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**November 3, 2004**

**ANNOUNCEMENT NO: 29**

## **Q3 Earnings Release/2004**

At a meeting today, the Supervisory Board of GN Store Nord reviewed and adopted the present Third 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, November 3, 2004

Mogens Hugo Jørgensen  
Chairman

Jørn Kildegaard  
President & CEO

### **Third quarter highlights:**

- Revenue improved to DKK 1,457 million from DKK 1,142 million in Q3 2003.
- EBITA rose to DKK 176 million from DKK 123 million in Q3 2003.
- GN posted a profit before tax of DKK 117 million against DKK 103 million in Q3 2003.
- Cash flows from operations were DKK 201 million against DKK 140 million in Q3 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 approximately DKK 5.4 billion from DKK 4.74 billion in 2003. The previous forecast was for 2004 revenue of “at least DKK 5.2 billion”. The EBITA forecast is retained at approximately DKK 725 million, assuming a DKK/USD exchange rate of 6 in the fourth quarter, as the revenue upgrade is driven mainly by exceptionally strong sales of low margin mobile headsets to OEM customers. The forecast also takes into account incurred costs related to completed litigation.
- The CC&O headsets business projects a full-year EBITA margin of about 19% on revenue of almost DKK 1.3 billion. The previous EBITA margin forecast was for 19-21% on revenue of approximately DKK 1.25 billion.
- The mobile headsets business continues to project a small EBITA profit on revenue of almost DKK 1.2 billion instead of as previously forecast revenue of “at least DKK 1 billion”.
- EBITA margin of about 19% is expected for hearing instruments on revenue of approximately DKK 2.65 billion. The previous EBITA margin forecast was for 18-20%.
- The audiologic diagnostics equipment business now projects a slight EBITA loss on revenue of almost DKK 350 million instead of as previously forecast revenue of “a small 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 accounting standard IFRS 3 Business Combinations, which will apply as from the 2005 financial year, amortization of goodwill acquired through company acquisitions would amount to DKK 35 million. Net financial expenses are still expected to amount to approximately DKK 40 million. The expected share of profit in associates is retained at approximately DKK 30 million.
- Investments in property, plant and equipment and in intangible assets including development projects are expected to be DKK 300 million instead of DKK 350 million. The lower forecast is due to lower-than-expected investments in plant and machinery and postponed development projects.
- Profit before tax is still expected to improve by 75% over 2003 to approximately DKK 475 million.
- With more than half of GN's revenue and almost 60% of costs generated in USD or USD-related currencies, including the Chinese Renmimbi (CNY), GN's industrial competitiveness and its EBITA are resilient to likely US dollar fluctuations.



### **Financial calendar 2005**

February 21 – Annual Report 2004  
March 14 – Annual General Meeting  
May 4 – Q1 2005 earnings release  
August 18 – Q2 2005 earnings release  
November 3 – Q3 2005 earnings release

### **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 GN'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)	Q3 2004 (unaud.)	Q3 2003 (unaud.)	YTD 2004 (unaud.)	YTD 2003 (unaud.)
<b>Earnings - Income statement in accordance with International Financial Reporting Standards (IFRS)</b>				
Revenue	1,457	1,142	4,071	3,431
Operating profit (loss) before share of profit in associates	121	51	363	56
Operating profit (loss)	130	55	388	63
Profit (loss) from ordinary activities before tax	117	103	369	158
Profit (loss) for the period	114	67	266	94
Profit (loss) for the period excluding amortization and impairment of goodwill and other intangible assets acquired in company acquisitions	169	131	437	286
<b>Earnings - Investor-specific highlights</b>				
Earnings before depreciation, amortization, impairment and restructurings and items of a non-recurring nature (EBITDA)	210	153	631	453
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)	176	123	534	363
<b>Balance Sheet</b>				
Share capital (GN Store Nord A/S)	879	879	879	879
Equity	4,639	4,436	4,639	4,436
Total assets	6,507	7,241	6,507	7,241
Net interest bearing debt	(489)	(1,212)	(489)	(1,212)
<b>Cash flows</b>				
Cash flows from operating activities	201	140	602	350
Cash flows from investing activities	(82)	(77)	(184)	(316)
Total cash flows from operating and investing activities	119	63	418	34
<b>Development costs</b>				
Development costs incurred for the period before grant	65	65	203	204
<b>Restructuring costs</b>				
Restructuring recognised in income statement	-	8	-	115
Restructurings, paid	13	26	31	84
<b>Investments</b>				
Plant and machinery etc.	46	40	97	89
Real property including leasehold improvements	4	3	18	22
Development projects, developed in-house	29	39	97	107
Other intangible assets excluding goodwill	16	7	21	27
Total (excluding company acquisitions)	95	89	233	245
Acquisition of associates	-	2	-	5
Total investments	95	91	233	250
Depreciation and impairment of property, plant and equipment and amortization of intangible assets	113	125	347	367
<b>Key ratios</b>				
EBITA margin	12.1 %	10.8 %	13.1 %	10.6 %
Return on equity	2.4 %	1.5 %	5.8 %	2.0 %
Equity ratio	71.3 %	61.3 %	71.3 %	61.3 %
<b>Key ratios per share</b>				
Earnings per share (EPS)	0.53	0.31	1.26	0.44
Earnings per share, fully diluted (EPS)	0.53	0.31	1.25	0.44
Earnings per share excluding amortization and impairment of intangible assets and restructurings, etc. (EPS)	0.79	0.65	2.07	1.89
Earnings per share excluding amortization and impairment of intangible assets and restructurings, etc., fully diluted (EPS)	0.79	0.65	2.05	1.89
Cash flow from operating activities per share (CFPS)	0.95	0.66	2.85	1.66
Net asset value per DKK 4 share	22	21	22	21
Share price at the end of the period	60	35	60	35
<b>Employees</b>				
Average number	4,664	4,141	4,650	4,103



### Financial results

GN sustained the strong organic growth in the third quarter, driven by the surging revenue improvements from mobile headsets, which in a very short period of time has become an important business area for GN. New products and product upgrades launched in the past 24 months contributed 60% of overall revenue. The 8% depreciation of the US dollar relative to Q3 2003 reduced revenue by DKK 62 million.

GN generated gross profit of DKK 714 million against DKK 635 million in Q3 2003. The improvement resulted from the relocation to China, the many new product launches and the DKK 315 million revenue increase. At 49%, the gross margin was affected by the exceptionally large sales of mobile headsets, especially to OEM customers, which are expected to contribute some 40% of revenue from mobile headsets in 2004.

