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**August 18, 2005**

**ANNOUNCEMENT NO: 29**

## **Q2 Interim Report 2005**

### **Second quarter highlights:**

- Revenue improved to DKK 1,630 million from DKK 1,383 million in Q2 2004.
- EBITA rose to DKK 223 million from DKK 204 million in Q2 2004.
- Profit before tax increased to DKK 215 million from DKK 152 million in Q2 2004.
- Cash flows from operations fell to DKK 206 million from DKK 230 million in Q2 2004.

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## Statement by the Supervisory Board and the Executive Management

The Supervisory Board and the Executive Management of GN Store Nord have today reviewed and adopted the interim earnings release for the six months ended June 30, 2005.

This interim earnings release is unaudited and has been prepared in accordance with the recognition and measurement provisions of the International Financial Reporting Standards (IFRS), see the paragraph on accounting policies, and Danish interim financial reporting requirements for listed companies.

We consider the accounting policies applied to be appropriate. In our opinion, the interim earnings release gives a true and fair view of the Group's assets, liabilities, financial position at June 30, 2005, as well as of the Group's operations and consolidated cash flows for the six months ended June 30, 2005.

Høje-Taastrup, August 18, 2005

### Supervisory Board

Mogens Hugo Jørgensen  
Chairman

Finn Junge-Jensen  
Deputy Chairman

Jørgen Bardenfleth

Asger Domino

Per Harkjær

Lise Kingo

Jens Bille Bergholdt

Henrik Nielsen

John Radich

### Executive Management

Jørn Kildegaard  
President & CEO

Jens Due Olsen

Jesper Mailind



## Outlook for 2005

GN upgrades its forecast for 2005 relative to the guidance provided on May 4, 2005: EBITA is now expected to improve to DKK 850–900 million on revenue of approximately DKK 6.5 billion.

### Outlook for 2005 and Financial Highlights for 2004, Q2/2005, Q2/2004

(DKK millions)	Revised outlook for 2005	Prev. outlook for 2005	2004**	Q2/2005	Q2/2004**	Change Q2-o-Q2
	DKK/USD: 6.00	DKK/USD: 5.75	DKK/USD: 5.99	DKK/USD: 5.92	DKK/USD: 6.18	DKK/USD: (4.2)%
<b>Revenue</b>						
Contact Center & Office Headsets	approx. 1,500	at least 1,400	1,316	373	337	10.7%
Mobile Headsets	approx. 2,000	at least 1,300	1,198	482	292	65.1%
Hearing Instruments	approx. 2,700	approx. 2,700	2,670	690	667	3.4%
Audiologic Diagnostics Equipment	approx. 350	approx. 350	348	84	83	1.2%
<b>GN total*</b>	<b>approx. 6,500</b>	<b>at least 5,700</b>	<b>5,548</b>	<b>1,630</b>	<b>1,383</b>	<b>17.9%</b>
<b>EBITA</b>						
Contact Center & Office Headsets	20-22%	19-21%	19.5%	21.7%	22.8%	(1.1)%p
Mobile Headsets	2-4%	1-3%	1.7%	3.1%	5.5%	(2.4)%p
Hearing Instruments	20-22%	20-22%	19.8%	20.7%	18.0%	2.7%p
Audiologic Diagnostics Equipment	moderate profit	moderate profit	(2.0)%	1.2%	(1.2)%	2.4%p
<b>GN total*</b>	<b>850-900</b>	<b>800-850</b>	<b>727</b>	<b>223</b>	<b>204</b>	<b>9.3%</b>
<b>Amortization, etc.</b>						
<b>GN total*</b>	<b>approx. 50</b>	<b>approx. 70</b>	<b>195</b>	<b>8</b>	<b>52</b>	<b>(84.6)%</b>
<b>EBT</b>						
<b>GN total*</b>	<b>800-850</b>	<b>725-775</b>	<b>532</b>	<b>215</b>	<b>152</b>	<b>41.4%</b>
<b>Cash flow from operating activities</b>						
<b>GN total*</b>	<b>no guidance provided</b>	<b>no guidance provided</b>	<b>959</b>	<b>206</b>	<b>230</b>	<b>(10.4)%</b>

\* Including "Other"

\*\* Including amortization of goodwill

Group functions and GN Great Northern Telegraph Company are still expected to impact EBITA by DKK (50) million. In addition, costs related to the new corporate headquarters amount to approximately DKK 20 million, including accelerated amortization of leasehold improvements in vacated premises amounting to DKK 10 million. GN has begun to renovate and extend the new corporate headquarters in the Copenhagen suburb of Ballerup. The premises will house about 1,100 employees, or 250 more than GN currently employs in the Copenhagen area. All GN's Copenhagen-based units are expected to have relocated to Ballerup by the end of 2006.

Consistent with previous guidance, amortization of intangible assets from company acquisitions is expected to be DKK 30 million when calculated according to IFRS 3 Business Combinations, which applies as from the 2005 financial year.

Net financial items are now expected to be an expense of approximately DKK 20 million (previous forecast: DKK (40) million), including the effects of the share buyback program completed in the second quarter. The increase in USD-denominated trade receivables, which is due to growth in the mobile headsets business, is making net financials more difficult to project.

Investments in property, plant and equipment and in intangible assets including development projects are expected to be DKK 600 million, of which approximately DKK 70 million relate to the year's capital investments in the new corporate headquarters. As part of the growth strategy, GN plans to combine organic growth with acquisitions, including in hearing instrument distribution in the United States and on a number of new markets.



With about 60% of GN's revenue and more than 60% of costs generated in USD or USD-related currencies, including CNY, GN's long-term industrial competitiveness and its EBITA are resilient to likely US dollar fluctuations. GN's cost base in China amounts to around DKK 700 million annually.

**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 2005 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 on GN's markets; changes in demand for GN's 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 A/S.*



