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August 19, 2004

ANNOUNCEMENT NO: 19

Q2 Earnings Release/2004

At a meeting today, the Supervisory Board of GN Store Nord reviewed and adopted the present Second Quarter Earnings Release 2004. This quarterly earnings release is unaudited and has been prepared in accordance with IFRS (International Financial Reporting Standards) and the accounting policies applied in the Annual Report 2003, although the theoretical bonus element from options awarded is now recognized in the income statement in accordance with IFRS 2. The comparative figures for 2003 have been restated to reflect the new policy in accordance with IFRS 2 transitional provisions.

Taastrup, August 19, 2004

Mogens Hugo Jørgensen
Chairman

Jørn Kildegaard
President & CEO

Second quarter highlights:

- Revenue improved to DKK 1,383 million from DKK 1,148 million in Q2 2003.
- EBITA rose to DKK 204 million from DKK 128 million in Q2 2003.
- GN posted a profit before tax of DKK 152 million against DKK 31 million in Q2 2003.
- Cash flows from operations were DKK 230 million against DKK 78 million in Q2 2003.

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Outlook for 2004

- GN is upgrading its revenue forecast for 2004 and now projects revenue, which is adversely affected by the US dollar depreciation, to increase to at least DKK 5.2 billion from DKK 4.74 billion in 2003. The previous forecast was for 2004 revenue of “about DKK 4.9 billion”. As a result of the revenue improvement, we expect EBITA to improve by 30% over 2003 to approximately DKK 725 million, assuming a DKK/USD exchange rate of 6 in the second half-year, instead of the previous forecast improvement of “about 25%”. The upgrade is motivated by the surge in demand for mobile headsets.
- The CC&O Division, supplying headsets to contact centers and offices, continues to projects a full-year EBITA margin of 19-21% on revenue of approximately DKK 1.25 billion.
- The Mobile Division, supplying headsets for cell phones, now projects a minor EBITA profit on revenue of at least DKK 1 billion instead of as previously forecast “a minor EBITA loss on revenue of at least DKK 700 million”.
- The EBITA margin forecast of 18-20% is retained for hearing instruments on revenue of approximately DKK 2.65 billion.
- The audiologic diagnostics equipment business projects a minor EBITA profit on revenue of just over DKK 300 million.
- Group functions and GN Great Northern Telegraph Company are still expected to impact EBITA by DKK (50) million. GN continues to expect that amortization of intangible assets arising from company acquisitions will amount to DKK 230 million. Calculated in accordance with the adopted IFRS 3 Business Combinations amortization of intangible assets arising from company acquisitions would amount to DKK 35 million. Net financial expenses are now expected to amount to approximately DKK (40) million. The share of profit in associates is expected to be in the DKK 30 million range.
- Investments in property, plant and equipment and in intangible assets including development projects are expected to be DKK 350 million.
- Profit before tax is now expected to improve by 75% over 2003 to approximately DKK 475 million instead of the previous forecast of an improvement of “approximately 50%”.
- With more than half of GN's revenue and almost 60% of costs generated in USD or USD-related currencies, GN's industrial competitiveness and its EBITA are resilient to likely US dollar fluctuations.

Forward-looking statements

The forward-looking statements in this interim report reflect management's current expectations for certain future events and financial results. Statements regarding 2004 are, of course, subject to risks and uncertainties which may result in material deviations from expectations.

Factors that may cause the actual results to deviate materially from expectations include, but are not limited to, general economic developments and developments in the financial markets; technological developments; changes and amendments to legislation and regulations in the company's markets; changes in demand for GN products; competition; shortages of components needed in production; and the integration of company acquisitions. This interim report should not be considered an offer to sell securities in GN Store Nord.



Consolidated financial highlights

(DKK millions)	Q2 2004 (unaud.)	Q2 2003 (unaud.)	YTD 2004 (unaud.)	YTD 2003 (unaud.)
Earnings - Income statement in accordance with International Financial Reporting Standards (IFRS)				
Revenue	1,383	1,148	2,614	2,289
Operating profit (loss) before share of profit in associates	145	(35)	242	5
Operating profit (loss)	155	(32)	258	8
Profit (loss) from ordinary activities before tax	152	31	252	55
Profit (loss) for the period	105	29	152	27
Profit (loss) for the period excluding amortization and impairment of goodwill and other intangible assets acquired in company acquisitions	164	92	268	155
Earnings - Investor-specific highlights				
Earnings before depreciation, amortization, impairment and restructurings and items of a non-recurring nature (EBITDA)	234	158	421	300
Earnings before amortization and impairment of goodwill and other intangible assets acquired in company acquisitions and restructurings and items of a non-recurring nature (EBITA)	204	128	358	240
Balance Sheet				
Share capital (GN Store Nord A/S)	879	879	879	879
Equity	4,569	4,440	4,569	4,440
Total assets	6,574	7,284	6,574	7,284
Net interest bearing debt	(592)	(1,300)	(592)	(1,300)
Cash flows				
Cash flows from operating activities	230	78	401	210
Cash flows from investing activities	(43)	(139)	(102)	(239)
Total cash flows from operating and investing activities	187	(61)	299	(29)
Development costs				
Development costs incurred for the period before grant	72	71	138	139
Restructuring costs				
Restructuring recognised in income statement	-	100	-	107
Restructurings, paid	9	40	18	58
Investments				
Plant and machinery etc.	25	26	51	49
Real property including leasehold improvements	8	12	14	19
Development projects, developed in-house	37	32	68	68
Other intangible assets excluding goodwill	3	7	5	20
Total (excluding company acquisitions)	73	77	138	156
Acquisition of associates	-	-	-	3
Total investments	73	77	138	159
Depreciation and impairment of property, plant and equipment and amortization of intangible assets	116	120	238	242
Key ratios				
EBITA margin	14.8 %	11.1 %	13.7 %	10.5 %
Return on equity	2.3 %	0.6 %	3.3 %	0.6 %
Equity ratio	69.5 %	61.0 %	69.5 %	61.0 %
Key ratios per share				
Earnings per share (EPS)	0.50	0.14	0.72	0.13
Earnings per share, fully diluted (EPS)	0.49	0.14	0.72	0.13
Earnings per share excluding amortization and impairment of intangible assets and restructurings, etc. (EPS)	0.77	0.90	1.27	1.24
Earnings per share excluding amortization and impairment of intangible assets and restructurings, etc., fully diluted (EPS)	0.77	0.90	1.26	1.23
Cash flow from operating activities per share (CFPS)	1.08	0.37	1.89	0.99
Net asset value per DKK 4 share	21	21	21	21
Share price at the end of the period	54	27	54	27
Employees				
Average number	4,408	4,015	4,352	4,085