GN's sales and distribution costs amounted to DKK 300 million, compared to DKK 269 million in Q3 2003. The increase was due especially to expansion in the mobile headsets business. In the third quarter, GN incurred development costs of DKK 65 million, equivalent to almost 5% of revenue, as compared to almost 6% in all of 2003. Investments in development projects are expected to increase going forward.

Q3 EBITA improved to DKK 176 million from DKK 123 million in Q3 2003.

Amortization of goodwill and other acquired intangible assets amounted to DKK 55 million. Net financial items of the quarter were an expense of DKK 13 million on interest-bearing net debt of DKK 489 million at September 30, 2004. The interest-bearing net debt fell by DKK 103 million during the third quarter.

GN's Q3 profit before tax was DKK 117 million against DKK 103 million (including extraordinary income and restructurings of net DKK 49 million) in Q3 2003.

GN had an average of 4,664 employees during the quarter, against 4,141 in Q3 2003. Staff numbers are expected to rise to about 5,000 by the end of the year as a result of the ongoing efforts to source in a greater part of the headset production in China.

With the extensive restructuring of GN's production plant now complete, GN is intensifying 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. Implementation of the Navision Attain IT platform continues.

### Balance sheet

Total assets amounted to DKK 6,507 million at September 30, 2004, compared to DKK 6,574 million at June 30, 2004. Goodwill amounted to DKK 2,645 million, distributed on DKK 488 million from headset operations and DKK 2,157 million from hearing instruments and audiologic diagnostics equipment.

Inventories were DKK 602 million, compared to DKK 582 million at June 30, 2004. Trade receivables were DKK 1,104 million, compared to DKK 1,048 million at the end of Q2. This increase was attributable to higher sales of mobile headsets. Inventories and trade



receivables still need to be reduced, but not to the same extent as before. Cash and cash equivalents stood at DKK 87 million at September 30, 2004.

Equity stood at DKK 4,639 million, compared to DKK 4,569 million at June 30, 2004. Foreign exchange adjustments reduced equity by DKK 15 million.

### **Cash flows**

The cash flow from operations was DKK 201 million, down from DKK 230 million in the second quarter due to seasonal earnings fluctuations. In Q3 2003, the cash flow was DKK 140 million. The cash flow from investments was DKK (82) million against DKK (43) million in Q2 2004 and DKK (77) million in Q3 2003.

The free cash flow was DKK 119 million against DKK 187 million in Q2 2004 and DKK 63 million in Q3 2003.

### **Share option plans**

There were a total of 3,782,422 European and 2,838,625 American share options outstanding at September 30, 2004, corresponding to 3.0% of the share capital. Members of the Executive Management held 953,375 options at an average strike price of 48, senior employees held 1,297,139 options (average strike price 48), while other employees held 4,370,533 share options (average strike price 69).

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

### **Shareholdings**

At October 31, 2004, members of the Supervisory Board and the Executive Management, respectively, held 49,063 and 33,010 shares in GN. Senior employees and other employees listed in GN's insider register held a total of 197,160 shares in GN.

GN holds 8,258,149 treasury shares, equivalent to 3.8% of the share capital, part of which are in cover of the share option plan. Foreign investors hold more than 50% of the share capital in GN. Danish institutionals and private investors hold just over 20% each of the GN share capital.

### **Changes to the Supervisory Board**

Peter Voss, President & CEO of Foss A/S, has resigned from the Supervisory Board at his own request.

### **Contact Center & Office headsets**

While marked by a seasonal setback, Q3 revenue was DKK 314 million against DKK 308 million in Q3 2003. Exclusive of Hello Direct, the CC&O headsets business achieved 7% organic growth relative to Q3 2003. Wireless products accounted for about 30% of revenue. New products launched in the past 24 months contributed 36% of Q3 revenue. Market growth was at its strongest in the United States, especially in the office segment, in which GN is currently expanding on its relatively weak market position. Hello Direct generated a profit on revenue of DKK 77 million. In the third quarter, GN recognized costs totaling DKK 12 million relating to completed litigation. Most of the amount was included as administrative expenses.



The CC&O headsets business reported EBITA of DKK 45 million (EBITA margin of 14.3%) in the third quarter, compared to DKK 77 million (22.8%) in Q2 2004. The fall from the second quarter was due to seasonally lower revenue and the costs of litigation.

#### **Mobile headsets**

Revenue surged by more than 40% to DKK 418 million from DKK 292 million in Q2 2004 and DKK 106 million in Q3 2003, driven by major one-time OEM orders for Bluetooth headsets. Revenue from Bluetooth® headsets was DKK 325 million. Competition remains sharp from established players and newcomers to the market.

EBITA from mobile headsets fell to DKK 13 million (EBITA margin of 3.1%) from DKK 16 million (5.5%), reflecting the large contribution to revenue of OEM products.

The aggregate cash flows from operations in the headsets businesses were DKK 31 million compared to DKK (37) million in Q3 2003.

#### **Hearing instruments**

Revenue from hearing instruments was DKK 643 million against DKK 648 million in Q3 2003, equal to organic growth of 3%. The lower organic growth reflects generally weaker demand in the United States and continued weakness in the German market, the loss of deliveries to the NHS in the UK and competition from new product launches. New products and product upgrades launched in the past 24 months contributed more than 60% of Q3 revenue.

At the EUHA Congress in October, GN launched the ReSoundAIR Plus, a device providing an open solution for people with hearing loss of up to 80 dB, or 10 dB more than the ReSoundAIR. GN also launched the super-powered ReSoundVIKING for people with severe hearing loss.

Hearing instruments reported Q3 EBITA of DKK 135 million (EBITA margin of 21.0%), compared to DKK 120 million (18.0%) in Q2 2004.

#### **Audiologic diagnostics equipment**

Q3 revenue from the audiologic diagnostics equipment business was DKK 78 million against DKK 76 million in Q3 2003, equal to organic growth of 6%. The relocation of parts of production to China is progressing to plan. GN Otometrics aims to achieve some of the necessary earnings improvements from a combination of the new product platform, which the MADSEN OTOflex 100 is based on, and the production of semimanufactures in China.

GN Otometrics upgrades the full-year revenue forecast due to the unexpectedly strong demand, especially in Europe.

The audiologic diagnostics equipment business reported EBITA of DKK (6) million (EBITA-margin of (7.7%)), compared to DKK (1) million ((1.2%)) in Q2 2004. The unsatisfactory performance was due to an ongoing restructuring of the company's operations, which has lowered the earnings forecast for the full year 2004.



