

Bang & Olufsen Group
Report and accounts 2000 / 2001



Courage to constantly question the ordinary in search of surprising, long-lasting experiences.

Bang & Olufsen AudioVisual a/s

Bang & Olufsen AudioVisual develops, manufactures, markets and distributes Bang & Olufsen's audio and video products. Also over the coming years the business unit will account for by far the largest share of turnover and earnings of the Bang & Olufsen Group.

Both new, unique concepts as well as updated, well-known and successful products will contribute to earnings.

In both categories focus will be on providing customers with experiences that exceed their expectations – in terms of durability, design and user-friendliness.

One major challenge lies in the large number of new technologies constantly emerging. Choices must be made in order to exploit the right technologies at the right time – in the interests of customers, not for the sake of technology itself.

Bang & Olufsen AudioVisual will pursue the distribution strategy which in recent years has proved its worth. The number of well located and well staffed B1 shops and shop in shop solutions will be increased across the world and individual retailers will be provided with the best possible tools for achieving higher sales. Besides a strong product portfolio, retailer support will include targeted marketing.

In the important European markets as well as in the US and Japan, Bang & Olufsen AudioVisual operates subsidiaries with responsibility for developing its distribution network. A regional head office for Asia was recently established in Singapore. In addition, a significant number of sole distributors represents the Group in overseas markets.

Bang & Olufsen Telecom a/s

Bang & Olufsen Telecom is responsible for the development and sales of new telephony concepts. The company operates in a challenging environment in which new technologies arrive as fast as existing ones mature. At the same time the Internet is setting new standards for how we communicate with each other.

Telecom's challenges lie in the development of telephony concepts which surprise and bring order to the daily lives of users – irrespective of whether they are at home or in the office. Technology for technology's sake is immaterial – which is why Telecom makes choices on behalf of customers so as to provide optimum user-friendliness.

Recently, this has been further emphasised with the cordless BeoCom 2, which boasts both intelligent functions and a challenging design.

Telecom's products are sold via the traditional Bang & Olufsen distribution system as well as through tele-shops. New partnerships with strong distributors are high on the company's agenda.

Bang & Olufsen New Business a/s

In terms of turnover, Bang & Olufsen ranks among the world's largest producers of loudspeakers and our acoustic skills have been developed, enhanced and documented throughout the lifetime of the company.

On this foundation, Bang & Olufsen New Business is responsible for developing our acoustic competencies and ensuring that they are applied in the most rational and business-like fashion. This will be done by maintaining and expanding our market for loudspeakers for private consumers and by entering new areas such as loudspeakers for professional sound studios and in-car entertainment.

By entering the field of professional sound studios we are not only opening up new business opportunities. We are also increasing awareness of our acoustic competencies. This is likely to have a positive effect on the market for loudspeakers for the home.

In-car entertainment can also impact on both the business area and the brand itself.

A series of pioneering acoustics patents offers a strong platform for new partnerships and new distribution channels and thus for generating new business.

Bang & Olufsen Multimedia a/s

The business unit, Multimedia, focuses on Bang & Olufsen's activities within multimedia and Internet-related products.

With the launch of Beo Player, a digital player for the PC, Bang & Olufsen has taken a major step into the virtual world. This product will be followed by BeoLink PC2 which allows sound from a computer's MP3 files to be played through any Bang & Olufsen system in the home.

A new product for playing music files downloaded via the BeoPlayer is in the pipeline. Small and robust, BeoSound 2 slips easily into the pocket and will therefore appeal to anyone on the move.

In parallel with the development of new, independent products, Bang & Olufsen Multimedia will develop and integrate multimedia applications into other business units' products over the coming years.

Multimedia will thus operate as a lead-house in respect of web enabling of both audio and video and telephony products.

Bang & Olufsen Operations a/s

Bang & Olufsen Operations is the production, purchasing and logistics platform for other business units. Operations is the business unit which, supported by its competencies in professional production and quality management, carries the products through the manufacturing process and on to the customer.

By releasing resources within the sister companies, this enables them to focus on innovation, development and new thinking, all of which are crucially important to the entire group.

As a partner for the Group's other companies Operations must, at any given time, be able to compete with the best within its field – in quality as well as in terms of cost efficiency. At the same time, Operations must continually strive to obtain increased profitability.

Bang & Olufsen Medicom a/s

Bang & Olufsen Medicom develops and manufactures intelligent medical equipment for customers within the pharmaceutical and diagnostic sectors to which Medicom offers a high quality production system as well as competencies within design, user-friendliness and integrated product development.

Innovative knowledge backed by international patents within the fields of Intelligent Drug Administration and Intelligent Acoustic Diagnostics all contribute to making Medicom an attractive business partner.

Medicom will continue to develop new concepts based on Bang & Olufsen's key competencies. In conjunction with its partners, the company will also develop other business areas.

Bang & Olufsen's long-standing tradition for focusing on people by supplying quality products which challenge conventions is a strong and credible platform for Medicom. The company's development activities benefit Bang & Olufsen by generating new competencies and new business opportunities.

Bang & Olufsen PowerHouse a/s

Bang & Olufsen PowerHouse, which is sited in Kgs. Lyngby adjacent to Denmark's Technical University, is responsible for commercial development of ICE power technology. Its development activities are centred on three core areas:

A portfolio of standard products for both the professional audio market and the market for audio equipment for private consumers. The first series of modular amplifier components is currently in production.

Customer-specific system products. Several development projects have been initiated within this segment.

Partner alliances such as those currently negotiated with Sanyo Electric Co. Ltd. PowerHouse will supply technology, knowledge, development support and patent rights while Sanyo is responsible for production, marketing and sales of the products.

PowerHouse's development activities are supported by an intensive sales effort in the three key markets, the US, Japan and Europe.

Overall, development and marketing effort will establish ICE Power as the leading amplifier technology and thus provide a sound business base for PowerHouse.



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Announcements to The Copenhagen Stock Exchange during the 2000/01 Financial Year

On September 22, the Annual General Meeting approved a dividend of DKK 6.00 per nominal share of DKK 10. The AGM also renewed its authorisation for the company to acquire 10 per cent of the company's share capital within 18 months from the date of the AGM.

Jan Gesmar-Larsen and Lars Brorsen were re-elected to the Board of Directors.

The Annual General Meeting approved a change to the company's objectives:

"The company's objective as owner of the Bang & Olufsen brand name is primarily to own shares in the subsidiaries and to exercise its voting rights and other shareholder rights with regard to fully as well as partly owned subsidiaries and to provide such services for the subsidiaries as the Board deems appropriate.

In addition the company's objective is to, directly or indirectly, own holdings in other companies within industry, commerce and provision of services and to exercise any other type of activity which, in the view of the Board of Directors, is linked to such activities."

Furthermore, the Annual General Meeting decided to change the company's name from Bang & Olufsen Holding a/s to Bang & Olufsen a/s.

Satisfactory first quarter

The financial statement for the first quarter was issued in October. In the statement, Bang & Olufsen announced that turnover for the first quarter was above last year's level which was mainly due to the development in Bang & Olufsen AudioVisual a/s. Individual markets, US, France and others, posted advances while, in general, Denmark and Switzerland achieved unsatisfactory results.

With regard to the full year, Bang & Olufsen stated that growth of 10 per cent and earnings of approx. DKK 360 million were expected. Of this DKK 50 million was to be allocated to new activities, including DKK 40 million in Bang & Olufsen Multimedia.

Group Director resigns

On December 8 Bang & Olufsen informed the Copenhagen Stock Exchange of Group Director Carl Henrik Jeppesen's resignation and of the fact that he would leave the company at the end of February 2001.

Expectations maintained

In the Interim Report of January 24, Bang & Olufsen stated:
"We expect the ordinary pre-tax result for the full year to be in line with last year's result after significant investments in new business areas."

Bang & Olufsen announced that Group turnover had increased by 4 per cent compared to the first six months of 1999/00. The announcement added that DKK 17 million had been invested in new business areas, including Multimedia, PowerHouse and Car Entertainment, in the first six months.

The Interim Report's main figures showed a result in line with the first half year of 1999/00. The ordinary pre-tax result was a marginal improvement, but in line with expectations expressed earlier in the year.

Bang & Olufsen AudioVisual a/s showed an improvement of 23 per cent in the ordinary result.

For Bang & Olufsen a/s (formerly Bang & Olufsen Holding a/s), the result was in line with the expectations expressed in the two previous announcements. It was expected that growth in turnover and earnings would primarily take place in the second half year.

Danish sales showed a decline, primarily because the audio/visual market in general is only growing in the discount sector. Germany again experienced a decline in sales in multibrand shops. US, Holland and Expansion Markets saw significant advances while Spain, UK and France and others posted satisfactory advances, the announcement stated.

By mid-January 2001, Bang & Olufsen had opened 46 new B1 shops bringing the total number of B1 shops to 490 worldwide. The dedicated B1 shops account for 48 per cent of the total turnover.

The announcement stated that Bang & Olufsen Telecom's turnover in the first half year was DKK 75 million below the same period the previous year. The decline was partly due to delays to the cordless telephone, BeoCom 2. The overall distribution strategy would be maintained, but with increased focus on sales through alternative channels.

Bang & Olufsen Medicom a/s announced that the company was developing and expanding a partnership with AstraZeneca, one of the world's leading pharmaceutical companies. Developments in Bang & Olufsen Medicom a/s were on schedule. The company expected a result on a par with last year.

Regarding PowerHouse, Bang & Olufsen stated:

“At the end of the year, PowerHouse will relocate to Lyngby partly to strengthen co-operation with Denmark’s Technical University. Several key customers have decided to apply ICEpower for active loudspeakers and amplifiers.”

New President/CEO

On March 15, Bang & Olufsen informed Copenhagen Stock Exchange that Torben Ballegaard Sørensen had been appointed President & CEO with effect from July 1, 2001. Torben Ballegaard Sørensen succeeds Anders Knutsen who last year announced his intention to leave his position as President & CEO no later than 2002.

Downgrading of result for the year

“Bang & Olufsen a/s is downgrading its expectations for the current year’s result,” the Group announced in a statement to the Copenhagen Stock Exchange on April 5. This was due to the continued downturn in sales in the US and an incipient downturn in certain European markets. On the basis of this, Bang & Olufsen’s result was approx. DKK 35 million below the third quarter last year.

“We are now expecting a pre-tax result between DKK 250-270 million after investments of approx. DKK 40 million in new business areas.”

High investment level

On April 18, Bang & Olufsen, in its quarterly statement for the third quarter, announced that the high investment levels in both new business areas and distribution and marketing would be maintained.

The announcement stated that operating profit for Bang & Olufsen a/s fell from DKK 269 million to DKK 253 million.

The ordinary result before tax was DKK 214 million or DKK 37 million less than the year before. This was primarily due to three factors: the continuing international downturn, losses from the opening of own retail shops in the US due to the downturn and a significant decline in the sales of telephones.

Regarding the expectations for the full year, Bang & Olufsen stated:

“On a background of the decline in a number of major markets and uncertainties as to whether the downturn will spread or intensify, Bang & Olufsen expects an ordinary result for the full year of between DKK 250 and 270 million. This is after investments of DKK 40-50 million in new business areas.”

Annual General Meeting

The Annual General Meeting will be held on Friday September 7, 2001 at 4.30 pm at Struer Gymnasium.

Environment Report

The Environment Report is available from the Information Department, tel: +45 96 84 11 22.

Address, etc.

Bang & Olufsen a/s, Peter Bangs Vej 15, DK-7600 Struer
Tel: +45 96 84 11 22. Fax: 00 45 97 85 18 88. Website: www.bang-olufsen.com

Financial calendar

2001
Thursday, August 9, Annual Accounts (2000/01)
Friday, September 7, Annual General Meeting
Monday, October 22, Quarterly accounts (1st Quarter 2001/02)

2002
Wednesday, January 16, Interim Accounts (2001/02)
Wednesday, April 17, Quarterly Accounts (3rd Quarter 2001/02)
Wednesday, August 14, Annual Accounts (2001/02)

Group Structure (new)

Bang & Olufsen a/s
Brand building, Group staff functions.

Bang & Olufsen AudioVisual a/s*
100 % owned
Development and sale of Bang & Olufsen's audio/visual products and global distribution.

Bang & Olufsen Telecom a/s
100 % owned
Develops and markets new telephony concepts as part of electronic communication in the home.

Bang & Olufsen New Business a/s
100 % owned
Develops new business areas based on Bang & Olufsen's competencies and market position.

Bang & Olufsen Multimedia a/s
100 % owned
Continuing development of the Group's overall net competencies.

Bang & Olufsen Operations a/s
100 % owned
Purchasing, production and logistics within the Bang & Olufsen Group.

Bang & Olufsen Medicom a/s
100 % owned
Responsible for Bang & Olufsen's competencies within the medico area in co-operation with existing as well as new partners.

Bang & Olufsen PowerHouse a/s
76.4 % owned
Develops, produces and markets products based on highly advanced amplifier technology.

