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November 6, 2006

ANNOUNCEMENT No.: 31

Q3 Interim Report 2006

Third quarter highlights

Revenue and profit from the continuing operations were in line with the guidance provided in the announcement of October 2, 2006. The profit was impacted by DKK 100 million in write-downs related to Hello Direct's "Try'n'Buy" campaigns under CC&O Headsets, write-downs on inventories of components and finished goods in Mobile Headsets and the growing investments in product development and in sales and marketing.
As announced on October 2, 2006, GN has sold its hearing instrument and audiologic diagnostics equipment operations to Phonak Holding AG for a total consideration of DKK 15.5 billion in cash on a debt and cash free basis. Closing of the transaction is awaiting approval from the competition authorities and Phonak's subsequent rights issue.

- Revenue fell to DKK 1,513 million from DKK 1,845 million in Q3 2005.
- EBITA fell to a loss of DKK 22 million from a profit of DKK 218 million in Q3 2005, impacted by non-recurring costs of DKK 100 million.
- Earnings before tax were DKK (54) million, down from a profit of DKK 204 million in Q3 2005.
- Cash flows from operations fell to DKK (15) million from DKK 136 million in Q3 2005.

GN reiterates the guidance for the continuing operations provided on October 2, 2006. Accordingly, the full-year forecasts are: revenue of approximately DKK 3.3-3.5 billion, an EBITA of approximately DKK (100) million and earnings before tax of approximately DKK (150) million. Going forward, the results of GN ReSound and GN Otometrics will be reported under discontinuing operations, in accordance with IFRS 5.

For further information, please contact:

Mogens Hugo Jørgensen
Chairman

GN Store Nord A/S
Tel: +45 45 75 00 00

Jens Due Olsen
Executive Vice President

GN Store Nord A/S
Tel: +45 45 75 00 00

Statement by the Supervisory Board and the Executive Management

The Supervisory Board and the Executive Management have today discussed and approved the interim earnings release for GN Store Nord A/S for the three months ended September 30, 2006.

This interim earnings release has been prepared in accordance with the recognition and measurement provisions of the International Financial Reporting Standards (IFRS) as adopted by the EU, see the paragraph on accounting policies, and additional Danish interim financial reporting disclosure 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 results and financial position as at September 30, 2006 and of the Group's operations and cash flows for the three months ended September 30, 2006.

Ballerup, November 6, 2006.

Supervisory Board

Mogens Hugo Jørgensen Chairman	Finn Junge-Jensen Deputy Chairman	Jørgen Bardenfleth
Asger Domino	Per Harkjær	Lise Kingo
Jens Bille Bergholdt	Nikolai Bisgaard	Christian Bjerrum-Niese

Executive Management

Toon Bouten President & CEO	Jens Due Olsen

Outlook for 2006

GN retains the guidance for the consolidated group and for the individual business areas announced on October 2, as listed under the column heading "Outlook for 2006 (Oct. 2)" in the table below. The column headed "Outlook for 2006 (Feb. 22)" contains GN's original forecasts announced at the release of the Annual Report 2005 on February 22, 2006. Due to the divestment of GN ReSound, GN's financial results and the earnings forecast for Hearing Instruments and Audiologic Diagnostics Equipment are presented under "Profit (loss) from discontinuing operations" presented as the profit/loss after tax plus amortization and depreciation charges.

Outlook for 2006 and Financial Highlights for 2005, Q3/2006, Q3/2005

(DKK millions)	Outlook for 2006 (Oct. 2)	Outlook for 2006 (Feb. 22)	2005	Q3/2006	Q3/2005	Change Q3-o-Q3
	DKK/USD: 6.00	DKK/USD: 6.00	DKK/USD: 5.75	DKK/USD: 6.07	DKK/USD: 5.92	DKK/USD: 2.5%
Continuing operations:						
Revenue						
Contact Center & Office Headsets	approx. 1,600-1,700	at least 1,800	1,549	349	380	(8.2)%
Mobile Headsets	approx. 1,700-1,800	approx. 2,700	1,960	355	699	(49.2)%
GN total*	**approx. 3,300-3,500**	**approx. 4,500**	**3,525**	**710**	**1,085**	**(34.6)%**
EBITA						
Contact Center & Office Headsets	100	18-20%	313	(39)	66	N/A
Mobile Headsets	(150)	3-5%	61	(84)	29	N/A
Other	(50)	3-5%	(56)	(3)	(12)	N/A
GN total*	**(100)**	**350-400**	**318**	**(126)**	**83**	**N/A**
Amortization, net finance etc.						
GN total	**approx. (50)**	**(50)**	**22**	**(6)**	**(3)**	**N/A**
EBT						
GN total*	**approx. (150)**	**approx. 325**	**340**	**(132)**	**80**	**N/A**
Cash flow from operating activities						
GN total*	**no guidance**	**no guidance**	**137**	**(119)**	**(46)**	**(158.7)%**
Discontinuing operations:						
Revenue						
Hearing Instruments	**no guidance**	approx. 3,200	2,795	732	688	6.4%
Audiologic Diagnostics Equipment	**no guidance**	approx. 325	324	71	72	(1.4)%
Total	**no guidance**	**approx. 3,525**	**3,119**	**803**	**760**	**5.7%**
EBITA						
Hearing Instruments	**no guidance**	18-20%**	557	107	141	(5.9)%p
Audiologic Diagnostics Equipment	**no guidance**	small profit	1	(3)	(6)	4.1%p
Total	**no guidance**		**558**	**104**	**135**	**(23)%**
EBT						
Total discontinuing operations* **	approx. 400-450	**N/A**	N/A	N/A	N/A	N/A
Cash flow from operating activities						
Total discontinuing operations	**no guidance**	**no guidance**	691	104	182	(42.9)%

* Including "other"
** 19%-21% excluding non-recurring costs relating to the closure of the hearing instrument operations in Cork, Ireland
*** Announced for the first time on November 6, 2006

Outlook for the Continuing Operations

Revenue for the continuing operations is expected to be approximately DKK 3.3-3.5 billion. EBITA for the CC&O and Mobile Headsets operations overall is expected to be a loss of DKK 50 million. In addition, group functions are still expected to have a negative impact on EBITA of approximately DKK 50 million, bringing the EBITA forecast for the continuing operations to a loss of DKK 100 million.

Amortization of acquired intangible assets is expected to amount to approximately DKK 10 million, while net financial items are expected to be an expense of DKK 40 million. The latter figure includes the impact of the year's DKK 400 million share buyback program completed on June 30. Earnings before tax for the continuing operations are expected to be negative at DKK 150 million.

For the continuing operations, investments in property, plant and equipment and in intangible assets, including in development projects, are projected at just under DKK 600 million. R&D, sales and marketing spending is expected to be increased by approximately DKK 200 million compared to the full-year 2005 figure.

