

The Copenhagen Stock Exchange
Nikolaj Plads 6
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Translation

Struer, 25 April 2007

**Interim report for the period from 1 June 2006 – 28 February 2007 for
Bang & Olufsen a/s**

- The Group's turnover for the first three quarters of the financial year was DKK 3,287 million against DKK 3,117 million for the same period last year. The branded business recorded 8 per cent growth while growth for the Group as a whole totalled 5 per cent.
- Operating profit for the period totalled DKK 415 million against DKK 367 million for the same period last year, i.e. an advance of DKK 48 million or 13 per cent.
- Bang & Olufsen ICEpower a/s increased its turnover from DKK 64 million to DKK 72 million. Bang & Olufsen Medicom a/s recorded a decline in turnover for the period of DKK 64 million, from DKK 165 million last year to DKK 101 million this financial year.
- During the third quarter, the Group launched a new, powerful loudspeaker, BeoLab 9, and a hard disk recorder, HDR 2. The launch of the global flat-screen TV, BeoVision 9, also commenced in the third quarter in limited quantities.
- Turnover for the third quarter was slightly below expectations due to a delay of some months in the launch of two new TV products. Distribution development and organic growth is satisfactory. The Group expects an increase in turnover of around 7 per cent for the full year, and increases its expectations for result before tax to be in the region of DKK 490-520 million.

Jørgen Worning
Chairman

Torben Ballegaard Sørensen
President, CEO

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

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

(DKK million)

Main figures for the period 1/6 – 28/2	2006/07	2005/06	
Net turnover	3,286.6	3,116.8	
Gross profit	1,551.6	1,481.7	
<i>Gross margin</i>	47.2 %	47.5 %	
Operating profit	415.1	366.9	
Financial items, net	<u>(6.2)</u>	<u>(0.3)</u>	
Result before tax	408.9	366.6	
Tax on result for the period*	<u>(123.7)</u>	<u>(111.1)</u>	
Result for the period	<u>285.2</u>	<u>255.5</u>	
Result for the period, shareholders of the parent company's share	281.8	254.3	
Result for the period, minority interests' share	<u>3.4</u>	<u>1.2</u>	
Result for the period	<u>285.2</u>	<u>255.5</u>	
Balance sheet information	28/2 2007	31/5 2006	28/2 2006
Intangible assets	376.6	356.2	334.6
Tangible assets	672.9	667.4	668.7
Investment properties	0.6	0.7	0.7
Financial assets	<u>59.1</u>	<u>71.2</u>	<u>117.6</u>
Total non-current assets	<u>1,109.2</u>	<u>1,095.5</u>	<u>1,121.6</u>
Inventories	708.2	567.4	654.7
Receivables	861.4	748.6	751.3
Liquid funds	196.3	502.5	443.4
Non-current assets and disposal groups classified as held for sale	<u>32.5</u>	<u>1.1</u>	<u>-</u>
Total current assets	<u>1,798.4</u>	<u>1,819.6</u>	<u>1,849.4</u>
Total assets	<u>2,907.6</u>	<u>2,915.1</u>	<u>2,971.0</u>
Equity	1,675.4	1,742.1	1,710.4
Non-current liabilities	363.0	402.7	365.1
Current liabilities	<u>858.4</u>	<u>770.3</u>	<u>895.5</u>
Liabilities regarding non-current assets and disposal groups classified as held for sale	<u>10.8</u>	<u>-</u>	<u>-</u>
Total equity and liabilities	<u>2,907.6</u>	<u>2,915.1</u>	<u>2,971.0</u>

*Corporation tax has been calculated as the share of the financial year's expected tax liability relating to the result for the 9 months.

Parentheses denote negative figures or amounts to be deducted.

Development in equity 1/6 – 28/2	2006/07	2005/06
Equity as at 1 June	1,742.1	1,750.5
Accumulated effect at the beginning of the year of changes to accounting principles applied	<u>-</u>	<u>(34.0)</u>
Adjusted equity as at 1 June	1,742.1	1,716.5
Equity and exchange rate adjustments, subsidiaries	0.9	2.4
Change in fair value of derivative financial instruments	(0.2)	(1.1)
Subscription of employee shares	-	11.5
Employee shares	10.8	-
Grant of share options	<u>(2.6)</u>	<u>4.2</u>
Net income recognised directly in equity	8.9	17.0
Retained earnings	<u>285.2</u>	<u>255.5</u>
Total income	294.1	272.5
Subscription of employee shares	-	5.6
Purchase of own shares	(189.2)	(147.2)
Sale of own shares	17.3	6.3
Dividend paid	(200.2)	(149.0)
Dividend, own shares	<u>11.3</u>	<u>5.7</u>
	(360.8)	(278.6)
Equity as at 28 February	<u>1,675.4</u>	<u>1,710.4</u>
Cash flow, main figures 1/6 – 28/2	2006/07	2005/06
Cash flow from operating activities	282.5	296.0
Cash flow from investment activities	(203.6)	(286.0)
Cash flow from financing activities	<u>(385.1)</u>	<u>(298.5)</u>
Cash flow for the period	<u>(306.2)</u>	<u>(288.5)</u>

