

Copenhagen Stock Exchange
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Translation

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Interim Report for the period June 1, 2001 - August 31, 2001 for Bang & Olufsen a/s

- Turnover for the first quarter of the financial year totalled DKK 795 million, an improvement of DKK 85 million, or 12%, on last year.
- The ordinary result before tax was DKK -20 million, which is in line with the first quarter last year.
- While the Scandinavian markets have seen a slight decline, the German and UK markets are reporting a satisfactory rise in turnover of 10 and 20 %, respectively.
- First quarter turnover in the US shows unsatisfactory retail volumes and earnings.
- Multimedia activities will be integrated into the core business and Multimedia a/s ceases as an independent business unit.
- The company has initiated reductions in investment and activity programmes to maintain the earnings' objective for the financial year.
- For the full year Bang & Olufsen a/s expects a moderate increase in turnover and a result on par with the previous year.

Jørgen Worning
Chairman

Torben Ballegaard Sørensen
President, CEO

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Key figures for Bang & Olufsen a/s - the group (non audited)
(DKK million)

1/6 - 31/8 2001

	2001/02	2000/01
Net turnover	794.9	709.8
Operating profit	(10.1)	(7.8)
Financial items	(9.6)	(8.8)
Result from ordinary operations before tax	(19.7)	(16.6)
Tax on ordinary result	0.2	4.9
Result for the period after tax	(19.5)	(11.7)
Of which minority share	1.1	-
Bang & Olufsen a/s' share of result for the priod	(18.4)	(11.7)

Parentheses denote negative figures or amounts to be deducted.

Corporation tax has been calculated as the share of the financial year's expected tax liability relating to the result for 3 months.

Balance sheet information	31/8-01	31/8-00
Equity capital	1,118.6	1,040.1
Assets	2,312.2	2,162.4
Assests, excl. liquid funds and securities	2,199.1	2,055.8

The accounting principles are unchanged compared to previously.

Development in equity capital

(DKK million)

Equity capital as at 1/6 2001	1,146.9
Exchange rate adjustment for investment in subsidiaries	(8.4)
Equity capital adjustments in subsidiaries	(1.5)
Transferred result after tax	(18.4)
Equity capital as at 31/8 2001	<u>1,118.6</u>

In line with the new business model, which was launched in August 2000, and which impacts on accounting procedures from and including the financial year 01/02, there is no historical comparative basis for the Group's individual companies.

Notes to the developments in the first quarter

Bang & Olufsen a/s

In the first quarter 2001/02, turnover for Bang & Olufsen a/s rose by DKK 795 million against DKK 710 million for the same period last year. This represents an increase of DKK 85 million, or 12%. The increase derives primarily from the audio/video business.

Operating profit for the period was DKK -10 million against DKK -8 million last year.

Ordinary result before tax was DKK -20 million compared to DKK -17 million for the first quarter last year. This represents a marginal decline of DKK -3 million.

The fall in the ordinary pre-tax result – seen in relation to the increase in turnover – is due to several factors:

- In the first quarter demand was primarily for the video segment of the product portfolio. By tradition, this segment has the lowest margin.
- Demand from markets with relatively low margins increased concurrently with a fall in US margins.
- Increased costs of retail activities in the US have not been offset by rising sales.
- As expected, the first quarter was characterised by the allocation of resources for new business areas.

The result after tax for the first quarter amounts to DKK -20 million compared to DKK -12 million the previous year.

Bang & Olufsen AudioVisual a/s

For the first quarter, Bang & Olufsen AudioVisual a/s' turnover totalled DKK 718 million against DKK 645 million for the same period last year. This is an improvement of DKK 73 million, or 11%.

The ordinary result before tax was DKK -8 million for the first quarter.

Markets

Two of the largest markets have shown a significant increase in turnover for the first quarter. After several years' stagnation, turnover in Germany rose by approx. 10% while turnover in the UK increased by more than 20%. Scandinavian markets are showing a slight decline. In the US, turnover was unchanged at the wholesale level. At the retail level, turnover was somewhat lower than last year for comparable shops.

