

Københavns Fondsbørs
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Translation

Struer, August 14, 2002

Announcement to the Stock Exchange for 2001/02 for Bang & Olufsen a/s

- The year's turnover totalled DKK 4,212 million against DKK 3,810 million last year. This corresponds to a rise of DKK 402 million, i.e. 11% on last year.
- The ordinary result before tax was in line with expectations - DKK 226 million against DKK 224 million last year.
- Positive cash flow of DKK 184 million.
- Turnover for the fourth quarter totalled DKK 1,023 million against DKK 905 million last year. The pre-tax result for the quarter totalled DKK 25 million against DKK 10 million last year, i.e. a rise in turnover of DKK 118 million and earnings growth of DKK 15 million.
- Growth of 20% or above in the UK, Japanese, Spanish/Portuguese and US markets. Satisfactory development in the German and Danish markets.
- With a 25% rise in turnover during the financial year and 39% in the fourth quarter, the UK is Bang & Olufsen's second largest market.
- Although sales in the US rose by 20%, losses on US activities impacted negatively on the result by DKK 73 million.
- Completed launch of five new products as planned.
- Based on a moderate rise in turnover, the Group expects to achieve a pre-tax result of between DKK 250 and 265 million for the current year.

Jørgen Worning
Chairman

Torben Ballegaard Sørensen
President, CEO

Main and key figures for Bang & Olufsen - the Group

DKK million

<u>Profit & Loss account</u>	<u>2001/02</u>	<u>2000/01</u>	<u>1999/00</u>	<u>1998/99</u>	<u>1997/98</u>
Net turnover	4,212	3,810	3,722	3,380	3,117
Operating profit	258	271	337	333	299
Result from ordinary operations before tax	226	224	317	348	340
Ordinary result after tax	137	148	222	253	232
Extraordinary result after tax	-	-	20	(63)	75
Result for the year	137	148	243	190	308
Result after tax and minority interests	147	154	243	190	308
Average no. of full-time employees	2,908	2,780	2,861	2,654	2,546
Depreciation and write-downs	185	171	162	131	146
Investments in tangible fixed assets	150	222	280	226	211
Product development costs	333	298	308	254	237
<u>Balance sheet</u>	<u>31/5 02</u>	<u>31/5 01</u>	<u>31/5 00</u>	<u>31/5 99</u>	<u>31/5 98</u>
Equity capital	1,244	1,147	1,058	981	1,163
Total assets	2,376	2,302	2,144	1,895	2,074
of which cash and securities	164	53	130	130	549
Tangible fixed assets	908	957	-	-	-
<u>Key figures</u>	<u>2001/02</u>	<u>2000/01</u>	<u>1999/00</u>	<u>1998/99</u>	<u>1997/98</u>
Earnings per share (nom. DKK 10), DKK	11	12	18	20	17
Intrinsic value (nom. DKK 10), DKK	99	92	85	77	87
Dividend per share (nom. DKK 10), DKK	3.5	3.5	6.0	5.0	7.5
Return on equity, %	8	13	22	24	21
Equity ratio, %	52	50	49	52	56

Parenthesis denotes negative figures or amounts to be deducted.

For the calculation of the key figures, the guidelines laid down by the Danish Society of Financial Analysts have been followed. The calculation of the ordinary result after tax has been adjusted for minority interests. In respect of Group goodwill, which is depreciated over the equity capital in the first year, the accounting practice differs from the guidelines' recommendation. Quoted securities are booked at the purchase or quoted price, whichever is lower.

The key figures are calculated as follows:

Earnings per share (nom. DKK 10), DKK:	Ordinary result after tax compared to the average number of shares in circulation.
Intrinsic value (nom. DKK 10), DKK:	Equity capital at year end compared to the number of shares at year end.
Return on equity, %:	Ordinary result after tax in % of average equity capital.
Equity ratio, %:	Equity capital at year end as % of liabilities at year end.

Average number of circulating shares: 12,517,333.

The Group's accounting principles are unchanged compared to previous years.

Rise in turnover for the Group

For the 2001/02 financial year, turnover for the Group totalled DKK 4,212 million against DKK 3,810 million the previous year. This represents a growth of DKK 402 million, i.e. 11%.

Operating profit totalled DKK 258 million against DKK 271 million the previous year. Losses in the US retail sector significantly affected the result.

The ordinary result before tax was DKK 226 million against DKK 224 million last year. This is in line with expectations for a satisfactory growth in turnover and a result on a par with last year.

Turnover in the fourth quarter of the year totalled DKK 1,023 million against DKK 905 million for the same period last year – a growth of DKK 118 million, or 13%, compared to the fourth quarter last year. The pre-tax result for the fourth quarter totalled DKK 25 million against DKK 10 million last year. This corresponds to an advance of DKK 15 million.

The Group's gross profit declined marginally by 0.3 percentage points as a consequence of two counter developments: Increasing retail turnover in own shops had a positive effect, while substantial video product launches and a shift in sales in favour of the product portfolio's video sector had a negative impact - as the video segment traditionally has lower contribution margins than the audio sector.

The American market impacted negatively on the result by DKK 73 million. The trend in the US has been characterised by considerable uncertainty and although, in comparison with last year, sales increased, earnings in both the wholesale and retail sectors were unsatisfactory.

