Copenhagen Stock Exchange Nikolaj Plads 6 1067 Copenhagen K

Translation

Copenhagen, 11 January 2006

Interim report for the period 1 June – 30 November 2005 for Bang & Olufsen a/s

- The Group's turnover for the first half year was DKK 1,924 million against DKK 1,722 million for the same period last year. This represents an advance of DKK 202 million, or 12%.
- The ordinary result before tax totalled DKK 185 million against DKK 136 million for the same period last year, an increase of DKK 49 million.
- Over the half year, the Group recorded fair advances in all important markets with the exception of the UK and US, where turnover failed to meet last year's levels.
- Turnover for the 2nd quarter was DKK 1,126 million against DKK 996 million last year, equating to an increase of DKK 130 million or 13%. The quarterly result from ordinary operations before tax was a profit of DKK 135 million against DKK 126 million, an improvement of DKK 9 million on last year.
- The non-branded business, Bang & Olufsen Medicom a/s and Bang & Olufsen ICEpower a/s, saw increases in both turnover and profits.
- As planned, the Group launched a range of new products during the second quarter, including a new 40" LCD TV, BeoVision 7-40, three new loudspeakers and BeoMedia, which integrates PC technology into Bang & Olufsen's audio and video systems.
- The first half year developed satisfactorily. For the full year, the Group expects an 8% increase in turnover and maintains its forecast for a result from ordinary operations before tax in the region of DKK 400-430 million (calculated in accordance with IFRS).

Jørgen Worning Chairman Torben Ballegaard Sørensen President, CEO

Main figures - Bang & Olufsen a/s - the Group (unaudited)

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

(DKK million)

Main figures for the half year	1/6-30/11 2005	1/6–30/11 2004
Net turnover	1,924.3	1,721.8
Gross profit Gross margin	918.1 <i>47.7 %</i>	801.1 <i>46.5 %</i>
Operating profit Financial items, net	190.2 <u>(5.3)</u>	136.9 (1.0)
Result from ordinary operations before tax Tax on ordinary profit*	184.9 (59.1)	135.9 (44.9)
Result for the period after tax	<u>125.8</u>	91.0
Result for the period, Bang & Olufsen a/s' share Result for the period, minority interests' share Result for the period after tax	124.9 0.9 125.8	91.3 (0.3) 91.0
Balance sheet information	30/11 2005	31/5 2005 30/11 2004
Balance sheet information Intangible assets Tangible assets Investment properties Financial assets Total non-current assets	30/11 2005 329.6 641.7 0.7 92.6 1,064.6	31/5 2005 30/11 2004 291.8 278.0 617.0 627.3 0.8 0.8 80.1 91.1 989.7 997.2
Intangible assets Tangible assets Investment properties Financial assets	329.6 641.7 0.7 92.6	291.8 278.0 617.0 627.3 0.8 0.8 80.1 91.1
Intangible assets Tangible assets Investment properties Financial assets Total non-current assets Inventories Receivables Liquid funds	329.6 641.7 0.7 <u>92.6</u> <u>1,064.6</u> 579.5 902.0 <u>257.3</u>	291.8 278.0 617.0 627.3 0.8 0.8 80.1 91.1 989.7 997.2 429.7 553.9 632.5 764.9 731.9 369.6
Intangible assets Tangible assets Investment properties Financial assets Total non-current assets Inventories Receivables Liquid funds Total current assets	329.6 641.7 0.7 92.6 1,064.6 579.5 902.0 257.3 1,738.8	291.8 278.0 617.0 627.3 0.8 0.8 80.1 91.1 989.7 997.2 429.7 553.9 632.5 764.9 731.9 369.6 1,794.1 1,688.4