Bang & Olufsen Scandinavia a/s **
Kalvebod Brygge 43, 1560 Copenhagen V.
Director: Lars Kirstein Andersen

Bang & Olufsen Deutschland G.m.b.H.
Rudolf-Diesel-Strasse 8, 82205 Gilching
Director: Peter Dalm

Bang & Olufsen France S.A.
141 rue Jules Guesde, 92300 Levallois-Perret
Director: Elisabeth Sandager

Bang & Olufsen United Kingdom Ltd.
UNIT 630, Wharfdale Road,
Winnersh Triangle, Berkshire RG41 5TP
Director: Derek Mottershead

S.A. Bang & Olufsen Belgium N.V.
Heide 9, 1780 Wemmel
Director: Peter Sommer

Bang & Olufsen Italia S.p.A.
Via Meravigli 2, 20123 Milano
Director: Francesco Canale

Bang & Olufsen AG
Grindelstrasse 15, 8303 Bassersdorf, Schweiz
Director: Heinz Müller

Bang & Olufsen Espana S.A.
Avenida Europa 2, Parque Empresarial La Moraleja,
28108 Alcobendas, Madrid
Director: Alberto De Lucio

Bang & Olufsen Ges.m.b.H.
Hietzinger Kai 137A, 1130 Wien, Austria
Director: Gernot Timmermann

Bang & Olufsen America Inc.
780 West Dundee Road, Arlington Heights, IL-60004
Director: Ole Bek

Bang & Olufsen Japan K. K.
Shiba Boat Building 9th floor, 3-1-15,
Shipa, Minato-Ku, Tokyo 105-0014
Director: Lars Myrup

Bang & Olufsen Asia Pte Ltd.
23, Ubi Road 4, 5th floor,
Olympia Industrial Building, Singapore 408620
Director: Lars Flyvholm

Bang & Olufsen Danmark a/s**
Peter Bangs Vej 15, 7600 Struer
Director: Erik Wamberg

Bang & Olufsen AS
Øvre Torggate 18, 3007 Drammen, Norway
Director: Bengt Bengtson

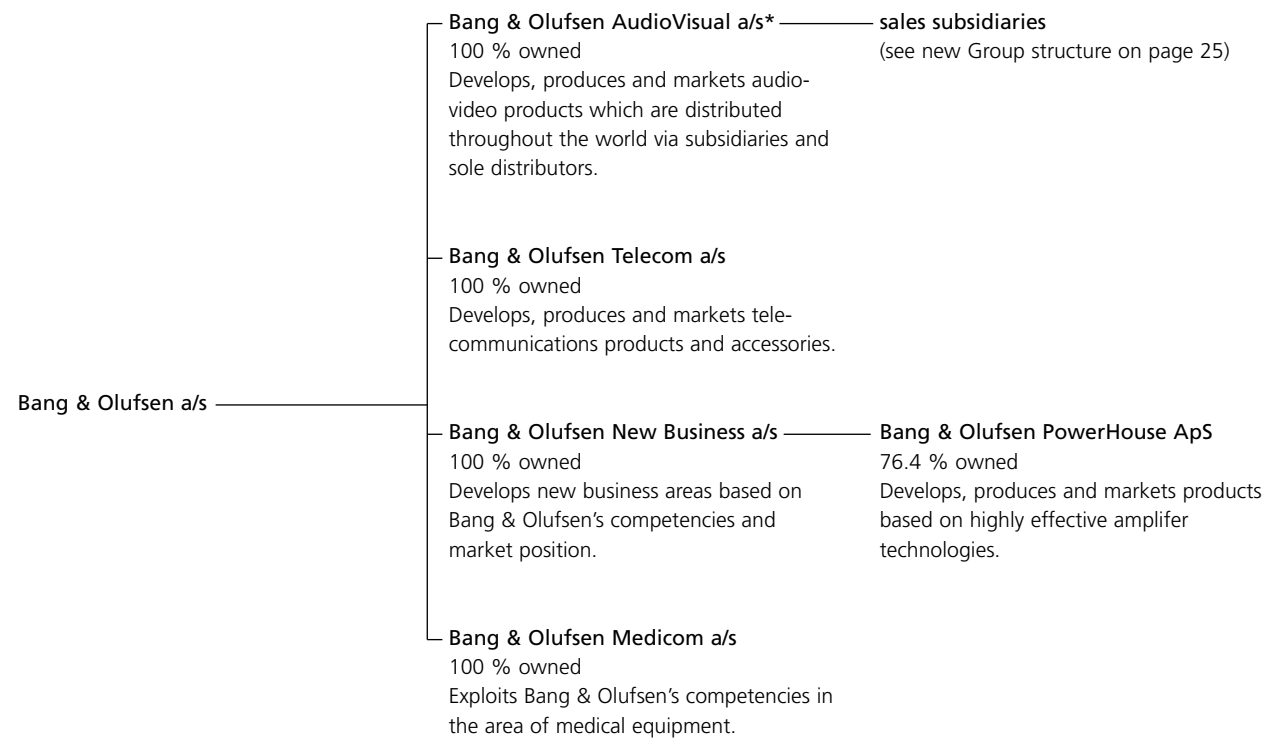
Bang & Olufsen Svenska AB
Gullbergs Strandgata 4, 401 24 Göteborg
Director: Bengt Bengtson

* All companies in Bang & Olufsen AudioVisual a/s are 100 % owned.

** A division in Bang & Olufsen AudioVisual a/s.

Dormant companies have not been included.

Group structure (old structure upon which the accounts of 31 May 2001 are based)



* All companies in Bang & Olufsen AudioVisual a/s are wholly-owned.

Dormant companies have not been included.

The Board of Directors and Board of Management

Company	Board of Directors	Board of Management
Bang & Olufsen a/s Struer. Cvr. no. 41257911	Peter Skak Olufsen (Chairman) Jørgen Worning (Deputy Chairman) Lars Brorsen Joe Davies* Jan Gesmar-Larsen Peter Leschly Torsten Erik Rasmussen Jan Henning Simonsen* Garry Merrild Vestergaard*	Torben Ballegaard Sørensen (President & CEO) Peter Thostrup
Bang & Olufsen AudioVisual a/s Struer. (100 % owned) Cvr. no. 14344403	Peter Skak Olufsen (Chairman) Jørgen Worning (Deputy Chairman) Peter Leschly Torben Ballegaard Sørensen Peter Thostrup	Torben Ballegaard Sørensen Peter Thostrup Ann-Charlott Fischer Karsten Okholm Larsen
Bang & Olufsen Telecom a/s Struer. (100 % owned) Cvr. no. 24062112	Peter Thostrup (Chairman) Ann-Charlott Fischer Torben Ballegaard Sørensen	Peter Eckhardt
Bang & Olufsen New Business a/s Struer. (100 % owned) Cvr. no. 25051637	Peter Thostrup (Chairman) Flemming Møller Pedersen Torben Ballegaard Sørensen	Jens Peter Zinck
Bang & Olufsen Multimedia a/s Struer. (100 % owned) Cvr. no. 26035392	Torben Ballegaard Sørensen (Chairman) Peter Petersen Peter Thostrup	Poul Henrik Søjberg
Bang & Olufsen Operations a/s Struer. (100 % owned) Cvr. no. 26035406	Peter Thostrup (Chairman) Karsten Okholm Larsen Torben Ballegaard Sørensen	John Bennett-Therkildsen
Bang & Olufsen Medicom a/s Struer. (100 % owned) Cvr. no. 24053415	Peter Thostrup (Chairman) Henrik Kagenow Torben Ballegaard Sørensen	Henrik Kagenow
Bang & Olufsen PowerHouse a/s Lyngby-Tårnbæk. (76.4 % owned) Cvr. no. 25053591	Torben Ballegaard Sørensen (Chairman) Henrik Kagenow Karsten Nielsen Poul Henrik Søjberg	Jørgen Johansen

* Elected by the employees

Main banker for all companies
Danske Bank

Auditors for all companies
PricewaterhouseCoopers
DELOITTE & TOUCHE, State-Authorised Public Accounting Company

Directorships in other Danish companies with the exception of 100 % owned subsidiaries

Peter Skak Olufsen
A/S Fiil-Sø
Hunsballe Frø A/S
A/S Jydsk Landvinding
Holli Frø A/S
Plantningsselskabet "Steen Blicher" A/S
Jyllands-Posten A/S

Jørgen Worning
Bryggerigruppen A/S
Chr. Hansens Laboratorium A/S
Ejendomsaktieselskabet af 3/9 1930
Incentive A/S
Nuuk Imeq A/S
Albani Bryggerierne A/S

Peter Leschly
Cimbria A/S
Jernstøberiet Dania A/S
Sahva A/S
Team Hyldahl A/S
Tinglev Elementfabrik A/S
Trelleborg Hadsten A/S
KPC-Holding A/S
Multicept A/S
SDC DanDisc a/s
Agramkow A/S
ALO Danmark A/S
Dansk Formpladeindustri A/S
DPL Invest A/S
Feltwave A/S
Omada A/S
JKE Design A/S

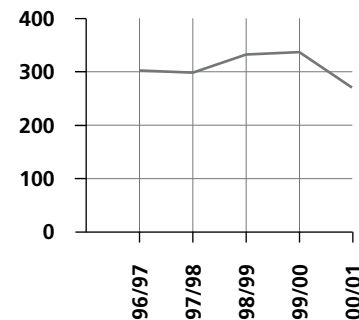
Torsten E. Rasmussen
Bruhn Holding ApS
Coloplast A/S
JAI A/S
Morgan Management ApS
Vola A/S
Best Buy Group A/S
Uni-Chains A/S
Bekaert Variant Handling Systems A/S
Vest-Wood A/S
Vestas Wind Systems A/S
A/S Det Østasiatiske Kompagni
TK Development A/S
NatImmune A/S
CPD Invest A/S
Amadeus Invest A/S

Torben Ballegaard Sørensen
Radiometer A/S
SimCorp A/S
Purup-Eskofot A/S

Peter Thostrup
Osteometer Biotech A/S
CCBR A/S

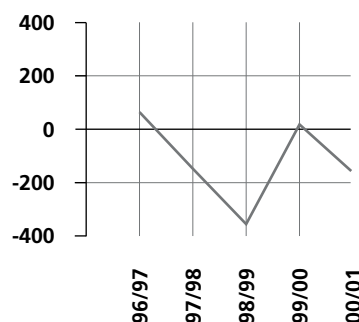
Operating profit

DKK million



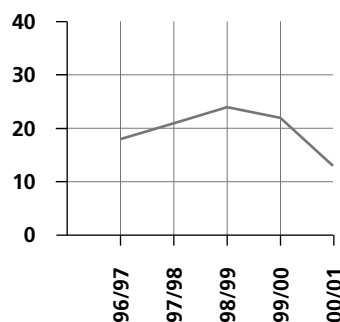
Cash flow

DKK million



Return on equity

%



Main and key figures

The Group (DKK million)	1996/97	1997/98	1998/99	1999/00	2000/01
Result					
Net turnover	3,008	3,117	3,380	3,722	3,810
Turnover in foreign markets as percentage of above	77	77	76	79	80
Operating profit	303	299	333	337	271
Result from ordinary operations before tax	321	340	348	317	224
Ordinary result after tax	216	232	253	222	148
Extraordinary result after tax	-	75	(63)	20	-
Result for the year	216	308	190	243	148
Result after tax and minority interests	170	308	190	243	154
Balance sheet					
Total assets at year end	2,127	2,074	1,895	2,144	2,302
Share capital	127	133	134	134	134
Equity capital at year end	1,014	1,163	981	1,058	1,143
Minority interests	244	-	-	-	1
Cash flow for the year	64	(148)	(356)	19	(157)
Employment					
Number of employees at year end	2,395	2,615	2,668	2,797	2,776
Key figures					
Profit ratio, %	10	10	10	9	7
Rate of return, %	22	20	20	17	13
Return on equity, %	18	21	24	22	13
Current ratio	2.8	2.3	1.7	1.9	1.9
Debt-equity ratio, %	48	56	52	49	50
Earnings per share (nominal DKK 10)	13	17	20	18	12
Intrinsic value (nominal DKK 10)	80	87	77	85	92
Quoted share price on 31 May	395	441	462	283	268
Price/earnings	30	26	23	16	22
Quoted share price/intrinsic value	4.9	5.1	6.0	3.3	2.9
Dividend per share (nominal DKK 10)	2.5	7.5	5.0	6.0	3.5

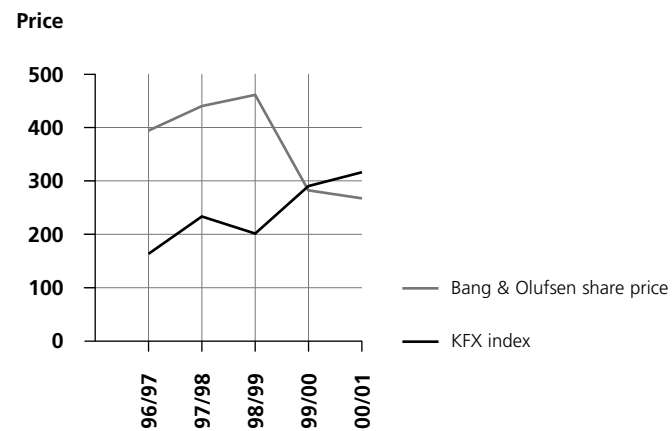
(Parentheses denote negative figures)

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 year of acquisition, the accounting practice differs from the guidelines' recommendation. Quoted securities are booked at the purchase or quoted price, whichever is lower.

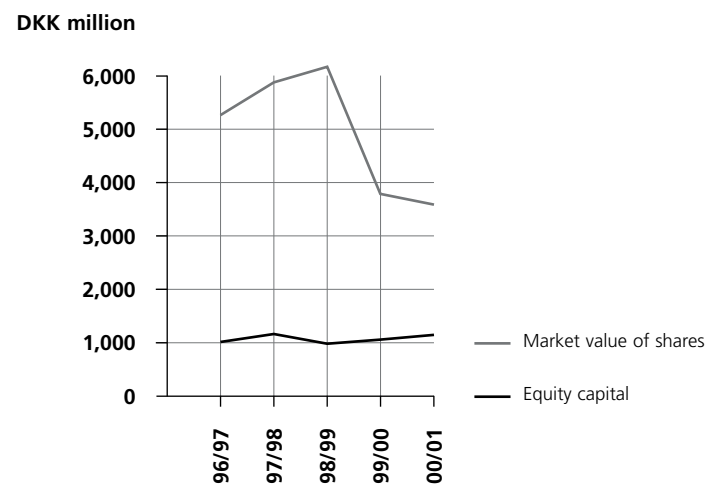
The key figures are as follows:

Profit ratio:	$\frac{\text{Operating profit} * 100}{\text{Net turnover}}$	Equity ratio:	$\frac{\text{Equity capital at year end} * 100}{\text{Total liabilities at year end}}$
Rate of return:	$\frac{\text{Operating profit} * 100}{\text{Average operative assets}}$	Earnings per share (nominal DKK 10)	$\frac{\text{Ordinary result after tax}}{\text{Average number of circulating shares}}$
Return on equity:	$\frac{\text{Ordinary result after tax} * 100}{\text{Average equity capital}}$	Intrinsic value (nominal DKK 10)	$\frac{\text{Equity capital at year end}}{\text{No. of shares at year end}}$
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$	Price/earnings	$\frac{\text{Quoted share price}}{\text{Earnings per share (nom. DKK 10)}}$

The development in quoted share price for Bang & Olufsen ordinary shares compared to the KFX index as at 31 May



Market value of shares in relation to the equity capital as at 31 May



Ordinary shares (multiple voting shares) not listed on the Copenhagen Stock Exchange are included at the same price as the ordinary shares.

The shareholders

The Bang & Olufsen share

The price of Bang & Olufsen a/s' ordinary shares fell from 283 to 268 during the financial year, i.e. approx. 5 per cent. Over the same period, the Copenhagen Stock Exchange KFX index rose by approx. 9 per cent while the market value of Bang & Olufsen a/s' ordinary shares fell from DKK 3,471 million to DKK 3,277 million for the same period.