Product development costs totalled DKK 333 million compared to DKK 298 million last year. These costs account for 8% of the turnover.

Distribution and marketing costs increased by 17%, i.e. DKK 133 million, from DKK 781 million to DKK 914 million. DKK 58 million of this relates to increased costs from operating our own retail shops.

Administration costs saw a decrease from DKK 130 million to DKK 121 million.

The overall tax rate for the year was 39.4%, corresponding to DKK 89 million. The Group maintained its decision not to capitalise deferred US tax. This has resulted in a higher tax rate than in the previous year.

The balance sheet increased by DKK 74 million, from DKK 2,302 million to DKK 2,376 million primarily owing to receivables from sales and liquid assets which rose by DKK 54 million and DKK 111 million respectively.

Tangible fixed assets declined by DKK 49 million to DKK 908 million as a consequence of the Group's readjustment of its investment levels.

Overall cash flow for the year was positive at DKK 184 million. The Group's cash flow from operating activities totalled DKK 343 million against last year's DKK 138 million. During the year, the Group reduced stock by DKK 33 million despite increased turnover and relatively larger purchasing volumes relating to the launch of plasma technology. Due to increased sales volume the total debtors, primarily trade receivables, increased by DKK 44 million.

Investments amounted to DKK 154 million against DKK 276 million last year.

During the year under review, the Group took out long-term debt of DKK 45 million against DKK 51 million last year. Repayments on long-term debts totalled DKK 27 million against DKK 21 million last year. Dividend amounting to DKK 47 million was paid during the year.

After a proposed dividend of DKK 47 million, equity capital totals DKK 1,244 million against DKK 1,147 million last year.

As for the individual companies within the Group, Bang & Olufsen AudioVisual a/s and Bang & Olufsen Medicom a/s saw satisfactory development. Bang & Olufsen New Business a/s and Bang & Olufsen Operations a/s developed in line with expectations while Bang & Olufsen Telecom a/s and Bang & Olufsen ICEpower failed to meet targets.

As announced in the 1999/00 Annual Report, the Group's new corporate structure came into force on June 1, 2001. As a result, comparisons between the current year and previous years can only be made on Group level.

The Group has decided to adjust its reporting of segment information. The Group is primarily split into segments corresponding to its business areas and is divided into brand-supported core business and brand-independent areas. The brand-supported business covers product areas carrying the "Bang & Olufsen" trademark and which are related to Bang & Olufsen's traditional offerings as used in core consumers' homes, i.e. the AudioVisual, Telecom or New Business areas. Other business areas which are not linked to the brand, i.e. Bang & Olufsen Medicom a/s and Bang & Olufsen ICEpower a/s come under brand-independent businesses.

The Brand-supported core business shows progress

Total turnover for the Group's branded business segment amounted to DKK 3,936 million against DKK 3,575 million last year. This corresponds to an increase of DKK 361 million, i.e. 0 %.

The ordinary result before tax in the Group's branded business segment totalled DKK 229 million against DKK 201 million last year. This corresponds to a rise of DKK 28 million, i.e. 14%.

The Group has maintained its strategy of global brand advertising managed centrally by Bang & Olufsen a/s. This strategy means that the individual markets focus on developing the distribution concept and local activities for the individual shops. During the year, the Group's general communication activities increasingly targeted traffic-enhancing tools and events to support sales in individual shops.

Distribution and marketing costs totalled DKK 905 million of which DKK 160 million relate to the operation of the Group's own shops.

Growth in turnover for Bang & Olufsen AudioVisual

Turnover for Bang & Olufsen AudioVisual totalled DKK 3,852 million which is an improvement of DKK 358 million or 10% compared to last year's DKK 3,494 million.

During the year Bang & Olufsen Multimedia a/s was integrated into Bang & Olufsen AudioVisual and the competencies accumulated here were transferred to the core business.

Market Developments

Central European region established

To improve efficiency and retailer support, Bang & Olufsen set up a new Central European region comprising Germany, Austria and Switzerland under the management of Peter Dalm, Director of Bang & Olufsen's German subsidiary. With headquarters in Germany, the region comprises 103 B1 shops and 596 other shops.

Germany - Bang & Olufsen's largest market

Turnover in the German market was DKK 579 million against DKK 561 million last year. This represents a growth of DKK 18 million or 3% (in local currency). In view of a generally weak retail sector, this must be regarded as satisfactory.

Seen in isolation, turnover for the fourth quarter amounted to DKK 118 million against DKK 111 million for the corresponding period last year, i.e. an increase of DKK 7 million or 7% in local currency.

Overall, the German market showed satisfactory growth in turnover after several years of weakening sales. The market, however, remains a challenge and several years of effort is required to build a satisfactory platform for sales in Germany.

The year saw the opening of 11 B1 shops, bringing the total number of B1 shops in Germany to 67. There are 387 other shops. Continued focus will be on strengthening the B1 distribution and improving relations with the many multi-brand shops.

Switzerland

Turnover in the Swiss market totalled DKK 283 million against DKK 280 million last year. The stagnation is linked to consumer uncertainties and a certain market weakening during the year.

One new B1 shop was opened and six others were upgraded to B1 status. There are now 24 B1 shops and 161 other shops operating in the Swiss market.

Austria

Turnover in the Austrian market was unchanged at DKK 58 million.

With the opening of one new B1 shop during the year, Austria now has 12 B1 shops and 48 other shops.