The Closing the Margin Gap project lifted the overall EBITA margin from hearing instruments and audiologic diagnostics equipment to 17.9% in Q3 2004 from 16.3% in Q3 2003.

The aggregate cash flows from operating activities in the hearing instrument and audiologic diagnostics equipment businesses were DKK 158 million compared to DKK 149 million in Q3 2003.

**Other business activities**

The GN Great Northern Telegraph Company reported Q3 revenue of DKK 4 million and an EBITA of DKK 2 million.

As can be seen from the 2003 financial statements, GN is, 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.

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Income statement	Consolidated			
(DKK millions)	Q3 2004 (unaud.)	Q3 2003 (unaud.)	YTD 2004 (unaud.)	YTD 2003 (unaud.)
Revenue	1,457	1,142	4,071	3,431
Production costs	(754)	(519)	(1,955)	(1,548)
<b>Gross profit</b>	<b>703</b>	<b>623</b>	<b>2,116</b>	<b>1,883</b>
Development costs	(61)	(56)	(186)	(178)
Selling and distribution costs	(304)	(273)	(901)	(837)
Management and administrative expenses	(168)	(171)	(502)	(508)
Other operating income	6	-	7	3
Amortization and impairment of goodwill and other intangible assets acquired in company acquisitions	(55)	(64)	(171)	(192)
Restructuring	-	(8)	-	(115)
<b>Operating profit (loss) before share of profit (loss) in associates</b>	<b>121</b>	<b>51</b>	<b>363</b>	<b>56</b>
Share of profit (loss) in associates	9	4	25	7
<b>Operating profit (loss)</b>	<b>130</b>	<b>55</b>	<b>388</b>	<b>63</b>
Gains/losses on disposal of discontinuing operations	-	57	9	125
<b>Profit (loss) before interest income and expense and similar items</b>	<b>130</b>	<b>112</b>	<b>397</b>	<b>188</b>
Interest income and similar items	6	1	25	42
Interest expense and similar items	(19)	(10)	(53)	(72)
<b>Profit (loss) from ordinary activities before tax</b>	<b>117</b>	<b>103</b>	<b>369</b>	<b>158</b>
Tax on profit (loss) from ordinary activities	(3)	(36)	(103)	(64)
<b>Profit (loss) for the period</b>	<b>114</b>	<b>67</b>	<b>266</b>	<b>94</b>
Earnings per share (EPS)	0.53	0.31	1.26	0.44
Earnings per share, fully diluted (EPS)	0.53	0.31	1.25	0.44
Earnings per share excluding amortization and impairment of intangible assets and restructuring etc. (EPS)	0.79	0.65	2.07	1.89
Earnings per share excluding amortization and impairment of intangible assets and restructuring etc., fully diluted (EPS)	0.79	0.65	2.05	1.89



Assets	Consolidated				
(DKK millions)	Sept. 30 2004 (unaud.)	June 30 2004 (unaud.)	March 31 2004 (unaud.)	Dec. 31 2003 (aud.)	Sept. 30 2003 (unaud.)
<b>Non-current assets</b>					
Goodwill	2,645	2,741	2,785	2,776	3,082
Development projects, developed in-house	360	354	343	347	365
Software, acquired	1	1	1	1	-
Software, developed in-house	89	85	90	99	100
Patents and rights	82	85	87	89	92
Telecommunications systems	44	46	48	50	53
Other intangible assets	268	278	283	282	307
<b>Total intangible assets</b>	<b>3,489</b>	<b>3,590</b>	<b>3,637</b>	<b>3,644</b>	<b>3,999</b>
Factory and office buildings	125	128	123	120	124
Leasehold improvements	56	57	58	58	42
Plant and machinery	92	82	87	80	80
Operating assets and equipment	81	79	71	72	73
Leased plant and equipment	5	6	7	7	9
Telecommunications systems	-	-	-	-	-
Plant under construction	7	2	2	-	1
<b>Total property, plant and equipment</b>	<b>366</b>	<b>354</b>	<b>348</b>	<b>337</b>	<b>329</b>
Investments in associates	199	189	180	176	182
Other securities	6	6	7	6	7
Other receivables and deposited bank balances	37	38	34	48	106
Deferred tax assets	317	303	345	375	342
<b>Total investments</b>	<b>559</b>	<b>536</b>	<b>566</b>	<b>605</b>	<b>637</b>
<b>Total non-current assets</b>	<b>4,414</b>	<b>4,480</b>	<b>4,551</b>	<b>4,586</b>	<b>4,965</b>
<b>Current assets</b>					
<b>Inventories</b>	<b>602</b>	<b>582</b>	<b>626</b>	<b>622</b>	<b>704</b>
Trade receivables	1,104	1,048	982	958	932
Receivables from associates	2	2	1	7	2
Tax receivable	52	51	44	44	216
Other receivables	155	191	161	134	220
Deposited bank balances	-	-	-	74	-
Prepayments	91	103	101	88	68
<b>Total receivables</b>	<b>1,404</b>	<b>1,395</b>	<b>1,289</b>	<b>1,305</b>	<b>1,438</b>
<b>Listed securities</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>14</b>	<b>13</b>
<b>Cash and cash equivalents</b>	<b>87</b>	<b>117</b>	<b>122</b>	<b>70</b>	<b>121</b>
<b>Total current assets</b>	<b>2,093</b>	<b>2,094</b>	<b>2,053</b>	<b>2,011</b>	<b>2,276</b>
<b>Total assets</b>	<b>6,507</b>	<b>6,574</b>	<b>6,604</b>	<b>6,597</b>	<b>7,241</b>



Equity and liabilities	Consolidated				
(DKK millions)	<b>Sept. 30 2004 (unaud.)</b>	June 30 2004 (unaud.)	March 31 2004 (unaud.)	Dec. 31 2003 (aud.)	Sept. 30 2003 (unaud.)
<b>Equity</b>					
Share capital	879	879	879	879	879
Foreign exchange adjustments	(1,263)	(1,200)	(1,195)	(1,278)	(1,006)
Proposed dividends for the year	-	-	132	132	-
Retained earnings	5,023	4,890	4,774	4,740	4,563
<b>Total equity</b>	<b>4,639</b>	4,569	4,590	4,473	4,436
<b>Provisions</b>					
Pension obligations and similar obligations	14	16	16	15	13
Deferred tax	47	53	53	20	77
Other provisions	286	287	297	323	367
<b>Total provisions</b>	<b>347</b>	356	366	358	457
<b>Liabilities</b>					
Mortgage loans	-	-	-	-	-
Bank loans	413	522	609	653	1,273
Capitalized lease obligations	5	6	7	5	9
Other long-term payables	1	2	2	6	84
Received prepayments	29	26	25	23	26
<b>Total non-current liabilities</b>	<b>448</b>	556	643	687	1,392
Repayment of long-term loans	6	3	4	6	6
Bank loans	157	184	169	195	54
Trade payables	343	373	303	289	344
Tax payable	59	61	61	62	78
Other payables	475	439	434	490	448
Received prepayments	33	33	34	37	26
<b>Total current liabilities</b>	<b>1,073</b>	1,093	1,005	1,079	956
<b>Total liabilities</b>	<b>1,521</b>	1,649	1,648	1,766	2,348
<b>Total equity and liabilities</b>	<b>6,507</b>	6,574	6,604	6,597	7,241