<b>Consolidated Financial Highlights</b>					
(DKK millions)	Q2 2005 (unaud.)	Q2 2004 (unaud.)	YTD 2005 (unaud.)	YTD 2004 (unaud.)	Total 2004 (aud.)
<b>Earnings – Income statement in accordance with International Financial Reporting Standards (IFRS)</b>					
Revenue	1,630	1,383	2,991	2,614	5,548
Operating profit (loss) before share of profit (loss) in associates	215	145	391	242	502
Operating profit (loss)	211	155	387	258	530
Profit (loss) from ordinary activities before tax	215	152	385	252	532
Profit (loss) for the period	162	105	283	152	504
Profit (loss) for the period excluding amortization and impairment of goodwill and other intangible assets acquired in company acquisitions	169	164	298	268	729
<b>Earnings – Investor-specific highlights</b>					
Earnings before depreciation, amortization, impairment and restructurings and items of a non-recurring nature (EBITDA)	263	234	486	421	861
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)	223	204	406	358	727
<b>Balance sheet</b>					
Share capital (GN Store Nord A/S)	879	879	879	879	879
Equity	4,789	4,569	4,789	4,569	4,627
Total assets	6,830	6,574	6,830	6,574	6,106
Net interest bearing debt	(444)	(592)	(444)	(592)	(245)
<b>Cash flows</b>					
Cash flows from operating activities	206	230	467	401	959
Cash flows from investing activities	(119)	(43)	(182)	(102)	(273)
Total cash flows from operating and investing activities	88	187	285	299	686
<b>Development costs</b>					
Development costs incurred for the period	94	72	166	138	307
<b>Restructuring costs</b>					
Restructurings, paid	-	9	6	18	40
<b>Investments</b>					
Plant and machinery etc.	28	25	50	51	121
Real property including leasehold improvements	5	8	9	14	99
Development projects, developed in-house	50	37	88	68	142
Other intangible assets excluding goodwill	21	3	26	5	41
Total (excluding company acquisitions)	104	73	173	138	403
Acquisition of companies	17	-	17	17	-
Acquisition of associates	12	-	12	-	-
Total investments	133	73	202	155	403
Depreciation and impairment of property, plant and equipment and amortization of intangible assets	74	116	147	238	473
<b>Key ratios</b>					
EBITA margin	13.7%	14.8%	13.6%	13.7%	13.1%
Return on equity	3.4%	2.3%	6.0%	3.3%	11.1%
Equity ratio	70.1%	69.5%	70.1%	69.5%	75.8%
<b>Key ratios per share</b>					
Earnings per share (EPS)	0.77	0.50	1.35	0.72	2.38
Earnings per share, fully diluted (EPS)	0.77	0.49	1.34	0.72	2.36
Earnings per share excluding amortization and impairment of intangible assets and restructurings, etc. (EPS)	0.81	0.77	1.42	1.27	3.45
Earnings per share excluding amortization and impairment of intangible assets and restructurings, etc., fully diluted (EPS)	0.80	0.77	1.41	1.26	3.42
Cash flow from operating activities per share (CFPS)	0.98	1.08	2.20	1.88	4.50
Net asset value per DKK 4 share	23	21	23	21	22
Share price at the end of the period	70	54	70	54	59
<b>Employees</b>					
Average number	4,568	4,408	4,593	4,352	4,640



### **Accounting policies**

This interim earnings release has been presented in accordance with the recognition and measurement provisions of the International Financial Reporting Standards (IFRS) and additional Danish interim financial reporting requirements for listed companies.

The interim earnings release has been prepared in accordance with the same accounting policies that were applied in the 2004 Annual Report with the exception of the accounting treatment of business combinations, as effective from the first quarter of 2005 goodwill is no longer amortized. Total goodwill amortization in 2004 was DKK 195 million, as can be seen from the investor-specific income statement per quarterly period.

The investor-specific statements are reviewed below.

### **Financial results**

Organic growth rose to 20% in the second quarter, as three out of four GN business areas reported improvements. As expected, the launch of the advanced ReSound Metrix strengthened hearing instrument revenue, contributing to a 5% increase measured in constant exchange rates. CC&O revenue saw 13% organic growth, outperforming our expectations. Sales of mobile headsets rose 65% to DKK 482 million, well ahead of expectations. New products and product upgrades launched in the past 24 months continued to contribute 60% (innovation rate) of overall revenue. The 5% depreciation of the US dollar relative to Q2 2004 reduced revenue by DKK 35 million.

GN generated gross profit of DKK 846 million against DKK 749 million in Q2 2004. The improvement was based on the DKK 247 million revenue improvement and the ever more efficient production. The gross margin for hearing instruments rose to 66%, in line with the level achieved by CC&O Headsets.

GN's sales and distribution costs amounted to DKK 367 million, compared to DKK 302 million in Q2 2004. The increase was a reflection of the generally intensified sales and marketing efforts to promote CC&O headsets, mobile headsets and hearing instruments, which are already producing the desired growth improvements. In support of the greater priority to growth, GN will be allocating additional resources to sales, marketing and development in the second half-year on top of the already announced amount of DKK 150 million.

Q2 EBITA improved to DKK 223 million from DKK 204 million in Q2 2004.

Amortization of acquired intangible assets (excluding goodwill) amounted to DKK 8 million, equal to the year-earlier figure. Net financial items of the quarter were an income of DKK 4 million. Net interest-bearing debt increased by DKK 240 million in Q2 to stand at DKK 444 million as at June 30, 2005, after the DKK 400 million share buyback program.

GN's Q2 profit before tax improved by 40% to DKK 215 million from DKK 152 million in Q2 2004.

GN had an average of 4,568 employees during the quarter, against 4,408 in Q2 2004.

**Balance sheet**

Total assets amounted to DKK 6,830 million at June 30, 2005, compared to DKK 6,268 million at March 31, 2005. Goodwill amounted to DKK 2,689 million, distributed on DKK 491 million from headset operations and DKK 2,198 million from hearing instruments and audiologic diagnostics equipment.

Inventories were DKK 527 million, compared to DKK 478 million at March 31, 2005. Trade receivables were DKK 1,284 million, compared to DKK 1,052 million at March 31, 2005. GN expects to retain the working capital-to-revenue ratio at the present level for the rest of 2005. Additional progress is expected in the intermediate term, albeit not to the previous extent. Cash and cash equivalents rose to DKK 124 million during the quarter.

Equity stood at DKK 4,789 million, compared to DKK 4,716 million at the start of the quarter. Foreign exchange adjustments and the share buyback reduced equity by DKK 88 million.

**Cash flows**

The cash flow from operations was DKK 206 million against DKK 230 million in Q2 2004. The drop was due to the surge in mobile headset revenue and higher hearing instrument trade receivables.

The cash flow from investments was DKK (118) million against DKK (43) million in Q2 2004. In addition to development costs capitalized, the higher level of investments was among other things due to the ownership interests acquired in hearing instrument dispenser chains and distributors in the United States, Russia and Romania.

The free cash flow was DKK 88 million against DKK 187 million in Q2 2004.

**Share options**

There were a total of 3,457,105 European and 2,244,666 American share options outstanding at June 30, 2005, corresponding to 2.6% of the share capital. Members of the Executive Management held 943,106 options at an average strike price of 47, senior employees held 1,135,580 options (average strike price 44), while other employees held 3,623,085 share options (average strike price 51).

In the second quarter, members of the Executive Management were awarded 200,981 share options, senior employees received 267,000, while other employees received 594,500 share options. The options awarded have a strike price of 62, equal to the average share price during the 20 business days immediately following the release of GN's Annual Report for 2004 on February 21, 2005.

**Shareholdings**

At August 18, 2005, members of the Supervisory Board and the Executive Management, respectively, held 47,283 and 33,010 shares in GN.

At August 18, 2005, GN held 13.5 million treasury shares, equivalent to 6.2% of the share capital. The holding covers the share option plan and includes 6.0 million shares acquired in GN's completed share buyback program, which ran during the period March 15–June 30, 2005. The share capital will be reduced by the value of the shares bought back, subject to a resolution by the general meeting to be held in March 2006.