The company has approx. 12,000 registered shareholders. These account for approx. 77 per cent of the share capital.

Dividend policy

The Group's dividend policy aims at paying one third of the profits after tax as dividend. It is proposed to the Annual General Meeting that DKK 46.9 million be paid out in dividend for the financial year 2000/01. This corresponds to a dividend of DKK 3.50 per nom. DKK 10 share.

The share capital consists of:

Ordinary shares		
(multiple voting shares): 1,147,500 of DKK 10	DKK	11,475,000
Ordinary shares: 12,244,746 of DKK 10	DKK	122,447,460
Total	DKK	133,922,460

Own shares

As at May 31, 2001, Bang & Olufsen a/s holds shares of nom. DKK 8,949,510. This corresponds to approx. 6.7 per cent of the share capital. An options programme for directors and senior managers in the Group has been set up. The options pool totals approx. 112,000 shares which can be exercised during the period 2002-2008.

Register of shareholders in accordance with Danish Company Law § 28B

Shareholders holding at least 5 per cent of the share capital:
Lønmodtagernes Dyrtidsfond,
Vendersgade 28, 1363 Copenhagen K.
ATP, Kongens Vænge 8, 3400 Hillerød.
Nordea Companies Danmark A/S
(formerly Unidanmark A/S), Torvegade 2,
1786 Copenhagen V.

Shares held by members of the Board of Management

As at May 31, 2001, members of the Board of Management of Bang & Olufsen a/s own nominally DKK 2,000 ordinary shares (multiple voting shares) and nominally DKK 19,860 ordinary shares.

Annual General Meeting and payment of dividend

The Annual General Meeting will take place at 4.30 pm on Friday, September 7 2001 at Struer Gymnasium. Payment of dividend is expected to take place on Thursday, September 13, 2001.

Circulating shares

Issued shares	13,392,246
- Less own ordinary shares	(894,951)
Total	12,497,295
Average circulating shares	12,489,138

Key figures

	1996/97	1997/98	1998/99	1999/00	2000/01
Share capital, DKK million	127	133	134	134	134
Earnings per share (nom. DKK 10)	13	17	20	18	12
Intrinsic value (nom. DKK 10)	80	87	77	85	92
Quoted share price as at May 31	395	441	462	283	268
Dividend per share (nom. DKK 10)	2.5	7.5	5.0	6.0	3.5

Directors' Report, Bang & Olufsen a/s – Group

Turnover in the Bang & Olufsen a/s Group reached DKK 3,810 million in the 2000/01 financial year against DKK 3,722 million the previous year. This constitutes a rise of DKK 88 million, or 2 per cent.

The result of primary operations was DKK 271 million against DKK 337 million the year before, i.e. a fall of DKK 66 million or 20 per cent.

The ordinary pre-tax result was DKK 224 million against DKK 317 million – a fall of DKK 93 million or 29 per cent. The result is after costs of DKK 43 million relating to the development of new business areas within Bang & Olufsen Multimedia (DKK 27 million), Bang & Olufsen PowerHouse (DKK 10 million) and Bang & Olufsen New Business (DKK 6 million).

The lower result is attributable to four significant factors:

1. Own shops in the US contributed negatively by approx. DKK 25 million less than last year.
2. With a fall in turnover of 6 per cent, the German market once again proved disappointing. Germany contributed approx. DKK 20 million less than last year.
3. With an expected fall in turnover of 12 per cent, Denmark contributed approx. DKK 15 million less than last year.
4. Bang & Olufsen Telecom a/s' contribution declined by approx. DKK 24 million.

Totalling around DKK 80 million, these four factors have a direct impact on the result for the year. Compared to the ongoing expectations over the year, the final result is lower than envisaged. Trends during the second half year and, in particular, during the fourth quarter proved considerably worse than originally expected. The first warning was given in the Interim Report on January 24, 2001.

On the basis of the result for the 1st half-year, which was above that for the same period the year before, expectations for the full year were maintained. At the time, however, it was stated that the US market had suffered lower growth compared to the early part of the financial year and that this would affect the second half year and thus the full year negatively if slackening demand were to spread to Europe. This is what happened.

On April 5, expectations for the full year were revised downwards to DKK 250-270 million due to the continuing slump in US sales. This had also spread to a number of European markets.

These expectations were maintained in the Quarterly Report of April 18, 2001.

The slowdown, however, was further intensified in the fourth quarter when the fall in turnover – with few exceptions – spread across the board. In particular, losses from own shops in the US exceeded expectations.

Turnover in the 4th quarter declined by DKK 36 million to DKK 905 million compared to the 4th quarter of the previous year. The result after tax fell by DKK 48 million to DKK 6 million.

Although neither the targets for turnover nor growth in earnings were achieved, the Group maintains and continues to follow the basic strategies for the Group's development.

Within the Group, the companies Bang & Olufsen AudioVisual and Bang & Olufsen Telecom have underperformed while Bang & Olufsen Medicom, Bang & Olufsen New Business, Bang & Olufsen Multimedia and Bang & Olufsen PowerHouse have developed in line with expectations.

As mentioned, DKK 43 million was spent on the development of new business areas during the year.

Product development costs were DKK 346 million against DKK 308 million in the previous financial year. Product development costs now account for 9 per cent of the turnover.

Distribution and marketing costs rose by DKK 69 million or 10 per cent, of which DKK 58 million relates to expansion in the US.

The overall tax percentage for the year rose from 30 to 34 per cent. The rise in the tax rate is mainly due to the fact that the foreign subsidiaries have used up their tax losses.

Of the tax expense of DKK 76 million, DKK 65 million relates to Bang & Olufsen AudioVisual a/s and DKK 11 million to other companies in the Bang & Olufsen a/s Group.

During the financial year, the balance sheet increased by DKK 158 million – from DKK 2,144 million to DKK 2,302 million. The increase primarily derives from stock which increased by DKK 101 million and other receivables which saw an increase of DKK 59 million.

The increase in stock is due to the opening of own B1 shops that required extra stock as well as the reduced turnover in the 4th quarter.

The rise in other receivables mainly relates to corporation tax receivable, due to the lower than expected result.

Tangible fixed assets saw a net increase of DKK 48 million to DKK 895 million largely due to the completion of Bang & Olufsen Medicom's new building and investment in new production equipment.

The total cash flow for the year was negative at DKK 157 million. The Group's cash flow from operating activities was DKK 138 million against last year's DKK 245 million. The difference is attributable to the shortfall in earnings.

The liquidity requirement for investments totalled DKK 245 million against DKK 266 million the previous year. The change is due to reduced investments in tangible fixed assets. During the financial year, a mortgage loan of DKK 51 million relating to Bang & Olufsen Medicom's new factory buildings was taken up. In the 1999/00 accounts, loans amounted to DKK 200 million. Items relating to shareholders – acquisition of own shares and dividend paid – amounted to DKK 102 million.

Following a proposed dividend of DKK 46.9 million, equity capital amounts to DKK 1,147 million against last year's 1,058 million.

Bang & Olufsen celebrated its 75th jubilee in 2000. The event was marked by a major retrospective exhibition at Dansk Design Center in Copenhagen and by a variety of events at Struer to which approx. 1,000 of the largest dealers from across the world were invited.

On March 1, 2001 Executive Vice President Carl Henrik Jeppesen left the company. On May 1, 2001 Torben Ballegaard Sørensen joined the company succeeding Anders Knutsen as President and CEO on July 1. The Group's Management Board now comprises Torben Ballegaard Sørensen and Executive Vice President Peter Thstrup.

Directors' Report, Bang & Olufsen AudioVisual a/s

Turnover in Bang & Olufsen AudioVisual was DKK 3,494 million, an improvement of DKK 66 million on the previous financial year's turnover of DKK 3,428 million. Sales of audio/video products saw an increase in turnover of approx. DKK 140 million while sales of telephones through Bang & Olufsen's shops declined by approx. DKK 75 million.

The ordinary pre-tax result was DKK 185 million, a decline of 27 per cent, or DKK 69 million, on the previous year. Bang & Olufsen Multimedia was, until the end of the financial year, a division within Bang & Olufsen AudioVisual a/s. The DKK 27 million invested in multimedia activities, therefore, impact on the accounts of Bang & Olufsen AudioVisual.

Both in terms of turnover and result, the unsatisfactory development is due to a number of factors.

As mentioned in the Group report, the general economic downturn in the US and in Europe has led to a slowdown in consumption. Additional factors were the development in the result in the US and the fact that interest in, and demand for, DVD solutions and plasma screens – especially in southern European countries – has been more rapid than Bang & Olufsen expected. As stated in the section on launches in the new financial year, this development is being addressed.

Bang & Olufsen AudioVisual is maintaining a centrally managed global brand advertising strategy where individual markets focus on developing the distribution concept and on local activities centred on individual shops. Compared to the previous financial year, total marketing and distribution costs increased by DKK 62 million to DKK 762 million. This is largely due to the continuing rise in the number of own retail shops in the US.

Developments in the largest markets

The percentage advances/declines in turnover are calculated on the basis of local currencies.

Germany

The past financial year did not see a reversal of the downward trend in Germany. Turnover declined by 6 per cent to DKK 561 million and Germany contributed DKK 20 million less than the previous year.

There are two basic reasons for the extended negative development in Germany. First, the German market suffered a general slowdown which, in the past year, resulted in sales of audio-visual products falling by approx. 4 per cent.

Secondly, we have recognised that the reduction in the number of multi-brand shops as part of the new distribution strategy in 1998 proceeded too severely. In 1998, 630 shops sold Bang & Olufsen products. Of these shops, many were very small. It was necessary to reduce the number of shops, but this proceeded at a pace where the opening of B1 shops could not fully compensate for the shortfall in sales from shops with which contracts were terminated. This also impacted on the mutual confidence between the remaining multibrand shops and Bang & Olufsen.

The group is now re-establishing this confidence. Consequently, 82 of the existing multibrand dealers have invested significantly in upgrading to shop-in-shop solutions in the past 18 months. Bang & Olufsen now accounts for a significant part of the floor area in these shops.

At the end of the previous financial year, Bang & Olufsen announced that no further agreements with multibrand dealers in Germany would be terminated. Nevertheless, the number of multibrand shops has been reduced by 50 as increased competition and general structural changes in the retail sector have led dealers to close down.

The number of B1 shops rose by nine during the financial year. Although ambitions for opening new shops were somewhat higher, the target was not achieved due to difficulties in finding the right locations and the right owners. The current 56 B1 shops in Germany account for 31 per cent of the total turnover against 23 per cent last year. Growth in B1 shops, established for two years or longer, was 5 per cent. A total of 483 shops now sell Bang & Olufsen products in Germany.

On July 1, 2001 Peter Dalm, 51, joined the Group as the new Managing Director of the German subsidiary. Peter Dalm has an extensive sales and distribution background. Most recently, he was Senior Vice President in the LEGO group with responsibility for Central Europe, including Germany, Switzerland, Austria and Hungary.

Scandinavia

Developments in Denmark, Sweden and Norway were characterised by a general decline in the consumption of longterm consumer goods.

Bang & Olufsen's decline in Denmark, our second largest market was 12 per cent down to DKK 479 million. Denmark contributed DKK 15 million less than the previous year. The decline has taken place in multi-brand and chain stores while growth in B1 shops amounted to 10 per cent. With three new B1 shops opened during the year, Denmark now has 30 B1 shops. These represent 28 per cent of the total turnover of the 319 shops which sell Bang & Olufsen products.

Turnover in the Swedish market fell by 7 per cent to DKK 112 million. The 18 Swedish B1 shops account for 61 per cent of the total turnover. Growth in B1 shops was negative, i.e. 2 per cent. A total of 58 shops sell Bang & Olufsen products in Sweden.

In Norway, turnover declined by 5 per cent to DKK 64 million. 15 B1 shops account for 73 per cent of the total turnover in Norway. Growth in B1 shops was 4 per cent. 43 shops in Norway sell Bang & Olufsen products.

Lars Kirstein Andersen, 40, has joined the Group as Director for Scandinavia. Lars Kirstein Andersen, who was previously Managing Director of Tech Data, Denmark, was formerly European Marketing Director for Acer Computer in Germany.

United Kingdom

The UK saw a rise in turnover of approx. 2 per cent to DKK 450 million. Thus the UK maintained its position as Bang & Olufsen's third largest market.

The stable development in the UK market reflects the fact that Bang & Olufsen's distribution strategy has been implemented satisfactorily. The UK was among the first markets to launch this strategy. In the case of the new shops, it has been possible to find the right locations and the right owners. At the same time, sales in the remaining multibrand shops have been satisfactory.

The number of B1 shops increased by 11 to 58, which now account for 58 per cent of the total turnover. Growth in B1 shops was approx. 5 per cent. A total of 141 shops sell Bang & Olufsen products in the UK.

USA

During the financial year, Bang & Olufsen pursued its strategy of making USA one of the Group's key markets. The US strategy differs from that applied elsewhere in that it involves ownership of retail shops.

The strategy comprises two key elements:

1. Distribution which exclusively targets B1 shops which are either owned by Bang & Olufsen, joint ventures with other partners or are wholly-owned by independent dealers. During the year, 19 new B1 shops were established. In total, there are 55 B1 shops, of which 14 are owned by Bang & Olufsen, 11 are joint ventures with other partners and 30 are owned by independent dealers.

2. Development of new video products aimed at the American market. The first product, BeoVision Avant, was launched in August last year and new products will follow during the coming financial year.

US turnover rose by 17 per cent to DKK 311 million which, seen on the background of the downturn in the American economy, is satisfactory. The downturn began in December 2000 and continued through the remaining part of the financial year and is the most important reason why stronger growth was not achieved.

As for Bang & Olufsen's own shops, the results are below expectations. Primarily due to the significant investment in own shops, a loss had been expected. The loss, however, was approximately DKK 25 million above last year.

This is due to a combination of factors. Investment requirements for own shops proved larger than anticipated and earnings fell below expectations due to late openings. In addition, some newly opened shops turned out to be located in the wrong place. Finally, the American organisation did not have adequate human resources to manage the desired rapid establishment and operation of our own shops. The American organisation is currently being strengthened.

The longterm expectations for the American market, which is now provided with an increasing number of dedicated products, are maintained. The longterm development of the shop network is also continuing, although the ambition of opening 25 new B1 shops during the coming financial year has been reduced to 15. Own or joint venture shops will account for only 5. The reduced level of ambition for the new year expresses the intention to ensure high quality levels in all aspects pertaining to the new shops while, at the same time, guaranteeing that the organisation's capacity and the level of ambition match each other.