Cash flow statement	Consolidated				
	(DKK millions)	Q3 2004 (unaud.)	Q3 2003 (unaud.)	YTD 2004 (unaud.)	YTD 2003 (unaud.)
<b>Operating activities</b>					
Operating profit (loss)	130	55	388	63	
Depreciation, amortization and impairment	114	126	352	368	
Other adjustments	-	15	60	167	
Cash flow from operating activities before changes in working capital	244	196	800	598	
Change in inventories	(33)	(32)	(34)	(118)	
Change in receivables	(16)	(20)	(183)	(63)	
Change in trade payables and other payables	43	44	113	97	
Total changes in working capital	(6)	(8)	(104)	(84)	
<b>Cash flow from operating activities before interest income and expense and similar items, restructurings and tax</b>	<b>238</b>	<b>188</b>	<b>696</b>	<b>514</b>	
Interest and dividends, etc. received	1	4	6	10	
Interest paid	(14)	(18)	(36)	(61)	
Restructurings, paid	(13)	(26)	(31)	(84)	
Tax paid, net	(11)	(8)	(33)	(29)	
<b>Cash flows from operating activities</b>	<b>201</b>	<b>140</b>	<b>602</b>	<b>350</b>	
<b>Investments</b>					
Acquisition of intangible assets excluding development projects	(16)	(7)	(21)	(27)	
Development projects, acquired and developed in-house	(29)	(39)	(97)	(107)	
Acquisition of property, plant and equipment	(50)	(43)	(115)	(111)	
Investments	-	(1)	(6)	(7)	
Disposal of intangible assets	-	8	3	9	
Disposal of property, plant and equipment	13	9	20	14	
Disposal of investments	-	1	7	10	
Acquisition/disposal of listed securities	-	-	16	-	
Company acquisitions and capital contributions	-	(5)	-	(8)	
Cash purchase consideration, net	-	-	9	(89)	
<b>Cash flows from investing activities</b>	<b>(82)</b>	<b>(77)</b>	<b>(184)</b>	<b>(316)</b>	
<b>Cash flows from operating and investing activities</b>	<b>119</b>	<b>63</b>	<b>418</b>	<b>34</b>	
<b>Financing activities</b>					
Increase of short-term liabilities	(45)	(7)	(38)	(135)	
Repayment and reduction of non-current liabilities	(91)	(51)	(241)	(51)	
Share options settled	2	-	7	-	
Dividends paid	-	-	(127)	-	
Foreign exchange adjustments etc.	(15)	9	(2)	(3)	
<b>Cash flows from financing activities</b>	<b>(149)</b>	<b>(49)</b>	<b>(401)</b>	<b>(189)</b>	
<b>Net cash flows</b>	<b>(30)</b>	<b>14</b>	<b>17</b>	<b>(155)</b>	
Cash and cash equivalents beginning of the period	117	107	70	282	
Foreign exchange adjustments, cash and cash equivalents, beginning of the period	-	-	-	(6)	
<b>Cash and cash equivalents, beginning of the period</b>	<b>117</b>	<b>107</b>	<b>70</b>	<b>276</b>	
<b>Cash and cash equivalents, end of the period</b>	<b>87</b>	<b>121</b>	<b>87</b>	<b>121</b>	

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
<b>Balance sheet total at December 31, 2002</b>	<b>879</b>	<b>4,170</b>	<b>(555)</b>	-	<b>295</b>	<b>4,789</b>
Profit (loss) for the period	-	-	-	-	96	96
Foreign exchange adjustments etc.	-	-	(451)	-	-	(451)
Transfer	-	(4,170)	-	-	4,170	-
Effect of change in accounting policies	-	-	-	-	2	2
<b>Balance sheet total at September 30, 2003</b>	<b>879</b>	-	<b>(1,006)</b>	-	<b>4,563</b>	<b>4,436</b>
Effect of change in accounting policies	-	-	-	-	5	5
Profit (loss) for the period	-	-	-	-	154	154
Proposed dividends to shareholders	-	-	-	132	(132)	-
Tax on changes in equity	-	-	-	-	150	150
Foreign exchange adjustments etc.	-	-	(272)	-	-	(272)
<b>Balance sheet total at December 31, 2003</b>	<b>879</b>	-	<b>(1,278)</b>	<b>132</b>	<b>4,740</b>	<b>4,473</b>
Profit (loss) for the period	-	-	-	-	266	266
Share options granted	-	-	-	-	10	10
Share options settled	-	-	-	-	7	7
Dividends paid	-	-	-	(127)	-	(127)
Dividends, own shares	-	-	-	(5)	5	-
Tax on changes in equity	-	-	-	-	(5)	(5)
Foreign exchange adjustments etc.	-	-	15	-	-	15
<b>Balance sheet total at September 30, 2004</b>	<b>879</b>	-	<b>(1,263)</b>	-	<b>5,023</b>	<b>4,639</b>