**Financial results**

GN sustained the strong organic growth in the second quarter, as the Mobile Division reported a 95% revenue increase relative to Q1 2004. New products and upgrades launched during the past 24 months represented almost 60% of total GN revenue, and organic growth was 24% relative to Q2 2003. The 6% depreciation of the US dollar relative to Q2 2003 reduced revenue by DKK 42 million.

GN generated gross profit of DKK 749 million against DKK 643 million in Q2 2003. The improvement resulted from the relocation of production to China and the many new product launches. The 54% gross margin is coming under pressure from the growing sales of mobile headsets, especially to OEM customers. Most of the ITE hearing instrument production in the US has now been consolidated at Minneapolis, Minnesota.

GN's sales and distribution costs amounted to DKK 302 million, compared to DKK 277 million in Q2 2003. The increase was due especially to the Mobile Division's expansion in Asia and the stronger sales and marketing efforts initiated for hearing instruments following the completion of the in-depth structural changes in manufacturing, logistics and development. In the second quarter, GN incurred development costs of DKK 72 million, equivalent to 5% of revenue. In 2003, full-year development costs accounted for almost 6% of revenue.

Amortization of goodwill and other acquired intangible assets amounted to DKK 59 million. Net financial items of the quarter were an expense of DKK (12) million on interest-bearing net debt of DKK 592 million at June 30, 2004.

Q2 EBITA improved to DKK 204 million from DKK 128 million in Q2 2003.

GN's Q2 profit before tax was DKK 152 million against DKK 31 million in Q2 2003.

GN had an average of 4,408 employees during the quarter, against 4,015 in Q2 2003. Staff numbers are expected to rise in the second half-year as a result of the plans to insource a greater part of the headset production in China.

With the extensive restructuring of GN's production plant now complete, GN plans to intensify the efforts to enhance work routines and processes throughout the organization. The full effect of the structural initiatives implemented will not feed through until 2005, and the implementation of the Navision Attain IT platform will facilitate better working capital management.

Balance sheet

Total assets amounted to DKK 6,574 million at June 30, 2004, compared to DKK 6,604 million at March 31, 2003. Goodwill amounted to DKK 2,741 million, distributed on DKK 506 million from headset operations and DKK 2,235 million from hearing instruments and audiologic diagnostics equipment.

Inventories were DKK 582 million, compared to DKK 626 million at March 31. Trade receivables were DKK 1,048 million, compared to DKK 982 million at the end of Q1. This increase was attributable to an increase in sales of mobile headsets. Inventories and trade



receivables still need to be reduced. Cash and cash equivalents stood at DKK 117 million at the end of Q2 2004.

Equity stood at DKK 4,569 million, compared to DKK 4,590 million at March 31, 2004. Foreign exchange adjustments reduced equity by DKK 5 million. Net interest-bearing debt fell by DKK 68 million to DKK 592 million at June 30, 2004, after dividend payments of DKK 127 million.

Cash flows

The cash flow from operating activities was DKK 230 million, a DKK 59 million improvement from Q1 2004 driven mainly by higher profit margins. The hearing instrument business is working to implement the necessary improvements in logistics and inventory management. Cash flows from investments were DKK (43) million against DKK (59) million in Q1 2004 and DKK (139) million in Q2 2003.

The free cash flow was DKK 187 million against DKK 112 million in Q1 2004 and DKK (61) million in Q2 2003.

Share option plans

There were a total of 4,042,257 European and 3,034,025 American share options outstanding at June 30, 2004, corresponding to 3.2% of the share capital. Members of the Executive Management held 1,210,875 options at an average strike price of 47, senior employees held 1,331,124 (average strike price 47), while other employees held 4,534,283 share options (average strike price 69).

In the second quarter, members of the Executive Management were awarded 255,000 share options, senior employees received 270,000, while other employees received 633,000 share options. All share options awarded in the second quarter have a strike price of 43.