DPTG I/S, in which GN has a 75% ownership interest, is still a party to arbitration proceedings with Telekomunikacja Polska S.A. As previously announced, developments in the case have led DPTG I/S to claim DKK 5 billion for the period from 1994 to mid-2005. DPTG's agreement with Telekomunikacja Polska S.A. covers the period 1994–2009.

With around 70% of revenue and some 70% of costs relating to the continuing operations generated in US dollars or US dollar-related currencies, GN's long-term competitiveness and EBITA are resilient to likely US dollar fluctuations. Short-term fluctuations in the dollar would impact profit as and when products manufactured at a given exchange rate are sold at a different exchange rate at a later point in time.

Outlook for the Discontinuing Operations

The results of discontinuing operations are expected to be approximately DKK 400-450 million.

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 2006 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. Class action lawsuits are being brought in the United States against our United States subsidiary and other Bluetooth headset manufacturers claiming failure to warn of 'noise induced hearing loss.' While we believe these suits are without merit, the costs to defend against them could be high and the results of litigation are not predictable. This interim report should not be considered an offer to sell securities in GN Store Nord A/S.

Consolidated Financial Highlights

(DKK millions)	Q3 2006 (unaud.)	Q3 2005 (unaud.)	YTD 2006 (unaud.)	YTD 2005 (unaud.)	Total 2005 (aud.)
Earnings – Income statement in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU					
Revenue	1,513	1,845	5,028	4,836	6,644
Operating profit (loss) before share of profit (loss) in subsidiaries and associates	(32)	211	121	602	834
Operating profit (loss)	(33)	211	115	598	823
Profit (loss) from ordinary activities before tax	(54)	204	150	589	815
Profit (loss) for the period	(46)	157	117	440	850
Earnings – Investor-specific highlights					
Earnings before depreciation, amortization, impairment and items of a non-recurring nature (EBITDA)	28	266	290	752	1,051
Earnings before amortization and impairment of goodwill and other intangible assets acquired in company acquisitions and items of a non-recurring nature (EBITA)	(22)	218	151	624	876
Balance sheet					
Share capital	855	879	855	879	879
Group Equity	4,711	4,979	4,711	4,979	5,349
Total assets	8,075	7,121	8,075	7,121	8,091
Net interest bearing debt	(1,448)	(429)	(1,448)	(429)	(720)
Cash flows					
Cash flows from operating activities (CFFO)	(15)	136	133	603	828
Cash flows from investing activities	(111)	(109)	(372)	(291)	(751)
Total cash flows from operating and investing activities	(126)	27	(239)	312	77
Development costs					
Development costs incurred	116	89	375	255	371
Restructuring costs					
Restructuring recognized in income statement	-	-	55	-	7
Restructurings, paid	(16)	-	(46)	6	8
Investments					
Plant and machinery etc,	99	34	315	84	168
Real property including leasehold improvements	4	7	12	16	18
Development projects, developed in-house	68	44	201	132	188
Other intangible assets excluding goodwill	13	9	56	35	49
Total (excluding company acquisitions)	184	94	584	267	423
Company acquisitions	-	-	-	17	457
Acquisition of associates	-	16	-	28	74
Total investments	184	110	584	312	954
Depreciation and impairment of property, plant and equipment and amortization of intangible assets	100	91	285	238	335
Impairment of intagible assets	-	-	-	-	8
Key ratios					
EBITA margin	(1.5)%	11.8%	3.0%	12.9%	13.2%
Return on equity	(1.0)%	3.2%	2.3%	9.2%	17.1%
Equity ratio	58.3%	69.9%	58.3%	69.9%	66.1%
Key ratios per share					
Earnings per share (EPS)	(0.22)	0.76	0.57	2.11	4.04
Earnings per share diluted (EPS diluted)	(0.22)	0.75	0.57	2.09	4.00
Earnings per share excluding amortization and impairment of intangible assets and restructurings, etc.,	(0.17)	0.80	0.99	2.22	4.28
Earnings per share excluding amortization and impairment of intangible assets and restructurings, etc., diluted	(0.17)	0.79	0.98	2.20	4.23
Cash flow per share (CFPS)	(0.07)	0.65	0.65	2.86	3.94
Book value per DKK 4 share	23	24	23	24	25
Share price at the end of the period	90	82	90	82	83
Employees					
Average number	5,315	5,085	5,565	4,864	5,190

Accounting policies
This interim earnings release has been prepared in accordance with the recognition and measurement provisions of the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish interim financial reporting requirements for listed companies.

The accounting policies are unchanged from those applied in the 2005 Annual Report.

The investor-specific statements are reviewed below.

According to IFRS 5, the October 2 divestment of GN ReSound to Phonak has changed the accounting presentation of the hearing instrument and audiologic diagnostics equipment operations. For the first three quarters of the year, these operations are included line by line in both the income statement and the balance sheet. From the fourth quarter onwards, these operations will be presented under "Profit (loss) from discontinuing operations" and will be presented as the profit/loss after tax with no depreciation or amortization charges. Accordingly, the previous revenue and EBITA guidance for the discontinuing operations will now be expressed as a forecast of the "Profit/loss from discontinuing operations."

Agreement to Sell GN ReSound to Phonak
On October 2, 2006, GN signed an agreement to sell GN ReSound to Phonak Holding AG for a total consideration of DKK 15.5 billion in cash on a debt and cash free basis. The agreement is subject to approval by the competition authorities and to Phonak's subsequent rights issue to fund part of the acquisition price. The founding shareholders of Phonak, who own approximately 30% of the Phonak ordinary share capital, have committed to vote in favor of the share capital increase. In the event that Phonak does not complete the rights issue by August 15, 2007, GN will be entitled to receive consideration consisting of cash and new shares up to a maximum number as determined by the agreement at the then prevailing market price. The transaction is expected to be completed in the first half of 2007.

The agreement with Phonak comprises the divestment of GN ReSound and all assets and liabilities of that company, including affiliated activities within audiologic diagnostics equipment in GN Otometrics, as well as a share of GN Store Nord's corporate functions relating to GN ReSound.

Net of costs related to the divestment, the transaction is expected to provide GN with proceeds of at least DKK 15 billion and an after-tax profit of at least DKK 10 billion.

Use of the Proceeds from the Transaction
The Supervisory Board intends to return approximately DKK 13 billion of the net proceeds from the divestment of GN ReSound to the shareholders as soon as reasonably possible taking into account that GN intends to retain a net cash position of DKK 1 billion reflecting GN's future working capital requirements.

The Supervisory Board intends to ask the shareholders at an extraordinary general shareholders' meeting to be convened for that specific purpose to approve a resolution to

GN Store Nord A/S
Lautrupbjerg 7
Postboks 99
DK-2750 Ballerup
Tlf.: 45 75 00 00
Fax: 45 75 00 09
www.gn.com
info@gn.com
CVR-nr. 24257843

return excess cash of approximately DKK 13 billion in the form of a capital reduction. Considering the size of this amount relative to GN's overall market capitalization, a capital reduction is believed to be the most appropriate way to distribute the amount. For tax purposes, most of the company's shareholders will be required to treat the capital reduction as a sale of shares.