**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.)	Q3 2004 (unaud.)	YTD 2003 (unaud.)	YTD 2004 (unaud.)	2003 Total (aud.)
<b>Revenue</b>	1,141	1,148	1,142	1,311	1,231	1,383	1,457	3,431	4,071	4,742
Production costs	(507)	(505)	(507)	(598)	(546)	(634)	(743)	(1,519)	(1,923)	(2,117)
<b>Gross profit</b>	<b>634</b>	<b>643</b>	<b>635</b>	<b>713</b>	<b>685</b>	<b>749</b>	<b>714</b>	<b>1,912</b>	<b>2,148</b>	<b>2,625</b>
Development costs	(68)	(71)	(65)	(60)	(66)	(72)	(65)	(204)	(203)	(264)
Selling and distribution costs	(282)	(277)	(269)	(276)	(289)	(302)	(300)	(828)	(891)	(1,104)
Management and administrative expenses	(153)	(146)	(157)	(149)	(146)	(152)	(149)	(456)	(447)	(605)
Other operating income	1	2	-	1	1	-	6	3	7	4
<b>Operating profit (loss) before capitalization and amortization of development costs, amortization and impairment of intangible assets acquired in company acquisitions</b>	<b>132</b>	<b>151</b>	<b>144</b>	<b>229</b>	<b>185</b>	<b>223</b>	<b>206</b>	<b>427</b>	<b>614</b>	<b>656</b>
Capitalized development costs	35	33	39	25	32	36	28	107	96	132
Amortized development costs	(25)	(26)	(30)	(37)	(30)	(25)	(24)	(81)	(79)	(118)
<b>EBITDA</b>	<b>142</b>	<b>158</b>	<b>153</b>	<b>217</b>	<b>187</b>	<b>234</b>	<b>210</b>	<b>453</b>	<b>631</b>	<b>670</b>
Ordinary depreciation and amortization relating to:										
Production	(8)	(9)	(12)	(9)	(11)	(10)	(11)	(29)	(32)	(38)
Selling and distribution	(3)	(3)	(4)	(2)	(3)	(3)	(4)	(10)	(10)	(12)
Administration	(19)	(18)	(14)	(20)	(19)	(17)	(19)	(51)	(55)	(71)
<b>EBITA</b>	<b>112</b>	<b>128</b>	<b>123</b>	<b>186</b>	<b>154</b>	<b>204</b>	<b>176</b>	<b>363</b>	<b>534</b>	<b>549</b>
Share of profit (loss) in associates	-	3	4	(11)	6	10	9	7	25	(4)
Amortization of goodwill	(56)	(55)	(54)	(52)	(50)	(51)	(47)	(165)	(148)	(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)	(8)	(27)	(23)	(36)
Restructuring	(7)	(100)	(8)	(25)	-	-	-	(115)	-	(140)
<b>Earnings before interest and tax (EBIT)</b>	<b>40</b>	<b>(32)</b>	<b>55</b>	<b>23</b>	<b>103</b>	<b>155</b>	<b>130</b>	<b>63</b>	<b>388</b>	<b>86</b>
Gain on disposal of property	-	-	57	-	-	-	-	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	6	39	23	172
Interest expense and similar items	(39)	(23)	(10)	(62)	(14)	(20)	(19)	(72)	(53)	(134)
<b>Earnings before tax (EBT)</b>	<b>24</b>	<b>31</b>	<b>103</b>	<b>105</b>	<b>100</b>	<b>152</b>	<b>117</b>	<b>158</b>	<b>369</b>	<b>263</b>
<b>Margins:</b>										
Gross profit margin	55.6%	56.0%	55.6%	54.4%	55.6%	54.2%	49.0%	55.7%	52.8%	55.4%
EBITA-margin	9.8%	11.1%	10.8%	14.2%	12.5%	14.8%	12.1%	10.6%	13.1%	11.6%
EBITA-margin, excl. capitalization and amortization of development costs	8.9%	10.5%	10.1%	15.1%	12.3%	14.0%	11.8%	9.8%	12.7%	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.)	Q3 2004 (unaud.)	YTD 2003 (unaud.)	YTD 2004 (unaud.)	2003 Total (aud.)
<b>Revenue</b>										
Contact Center & Office Headsets	317	320	308	334	325	337	314	945	976	1,279
Mobile Headsets	102	113	106	160	150	292	418	321	860	481
<b>GN Netcom</b>	<b>419</b>	<b>433</b>	<b>414</b>	<b>494</b>	<b>475</b>	<b>629</b>	<b>732</b>	<b>1,266</b>	<b>1,836</b>	<b>1,760</b>
Hearing Instruments	635	628	648	706	662	667	643	1,911	1,972	2,617
Audiologic Diagnostics Equipment	87	82	76	106	90	83	78	245	251	351
<b>GN ReSound</b>	<b>722</b>	<b>710</b>	<b>724</b>	<b>812</b>	<b>752</b>	<b>750</b>	<b>721</b>	<b>2,156</b>	<b>2,223</b>	<b>2,968</b>
Other *	-	5	4	5	4	4	4	9	12	14
<b>GN total</b>	<b>1,141</b>	<b>1,148</b>	<b>1,142</b>	<b>1,311</b>	<b>1,231</b>	<b>1,383</b>	<b>1,457</b>	<b>3,431</b>	<b>4,071</b>	<b>4,742</b>
<b>Gross profit</b>										
Contact Center & Office Headsets					202	224	194		620	
Mobile Headsets					41	76	84		201	
<b>GN Netcom</b>	<b>232</b>	<b>231</b>	<b>212</b>	<b>241</b>	<b>243</b>	<b>300</b>	<b>278</b>	<b>675</b>	<b>821</b>	<b>916</b>
Hearing Instruments					390	402	393		1,185	
Audiologic Diagnostics Equipment					48	43	39		130	
<b>GN ReSound</b>	<b>402</b>	<b>408</b>	<b>419</b>	<b>468</b>	<b>438</b>	<b>445</b>	<b>432</b>	<b>1,229</b>	<b>1,315</b>	<b>1,697</b>
Other *	-	4	4	4	4	4	4	8	12	12
<b>GN total</b>	<b>634</b>	<b>643</b>	<b>635</b>	<b>713</b>	<b>685</b>	<b>749</b>	<b>714</b>	<b>1,912</b>	<b>2,148</b>	<b>2,625</b>
<b>Overheads excluding development costs and depreciation and amortization of non-current assets</b>										
Contact Center & Office Headsets					(126)	(130)	(131)		(387)	
Mobile Headsets					(35)	(47)	(57)		(139)	
<b>GN Netcom</b>	<b>(159)</b>	<b>(158)</b>	<b>(162)</b>	<b>(137)</b>	<b>(161)</b>	<b>(177)</b>	<b>(188)</b>	<b>(479)</b>	<b>(526)</b>	<b>(616)</b>
Hearing Instruments					(237)	(236)	(213)		(686)	
Audiologic Diagnostics Equipment					(27)	(31)	(29)		(87)	
<b>GN ReSound</b>	<b>(261)</b>	<b>(251)</b>	<b>(247)</b>	<b>(267)</b>	<b>(264)</b>	<b>(267)</b>	<b>(242)</b>	<b>(759)</b>	<b>(773)</b>	<b>(1,026)</b>
Other *	(14)	(12)	(17)	(20)	(9)	(10)	(13)	(43)	(32)	(63)
<b>GN total</b>	<b>(434)</b>	<b>(421)</b>	<b>(426)</b>	<b>(424)</b>	<b>(434)</b>	<b>(454)</b>	<b>(443)</b>	<b>(1,281)</b>	<b>(1,331)</b>	<b>(1,705)</b>
<b>Expensed development costs</b>										
Contact Center & Office Headsets					(9)	(8)	(9)		(26)	
Mobile Headsets					(13)	(11)	(11)		(35)	
<b>GN Netcom</b>	<b>(21)</b>	<b>(21)</b>	<b>(19)</b>	<b>(20)</b>	<b>(22)</b>	<b>(19)</b>	<b>(20)</b>	<b>(61)</b>	<b>(61)</b>	<b>(81)</b>
Hearing Instruments					(27)	(31)	(27)		(85)	
Audiologic Diagnostics Equipment					(15)	(11)	(14)		(40)	
<b>GN ReSound</b>	<b>(37)</b>	<b>(43)</b>	<b>(37)</b>	<b>(52)</b>	<b>(42)</b>	<b>(42)</b>	<b>(41)</b>	<b>(117)</b>	<b>(125)</b>	<b>(169)</b>
Other *	-	-	-	-	-	-	-	-	-	-
<b>GN total</b>	<b>(58)</b>	<b>(64)</b>	<b>(56)</b>	<b>(72)</b>	<b>(64)</b>	<b>(61)</b>	<b>(61)</b>	<b>(178)</b>	<b>(186)</b>	<b>(250)</b>
<b>EBITDA</b>										
Contact Center & Office Headsets					69	86	54		209	
Mobile Headsets					(9)	18	16		25	
<b>GN Netcom</b>	<b>52</b>	<b>52</b>	<b>31</b>	<b>84</b>	<b>60</b>	<b>104</b>	<b>70</b>	<b>135</b>	<b>234</b>	<b>219</b>
Hearing Instruments					126	135	153		414	
Audiologic Diagnostics Equipment					6	1	(4)		3	
<b>GN ReSound</b>	<b>104</b>	<b>114</b>	<b>135</b>	<b>149</b>	<b>132</b>	<b>136</b>	<b>149</b>	<b>353</b>	<b>417</b>	<b>502</b>
Other *	(14)	(8)	(13)	(16)	(5)	(6)	(9)	(35)	(20)	(51)
<b>GN total</b>	<b>142</b>	<b>158</b>	<b>153</b>	<b>217</b>	<b>187</b>	<b>234</b>	<b>210</b>	<b>453</b>	<b>631</b>	<b>670</b>
<b>Ordinary depreciation and amortization</b>										
Contact Center & Office Headsets					(9)	(9)	(9)		(27)	
Mobile Headsets					(2)	(2)	(3)		(7)	
<b>GN Netcom</b>	<b>(11)</b>	<b>(11)</b>	<b>(10)</b>	<b>(13)</b>	<b>(11)</b>	<b>(11)</b>	<b>(12)</b>	<b>(32)</b>	<b>(34)</b>	<b>(45)</b>
Hearing Instruments					(17)	(15)	(18)		(50)	
Audiologic Diagnostics Equipment					(3)	(2)	(2)		(7)	
<b>GN ReSound</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>(16)</b>	<b>(20)</b>	<b>(17)</b>	<b>(20)</b>	<b>(51)</b>	<b>(57)</b>	<b>(67)</b>
Other *	(2)	(2)	(3)	(2)	(2)	(2)	(2)	(7)	(6)	(9)
<b>GN total</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(31)</b>	<b>(33)</b>	<b>(30)</b>	<b>(34)</b>	<b>(90)</b>	<b>(97)</b>	<b>(121)</b>
<b>EBITA</b>										
Contact Center & Office Headsets					60	77	45		182	
Mobile Headsets					(11)	16	13		18	
<b>GN Netcom</b>	<b>41</b>	<b>41</b>	<b>21</b>	<b>71</b>	<b>49</b>	<b>93</b>	<b>58</b>	<b>103</b>	<b>200</b>	<b>174</b>
Hearing Instruments					109	120	135		364	
Audiologic Diagnostics Equipment					3	(1)	(6)		(4)	
<b>GN ReSound</b>	<b>87</b>	<b>97</b>	<b>118</b>	<b>133</b>	<b>112</b>	<b>119</b>	<b>129</b>	<b>302</b>	<b>360</b>	<b>435</b>
Other *	(16)	(10)	(16)	(18)	(7)	(8)	(11)	(42)	(26)	(60)
<b>GN total</b>	<b>112</b>	<b>128</b>	<b>123</b>	<b>186</b>	<b>154</b>	<b>204</b>	<b>176</b>	<b>363</b>	<b>534</b>	<b>549</b>
<b>EBITA-margin</b>										
Contact Center & Office Headsets					18.5 %	22.8 %	14.3 %		18.6 %	
Mobile Headsets					(7.3)%	5.5 %	3.1 %		2.1 %	
<b>GN Netcom</b>	<b>9.8 %</b>	<b>9.5 %</b>	<b>5.1 %</b>	<b>14.4 %</b>	<b>10.3 %</b>	<b>14.8 %</b>	<b>7.9 %</b>	<b>8.1 %</b>	<b>10.9 %</b>	<b>9.9 %</b>
Hearing Instruments					16.5 %	18.0 %	21.0 %		18.5 %	
Audiologic Diagnostics Equipment					3.3 %	(1.2)%	(7.7)%		(1.6)%	
<b>GN ReSound</b>	<b>12.1 %</b>	<b>13.7 %</b>	<b>16.3 %</b>	<b>16.4 %</b>	<b>14.9 %</b>	<b>15.9 %</b>	<b>17.9 %</b>	<b>14.0 %</b>	<b>16.2 %</b>	<b>14.7 %</b>
Other *	-	(200.0)%	(400.0)%	(360.0)%	(175.0)%	(200.0)%	(275.0)%	(466.7)%	(216.7)%	(428.6)%
<b>GN total</b>	<b>9.8 %</b>	<b>11.1 %</b>	<b>10.8 %</b>	<b>14.2 %</b>	<b>12.5 %</b>	<b>14.8 %</b>	<b>12.1 %</b>	<b>10.6 %</b>	<b>13.1 %</b>	<b>11.6 %</b>