Development in equity	1/6-30/11 2005	1/6-30/11 2004
Equity as at 1 June Accumulated effect at the beginning of the year of changes to accounting principles applied Adjusted equity	1,750.5 <u>(34.0)</u> 1,716.5	1,651.9 (38.0) 1,613.9
Equity and exchange rate adjustments, subsidiaries Change in fair value of derivative financial instrument	1.8 (0.9)	(2.0) <u>4.0</u>
Net income recognised directly in equity Retained earnings Total income	0.9 <u>125.8</u> 126.7	2.0 <u>91.0</u> 93.0
Capital increase used for employee shares Issue of employee shares Allocation of share options Purchase of own shares Sale of own shares Dividend, own shares Dividend paid Equity as at 30 November	5.5 11.5 2.6 (97.2) 6.3 5.7 (149.0) (214.6)	4.0 7.5 1.1 (100.2) 5.8 3.2 (86.7) (165.3)
Cash flow – main figures	1/6-30/11 2005	1/6-30/11 2004
Cash flow from operating activities Cash flow from investment activities Cash flow from financing activities	(53.1) (173.3) <u>(248.2)</u>	191.2 (98.7) <u>(195.9)</u>
Cash flow for the period	<u>(474.6)</u>	<u>(103.4)</u>

^{*}Corporation tax has been calculated as the share of the financial year's expected tax liability relating to the result for the 6 months.

Parentheses denote negative figures or amounts to be deducted.

Comments to the development in the first half year

Bang & Olufsen a/s

Turnover for the Bang & Olufsen a/s Group for the first half year was DKK 1,924 million against DKK 1,722 million for the same period last year. This represents an increase in turnover of DKK 202 million, i.e. 12%.

Over the half year, the branded business recorded growth in turnover of DKK 147 million on the same period last year. The non-branded business, including Bang & Olufsen Medicom a/s and Bang & Olufsen ICEpower a/s, achieved a DKK 55 million increase in turnover.

The Group's gross margin increased to 47.7% against 46.5% for the same period last year despite a change in the product mix towards TV products, which traditionally have a lower gross margin. The increase in the gross margin is owing to improvements on the purchasing side and to the fact that the fixed production costs, as a consequence of implemented structural changes, were more or less unchanged from last year, regardless of the increase in turnover over the period.

As stated in the 2004/05 Annual Report, the Group has increased the overall resource consumption for product and market development.

The company continues to maintain a high level of development activity with a DKK 237 million spend against DKK 185 million in the first half year of last year. The net effect of capitalisation of development costs was positive for the half year at DKK 39 million against DKK 8 million for the same period last year.

Distribution and marketing costs increased by DKK 37 million for the period, from DKK 407 million to DKK 442 million owing to increased marketing activities and the taking over of the sales operation in the Australian market, including the operation of 15 shops, in October 2005. The taking over of the Australian activities has increased market costs by DKK 16 million, of which DKK 7 million are non-recurring.

During the first half year, costs relating to the issue of employee shares of DKK 11.5 million were incurred against DKK 7.5 million last year.

The result from ordinary operations before tax totalled DKK 185 million against DKK 136 million for the same period last year, i.e. an improvement of DKK 49 million. The profit after tax totalled DKK 126 million against DKK 91 million last year.

The cash flow for the half year was negative at DKK 475 million. During the period under review, DKK 246 million was paid out for dividend and purchase of own shares. The higher activity level increased tie-up of liquidity in trade receivables and inventories by DKK 418 million against DKK 204 million for the same period last year. Furthermore, the investment level increased by DKK 81 million to DKK 171 million, of which DKK 29 million relates to the construction of the new factory in the Czech Republic.

Branded business

Turnover in the branded business increased by 9% to DKK 1,797 million against DKK 1,650 million for the same period last year.

Profit before tax totalled DKK 166 million against DKK 141 million for the same period last year, i.e. an increase of DKK 25 million.

Development in the markets

Percentage changes are computed in local currencies

The Group recorded growth in turnover in all important markets with the exception of the UK and US.