Strong advances in the UK

The UK, now Bang & Olufsen's second largest market, achieved a turnover of DKK 559 million against DKK 450 million last year, i.e. an increase of DKK 109 million or 25% in local currency.

In the fourth quarter, turnover was DKK 129 million against DKK 94 million last year. This corresponds to an increase of DKK 35 million, or 39% in local currency for the quarter.

The advances in the UK market are attributable to the successful operations of all current shops, the continued opening of new shops and many years of commitment.

During the year, nine B1 shops were opened and a further six upgraded to B1 shop status. The UK market now comprises 76 B1 shops which account for 73% of the total turnover. The remaining 27% is generated by 56 other shops.

US increase in turnover, but disappointing losses

Turnover in the US market amounted to DKK 380 million against DKK 311 million last year, a rise of DKK 69 million or 20% in local currency. There are now 58 B1 shops operating in the US market.

Nevertheless, the year resulted in a loss of DKK 73 million. In view of the substantial investments in the further development of the US market, this must be regarded as disappointing. Most of the losses derive from the operation of our, wholly or partly, owned 28 retail outlets. These shops, the majority of which were opened over the last two financial years, are based on long-term leaseholds. They were expected to become profitable within one to two years under existing economic conditions, but the actual economic trends in the US have extended this period.

During the financial year, Bang & Olufsen decided to slow down the opening of new B1 shops in the US and focus on providing management and training resources for existing shops. Older, well-established shops perform relatively better because of their existing network of loyal customers. Consequently, efforts were centred on newly established shops. Renewed emphasis has been on sales of larger home installations which are gaining ground in the US.

Despite the highly disappointing results and difficult market conditions, the US remains a significant, long-term growth market for Bang & Olufsen. Initiatives aimed at improvement will continue, however, further losses are expected for the coming year.

Improvement in Scandinavia

Denmark

The Danish market developed satisfactorily after several years' decline in turnover. Turnover totalled DKK 475 million against DKK 467 million last year, i.e. a rise of DKK 8 million or 2%. Denmark is currently B&O's third largest market.

Turnover derives primarily from organic growth in the existing B1 distribution. Work continues towards raising quality in the Danish distribution system.

During the year, two new B1 shops were opened in Denmark. The Danish market now has 32 B1 shops and 259 other shops.

Sweden

Turnover in Sweden was DKK 105 million against DKK 112 million last year, a decline of DKK 7 million. However, calculated in local currency, this represents a modest increase in turnover of 2%.

Tommie Lindberg was appointed Country Manager of Bang & Olufsen's Swedish operations with effect from August 1, 2002.

During the year, two new B1 shops were opened. There are now 19 B1 shops and 35 other shops in Sweden.

Norway

After several years of declining turnover, sales in Norway showed modest progress. Turnover for the year totalled DKK 66 million against DKK 64 million last year – an increase of DKK 2 million or 2% in local currency.

The year saw the upgrading of two other shops to B1 status. The Norwegian market now has 16 B1 shops and 20 other shops.

Holland fifth largest

Holland, Bang & Olufsen's fifth largest market, achieved a turnover of DKK 291 million against DKK 248 million last year, i.e. a rise of DKK 43 million or 17% in local currency. In contrast to the other markets, the Dutch market is operated by a sole distributor.

During the year, five B1 shops were opened bringing the total of B1 shops to 35. There are 118 other shops.

Excellent result in Spain/Portugal

The Spanish/Portuguese market had a turnover of DKK 190 million against DKK 156 million last year. This is an increase of DKK 34 million or 22% in local currency.

The positive development is primarily a result of the Spanish and Portuguese organisations' ability to successfully support both new and existing B1 shops. Average increase in turnover for the mature shops was 16%.

During the year, six new B1 shops were opened in the Spanish/Portuguese market to bring the total number of B1 shops to 74..

Growth maintained in France

The French market achieved a turnover of DKK 216 million against DKK 200 million last year. This represents an increase of DKK 16 million or 9% in local currency.

Four new B1 shops were opened and a further four shops were upgraded to B1 shops. France now has 49 B1 shops and 19 other shops.

In a further step in the integration of the Southern European markets, Alberto de Lucio, Director of the Spanish/Portuguese market operations will also assume responsibility for the French market as from October 1, 2002.

Positive trends in Italy

The Italian market achieved a turnover of DKK 206 million against DKK 198 million last year, i.e. a rise of DKK 8 million or 4% in local currency.

Seven B1 shops were opened during the year and one other shop was upgraded to B1 status. The Italian market now has 42 B1 shops and 85 other shops.

Quality enhancement in Belgium

Belgium achieved a turnover of DKK 92 million against DKK 87 million last year corresponding to a rise of DKK 5 million or 6% in local currency.

Endeavours to reduce the number of multi-brand shops and enhance the quality levels in the remaining shops continue. During the year, the number of shops in Belgium was cut from 65 to 61. Five new B1 shops were opened bringing the total to 13 B1 shops and 48 other shops.

Further advances in Japan

Turnover in Japan amounted to DKK 76 million against DKK 68 million last year, i.e. a rise of DKK 8 million or 24% in local currency. Japan is now one of Bang & Olufsen's fastest growing markets.