Foreign investors are estimated to hold more than 50% of the share capital in GN. Danish institutional investors hold an estimated 25% and private investors hold some 20% of the GN share capital.

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

Revenue improved to DKK 373 million from DKK 337 million in Q2 2004, lifting organic growth to 13% from 8% in Q1 2005. Demand was muted in the EU and strongest in the United States, as GN recorded a 21% improvement inclusive of Hello Direct, the direct sales channel. Global market growth for office headsets is currently estimated to be ahead of the medium-term forecast of 10–20%. Office headsets account for an estimated 60% of GN Netcom's revenue. Wireless products contributed 38% of Q2 revenue, up from 31% in Q2 2004. The innovation rate fell to 15%, as the highly successful GN 9120 headset has now been on the market for more than two years.

GN's positioning in the US retailing segment is evolving as planned, and the company will have a competitive platform in the US by the end of 2005. Being strongly positioned with the major retailing chains and IT distributors is important, as this is where growth is the strongest.

Revenue was DKK 185 million in North America, DKK 160 million in Europe and DKK 28 million in Asia and the rest of the world.

The CC&O headsets business reported EBITA of DKK 81 million (EBITA margin of 21.7%) in the second quarter, compared to DKK 77 million (22.8%) in Q2 2004. The second half-year performance will be impacted by an increase in development, sales and marketing costs of approximately DKK 10 million.

### **Mobile Headsets**

OEM sales contributed 50% of the Q2 revenue of DKK 482 million, and wireless headsets generated revenue of DKK 390 million. Competition remains tough and OEM sales are very difficult to forecast, but it would seem that GN has retained its market position during the past period of weaker demand in Europe. Revenue from Jabra products generated 30% organic growth relative to Q2 2004.

Over a period of only a few years, GN Mobile has successfully built a position as the leading supplier of wireless headsets for mobile phones and other devices. Over the last five years, sales of Jabra products have averaged an annual growth rate of 50%, not including revenue from OEM agreements with some of the world's largest cell phone manufacturers. The soaring interest in headsets for cell phones has strengthened the strategic importance of GN Mobile for GN, as going forward GN Mobile and GN Netcom will experience a convergence of their technologies, products and distribution channels. The major challenge facing GN in this business area in the short term will be to improve the supply chain during a period of strong revenue and volume growth and while integration of the many new employees be a big priority.

Revenue was DKK 317 million in North America, DKK 135 million in Europe and DKK 30 million in Asia and the rest of the world.





EBITA was DKK 15 million (EBITA margin of 3.1%) against DKK 16 million (5.5%) in Q2 2004, reflecting the large proportion of OEM sales and the strong expansion of the organization in 2004.

The aggregate cash flows from operations in the headsets business rose to DKK 74 million from DKK 67 million in Q2 2004. Strong growth in GN Mobile kept the improvement at a moderate level.

### **Hearing instruments**

Revenue improved to DKK 690 million from DKK 667 million in Q2 2004. The improvement was driven by the stronger marketing efforts and the May/June launch of the ReSound Metrix in the premium segment, which accounted for more than 50% of GN's hearing instrument revenue. New products and product upgrades accounted for 70% of sales.

The ReSound Metrix is GN's first premium product launched after the extensive restructurings completed at the end of 2004, which required a lot of management attention and resulted in slower revenue growth. Feedback from end users in the first 12 markets the product was launched in is in line with expectations, and the dual microphone ITE versions are scheduled for launch in early September, at which time the full ReSound Metrix platform will be rolled out on the remaining markets.

The ReSound organization is now ready to step up its marketing efforts in order to expand into new markets and to strengthen the current position on existing markets.

Revenue was DKK 275 million in North America, DKK 323 million in Europe and DKK 92 million in Asia and the rest of the world.

Hearing instruments reported Q2 EBITA of DKK 143 million (EBITA margin of 20.7%), compared to DKK 120 million (18.0%) in Q2 2004.

### **Audiologic diagnostics equipment**

Revenue was unchanged from Q2 2004 at DKK 84 million. Management is streamlining the organization, the product portfolio as well as production, and semimanufactures are now being manufactured in China.

Weak demand in the United States was offset by improved selling conditions on several other markets.

Revenue was DKK 21 million in North America, DKK 53 million in Europe and DKK 10 million in Asia and the rest of the world.

The audiologic diagnostics equipment business reported EBITA of DKK 1 million (EBITA-margin of 1.2%), compared to DKK (1) million ((1.2%)) in Q2 2004.

The aggregate cash flows from operations in the hearing instrument and audiologic diagnostics equipment businesses were DKK 133 million compared to DKK 161 million in Q2 2004. The fall was due to the inventory build-up in GN Otometrics in relation to the relocation



of production to China and an increase in the number of debtor days for the hearing instrument business.

**Other business activities**

The GN Great Nordic Telegraph Company reported Q2 revenue of DKK 4 million and an EBITA of DKK 1 million.

Through the 75% ownership interest in DPTG I/S, GN is still 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. DTPG has claimed DKK 1.6 billion for the period from 1994 to 2002 and has asked the arbitration tribunal to rule on the method of calculating traffic statistics for the period from 2003 to 2009.

On August 11, Axcel sold GN's former subsidiary NetTest. The sale of NetTest to Axcel at the end of 2002 involved an earn-out agreement between the two parties. GN and Axcel will now review the calculation model for the agreement. The earn-out agreement is not expected to influence the profit for the year.



Income Statement	Consolidated				
(DKK millions)	Q2 2005 (unaud.)	Q2 2004 (unaud.)	YTD 2005 (unaud.)	YTD 2004 (unaud.)	Total 2004 (aud.)
Revenue	1,630	1,383	2,991	2,614	5,548
Production costs	(797)	(644)	(1,421)	(1,201)	(2,647)
<b>Gross profit</b>	<b>833</b>	<b>739</b>	<b>1,570</b>	<b>1,413</b>	<b>2,901</b>
Development costs	(68)	(61)	(128)	(125)	(272)
Selling and distribution costs	(371)	(305)	(699)	(597)	(1,235)
Management and administrative expenses	(179)	(169)	(346)	(334)	(677)
Other operating income	8	-	9	1	10
Amortization and impairment of goodwill and other intangible assets acquired in company acquisitions	(8)	(59)	(15)	(116)	(225)
<b>Operating profit (loss) before share of profit (loss) in associates</b>	<b>215</b>	<b>145</b>	<b>391</b>	<b>242</b>	<b>502</b>
Share of profit (loss) in associates	(4)	10	(4)	16	28
<b>Operating profit (loss)</b>	<b>211</b>	<b>155</b>	<b>387</b>	<b>258</b>	<b>530</b>
Gains/losses on disposal of discontinuing operations	-	9	-	9	39
<b>Profit (loss) before interest income and expense and similar items</b>	<b>211</b>	<b>164</b>	<b>387</b>	<b>267</b>	<b>569</b>
Interest income and similar items	17	8	32	19	32
Interest expense and similar items	(13)	(20)	(34)	(34)	(69)
<b>Profit (loss) from ordinary activities before tax</b>	<b>215</b>	<b>152</b>	<b>385</b>	<b>252</b>	<b>532</b>
Tax on profit (loss) from ordinary activities	(53)	(47)	(102)	(100)	(28)
<b>Profit (loss) for the period</b>	<b>162</b>	<b>105</b>	<b>283</b>	<b>152</b>	<b>504</b>
Earnings per share (EPS)	0.77	0.50	1.35	0.72	2.38
Earnings per share, fully diluted (EPS)	0.77	0.49	1.34	0.72	2.36
Earnings per share excluding amortization and impairment of intangible assets and restructuring etc. (EPS)	0.81	0.77	1.42	1.27	3.45
Earnings per share excluding amortization and impairment of intangible assets and restructuring etc., fully diluted (EPS)	0.80	0.77	1.41	1.26	3.42