- The positive development in the Danish market continues. Turnover for the half year amounted to DKK 252 million against DKK 236 million for the same period last year, equating to an advance in turnover of DKK 16 million, i.e. 7%. Developments in Norway and Sweden were also positive, with advances of 3% and 9% respectively. A significant proportion of the overall turnover derives from B1 shops. In Sweden, 81% of the turnover originates from B1 shops, while in Norway, the equivalent figure is 76% and in Denmark 61%.
- The increase in turnover in Germany and the rest of Central Europe recorded in the first quarter of 2005/06 was sustained in the second quarter. Over the half year, Germany experienced an increase in turnover of 21%, while the increase in the Swiss market was 26% and in Austria 21%. The increase in turnover is due partly to the underlying improvement in the distribution and partly to increased in-sales as a result of new sales initiatives.
- The UK achieved a turnover of DKK 260 million for the first half year against DKK 270 million the previous year. This equates to a decline of almost 5% in local currency. The market continued to be affected by a general slowdown.
- Latin Europe maintained the positive development from the first quarter, with France, Spain and Italy all recording advances. This can be attributed to the increased activity within the distribution and stronger sales of flat screen TVs.
- During the first six months of the financial year, turnover in the US totalled DKK 121 million, against DKK 140 million for the same period last year, i.e. a decline in local currency of 17%. In part this is due to the reduction in the number of own retail shops and a lower volume of project sales during the period. The development in the underlying wholesale business decreased by just under 4%. Improvements to operations and the quality of the US business are yet to come. As planned, the expansion of the video portfolio in the US will take place in the coming financial year.

 During the second quarter, Bang & Olufsen acquired the 15 B1 shops in Australia. The Asia region is currently streamlining and quality enhancing retail operations and marketing in this market in order to lay the foundation for growth. Sales in Australia are on a par with the previous years. Overall, Asia presented a diverse picture with a decline in Japan and positive developments in China and India.

Product launches

During the second quarter, Bang & Olufsen launched a larger version of the popular flat screen TV, BeoVision 7-32. The new 40" LCD-TV, BeoVision 7-40, can be combined with the two newly launched loudspeakers, BeoLab 7-2 and BeoLab 7-4. BeoLab 7-2 is a powerful stereo loudspeaker and BeoLab 7-4 is a centre speaker with a strong performance and unique lens technology, which can be fully integrated into a surround sound set-up – also with BeoVision 7-32. Both new loudspeaker solutions can, of course, be linked to the BeoVision 4 family's plasma TVs and with the advanced projection solutions offered by the BeoLiving concept.

The launch of BeoLab 4 in November complements the broad range of Bang & Olufsen loudspeakers. BeoLab 4 is a small, but powerful loudspeaker at the lower end of the price scale. The BeoLab 4 speaker is part of Bang & Olufsen's audio/video system solutions together with, for instance, the new BeoSound 4 master, which will be launched in the third quarter. BeoLab 4 can also be used as a perfect PC loudspeaker.

The second quarter also saw the launch of the revolutionary BeoMedia, which integrates PC technology into Bang & Olufsen audio and video systems, and enables users to play MP3 files, show pictures or surf the net with the Beo 4 remote control.

Distribution development

During the first six months of the financial year, 35 B1 shops were opened or upgraded, while 22 B1 shops were closed or converted to shop in shops.

Consequently, by the end of the first half year, there are 685 B1 shops world-wide against 672 at the close of the 2004/05 financial year and 640 by the end of November last year. The Group continues to develop the quality of its global distribution and the objective for the year is for a net addition of 50 B1 shops. The turnover share for B1 shops is 72%.

The number of shop in shops is 619 against 637 at the end of the previous financial year.

New business development

Automotive

At the end of the half year, production of Bang & Olufsen's advanced sound system for the Audi A8 began as planned. The system has been very well received by the international trade press, Audi dealers and customers. The first Audi A8s with integrated sound systems was delivered to European customers in December

Aimed at other models within the Audi brand and at other leading car manufacturers, sales and development within the automotive segment continues.