During the year, eight new B1 shops were established with one other shop upgraded to B1 status. Japan currently has 18 B1 shops and 21 other shops

Growth in other Asian markets

Turnover in Asian markets, i.e. Singapore, Hong Kong, Malaysia, Korea, Taiwan, Thailand, Indonesia and Australia, with headquarters in Singapore, totalled DKK 141 million against DKK 120 million last year, i.e. a rise of DKK 21 million.

The result is owing to a sound distribution development and a stronger effort in the individual markets.

Nine B1 shops were opened in the Asian markets which now have 35 B1 shops. There are no other shops in these markets.

Expansion Markets

Expansion markets - Russia, the Middle East, South America, Africa, and the East European markets - achieved a turnover of DKK 99 million against DKK 92 million last year, i.e. an increase of DKK 7 million or 7% in local currency. The figures are adjusted for the fact that in the 2000/2001 financial year, Expansion Markets also included the Asian markets.

During the past year, Expansion Markets have focused on generating organic growth within the existing distribution.

Four new B1 shops were established. Subsequently, Expansion Markets have 46 B1 shops and 19 other shops.

Increased turnover with fewer shops

The year saw the opening of 76 new B1 shops while 27 other shops were upgraded to B1 shops.

Difficulties in meeting expectations resulted in 26 B1 shops being closed and four shops being downgraded. The net increase in the number of B1 shops, therefore, came to 73.

The number of B1 shops world-wide totalled 618 with 461 in Europe, 58 in North America, 18 in Japan, 35 in other Asian markets and 46 in Expansion Markets. Turnover in B1 shops with at least two full years of operations rose by an average of 6%.

At the beginning of the financial year, Bang & Olufsen products were sold in 669 shop-in-shop outlets. By May 31, 2002, this figure had fallen by nine shops to 660. Bang & Olufsen products are also available from a large number of other authorised retail outlets.

As at May 31, 2002, Bang & Olufsen products were available in 1,919 shops across the world, i.e. 98 fewer than the year before. The majority were closed by their owners as a consequence of general market trends which make trading conditions increasingly difficult, especially for smaller shops.

At the start of the year, approx. 1,000 users were linked up to Bang & Olufsen's Internet-based dealer system for on-line order processing. During the year, a further 715 joined the system bringing the total number of users to 1,715.

Bang & Olufsen Telecom

At the beginning of the financial year, Bang & Olufsen Telecom a/s' existing production facilities were transferred to Bang & Olufsen's Operations a/s as a result of the Group's adoption of a new business unit structure. Comparisons with previous years can, therefore, only be made in respect of the company's turnover.

Bang & Olufsen Telecom's turnover for the year was DKK 263 million against DKK 244 million last year, an increase of DKK 19 million or 8%. Since the company has carried out an extensive restructuring of the specialised tele distribution, this development is regarded as satisfactory. The restructuring aims at strengthening Bang & Olufsen's general quality profile within the specialised tele segment. The process has meant that turnover within this segment declined by DKK 17 million.

The company's cordless products, BeoCom 6000 and BeoCom 2, have performed well. The cordless portfolio now accounts for 77% of the company's turnover.

The year's ordinary result before tax was negative by DKK 10 million.

During the year, the company carried out an extensive reorganisation. Subsequently, a new management team has reorganised both development and sales functions in order to maximise profitability.

The launch of BeoCom 2 proceeded satisfactorily. As planned, BeoCom 6000 was launched in a new upgraded version towards the close of the financial year.

Bang & Olufsen New Business

The ordinary result before tax for the year was a loss of DKK 18 million relating to the development of new business areas and costs of the significant research activities within the field of audio.

As previously announced, Bang & Olufsen New Business decided to discontinue work on loudspeakers for recording studios. The decision was made in view of the relatively limited business potential and the desire to focus on in-car sound systems and on loudspeakers for distribution through usual channels.

During the year, New Business carried out a preliminary study into a Bang & Olufsen sound concept for high quality cars. The concept sets new standards for design, operations and sound and Bang & Olufsen believes that the concept may form the basis for a new business platform. Penetrating this market, however, is a long-term project.

Bang & Olufsen Operations

As part of the Group's division into new business units, Bang & Olufsen Operations a/s took over production of audio/video equipment from Bang & Olufsen AudioVisual a/s from June 1, 2001. Bang & Olufsen Operations a/s also took over responsibility for the production of telephones from Bang & Olufsen Telecom a/s.

Reducing stock levels had high priority and a satisfactory result has been achieved despite greater turnover and relatively larger purchasing volumes in connection with the launch of plasma technology.

In general, supply reliability and precision towards retailers improved during the year. Focus on precision will continue over the coming financial year.

Within the field of telephony Bang & Olufsen Operations achieved significant cuts in production-related costs in connection with the optimisation of production and goods flow. It has been decided to outsource parts of Bang & Olufsen Telecom's product portfolio during 2002 and 2003 by which time the benefits of this can be expected to materialise.

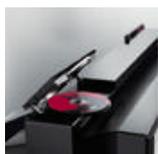
Investments in machinery have been moderate and centred on process optimisation and minor capacity expansion in the production system.

Product launches during the year

During the financial year Bang & Olufsen AudioVisual launched five important products.



BeoLab 2, which was launched in June 2001, is a powerful subwoofer based on ICEpower technology. A combination of a cube and a sphere, BeoLab 2 gives out 850 Watt despite its modest size. As the acoustic adjustment between subwoofer and loudspeaker is regulated automatically, the BeoLab2 can be used with all Bang & Olufsen products.