\* ) "Other" comprises Telegraph 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.)	Q3 2004 (unaud.)	YTD 2003 (unaud.)	YTD 2004 (unaud.)	2003 Total (aud.)
<b>Incurring development costs</b>										
Contact Center & Office Headsets					(7)	(9)	(6)	-	(22)	
Mobile Headsets					(10)	(10)	(10)	-	(30)	
<b>GN Netcom</b>	<b>(18)</b>	<b>(15)</b>	<b>(12)</b>	<b>(14)</b>	<b>(17)</b>	<b>(19)</b>	<b>(16)</b>	<b>(45)</b>	<b>(52)</b>	<b>(59)</b>
Hearing Instruments					(35)	(40)	(36)	-	(111)	
Audiologic Diagnostics Equipment					(14)	(13)	(13)	-	(40)	
<b>GN ReSound</b>	<b>(50)</b>	<b>(56)</b>	<b>(53)</b>	<b>(46)</b>	<b>(49)</b>	<b>(53)</b>	<b>(49)</b>	<b>(159)</b>	<b>(151)</b>	<b>(205)</b>
Other *	-	-	-	-	-	-	-	-	-	-
<b>GN total</b>	<b>(68)</b>	<b>(71)</b>	<b>(65)</b>	<b>(60)</b>	<b>(66)</b>	<b>(72)</b>	<b>(65)</b>	<b>(204)</b>	<b>(203)</b>	<b>(264)</b>
<b>Capitalized development costs</b>										
Contact Center & Office Headsets					3	5	2	-	10	
Mobile Headsets					6	6	7	-	19	
<b>GN Netcom</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>9</b>	<b>23</b>	<b>29</b>	<b>32</b>
Hearing Instruments					16	19	16	-	51	
Audiologic Diagnostics Equipment					7	6	3	-	16	
<b>GN ReSound</b>	<b>27</b>	<b>26</b>	<b>31</b>	<b>16</b>	<b>23</b>	<b>25</b>	<b>19</b>	<b>84</b>	<b>67</b>	<b>100</b>
Other *	-	-	-	-	-	-	-	-	-	-
<b>GN total</b>	<b>35</b>	<b>33</b>	<b>39</b>	<b>25</b>	<b>32</b>	<b>36</b>	<b>28</b>	<b>107</b>	<b>96</b>	<b>132</b>
<b>Amortized development costs</b>										
Contact Center & Office Headsets					(5)	(4)	(5)	-	(14)	
Mobile Headsets					(9)	(7)	(8)	-	(24)	
<b>GN Netcom</b>	<b>(11)</b>	<b>(13)</b>	<b>(15)</b>	<b>(15)</b>	<b>(14)</b>	<b>(11)</b>	<b>(13)</b>	<b>(39)</b>	<b>(38)</b>	<b>(54)</b>
Hearing Instruments					(8)	(10)	(7)	-	(25)	
Audiologic Diagnostics Equipment					(8)	(4)	(4)	-	(16)	
<b>GN ReSound</b>	<b>(14)</b>	<b>(13)</b>	<b>(15)</b>	<b>(22)</b>	<b>(16)</b>	<b>(14)</b>	<b>(11)</b>	<b>(42)</b>	<b>(41)</b>	<b>(64)</b>
Other *	-	-	-	-	-	-	-	-	-	-
<b>GN total</b>	<b>(25)</b>	<b>(26)</b>	<b>(30)</b>	<b>(37)</b>	<b>(30)</b>	<b>(25)</b>	<b>(24)</b>	<b>(81)</b>	<b>(79)</b>	<b>(118)</b>