Assets	Consolidated			
(DKK millions)	June 30 2005 (unaud.)	March 31 2005 (unaud.)	Dec. 31 2004 (aud.)	June 30 2004 (unaud.)
<b>Non-current assets</b>				
Goodwill	2,689	2,495	2,381	2,741
Development projects, developed in-house	413	388	376	354
Software, acquired	5	3	3	1
Software, developed in-house	98	96	103	85
Patents and rights	75	77	80	85
Telecommunications systems	37	39	41	46
Other intangible assets	269	247	241	278
<b>Total intangible assets</b>	<b>3,586</b>	<b>3,345</b>	<b>3,225</b>	<b>3,590</b>
Factory and office buildings	200	198	195	128
Leasehold improvements	52	51	53	57
Plant and machinery	98	95	94	82
Operating assets and equipment	93	84	79	79
Leased plant and equipment	4	4	4	6
Telecommunications systems	-	-	-	-
Plant under construction	9	5	4	2
<b>Total property, plant and equipment</b>	<b>456</b>	<b>437</b>	<b>429</b>	<b>354</b>
Investments in associates	146	137	137	189
Other securities	5	5	6	6
Other receivables	29	30	30	38
Deferred tax assets	310	364	418	303
<b>Total investments</b>	<b>490</b>	<b>536</b>	<b>591</b>	<b>536</b>
<b>Total non-current assets</b>	<b>4,532</b>	<b>4,318</b>	<b>4,245</b>	<b>4,480</b>
<b>Current assets</b>				
<b>Inventories</b>	<b>527</b>	<b>478</b>	<b>518</b>	<b>582</b>
Trade receivables	1,284	1,052	947	1,048
Receivables from associates	7	7	6	2
Tax receivable	34	35	21	51
Other receivables	223	207	216	191
Prepayments	99	76	86	103
<b>Total receivables</b>	<b>1,647</b>	<b>1,377</b>	<b>1,276</b>	<b>1,395</b>
<b>Cash and cash equivalents</b>	<b>124</b>	<b>95</b>	<b>67</b>	<b>117</b>
<b>Total current assets</b>	<b>2,298</b>	<b>1,950</b>	<b>1,861</b>	<b>2,094</b>
<b>Total assets</b>	<b>6,830</b>	<b>6,268</b>	<b>6,106</b>	<b>6,574</b>



Equity and Liabilities	Consolidated			
(DKK millions)	June 30 2005 (unaud.)	March 31 2005 (unaud.)	Dec. 31 2004 (aud.)	June 30 2004 (unaud.)
<b>Equity</b>				
Share capital	879	879	879	879
Foreign exchange adjustments	(1,135)	(1,396)	(1,564)	(1,200)
Proposed dividends for the year	-	-	132	-
Retained earnings	5,045	5,233	5,180	4,890
<b>Total equity</b>	<b>4,789</b>	<b>4,716</b>	<b>4,627</b>	<b>4,569</b>
<b>Non-current liabilities</b>				
Bank loans	261	57	111	522
Capitalized lease obligations	4	4	4	6
Other long-term payables	14	6	1	2
Received prepayments	33	29	28	26
Pension obligations and similar obligations	18	18	17	16
Deferred tax	9	12	5	53
Other provisions	139	114	129	90
<b>Total non-current liabilities</b>	<b>478</b>	<b>240</b>	<b>295</b>	<b>715</b>
<b>Current liabilities</b>				
Repayment of long-term loans	1	1	1	3
Bank loans	306	241	200	184
Trade payables	450	329	275	373
Amounts owed to associates	-	-	3	-
Tax payable	30	24	23	61
Other payables	532	496	495	439
Received prepayments	52	41	33	33
Other provisions	192	180	154	197
<b>Total current liabilities</b>	<b>1,563</b>	<b>1,312</b>	<b>1,184</b>	<b>1,290</b>
<b>Total liabilities</b>	<b>2,041</b>	<b>1,552</b>	<b>1,479</b>	<b>2,005</b>
<b>Total equity and liabilities</b>	<b>6,830</b>	<b>6,268</b>	<b>6,106</b>	<b>6,574</b>



