, however, remain present.

The beginning of the third quarter has been satisfactory.

We maintain our expectations towards a satisfactory rise in turnover and a result on last year's level.

Appendix 1

Main and key figures

Bang & Olufsen a/s

First half year

The Group (DKK million)	1997/98	1998/99	1999/00	2000/01	2001/02
Result					
Net turnover	1,594	1,779	1,800	1,866	1,997
Operating profit	173	191	147	156	107
Result from ordinary operations before tax	187	206	133	135	98
Ordinary result after tax	128	141	90	93	51
Extraordinary result after tax	75	(50)	20	-	-
Result for the half year	203	91	110	93	51
Result for the half year after tax and minority interests	-	-	-	-	57
Balance sheet					
Total assets as at November 30	2,195	2,088	2,346	2,483	2,679
Share capital	133	134	134	134	134
Equity capital as at November 30	1,166	940	1,037	1,151	1,202
Minority interests	-	-	-	0	-
Cash flow for the half year					
	(411)	(544)	(163)	(197)	(137)
Key figures					
Profit ratio, %	11	11	8	8	5
Rate of return, %	10	10	7	7	4
Return on equity, %	12	13	9	9	4
Current ratio	2,1	1,6	1,8	1,8	1,8
Equity ratio, %	53	45	44	46	45
Intrinsic value (nominal DKK 10)	92	71	77	86	90
Quoted share price as at November 30	398	392	242	369	175
Quoted share price/intrinsic value	4.3	5.5	3.1	4.3	1.9

Parentheses denote negative figures.

The key figures are as follows:

Profit ratio:	$\frac{\text{Operating profit} * 100}{\text{Net turnover}}$
Rate of return:	$\frac{\text{Operating profit} * 100}{\text{Average operative shares}}$
Return on equity:	$\frac{\text{Ordinary result after tax} * 100}{\text{Average equity capital}}$
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Equity ratio:	$\frac{\text{Equity capital at year end} * 100}{\text{Total liabilities at year end}}$
Intrinsic value (nominal DKK 10)	$\frac{\text{Equity capital as at year end}}{\text{No of shares at year end}}$

Appendix 2

Turnover apportioned into markets for Bang & Olufsen AudioVisual a/s the group

(DKK million)	Turnover first half year <u>2001/02</u>	Growth In local currencies
Germany	316	9 %
United Kingdom	249	12 %
Denmark	201	(14 %)
USA	188	9 %
Holland	153	10 %
Switzerland	136	3 %
Expansion Markets	99	15 %
France	94	12 %
Spain, incl. Portugal	91	19 %
Italy	86	4 %
Sweden	49	(5 %)
Belgium	44	7 %
Japan	33	22 %
Norway	32	(13 %)
Austria	31	(3 %)
Singapore	14	14 %
Other	17	
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Total	1,833	

Parentheses denote negative figures.

Turnover per company and operating profit per company

	Net turnover 2001/02	Operating profit 2001/02	Result from ordinary operations before tax 2001/02
First half year, DKK million			
Bang & Olufsen a/s,			
Bang & Olufsen AudioVisual a/s* and			
Bang & Olufsen Operations a/s	1,833	127	119
Bang & Olufsen Medicom a/s	126	5	3
Bang & Olufsen Telecom a/s	135	(3)	(2)
Bang & Olufsen New Business a/s		(12)	(12)
Bang & Olufsen ICEpower a/s	5	(10)	(10)
Inter-group sales	(102)		
Bang & Olufsen, the group total	<hr/> 1,997 <hr/>	<hr/> 107 <hr/>	<hr/> 98 <hr/>

Parentheses denote negative figures.

*) Including Bang & Olufsen Multimedia a/s, which has been merged with Bang & Olufsen AudioVisual a/s as at June 1, 2001.

Due to the new business model, which was launched in August 2000 and which impacts on accounting procedures from and including the financial year 2001/02, there is no historical comparative basis for the Group's individual companies.