N.B. In the event of any discrepancy between the oral and the written versions, the oral version prevails.

Two years ago, at this rostrum, I emphasised the need to improve our profitability and cash flow. Last year, from the same place, I applauded the good results and stressed the importance of growth. The next step, therefore, would be to secure Bang & Olufsen's further growth.

Nobody can doubt that the Board's request for increased profitability and a stronger cash flow has been acted upon by the management – and achieved in a highly satisfactory way.

However, some effort is still required to spot the growth we asked for. With the best of intentions, we could say that it arrived during the fourth quarter – better late than never. Over the coming year we will hopefully see more systematic growth despite the sector's current slowdown, changing technology and uncertainties as well as the deliberate restructuring of our distribution in several countries.

Of course, the Board can only be satisfied with earnings growth of 17% even though the company's turnover – for a number of reasons – has declined by 9%. In fact, this is entirely in line with the task we set ourselves in April 2002 – i.e. to achieve annual growth in earnings of between 10% and 15% irrespective of external global factors and the developments in our markets. We decided to, clearly and precisely, focus on improving profitability. And we have succeeded in doing so rather well over the past two years.

With the same focus and commitment, we'll now demonstrate that Bang & Olufsen can continue where we left off in the fourth quarter and grow the top line. Growth proves that the strategy we're following is the right one. Growth provides opportunities for capitalising on the many investments in products and competencies and is a pre-condition for providing attractive career opportunities for our staff. In brief, we must fulfill the task we set ourselves at the last AGM – that is, to go for growth. I hope, therefore, that the growth achieved in the fourth quarter can be replicated over the next four quarters, although, of course, the results for the individual quarters are influenced by product launches and by seasonal fluctuations.

As I mentioned earlier, turnover developed negatively over the past year. In part this is owing to Bang & Olufsen's strategy and in part to external circumstances.

Falling exchange rates cost us DKK 100 million in turnover.

We also realise that the distribution strategy implemented in, for instance, Germany will reduce turnover in the short and medium-term. We have ceased trading with around 200 dealers who were unable to meet the quality requirements that we will demand in future. This has cost us almost DKK 90 million this year. In Germany alone, this deliberate restructuring caused us to

lose DKK 60 million in turnover as well as creating some turbulence in the market. We have embarked on this expensive operation because the former C dealers have either been dropped or converted to shop-in-shop solutions offering far greater exposure for Bang & Olufsen's products. We are confident that our strategy in the German market is the right one – Bang & Olufsen and high quality are synonymous.

During the past turbulent year, we have also noted that, largely speaking, B1 shops more than two years old generally maintained their turnover compared to last year. This bears witness to our robustness – also in times of adversity.

Consequently, we intend to focus strongly on accelerating the opening of B1 shops.

Bang & Olufsen Medicom had another difficult year and lower orders led to a DKK 80 million decrease in turnover.

As is well known, we work with very few and very large customers whose decisions have a major impact on Medicom's operations. During the year, we implemented a number of new initiatives, which should prove rewarding in the coming years.

I'd like to mention some markets that have shown particularly positive developments. One is the UK, which has seen quite exceptional development over the past 10 years and which continued to prosper in the past year. It is also pleasing to see the pace of the recovery in Asian markets after last year's crises, including SARS.

Bang & Olufsen will continue to expand in Asia and shops will be opened in China after the close of the financial year. We also note early signs of advances in our neighbouring Scandinavian markets.

Although, all in all, there are different developments in different markets, one thing is certain – we are now set for overall growth.

To understand the Group's sales situation, we should also look at the technological changes that are currently engulfing us. In fact, Bang & Olufsen is facing the biggest changes in its product portfolio for the past 50 years. We're seeing a shift from cathode ray tube to flat screen technology which means that cathode ray tube TVs, which two years ago accounted for 50% of the Group's turnover, will be replaced by new flat screen products over the next two-three years. This is a huge challenge particularly as we're also changing from analogue to digital technology.

With regard to product development, we should be pleased with the fact that the pace is now quickening and we're launching more new products than ever before. In the final analysis, Bang & Olufsen is all about new products. The past year saw - and the year ahead will see - many new products. BeoLab 5 has set a new standard for loudspeakers and has given Bang & Olufsen invaluable publicity across the world.

The new flat screens – both Plasma and LCD – represent the best within the industry and we're greatly looking forward to the launch of the new BeoVision 6 and 7 TVs based on LCD and Plasma technology.

Although B&O has experienced a 9% decline in sales, we've succeeded in increasing profits by 17%. This has been achieved through management's committed efforts to improve gross margins in recent years. These efforts have taken place on several fronts and include pricing parameters, costs, rationalisation, purchasing etc.

As for costs, the decision to sell the electronics company in Skive and the establishment of production in the Czech Republic are major changes that will strengthen B&O's future competitiveness. Breaking with past B&O traditions, these decisions have been necessary to secure B&O's future competitiveness.

We are, of course, aware that many in our local area see these moves as a threat to employment, which it is. But the fact remains that strong and healthy companies prepare ahead – before it's too late. And there's no doubt that these two moves will benefit Bang & Olufsen.

Another market that should be mentioned is the US, which has impacted negatively on our profitability for several years. Two years ago, I rashly promised that we would break even within two years. We came close to doing this. In fact, in the fourth quarter, the US market saw a small, positive operating profit before non-recurring costs. Our new American management team has acted rigorously to reduce costs and generate growth in our shops. Consequently, we are approaching the point where we can take a forward-looking approach once again. There will be more focus on this over the coming year.

Besides increasing profits, the Group's aims serve another important objective. In recent years, we have made a conscious decision to increase investments and product development costs. This demands funding, which we must raise ourselves. Our ability to adjust costs to external factors is, therefore, not about achieving savings at any price. We have great respect for future opportunities and demands and we know that this involves new products. We have a strong and healthy portfolio of new products and the accounts show that our product development costs have not declined. In addition, it is clear that we have an exciting launch programme in place. And more is on the way.

In our written report, we have unveiled some other new activities such as sound systems for cars, sales of complete hotel installations and new partners for ICEpower. These initiatives also demonstrate that Bang & Olufsen, even when we focus on profitability, continues to generate ideas and pursues growth opportunities.

Bang & Olufsen is a healthy company. We have a strong cash flow and a strong balance sheet. Some investors and analysts may say that we're too conservative. I disagree. We are a small business within our industry. Technologies change rapidly, consumers are unpredictable and anticipating demand is indeed a difficult science. We have seen many examples of both German and Jutlandian colleagues who have come under financial pressure – and have been forced to focus their resources on other areas than coping with difficult market conditions. As we have strong liquidity and a strong cash flow, the Board has, like last year, decided to maintain the high dividend of DKK 7 per share in addition to the approx. DKK 100 million, which we have already spent on buying back own shares.

Finally, I would like to say that we maintain our previously announced expectations, i.e. a pre-tax result of between DKK 360-390 million. As already mentioned, we have bought back own shares for approx. DKK 100 million.

Before rounding off, I would like express my thanks to my colleagues on the Board, to the management team and not least to our staff in Denmark and abroad for their exemplary commitment over the past year. The way in which Bang & Olufsen has navigated its way through the slowdown of recent years inspires respect.