Switzerland

Turnover declined by 3 per cent to DKK 281 million. In line with the majority of the other markets, the Swiss market was characterised by a general decline in consumption. At the same time, market shares within the audio/video area shifted from high end products to discount products. In Switzerland, too, the lack of DVD and plasma products has impacted on Bang & Olufsen.

Four new B1 shops were opened during the year bringing the total number to 18. These account for 30 per cent of the turnover of the 193 shops which sell Bang & Olufsen products. Growth in the B1 shop segment was 3 per cent.

Holland

In contrast to other European markets, sales in Holland are the responsibility of a sole importer. After several years' significant advances, turnover declined by 4 per cent to DKK 248 million. During the year, 11 new B1 shops were opened. Holland now has 31 B1 shops which account for 24 per cent of the total turnover in the 163 shops which sell Bang & Olufsen products in Holland.

France

Once again, France saw a significant advancement which, during the financial year, reached 12 per cent, to DKK 200 million. Seven new B1 shops were opened, bringing the number of B1 shops to 41. These account for 73 per cent of the total turnover – a rise of 6 per cent compared to last year. Growth in B1 shops was 12 per cent. France has a total of 69 shops selling Bang & Olufsen products. The continuing advance in the French market is an expression of the implementation of the distribution strategy which focuses on location, training and a high level of activity within each shop.

In September/October, Bang & Olufsen will open its newest shop in The Danish House at Champs-Élysées in Paris.

Southern Europe

After several years of continuing double digit growth rates, developments in Italy and Spain came to a standstill during the financial year. In both countries, the high end of the audio/video market has been characterised by strongly rising interest and demand for DVD and plasma screens, a demand which has significantly exceeded that of other markets.

In Italy, we maintained a turnover of DKK 198 million. Six new B1 shops were opened, bringing the total number of B1 shops to 34, which now account for 55 per cent of the total turnover. B1 shops in Italy showed no growth during the financial year. 127 shops sell Bang & Olufsen products in Italy.

With an unchanged turnover of approx. DKK 136 million, sales in Spain followed the general trend for the audio/video market which grew by just 3 per cent. The year saw somewhat slower development of B1 shops than envisaged, mainly because the necessary combination of the right location and the right owners could not be found. During the year, two new B1 shops were established, bringing the total number of Spanish B1 shops to 67. B1 shops showed a negative growth of 5 per cent during the financial year.

Expansion Markets

Expansion Markets showed an advance in turnover of almost 19 per cent to approx. DKK 206 million with Russia, Taiwan, Hong Kong and Australia showing particularly strong advances. This is due to a variety of reasons: the original distribution system has been reorganised and new B1 shops have opened at attractive locations and with committed owners who have managed to generate growth in the face of economic turbulence. During the period, 11 new B1 shops were established, so that Expansion Markets now have 80 B1 shops.

Singapore and Japan

The two newly established subsidiaries have both had a good start.

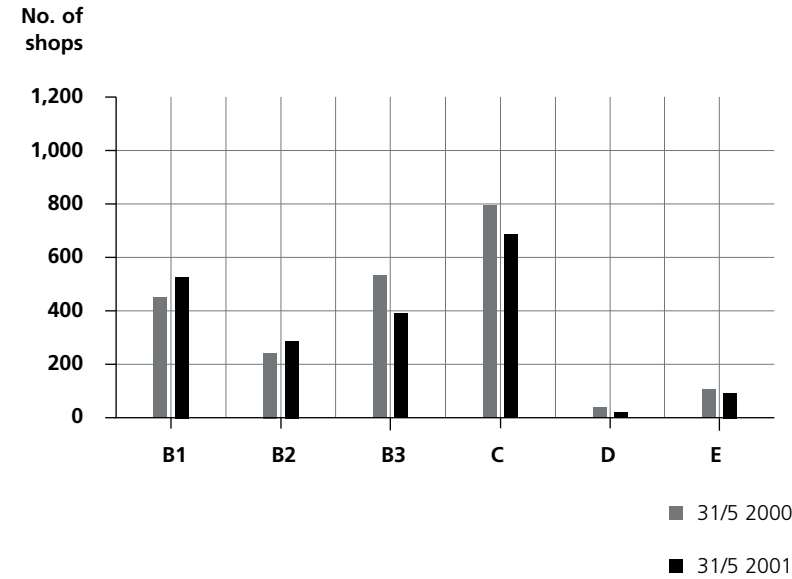
At the start of the financial year when the Japanese subsidiary had just been established, there were two B1 shops, seven shop-in-shop solutions and 42 multibrand shops in Japan. At the end of the financial year, there were five B1 shops, 11 shop-in-shops and 22 multibrand shops. Further moves will take place to increase the number of B1 shops and shop in shops during the coming financial year.

Turnover in Singapore is centred on one B1 shop which is among the five most successful shops worldwide. The potential for opening a second shop in Singapore is being examined.

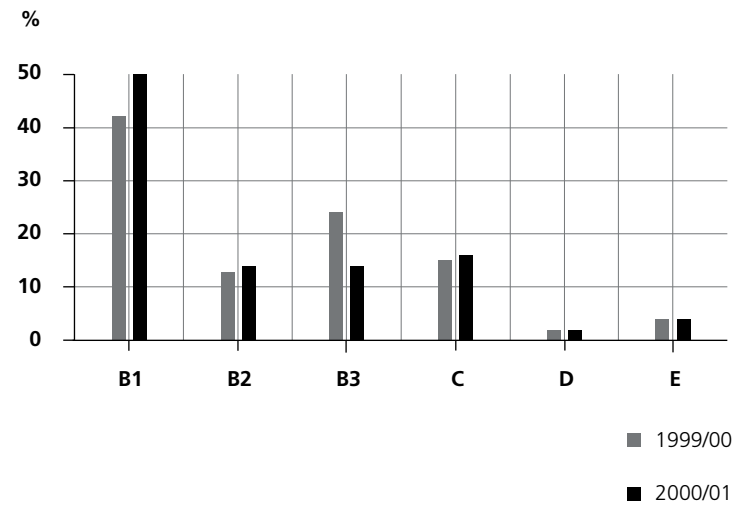
Distribution development

The financial year saw the opening of 101 new B1 shops which is in line with the target set at the start of the financial year. 12 B1 shops were closed and 8 were downgraded. There are 530 B1 shops, 389 in Europe, 56 in North America, 80 in Expansion Markets and 5 in Japan.

Number of shops per segment



Share of turnover per segment
(measured in terms of active shops at the end of each year in question)



Definition of shop segments

- B1 Concept shops which are dedicated retailers of Bang & Olufsen products
- B2 Shops with a turnover of at least 50 per cent of Bang & Olufsen products
- B3 Shops with a turnover of at least 25 per cent of Bang & Olufsen products
- C Shops whose purchases from Bang & Olufsen exceed DKK 500,000 per year
- D Bang & Olufsen "shop in shops" in department stores
- E Stores within retail chains whose purchases exceed DKK 500,000 per year.

Turnover in B1 shops with 2 full years of operation rose by 4 per cent, while turnover in multibrand shops fell by approx. 7 per cent.

As of May 31, 2001, Bang & Olufsen products were for sale in 2,017 shops worldwide, i.e. 155 fewer than the year before. A large majority of these shops were closed by the owners due to general market trends. Smaller shops are particularly susceptible to competitive pressures.

During the financial year, Bang & Olufsen initiated, on a trial basis, the first e-commerce activities in the US for sales of telephony products and accessories. This initiative is proceeding in close co-operation with the dealers. The result so far has, however, not been so clearcut so as to justify the expansion of these activities into other markets.

In the previous financial year, Bang & Olufsen established an Internet-based Retail System which links all dealers to the headquarters in Struer. Whereas dealers previously telephoned their orders to a regional office which forwarded them to Struer, the orders are now sent on-line to Struer. The system also comprises an on-line news and information module which replaces most of the paperbased communication between the head office, regional offices and the dealers.

At the start of the 2000/01 financial year, 100 dealers were linked to the system. Today, the figure is approximately 1,000 and the rest are expected to be on-line before the end of the next financial year. The specific advantages are faster delivery time, improved communication with dealers and the transfer of resources to more productive activities.

Launches during the financial year

During the year, Bang & Olufsen AudioVisual launched three important new products and updated two existing ones.

The three new products are:

BeoCenter 1, launched in October 2000, is a compact sound and picture centre comprising a 25" television, a combined CD and DVD player, FM radio and two active loudspeakers. BeoCenter 1 provides outstanding audio/video integration.

DVD 1, which was launched in November 2000, is a stand-alone product which can be used with the full range of Bang & Olufsen's video programme. Due to limited production capacity, it has not been possible to fully meet demand during the financial year.

BeoSound 1, which was launched in November 2000, is Bang & Olufsen's contribution to portable sound. BeoSound 1 comprises radio, CD player and a strong, active loudspeaker system which provides accurate and dynamic sound reproduction. The product has been well received.

The two products updates are:

BeoVision 1 LS, a development of BeoVision 1, links the product to the BeoLink system and allows for the addition of active loudspeakers.

BeoVision Avant RealFlat, launched in May 2001, is a home cinema system equipped with a high quality, flat TV screen in widescreen format.

Directors' Report, Bang & Olufsen Telecom a/s

Turnover in Bang & Olufsen Telecom fell by DKK 62 million, i.e. 20 per cent, to DKK 244 million during the year under review. The result before tax was DKK 6 million, i.e. a fall of DKK 24 million, or 79 per cent, compared to last year.

The marked decline in turnover and result is basically attributable to the two newly developed products, BeoCom 2, Bang & Olufsen's new cordless telephone and BeoCom 3, the Group's first, 100 per cent ISDN telephone with two lines.

The two products were delayed by seven and four months respectively when the development time was under estimated. BeoCom 3 was launched in March this year and BeoCom 2 in May and are so far available in the Danish market only. From August/September this year, both products will be launched in other markets.

In consequence of the delays, there were no new products in the market at the beginning of the financial year to compensate for the normal life-cycle of an existing product programme.

71 per cent of the turnover is sold through Bang & Olufsen AudioVisual's distribution and 29 per cent through the specialised tele distribution in Denmark and Holland. This is largely in line with last year.

On March 1, 2001, Peter Eckhardt was appointed Managing Director. He was previously Managing Director for Bang & Olufsen Scandinavia a/s.

Directors' Report, Bang & Olufsen New Business a/s

New Business was established to maximise the use of the Group's considerable acoustics competencies. The company has two business areas: further development of loudspeakers for distribution through Bang & Olufsen's usual channels and the establishment of new business areas relating to acoustics.

New Business has made significant strides with regard to new loudspeakers for professional sound studios. The first pioneering product is expected to be launched in 2002. Bang & Olufsen's entry into the professional market represents a further emphasis on the significant sound competence that Bang & Olufsen has developed through dedicated research and development in recent decades.

Within the field of In Car Entertainment, contacts have been established with selected high-end car manufacturers that have indicated an interest in the sound concept developed by New Business for the motor industry. Also within this field, New Business is differentiating itself on the strength of its competencies within design and its ability to offer great sound in small cabinets, ICEpower technology and a number of newly developed or newly acquired patents.

New Business is meeting the planned schedules and will be provided with increased resources in the new financial year.

With effect from March 1, 2001, Jens Peter Zinck was appointed Managing Director. He has come from a position as Sales and Marketing Manager in Bang & Olufsen Medicom a/s.

Directors' Report, Bang & Olufsen Multimedia a/s

This business area focuses on Bang & Olufsen's efforts within multimedia and Internet related products, physical as well as virtual, and within existing as well as new product categories.

The endeavour is, at least initially, centred upon the following three areas in which DKK 27 million was invested during the year.

Link systems: Web enabling of Bang & Olufsen's existing and future products, i.e. providing the user with direct access to music on the Internet through Bang & Olufsen's products and the home PC. During the year, work has primarily focused on the development of BeoLink PC 2.

Portable: Products which can also be used outside the home, e.g. portable digital music players. During the 2001/02 financial year, a small, elegant and robust MP3-player will be launched. The player will, for the first time, allow users to carry Bang & Olufsen audio/visual products in their pocket.

BeoPlayer: Virtual software products, where Bang & Olufsen's competencies within design, in combination with simple and user-friendly operation, enable the user to find and organise relevant content on the Internet for simple and easy application and operation.

In November 2000, BeoPlayer, a virtual digital MP3-player for PCs, was test launched. The BeoPlayer represents Bang & Olufsen's first contribution in respect of the organisation of music in the digital world. In May 2001, BeoPlayer was the official music and video player on the Eurovision Song Contest website.

During the coming year, development work will target integrating multimedia applications for core audio/visual products.

Whereas costs of development activities during the past financial year have been devoted to identifying the Group's business opportunities within multimedia, the requirements for development activities within the next financial year will be characterised by intensified commercial focus and close integration within the field of audio/video.

Directors' Report, Bang & Olufsen Medicom a/s

For the fourth consecutive year, Bang & Olufsen Medicom achieved growth and met its targets. During the financial year, turnover rose to DKK 233 million, a rise of DKK 34 million. The result before tax increased by DKK 4 million to DKK 34 million. As the result for the previous year comprised a share of profits of DKK 3 million from Ericsson DiAx A/S. Medicom's basic earnings are in line with the target.

Within the last couple of years, Medicom has implemented a well-planned strategy in which Medicom's flexible and efficient production layout remains a central element. This has now been enhanced by technological competences which, to an increasing extent, result in new products based on patented technologies. Underlying this development are Bang & Olufsen's core competencies within integrated product development, user-friendliness and design. A number of research and development tasks are being carried out in conjunction with industrial partners and international academic institutions. This is expected to generate rising licence income in the coming years.

The strategic development has resulted in an increasing number of international customers within the pharmaceutical and diagnostic sectors, with Novo Nordisk, AstraZeneca and 3M as the largest.

Medicom develops intelligent products for pharmaceutical companies, products which contribute to a more user-friendly, safe and more simplified administration of medical treatment. The new generation of electronic dosing systems also provides patients with a better overview of their dosage needs. The next step within this field is expected to be an integration between products and the Internet whereby patients will benefit from individually adapted information and better communication with doctors.

Medicom develops intelligent electronic products for diagnostic companies, which ensure better decisionmaking processes for the assessment of a patient's condition in connection with diagnostic examinations. These products exploit Bang & Olufsen's competencies within acoustics and data signal processing, in particular.

Medicom expects to maintain growth in turnover as well as result through expanding the number of contracts with existing and new customers.

Bang & Olufsen PowerHouse is responsible for the Group's activities within digitalised, intelligent and efficient amplifier technology.