\*) "Other" comprises Telegraph 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 (rev.)	March 31 2004 (unaud.)	June 30 2004 (unaud.)	Sept. 30 2004 (unaud.)
<b>Goodwill</b>							
GN Netcom	597	564	544	515	515	506	488
GN ReSound	2,799	2,628	2,538	2,261	2,270	2,235	2,157
<b>GN total</b>	<b>3,396</b>	<b>3,192</b>	<b>3,082</b>	<b>2,776</b>	<b>2,785</b>	<b>2,741</b>	<b>2,645</b>
<b>Development projects, acquired and developed in-house</b>							
GN Netcom	91	84	78	70	66	66	62
GN ReSound	257	275	287	277	277	288	298
<b>GN total</b>	<b>348</b>	<b>359</b>	<b>365</b>	<b>347</b>	<b>343</b>	<b>354</b>	<b>360</b>
<b>Inventories</b>							
GN Netcom	223	276	271	198	178	185	248
GN ReSound	383	404	433	424	448	397	354
<b>GN total</b>	<b>606</b>	<b>680</b>	<b>704</b>	<b>622</b>	<b>626</b>	<b>582</b>	<b>602</b>
<b>Trade receivables</b>							
GN Netcom	296	311	311	333	346	430	491
GN ReSound	550	548	557	563	583	568	565
Other	87	89	64	62	53	50	48
<b>GN total</b>	<b>933</b>	<b>948</b>	<b>932</b>	<b>958</b>	<b>982</b>	<b>1,048</b>	<b>1,104</b>
<b>Trade payables</b>							
GN Netcom	109	139	101	88	125	204	223
GN ReSound	176	157	223	175	155	152	101
Other	19	16	20	26	23	17	19
<b>GN total</b>	<b>304</b>	<b>312</b>	<b>344</b>	<b>289</b>	<b>303</b>	<b>373</b>	<b>343</b>