It is expected that the extraordinary general shareholders' meeting will be held immediately after closing of the transaction and that the write-down of the share capital can be made after the usual statutory three-month waiting period.

The Supervisory Board will continue its efforts to keep GN's cash and cash equivalents at the level of DKK 1 billion. Any surplus cash not needed for acquisitions or other major investments will in due time be returned to the shareholders by way of share buybacks and dividends.

GN is working with Phonak to make the period between the time of signing of the agreement and the final transfer of operations as brief as possible, including preparing and submitting the necessary filings to the relevant competition authorities.

All activities are progressing in line with the original plan and, accordingly, the transaction is expected to be completed in the first half of 2007.

Management and organisation

Effective October 2, Mr. Toon Bouten was appointed CEO of GN, which following the divestment is a dedicated headset company. Toon Bouten makes up the Executive Management of GN together with Jens Due Olsen, Executive Vice President and CFO. The new management is currently developing GN's future strategic platform. These plans will be announced in early 2007 at the latest.

In the short term, GN intends to focus on four key areas in order to restore profitability and enhance growth and cash flows.

- The Jabra brand will be introduced in all channels in order to increase awareness and strengthen brand impact across the converging mobile and office markets. In addition, by focusing on a single brand, GN will make its investments in branding and promotions more effective. All new products will carry the Jabra label.

- GN will launch more products at ever shorter intervals. More products will be brought to market and they will be differentiated more strongly. High priority will be given to more entry-level products targeting the office market and to developing low-price solutions for OEM manufacturers and telecoms operators in the mobile market.

- GN will increase its efforts in sales, marketing and distribution, especially in the mobile headsets business. The focus on sales channels and end users will be intensified sharply, and know-how in key account management and support will be strengthened.

- The cost structure will be trimmed across the value chain. GN intends to reduce inventories, optimize the global supply chain and achieve the synergies from the mid-May 2006 combination of its headset operations into one global organization.

Financial results
Revenue fell by DKK 332 million to DKK 1.513 million and organic growth was negative at 21%.

The setback was due to Hello Direct's discontinued "Try'n'Buy" campaigns and the drop in mobile headset revenue.

The CC&O headsets business achieved negative growth of 6% on revenue of DKK 349 million. Exclusive of Hello Direct, revenue growth remained high, at 11% on revenue of DKK 277 million. The mobile headset business was impacted by the late approval of two products for major customers caused by technical difficulties and, accordingly, they will not play as big a role in sales promotions during the key months of October, November and December as originally expected. Mobile Headsets were also affected by the ongoing trend in the product mix towards entry level products. The Mobile Headsets business suffered a drop in revenue to DKK 355 million, equivalent to negative organic growth of 48%.

In Hearing Instruments, GN generated revenue of DKK 732 million. The second quarter product launches attracted healthy demand, especially the mini-versions of the Resound Metrix, the ReSound Pixel and the ReSound Plus5, whereas the ReSoundAIR continued to operate in an increasingly competitive market due to similar products launched by the competition. In mid-October, GN presented the rechargeable ReSound Pulse at the EUHA trade fair in Frankfurt, Germany. Organic growth was about 1% y-o-y, which was lower than expected. The ReSound Pulse is now available on most major markets and organic growth in October was approximately 4%.

New products and product upgrades launched in the past 24 months contributed almost 60% of overall revenue.

Revenue was DKK 704 million in North America, DKK 620 million in Europe and DKK 189 million in Asia and the rest of the world.

GN's gross profit was DKK 721 million against DKK 867 million in Q3 2005. In addition to the drop in revenue, the lower gross profit was impacted by inventory write-downs of DKK 40 million in Mobile Headsets as stated in the announcement of October 2. Adjusted for this factor, the gross margin improved to 50% from 47% in the year-earlier period. The gross margin improvement was due to a lower share of the revenue coming from Mobile Headsets than in the same quarter last year.

The overall selling and distribution costs were impacted by the write-down of trade receivables relating to Hello Direct's "Try-n'Buy" campaigns. Adjusted for this, selling and distribution costs amounted to DKK 373 million, compared to DKK 365 million in Q3 2005. Development costs incurred increased by DKK 27 million to DKK 116 million. The

GN Store Nord A/S
Lautrupbjerg 7
Postboks 99
DK-2750 Ballerup
Tlf.: 45 75 00 00
Fax: 45 75 00 09
www.gn.com
info@gn.com
CVR-nr. 24257843

increase was driven by the continuing plans to accelerate growth in both the Headset and the Hearing Instrument businesses by strengthening sales, marketing and R&D activities.

Q3 EBITA fell to a loss of DKK 22 million from a profit of DKK 218 million in Q3 2005. The decline was due mainly to lower revenue, the write-down of trade receivables in Hello Direct's "Try'n'Buy" campaigns and the write-down of the Mobile Headsets component and finished goods inventories.

The share of the profit/(loss) in associates was DKK (1) million, while amortization of acquired intangible assets was DKK (10) million, this item being slightly higher than in Q3 2005 due to the acquisition of INTERTON at the end of 2005. Net financial items were an expense of DKK 21 million. Net interest-bearing debt rose by DKK 109 million during the quarter to DKK 1,448 million at September 30, 2006. The increase was due mainly to ongoing operating investments, investments in development projects and in the new corporate headquarters.

GN's Q3 earnings before tax were DKK (54) million, a drop of DKK 258 million relative to Q3 2005.

GN had an average of 5,315 employees during the quarter, against 5,638 in the second quarter. The lower headcount was due mainly to lower in-house production of headsets at the factory in Xiamen, China.

Balance Sheet
Total assets amounted to DKK 8,075 million at September 30, 2006, compared to DKK 8,217 million at June 30, 2006. Goodwill was DKK 470 million on Headsets and DKK 2,386 million on Hearing Instruments and Audiologic Diagnostics Equipment.

Trade receivables fell by DKK 143 million to DKK 1,243 million due to the write-downs in Hello Direct and the fall in revenue. Inventories rose by DKK 40 million during the quarter to DKK 834 million, as lower revenue in Mobile Headsets caused an increase in component and finished goods inventories. Cash and cash equivalents fell by DKK 163 million during the quarter, because GN reduced its gross debts.

Equity totalled DKK 4,711 million, compared to DKK 4,725 million at June 30, 2006.

Cash Flows
Cash flows from operations were DKK (15) million against DKK 136 million in Q3 2005. The decline was due to the reduction in profit adjusted for non-recurring costs and the increase in working capital in Mobile Headsets and Hearing Instruments.

Cash flow from investments was DKK (111) million against DKK (109) million in Q3 2005.