BeoVision Avant DVD was launched in a 32" version in November 2001 and in a 28" version in March 2002. BeoVision Avant DVD integrates a DVD player in Bang & Olufsen's flagship tube TV, BeoVision Avant. Positioned in the cabinet's upper left corner the DVD player is at an operator-friendly height. The digital DVD format fully exploits BeoVision Avant's high performance with regard to both sound and picture.



BeoVision 3 was launched in October 2002 and combines a 32" real flat widescreen format (16:9) with an elegant foot. This allows the set to be placed on a table, a sideboard or a shelf. An integrated stand is also available which allows the TV to be positioned anywhere in a room.



BeoVision 5, which was launched in April 2002, is Bang & Olufsen's first plasma product. It incorporates all Bang & Olufsen's competencies within the field of picture quality to maximise the potential inherent in the 42" plasma screen. With the integrated stereo speakers offering up to 96 dB BeoVision 5 - sound and picturewise - substantially exceeds all similar products currently available on the market. In terms of design, the BeoVision 5's brushed aluminium frame has been inspired by classical art.



BeoSound 2, which was launched in May 2002 is Bang & Olufsen's first portable, pocket-sized digital music player. Available in polished, stainless steel BeoSound 2 handles music files in the mp3 and wma formats. Through BeoPlayer, Bang & Olufsen's digital music organiser, music files can easily be transferred from PCs to BeoSound 2. The accompanying docking station manages both transfer of files and charging of the player.

During the year the following product updates were introduced:



Launched in September 2001, BeoLink PC2 enables the integration of PC systems and the BeoLink system. BeoLink PC2 is a small black box which, discreetly mounted, is linked to both the PC and the BeoLink system. This enables users to enjoy their PC's digital sound files through loudspeakers in, for instance, living rooms or bedrooms. Equally, users can listen to CDs on their Bang & Olufsen audio system through their PC's loudspeakers.



In October 2001 BeoSound 3000, Bang & Olufsen's most popular audio product received an update in the form of an aluminium front.



In November 2001, BeoLab 2500, which is often sold with BeoSound 3000 was launched in a version where the front is made from perforated aluminium, inspired by BeoSound 1.

Simultaneously, two new stand types were launched – one for BeoSound 3000 and BeoSound Overture and one for BeoLab 4000. The latter is frequently sold together with BeoSound 3000 or BeoSound Overture.

Prestigious award for Bang & Olufsen

During the year Bang & Olufsen received the prestigious technology award "Sonic Foundry Outstanding Technical Achievement Award 2002" from the Canadian BANFF Television Foundation. The award is given in recognition of long-standing technological and creative endeavour and is regarded as the ultimate accolade within the TV and media industries.

In its decision BANFF Television Foundation emphasised "Bang & Olufsen's continuous creative edge, outstanding design and outstanding technological skills for more than 75 years."

Within the audio/video industry only Sony and Philips have previously received the award.

Product launches planned for 2002/03

In the coming financial year, BeoVision 5 will be launched in the US market. Bang & Olufsen also plans the launch of a new updated TV within the classical BeoVision MX family as well as an audio product with inbuilt CD memory using hard-disk technology which allows for storage of many hours of music in the product itself.

Within the field of telephony a new cordless phone is under way – a stand-alone product based on functional and design simplicity. The phone is intended for a variety of user situations and suits a range of different environments.

Late in the financial year Bang & Olufsen expects to launch two important products one of which is a new audio-centre product while the other will set new standards for high-end acoustic products. Both will break new ground in terms of technology as well as design.

Brand independent business

Bang & Olufsen Medicom

Bang & Olufsen Medicom a/s achieved a turnover of DKK 297 million against DKK 233 million the previous year. The year, therefore, saw an increase in turnover of DKK 64 million, corresponding to 27%.

The rise derives from increased production for Novo Nordisk during the financial year and the launch of the world's first digital stethoscope which was developed in conjunction with - and produced for - another of the company's partners, 3M Littmann. In December 2001 Bang & Olufsen Medicom and 3M Littmann received a prestigious Danish technical award (Ingeniørens Produktpris) for the stethoscope.

Activities relating to development contracts for other pharmaceutical and diagnostic partners showed sound, stable development.

The result of ordinary operations before tax was DKK 16 million. Due to the reorganisation of the group the figure is not directly comparable to previous years.

The rise in turnover and the improved result is in line with existing plans and is seen as satisfactory.

Bang & Olufsen ICEpower

Turnover for the year in Bang & Olufsen ICEpower a/s was DKK 17 million against DKK 2 million last year. This fell short of expectations.

Turnover derives from the sale of standard ICEpower products and revenue realised from the licence agreement with Sanyo.

Bang & Olufsen ICEpower a/s posted a loss of ordinary operations before tax of DKK 19 million for the year. This reflects the intensive research into - and development of - ICEpower technology.

Despite the delay in fulfilling the commercial potential inherent in Bang & Olufsen ICEpower, we believe that Bang & Olufsen ICEpower remains well positioned in the growing market for efficient audio power conversion.

The new financial year 2002/03

The Group expects that the change to the new Annual Accounts Act, which comprises the capitalisation and subsequent depreciation of development costs, will have no significant impact on the Group's accounts. In future quarterly reports, we will report separately on the effect of the change.