**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.)	Q3 2004 (unaud.)	YTD 2003 (unaud.)	YTD 2004 (unaud.)	2003 Total (aud.)
<b>Operating activities</b>										
Earnings before interest and tax (EBIT)	40	(32)	55	23	103	155	130	63	388	86
Depreciation, amortization and impairment	122	120	126	197	122	116	114	368	352	565
Other adjustments	33	119	15	38	34	26	-	167	60	205
<b>Cash flow from operating activities before changes in working capital</b>	<b>195</b>	<b>207</b>	<b>196</b>	<b>258</b>	<b>259</b>	<b>297</b>	<b>244</b>	<b>598</b>	<b>800</b>	<b>856</b>
Change in inventories	(2)	(84)	(32)	44	(24)	23	(33)	(118)	(34)	(74)
Change in receivables	(29)	(14)	(20)	(38)	(49)	(118)	(16)	(63)	(183)	(101)
Change in trade payables and other payables	11	42	44	(46)	12	58	43	97	113	51
<b>Total changes in working capital</b>	<b>(20)</b>	<b>(56)</b>	<b>(8)</b>	<b>(40)</b>	<b>(61)</b>	<b>(37)</b>	<b>(6)</b>	<b>(84)</b>	<b>(104)</b>	<b>(124)</b>
<b>Cash flow from operating activities before interest income and expense and similar items, restructurings and tax</b>	<b>175</b>	<b>151</b>	<b>188</b>	<b>218</b>	<b>198</b>	<b>260</b>	<b>238</b>	<b>514</b>	<b>696</b>	<b>732</b>
Interest and dividends, etc. received	2	4	4	85	2	3	1	10	6	95
Interest paid	(18)	(25)	(18)	(18)	(12)	(10)	(14)	(61)	(36)	(79)
Restructurings, paid	(18)	(40)	(26)	(63)	(9)	(9)	(13)	(84)	(31)	(147)
Tax paid, net	(9)	(12)	(8)	255	(8)	(14)	(11)	(29)	(33)	226
<b>Cash flows from operating activities</b>	<b>132</b>	<b>78</b>	<b>140</b>	<b>477</b>	<b>171</b>	<b>230</b>	<b>201</b>	<b>350</b>	<b>602</b>	<b>827</b>
<b>Investments</b>										
Development projects, acquired and developed in-house	(36)	(32)	(39)	(25)	(31)	(37)	(29)	(107)	(97)	(132)
Acquisition of other intangible assets and property, plant and equipment, net	(38)	(44)	(33)	(44)	(28)	(32)	(53)	(115)	(113)	(159)
Acquisition/disposal of investments, net	4	(4)	(5)	(36)	-	1	-	(5)	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)
<b>Cash flows from investing activities</b>	<b>(100)</b>	<b>(139)</b>	<b>(77)</b>	<b>(42)</b>	<b>(59)</b>	<b>(43)</b>	<b>(82)</b>	<b>(316)</b>	<b>(184)</b>	<b>(358)</b>
<b>Cash flows from operating and investing activities</b>	<b>32</b>	<b>(61)</b>	<b>63</b>	<b>435</b>	<b>112</b>	<b>187</b>	<b>119</b>	<b>34</b>	<b>418</b>	<b>469</b>
<b>Financing activities</b>										
Increase of short-term liabilities	(21)	(107)	(7)	133	(27)	34	(45)	(135)	(38)	(2)
Share options settled	-	-	-	-	-	5	2	-	7	-
Repayment and reduction of non-current liabilities	-	-	(51)	(620)	(50)	(100)	(91)	(51)	(241)	(671)
Dividends paid	-	-	-	-	-	(127)	-	-	(127)	-
Foreign exchange adjustments etc.	(18)	6	9	3	18	(5)	(15)	(3)	(2)	-
<b>Cash flows from financing activities</b>	<b>(39)</b>	<b>(101)</b>	<b>(49)</b>	<b>(484)</b>	<b>(59)</b>	<b>(193)</b>	<b>(149)</b>	<b>(189)</b>	<b>(401)</b>	<b>(673)</b>
<b>Net cash flows</b>	<b>(7)</b>	<b>(162)</b>	<b>14</b>	<b>(49)</b>	<b>53</b>	<b>(6)</b>	<b>(30)</b>	<b>(155)</b>	<b>17</b>	<b>(204)</b>
Cash and cash equivalents, beginning of the period	282	271	107	121	70	122	117	282	70	282
Foreign exchange adjustments, Cash and cash equivalents	(4)	(2)	-	(2)	(1)	1	-	(6)	-	(8)
<b>Cash and cash equivalents, beginning of the period</b>	<b>278</b>	<b>269</b>	<b>107</b>	<b>119</b>	<b>69</b>	<b>123</b>	<b>117</b>	<b>276</b>	<b>70</b>	<b>274</b>
<b>Cash and cash equivalents, end of the period</b>	<b>271</b>	<b>107</b>	<b>121</b>	<b>70</b>	<b>122</b>	<b>117</b>	<b>87</b>	<b>121</b>	<b>87</b>	<b>70</b>

**Quarterly Statement of Cash Flow by Business Area**

<b>Cash flow from operating activities before changes in working capital</b>										
GN Netcom	63	67	48	89	88	142	87	178	317	267
GN ReSound	146	148	159	185	175	162	164	453	501	638
Other	(14)	(8)	(11)	(16)	(4)	(7)	(7)	(33)	(18)	(49)
<b>GN total</b>	<b>195</b>	<b>207</b>	<b>196</b>	<b>258</b>	<b>259</b>	<b>297</b>	<b>244</b>	<b>598</b>	<b>800</b>	<b>856</b>
<b>Cash flow from operating activities before interest income and expense and similar items, restructurings and tax</b>										
GN Netcom	76	61	(8)	84	112	85	52	129	249	213
GN ReSound	128	102	184	136	80	191	188	414	459	550
Other	(29)	(12)	(12)	(2)	6	(16)	(2)	(29)	(12)	(31)
<b>GN total</b>	<b>175</b>	<b>151</b>	<b>188</b>	<b>218</b>	<b>198</b>	<b>260</b>	<b>238</b>	<b>514</b>	<b>696</b>	<b>732</b>
<b>Cash flows from operating activities</b>										
GN Netcom	51	25	(37)	33	99	67	31	39	197	72
GN ReSound	98	47	149	83	52	161	158	294	371	377
Other	(17)	6	28	361	20	2	12	17	34	378
<b>GN total</b>	<b>132</b>	<b>78</b>	<b>140</b>	<b>477</b>	<b>171</b>	<b>230</b>	<b>201</b>	<b>350</b>	<b>602</b>	<b>827</b>
<b>Cash flows from investing activities</b>										
GN Netcom	(15)	(19)	(15)	(8)	(13)	(24)	(37)	(49)	(74)	(57)
GN ReSound	(58)	(63)	(63)	(96)	(46)	(44)	(46)	(184)	(136)	(280)
Other	(27)	(57)	1	62	-	25	1	(83)	26	(21)
<b>GN total</b>	<b>(100)</b>	<b>(139)</b>	<b>(77)</b>	<b>(42)</b>	<b>(59)</b>	<b>(43)</b>	<b>(82)</b>	<b>(316)</b>	<b>(184)</b>	<b>(358)</b>
<b>Cash flows from operating and investing activities</b>										
GN Netcom	36	6	(52)	25	86	43	(6)	(10)	123	15
GN ReSound	40	(16)	86	(13)	6	117	112	110	235	97
Other	(44)	(51)	29	423	20	27	13	(66)	60	357
<b>GN total</b>	<b>32</b>	<b>(61)</b>	<b>63</b>	<b>435</b>	<b>112</b>	<b>187</b>	<b>119</b>	<b>34</b>	<b>418</b>	<b>469</b>