<b>Cash Flow Statement</b>		<b>Consolidated</b>				
(DKK millions)		<b>Q2</b>	Q2	<b>YTD</b>	YTD	Total
		<b>2005</b>	2004	<b>2005</b>	2004	2004
		<b>(unaud.)</b>	(unaud.)	<b>(unaud.)</b>	(unaud.)	(aud.)
<b>Operating activities</b>						
Operating profit (loss)		211	155	387	258	530
Depreciation, amortization and impairment		73	116	146	238	473
Other adjustments		42	26	96	60	88
<b>Cash flow from operating activities before changes in working capital</b>		<b>326</b>	<b>297</b>	<b>629</b>	<b>556</b>	<b>1,091</b>
Change in inventories		(34)	23	(7)	(1)	25
Change in receivables		(235)	(118)	(303)	(167)	(122)
Change in trade payables and other payables		158	58	179	70	100
<b>Total changes in working capital</b>		<b>(111)</b>	<b>(37)</b>	<b>(131)</b>	<b>(98)</b>	<b>3</b>
<b>Cash flow from operating activities before interest income and expense and similar items, restructurings and tax</b>		<b>215</b>	<b>260</b>	<b>498</b>	<b>458</b>	<b>1,094</b>
Interest and dividends, etc. received		2	3	4	5	10
Interest paid		(5)	(10)	(11)	(22)	(48)
Restructurings, paid		-	(9)	(6)	(18)	(40)
Tax paid, net		(6)	(14)	(18)	(22)	(57)
<b>Cash flows from operating activities</b>		<b>206</b>	<b>230</b>	<b>467</b>	<b>401</b>	<b>959</b>
<b>Investments</b>						
Acquisition of intangible assets excluding development projects		(20)	(3)	(26)	(5)	(41)
Development projects, acquired and developed in-house		(51)	(37)	(88)	(68)	(142)
Acquisition of property, plant and equipment		(33)	(33)	(59)	(65)	(217)
Investments		(13)	(2)	(14)	(6)	(8)
Disposal of intangible assets		9	-	9	3	-
Disposal of property, plant and equipment		2	4	2	7	22
Disposal of investments		4	3	8	7	11
Acquisition/disposal of listed securities		1	16	3	16	16
Acquisition of companies		(17)	-	(17)	-	-
Disposal of discontinuing operations etc.		-	9	-	9	86
<b>Cash flows from investing activities</b>		<b>(118)</b>	<b>(43)</b>	<b>(182)</b>	<b>(102)</b>	<b>(273)</b>
<b>Cash flows from operating and investing activities</b>		<b>88</b>	<b>187</b>	<b>285</b>	<b>299</b>	<b>686</b>
<b>Financing activities</b>						
Increase of short-term liabilities		74	34	113	7	3
Increase/reduction of non-current liabilities		200	(100)	150	(150)	(550)
Share options exercised		30	5	31	5	8
Paid dividends to shareholders		(24)	(127)	(127)	(127)	(127)
Purchase of treasury shares		(349)	-	(400)	-	-
Foreign exchange adjustments etc.		9	(5)	3	13	(23)
<b>Cash flows from financing activities</b>		<b>(60)</b>	<b>(193)</b>	<b>(230)</b>	<b>(252)</b>	<b>(689)</b>
<b>Net cash flows</b>		<b>28</b>	<b>(6)</b>	<b>55</b>	<b>47</b>	<b>(3)</b>
Cash and cash equivalents beginning of the period		95	122	67	70	70
Foreign exchange adjustments, cash and cash equivalents, beginning of the period		1	1	2	-	-
<b>Cash and cash equivalents, beginning of the period</b>		<b>96</b>	<b>123</b>	<b>69</b>	<b>70</b>	<b>70</b>
<b>Cash and cash equivalents, end of the period</b>		<b>124</b>	<b>117</b>	<b>124</b>	<b>117</b>	<b>67</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)	Foreign exchange adjustments	Proposed dividends for the year	Retained earnings	Total equity
<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>
<b>Equity movement in the period</b>					
Foreign exchange adjustments	-	78	-	-	78
Tax on changes in equity	-	-	-	(19)	(19)
Net income recognised directly in equity	-	78	-	(19)	59
Profit (loss) for the period	-	-	-	152	152
Total income for the period	-	78	-	133	211
Granted share options	-	-	-	7	7
Exercised share options	-	-	-	5	5
Paid dividends to shareholders	-	-	(127)	-	(127)
Dividends, treasury shares	-	-	(5)	5	-
<b>Balance sheet total at June 30, 2004</b>	<b>879</b>	<b>(1,200)</b>	<b>-</b>	<b>4,890</b>	<b>4,569</b>
<b>Equity movement in the period</b>					
Foreign exchange adjustments	-	(364)	-	-	(364)
Tax on changes in equity	-	-	-	62	62
Net income recognised directly in equity	-	(364)	-	62	(302)
Profit (loss) for the period	-	-	132	220	352
Total income for the period	-	(364)	132	282	50
Granted share options	-	-	-	5	5
Exercised share options	-	-	-	3	3
<b>Balance sheet total at December 31, 2004</b>	<b>879</b>	<b>(1,564)</b>	<b>132</b>	<b>5,180</b>	<b>4,627</b>
<b>Equity movement in the period</b>					
Foreign exchange adjustments	-	429	-	-	429
Tax on changes in equity	-	-	-	(61)	(61)
Net income recognised directly in equity	-	429	-	(61)	368
Profit (loss) for the period	-	-	-	283	283
Total income for the period	-	429	-	222	651
Granted share options	-	-	-	7	7
Exercised share options	-	-	-	31	31
Purchase of treasury shares	-	-	-	(400)	(400)
Paid dividends to shareholders	-	-	(127)	-	(127)
Dividends, treasury shares	-	-	(5)	5	-
<b>Balance sheet total at June 30, 2005</b>	<b>879</b>	<b>(1,135)</b>	<b>-</b>	<b>5,045</b>	<b>4,789</b>





**Investor-specific Income Statement per Quarterly Period**

(The accounting abbreviations EBITDA and EBITA are not defined in International Financial Reporting Standards (IFRS))

(DKK millions)	Q1 2004 (unaud.)	Q2 2004 (unaud.)	Q3 2004 (unaud.)	Q4 2004 (unaud.)	Q1 2005 (unaud.)	Q2 2005 (unaud.)	YTD 2004 (unaud.)	YTD 2005 (unaud.)	Total 2004 (aud.)
<b>Revenue</b>	1,231	1,383	1,457	1,477	1,361	1,630	2,614	2,991	5,548
Production costs	(546)	(634)	(743)	(680) *	(612)	(784)	(1,180)	(1,396)	(2,603)
<b>Gross profit</b>	<b>685</b>	<b>749</b>	<b>714</b>	<b>797</b>	<b>749</b>	<b>846</b>	<b>1,434</b>	<b>1,595</b>	<b>2,945</b>
Development costs	(66)	(72)	(65)	(104) *	(72)	(94)	(138)	(166)	(307)
Selling and distribution costs	(289)	(302)	(300)	(330) *	(324)	(367)	(591)	(691)	(1,221)
Management and administrative expenses	(146)	(152)	(149)	(154) *	(143)	(156)	(298)	(299)	(601)
Other operating income	1	-	6	3	1	8	1	9	10
<b>Operating profit (loss) before capitalization and amortization of development costs, amortization and impairment of intangible assets acquired in company acquisitions</b>	<b>185</b>	<b>223</b>	<b>206</b>	<b>212</b>	<b>211</b>	<b>237</b>	<b>408</b>	<b>448</b>	<b>826</b>
Capitalized development costs	32	36	28	46	38	50	68	88	142
Amortized development costs	(30)	(25)	(24)	(28)	(26)	(24)	(55)	(50)	(107)
<b>EBITDA</b>	<b>187</b>	<b>234</b>	<b>210</b>	<b>230</b>	<b>223</b>	<b>263</b>	<b>421</b>	<b>486</b>	<b>861</b>
Ordinary depreciation and amortization relating to:									
Production	(11)	(10)	(11)	(12)	(12)	(13)	(21)	(25)	(44)
Selling and distribution	(3)	(3)	(4)	(4)	(4)	(4)	(6)	(8)	(14)
Administration	(19)	(17)	(19)	(21)	(24)	(23)	(36)	(47)	(76)
<b>EBITA</b>	<b>154</b>	<b>204</b>	<b>176</b>	<b>193</b>	<b>183</b>	<b>223</b>	<b>358</b>	<b>406</b>	<b>727</b>
Share of profit (loss) in associates	6	10	9	3	-	(4)	16	(4)	28
Amortization of goodwill	(50)	(51)	(47)	(47)	-	-	(101)	-	(195)
Amortization of other intangible assets acquired in company acquisitions	(7)	(8)	(8)	(7)	(7)	(8)	(15)	(15)	(30)
<b>Earnings before interest and tax (EBIT)</b>	<b>103</b>	<b>155</b>	<b>130</b>	<b>142</b>	<b>176</b>	<b>211</b>	<b>258</b>	<b>387</b>	<b>530</b>
Gains/(losses) on disposal of discontinuing operations	-	9	-	30	-	-	9	-	39
Capital gains/(losses) on shares, dividends	3	(1)	-	-	2	1	2	3	2
Interest income and similar items	8	9	6	7	13	16	17	29	30
Interest expense and similar items	(14)	(20)	(19)	(16)	(21)	(13)	(34)	(34)	(69)
<b>Earnings before tax (EBT)</b>	<b>100</b>	<b>152</b>	<b>117</b>	<b>163</b>	<b>170</b>	<b>215</b>	<b>252</b>	<b>385</b>	<b>532</b>
<b>Margins:</b>									
Gross profit margin	55.6%	54.2%	49.0%	54.0%	55.0%	51.9%	54.9%	53.3%	53.1%
EBITA-margin	12.5%	14.8%	12.1%	13.1%	13.4%	13.7%	13.7%	13.6%	13.1%
EBITA-margin, excl. capitalization and amortization of development costs	12.3%	14.0%	11.8%	11.8%	12.6%	12.1%	13.2%	12.3%	12.5%