Share options are not awarded to members of the Supervisory Board.

Shareholdings

In mid-August, 2004, members of the Supervisory Board and the Executive Management, respectively, held 68,713 and 35,790 shares in GN. Senior employees and other employees listed in GN's insider register held a total of 211,371 shares in GN.

GN held 8,324,584 treasury shares, equivalent to 3.8% of the share capital, part of which are in cover of the share option plan. Foreign investors are believed to hold more than 50% of the share capital in GN. Danish institutionals and private investors hold almost 25% each of the GN share capital.

Contact Center & Office Division

Q2 revenue was DKK 337 million against DKK 320 million in Q2 2003. Exclusive of Hello Direct, the CC&O Division achieved 9% organic growth relative to Q2 2003. The US has replaced the EU as the main regional driver of revenue growth. Representing 31% of sales, wireless products continued to gain popularity on the office market, which is now believed to be larger than the contact center market. The office market is expected to become increasingly competitive in the years ahead. New products and product upgrades launched in



the past 24 months contributed 35% of Q2 revenue. Hello Direct generated a profit on revenue of DKK 78 million.

The CC&O Division reported EBITA of DKK 77 million (EBITA margin of 22.8%) in the second quarter, compared to DKK 60 million (18.5%) in Q1 2004.

Mobile Division

Revenue improved to DKK 292 million from DKK 113 million in Q2 2003 and DKK 150 million in Q1 2004. Bluetooth products made up 76% of sales, which will be hampered in the short term by longer lead times. Especially chipsets will be difficult to source, because Bluetooth technology is being applied in a broader context sooner than previously expected. Lead times are expected to normalize in the third quarter. The unexpected strong demand coincides with GN insourcing a greater part of its headset production, which places strong demands on the Mobile Division's supply chain. The BT110 and the SP100 (car kit) are scheduled to come on the market in the third quarter and the Division now plans to launch the BT500 and the BT800 at a later date than originally intended.

Revenue in Asia amounted to DKK 4 million. GN's Asian organization is all set up and has begun the cost-intensive and time-consuming marketing collaboration with the leading local sales channels.

The Mobile Division reported Q2 EBITA of DKK 16 million (EBITA margin of 5.5%), compared to a loss of DKK 11 million ((7.3%)) in Q1 2004.

The aggregate cash flows from operations in the CC&O and Mobile divisions rose to DKK 67 million from DKK 25 million in Q2 2003. The improvement was driven by higher earnings, efficient production in China as well as better inventory management and logistics.

Hearing instruments

Revenue from hearing instruments rose to DKK 667 million in Q2 2004 from DKK 628 million in Q2 2003. Organic growth subsided, falling to 9% relative to Q2 2003, due in particular to the expected decline in Germany and the slowdown in deliveries to the NHS in the UK. Market data continues to show that ReSoundAIR is addressing a younger group of users than hearing aids have done in the past.

New products and product upgrades launched in the past 24 months contributed about 60% of hearing instrument revenue in the second quarter.

Hearing instruments reported Q2 EBITA of DKK 120 million (EBITA margin of 18.0%), compared to DKK 109 million (16.5%) in Q1 2004.

Audiologic diagnostics equipment

Q2 revenue was DKK 83 million against DKK 82 million in Q2 2003. Shipments to the NHS in the UK are being downscaled considerably in 2004, and that explains most of the revenue decline relative to Q1 2004. Excluding UK market sales, organic growth was 13%. The US market is showing signs of improvement.



The MADSEN OTOflex100 was well received in the market. The product performs a full diagnostics test of the middle ear. It has now been launched on English-speaking markets, and we expect to have all markets covered by the end of the year.

The audiologic diagnostics equipment business generated EBITA of DKK (1) million (EBITA margin of (1.2%)) in the second quarter, compared to DKK 3 million (3.3%) in Q1 2004. The Closing the Margin Gap project, which aims to lift GN's EBITA from hearing instruments and audiologic diagnostics equipment to among the best in the industry by the end of 2004, is progressing to plan. The overall EBITA margin was 15.9% in Q2 2004, up from 13.7% in Q2 2003.

The aggregate cash flows from operations in the hearing instrument and audiologic diagnostics equipment businesses were DKK 161 million compared to DKK 47 million in Q2 2003.

Other business activities

The GN Great Nordic Telegraph Company reported Q2 revenue of DKK 3 million and an EBITA of DKK (2) million.

As can be seen from the 2003 financial statements, GN is still, through the 75% ownership interest in DPTG I/S, a party to arbitration proceedings with Telekomunikacja Polska S.A. involving the principles for calculating traffic statistics in Poland's NSL fiber-optic telecommunications system, for which DPTG holds the rights to part of net revenues during the period from 1994 to 2009.