Expectations for the financial year 2002/03

The 11% increase in turnover for 2001/02 which was, at least in part, driven by a massive launch programme and the opening of more than 100 new B1 shops, was satisfactory.

At the beginning of the new financial year, Bang & Olufsen offers a strong product portfolio. Product development remains high across the portfolio especially within the audio and acoustic areas. As slightly fewer launches have been planned for the coming season compared to last year, most development activities concern products to be launched following the close of the 2002/03 financial year. Distribution will focus on consolidation and growth of individual shops rather than on a high level of new shop openings. Overall expectations are for approx. 50 new B1 shops. Communication activities will be strengthened with focus on generating increased traffic in the shops.

In view of the instability in some important markets we have decided to adjust operating and costs levels on the basis of a generally moderate growth of 5-6%. Within this framework, our target is to achieve a satisfactory improvement in earnings.

The main focus area is the US where the growth of individual shops is of crucial importance in reducing operating losses. We continue to aim for growth through a range of measures, including staff development, introduction of products and local marketing. The goal is to cut the losses in the US significantly over the current year. It should be emphasised, however, this is an extended process.

The coming financial year will also focus on greater profitability in the Group's smaller subsidiaries, Telecom, New Business and ICEpower. In addition, a range of activities will aim at increasing the contribution margins of the product portfolio.

Bang & Olufsen Medicom remains an important contributor for the Group. To a significant extent, Medicom is dependent on the actions of the company's relatively few, large partners. Changes or reassessments by these partners impact directly on the result.

For the financial year 2002/03, Bang & Olufsen expects to maintain investments at 2001/02 levels. Product development and marketing costs are set to rise.

The first two months have shown satisfactory results and the Bang & Olufsen Group expects to achieve a pre-tax result of between DKK 250 and DKK 265 million based on a moderate growth in turnover. This is in line with the Group's three-year targets (c.f. Stock Exchange announcement of April 17, 2002) for an annual growth in earnings of between 10 and 15%.

The Nørby Committee's report on Corporate Governance

In March 2001, the Danish Ministry of Business and Industry appointed a committee to consider the need for recommendations regarding good corporate governance in Denmark and to prepare specific proposals for their formulation.

The Committee's work resulted in "Nørby-udvalgets rapport om Corporate Governance i Danmark – Anbefalinger for god selskabsledelse i Danmark".

On the basis of the Nørby Committee's report, the Board of Directors of Bang & Olufsen a/s has considered the general level of implementation of corporate governance.

The general principles behind the Nørby Committee's specific recommendations have, for a number of years, been applied to the Board's ongoing business.

In its report, the Nørby Committee recommends that directors evaluate the expediency of articles of association with regard to, for example, voting differentiation and, in their annual reports, consider whether the cancellation of such differentiation might be desirable and/or possible.

Bang & Olufsen a/s' equity capital is divided into multiple voting shares (A shares) and ordinary shares (B shares). The board believes that the existence of two classes of shares currently ensures the stable development of the company. However, the Board will evaluate the expediency of such a division on an ongoing basis.

The Nørby Committee also recommends that details on individual directors and executive directors' share option programmes should be published in the annual report. Directors of Bang & Olufsen do not benefit from share options remuneration. Considering the size of the share programme paid to members of the Board of Management, the Board considers it sufficient to announce the programme totals on Group level.

The Nørby Committee's report also includes recommendations regarding executive directors' directorships and executive directorships in other companies.

Bang & Olufsen a/s' Board has previously decided that executive directors may undertake up to two directorships in other companies.

Concerning other specific recommendations in the second section of the Committee's report, the Board will include these in future considerations on good corporate governance to ensure that the company's and other stakeholders' interests are safeguarded in the best possible way.

The Board of Directors' decision and recommendation to the Annual General Meeting

The Board of Directors recommends to the Annual General Meeting:

1. That the Board is authorised – within 18 months from the date of the Annual General Meeting - to acquire 10 % of the company's share capital against a fee which must not be more than 10% above or below the most recent price quoted for the ordinary shares on the Copenhagen Stock Exchange. Pursuant to the above authorisation, however, the company can at no time acquire shares representing more than 10% of the share capital's voting rights.
2. That DKK 3.50 - unchanged from the previous year - is paid in dividend per nominal share of DKK 10 which means that the total dividend for the year will be approx. DKK 47 million equivalent to the financial year 2000/01.

The printed accounts for 2001/02 will be published on September 25, 2002.

The Annual General Meeting will be held on Thursday, October 10, 2002 at 4.30 pm at Struer Gymnasium.

/Appendices: 8 pages

Appendix 1

Regarding the new business structure:

Production and logistics activities of Bang & Olufsen AudioVisual a/s and Bang & Olufsen Telecom a/s have been transferred to Bang & Olufsen Operations a/s. All properties and Group support functions have been transferred to Bang & Olufsen a/s. In consequence, Bang & Olufsen AudioVisual a/s and Bang & Olufsen Telecom a/s will be responsible for sales and development within their business area.

Activities relating to sales of audio/video and tele-products for hotels have been transferred from New Business to Bang & Olufsen AudioVisual a/s with effect from June 1, 2001. Consequently, comparisons of the individual companies' results cannot be made.

Below is an overall summary of developments within the Branded and Non-Branded Businesses.