In January, the company relocated to Kgs. Lyngby. The new facilities offer scope for the company's planned expansion and its location benefits its intensified collaboration with Denmark's Technical University. Since January, the organisation has been awarded considerable resources for research, patent generation and the maturing of technologies as well as for product development. Sales and Marketing is also being built up.

As a consequence of this, the company, which is still in its establishment phase, has incurred a loss of DKK 11 million.

To maximise business opportunities, PowerHouse operates within three business units with differentiated products:

1. Standard products of which the first series of modular amplifier components is in production. The products are supplied to customers within the professional audio market sector as well as the home audio market. In the latter category, Sony has chosen ICEpower technology as the amplifier element in its new subwoofers.

2. Customer specified system products where a number of initial development projects are in the pipeline.

3. Partner alliances where Bang & Olufsen has signed a letter of intent with Sanyo Electric Co. Ltd. concerning design, development, production, marketing and sales of integrated and hybrid amplifiers based on ICEpower technology. The final agreement is under preparation. It envisages that PowerHouse will supply technology, development support and access to knowledge and patents. Sanyo is the largest supplier of hybrid and integrated amplifiers in the market.

In the coming financial year, sales efforts will be intensified in the three main markets – USA, Japan and Europe with focus on relevant market segments.

As mentioned, PowerHouse is still in the start-up phase and there will be a continual need for significant investment to maintain and develop the technological and market platform. The company will not be profitable for the next few years.

Launch of new products

Bang & Olufsen AudioVisual

The new financial year has commenced with the continued launch of BeoVision Avant RealFlat and the new launch of BeoLab 2, Bang & Olufsen's first sub-woofer. BeoLab 2 exploits the overall sound competencies for which Bang & Olufsen is renowned and combines them with the latest ICEpower technology. BeoLab 2 reproduces the breadth of the deep bass area and can be used in conjunction with all other Bang & Olufsen audio products and active loudspeakers.

In the latter part of the financial year, Bang & Olufsen AudioVisual will launch four new products. One integrates video and DVD, the other is a new TV with widescreen, i.e. 16:9. The two final products are plasma concepts for the US and European market.

These launches will meet growing customer demand for integrated DVD solutions and plasma screens.

Bang & Olufsen Telecom

During the financial year, Telecom will capitalise on BeoCom 2 and BeoCom 3, which were launched recently. During the year, a further development of BeoCom 2 will be launched which, for instance, can be linked up with BeoCom 6000. BeoCom 3 will be launched before Christmas 2001 in a special two-line version for the US. Finally, BeoCom 6000 will be subject to extensive design and functionality upgrading.

Bang & Olufsen Multimedia

BeoLink PC 2 will be launched in August 2001. BeoLink PC 2 makes it possible to link the home PC with other Bang & Olufsen audio systems through the BeoLink concept, thus enabling users to listen to MP3-files from the PC through an existing Bang & Olufsen system.

BeoSound 2, which is expected to be launched in the first quarter of 2002, will allow users to carry Bang & Olufsen's virtual products in their pocket for the first time. In a simple and user-friendly way, users can transfer and store their MP3-files from their computer to the small, elegant player.

Expectations for the 2001/02 financial year

Bang & Olufsen will adhere to its basic strategies. However, in the light of recent developments, adjustments will be implemented within a number of areas.

Within the audio/video business, focus will be on a qualitative consolidation of the B1 distribution following the strong expansion of recent years. This will be supported by enhanced management and control systems. The long-term global target of 800-1,000 B1 shops will be maintained, but the pace of the expansion will match the more rigorous quality requirements. In the US, the need for consolidation in order to strengthen the retail business and ensure a sound platform for growth in the coming financial years is evident. In Germany there is a need to develop partnerships and trust with the multibrand shops alongside the development of shop-in-shop activities.

Product development will be further intensified. Particularly in the latter part of the coming financial year, a strong product programme, for which there are high hopes, will be launched.

During the coming financial year, Medicom is expected to continue its positive advances. In Telecom, whose competencies are important for the whole group, focus will be on continued development of the distribution system and new product launches. In the three new business areas, Multimedia, PowerHouse and New Business, there will be long-term investments in future earnings and in the capitalisation of the Group's brand. The three companies will have a negative impact on the Group's result next year. In the longer-term, all business areas must be profitable. Focus will be on the exploitation of competencies and developments across the whole group to the benefit of the core business.

On the background 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.

The first two months of the year have progressed satisfactorily, but the summer months are traditionally less important in terms of turnover as well as earnings and therefore do not provide a clear trend. There are no immediate signs of changes to either the economic climate or the sales of high-end consumer goods. A continuing downturn in the international economy will have a negative impact on the Group's sales potential.

Financial Report

Profit & Loss Account

Increase in turnover of DKK 88 million

Group turnover for 2000/01 increased by DKK 88 million to DKK 3,810 million a rise of 2 per cent.

The rise is due to advances in Bang & Olufsen AudioVisual a/s and Bang & Olufsen Medicom a/s. However, Bang & Olufsen Telecom a/s' turnover declined.

Bang & Olufsen AudioVisual a/s' turnover rose by DKK 66 million. Due to the increased number of Bang & Olufsen B1 shops, turnover in the US rose by DKK 74 million.

Turnover for audio products increased by 1 per cent and for video products by 7 per cent. On a group basis, turnover in telephones fell by DKK 86 million, i.e. 37 per cent. The development in turnover has meant that the audio and video products' share of the turnover was 43 and 38 per cent against last year's 44 and 38 per cent. Other products' share of the turnover fell from 20 to 19 per cent.

Measured in local currencies, the largest increases for Bang & Olufsen a/s occurred in the US (17 per cent), France (12 per cent) and UK (2 per cent). Expansion Markets increased by 19 per cent.

The following main markets experienced a fall in turnover:

Germany (-6 per cent),
Denmark (-12 per cent),
Holland (- 4 per cent) and
Switzerland (- 3 per cent).

Gross margin rose by 0.6 percentage points

Gross margin for Bang & Olufsen a/s rose by 0.6 percentage points to 40.1 per cent. The increase can be attributed to Bang & Olufsen AudioVisual.

Costs in relation to turnover

Product development, distribution, marketing and administration costs rose by DKK 120 million, i.e. 11 per cent, in 2000/01. Costs account for 33 per cent of the turnover against 31 per cent in 1999/00.

Distribution and marketing costs were DKK 69 million up, i.e. 10 per cent. The increase partly arises from the continued development of the distribution system in foreign markets and partly from the continuing development of own retail organisation in the USA where distribution and marketing increased by DKK 58 million. The establishment of a new subsidiary in Singapore also played a role.

Product development costs increased by DKK 38 million, i.e. 12 per cent, primarily because of the development of BeoCenter 1 and BeoLab 2 and product updates of BeoVision 1 LS and BeoVision RealFlat. BeoVision 1 LS is a further development of BeoVision 1 which offers users the opportunity to link the product to the BeoLink system. BeoVision Avant RealFlat is equipped with a high quality, flat TV screen in widescreen format. The development of cordless telephones and ISDN telephones continues.

Other operating income

The 1999/00 financial year was the last in which the Group received profit contributions from Ericsson DiAx A/S.

Result of ordinary operations in associated company

At the start of the 1999/00 financial year, Bang & Olufsen AudioVisual a/s took a 33 per cent stake in John Bjerrum Nielsen A/S. The impact on the result from this transaction is DKK 3.4 million before tax. Dividend for the year is DKK 2 million.

Financing

Net financing costs rose by DKK 27 million of which DKK 11 million is interest on loans in connection with increased borrowing as a consequence of the Group's negative cash flow. DKK 22 million can be attributed to changes to exchange rates.

Increased tax rate

The overall tax percentage for the year rose from 30 to 34 per cent. This is mainly due to the fact that the foreign subsidiaries have used up their tax losses.

Of the tax expense of DKK 76 million, DKK 65 million relates to the Bang & Olufsen AudioVisual a/s Group and DKK 11 million to other companies in the Bang & Olufsen a/s Group.

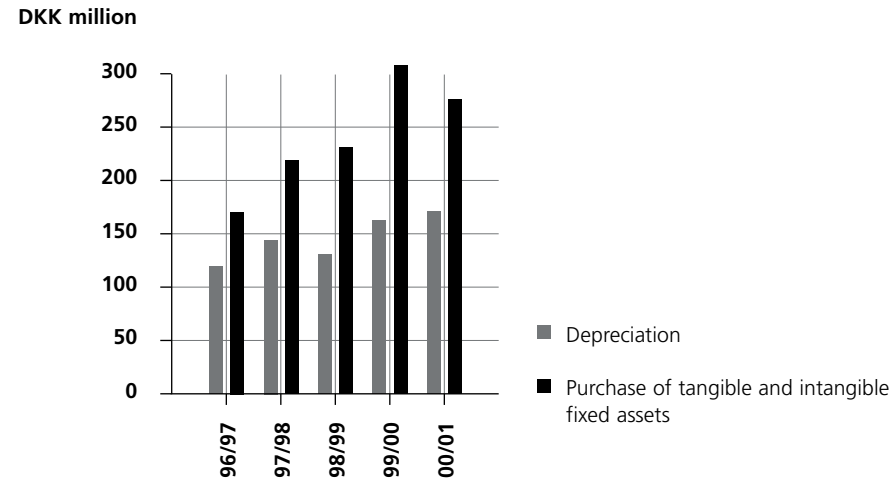
Extraordinary income

Extraordinary income of DKK 20 million during 1999/00 relates to the sale of the company's BAAN shares.

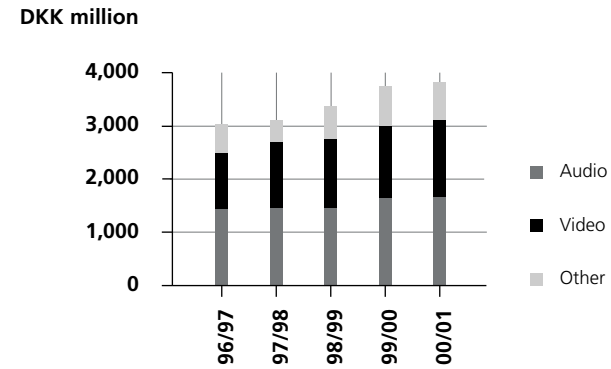
Minority shares

The item concerns the minority share of 23.6 per cent in Bang & Olufsen PowerHouse a/s and a minority share of 50 per cent in a joint venture in the US.

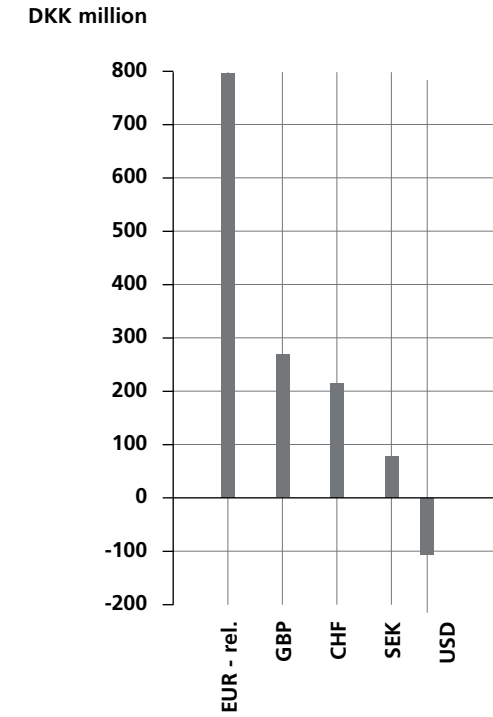
Purchase of tangible and intangible fixed assets and depreciation



Turnover by product groups



The year's net flow in key currencies



Balance sheet

Fixed assets

Fixed assets rose by DKK 72 million, i.e. 8 per cent.

The rise relates to intangible fixed assets which increased by DKK 37 million due to increased costs relating to leasehold improvements in own shops. An increase in tangible fixed assets of DKK 48 million relates to the completion of Bang & Olufsen Medicom's new building and investments in production equipment.

Current assets

Current assets increased by DKK 86 million, i.e. 7 per cent.

The rise is primarily due to an increase in stock of DKK 101 million and other receivables which rose by DKK 59 million. The increase in stock is due to the opening of own B1 shops which required extra stock and the lower sales in the 4th quarter. The rise in other receivables mainly relates to corporation tax receivable due to the lower than expected result.

Liquid funds fell by DKK 77 million on the balance sheet date compared to last year.

Cash flow statement

Total cash flow for the year was negative at DKK 157 million. The Group's cash flow from operating activities was DKK 138 million against last year's DKK 245 million. The difference is attributable to the shortfall in earnings.

The liquidity requirement for investments totalled DKK 243 million against DKK 266 million the previous year. The change is due to lower investments in tangible fixed assets. During the financial year, a mortgage loan of DKK 51 million for Bang & Olufsen Medicom's new factory buildings was taken up. Items relating to shareholders – acquisition of own shares and dividend paid – amounted to DKK 102 million.

Following a proposed dividend of DKK 46.9 million, equity capital amounts to DKK 1,147 million against last year's 1,058 million.

Currency exposure

The Group's turnover abroad amounted to 80 per cent. This figure, however, does not represent the foreign exchange risk since the Group's procurement policy is to match purchase and sales currencies whenever possible.

The Group has net inflows in Euro-related and other Western European currencies. On the outflow side, the most important exposure is in US dollar.

The exchange risks are centrally managed and forward contracts are the instruments chosen to cover positions. Forward contracts are solely commercially founded.

Struer, August 9, 2001

Board of Management

Torben Ballegaard Sørensen
(President and CEO)

Peter Thostrup

Board of Directors

Peter Skak Olufsen
(Chairman)

Lars Brorsen

Jan Gesmar-Larsen

Torsten Erik Rasmussen

Garry Merrild Vestergaard

Jørgen Worning
(Deputy Chairman))

Joe D. Davies

Peter Leschly

Jan Henning Simonsen

Auditors' report

We have audited the consolidated financial statements and the annual financial statements of Bang & Olufsen a/s for 2000/01 as presented by the Board of Directors and the Management.

Basis of opinion

We have planned and performed our audit in accordance with International Standards on Auditing and Danish auditing standards and provisions to obtain reasonable assurance that the financial statements are free of material errors or omissions. Based on an assessment of materiality and risk, our audit included an examination of the basis and evidence supporting the amounts and other disclosures in the financial statements.

Furthermore, we have assessed the accounting policies applied and estimates made by the Board of Directors and the Management as well as evaluated the overall adequacy of the presentation in the financial statements.