Income statement	Consolidated			
(DKK millions)	Q2 2004 (unaud.)	Q2 2003 (unaud.)	YTD 2004 (unaud.)	YTD 2003 (unaud.)
Revenue	1,383	1,148	2,614	2,289
Production costs	(644)	(514)	(1,201)	(1,029)
Gross profit	739	634	1,413	1,260
Development costs	(61)	(64)	(125)	(122)
Selling and distribution costs	(305)	(280)	(597)	(565)
Management and administrative expenses	(169)	(164)	(334)	(336)
Other operating income	-	2	1	3
Amortization and impairment of goodwill and other intangible assets acquired in company acquisitions	(59)	(63)	(116)	(128)
Restructuring	-	(100)	-	(107)
Operating profit (loss) before share of profit (loss) in associates	145	(35)	242	5
Share of profit (loss) in associates	10	3	16	3
Operating profit (loss)	155	(32)	258	8
Gains/losses on disposal of discontinuing operations	9	68	9	68
Profit (loss) before interest income and expense and similar items	164	36	267	76
Interest income and similar items	8	18	19	41
Interest expense and similar items	(20)	(23)	(34)	(62)
Profit (loss) from ordinary activities before tax	152	31	252	55
Tax on profit (loss) from ordinary activities	(47)	(2)	(100)	(28)
Profit (loss) for the period	105	29	152	27
Earnings per share (EPS)	0.50	0.14	0.72	0.13
Earnings per share, fully diluted (EPS)	0.49	0.14	0.72	0.13
Earnings per share excluding amortization and impairment of intangible assets and restructuring etc. (EPS)	0.77	0.90	1.27	1.24
Earnings per share excluding amortization and impairment of intangible assets and restructuring etc., fully diluted (EPS)	0.77	0.90	1.26	1.23



Assets	Consolidated			
(DKK millions)	June 30 2004 (unaud.)	March 31 2004 (unaud.)	Dec. 31 2003 (aud.)	June 30 2003 (unaud.)
Non-current assets				
Goodwill	2,741	2,785	2,776	3,192
Development projects, developed in-house	354	343	347	359
Software, acquired	1	1	1	-
Software, developed in-house	85	90	99	99
Patents and rights	85	87	89	94
Telecommunications systems	46	48	50	55
Other intangible assets	278	283	282	320
Total intangible assets	3,590	3,637	3,644	4,119
Factory and office buildings	128	123	120	109
Leasehold improvements	57	58	58	42
Plant and machinery	82	87	80	76
Operating assets and equipment	79	71	72	75
Leased plant and equipment	6	7	7	9
Telecommunications systems	-	-	-	-
Plant under construction	2	2	-	22
Total property, plant and equipment	354	348	337	333
Investments in associates	189	180	176	178
Other securities	6	7	6	7
Other receivables and deposited bank balances	38	34	48	110
Deferred tax assets	303	345	375	345
Total investments	536	566	605	640
Total non-current assets	4,480	4,551	4,586	5,092
Current assets				
Inventories	582	626	622	680
Trade receivables	1,048	982	958	948
Receivables from associates	2	1	7	4
Tax receivable	51	44	44	229
Other receivables	191	161	134	142
Deposited bank balances	-	-	74	-
Prepayments	103	101	88	69
Total receivables	1,395	1,289	1,305	1,392
Listed securities	-	16	14	13
Cash and cash equivalents	117	122	70	107
Total current assets	2,094	2,053	2,011	2,192
Total assets	6,574	6,604	6,597	7,284



Equity and liabilities	Consolidated			
(DKK millions)	June 30 2004 (unaud.)	March 31 2004 (unaud.)	Dec. 31 2003 (aud.)	June 30 2003 (unaud.)
Equity				
Share capital	879	879	879	879
Share premium	-	-	-	4,170
Foreign exchange adjustments	(1,200)	(1,195)	(1,278)	(933)
Proposed dividends for the year	-	132	132	-
Retained earnings	4,890	4,774	4,740	324
Total equity	4,569	4,590	4,473	4,440
Provisions				
Pension obligations and similar obligations	16	16	15	13
Deferred tax	53	53	20	75
Other provisions	287	297	323	379
Total provisions	356	366	358	467
Liabilities				
Mortgage loans	-	-	-	3
Bank loans	522	609	653	1,323
Capitalized lease obligations	6	7	5	9
Other long-term payables	2	2	6	86
Received prepayments	26	25	23	21
Total non-current liabilities	556	643	687	1,442
Repayment of long-term loans	3	4	6	3
Bank loans	184	169	195	78
Trade payables	373	303	289	312
Tax payable	61	61	62	68
Other payables	439	434	490	445
Received prepayments	33	34	37	29
Total current liabilities	1,093	1,005	1,079	935
Total liabilities	1,649	1,648	1,766	2,377
Total equity and liabilities	6,574	6,604	6,597	7,284