\*) The above accounting items for Q4 2004 include provision for rental obligations relating to vacation of leases in the amount of DKK 30 million. The rental obligation is distributed by function.



**Quarterly Operations by Business Area**

(The accounting abbreviations EBITDA and EBITA are not defined in International Financial Reporting Standards (IFRS))

(DKK millions)	Q1 2004 (unaud.)	Q2 2004 (unaud.)	Q3 2004 (unaud.)	Q4 2004 (unaud.)	Q1 2005 (unaud.)	Q2 2005 (unaud.)	YTD 2004 (unaud.)	YTD 2005 (unaud.)	Total 2004 (aud.)
<b>Revenue</b>									
Contact Center & Office Headsets	325	337	314	340	342	373	662	715	1,316
Mobile Headsets	150	292	418	338	292	482	442	774	1,198
Hearing Instruments	662	667	643	698	641	690	1,329	1,331	2,670
Audiologic Diagnostics Equipment	90	83	78	97	80	84	173	164	348
Other *	4	4	4	4	6	1	8	7	16
<b>GN total</b>	<b>1,231</b>	<b>1,383</b>	<b>1,457</b>	<b>1,477</b>	<b>1,361</b>	<b>1,630</b>	<b>2,614</b>	<b>2,991</b>	<b>5,548</b>
<b>Gross profit</b>									
Contact Center & Office Headsets	202	224	194	220	222	249	426	471	840
Mobile Headsets	41	76	84	91	74	101	117	175	292
Hearing Instruments	390	402	393	438	412	456	792	868	1,623
Audiologic Diagnostics Equipment	48	43	39	51	35	37	91	72	181
Other *	4	4	4	(3) **	6	3	8	9	9
<b>GN total</b>	<b>685</b>	<b>749</b>	<b>714</b>	<b>797</b>	<b>749</b>	<b>846</b>	<b>1,434</b>	<b>1,595</b>	<b>2,945</b>
<b>Overheads excluding development costs and depreciation and amortization of non-current assets</b>									
Contact Center & Office Headsets	(126)	(130)	(131)	(126)	(131)	(150)	(256)	(281)	(513)
Mobile Headsets	(35)	(47)	(57)	(69)	(63)	(62)	(82)	(125)	(208)
Hearing Instruments	(237)	(236)	(213)	(219)	(235)	(258)	(473)	(493)	(905)
Audiologic Diagnostics Equipment	(27)	(31)	(29)	(35)	(25)	(29)	(58)	(54)	(122)
Other *	(9)	(10)	(13)	(32) **	(12)	(16)	(19)	(28)	(64)
<b>GN total</b>	<b>(434)</b>	<b>(454)</b>	<b>(443)</b>	<b>(481)</b>	<b>(466)</b>	<b>(515)</b>	<b>(888)</b>	<b>(981)</b>	<b>(1,812)</b>
<b>Expensed development costs</b>									
Contact Center & Office Headsets	(9)	(8)	(9)	(9)	(10)	(10)	(17)	(20)	(35)
Mobile Headsets	(13)	(11)	(11)	(15)	(15)	(19)	(24)	(34)	(50)
Hearing Instruments	(27)	(31)	(27)	(38)	(27)	(33)	(58)	(60)	(123)
Audiologic Diagnostics Equipment	(15)	(11)	(14)	(17)	(8)	(6)	(26)	(14)	(57)
Other *	-	-	-	(7) **	-	-	-	-	(7)
<b>GN total</b>	<b>(64)</b>	<b>(61)</b>	<b>(61)</b>	<b>(86)</b>	<b>(60)</b>	<b>(68)</b>	<b>(125)</b>	<b>(128)</b>	<b>(272)</b>
<b>EBITDA</b>									
Contact Center & Office Headsets	69	86	54	85	81	89	155	170	294
Mobile Headsets	(9)	18	16	7	(4)	20	9	16	32
Hearing Instruments	126	135	153	181	150	165	261	315	595
Audiologic Diagnostics Equipment	6	1	(4)	(1)	2	2	7	4	2
Other *	(5)	(6)	(9)	(42) **	(6)	(13)	(11)	(19)	(62)
<b>GN total</b>	<b>187</b>	<b>234</b>	<b>210</b>	<b>230</b>	<b>223</b>	<b>263</b>	<b>421</b>	<b>486</b>	<b>861</b>
<b>Ordinary depreciation and amortization</b>									
Contact Center & Office Headsets	(9)	(9)	(9)	(10)	(10)	(8)	(18)	(18)	(37)
Mobile Headsets	(2)	(2)	(3)	(5)	(4)	(5)	(4)	(9)	(12)
Hearing Instruments	(17)	(15)	(18)	(17)	(23)	(22)	(32)	(45)	(67)
Audiologic Diagnostics Equipment	(3)	(2)	(2)	(2)	(1)	(1)	(5)	(2)	(9)
Other *	(2)	(2)	(2)	(3) **	(2)	(4)	(4)	(6)	(9)
<b>GN total</b>	<b>(33)</b>	<b>(30)</b>	<b>(34)</b>	<b>(37)</b>	<b>(40)</b>	<b>(40)</b>	<b>(63)</b>	<b>(80)</b>	<b>(134)</b>
<b>EBITA</b>									
Contact Center & Office Headsets	60	77	45	75	71	81	137	152	257
Mobile Headsets	(11)	16	13	2	(8)	15	5	7	20
Hearing Instruments	109	120	135	164	127	143	229	270	528
Audiologic Diagnostics Equipment	3	(1)	(6)	(3)	1	1	2	2	(7)
Other *	(7)	(8)	(11)	(45) **	(8)	(17)	(15)	(25)	(71)
<b>GN total</b>	<b>154</b>	<b>204</b>	<b>176</b>	<b>193</b>	<b>183</b>	<b>223</b>	<b>358</b>	<b>406</b>	<b>727</b>
<b>EBITA-margin</b>									
Contact Center & Office Headsets	18.5 %	22.8 %	14.3 %	22.1 %	20.8 %	21.7 %	20.7 %	21.3 %	19.5 %
Mobile Headsets	(7.3)%	5.5 %	3.1 %	0.6 %	(2.7)%	3.1 %	1.1 %	0.9 %	1.7 %
Hearing Instruments	16.5 %	18.0 %	21.0 %	23.5 %	19.8 %	20.7 %	17.2 %	20.3 %	19.8 %
Audiologic Diagnostics Equipment	3.3 %	(1.2)%	(7.7)%	(3.1)%	1.3 %	1.2 %	1.2 %	1.2 %	(2.0)%
Other *	(175.0)%	(200.0)%	(275.0)%	(1,125.0)%	(133.3)%	(1,700.0)%	(187.5)%	(357.1)%	(443.8)%
<b>GN total</b>	<b>12.5 %</b>	<b>14.8 %</b>	<b>12.1 %</b>	<b>13.1 %</b>	<b>13.4 %</b>	<b>13.7 %</b>	<b>13.7 %</b>	<b>13.6 %</b>	<b>13.1 %</b>