Our audit did not give rise to any qualifications.

Opinion

In our opinion, the consolidated financial statements and the annual financial statements have been presented in accordance with Danish accounting legislation and give a true and fair view of the group's and the company's assets and liabilities, the financial position and the result for the year.

Struer, August 9, 2001

PricewaterhouseCoopers

Jørgen Dissing
State-authorised public accountant

Jesper Lund
State-authorised public accountant

DELOITTE & TOUCHE

State-authorised public accounting company

Erik Holst Jørgensen
State-authorised public accountant

Anders O. Gjelstrup
State-authorised public accountant

Accounting principles

Basic principles

The Consolidated Statements of the Group and the Financial Statements of Bang & Olufsen a/s conform to the Annual Accounts Act, Danish accounting guidelines, generally recognised Danish accounting principles and the requirements of the Copenhagen Stock Exchange concerning the presentation of accounts for listed companies.

A few reclassifications have been carried out in the Profit & Loss Account with regard to adjustment of the comparable figures. The reclassifications have not affected the result and the equity capital.

The accounting principles are unchanged from previous year.

Group accounts

Consolidation

The Group accounts comprise the parent company, Bang & Olufsen a/s, and the subsidiaries in which the Group holds more than 50 per cent of the voting rights or, in other ways, has a deciding influence.

The Group accounts have been prepared on the basis of the audited accounts of the parent company and its subsidiaries and, using the past-equity principle, as an aggregation of similar items from the accounts of the individual companies. In the process of consolidation, intra-group income and expenses, shareholdings, outstandings and unrealised profits have been eliminated.

The accounting principles applied in the foreign subsidiaries have been adjusted to the Group's accounting principles unless these only differ insignificantly from them.

Recently acquired subsidiaries are included in the consolidated accounts as from the date of acquisition. Companies sold are included until the date of sale.

Group goodwill is made up at the date of acquisition as the difference between the acquisition price and the intrinsic value of the acquired company established according to the Group's accounting principles. Group goodwill is depreciated directly over the equity capital.

Companies which are not subsidiaries, but in which the Bang & Olufsen Group holds 20 per cent or more of the voting right or in other ways has a significant influence on the operational or financial management, are regarded as associated companies.

Associated companies are consolidated as one-line in the Group accounts.

Foreign exchange

Payments outstanding and debts

Payments outstanding and debts in foreign currency have been booked at the exchange rates prevailing on the balance sheet date or at the applicable forward rate. Unrealised and realised currency gains and losses are included in the Profit & Loss Account under financing income and costs.

Incorporation of accounts of foreign subsidiaries

In the case of independent foreign subsidiaries, the profit and loss accounts are converted to average foreign exchange rates while balance sheet items are converted at the exchange rates prevailing on the balance sheet date. Differences deriving from conversion of the foreign companies' initial equity capital to the exchange rates prevailing on the balance sheet date and the differences owing to the conversion of the foreign companies' Profit & Loss accounts into average exchange rates are adjusted in the equity capital. Hedging of investments abroad is also adjusted in the equity.

Financial instruments

Gains and losses on financial transactions entered into in order to secure outstanding debtors and creditors on the balance sheet date, are included in the Profit & Loss Account.

Financial transactions designated to secure a future purchase or sale are included in the Profit & Loss Account at such time as the transaction is settled.

Profit and Loss Account

Net turnover

This comprises invoiced sales less returned products and sales rebates. Sales revenue is booked at the time of dispatch of the goods.

Production costs

Products costs comprise stock consumption and costs, including salaries and depreciation which are incurred for the purpose of achieving the net turnover for the year.

Product development costs

Product development costs are charged in the year in which they were incurred and comprise those costs which can be attributed to the companies' development departments, including salaries, wages, materials, services and depreciation on fixtures and fittings and equipment for development activities.

Distribution and marketing costs

Distribution and marketing costs comprise costs relating to sales and distribution of the Group's products, including salaries for sales personnel, advertising and exhibition costs and depreciation. Costs in subsidiaries which are exclusively responsible for sales of the Group's products are attributed to distribution and marketing costs.

Administration costs

Administration costs comprise costs for administrative personnel, management, office costs, etc. incl. depreciation.

Result in subsidiaries and associated companies

The share of the subsidiaries' pre-tax profits is included in the Profit & Loss Account of the parent company under the item "Result from ordinary operations in subsidiaries", while the subsidiaries' share of tax is included under "Tax on ordinary result".

In the Group's and parent company's Profit & Loss Account, share of profits before tax in associated companies is included in the item "Result from ordinary operations in associated companies", while the share of the associated companies' tax liability is included under "Tax on ordinary result."

Depreciation

Development costs have been charged as items of expenditure in the relevant year.

Improvements and rights to leasehold property are depreciated on a straight-line basis over the same period as the lease, although a maximum of 10 years.

Patents are depreciated on a straight-line basis over the expected lifetime, although a maximum of 10 years.

Tangible fixed assets with a purchase price of less than DKK 25,000 are charged in full in the year of purchase. For computer software the limit is DKK 100,000. Subsidies concerning tangible fixed assets have been deducted in the purchase price.

Depreciation is carried out on a straight-line basis over the expected useful life of the asset. The following depreciation periods are used:

Land and buildings	
- Land	None
- Buildings	40 years
- Interior refurbishment/ special installation	10 years

Plant and machinery	
- Single purpose production tools	4-6 years
- Other plant and machinery	8-10 years
Other equipment	3-10 years

Leasing/Rental

Rent and leasing payments relate to operational leasing of operating equipment, vehicles and administrative equipment. Rent and leasing payments are charged in the year in which they are paid. The leasing liabilities are stated in the Notes.

Financial items

Financial items include interest, cash discounts, realised and unrealised foreign exchange adjustments and realised revaluations and unrealised losses on securities.

Tax

Tax is charged, in part, on the basis of the year's anticipated tax liability on taxable earnings and, in part, on changes in deferred tax, which are entered in the Balance Sheet.

The result for the year includes non-taxable income and non-deductible costs. Tax attributable to the annual result is further influenced by variations in the taxation rates of the individual countries.

The parent company is group taxed with some of its subsidiaries. The calculated tax due in Denmark is divided between the companies in proportion to their taxable income.

The Group pays tax according to the instalment principle. Any supplementary payments, deduction or refunds related to tax are included in financial items.

Minority interests

Minority interests include third party shareholders' share of the intrinsic value and the year's result in subsidiaries which are not 100 per cent owned. In the consolidated result, the share of the subsidiaries' result which can be ascribed to minority interests, is given separately. Minority interests' share of the equity capital is given in a separate item between "Equity Capital" and "Provisions".

Balance sheet

Intangible fixed assets

Improvements and rights to leasehold property include the establishment of retail shops, and the refurbishment of office and warehouse premises in subsidiaries. These are valued at cost less depreciation to date.

Patents are valued at cost less depreciation to date.

Tangible fixed assets

Property in Denmark is booked at the official valuation as at April 1, 1977 (16th general valuation) plus later additions at the actual cost price less accumulated depreciation.

Property abroad is valued at cost less depreciation to date.

Plant and machinery and other equipment are booked at cost less depreciation to date.

Financial fixed assets

Shares in subsidiaries are included in the Balance Sheet of the parent company at the intrinsic value shown in the subsidiaries' accounts, with additions or deductions of profits or losses as a result of internal trading.

Shares in associated companies are valued in the Balance Sheet of the Group and the parent company following the equity method in accordance with the latest published annual accounts or periodic accounts.

The proportion of the results from subsidiaries and associated companies which has not been paid out as dividend has been transferred to the reserves for net write-up in accordance with the intrinsic value method.

Stocks

Stocks are booked at purchase price/cost using the FIFO principle, or at the net realization value, if this is lower.

Purchase price for raw materials, other materials and purchased goods comprises the invoice price plus delivery costs.

The cost price of finished goods and work in progress comprises the purchase price of materials and direct labour costs, plus additional indirect production costs.

Obsolete and slow-moving items are booked at the expected net realization value.

Debtors

Book value is based on an assessment of each account outstanding.

Own shares

Own shares are depreciated over the equity capital on the date of acquisition. Fees received in connection with the disposal of own shares and dividend received are also booked directly at equity capital.

Securities

Listed securities are booked at purchase price or market price on the closing date if this is lower.

Unlisted securities are booked at purchase price unless special circumstances demand depreciation.

Deferred taxation

Provision for deferred tax is calculated according to the debt method on the basis of all temporary differences between the tax and accounting values of assets and liabilities.

In the calculation of deferred tax, the fiscal value of possible losses, provisions etc. is entered if it is likely to be included in future fiscal results.

If the deferred tax constitutes a positive amount, this is entered in the Balance Sheet as a deferred tax asset.

Corporation tax is the tax expected to be liable on the year's taxable earnings calculated in accordance with the tax law, less tax on account.

Other provisions

Provisions are made for estimated warranty expenses for sold goods, pension commitments, etc.

Cash flow statement

The presentation of the Consolidated Cash Flow Statement follows the indirect method, based on the result for the year. The Cash Flow Statement shows the Group's cash flow for the year, the year's change in liquid assets and Group's liquid assets at the beginning and end of the year.

Cash flow from operational activities

Cash flow from operational activities is stated as the result for the year adjusted for non-liquid result items, paid financial items and corporation taxes and changes to working capital. The working capital comprises current assets less short-term liabilities, excluding such items which are booked as liquid assets.

Cash flow from investment activities

Cash flow from investment activities comprises the acquisition and sale of intangible, tangible and financial fixed assets.

Cash flow from financing activities

Cash flow from financing activities comprises borrowings and instalments of mortgage debt and other long-term debt as well as yield and earnings from increases in the share capital.

Liquid assets

Liquid assets comprise liquid funds and listed bonds less short-term bank debt which form part of the Group's ongoing cash flow management.

The consolidated cash flow statement cannot be established solely on the basis of the published accounts.

Profit & Loss Account

		Bang & Olufsen a/s		Group		Parent company	
		(DKK million)		2000/01	1999/00	2000/01	1999/00
Notes ...							
1 ...	Net turnover			3,810.0	3,722.4	-	-
2 + 3 ...	Production costs			<u>(2,281.1)</u>	<u>(2,250.4)</u>	-	-
	Gross profit			1,528.9	1,472.0	-	-
2 + 3 ...	Product development costs			(346.4)	(308.3)	-	-
2 + 3 ...	Distribution and marketing costs			(781.2)	(712.4)	-	-
2 + 3 ...	Administration costs, etc.			(130.2)	(117.4)	(5.3)	(4.6)
4 ...	Other operating income, net			-	3.2	-	-
	Operating profit			271.1	337.1	(5.3)	(4.6)
5 ...	Result from ordinary operations in subsidiaries			-	-	227.6	316.2
	Result from ordinary operations in associated company			3.4	2.6	-	-
6 ...	Financing income			16.9	14.3	9.4	7.3
7 ...	Financing costs			(67.2)	(37.2)	(1.9)	(1.3)
	Net financing income			<u>(50.3)</u>	<u>(22.9)</u>	<u>7.5</u>	<u>6.0</u>
	Result from ordinary operations before tax			224.2	316.8	229.8	317.6
8 ...	Tax on ordinary result			<u>(76.3)</u>	<u>(94.6)</u>	<u>(76.3)</u>	<u>(94.6)</u>
	Ordinary result after tax			147.9	222.2	153.5	223.0
9 ...	Extraordinary costs/income			-	20.4	-	20.4
	Extraordinary result after tax			-	20.4	-	20.4
	Result for the year			147.9	242.6	153.5	243.4
22 ...	Of which minority share			5.6	0.8		
	Bang & Olufsen a/s' share of result for the year			153.5	243.4		

It is recommended that the result for the year be allocated as follows:

Dividend	46.9
Retained profit for the year	106.6
	<u>153.5</u>

Parentheses denote negative figures or amounts to be deducted.

Notes: See page 65 - 75

		Assets		Liabilities	
		Bang & Olufsen a/s		Parent company	
(DKK million)		31/5 01	31/5 00	31/5 01	31/5 00
Notes ...					
	Intangible fixed assets				
10 ...	Leasehold improvements and rights	74.6	37.4	-	-
11 ...	Patent	0.9	1.0	-	-
	Total intangible fixed assets	<u>75.5</u>	<u>38.4</u>	<u>-</u>	<u>-</u>
	Tangible fixed assets				
12 ...	Land and buildings	334.5	261.5	-	-
13 ...	Plant and machinery	367.1	298.2	-	-
14 ...	Other equipment	147.0	116.7	-	-
15 ...	Prepayments for tangible fixed assets and plant & equipment in progress	46.8	170.6	-	-
	Total tangible fixed assets	<u>895.4</u>	<u>847.0</u>	<u>-</u>	<u>-</u>
	Financial fixed assets				
16 ...	Investment in subsidiaries	-	-	459.4	898.6
17 ...	Investment in associated company	5.9	5.5	-	-
18 ...	Other debtors	28.0	41.9	-	-
	Total financial fixed assets	<u>33.9</u>	<u>47.4</u>	<u>459.4</u>	<u>898.6</u>
	Total fixed assets	<u>1,004.8</u>	<u>932.8</u>	<u>459.4</u>	<u>898.6</u>
	Stocks				
	Raw materials	254.7	224.8	-	-
	Work in progress	52.8	42.5	-	-
	Spare parts	128.6	119.3	-	-
	Finished goods	249.3	197.5	-	-
	Total stocks	<u>685.4</u>	<u>584.1</u>	<u>-</u>	<u>-</u>
	Debtors				
	Trade debtors	454.5	453.3	-	-
	Amounts owed by subsidiaries	-	-	168.6	210.7
	Dividend owed by associated company	2.0	-	581.2	95.0
19 ...	Other debtors	96.3	37.4	32.5	0.3
	Accruals	5.5	6.3	0.1	0.1
	Total debtors	<u>558.3</u>	<u>497.0</u>	<u>782.4</u>	<u>306.1</u>
	Liquid funds	<u>53.0</u>	<u>130.1</u>	<u>0.2</u>	<u>0.2</u>
	Total current assets	<u>1,296.7</u>	<u>1,211.2</u>	<u>782.6</u>	<u>306.3</u>
	Total assets	<u>2,301.5</u>	<u>2,144.0</u>	<u>1,242.0</u>	<u>1,204.9</u>
20 ...	Own shares				