The free cash flow was DKK (126) million against DKK 27 million in Q3 2005.

Stock Option Plans
There were a total of 4,291,988 outstanding stock options at September 30, 2006, corresponding to 2.0% of the share capital. Members of the Executive Management held

900,425 options at an average strike price of 45, senior employees held 956,473 options (average strike price 53), while other employees held 2,435,090 share options (average strike price 51). A total of 170,150 options were exercised in the third quarter. Members of the Executive Management did not exercise any options during the quarter.

Shareholdings
At November 6, 2006, members of the Supervisory Board and the Executive Management, respectively, held 65,948 and 33,010 shares in GN.

At November 6, 2006, GN held 11,038,220 treasury shares, equivalent to 5.2% of the share capital. The treasury shares held cover the stock option plan and 5,402,800 shares acquired under the year's share buyback program.

GN has reduced the share capital by a nominal value of DKK 24 million by cancelling treasury shares.

The GN stock is 100% free float. Foreign investors have reduced their aggregate holding from just over 50% at the end of 2005 to around 20%. Danish institutional investors hold an estimated 45% and private investors hold 20% of the GN share capital. The Danish pension fund ATP and the foreign fund Centaurus Capital have each flagged an ownership interest in excess of 5% of the share capital.

Headsets
As announced on October 2, GN's headset operations suffered a disappointing performance due to write-down of trade receivables in Hello Direct's "Try'n'Buy" campaigns and a significant slowdown in the Mobile Headsets business.

Overall, the headset operations generated revenue of DKK 704 million, equal to an organic growth of (22)% relative to the third quarter of last year.

Revenue was DKK 361 million in North America, DKK 285 million in Europe and DKK 58 million in Asia and the rest of the world.

EBITA was a loss of DKK 123 million against a profit of DKK 95 million in Q2 2005. EBITA was a loss of DKK 23 million excluding the write offs of trade receivables for Hello Direct's "Try'n'Buy" campaigns and write offs of component and finished goods inventories in the Mobile Headsets business.

The overall cash flow from operations fell to DKK (100) million from DKK (51) million in Q3 2005. The Mobile Headsets inventories are expected to be reduced in the months ahead.

Contact Center & Office Headsets
The CC&O business (headsets for offices and contact centers), exclusive of Hello Direct, continued to improve in Q3, generating revenues of DKK 277 million equal to an organic growth of approximately 11%. The European market remained very attractive, expanding by 15%, while the North American market grew by 6%, in line with the second quarter growth rate. The third quarter performance was impacted by the usual seasonal drop in sales during the summer months, which has negative impact on the higher margin

European sales.

As previously announced, US sales channel Hello Direct has discontinued its large "Try'n'Buy" campaigns. After the intensified efforts to collect overdue accounts did not provide the necessary results, GN decided, as already announced on October 2, to make an additional provision of DKK 60 million to cover losses on trade receivables. In addition, Hello Direct failed to meet overall revenue expectations.

Growth remains driven by growth in the office market and wireless headset sales continue to accelerate despite the discontinued "Try'n'Buy" campaigns. Both the GN 9120 and its replacements in the GN 9300 series continued to post good results, and sales of VoIP headsets have also shown some improvement. The fastest growing channels are retail and technology distributors.

The Q3 innovation rate was 17%, up from 10% in Q2, lifted by the continued roll-out of the GN 9300 series.

Revenue was DKK 158 million in North America, DKK 163 million in Europe and DKK 28 million in Asia and the rest of the world. Wireless headsets accounted for about 41% of revenue.

The gross margin exclusive of Hello Direct was 62%, in line with expectations, and GN is not experiencing price pressures in the market. The gross margin inclusive of Hello Direct was 59%.

As a result of the planned increased investments in development, sales and marketing, the EBITA margin (exclusive of Hello Direct) was 14.2%, corresponding to EBITA of DKK 39 million, compared to DKK 50 million in the year-earlier period. EBITA margins are generally low in the third quarter of the year. Inclusive of Hello Direct, CC&O Headsets reported an EBITA loss of DKK 39 million, compared to DKK 66 million in Q3 2005. In addition to the above-mentioned increases, the decline was due to higher operating costs, write-downs on trade receivables and a weaker operating performance by Hello Direct.

CC&O Headsets guidance is unchanged from the announcement of October 2, when we revised the revenue forecast to approximately DKK 1.6–1.7 billion due to Hello Direct, and the EBITA forecast was revised to approximately DKK 100 million due to the non-recurring costs from Hello Direct of DKK 115 million. Exclusive of Hello Direct, the CC&O Headsets EBITA margin is expected to be about 18%.

Mobile Headsets
Revenue fell 48% to DKK 355 million. Revenue was substantially weaker than expected both for the Jabra brand and for OEM products.

Jabra revenue was DKK 230 million against DKK 251 million in Q3 2005. The decline was due mainly to a delay in getting product approval from an important customer. The approval has now been obtained, but due to the delay, the product will not generate the revenue otherwise expected for the important sales months from October to December. Also affecting revenue was the continuing market trend towards an increase in sales of entry-level products to carriers that bundle headsets with cell phones. This latter factor will reduce both average selling prices and the general demand for mid-market headsets. Sales of the exclusive and award-winning JX10 headset are outperforming expectations, but this is not enough to make up for the margin pressure caused by the customer and product mix at the moment.

Revenue from sales of mobile headsets to OEM customers dropped to DKK 125 million in Q3 from DKK 448 million in the prior year period. The substantial decline was due to a delayed product approval from an OEM customer. The approval has now been obtained, but the delay will cause a shortfall in OEM sales in the upcoming major selling months. This brought the OEM sales rate to 35%. The OEM segment has become more competitive and GN is currently working to secure additional contracts for OEM products for shipment in 2007 and 2008.

Wireless products continued to make up more than 80% of revenue and the innovation rate remains above 90%. Sales of new products this fall will help to sustain the innovation rate at a high level. Third-quarter market launches under the Jabra brand included the Jabra C820s and Jabra BT320s, and the A125s Bluetooth adaptor, an Apple-approved product enabling iPod users to use GN’s Bluetooth products, such as wireless stereo headphones.

Revenue was DKK 203 million in North America, DKK 122 million in Europe and DKK 30 million in Asia and the rest of the world.

The revenue setback has resulted in inventory write-downs on components and finished goods inventories at GN and at sub-contractors totalling DKK 40 mio.

The gross margin was 5% and adjusted for write-downs 16% which due to the changed customer and product mix was slightly lower than anticipated.

EBITA was DKK (84) million against DKK 29 million in Q3 2005. The reduction was due to lower revenue and the above-mentioned write-downs.

A stronger momentum was recorded in Jabra sales in September, and the order intake for Jabra for delivery in the fourth quarter showed a growing trend, especially from US sales channels. As a result of these factors, the mobile headsets business is expected to generate an overall improvement in the fourth quarter relative to the third quarter performance. As announced on October 2, the forecast for all of 2006 is for revenues of approximately DKK 1.7–1.8 billion and an EBITA of approximately DKK (150) million, including the non-recurring costs of DKK 40 million from the inventory impairments.