\*) "Other" comprises the Telegraph Company, GN Ejendomme, corporate staff, corporate finance and eliminations.

\*\*\*) The above accounting items for Q4 2004 include provision for rental obligations relating to vacation of leases in the amount of DKK 30 million. The rental obligation is distributed by function, and included in "Other".



**Expensed Development Costs**

(DKK millions)	Q1 2004 (unaud.)	Q2 2004 (unaud.)	Q3 2004 (unaud.)	Q4 2004 (unaud.)	Q1 2005 (unaud.)	Q2 2005 (unaud.)	YTD 2004 (unaud.)	YTD 2005 (unaud.)	Total 2004 (aud.)
<b>Incurred development costs</b>									
Contact Center & Office Headsets	(7)	(9)	(6)	(15)	(10)	(15)	(16)	(25)	(37)
Mobile Headsets	(10)	(10)	(10)	(18)	(13)	(21)	(20)	(34)	(48)
Hearing Instruments	(35)	(40)	(36)	(48)	(40)	(48)	(75)	(88)	(159)
Audiologic Diagnostics Equipment	(14)	(13)	(13)	(16)	(9)	(10)	(27)	(19)	(56)
Other *	-	-	-	(7) **	-	-	-	-	(7)
<b>GN total</b>	<b>(66)</b>	<b>(72)</b>	<b>(65)</b>	<b>(104)</b>	<b>(72)</b>	<b>(94)</b>	<b>(138)</b>	<b>(166)</b>	<b>(307)</b>
<b>Capitalized development costs</b>									
Contact Center & Office Headsets	3	5	2	11	4	10	8	14	21
Mobile Headsets	6	6	7	10	7	12	12	19	29
Hearing Instruments	16	19	16	22	22	21	35	43	73
Audiologic Diagnostics Equipment	7	6	3	3	5	7	13	12	19
Other *	-	-	-	-	-	-	-	-	-
<b>GN total</b>	<b>32</b>	<b>36</b>	<b>28</b>	<b>46</b>	<b>38</b>	<b>50</b>	<b>68</b>	<b>88</b>	<b>142</b>
<b>Amortized development costs</b>									
Contact Center & Office Headsets	(5)	(4)	(5)	(5)	(4)	(5)	(9)	(9)	(19)
Mobile Headsets	(9)	(7)	(8)	(7)	(9)	(10)	(16)	(19)	(31)
Hearing Instruments	(8)	(10)	(7)	(12)	(9)	(6)	(18)	(15)	(37)
Audiologic Diagnostics Equipment	(8)	(4)	(4)	(4)	(4)	(3)	(12)	(7)	(20)
Other *	-	-	-	-	-	-	-	-	-
<b>GN total</b>	<b>(30)</b>	<b>(25)</b>	<b>(24)</b>	<b>(28)</b>	<b>(26)</b>	<b>(24)</b>	<b>(55)</b>	<b>(50)</b>	<b>(107)</b>

**Development in Selected Balance Sheet Items**

(DKK millions)	March 31 2004 (unaud.)	June 30 2004 (unaud.)	Sept. 30 2004 (unaud.)	Dec. 31 2004 (aud.)	March 31 2005 (unaud.)	June 30 2005 (unaud.)
<b>Goodwill</b>						
GN Netcom	515	506	488	441	461	491
GN ReSound	2,270	2,235	2,157	1,940	2,034	2,198
<b>GN total</b>	<b>2,785</b>	<b>2,741</b>	<b>2,645</b>	<b>2,381</b>	<b>2,495</b>	<b>2,689</b>
<b>Development projects, acquired and developed in-house</b>						
GN Netcom	66	66	62	70	69	76
GN ReSound	277	288	298	306	319	337
<b>GN total</b>	<b>343</b>	<b>354</b>	<b>360</b>	<b>376</b>	<b>388</b>	<b>413</b>
<b>Inventories</b>						
GN Netcom	178	185	248	212	180	210
GN ReSound	448	397	354	306	298	317
<b>GN total</b>	<b>626</b>	<b>582</b>	<b>602</b>	<b>518</b>	<b>478</b>	<b>527</b>
<b>Trade receivables</b>						
GN Netcom	346	430	491	367	444	616
GN ReSound	583	568	565	535	563	624
Other	53	50	48	45	45	44
<b>GN total</b>	<b>982</b>	<b>1,048</b>	<b>1,104</b>	<b>947</b>	<b>1,052</b>	<b>1,284</b>
<b>Trade payables</b>						
GN Netcom	125	204	223	151	195	322
GN ReSound	155	152	101	106	115	113
Other	23	17	19	18	19	15
<b>GN total</b>	<b>303</b>	<b>373</b>	<b>343</b>	<b>275</b>	<b>329</b>	<b>450</b>

\*) "Other" comprises Telegraph Company, GN Ejendomme, corporate staff, corporate finance and eliminations.

\*\*) The above accounting items for Q4 2004 include provision for rental obligations relating to vacation of leases in the amount of DKK 30 million. The rental obligation is distributed by function, and included in "Other".