Products

During the first quarter, we launched, as planned, the new generation of BeoVision Avant which is equipped with a high quality, flat TV screen in wide format and enhanced picture technology.

The first quarter also saw the launch of BeoLab 2, a bass loudspeaker which offers an unusually deep bass. Enhanced by an 850 watt ICE-power unit, BeoLab 2 is characterised by both acoustic strength and compact elegance.

As the launch of DVD and plasma have been brought forward, Bang & Olufsen AudioVisual will introduce four new products during the current financial year according to the following schedule:

- A new widescreen tv, BeoVision 3, which offers freedom of positioning and has a new, colourful and dynamic design. (launch autumn 2001).
- A plasma concept for the American market. (launch autumn 2001)
- A new version of BeoVision Avant with integrated DVD player. (launch winter 2001).
- A unique B&O plasma concept for the European market. (launch spring 2002).

Distribution

During the first quarter, 12 new B1 shops were established and 13 were upgraded, bringing the number of B1 shops worldwide to 558. This represents an increase of almost 100 shops on the first quarter last year. B1 shops now account for 56% of the turnover against 48% for the same period last year.

Bang & Olufsen Telecom a/s

Turnover for Telecom rose by DKK 5 million to DKK 55 million. The rise is mainly due to positive developments in the American market, where the current product portfolio continues to find new customers.

The new cordless phone, BeoCom 2, was launched in the Danish market.

Bang & Olufsen New Business a/s

New Business, which incorporates the Group's acoustic competencies, continues the work on concepts for professional sound studios and In Car entertainment. Focus is now on the choice of partners and the finalisation of distribution agreements.

Bang & Olufsen Multimedia a/s

During the first quarter, Multimedia launched BeoLink PC 2, which links home PCs to Bang & Olufsen's audio systems. The third quarter will see the launch of BeoSound 2, a small, robust MP3 player which provides mobile use of music that has been downloaded and organised with the help of a BeoPlayer.

The projects in progress and the competencies gained within Multimedia and Web-enabling are important to the Group and will be integrated into the core business. Multimedia a/s will subsequently cease as an independent business entity.

Bang & Olufsen Medicom a/s

Medicom achieved a turnover of DKK 56 million compared to DKK 47 million in the first quarter of last year, i.e. a 19% rise. Medicom thus continues to show steady, long-term growth.

The partnerships with three large corporations - Novo Nordisk, Astra-Zeneca and 3M – proceeded according to plan.

A recent announcement from Novo Nordisk concerning a substantial upgrading of the device area is expected to have a favourable impact on Medicom's business with the Danish pharmaceutical group.

Bang & Olufsen PowerHouse a/s

PowerHouse developed less positively than expected during the first quarter. The sales/marketing function is still under development. Some customers have reduced their orders following the downturn in their markets.

We are continuing to negotiate a development and distribution contract with Sanyo Semiconductor. This is expected to be completed before the end of the calendar year.

Conclusion - expectations for the year as a whole

In the Annual Report, we set out our expectations for the current financial year as follows:

“ On the backdrop of the chosen strategies and new product launches, Bang & Olufsen expects a moderate increase in turnover for the coming financial year. The result will remain unchanged.”

Overall, the first quarter produced satisfactory sales, while the result has been affected by the fact that demand has been for products - and in markets - with lower earnings. As the summer season, by tradition, is of less significance - in terms of turnover as well as earnings - this is not necessarily an indicator for the rest of the year.

Since the publication of the Annual Report, we have seen a further downturn in the international economy and, consequently, greater uncertainty in world markets. The beginning of the second quarter has been characterised by a very low level of orders in the US, while Europe and the rest of the world have met expectations. We have initiated reductions in investment and activity programmes to compensate for the uncertain orders and thus maintain the earnings' objective for the financial year.

Significant uncertainties are attached to the US market and a further slowdown in global conditions could impact negatively on the result.