Cash flow statement	Consolidated			
(DKK millions)	Q2 2004 (unaud.)	Q2 2003 (unaud.)	YTD 2004 (unaud.)	YTD 2003 (unaud.)
Operating activities				
Operating profit (loss)	155	(32)	258	8
Depreciation, amortization and impairment	116	120	238	242
Other adjustments	26	119	60	152
Cash flow from operating activities before changes in working capital	297	207	556	402
Change in inventories	23	(84)	(1)	(86)
Change in receivables	(118)	(14)	(167)	(43)
Change in trade payables and other payables	58	42	70	53
Total changes in working capital	(37)	(56)	(98)	(76)
Cash flow from operating activities before interest income and expense and similar items, restructurings and tax	260	151	458	326
Interest and dividends, etc. received	3	4	5	6
Interest paid	(10)	(25)	(22)	(43)
Restructurings, paid	(9)	(40)	(18)	(58)
Tax paid, net	(14)	(12)	(22)	(21)
Cash flows from operating activities	230	78	401	210
Investments				
Acquisition of intangible assets excluding development projects	(3)	(7)	(5)	(20)
Development projects, acquired and developed in-house	(37)	(32)	(68)	(68)
Acquisition of property, plant and equipment	(33)	(38)	(65)	(68)
Investments	(2)	(6)	(6)	(6)
Disposal of intangible assets	-	-	3	1
Disposal of property, plant and equipment	4	1	7	5
Disposal of investments	3	2	7	9
Acquisition/disposal of listed securities	16	-	16	-
Company acquisitions and capital contributions	-	-	-	(3)
Cash purchase consideration, net	9	(59)	9	(89)
Cash flows from investing activities	(43)	(139)	(102)	(239)
Cash flows from operating and investing activities	187	(61)	299	(29)
Financing activities				
Increase of short-term liabilities	34	(107)	7	(128)
Repayment and reduction of non-current liabilities	(100)	-	(150)	-
Share options settled	5	-	5	-
Dividends paid	(127)	-	(127)	-
Foreign exchange adjustments etc.	(5)	6	13	(12)
Cash flows from financing activities	(193)	(101)	(252)	(140)
Net cash flows	(6)	(162)	47	(169)
Cash and cash equivalents beginning of the period	122	271	70	282
Foreign exchange adjustments, cash and cash equivalents, beginning of the period	1	(2)	-	(6)
Cash and cash equivalents, beginning of the period	123	269	70	276
Cash and cash equivalents, end of the period	117	107	117	107

The statement of cash flows cannot be derived using only the other accounting data.



Consolidated equity

(DKK millions)	Share capital (shares of DKK 4 each)	Share premium	Foreign exchange adjustments	Proposed dividends for the year	Retained earnings	Total equity
Balance sheet total at December 31, 2002	879	4,170	(555)	-	295	4,789
Profit (loss) for the period	-	-	-	-	27	27
Foreign exchange adjustments etc.	-	-	(378)	-	-	(378)
Effect of change in accounting policies	-	-	-	-	2	2
Balance 30. juni 2003	879	4,170	(933)	-	324	4,440
Effect of change in accounting policies	-	-	-	-	5	5
Transfer	-	(4,170)	-	-	4,170	-
Profit (loss) for the period	-	-	-	-	223	223
Proposed dividends to shareholders	-	-	-	132	(132)	-
Tax on changes in equity	-	-	-	-	150	150
Foreign exchange adjustments etc.	-	-	(345)	-	-	(345)
Balance sheet total at December 31, 2003	879	-	(1,278)	132	4,740	4,473
Profit (loss) for the period	-	-	-	-	152	152
Share options granted	-	-	-	-	7	7
Share options settled	-	-	-	-	5	5
Dividends paid	-	-	-	(127)	-	(127)
Dividends, own shares	-	-	-	(5)	5	-
Tax on changes in equity	-	-	-	-	(19)	(19)
Foreign exchange adjustments etc.	-	-	78	-	-	78
Balance sheet total at June 30, 2004	879	-	(1,200)	-	4,890	4,569



Investor-specific income statement per quarterly period

(The accounting abbreviations EBITDA and EBITA are not defined in International Financial Reporting Standards (IFRS) or the Danish Financial Statements Act)

(DKK millions)	Q1 2003 (unaud.)	Q2 2003 (unaud.)	Q3 2003 (unaud.)	Q4 2003 (unaud.)	Q1 2004 (unaud.)	Q2 2004 (unaud.)	YTD 2003 (unaud.)	YTD 2004 (unaud.)	2003 Total (aud.)
Revenue	1,141	1,148	1,142	1,311	1,231	1,383	2,289	2,614	4,742
Production costs	(507)	(505)	(507)	(598)	(546)	(634)	(1,012)	(1,180)	(2,117)
Gross profit	634	643	635	713	685	749	1,277	1,434	2,625
Development costs	(68)	(71)	(65)	(60)	(66)	(72)	(139)	(138)	(264)
Selling and distribution costs	(282)	(277)	(269)	(276)	(289)	(302)	(559)	(591)	(1,104)
Management and administrative expenses	(153)	(146)	(157)	(149)	(146)	(152)	(299)	(298)	(605)
Other operating income	1	2	-	1	1	-	3	1	4
Operating profit (loss) before capitalization and amortization of development costs, amortization and impairment of intangible assets acquired in company acquisitions	132	151	144	229	185	223	283	408	656
Capitalized development costs	35	33	39	25	32	36	68	68	132
Amortized development costs	(25)	(26)	(30)	(37)	(30)	(25)	(51)	(55)	(118)
EBITDA	142	158	153	217	187	234	300	421	670
Ordinary depreciation and amortization relating to:									
Production	(8)	(9)	(12)	(9)	(11)	(10)	(17)	(21)	(38)
Selling and distribution	(3)	(3)	(4)	(2)	(3)	(3)	(6)	(6)	(12)
Administration	(19)	(18)	(14)	(20)	(19)	(17)	(37)	(36)	(71)
EBITA	112	128	123	186	154	204	240	358	549
Share of profit (loss) in associates	-	3	4	(11)	6	10	3	16	(4)
Amortization of goodwill	(56)	(55)	(54)	(52)	(50)	(51)	(111)	(101)	(217)
Amortization of goodwill relating to capitalization of tax loss not previously recognized in company acquisition	-	-	-	(66)	-	-	-	-	(66)
Amortization of other intangible assets acquired in company acquisitions	(9)	(8)	(10)	(9)	(7)	(8)	(17)	(15)	(36)
Restructuring	(7)	(100)	(8)	(25)	-	-	(107)	-	(140)
Earnings before interest and tax (EBIT)	40	(32)	55	23	103	155	8	258	86
Gain on disposal of property	-	-	57	-	-	-	-	-	57
Gains/(losses) on disposal of discontinuing operations	-	68	-	7	-	9	68	9	75
Capital gains/(losses) on shares, dividends	1	2	-	4	3	(1)	3	2	7
Interest income and similar items	22	16	1	133	8	9	38	17	172
Interest expense and similar items	(39)	(23)	(10)	(62)	(14)	(20)	(62)	(34)	(134)
Earnings before tax (EBT)	24	31	103	105	100	152	55	252	263
Margins:									
Gross profit margin	55.6%	56.0%	55.6%	54.4%	55.6%	54.2%	55.8%	54.9%	55.4%
EBITA-margin	9.8%	11.1%	10.8%	14.2%	12.5%	14.8%	10.5%	13.7%	11.6%
EBITA-margin, excl. capitalization and amortization of development costs	8.9%	10.5%	10.1%	15.1%	12.3%	14.0%	9.7%	13.2%	11.3%