Production development

The construction of a new plant in the Czech Republic is on schedule and by the end of the half year, 114 people were employed in Koprivnice in the Czech Republic. By the end of November, the building had been constructed and all interior installation work had commenced. The factory is expected to be commissioned in mid-February 2006, after which the production, currently at leased premises, will be relocated to the new factory.

Non-branded business

Bang & Olufsen Medicom a/s

Bang & Olufsen Medicom a/s' turnover totalled DKK 107 million for the period under review. This represents an increase of DKK 35 million compared to the same period last year when turnover totalled DKK 72 million.

Profit before tax showed an improvement of DKK 12 million in that the result for the half year showed a profit of DKK 10 million against a loss of DKK 2 million last year.

Consequently, the second quarter maintained the positive trends from the first quarter and the last financial year and is a result of current contracts as well as new development and production projects for pharmaceutical customers. Activity levels were extraordinarily high during the first half year. They are expected to slow down a little in the second half year.

Bang & Olufsen Medicom a/s recently won the Danish Design and Innovation award for a new electronic stethoscope, E 3000. This was developed in partnership with 3M Health and will be marketed globally under the 3M Littmann brand.

The electronic tablet dispenser, "The Helping Hand", recently won one of the United States' coveted design awards: "The Good Design" award 2005 in the medical equipment category. "The Helping Hand" is an innovative, electronic tablet dispenser, which helps patients to remember to take the medication prescribed for them.

Bang & Olufsen ICEpower a/s

Bang & Olufsen ICEpower a/s experienced a positive development in the second quarter. Turnover for the first half year was DKK 41 million against DKK 21 million for the same period last year. Of the DKK 41 million, 86% derives from external partners with Bang & Olufsen a/s accounting for the remainder.

The turnover originates from increasing sales of standard ICEpower modules, and from increasing sales of ICEpower technology to, among others, Samsung TN mobile division.

For the period under review, Bang & Olufsen ICEpower a/s recorded profits of DKK 10 million against a loss for the same period last year of DKK 3 million.

Expectations for the financial year

Turnover and result

At the end of the 2004/05 financial year, the Group expressed its expectations for the current financial year as follows:

A 6-8% increase in turnover and a profit of between DKK 400-430 million.

The first half year proceeded satisfactorily.

The second half year will see the launch of a number of previously announced products, including the Serene mobile phone, developed in partnership with Samsung Electronics. The BeoSound 3 and BeoSound 4 music systems will also be launched as will a new global TV platform, BeoSystem 3. Finally, the new BeoLink Wireless 1 system will be launched. The system will enable wireless sound to be beamed throughout the home.

The Group expects the rate of increase in turnover for the second half year to be lower than the first half year, since turnover in the spring quarters last year was particularly high. Moreover, the Group expects that the relatively strong focus on TV products in the product mix will mean that the gross margin in the second half year will be lower than realised in the first half year. High activity levels within product development, sales and distribution, will be maintained.

Overall, the Group expects an increase in turnover of 8% and maintains its expectations for a profit of between DKK 400-430 million.

Statement by the management

The Board of Directors and Management Board have today discussed and adopted the interim report for the first half year of 2005/06 for Bang & Olufsen a/s. The interim report, which comprises condensed consolidated financial statements for Bang & Olufsen a/s, is presented in accordance with the international accounting standards (IFRS/IAS), and further Danish information requirements for listed companies.

We regard the accounting policies as appropriate, the accounting estimates as sound and the overall presentation of the interim report as adequate. It is our view that the interim report gives a true and fair view of the Group's assets, liabilities and financial position as at 30 November 2005, and the result of the Group's activities and cash flow for the period 1 June – 30 November, 2005.

Copenhagen, 11 January 2006

Bang & Olufsen a/s, Board of Directors

Jørgen Worning	Torsten Erik Rasmussen	Peter Skak Olufser		
Preben Damgaard Nielsen	Lars Brorsen	Thorleif Krarup		
Ole Christian Olesen	John Christoffersen	Knud Olesen		
Bang & Olufsen a/s, Board	of Management			
Torben Ballegaard Sørensen	Peter Thostrup			

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 interim 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 interim report is also within the provisions in the International Financial Reporting Standards that have been endorsed by the European Union.