Hearing Instruments

Q3 revenue including INTERTON, the company GN acquired in Q4 2005, was DKK 732 million against DKK 688 million in Q3 2005, which represents 1% organic growth. Sales are improving in the mid-price segments, in which the new hearing instruments, the ReSound Pixel and the ReSound Plus5, and the mini-versions, launched towards the end of the second quarter, have been well received. The June launches, the Beltone One and the Beltone LINQ, are also performing nicely. On the other hand, Q3 sales in the high-end segment were lower than projected, because the ReSoundAIR is battling against similar products from rival manufactures in an increasingly competitive market. However, ReSound Pulse, the rechargeable hearing instrument that covers the same market segment, is now available in several markets

In addition to the ReSound Pulse, GN ReSound presented the low-end product “Access” under the Beltone brand at the EUHA trade fair held in Frankfurt in October. The INTERTON product “Shape”, a “Receiver-in-the-Ear” (RITE) hearing instrument, was launched in early July. These two products brought the number of product launches for the year to eleven, which will enhance organic growth going forward.

Supported by previous investments in R&D, sales and marketing and new products like ReSound Pulse, GN recorded accelerated organic sales growth of approximately 4% for the entire Hearing Instrument business in October. The innovation rate remains high. New products and product upgrades launched in the past 24 months constituted 67% of Q3 revenue.

Revenue was DKK 322 million in North America, DKK 289 million in Europe and DKK 121 million in Asia and the rest of the world.

As expected, the EBITA margin is still diluted by investment in R&D, sales and marketing, and because the lower-than-expected sales of high-end products is impacting sales as well as margins. EBITA was DKK 107 million (EBITA margin of 14.6%), as compared to DKK 141 million (20.5%) in the third quarter of last year. In aggregate, sales, distribution, R&D and administrative costs were DKK 49 million higher than the figure for Q3 2005.

The relocation of the global distribution center from Ireland to Copenhagen and the transfer of production from Ireland to China have been completed according to plan. The moves are expected to strengthen EBITA by approximately DKK 40 million from 2007 on an annual basis. In addition, projected annual synergies of approximately DKK 30 million from the INTERTON acquisition are expected to materialize gradually.

Audiologic Diagnostics Equipment

The work to restructure production and streamline the organization and the product portfolio is progressing according to plan. As expected, the restructuring will impact revenue and earnings, but it will help GN Otometrics to achieve reasonable earnings in the slightly longer term by enabling the company to concentrate on business activities in which the company is a global market leader.

Q3 revenue was DKK 71 million against DKK 72 million in Q3 2005 The innovation rate was 10%.

Revenue was DKK 21 million in North America, DKK 41 million in Europe and DKK 9 million in Asia and the rest of the world.

The Audiologic Diagnostics Equipment business reported an EBITA loss of DKK 3 million compared to a loss of DKK 6 million in Q3 2005.

The aggregate cash flows from operating activities in the hearing instrument and audiologic diagnostics equipment businesses were DKK 104 million compared to DKK 182 million in Q2 2005. The reduction was mainly due to increased investments in R&D and sales and marketing.

Following the sale of GN ReSound to Phonak, the financial results of the Hearing Instrument and Audiologic Diagnostics Equipment operations will be reported under “Profit (loss) from discontinuing operations” The full-year forecast for this item is approximately DKK 400-450 million.

Other Business Activities
The GN Great Nordic Telegraph Company reported Q3 revenues of DKK 2 million and an EBITA of DKK (2) million.

Income Statement	Consolidated				
(DKK millions)	**Q3 2006 (unaud.)**	Q3 2005 (unaud.)	**YTD 2006 (unaud.)**	YTD 2005 (unaud.)	Total 2005 (aud.)
Revenue	**1,513**	1,845	**5,028**	4,836	6,644
Production costs	**(814)**	(993)	**(2,634)**	(2,414)	(3,285)
Gross profit	**699**	852	**2,394**	2,422	3,359
Development costs	**(92)**	(82)	**(290)**	(215)	(311)
Selling and distribution costs	**(446)**	(374)	**(1,373)**	(1,083)	(1,489)
Management and administrative expenses	**(199)**	(186)	**(611)**	(532)	(730)
Other operating income	**6**	1	**1**	10	13
Amortization and impairment of goodwill	**-**	-	**-**	-	(8)
Operating profit (loss) before share of profit (loss) in subsidiaries and associates	**(32)**	211	**121**	602	834
Share of profit (loss) in associates	**(1)**	-	**(6)**	(4)	(11)
Operating profit (loss)	**(33)**	211	**115**	598	823
Gains/losses on disposal of operations	**-**	-	**66**	-	13
Profit (loss) before financial items	**(33)**	211	**181**	598	836
Financial income	**(3)**	1	**31**	33	46
Financial expenses	**(18)**	(8)	**(62)**	(42)	(67)
Profit (loss) from ordinary activities before tax	**(54)**	204	**150**	589	815
Tax on profit (loss) from ordinary activities	**8**	(47)	**(33)**	(149)	26
Profit (loss) for continuing operations	**(46)**	157	**117**	440	841
Profit (loss) from discontinuing operations	**-**	-	**-**	-	9
Profit (loss) for the period	**(46)**	157	**117**	440	850
Earnings per share from continuing operations					
Earnings per share basic (EPS)	**(0.22)**	0.76	**0.57**	2.11	4.04
Earnings per share diluted (EPS diluted)	**(0.22)**	0.75	**0.57**	2.09	4.00
Earnings per share excluding amortization and impairment of intangible assets and restructuring etc.	**(0.17)**	0.80	**0.99**	2.22	4.28
Earnings per share excluding amortization and impairment of intangible assets and restructuring etc., diluted	**(0.17)**	0.79	**0.98**	2.20	4.23