Notes: see pages 65 - 75

		Assets		Liabilities	
		Bang & Olufsen a/s		Parent company	
(DKK million)		31/5 01	31/5 00	31/5 01	31/5 00
Notes ...					
21 ...	Equity capital				
	Share capital	133.9	133.9	133.9	133.9
	Premium on share issue	2.1	2.1	2.1	2.1
	Reserves for net revaluation using the equity method	-	-	-	136.5
	Retained earnings	<u>1,010.9</u>	<u>922.0</u>	<u>1,010.9</u>	<u>785.5</u>
	Total equity capital	<u>1,146.9</u>	<u>1,058.0</u>	<u>1,146.9</u>	<u>1,058.0</u>
22 ...	Minority interests	<u>1.3</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Provisions				
	Deferred tax	54.3	50.4	-	-
23 ...	Other provisions	<u>44.5</u>	<u>37.4</u>	<u>-</u>	<u>-</u>
	Total provisions	<u>98.8</u>	<u>87.8</u>	<u>-</u>	<u>-</u>
24 ...	Long-term liabilities				
	Mortgage loans	198.8	169.9	-	-
	Loans from banks, etc.	187.5	200.0	-	-
	Total long-term liabilities	<u>386.3</u>	<u>369.9</u>	<u>-</u>	<u>-</u>
	Short-term liabilities				
	Repayment of long-term borrowings in the coming year	27.5	13.5	-	-
	Loans from banks, etc.	88.5	8.2	-	-
	Trade creditors	186.5	231.6	-	-
	Amount owed to subsidiaries	-	-	6.0	-
	Amount owed to associated company	1.9	2.1	-	-
	Corporation tax	25.5	6.5	-	3.1
	Other creditors	291.4	286.0	42.2	63.4
	Dividend for financial year	46.9	80.4	46.9	80.4
	Total short-term liabilities	<u>668.2</u>	<u>628.3</u>	<u>95.1</u>	<u>146.9</u>
	Total liabilities	<u>1,054.5</u>	<u>998.2</u>	<u>95.1</u>	<u>146.9</u>
	Total liabilities and equity capital	<u>2,301.5</u>	<u>2,144.0</u>	<u>1,242.0</u>	<u>1,204.9</u>
28 ...	Contingent liabilities and supplementary information				
29 ...	Financial items				

Notes: See pages 65 - 75

Cash flow statement

Bang & Olufsen a/s, The Group

	(DKK million)	2000/01	1999/00
Notes ...			
	Result for the year	153.5	243.4
	Depreciation and write-offs	171.1	162.4
25 ...	Adjustments	118.2	91.6
26 ...	Change in working capital	<u>(170.1)</u>	<u>(123.7)</u>
	Cash flow from operations before financial items	272.7	373.7
	Interest received, etc.	16.9	14.3
	Interest paid, etc.	<u>(67.2)</u>	<u>(37.2)</u>
	Cash flow from ordinary operations	222.4	350.8
	Corporation tax paid	<u>(84.8)</u>	<u>(106.2)</u>
	Cash flow from operational activities	<u>137.6</u>	<u>244.6</u>
	Purchase of intangible fixed assets	(53.8)	(28.2)
	Purchase of tangible fixed assets	(221.8)	(279.9)
	Purchase of financial fixed assets	-	(17.0)
	Change in financial debtors	13.9	15.3
	Dividend from associated company	2.0	-
	Sale of shares	-	33.0
	Sale of intangible fixed assets	2.7	-
	Sale of tangible fixed assets	<u>14.3</u>	<u>11.1</u>
	Cash flow from investment activities	<u>(242.7)</u>	<u>(265.7)</u>
	New long-term debt	51.0	200.0
	Reduction in long-term liabilities	(20.6)	(14.2)
	Financing of minority interests	6.9	-
	Sale/purchase of own shares	(21.6)	(84.3)
	Tax relating to disposal of own shares	7.2	-
	Proceeds from capital increase and dividend from own shares	5.2	5.2
	Dividend paid	<u>(80.4)</u>	<u>(66.8)</u>
	Cash flow from financing activities	<u>(52.3)</u>	<u>39.9</u>
	Change in liquid funds - Cash flow for the year	<u>(157.4)</u>	<u>18.8</u>
	Liquid funds, 1 June	<u>121.9</u>	<u>103.1</u>
27 ...	Liquid funds, 31 May	<u>(35.5)</u>	<u>121.9</u>

Outgoings given in parentheses.

Notes: See pages 65 - 75

Notes	Group		Parent company	
	2000/01	1999/00	2000/01	1999/00
(DKK million)				
Notes ...				
1 ... Net turnover				
Net turnover in main markets				
Denmark	758.9	786.2		
Germany	563.2	596.0		
UK	460.4	449.2		
Switzerland	280.7	276.4		
Rest of Europe	1,212.7	1,224.6		
Rest of world	534.1	390.0		
	<u>3,810.0</u>	<u>3,722.4</u>		
Exports as percentage of turnover	<u>80.1</u>	<u>78.9</u>		
2 ... Employees				
Wages, salaries, fees	782.1	731.2		
Pensions	27.4	21.0		
Other statutory contributions	28.3	22.8		
	<u>837.8</u>	<u>775.0</u>		
Apart from the Board of Management, the parent company has no employees.				
Remuneration on Group basis to the Board of Management in parent company:	<u>10.6</u>	<u>12.3</u>		
Bonus (included in above):	<u>3.5</u>	<u>2.9</u>		
Bonus for the Board of Management has been earned in the previous financial year.				
Remuneration including bonus to departing directors is included until the time of their departure.				
Emoluments to the Board of Directors in parent company :			<u>1.7</u>	<u>1.7</u>
Average no. of full-time employees:				
Denmark	2,386	2,453		
Abroad	394	408		
	<u>2,780</u>	<u>2,861</u>		

A share options programme for a number of directors and senior managers in the Group has been set up. The options pool totals approx. 112,000 shares which can be exercised in the period 2002-2008.

The options comprise 3 exercise prices of 270, 305 and a price determined as the average of the 10 trading days which follow after the publication of the annual accounts in August 2001. The options are apportioned by approx. 1/3 to each of the above-mentioned exercise prices.

Parentheses denote negative figures or amounts to be deducted.

Notes ...	(DKK million)	Group		Parent company	
		2000/01	1999/00	2000/01	1999/00
3 ...	Depreciation				
	Depreciation for the year is included in the following items:				
	Production costs	92.1	96.8		
	Product development costs	44.8	30.8		
	Distribution and marketing costs	24.4	24.1		
	Administration costs	9.8	10.7		
		<u>171.1</u>	<u>162.4</u>		
4 ...	Other operating income, net				
	Share of profits from Ericsson Diax A/S	-	3.2		
		<u>-</u>	<u>3.2</u>		
5 ...	Result from ordinary operations in subsidiaries				
	Subsidiaries' result before tax			223.3	318.1
	Change in unrealised consolidated gross profit			4.3	(1.9)
	Income from investment in subsidiaries			<u>227.6</u>	<u>316.2</u>
	The subsidiaries' result before tax can be apportioned as follows:				
	- Subsidiaries showing a profit			228.2	318.1
	- Subsidiaries showing a loss			(4.9)	-
				<u>223.3</u>	<u>318.1</u>
6 ...	Financing income				
	Interest income from banks, etc.	1.9	2.1	0.1	-
	Interest income from affiliated companies	-	-	8.6	7.0
	Cash discounts	8.5	7.0	-	-
	Other interest received	6.5	5.2	0.7	0.3
		<u>16.9</u>	<u>14.3</u>	<u>9.4</u>	<u>7.3</u>
7 ...	Financing costs				
	Interest on amounts owed to banks, etc.	17.4	10.2	0.1	-
	Interest on mortgage loans	13.1	9.5	-	-
	Currency losses	25.9	4.3	-	-
	Cash discounts	1.7	2.2	-	-
	Other interest paid	9.1	11.0	1.8	1.3
		<u>67.2</u>	<u>37.2</u>	<u>1.9</u>	<u>1.3</u>

Parentheses denote negative figures or amounts to be deducted.

Notes ...	(DKK million)	Group		Parent company	
		2000/01	1999/00	2000/01	1999/00
8 ...	Tax				
	In the profit and loss account tax has been accounted for:				
	Parent company:				
	- Current tax	0.4	0.4	0.4	0.4
	- Change in deferred tax	1.4	(0.3)	1.4	(0.3)
	- Adjustment previous year, current and deferred tax	(3.9)	(0.3)	(3.9)	(0.3)
	Total for parent company	<u>(2.1)</u>	<u>(0.2)</u>	<u>(2.1)</u>	<u>(0.2)</u>
	Subsidiaries and associated company:				
	- Current tax	71.4	95.6	71.4	95.6
	- Change in deferred tax	5.6	(0.1)	5.6	(0.1)
	- Adjustment previous year, current and deferred tax	4.5	(0.7)	4.5	(0.7)
	- Adjustment deferred tax resulting from changed tax rate	(3.1)	-	(3.1)	-
	Total for subsidiaries and associated company	<u>78.4</u>	<u>94.8</u>	<u>78.4</u>	<u>94.8</u>
	Tax on result for the year	<u>76.3</u>	<u>94.6</u>	<u>76.3</u>	<u>94.6</u>
	Corporation tax paid in the parent company including tax paid on an instalment basis amounted to DKK 13.1 million				
	Bang & Olufsen AudioVisual a/s is jointly taxed with the company.				
	Payments on account transferred from Bang & Olufsen AudioVisual a/s total DKK 26.6 million.				
9 ...	Extraordinary costs/income				
	Profit from sale of Baan shares	-	20.4	-	20.4
		<u>-</u>	<u>20.4</u>	<u>-</u>	<u>20.4</u>
10 ...	Leasehold improvements and rights				
	Cost, 1 June	81.0	55.8		
	Exchange adjustment, opening	2.9	1.4		
	Reclassification	(6.2)	1.4		
	Additions in the year	53.8	27.1		
	Disposals in the year	(10.1)	(4.7)		
	Cost, 31 May	<u>121.4</u>	<u>81.0</u>		
	Acc. depreciation, 1 June	43.6	40.7		
	Exchange adjustment, opening	1.2	-		
	Reclassification	(0.4)	(3.8)		
	Depreciation and write-offs for the year	9.8	9.4		
	Adjustment for depreciation on assets sold	(7.4)	(2.7)		
	Acc. depreciation, 31 May	<u>46.8</u>	<u>43.6</u>		
	Net book value, 31 May	<u>74.6</u>	<u>37.4</u>		

Parentheses denote negative figures or amounts to be deducted.

	Group	
(DKK million)	2000/01	1999/00
Notes ...		
11 ... Patent		
Cost, 1 June	1.1	-
Additions in the year	-	1.1
Cost, 31 May	<u>1.1</u>	<u>1.1</u>
Acc. depreciation, 1 June	0.1	-
Depreciation for the year	0.1	0.1
Acc. depreciation, 31 May	<u>0.2</u>	<u>0.1</u>
Net book value, 31 May	<u>0.9</u>	<u>1.0</u>
12 ... Land and buildings		
Cost, 1 June	421.0	355.6
Exchange adjustment, opening	1.0	0.5
Reclassification	-	5.5
Additions in the year	38.6	16.9
Transferred to use	55.8	42.5
Disposals in the year	(5.7)	-
Cost, 31 May	<u>510.7</u>	<u>421.0</u>
Acc. depreciation, 1 June	159.5	137.7
Exchange adjustment, opening	0.4	0.1
Reclassification	-	5.1
Depreciation for the year	18.0	16.6
Adjustment for depreciation on assets sold	(1.7)	-
Acc. depreciation, 31 May	<u>176.2</u>	<u>159.5</u>
Net book value, 31 May	<u>334.5</u>	<u>261.5</u>
Value of property in Denmark (cash value) regarding most recent official valuation is DKK 297.7 million		
Cost price of property abroad is DKK 35.9 million		
13 ... Plant and machinery		
Cost, 1 June	1,094.2	973.9
Additions in the year	86.8	75.9
Transferred to use	93.0	61.9
Disposals in the year	(80.2)	(17.5)
Cost, 31 May	<u>1,193.8</u>	<u>1,094.2</u>
Acc. depreciation, 1 June	796.0	714.1
Depreciation for the year	105.1	97.6
Adjustment for depreciation on assets sold	(74.4)	(15.7)
Acc. depreciation, 31 May	<u>826.7</u>	<u>796.0</u>
Net book value, 31 May	<u>367.1</u>	<u>298.2</u>

Parentheses denote negative figures or amounts to be deducted.

	Group		Parent company	
(DKK million)	2000/01	1999/00	2000/01	1999/00
Notes ...				
14 ... Other equipment				
Cost, 1 June	346.3	306.3		
Exchange adjustment, opening	2.1	1.7		
Reclassification	0.6	2.0		
Additions in the year	60.0	61.0		
Transferred to use	11.4	0.3		
Disposals in the year	(50.0)	(25.0)		
Cost, 31 May	<u>370.4</u>	<u>346.3</u>		
Acc. depreciation, 1 June	229.6	207.0		
Exchange adjustment, opening	1.1	1.1		
Reclassification	0.3	0.6		
Depreciation for the year	38.1	38.7		
Adjustment for depreciation on assets sold	(45.7)	(17.8)		
Acc. depreciation, 31 May	<u>223.4</u>	<u>229.6</u>		
Net book value, 31 May	<u>147.0</u>	<u>116.7</u>		
15 ... Prepayments for tangible fixed assets and plant & equipment in progress				
Cost, 1 June	170.6	149.2		
Additions in the year	36.9	127.3		
Transferred to use	(160.2)	(104.7)		
Disposals in the year	(0.5)	(1.2)		
Cost, 31 May	<u>46.8</u>	<u>170.6</u>		
16 ... Investment in subsidiaries				
Cost, 1 June			762.1	757.1
Purchase/formation of new companies			1.5	5.0
Balance, 31 May			<u>763.6</u>	<u>762.1</u>
Value adjustment				
Balance, 1 June			136.5	16.8
Exchange adjustment, opening			4.3	9.0
Equity capital adjustments			(1.5)	(15.6)
Depreciation of Group goodwill			(11.4)	-
Change in unrealised consolidated gross profit			4.3	(1.9)
Net result for the year after tax			144.8	223.2
Dividend			(581.2)	(95.0)
Balance, 31 May			<u>(304.2)</u>	<u>136.5</u>
Net book value, 31 May			<u>459.4</u>	<u>898.6</u>

Parentheses denote negative figures or amounts to be deducted.