**Quarterly Statement of Cash Flows**

(DKK millions)	Q1 2004 (unaud.)	Q2 2004 (unaud.)	Q3 2004 (unaud.)	Q4 2004 (unaud.)	Q1 2005 (unaud.)	Q2 2005 (unaud.)	YTD 2004 (unaud.)	YTD 2005 (unaud.)	Total 2004 (aud.)
<b>Operating activities</b>									
Earnings before interest and tax (EBIT)	103	155	130	142	176	211	258	387	530
Depreciation, amortization and impairment	122	116	114	121	73	73	238	146	473
Other adjustments	34	26	-	28	54	42	60	96	88
<b>Cash flow from operating activities before changes in working capital</b>	<b>259</b>	<b>297</b>	<b>244</b>	<b>291</b>	<b>303</b>	<b>326</b>	<b>556</b>	<b>629</b>	<b>1,091</b>
Change in inventories	(24)	23	(33)	59	27	(34)	(1)	(7)	25
Change in receivables	(49)	(118)	(16)	61	(68)	(235)	(167)	(303)	(122)
Change in trade payables and other payables	12	58	43	(13)	21	158	70	179	100
<b>Total changes in working capital</b>	<b>(61)</b>	<b>(37)</b>	<b>(6)</b>	<b>107</b>	<b>(20)</b>	<b>(111)</b>	<b>(98)</b>	<b>(131)</b>	<b>3</b>
<b>Cash flow from operating activities before interest income and expense and similar items, restructurings and tax</b>	<b>198</b>	<b>260</b>	<b>238</b>	<b>398</b>	<b>283</b>	<b>215</b>	<b>458</b>	<b>498</b>	<b>1,094</b>
Interest and dividends, etc. received	2	3	1	4	2	2	5	4	10
Interest paid	(12)	(10)	(14)	(12)	(6)	(5)	(22)	(11)	(48)
Restructurings, paid	(9)	(9)	(13)	(9)	(6)	-	(18)	(6)	(40)
Tax paid, net	(8)	(14)	(11)	(24)	(12)	(6)	(22)	(18)	(57)
<b>Cash flows from operating activities</b>	<b>171</b>	<b>230</b>	<b>201</b>	<b>357</b>	<b>261</b>	<b>206</b>	<b>401</b>	<b>467</b>	<b>959</b>
<b>Investments</b>									
Development projects, acquired and developed in-house	(31)	(37)	(29)	(45)	(37)	(51)	(68)	(88)	(142)
Acquisition of other intangible assets and property, plant and equipment, net	(28)	(32)	(53)	(48)	(32)	(42)	(60)	(74)	(161)
Acquisition/disposal of investments, net	-	1	-	2	3	(9)	1	(6)	3
Acquisition/disposal of listed securities	-	16	-	-	2	1	16	3	16
Acquisition of property	-	-	-	(75)	-	-	-	-	(75)
Acquisition of companies	-	-	-	-	-	(17)	-	(17)	-
Disposal of discontinuing operations etc.	-	9	-	77	-	-	9	-	86
<b>Cash flows from investing activities</b>	<b>(59)</b>	<b>(43)</b>	<b>(82)</b>	<b>(89)</b>	<b>(64)</b>	<b>(118)</b>	<b>(102)</b>	<b>(182)</b>	<b>(273)</b>
<b>Cash flows from operating and investing activities</b>	<b>112</b>	<b>187</b>	<b>119</b>	<b>268</b>	<b>197</b>	<b>88</b>	<b>299</b>	<b>285</b>	<b>686</b>
<b>Financing activities</b>									
Increase of short-term liabilities	(27)	34	(45)	41	39	74	7	113	3
Purchase of treasury share	-	-	-	-	(51)	(349)	-	(400)	-
Share options exercised	-	5	2	1	1	30	5	31	8
Increase/reduction of non-current liabilities	(50)	(100)	(91)	(309)	(50)	200	(150)	150	(550)
Dividends paid	-	(127)	-	-	(103)	(24)	(127)	(127)	(127)
Foreign exchange adjustments etc.	18	(5)	(15)	(21)	(6)	9	13	3	(23)
<b>Cash flows from financing activities</b>	<b>(59)</b>	<b>(193)</b>	<b>(149)</b>	<b>(288)</b>	<b>(170)</b>	<b>(60)</b>	<b>(252)</b>	<b>(230)</b>	<b>(689)</b>
<b>Net cash flows</b>	<b>53</b>	<b>(6)</b>	<b>(30)</b>	<b>(20)</b>	<b>27</b>	<b>28</b>	<b>47</b>	<b>55</b>	<b>(3)</b>
Cash and cash equivalents, beginning of the period	70	122	117	87	67	95	70	67	70
Foreign exchange adjustments, Cash and cash equivalents	(1)	1	-	-	1	1	-	2	-
<b>Cash and cash equivalents, beginning of the period</b>	<b>69</b>	<b>123</b>	<b>117</b>	<b>87</b>	<b>68</b>	<b>96</b>	<b>70</b>	<b>69</b>	<b>70</b>
<b>Cash and cash equivalents, end of the period</b>	<b>122</b>	<b>117</b>	<b>87</b>	<b>67</b>	<b>95</b>	<b>124</b>	<b>117</b>	<b>124</b>	<b>67</b>

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

<b>Cash flow from operating activities before changes in working capital</b>									
GN Netcom	88	142	87	96	104	135	230	239	413
GN ReSound	175	162	164	207	202	203	337	405	708
Other	(4)	(7)	(7)	(12)	(3)	(12)	(11)	(15)	(30)
<b>GN total</b>	<b>259</b>	<b>297</b>	<b>244</b>	<b>291</b>	<b>303</b>	<b>326</b>	<b>556</b>	<b>629</b>	<b>1,091</b>
<b>Cash flow from operating activities before interest income and expense and similar items, restructurings and tax</b>									
GN Netcom	112	85	52	146	129	86	197	215	395
GN ReSound	80	191	188	262	154	144	271	298	721
Other	6	(16)	(2)	(10)	-	(15)	(10)	(15)	(22)
<b>GN total</b>	<b>198</b>	<b>260</b>	<b>238</b>	<b>398</b>	<b>283</b>	<b>215</b>	<b>458</b>	<b>498</b>	<b>1,094</b>
<b>Cash flows from operating activities</b>									
GN Netcom	99	67	31	113	109	74	166	183	310
GN ReSound	52	161	158	244	139	133	213	272	615
Other	20	2	12	-	13	(1)	22	12	34
<b>GN total</b>	<b>171</b>	<b>230</b>	<b>201</b>	<b>357</b>	<b>261</b>	<b>206</b>	<b>401</b>	<b>467</b>	<b>959</b>
<b>Cash flows from investing activities</b>									
GN Netcom	(13)	(24)	(37)	(49)	(22)	(37)	(37)	(59)	(123)
GN ReSound	(46)	(44)	(46)	(40)	(43)	(81)	(90)	(124)	(176)
Other	-	25	1	-	1	-	25	1	26
<b>GN total</b>	<b>(59)</b>	<b>(43)</b>	<b>(82)</b>	<b>(89)</b>	<b>(64)</b>	<b>(118)</b>	<b>(102)</b>	<b>(182)</b>	<b>(273)</b>
<b>Cash flows from operating and investing activities</b>									
GN Netcom	86	43	(6)	64	87	37	129	124	187
GN ReSound	6	117	112	204	96	52	123	148	439
Other	20	27	13	-	14	(1)	47	13	60
<b>GN total</b>	<b>112</b>	<b>187</b>	<b>119</b>	<b>268</b>	<b>197</b>	<b>88</b>	<b>299</b>	<b>285</b>	<b>686</b>