Bang & Olufsen (the Group)

Result of ordinary operations before tax

	1 quarter accumulated		2 quarter accumulated		3 quarter accumulated		4 quarter accumulated	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
DKK million								
Bang & Olufsen AudioVisual a/s	(3.6)		84.4		168.8		181.2	
Bang & Olufsen Operations a/s	-		35.2		56.7		94.3	
Bang & Olufsen Telecom a/s	(0.8)		(1.8)		(5.3)		(10.4)	
Bang & Olufsen New Business a/s	(5.7)		(12.5)		(15.6)		(17.7)	
Bang & Olufsen a/s	(1.2)		(0.2)		0.7		(18.6)	
Branded Business	(11.3)	(19.3)	105.1	127.0	205.3	202.1	228.8	200.5
Bang & Olufsen Medicom a/s*	(3.6)	4.0	3.3	10.4	10.0	16.8	16.1	34.2
Bang & Olufsen ICEpower a/s	(4.9)	(1.3)	(10.2)	(2.8)	(14.7)	(5.3)	(19.1)	(10.5)
Non Branded Business	(8.5)	2.7	(6.9)	7.6	(4.7)	11.5	(3.0)	23.7
Total	(19.8)	16.6	98.2	134.6	200.6	213.6	225.8	224.2
Announcements to the Stock Exchange	(20)		98		201		226	

Parentheses denote negative figures or amounts to be deducted.

* Because of changes to the Group's transfer prices, the result for Bang & Olufsen Medicom a/s is not fully comparable with last year's accounts.

Appendix 2

Profit and Loss Account

Bang & Olufsen a/s

Group

(DKK million)	2001/02	2000/01
Net turnover	4,212.0	3,810.0
Production costs	(2,585.5)	(2,329.5)
Gross profit	1,626.5	1,480.5
Product development costs	(333.2)	(298.0)
Distribution and marketing costs	(914.2)	(781.2)
Administration costs, etc.	(121.2)	(130.2)
Operating profit	257.9	271.1
Result from ordinary operations in associated companies	2.8	3.4
Financing income	17.9	16.9
Financing costs	(53.0)	(67.2)
Net financing costs/income	(35.1)	(50.3)
Result from ordinary operations before tax	225.6	224.2
Tax on ordinary result	(88.9)	(76.3)
Ordinary result after tax	136.7	147.9
Of which minority shareholding	10.3	5.6
Bang & Olufsen a/s'		
Share of the result for the year	147.0	153.5

Parentheses denote negative figures or amounts to be deducted.

Appendix 3

Assets

Bang & Olufsen a/s

Group

(DKK million)

31/5-02

31/5-01

Intangible fixed assets

Acquired rights

13.2

13.8

Total intangible fixed assets

13.2

13.8

Tangible fixed assets

Land and buildings

332.7

334.5

Plant and machinery

327.1

367.1

Other equipment

129.9

147.0

Leasehold improvements

67.5

61.7

Prepayments for fixed assets and plant and equipment in progress

50.6

46.8

Total tangible fixed assets

907.8

957.1

Financial fixed assets

Investment in associated companies

8.0

5.9

Other debtors

27.6

28.0

Total financial fixed assets

35.6

33.9

Total fixed assets

956.6

1,004.8

Stocks

Raw materials

239.8

254.7

Work in progress

52.4

52.8

Spare parts

141.5

128.6

Finished goods

218.7

249.3

Total stocks

652.4

685.4

Debtors

Trade debtors

508.1

454.5

Dividend owed by associated companies

2.0

2.0

Other debtors

64.3

96.3

Deferred tax assets

24.9

-

Accruals

3.2

5.5

Total debtors

602.5

558.3

Liquid funds

164.4

53.0

Total current assets

1,419.3

1,296.7

Total assets

2,375.9

2,301.5

Appendix 4

Liabilities

Bang & Olufsen a/s

Group

(DKK million)	31/5-02	31/5-01
Equity capital		
Share capital	134.1	133.9
Premium on share issue	2.8	2.1
Retained earnings	1,107.2	1,010.9
Total equity capital	1,244.1	1,146.9
Minority interests	-	1.3
Provisions		
Deferred tax	6.8	54.3
Other provisions	51.7	44.5
Total provisions	58.5	98.8
Long-term liabilities		
Mortgage loans	181.3	198.8
Loans from banks, etc.	202.4	187.5
Total long-term liabilities	383.7	386.3
Short-term liabilities		
Repayment of long-term borrowings in the coming year	48.0	27.5
Loans from banks, etc.	15.8	88.5
Trade creditors	183.7	186.5
Liabilities to associated company	6.9	1.9
Corporation tax	68.4	25.5
Other creditors	319.9	291.4
Dividend for the financial year	46.9	46.9
Total short-term liabilities	689.6	668.2
Total debt	1,073.3	1,054.5
Total liabilities	2,375.9	2,301.5

Appendix 5

Equity capital

Bang & Olufsen a/s (Group)