Parentheses denote negative figures or amounts to be deducted.

Comments to the development in the period

Bang & Olufsen a/s

In the period, the branded business recorded growth in turnover of DKK 228 million compared to the same period last year, which corresponds to an increase of 8 per cent.

With regard to the non-branded business, Bang & Olufsen Medicom a/s recorded a decline in turnover of DKK 64 million, while Bang & Olufsen ICEpower a/s showed an increase in turnover of DKK 8 million, equating to an increase of 12 per cent.

Turnover for the Bang & Olufsen a/s Group for the first three quarters was DKK 3,287 million against DKK 3,117 million for the same period last year. The Group recorded an increase in turnover of DKK 170 million, or 5 per cent.

For the third quarter, turnover for the branded business fell slightly below expectations. The launch of the new BeoVision 9 TV occurred later than planned and at lower production volumes than envisaged. Moreover, BeoVision 8-26 did not enter the market in any significant numbers.

The Group's turnover for the third quarter was DKK 1,218 million against DKK 1,193 million the previous year, equating to an increase of DKK 25 million, or 2 per cent. The result before tax for the quarter was a profit of DKK 171 million against DKK 182 million last year, a decline of DKK 11 million.

The gross margin for the first three quarters was 47.2 per cent, which is more or less in line with the 47.5 per cent for the same period last year.

Activities within the product development area continue to increase. As the Group's total development costs were DKK 346 million for the period against DKK 317 million for the first three quarters last year, these account for an increase of DKK 29 million. Product development costs with regard to Automotive rose by DKK 27 million to DKK 31 million for the first three quarters. The net effect of capitalisation of development costs is positive for the period at DKK 21 million, albeit significantly below last year's level of DKK 45 million.

Distribution and marketing costs remain unchanged at DKK 684 million against DKK 686 million last year. Administration costs fell by DKK 6 million from DKK 112 million to DKK 106 million.

During the first three quarters, costs relating to the issue of employee shares totalled DKK 10.8 million against DKK 11.5 million last year.

Operating profit totalled DKK 415 million against DKK 367 million for the same period last year, i.e. an improvement of DKK 48 million. Financial items showed an expense of DKK 6.2 million against DKK 0.3 million last year.

Result before tax was DKK 409 million against DKK 367 million for the same period last year, which is an improvement of DKK 42 million. Result after tax totalled DKK 285 million against DKK 256 million last year.

Cash flow for the period was negative at DKK 306 million. During the first three quarters, DKK 389 million was paid out for dividend and purchase of own shares. As at 28 February 2007, tie-up of liquidity in inventories and trade receivables stood at DKK 1,463 million against DKK 1,322 million for the same

period last year.

Branded business

Turnover in the branded business increased by 8 per cent to DKK 3,145 million against DKK 2,917 million last year.

Result before tax totalled DKK 389 million against DKK 336 million for the same period last year, i.e. an increase of DKK 53 million.

The development in the markets

Percentage changes are computed in local currencies

With the exception of Holland, the Group recorded growth in all markets during the first three quarters. Markets in Asia, Expansion Markets and in Germany made a significant contribution to growth.

During the period, Asia/Pacific recorded an overall increase in turnover of DKK 41 million to DKK 189 million. Of this, the Australian market accounted for a turnover of DKK 84 million against DKK 57 million last year, which should be seen against the backdrop of Bang & Olufsen taking over shop operations. Efforts have subsequently been directed at raising the quality of the Australian distribution. The positive development in the Chinese market continues, and the South Korean market also shows fair growth.

Expansion Markets, which comprise Bang & Olufsen's overseas markets, recorded an overall increase in turnover of DKK 28 million for the first three quarters. Advances especially in the Russian market, continue. In general, most of the overseas markets have shown positive development.

At the close of the first three quarters, the US market showed 5 per cent growth in turnover in local currency compared to the same period last year. The improvement can be ascribed to the positive reception of the mobile phone Serene and the new Bluetooth headset, EarSet 2. The positive development in the region is expected to be maintained as a consequence of the product launches.