Notes ...	Group		Parent company		
	(DKK million)	2000/01	1999/00	2000/01	1999/00
17 ...	Investment in associated company				
	Cost, 1 June	17.0	-		
	Additions in the year	-	17.0		
	Cost, 31 May	<u>17.0</u>	<u>17.0</u>		
	Value adjustment				
	Balance, 1 June	(11.5)	-		
	Distributed dividend	(2.0)	-		
	Depreciation of Group goodwill	-	(13.5)		
	Net result for the year	2.4	2.0		
	Balance, 31 May	<u>(11.1)</u>	<u>(11.5)</u>		
	Net book value, 31 May	<u>5.9</u>	<u>5.5</u>		
18 ...	Other debtors				
	Balance, 1 June	41.9	57.2		
	Exchange adjustment, opening	1.5	3.2		
	Additions in the year	0.9	12.7		
	Disposals in the year	(16.3)	(31.2)		
	Balance, 31 May	<u>28.0</u>	<u>41.9</u>		
19 ...	Other debtors				
	Tax receivable	44.5	5.6	30.4	-
	Other receivables	51.8	31.8	2.1	0.3
	Book value, 31 May	<u>96.3</u>	<u>37.4</u>	<u>32.5</u>	<u>0.3</u>
	Of other debtors the following amounts fall due for payment after 1 year	<u>2.6</u>	<u>1.5</u>		
20 ...	Own shares				
	Balance, 1 June	-	-	-	-
	Additions	45.7	84.3	45.7	84.3
	Disposals	(24.1)	-	(24.1)	-
	Year's net movement transferred to equity capital	(21.6)	(84.3)	(21.6)	(84.3)
	Balance, 31 May	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	Year's disposal of own shares has been used for staff shares in connection with the Group's 75th anniversary				
		No. of shares	Nominal DKK million	%age of capital	
	Holding, 1 June	911,266	9.1	6.8	
	Additions	61,315	0.6	0.5	
	Disposals	(77,630)	(0.8)	(0.6)	
	Holding, 31 May	<u>894,951</u>	<u>8.9</u>	<u>6.7</u>	

The holding of own shares comprise 27,590 ordinary shares (multiple voting shares) and 867,361 ordinary shares, a total of 894,951

Parentheses denote negative figures or amounts to be deducted.

Notes ...	Group		Parent company		
	(DKK million)	2000/01	1999/00	2000/01	1999/00
21 ...	Equity capital				
	Share capital				
	Balance, 1 June	133.9	133.6	133.9	133.6
	Capital increase	-	0.3	-	0.3
	Balance 31 May	<u>133.9</u>	<u>133.9</u>	<u>133.9</u>	<u>133.9</u>
	Premium on share issue				
	Balance, 1 June	2.1	1.1	2.1	1.1
	Premium on capital increase	-	1.0	-	1.0
	Balance, 31 May	<u>2.1</u>	<u>2.1</u>	<u>2.1</u>	<u>2.1</u>
	Reserve for net appreciation using the equity method				
	Balance, 1 June			136.5	16.8
	Exchange rate adjustments of investments in subsidiaries			4.3	9.0
	Equity capital adjustments in subsidiaries			(1.5)	(15.6)
	Immediate depreciation of Group goodwill			(11.4)	-
	Transferred from the profit or loss for the current year			-	126.3
	Transferred to retained earnings			(127.9)	-
	Balance, 31 May			<u>0.0</u>	<u>136.5</u>
	Retained earnings				
	Balance, 1 June	922.0	846.0	785.5	829.2
	Transferred from reserves for net revaluation using the equity method	-	-	127.9	-
	Exchange rate adjustment of investment in subsidiaries	4.3	9.0	-	-
	Equity capital adjustments in subsidiaries	(1.5)	(15.6)	-	-
	Immediate depreciation of group goodwill	(11.4)	-	-	-
	Write up of own shares used in anniversary bonus	24.1	-	24.1	-
	Own shares awarded as anniversary bonus	(24.1)	-	(24.1)	-
	Tax on anniversary bonus	7.2	-	7.2	-
	Write-down own shares	(21.6)	(84.3)	(21.6)	(84.3)
	Dividend own shares	5.3	3.9	5.3	3.9
	Transferred from the profit or loss for the current year	106.6	163.0	106.6	36.7
	Balance, 31 May	<u>1,010.9</u>	<u>922.0</u>	<u>1,010.9</u>	<u>785.5</u>

(note 21 continued on next page)

Parentheses denote negative figures or amounts to be deducted.

	The Group		Parent company		
	(DKK million)	2000/01	1999/00	2000/01	1999/00
Notes ...					
21 ... Total equity capital					
(cont.) Balance, 1 June		1,058.0	980.7	1,058.0	980.7
Exchange rate adjustment of investment in subsidiaries		4.3	9.0	4.3	9.0
Equity capital adjustments in subsidiaries		(1.5)	(15.6)	(1.5)	(15.6)
Capital increase		-	1.3	-	1.3
Write up of own shares used for anniversary bonus		24.1	-	24.1	-
Own shares awarded as anniversary bonus		(24.1)	-	(24.1)	-
Tax on anniversary bonus		7.2	-	7.2	-
Depreciation of group goodwill		(11.4)	-	(11.4)	-
Write down own shares		(21.6)	(84.3)	(21.6)	(84.3)
Dividend own shares		5.3	3.9	5.3	3.9
Transferred from the profit or loss for the current year		106.6	163.0	106.6	163.0
Balance, 31 May		<u>1,146.9</u>	<u>1,058.0</u>	<u>1,146.9</u>	<u>1,058.0</u>
The share capital consists of:					
Ordinary shares					
(multiple voting shares) 1,147,500 of DKK 10				DKK 11,475,000	
Ordinary shares 12,244,746 of DKK 10				DKK 122,447,460	
				DKK 133,922,460	
22 ... Minority interests					
Balance, 1 June		-	-	-	-
Additions in the year		2.8	-	2.8	-
Minority interests' share of equity capital movements, net		4.1	-	4.1	-
Minority interests' share of result for the year		(5.6)	-	(5.6)	-
		<u>1.3</u>	<u>-</u>	<u>1.3</u>	<u>-</u>
23 ... Other provisions					
Guarantee obligations		39.1	32.4	39.1	32.4
Pension commitments		5.4	5.0	5.4	5.0
		<u>44.5</u>	<u>37.4</u>	<u>44.5</u>	<u>37.4</u>
24 ... Long-term liabilities					
Of the long-term liabilities shown in the balance sheet the following amounts fall due after 5 years.					
Mortgage loans		180.3	206.6	180.3	206.6
Banks etc.		87.5	-	87.5	-
		<u>267.8</u>	<u>206.6</u>	<u>267.8</u>	<u>206.6</u>

Parentheses denote negative figures or amounts to be deducted.

	Group		
	(DKK million)	2000/01	1999/00
Notes ...			
25 ... Adjustments			
Change in other provisions		7.1	(0.3)
Interest earned, etc.		(17.1)	(14.3)
Interest paid, etc.		67.4	37.2
Share in associated company's result before tax		(3.4)	(2.6)
Loss on sale of fixed assets		(0.2)	0.1
Extraordinary item		-	(20.4)
Tax on result for the year		76.3	94.6
Minority interests		(5.6)	(0.8)
Various adjustments		(6.3)	(1.9)
		<u>118.2</u>	<u>91.6</u>
26 ... Change in working capital			
Change in debtors		(28.9)	(113.4)
Change in stocks		(101.3)	(1.6)
Change in trade creditors, etc.		(39.9)	(8.7)
		<u>(170.1)</u>	<u>(123.7)</u>
27 ... Liquid funds			
Cash funds		53.0	130.1
Short-term loans from banks, etc.		(88.5)	(8.2)
		<u>(35.5)</u>	<u>121.9</u>

Parentheses denote negative figures or amounts to be deducted.

	The Group		Parent company		
	(DKK million)	2000/01	1999/00	2000/01	1999/00
Notes ... 28 ...	Contingent liabilities and supplementary information				
a ...	Leasing liabilities, etc.				
Total payments, 31 May		<u>54.9</u>	<u>34.6</u>		
1st year's payment amounts to		<u>23.0</u>	<u>18.2</u>		
In connection with the establishment of shops in previous accounting years, the Group has entered into a number of long-term rental agreements. The agreements include conditions concerning the right to sub-let. Next year's rent will amount to:		<u>44.9</u>	<u>23.0</u>		
In connection with rental of office and factory property, the Group has entered into a number of agreements. Next year's rental expenses total approx.		<u>20.0</u>	<u>17.0</u>		
b ...	Guarantees				
Guarantees issued by the Group		<u>54.9</u>	<u>9.8</u>		
No guarantees are expected to incur any loss. Guarantees have been issued on behalf of the US subsidiary for a total of USD 5 million.					
c ...	Letters of intent				
Bang & Olufsen a/s has issued Letters of Intent to the foreign subsidiaries' bank connections for		<u>93.1</u>	<u>92.2</u>		
Bank debts as at 31 May		<u>0.1</u>	<u>0.0</u>		
d ...	Auditors' fees				
Total fees to PricewaterhouseCoopers amount to:					
Audit		3.3	2.7	0.1	0.1
Other services		<u>1.8</u>	<u>2.2</u>	-	-
		<u>5.1</u>	<u>4.9</u>	<u>0.1</u>	<u>0.1</u>
Total fees to DELOITTE & TOUCHE amount to:					
Audit		1.0	0.6	0.1	0.1
Other services		<u>1.4</u>	<u>0.3</u>	-	-
		<u>2.4</u>	<u>0.9</u>	<u>0.1</u>	<u>0.1</u>

Parentheses denote negative figures or amounts to be deducted.

	(DKK million)	
	2000/01	1999/00
Notes ... e ...	Joint taxation	
The Danish companies in the Group which are taxed in common, share liability for tax on total taxable income. Bang & Olufsen AudioVisual a/s is jointly taxed with the company.		
f ...	VAT and other public taxes	
The Danish companies in the Group share common registration and share liability for the above.		
g ...	Security for mortgage debt	
Security of DKK 213.8 million has been given in land and buildings for a mortgage debt of DKK 332.2 million. Other tangible fixed assets attached hereto are included in the security. The book value of land and buildings is DKK 323.7 million.		

29 ... **Financial items**

Monetary items* in foreign currency in the Balance Sheet, 31 May 2001

Group

Currency	Assets	Debt	Net
EUR-related	236.9	116.8	120.1
GBP	85.4	55.9	29.5
SEK	14.4	3.4	11.0
JPY	11.5	14.1	(2.6)
CHF	10.1	14.4	(4.3)
USD	47.1	106.3	(59.2)
Other	18.3	6.5	11.8

* Monetary items are liquid funds, debtors and debts, which are paid in cash.

Hedging

Forward contracts as per 31 May 2001:

Group

Currency sold	Amount at market value	Unrealised loss	Included in P&L Account	Maturity
GBP	60.1	62.3	(2.2)	-
CHF	24.6	24.5	0.1	-
	<u>84.7</u>	<u>86.8</u>	<u>(2.1)</u>	-

Parentheses denote negative figures or amounts to be deducted.

Summary of accounts

Profit & Loss Account (DKK million)	Bang & Olufsen a/s Group		Bang & Olufsen AudioVisual a/s Group	
	2000/01	1999/00	2000/01	1999/00
Net turnover	3,810.0	3,722.4	3,493.5	3,427.8
Production costs	(2,281.1)	(2,250.4)	(2,121.5)	(2,107.5)
Product development costs	(346.4)	(308.3)	(268.7)	(242.0)
Distribution and marketing costs	(781.2)	(712.4)	(762.4)	(700.7)
Administration costs, etc	(130.2)	(117.4)	(103.3)	(94.4)
Other operating income/costs, net	-	3.2	-	-
Result from investment in associated company	3.4	2.6	3.4	2.6
Financing, net	(50.3)	(22.9)	(56.4)	(31.8)
Result from ordinary operations before tax	224.2	316.8	184.6	254.0
Tax on ordinary result	(76.3)	(94.6)	(64.7)	(72.5)
Ordinary result after tax	147.9	222.2	119.9	181.5
Extraordinary costs/income	-	20.4	-	-
Result for the year	147.9	242.6	119.9	181.5
Of which minority share	5.6	0.8	3.0	-
Bang & Olufsen a/s' share of result for the year	153.5	243.4	122.9	181.5
Balance sheet (DKK million)	31/5 01	31/5 00	31/5 01	31/5 00
Assets				
Fixed assets	1,004.8	932.8	864.2	833.7
Stocks	685.4	584.1	635.1	540.0
Debtors	558.3	497.0	453.2	481.7
Liquid funds	53.0	130.1	52.6	126.4
Total assets	2,301.5	2,144.0	2,005.1	1,981.8
Liabilities				
Equity capital	1,146.9	1,058.0	350.0	786.4
Minority interests	1.3	-	-	-
Provisions	98.8	87.8	98.2	86.0
Long-term liabilities	386.3	369.9	338.0	369.9
Short-term liabilities	668.2	628.3	1,218.9	739.5
Total liabilities	2,301.5	2,144.0	2,005.1	1,981.8

Parentheses denote negative figures or amounts to be deducted.

Profit & Loss Account (DKK million)	Bang & Olufsen Telecom a/s		Bang & Olufsen Medicom a/s	
	2000/01	1999/00	2000/01	1999/00
Net turnover	244.4	306.0	233.3	199.2
Production costs	(182.7)	(223.2)	(152.5)	(130.0)
Product development costs	(42.2)	(39.4)	(28.9)	(26.9)
Distribution and marketing costs	(8.3)	(7.6)	(3.6)	(3.2)
Administration costs, etc.	(5.8)	(6.4)	(11.7)	(9.8)
Other operating income/costs, net	-	-	-	3.2
Financing income, net	0.9	1.1	(2.4)	(2.3)
Result from ordinary operations before tax	6.3	30.5	34.2	30.2
Tax on ordinary result	(1.9)	(9.9)	(10.9)	(10.0)
Result for the year	4.4	20.6	23.3	20.2
Balance sheet (DKK million)	31/5 01	31/5 00	31/5 01	31/5 00
Assets				
Fixed assets	26.8	27.6	111.3	70.4
Stocks	27.3	27.0	29.2	28.1
Debtors	17.1	44.5	56.8	44.2
Liquid funds	-	-	0.4	0.4
Total assets	71.2	99.1	197.7	143.1
Liabilities				
Equity capital	50.3	49.9	70.6	67.3
Provisions	1.4	1.4	2.5	1.1
Long-term debt	-	-	48.2	-
Short-term debt	19.5	47.8	76.4	74.7
Total liabilities	71.2	99.1	197.7	143.1

Parentheses denote negative figures or amounts to be deducted.