Assets	Consolidated				
(DKK millions)	**Sep 30 2006 (unaud.)**	June 30 2006 (unaud.)	March 31 2005 (unaud.)	Dec. 31 2005 (aud.)	Sep 30 2005 (unaud.)
Non-current assets					
Goodwill	**2,856**	2,849	2,975	3,044	2,704
Development projects, developed in-house	**528**	506	476	445	423
Software	**116**	117	111	107	98
Patents and rights	**61**	64	67	69	72
Telecommunications systems	**30**	31	31	33	35
Other intangible assets	**329**	332	351	366	265
Total intangible assets	**3,920**	3,899	4,011	4,064	3,597
Factory and office buildings	**172**	176	177	179	204
Leasehold improvements	**41**	41	46	46	47
Plant and machinery	**97**	96	101	102	95
Operating assets and equipment	**104**	103	107	111	96
Leased plant and equipment	**2**	2	2	3	3
Assets under construction	**305**	239	120	72	22
Total property, plant and equipment	**721**	657	553	513	467
Investments in associates	**99**	98	189	189	163
Other securities	**6**	6	6	6	5
Other receivables	**24**	27	28	27	24
Deferred tax assets	**639**	545	552	561	283
Total other non-current assets	**768**	676	775	783	475
Total non-current assets	**5,409**	5,232	5,339	5,360	4,539
Current assets					
Inventories	**834**	794	704	747	675
Trade receivables	**1,243**	1,386	1,389	1,387	1,425
Receivables from associates	**8**	28	48	23	15
Tax receivable	**36**	30	28	17	34
Other receivables	**324**	352	292	301	264
Prepayments	**123**	134	136	136	90
Total receivables	**1,734**	1,930	1,893	1,864	1,828
Cash and cash equivalents	**98**	261	132	120	79
Total current assets	**2,666**	2,985	2,729	2,731	2,582
Total assets	**8,075**	8,217	8,068	8,091	7,121

Equity and Liabilities	Consolidated				
(DKK millions)	**Sep 30 2006 (unaud.)**	June 30 2006 (unaud.)	March 31 2005 (unaud.)	Dec. 31 2005 (aud.)	Sep 30 2005 (unaud.)
Equity					
Share capital	**855**	879	879	879	879
Foreign exchange adjustments	**(1,383)**	(1,407)	(1,187)	(1,086)	(1,109)
Proposed dividends for the year	**-**	-	-	132	-
Retained earnings	**5,239**	5,253	5,480	5,424	5,209
Total equity	**4,711**	4,725	5,172	5,349	4,979
Non-current liabilities					
Bank loans	**1,209**	1,258	709	409	207
Capitalized lease obligations	**2**	2	2	3	3
Other long-term payables	**18**	3	3	3	11
Received prepayments	**36**	35	37	42	36
Pension obligations and similar obligations	**66**	72	77	78	19
Deferred tax	**235**	170	162	146	21
Other provisions	**151**	134	151	157	106
Total non-current liabilities	**1,717**	1,674	1,141	838	403
Current liabilities					
Repayment of long-term loans	**2**	4	6	4	3
Bank loans	**335**	338	326	428	298
Trade payables	**300**	457	438	464	497
Amounts owed to associates	**-**	-	2	-	-
Tax payable	**46**	30	42	33	28
Other payables	**615**	664	630	665	620
Received prepayments	**63**	62	62	60	42
Other provisions	**249**	226	210	210	201
Liabilities, discontinued operations	**37**	37	39	40	50
Total current liabilities	**1,647**	1,818	1,755	1,904	1,739
Total liabilities	**3,364**	3,492	2,896	2,742	2,142
Total equity and liabilities	**8,075**	8,217	8,068	8,091	7,121

Cash Flow Statement	Consolidated				
(DKK millions)	**Q3 2006 (unaud.)**	Q3 2005 (unaud.)	**YTD 2006 (unaud.)**	YTD 2005 (unaud.)	Total 2005 (aud.)
Operating activities					
Operating profit (loss)	**(33)**	211	**115**	598	823
Depreciation, amortization and impairment	**100**	91	**286**	237	343
Other adjustments	**63**	19	**121**	115	115
Cash flow from operating activities before changes in working capital	**130**	321	**522**	950	1,281
Change in inventories	**(67)**	(139)	**(163)**	(146)	(188)
Change in receivables	**139**	(177)	**22**	(480)	(451)
Change in trade payables and other payables	**(202)**	144	**(164)**	323	263
Total changes in working capital	**(130)**	(172)	**(305)**	(303)	(376)
Cash flow from operating activities before financial items, restructurings and tax	**-**	149	**217**	647	905
Interest and dividends, etc. received	**14**	-	**19**	4	12
Interest paid	**(8)**	(5)	**(36)**	(16)	(30)
Restructurings, paid	**(16)**	-	**(46)**	(6)	(8)
Tax paid, net	**(5)**	(8)	**(21)**	(26)	(51)
Cash flows from operating activities	**(15)**	136	**133**	603	828
Investing activities					
Acquisition of intangible assets excluding development projects	**(15)**	(9)	**(58)**	(35)	(49)
Development projects, acquired and developed in-house	**(68)**	(44)	**(201)**	(132)	(188)
Acquisition of property, plant and equipment	**(96)**	(41)	**(328)**	(100)	(159)
Acquisition of other non-current assets	**(1)**	(21)	**(4)**	(35)	(73)
Disposal of intangible assets	**11**	-	**11**	-	-
Disposal of property, plant and equipment	**5**	2	**9**	13	26
Disposal of other non-current assets	**4**	4	**150**	12	10
Acquisition/disposal of listed securities	**-**	-	**-**	3	3
Company acquisitions and capital contributions in subsidiaries	**-**	-	**-**	(17)	(322)
Disposal of discontinuing operations, including liabilities settled in connection with disposal of activities, etc.	**49**	-	**49**	-	1
Cash flows from investing activities	**(111)**	(109)	**(372)**	(291)	(751)
Cash flows from operating and investing activities	**(126)**	27	**(239)**	312	77
Financing activities					
Increase of non-current liabilities	**(50)**	(50)	**800**	100	300
Increase of short-term liabilities	**14**	(11)	**8**	(5)	208
Decrease of short-term bank loans	**-**	(9)	**(91)**	98	(27)
Repayment and reduction of non-current liabilities	**6**	-	**-**	-	(18)
Share options exercised	**5**	4	**28**	35	39
Acquisitions of treasury shares	**-**	-	**(400)**	(400)	(400)
Paid dividends to shareholders	**-**	-	**(124)**	(127)	(127)
Foreign exchange adjustments etc.	**(12)**	(7)	**(2)**	(4)	(5)
Cash flows from financing activities	**(37)**	(73)	**219**	(303)	(30)
Net cash flows	**(163)**	(46)	**(20)**	9	47
Cash and cash equivalents beginning of the period	**261**	124	**120**	67	67
Foreign exchange adjustments, cash and cash equivalents, beginning of the period	**-**	1	**(2)**	3	2
Cash and cash equivalents, beginning of the period	**261**	125	**118**	70	69
Cash and cash equivalents in acquired companies	**-**	-	**-**	-	4
Cash and cash equivalents, end of the period	**98**	79	**98**	79	120

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

Consolidated statement of recognized income and expense

(DKK millions)	**Q3 2006 (unaud.)**	Q3 2005 (unaud.)	**YTD 2006 (unaud.)**	YTD 2005 (unaud.)	Total 2005 (aud.)
Statement of regognized income and expense - items recognized directly in equity					
Acturial gains (losses)	**-**	-	**-**	-	(25)
Foreign exchange adjustments, etc.	**24**	26	**(297)**	455	478
Issued share options	**5**	5	**9**	12	17
Tax on changes in equity	**(2)**	(3)	**29**	(64)	(52)
Total income and expense recognized directly in equity	**27**	28	**(259)**	403	418
Profit (loss) for the period	**(46)**	157	**117**	440	850
Total recognized income and expense for the year	**(19)**	185	**(142)**	843	1,268