Bang & Olufsen Enterprise, which is responsible for the Group's sales to the hotel sector, recorded fair growth during the period posting a turnover of DKK 56 million by the end of the third quarter. Several important sales contracts were signed during the period under review which, however, will only impact on subsequent financial years. These include a contract to supply Bang & Olufsen products to 158 luxury homes in the golf and real estate project, Jumeirah Golf Estates in Dubai.

During the third quarter, Germany achieved 18 per cent growth. Realised turnover for the first three quarters was DKK 373 million against DKK 342 million for the same period last year equating to an advance of 9 per cent. This is partly owing to the ongoing work to enhance quality in the distribution. At the same time, a pro-active marketing approach helped to strengthen the brand's position in the German market.

In general, growth in the European markets was hampered by the later-than-expected launch of new products, and in smaller volumes than anticipated. Nevertheless, satisfactory organic turnover growth was achieved in key markets, such as Denmark, Italy, Spain and Switzerland. However, growth in the UK market continues to be below expectations.

Product launches

In third quarter the Group launched BeoLab 9. With its advanced lens and amplifier technology, the new loudspeaker offers a very pure and powerful sound experience with a unique and compact design.

Three smaller products were launched during the quarter: BeoVox 1, a loudspeaker designed to be fitted into walls or ceilings, the BeoLab 4 loudspeaker in a dedicated PC version and, finally, an updated, more powerful hard disk recorder, HDR 2, was launched in the European markets.

Following its launch in the US in the second quarter, the global roll-out of BeoVision 9 commenced. As well as a complete sound and master functionality, this TV also comprises a hard disk and multimedia functions. The start – and roll-out – of this highly integrated product has been slower than expected in order to ensure high quality.

At the end of the quarter, a limited launch of the 26" version of the new TV family, BeoVision 8, took place in the Danish market. Roll-out of this new product will begin during the fourth quarter while the launch of the 32" version is expected in August.

Distribution development

During the financial year's first three quarters, 51 B1-shops were opened or upgraded, while 26 shops were closed and 5 were converted to shop-in-shops. Consequently, the net addition was 20 B1-shops.

By the end of the first three quarters, there were 745 B1-shops across the world against 725 at the end of the 2005/06 financial year and 690 by the end of February last year. The Group continues to increase the global distribution with focus on quality, and the objective for the year is for a net addition of 50 B1-shops. B1-shops account for 75 per cent of the turnover.

The number of shop-in-shops is 544 against 596 at the end of the previous financial year.

New business development

Automotive

For the first three quarters, Bang & Olufsen Automotive recorded a turnover of DKK 52 million against DKK 15 million for the same period last year. This equates to an increase in turnover of DKK 37 million.

During the third quarter, the Group announced that the partnership with Audi has been expanded to include in total four Audi models, Audi A8/S8, Audi R8 as well as the new Audi A5 Coupe and Audi Q7.

The Audi A5 Coupe has been presented at the International Motor Show in Geneva, where it was well received by media representatives and visitors. When the model is available to end-customers from the summer of 2007, it will be possible to include an optional Bang & Olufsen Sound System. This is expected to make a positive contribution to the Group's turnover as well as to the result over the coming years.

The SUV class Audi Q7 will come with a customised version of Bang & Olufsen Advanced Sound System later in the year. This sound system is also expected to make a positive contribution to the Group's development over the coming years.

Within Automotive, sales and development continue to aim at expanding the current partnership with Audi and establishing partnerships with other selected car manufacturers.

Non-branded business

Bang & Olufsen Medicom a/s

During the first three quarters, Bang & Olufsen Medicom a/s recorded a turnover of DKK 101 million. This represents a decline of DKK 64 million compared to the same period last year, where turnover amounted to DKK 165 million.

The result before tax showed a decline of DKK 15 million, as the result for the first three quarters showed a profit of DKK 1 million against a profit of DKK 16 million for the same period last year. The development in the period was as expected and can be attributed to a change from contract production to sales of development services.

With effect from 1 March 2007, Bang & Olufsen a/s sold 65 per cent of the Group's shares in Bang & Olufsen Medicom a/s. The Group will continue to actively participate in the operation of Bang & Olufsen Medicom a/s. In future, the result will be included under the item "Result of investments in associated companies after tax".