Quarterly Operations by Business Area

(The accounting abbreviations EBITDA and EBITA are not defined in International Financial Reporting Standards (IFRS) or the Danish Financial Statements Act)

(DKK millions)	Q1 2003 (unaud.)	Q2 2003 (unaud.)	Q3 2003 (unaud.)	Q4 2003 (unaud.)	Q1 2004 (unaud.)	Q2 2004 (unaud.)	YTD 2003 (unaud.)	YTD 2004 (unaud.)	2003 Total (aud.)
Revenue									
Contact Center & Office Headsets	317	320	308	334	325	337	637	662	1,279
Mobile Headsets	102	113	106	160	150	292	215	442	481
GN Netcom	419	433	414	494	475	629	852	1,104	1,760
Hearing Instruments	635	628	648	706	662	667	1,263	1,329	2,617
Audiologic Diagnostics Equipment	87	82	76	106	90	83	169	173	351
GN ReSound	722	710	724	812	752	750	1,432	1,502	2,968
Other *	-	5	4	5	4	4	5	8	14
GN total	1,141	1,148	1,142	1,311	1,231	1,383	2,289	2,614	4,742
Gross profit									
Contact Center & Office Headsets					202	224		426	
Mobile Headsets					41	76		117	
GN Netcom	232	231	212	241	243	300	463	543	916
Hearing Instruments					390	402		792	
Audiologic Diagnostics Equipment					48	43		91	
GN ReSound	402	408	419	468	438	445	810	883	1,697
Other *	-	4	4	4	4	4		8	12
GN total	634	643	635	713	685	749	1,277	1,434	2,625
Overheads excluding development costs and depreciation and amortization of non-current assets									
Contact Center & Office Headsets					(126)	(130)		(256)	
Mobile Headsets					(35)	(47)		(82)	
GN Netcom	(159)	(158)	(162)	(137)	(161)	(177)	(317)	(338)	(616)
Hearing Instruments					(237)	(236)		(473)	
Audiologic Diagnostics Equipment					(27)	(31)		(58)	
GN ReSound	(261)	(251)	(247)	(267)	(264)	(267)	(512)	(531)	(1,026)
Other *	(14)	(12)	(17)	(20)	(9)	(10)		(19)	(63)
GN total	(434)	(421)	(426)	(424)	(434)	(454)	(855)	(888)	(1,705)
Expensed development costs									
Contact Center & Office Headsets					(9)	(8)		(17)	
Mobile Headsets					(13)	(11)		(24)	
GN Netcom	(21)	(21)	(19)	(20)	(22)	(19)	(42)	(41)	(81)
Hearing Instruments					(27)	(31)		(58)	
Audiologic Diagnostics Equipment					(15)	(11)		(26)	
GN ReSound	(37)	(43)	(37)	(52)	(42)	(42)	(80)	(84)	(169)
Other *	-	-	-	-	-	-		-	-
GN total	(58)	(64)	(56)	(72)	(64)	(61)	(122)	(125)	(250)
EBITDA									
Contact Center & Office Headsets					69	86		155	
Mobile Headsets					(9)	18		9	
GN Netcom	52	52	31	84	60	104	104	164	219
Hearing Instruments					126	135		261	
Audiologic Diagnostics Equipment					6	1		7	
GN ReSound	104	114	135	149	132	136	218	268	502
Other *	(14)	(8)	(13)	(16)	(5)	(6)		(11)	(51)
GN total	142	158	153	217	187	234	300	421	670
Ordinary depreciation and amortization									
Contact Center & Office Headsets					(9)	(9)		(18)	
Mobile Headsets					(2)	(2)		(4)	
GN Netcom	(11)	(11)	(10)	(13)	(11)	(11)	(22)	(22)	(45)
Hearing Instruments					(17)	(15)		(32)	
Audiologic Diagnostics Equipment					(3)	(2)		(5)	
GN ReSound	(17)	(17)	(17)	(16)	(20)	(17)	(34)	(37)	(67)
Other *	(2)	(2)	(3)	(2)	(2)	(2)		(4)	(9)
GN total	(30)	(30)	(30)	(31)	(33)	(30)	(60)	(63)	(121)
EBITA									
Contact Center & Office Headsets					60	77		137	
Mobile Headsets					(11)	16		5	
GN Netcom	41	41	21	71	49	93	82	142	174
Hearing Instruments					109	120		229	
Audiologic Diagnostics Equipment					3	(1)		2	
GN ReSound	87	97	118	133	112	119	184	231	435
Other *	(16)	(10)	(16)	(18)	(7)	(8)		(15)	(60)
GN total	112	128	123	186	154	204	240	358	549
EBITA-margin									
Contact Center & Office Headsets					18.5 %	22.8 %		20.7 %	
Mobile Headsets					(7.3)%	5.5 %		1.1 %	
GN Netcom	9.8 %	9.5 %	5.1 %	14.4 %	10.3 %	14.8 %	9.6 %	12.9 %	9.9 %
Hearing Instruments					16.5 %	18.0 %		17.2 %	
Audiologic Diagnostics Equipment					3.3 %	(1.2)%		1.2 %	
GN ReSound	12.1 %	13.7 %	16.3 %	16.4 %	14.9 %	15.9 %	12.8 %	15.4 %	14.7 %
Other *	-	(200.0)%	(400.0)%	(360.0)%	(175.0)%	(200.0)%	0.0 %	(187.5)%	(428.6)%
GN total	9.8 %	11.1 %	10.8 %	14.2 %	12.5 %	14.8 %	10.5 %	13.7 %	11.6 %