Bang & Olufsen does not apply IAS 34 in the preparation of interim reports.

Main and key figures - Bang & Olufsen a/s 1/6-30/11 2005

(DKK million)	2005/06	2004/05*	2003/04	2002/03	2001/02
Profit and loss account					
Net turnover	1,924	1,722	1,708	2,058	1,997
Operating profit	190	137	108	138	108
Financial items, net	(5)	(1)	1	(3)	(10)
Result from ordinary operations before tax	185	136	109	136	99
Group result	126	91	96	82	52
Result for the period, Bang & Olufsen a/s' share	125	91	96	84	58
Balance sheet					
Total assets, end of November	2,803	2,686	2,598	2,705	2,844
Share capital	125	124	135	134	134
Equity, end of November	1,629	1,542	1,472	1,448	1,317
Minority interests	3	2	1	-	-
Cash flow for the period Of which cash flow from:	(475)	(103)	(251)	(10)	(137)
Operating activity	(53)	191	66	139	(22)
Investment activity	(173)	(99)	(109)	(77)	(110)
-of which investment in tangible non-current assets	(91)	(34)	(45)	(39)	(68)
-of which investment in intangible non-current assets	(85)	(56)	(70)	(50)	(44)
Financing activity	(248)	(196)	(208)	(72)	(6)
Key figures					
Profit ratio, %	10	8	6	7	5
Rate of return, %	8	6	5	6	4
Return on equity, %	8	6	6	6	4
Current ratio	2.1	2.2	2.3	2.0	1.8
Equity ratio, %	58	57	56	54	46
Intrinsic value (nom. DKK 10), DKK	131	124	108	108	98
Quotation as at 30 November	585	354	235	165	176
Quotation/intrinsic value	4.5	2.9	2.2	1.5	1.8

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

Parentheses denote negative figures.

Appendix 1 (continued)

The key figures are defined as follows:

Profit ratio: Operating profit x 100

Net turnover

Operating profit x 100 Rate of return:

Average operational assets

Return on equity: Result from ordinary operations after tax x 100

Average equity

<u>Current assets</u> Current liabilities Current ratio:

Equity ratio:

Equity, end of period x 100
Total equity and liabilities, end of period

Intrinsic value (nom. DKK 10), DKK:

Equity end of period
Number of shares, end of period

Interim report For the period 1/6 to 30/11 2005

	Branded business	Non-branded business					
(DKK million)	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	B&O a/s Group		
Net turnover Internal turnover External turnover	1,796.8 (13.4) 1,783.4	106.9 (0.7) 106.2	40.5 (5.8) 34.7	(19.9) 19.9 0.0	1,924.3 		
Operating profit/loss	170.8	10.5	8.9	-	190.2		
Profit/loss from ordinary operations before tax	166.3	9.7	9.5	(0.6)	184.9		

Interim report For the period 1/6 to 30/11 2004

	Branded business	Non-branded bu	Non-branded business					
(DKK million)	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	B&O a/s Group			
Net turnover Internal turnover External turnover	1,649.9 (13.6) 1,636.3	71.9 (1.1) 70.8	20.5 (5.8) 14.7	(20.5) 20.5 0.0	1,721.8 0.0 1,721.8			
Operating profit/loss	140.3	(0.8)	(2.6)	-	136.9			
Profit/loss from ordinary operations before tax	141.1	(2.1)	(3.1)	-	135.9			

Parentheses denote negative figures or amounts to be deducted.