Bang & Olufsen ICEpower a/s

Bang & Olufsen ICEpower a/s recorded a positive development during the period under review. Turnover for the first three quarters was DKK 72 million against DKK 64 million last year. Of the DKK 72 million turnover, 90 per cent derives from external partners, while the Bang & Olufsen Group accounts for the remainder.

Sales of standard ICEpower modules account for a large proportion of the turnover, and the third quarter resulted in a number of new customers. After the end of the third quarter, Bang & Olufsen ICEpower a/s has extended and expanded its contract to sell ICEpower technology to the Samsung TM mobile division.

During the period under review, Bang & Olufsen ICEpower a/s posted a result of DKK 18 million against DKK 15 million for the same period last year.

Expectations for the financial year

Turnover and result

In January 2007, the Group expressed its expectations for the current financial year as follows: Growth in turnover of 8 per cent and a result before tax of DKK 470-510 million.

Turnover for the third quarter was slightly below the desired level, which is largely due to the fact that new product launches occurred later and at lower production pace than originally envisaged.

The fourth quarter will be positively affected by BeoVision 9 and BeoLab 9, which were launched at the end of the third quarter. During the fourth quarter, the new TV, BeoVision 8 in a 26" version will be launched in all key markets apart from Japan, Korea and the US.

The end of the quarter will see the start of the launch of the BeoVision 7 TV in 40" format in the US.

On the backdrop of this launch scenario, the satisfactory distribution development and organic growth, the Group expects an increase in turnover for the 2006/07 financial year of around 7 per cent. The gross margin is expected to be realised at approx. 47 per cent.

The net effect of capitalised development costs for the full year will be around DKK 10-15 million.

Operating profit for the financial year is expected to be in the region of DKK 490 and 520 million.

Financial items, net are expected to amount to an expense of approx. DKK 8-10 million. In addition are the profits of approx. DKK 12 million from the sale of shares in Bang & Olufsen Medicom a/s.

The Group increases its expectations for result before tax to be in the region of DKK 490-520 million.

Statement by the management

The Board of Directors and the Board of Management have today discussed and approved the interim report for the period 1 June 2006 – 28 February 2007 for Bang & Olufsen a/s.

The interim report, which is unaudited, is prepared in accordance with the provisions regarding recognition and measurement in the International Financial Reporting Standards as approved by the EU and further Danish information requirements for interim reports for listed companies.

In our opinion the interim report gives a true and fair view of the Group's assets, liabilities and financial position as at 28 February 2007 and the result of the Group's activities and cash flow for the period 1 June 2006 – 28 February 2007.

Struer, 25 April 2007

Bang & Olufsen a/s, Board of Directors

Jørgen Worning

Torsten Erik Rasmussen

Peter Skak Olufsen

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

Appendix 1

Accounting principles applied

The accounting principles applied in the interim report are unchanged compared to the accounting principles applied in the Annual Report for 2005/06.

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

Main and key figures - Bang & Olufsen a/s

1/6 2006 - 28/2 2007

(DKK million)	2006/07	2005/06
Result		
Net turnover	3,287	3,117
Operating profit	415	367
Financial items, net	(6)	-
Result before tax	409	367
Result for the period	285	256
Result for the period, shareholders of the parent company's share	282	254
Balance sheet		
Total assets, end of February	2,908	2,971
Share capital	121	125
Equity, end of February	1,675	1,710
Minority interests	7	3
Cash flow for the period		
	(306)	(289)
Of which cash flow from:		
Operating activities	283	296
Investment activities	(204)	(286)
- of which investment in tangible non-current assets	(109)	(146)
- of which investment in intangible non-current assets	(100)	(125)
Financing activities	(385)	(299)
Key figures		
EBITDA	590	542
EBITDA-margin, %	18	17
Profit ratio, %	13	12
Rate of return, %	17	16
Return on equity, %	17	15
Current ratio	2.1	2.1
Equity ratio, %	58	58
Intrinsic value (nom. DKK 10), DKK	139	137
Number of shares	12,081,338	12,450,925
- Ordinary shares (multiple voting shares)	1,085,543	1,119,910
- Ordinary shares	10,995,795	11,331,015
Number of own shares	507,523	635,618
Quotation as at 28 February	680	745
Quotation/intrinsic value	4.9	5.4

Parentheses denote negative figures.