* "Other" comprises Telegraf-Company, GN Ejendomme, corporate staff, corporate finance and eliminations.



Expensed development costs									
(DKK millions)	Q1 2003 (unaud.)	Q2 2003 (unaud.)	Q3 2003 (unaud.)	Q4 2003 (unaud.)	Q1 2004 (unaud.)	Q2 2004 (unaud.)	YTD 2003 (unaud.)	YTD 2004 (unaud.)	2003 Total (aud.)
Incurred development costs									
Contact Center & Office Headsets					(7)	(9)	-	(16)	
Mobile Headsets					(10)	(10)	-	(20)	
GN Netcom	(18)	(15)	(12)	(14)	(17)	(19)	(33)	(36)	(59)
Hearing Instruments					(35)	(40)	-	(75)	
Audiologic Diagnostics Equipment					(14)	(13)	-	(27)	
GN ReSound	(50)	(56)	(53)	(46)	(49)	(53)	(106)	(102)	(205)
Other *	-	-	-	-	-	-	-	-	-
GN total	(68)	(71)	(65)	(60)	(66)	(72)	(139)	(138)	(264)
Capitalized development costs									
Contact Center & Office Headsets					3	5	-	8	
Mobile Headsets					6	6	-	12	
GN Netcom	8	7	8	9	9	11	15	20	32
Hearing Instruments					16	19	-	35	
Audiologic Diagnostics Equipment					7	6	-	13	
GN ReSound	27	26	31	16	23	25	53	48	100
Other *	-	-	-	-	-	-	-	-	-
GN total	35	33	39	25	32	36	68	68	132
Amortized development costs									
Contact Center & Office Headsets					(5)	(4)	-	(9)	
Mobile Headsets					(9)	(7)	-	(16)	
GN Netcom	(11)	(13)	(15)	(15)	(14)	(11)	(24)	(25)	(54)
Hearing Instruments					(8)	(10)	-	(18)	
Audiologic Diagnostics Equipment					(8)	(4)	-	(12)	
GN ReSound	(14)	(13)	(15)	(22)	(16)	(14)	(27)	(30)	(64)
Other *	-	-	-	-	-	-	-	-	-
GN total	(25)	(26)	(30)	(37)	(30)	(25)	(51)	(55)	(118)

*) "Other" comprises Telegraf-Company, GN Ejendomme, corporate staff, corporate finance and eliminations.

Development in selected balance sheet items							
(DKK millions)	March 31 2003 (unaud.)	June 30 2003 (unaud.)	Sept. 30 2003 (unaud.)	Dec. 31 2003 (aud.)	March 31 2004 (unaud.)	June 30 2004 (unaud.)	
Goodwill							
GN Netcom	597	564	544	515	515	506	
GN ReSound	2,799	2,628	2,538	2,261	2,270	2,235	
GN total	3,396	3,192	3,082	2,776	2,785	2,741	
Development projects, acquired and developed in-house							
GN Netcom	91	84	78	70	66	66	
GN ReSound	257	275	287	277	277	288	
GN total	348	359	365	347	343	354	
Inventories							
GN Netcom	223	276	271	198	178	185	
GN ReSound	383	404	433	424	448	397	
GN total	606	680	704	622	626	582	
Trade receivables							
GN Netcom	296	311	311	333	346	430	
GN ReSound	550	548	557	563	583	568	
Other	87	89	64	62	53	50	
GN total	933	948	932	958	982	1,048	
Trade payables							
GN Netcom	109	139	101	88	125	204	
GN ReSound	176	157	223	175	155	152	
Other	19	16	20	26	23	17	
GN total	304	312	344	289	303	373	