Turnover branded business

(DKK million)	Turnove 1/6-30/1		Change in local currency	
	2005/06	2004/05		
United Kingdom	260	270	(4.6) %	
Denmark	252	236	6.8 %	
Germany	220	182	20.6 %	
Holland	132	103	27.6 %	
Switzerland	124	99	26.1 %	
The US/Canada	121	140	(17.0) %	
Spain/Portugal	106	90	17.9 %	
France	93	83	11.8 %	
Asian markets, excl. Japan	88	79	-	
Italy	85	76	12.0 %	
Expansion Markets	61	60	-	
Sweden	50	48	9.1 %	
Belgium	42	35	18.2 %	
Austria	32	26	21.4 %	
Norway	30	28	2.7 %	
Japan	24	30	(19.6) %	
Enterprise*	20	19	-	
Middle East	16	8	104.8 %	
Telephone distribution	9	14		
Other	19	10		
Turnover to non-branded business	13	14		
Total branded business	1,797	1,650		

^{*} Enterprise handles the turnover to the hotel business.

Parentheses denote negative figures.

Distribution development

Shop segment	Number of shops	Number of shops	Change during the period	Share of turnover
	per 30/11-05	per 1/6-05	1/6-05 – 30/11-05	per segment
B1	685	672	13	72 %
Shop in shop	619	637	(18)	27 %
Other	71	88	(17)	1 %
Total	1,375	1,397	(22)	100 %

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.

Specifications

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

	2005/06	2004/05
Development costs		
Expensed development costs before capitalisation Of which capitalised Amortisation and write-downs of development projects	236.5 (81.0) <u>41.6</u>	185.2 (47.1) <u>39.0</u>
Development costs included in the profit and loss account	<u>197.1</u>	<u>177.1</u>
Financial income Interest income from banks Exchange rate gains, net Other financial income	5.0 - 4.9 - 9.9	3.5 2.9 <u>4.6</u> 11.0
Financial costs		
Interest on bank loans Interest on mortgage loans Exchange rate losses, net Other financial costs	2.5 3.7 7.1 <u>1.9</u> 15.2	5.2 4.0 - 2.8 12.0

Parentheses denote negative figures.

Financial items, net

Result from ordinary operations before tax

Tax on ordinary profit

Result for the period, Bang & Olufsen a/s' share

Result for the period, minority interests' share

Result for the period after tax

Result for the period after tax

Bang & Olufsen a/s

(DKK million)

	1 quarter		5/06 ly results 3 quarter	4 quarter	1 quarter	2005/ Accumula 2 quarter	706 Ited results 3 quarter	4 quarter
Net turnover	798.7	1,125.6	-	-	798.7	1,924.3		
Gross profit	370.2	547.9	-	-	370.2	918.1	-	-
Operating profit Financial items, net	53.9 (3.8)	136.3 (1.5)	<u>-</u>	<u>-</u>	53.9 (3.8)	190.2 (5.3)	-	<u>-</u>
Result from ordinary operations before tax Tax on ordinary profit	50.1 (17.5)	134.8 (41.6)	<u>-</u>	- -	50.1 (17.5)	184.9 (59.1)	-	-
Result for the period after tax	32.6	93.2		<u>-</u>	32.6	125.8		<u> </u>
Result for the period, Bang & Olufsen a/s' share Result for the period,	32.7	92.2			32.7	124.9	-	-
minority interests' share	0.1	(1.0)			(0.1)	0.9	-	<u> </u>
Result for the period after tax	32.6	93.2		<u>-</u>	32.6	125.8		
	1 quarter		4/05 ly results 3 quarter	4 quarter	1 quarter	2004/ Accumula 2 quarter	05 ited results 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

0.9

134.6

(44.9)

89.7

89.6

0.1

89.67

109.3

(25.1)

84.2

84.2

84.2

(4.4)

125.8

(41.5)

84.3

84.4

0.1

84.3

10.1

(3.4)

6.7

6.9

(0.2)

6.7

Parentheses denote negative figures or amounts to be deducted.

10.1

(3.4)

6.7

6.9

(0.2)

6.7

(1.0)

135.9

(44.9)

91.0

91.3

(0.3)

91.0

(0.1)

270.5

180.7

180.9

(0.2)

180.7

(89.8)

379.8

(114.9)

264.9

265.1

264.9

(0.2)