(DKK millions)	**Share capital (shares of DKK 4 each)**	**Foreign exchange adjust-ments**	**Proposed dividends for the year**	**Retained earnings**	**Total equity**
Balance sheet total at December 31, 2004	**879**	**(1,564)**	**132**	**5,133**	**4,580**
Total recognized income and expense for the year, cf. the Statement of recognized income and expense	-	455	-	388	843
Share options exercised	-	-	-	36	36
Purchase of treasury shares	-	-	-	(400)	(400)
Paid dividends to shareholders	-	-	(127)	-	(127)
Dividends, treasury shares	-	-	(5)	5	-
Balance sheet total at June 30, 2005	**879**	**(1,109)**	**-**	**5,162**	**4,932**
Total recognized income and expense for the year, cf. the Statement of recognized income and expense	-	23	-	402	425
Share options exercised	-	-	-	3	3
Acquisition of treasury shares	-	-	-	-	-
Proposed dividends to shareholders	-	-	132	(132)	-
Changes in equity in associates	-	-	-	(11)	(11)
Balance sheet total at December 31, 2005	**879**	**(1,086)**	**132**	**5,424**	**5,349**
Total recognized income and expense for the year, cf. the Statement of recognized income and expense	-	(297)	-	155	(142)
Capital decrease	(24)	-	-	24	-
Share options exercised	-	-	-	28	28
Acquisition of treasury shares	-	-	-	(400)	(400)
Paid dividends to shareholders	-	-	(124)	-	(124)
Dividends, treasury shares	-	-	(8)	8	-
Balance sheet at March 31, 2006	**855**	**(1,383)**	**-**	**5,239**	**4,711**

Investor-specific Income Statement per Quarterly Period

(DKK millions)	Q1 2005 (unaud.)	Q2 2005 (unaud.)	Q3 2005 (unaud.)	Q4 2005 (unaud.)	Q1 2006 (unaud.)	Q2 2006 (unaud.)	Q3 2006 (unaud.)	YTD 2006 (unaud.)	YTD 2006 (unaud.)	Total 2005 (aud.)
Revenue	1,361	1,630	1,845	1,808	1,756	1,759	1,513	4,836	5,028	6,644
Production costs	(612)	(784)	(978)	(859)	(870)	(916)	(792)	(2,374)	(2,578)	(3,233)
Gross profit	**749**	**846**	**867**	**949**	**886**	**843**	**721**	2,462	**2,450**	**3,411**
Incurred development costs	(72)	(94)	(89)	(116)	(118)	(141)	(116)	(255)	(375)	(371)
Selling and distribution costs	(324)	(367)	(365)	(395)	(448)	(456)	(433)	(1,056)	(1,337)	(1,451)
Management and administrative expenses	(143)	(156)	(157)	(165)	(197)	(168)	(176)	(456)	(541)	(621)
Other operating income	1	8	1	3	(2)	(3)	6	10	1	13
Operating profit (loss) before capitalization and amortization of development costs, amortization and impairment of intangible assets acquired in company acquisitions	**211**	**237**	**257**	**276**	**121**	**75**	**2**	**705**	**198**	**981**
Capitalized development costs	38	50	43	57	66	72	63	131	201	188
Amortized development costs	(26)	(24)	(34)	(34)	(36)	(36)	(37)	(84)	(109)	(118)
EBITDA	**223**	**263**	**266**	**299**	**151**	**111**	**28**	**752**	**290**	**1,051**
Depreciation and amortization relating to:										
Production	(12)	(13)	(15)	(12)	(17)	(17)	(22)	(40)	(56)	(52)
Selling and distribution	(4)	(4)	(4)	(2)	(4)	(4)	(5)	(12)	(13)	(14)
Administration	(24)	(23)	(29)	(33)	(23)	(24)	(23)	(76)	(70)	(109)
EBITA	**183**	**223**	**218**	**252**	**107**	**66**	**(22)**	**624**	**151**	**876**
Share of profit (loss) in associates	-	(4)	-	(7)	-	(5)	(1)	(4)	(6)	(11)
Amortization of other intangible assets acquired in company acquisitions	(7)	(8)	(7)	(12)	(10)	(10)	(10)	(22)	(30)	(34)
Impairment	-	-	-	(8)	-	-	-	-	-	(8)
Earnings before interest and tax (EBIT)	**176**	**211**	**211**	**225**	**97**	**51**	**(33)**	**598**	**115**	**823**
Gains (losses) on disposal of discontinuing operations	-	-	-	13	5	61	-	-	66	13
Capital gains (losses) on shares, dividends	2	1	-	-	-	-	-	3	-	3
Financial income	13	16	1	13	14	20	(3)	30	31	43
Financial expenses	(21)	(13)	(8)	(25)	(25)	(19)	(18)	(42)	(62)	(67)
Earnings before tax (EBT)	**170**	**215**	**204**	**226**	**91**	**113**	**(54)**	**589**	**150**	**815**
Margins:										
Gross profit margin	55.0%	51.9%	47.0%	52.5%	50.5%	47.9%	47.7%	50.9%	48.7%	51.3%
EBITA-margin	13.4%	13.7%	11.8%	13.9%	6.1%	3.8%	(1.5)%	12.9 %	3.0 %	13.2%
EBITA-margin, excl. capitalization and amortization of development costs	12.6%	12.1%	11.3%	12.7%	4.4%	1.7%	(3.2)%	11.9 %	1.2 %	12.1%