Quarterly statement of cash flows

(DKK millions)	Q1 2003 (unaud.)	Q2 2003 (unaud.)	Q3 2003 (unaud.)	Q4 2003 (unaud.)	Q1 2004 (unaud.)	Q2 2004 (unaud.)	YTD 2003 (unaud.)	YTD 2004 (unaud.)	2003 Total (aud.)
Operating activities									
Earnings before interest and tax (EBIT)	40	(32)	55	23	103	155	8	258	86
Depreciation, amortization and impairment	122	120	126	197	122	116	242	238	565
Other adjustments	33	119	15	38	34	26	152	60	205
Cash flow from operating activities before changes in working capital	195	207	196	258	259	297	402	556	856
Change in inventories	(2)	(84)	(32)	44	(24)	23	(86)	(1)	(74)
Change in receivables	(29)	(14)	(20)	(38)	(49)	(118)	(43)	(167)	(101)
Change in trade payables and other payables	11	42	44	(46)	12	58	53	70	51
Total changes in working capital	(20)	(56)	(8)	(40)	(61)	(37)	(76)	(98)	(124)
Cash flow from operating activities before interest income and expense and similar items, restructurings and tax	175	151	188	218	198	260	326	458	732
Interest and dividends, etc. received	2	4	4	85	2	3	6	5	95
Interest paid	(18)	(25)	(18)	(18)	(12)	(10)	(43)	(22)	(79)
Restructurings, paid	(18)	(40)	(26)	(63)	(9)	(9)	(58)	(18)	(147)
Tax paid, net	(9)	(12)	(8)	255	(8)	(14)	(21)	(22)	226
Cash flows from operating activities	132	78	140	477	171	230	210	401	827
Investments									
Development projects, acquired and developed in-house	(36)	(32)	(39)	(25)	(31)	(37)	(68)	(68)	(132)
Acquisition of other intangible assets and property, plant and equipment, net	(38)	(44)	(33)	(44)	(28)	(32)	(82)	(60)	(159)
Acquisition/disposal of investments, net	4	(4)	(5)	(36)	-	1	-	1	(41)
Acquisition/disposal of listed securities	-	-	-	-	-	16	-	16	-
Disposal of property	-	-	-	63	-	-	-	-	63
Cash purchase consideration, net, discontinuing operations	(30)	(59)	-	-	-	9	(89)	9	(89)
Cash flows from investing activities	(100)	(139)	(77)	(42)	(59)	(43)	(239)	(102)	(358)
Cash flows from operating and investing activities	32	(61)	63	435	112	187	(29)	299	469
Financing activities									
Increase of short-term liabilities	(21)	(107)	(7)	133	(27)	34	(128)	7	(2)
Share options settled	-	-	-	-	-	5	-	5	-
Repayment and reduction of non-current liabilities	-	-	(51)	(620)	(50)	(100)	-	(150)	(671)
Dividends paid	-	-	-	-	-	(127)	-	(127)	-
Foreign exchange adjustments etc.	(18)	6	9	3	18	(5)	(12)	13	-
Cash flows from financing activities	(39)	(101)	(49)	(484)	(59)	(193)	(140)	(252)	(673)
Net cash flows	(7)	(162)	14	(49)	53	(6)	(169)	47	(204)
Cash and cash equivalents, beginning of the period	282	271	107	121	70	122	282	70	282
Foreign exchange adjustments, Cash and cash equivalents	(4)	(2)	-	(2)	(1)	1	(6)	-	(8)
Cash and cash equivalents, beginning of the period	278	269	107	119	69	123	276	70	274
Cash and cash equivalents, end of the period	271	107	121	70	122	117	107	117	70

Quarterly Statement of Cash Flow by Business Area

Cash flow from operating activities before changes in working capital									
GN Netcom	63	67	48	89	88	142	130	230	267
GN ReSound	146	148	159	185	175	162	294	337	638
Other	(14)	(8)	(11)	(16)	(4)	(7)	(22)	(11)	(49)
GN total	195	207	196	258	259	297	402	556	856
Cash flow from operating activities before interest income and expense and similar items, restructurings and tax									
GN Netcom	76	61	(8)	84	112	85	137	197	213
GN ReSound	128	102	184	136	80	191	230	271	550
Other	(29)	(12)	12	(2)	6	(16)	(41)	(10)	(31)
GN total	175	151	188	218	198	260	326	458	732
Cash flows from operating activities									
GN Netcom	51	25	(37)	33	99	67	76	166	72
GN ReSound	98	47	149	83	52	161	145	213	377
Other	(17)	6	28	361	20	2	(11)	22	378
GN total	132	78	140	477	171	230	210	401	827
Cash flows from investing activities									
GN Netcom	(15)	(19)	(15)	(8)	(13)	(24)	(34)	(37)	(57)
GN ReSound	(58)	(63)	(63)	(96)	(46)	(44)	(121)	(90)	(280)
Other	(27)	(57)	1	62	-	25	(84)	25	(21)
GN total	(100)	(139)	(77)	(42)	(59)	(43)	(239)	(102)	(358)
Cash flows from operating and investing activities									
GN Netcom	36	6	(52)	25	86	43	42	129	15
GN ReSound	40	(16)	86	(13)	6	117	24	123	97
Other	(44)	(51)	29	423	20	27	(95)	47	357
GN total	32	(61)	63	435	112	187	(29)	299	469