(DKK million)	Share capital	Premium on share issue	Reserve using the equity method	Retained earnings	Total
Equity capital, June 1, 2001	133.9	2.1	-	1,010.9	1,146.9
Capital increase used for employee shares	0.2	0.7	-	-	0.9
Tax on employee shares	-	-	-	0.4	0.4
Exchange rate adjustment of investment in subsidiaries	-	-	-	(3.4)	(3.4)
Depreciation of Group goodwill	-	-	-	(2.4)	(2.4)
Equity capital adjustments in subsidiaries	-	-	-	(1.6)	(1.6)
Dividend own shares	-	-	-	3.2	3.2
Retained earnings	-	-	-	100.1	100.1
Equity capital, May 31, 2002	134.1	2.8	-	1,107.2	1,244.1
Equity capital, June 1, 2000	133.9	2.1	-	922.0	1,058.0
Exchange rate adjustment of investment in subsidiaries	-	-	-	4.3	4.3
Equity capital adjustments in subsidiaries	-	-	-	(1.5)	(1.5)
Depreciation of Group goodwill	-	-	-	(11.4)	(11.4)
Appreciation of own shares for anniversary bonus	-	-	-	24.1	24.1
Value own shares for anniversary bonus	-	-	-	(24.1)	(24.1)
Tax on anniversary bonus	-	-	-	7.2	7.2
Write-down own shares	-	-	-	(21.6)	(21.6)
Dividend own shares	-	-	-	5.3	5.3
Retained earnings	-	-	-	106.6	106.6
Equity capital, May 31, 2001	133.9	2.1	-	1,010.9	1,146.9

Parentheses denote negative figures or amounts to be deducted.

Appendix 6

Cash Flow Statement

Bang & Olufsen a/s, the Group

(DKK million)	2001/02	2000/01
Result for the year	147.0	153.5
Depreciation and write-offs	184.5	171.1
Adjustments	119.7	118.2
Change in working capital	8.1	(170.1)
Cash flow from operating activities	<u>459.3</u>	<u>272.7</u>
Interest received, etc.	17.9	16.9
Interest paid, etc.	(53.0)	(67.2)
Cash flow from ordinary operations	424.2	222.4
Corporation tax paid	(81.4)	(84.8)
Cash flow from operational activities	<u>342.8</u>	<u>137.6</u>
Purchase of intangible fixed assets	(3.7)	(53.8)
Purchase of tangible fixed assets	(150.0)	(221.8)
Purchase of financial fixed assets	0.4	-
Change in financial debtors	-	13.9
Dividend from associated company	-	2.0
Sale of intangible fixed assets	2.2	2.7
Sale of fixed assets	7.9	14.3
Cash flow from financing activities	<u>(143.2)</u>	<u>(242.7)</u>
New long-term debt	44.9	51.0
Reduction in long-term liabilities	(27.0)	(20.6)
Financing of minority interests	9.0	6.9
Sale/purchase of own shares	-	(21.6)
Tax relating to disposal of own shares	-	7.2
Appreciation of shares used for employee shares	0.9	-
Tax relating to employee shares	0.4	-
Proceeds from capital increase and dividend from own shares	3.2	5.2
Dividend paid	(46.9)	(80.4)
Cash flow from financing activities	<u>(15.5)</u>	<u>(52.3)</u>
Change in liquid funds - cash flow for the year	184.1	(157.4)
Liquid funds, June 1	(35.5)	121.9
Liquid funds, May 31	<u>148.6</u>	<u>(35.5)</u>

Parentheses denote negative figures or amounts to be deducted.

Appendix 7

Financing

Bang & Olufsen a/s	Group	
(DKK million)	2001/02	2000/01
Financing income		
Interest income from banks, etc.	2.8	1.9
Cash discounts	8.5	8.5
Other interest received	6.6	6.5
	<u>17.9</u>	<u>16.9</u>
Financing costs		
Interest on bank loans	21.3	17.4
Interest on mortgage loans	11.3	13.1
Currency losses	9.7	25.9
Cash discounts	5.1	5.3
Other interest paid	5.6	5.5
	<u>53.0</u>	<u>67.2</u>

Change in operating capital

Bang & Olufsen a/s	Group	
(DKK million)	2001/02	2000/01
Change in operating capital		
Change in debtors	(55.6)	(28.9)
Change in stocks	28.3	(101.3)
Change in trade debt, etc.	30.7	(39.9)
	<u>3.4</u>	<u>(170.1)</u>

Parentheses denote negative figures or amounts to be deducted.

Appendix 8

Turnover and distribution, Bang & Olufsen AudioVisual a/s

Turnover in markets

(DKK million)	Group	
	Turnover 2001/02	Growth in local currency
Germany	579	3%
United Kingdom	559	25%
Denmark	475	2%
USA	380	20%
Holland	291	17%
Switzerland	283	(2%)
France	216	9%
Italy	206	4%
Spain/Portugal	190	22%
Asia	141	19%
Sweden	105	2%
Expansion Markets	99	7%
Belgium	92	6%
Japan	76	24%
Norway	66	2%
Austria	58	1%
Other	36	
	3,852	

Parentheses denote negative figures or amounts to be deducted.

The development in the number of shops for Bang & Olufsen AudioVisual a/s

Shop segment	Number of shops <u>as at 31/5-02</u>	Changes during the period <u>1/6-01 - 31/5-02</u>	Share of turnover <u>per segment</u>
B1	618	73	61%
Shop in shop	660	(9)	24%
Other	<u>641</u>	<u>(162)</u>	<u>15%</u>
Total	<u>1,919</u>	<u>(98)</u>	<u>100%</u>

Parentheses denote negative figures or amounts to be deducted.

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.