Appendix 1 (continued)

The key figures are defined as follows:

EBITDA:	Result before interests, tax, depreciations, amortisations and impairment losses
EBITDA-margin:	$\frac{\text{Result before interests, tax, depreciations, amortisations and impairment losses} \times 100}{\text{Net turnover}}$
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 equity:	$\frac{\text{Result for the period, shareholders of the parent company's share} \times 100}{\text{Average equity, excl. minority interests}}$
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Equity ratio:	$\frac{\text{Equity, end of period} \times 100}{\text{Total equity and liabilities, end of period}}$
Intrinsic value (nom. DKK 10), DKK:	$\frac{\text{Equity, end of period}}{\text{Number of shares, end of period}}$

Appendix 2

Interim report for the period 1/6 2006 - 28/2 2007

(DKK million)	Branded business	Non-branded business			B&O a/s Group
	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	
Net turnover	3,144.9	101.2	71.8	(31.3)	3,286.6
Internal turnover	<u>(23.6)</u>	<u>(0.3)</u>	<u>(7.4)</u>	<u>(31.3)</u>	<u>-</u>
External turnover	<u>3,121.3</u>	<u>100.9</u>	<u>64.4</u>	<u>-</u>	<u>3,286.6</u>
Operating profit/(loss)	<u>395.1</u>	<u>1.1</u>	<u>18.9</u>	<u>-</u>	<u>415.1</u>
Result before tax	<u>389.1</u>	<u>1.4</u>	<u>18.4</u>	<u>-</u>	<u>408.9</u>

Interim report for the period 1/6 2005 - 28/2 2006

(DKK million)	Branded business	Non-branded business			B&O a/s Group
	Bang & Olufsen	B&O Medicom a/s	B&O ICEpower a/s	Other/ eliminations	
Net turnover	2,916.9	164.8	64.3	(29.2)	3,116.8
Internal turnover	<u>(21.0)</u>	<u>(1.0)</u>	<u>(7.2)</u>	<u>29.2</u>	<u>-</u>
External turnover	<u>2,895.9</u>	<u>163.8</u>	<u>57.1</u>	<u>-</u>	<u>3,116.8</u>
Operating profit/(loss)	<u>336.6</u>	<u>16.8</u>	<u>13.5</u>	<u>-</u>	<u>366.9</u>
Result before tax	<u>335.9</u>	<u>15.8</u>	<u>14.9</u>	<u>-</u>	<u>366.6</u>

Parentheses denote negative figures or amounts to be deducted.

Appendix 3

Turnover branded business

(DKK million)	Turnover 1/6-06 – 28/2-07		Change in local currency
	2006/07	2005/06	
Denmark	426	409	4 %
United Kingdom	412	401	2 %
Germany	373	342	9 %
Switzerland	216	203	9 %
Spain/Portugal	190	174	9 %
Holland	206	219	(6 %)
The US	188	191	5 %
France	154	153	1 %
Asian markets, excl. Japan	189	148	0 %
Italy	159	140	13 %
Expansion Markets	140	112	26 %
Sweden	90	84	5 %
Belgium	82	72	14 %
Enterprise*	56	40	41 %
Norway	52	50	9 %
Austria	47	46	1 %
Japan	36	36	8 %
Middle East	37	28	34 %
Automotive	52	15	
Telephone distribution	9	16	
Other	7	17	
Turnover to non-branded business	<u>24</u>	<u>21</u>	
Total branded business	<u>3,145</u>	<u>2,917</u>	

* Enterprise handles the turnover to the hotel business.

Parentheses denote negative figures.

Distribution development

Shop segment	Number of shops per 28/2-07	Change in the period 1/6-06 – 28/2-07	Share of turnover per segment 2006/07	Share of turnover per segment 2005/06
B1	745	20	75 %	72 %
Shop-in-shop	544	(52)	25 %	27 %
Other	<u>22</u>	<u>(29)</u>	<u>0 %</u>	<u>1 %</u>
Total	<u>1,311</u>	<u>(61)</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 4

Specifications for the period 1/6 - 28/2

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

	2006/07	2005/06
Development costs		
Expensed development costs before capitalisation	367.2	361.2
Of which capitalised	(94.5)	(119.1)
Amortisation of and impairment losses on development projects	<u>73.3</u>	<u>74.4</u>
Development costs included in the profit and loss account	<u>346.0</u>	<u>316.5</u>
Financial income		
Interest income from banks	5.5	6.6
Other financial income	<u>5.3</u>	<u>6.7</u>
	<u>10.8</u>	<u>13.3</u>
Financial costs		
Interest on bank loans	7.6	4.4
Interest on mortgage loans	4.4	5.2
Exchange rate losses, net	1.8	1.6
Other financial costs	<u>3.2</u>	<u>2.4</u>
	<u>17.0</u>	<u>13.6</u>

Parentheses denote negative figures or amounts to be deducted.