Quarterly Operations by Business Area

(DKK millions)	Q1 2005 (unaud.)	Q2 2005 (unaud.)	Q3 2005 (unaud.)	Q4 2005 (unaud.)	Q1 2006 (unaud.)	Q2 2006 (unaud.)	Q3 2006 (unaud.)	YTD 2006 (unaud.)	YTD 2006 (unaud.)	Total 2005 (aud.)
Revenue										
Contact Center & Office Headsets	342	373	380	454	447	386	349	1,095	1,182	1,549
Mobile Headsets	292	482	699	487	463	556	355	1,473	1,374	1,960
Hearing Instruments	641	690	688	776	764	729	732	2,019	2,225	2,795
Audiologic Diagnostics Equipment	80	84	72	88	77	86	71	236	234	324
Other *	6	1	6	3	5	2	6	13	13	16
GN total	**1,361**	**1,630**	**1,845**	**1,808**	**1,756**	**1,759**	**1,513**	**4,836**	**5,028**	**6,644**
Gross profit										
Contact Center & Office Headsets	222	249	248	291	286	229	205	719	720	1,010
Mobile Headsets	74	101	128	122	95	98	18	303	211	425
Hearing Instruments	412	456	455	498	463	468	462	1,323	1,393	1,821
Audiologic Diagnostics Equipment	35	37	30	36	38	43	29	102	110	138
Other *	6	3	6	2	4	5	7	15	16	17
GN total	**749**	**846**	**867**	**949**	**886**	**843**	**721**	**2,462**	**2,450**	**3,411**
Overheads excluding development costs and depreciation and amortization of assets										
Contact Center & Office Headsets	(131)	(150)	(162)	(169)	(186)	(205)	(217)	(443)	(608)	(612)
Mobile Headsets	(63)	(62)	(76)	(68)	(82)	(82)	(71)	(201)	(235)	(269)
Hearing Instruments	(235)	(258)	(242)	(275)	(343)	(300)	(286)	(735)	(929)	(1,010)
Audiologic Diagnostics Equipment	(25)	(29)	(26)	(26)	(27)	(27)	(25)	(80)	(79)	(106)
Other *	(12)	(16)	(15)	(19)	(9)	(13)	(4)	(43)	(26)	(62)
GN total	**(466)**	**(515)**	**(521)**	**(557)**	**(647)**	**(627)**	**(603)**	**(1,502)**	**(1,877)**	**(2,059)**
Expensed development costs										
Contact Center & Office Headsets	(10)	(10)	(11)	(17)	(13)	(22)	(16)	(31)	(51)	(48)
Mobile Headsets	(15)	(19)	(18)	(23)	(20)	(26)	(21)	(52)	(67)	(75)
Hearing Instruments	(27)	(33)	(42)	(49)	(45)	(46)	(47)	(102)	(138)	(151)
Audiologic Diagnostics Equipment	(8)	(6)	(9)	(4)	(10)	(12)	(7)	(23)	(29)	(27)
Other *	-	-	-	-	-	1	1	-	2	-
GN total	**(60)**	**(68)**	**(80)**	**(93)**	**(88)**	**(105)**	**(90)**	**(208)**	**(283)**	**(301)**
EBITDA										
Contact Center & Office Headsets	81	89	75	105	87	2	(28)	245	61	350
Mobile Headsets	(4)	20	34	31	(7)	(10)	(74)	50	(91)	81
Hearing Instruments	150	165	171	174	75	122	129	486	326	660
Audiologic Diagnostics Equipment	2	2	(5)	6	1	4	(3)	(1)	2	5
Other *	(6)	(13)	(9)	(17)	(5)	(7)	4	(28)	(8)	(45)
GN total	**223**	**263**	**266**	**299**	**151**	**111**	**28**	**752**	**290**	**1,051**
Depreciation and amortization										
Contact Center & Office Headsets	(10)	(8)	(9)	(10)	(8)	(9)	(11)	(27)	(28)	(37)
Mobile Headsets	(4)	(5)	(5)	(6)	(7)	(8)	(10)	(14)	(25)	(20)
Hearing Instruments	(23)	(22)	(30)	(28)	(25)	(24)	(22)	(75)	(71)	(103)
Audiologic Diagnostics Equipment	(1)	(1)	(1)	(1)	(1)	(1)	-	(3)	(2)	(4)
Other *	(2)	(4)	(3)	(2)	(3)	(3)	(7)	(9)	(13)	(11)
GN total	**(40)**	**(40)**	**(48)**	**(47)**	**(44)**	**(45)**	**(50)**	**(128)**	**(139)**	**(175)**
EBITA										
Contact Center & Office Headsets	71	81	66	95	79	(7)	(39)	218	33	313
Mobile Headsets	(8)	15	29	25	(14)	(18)	(84)	36	(116)	61
Hearing Instruments	127	143	141	146	50	98	107	411	255	557
Audiologic Diagnostics Equipment	1	1	(6)	5	-	3	(3)	(4)	-	1
Other *	(8)	(17)	(12)	(19)	(8)	(10)	(3)	(37)	(21)	(56)
GN total	**183**	**223**	**218**	**252**	**107**	**66**	**(22)**	**624**	**151**	**876**
EBITA-margin										
Contact Center & Office Headsets	20.8 %	21.7 %	17.4 %	20.9 %	17.7 %	(1.8)%	(11.2)%	19.9 %	2.8 %	20.2 %
Mobile Headsets	(2.7)%	3.1 %	4.1 %	5.1 %	(3.0)%	(3.2)%	(23.7)%	2.4 %	(8.4)%	3.1 %
Hearing Instruments	19.8 %	20.7 %	20.5 %	18.8 %	6.5 %	13.4 %	14.6 %	20.4 %	11.5 %	19.9 %
Audiologic Diagnostics Equipment	1.3 %	1.2 %	(8.3)%	5.7 %	0.0 %	3.5 %	(4.2)%	(1.7)%	0.0 %	0.3 %
Other *	(133.3)%	(1,700.0)%	(200.0)%	(633.3)%	(160.0)%	(500.0)%	(50.0)%	(284.6)%	(161.5)%	(350.0)%
GN total	**13.4 %**	**13.7 %**	**11.8 %**	**13.9 %**	**6.1 %**	**3.8 %**	**(1.5)%**	**12.9 %**	**3.0 %**	**13.2 %**

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

Expensed Development Costs

(DKK millions)	Q1 2005 (unaud.)	Q2 2005 (unaud.)	Q3 2005 (unaud.)	Q4 2005 (unaud.)	Q1 2006 (unaud.)	Q2 2006 (unaud.)	Q3 2006 (unaud.)	YTD 2006 (unaud.)	YTD 2006 (unaud.)	Total 2005 (aud.)
Incurred development costs*										
Contact Center & Office Headsets	(10)	(15)	(13)	(21)	(17)	(25)	(18)	(38)	(60)	(59)
Mobile Headsets	(13)	(21)	(18)	(23)	(24)	(31)	(26)	(52)	(81)	(75)
Hearing Instruments	(40)	(48)	(49)	(63)	(66)	(71)	(69)	(137)	(206)	(200)
Audiologic Diagnostics Equipment	(9)	(10)	(9)	(9)	(11)	(15)	(4)	(28)	(30)	(37)
Other **	-	-	-	-	-	1	1	-	2	-
GN total	**(72)**	**(94)**	**(89)**	**(116)**	**(118)**	**(141)**	**(116)**	**(255)**	**(375)**	**(371)**
Capitalized development costs										
Contact Center & Office Headsets	4	10	7	10	9	9	8	21	26	31
Mobile Headsets	7	12	10	10	14	16	16	29	46	39
Hearing Instruments	22	21	22	29	38	39	39	65	116	94
Audiologic Diagnostics Equipment	5	7	4	8	5	8	-	16	13	24
GN total	**38**	**50**	**43**	**57**	**66**	**72**	**63**	**131**	**201**	**188**
Amortized development costs										
Contact Center & Office Headsets	(4)	(5)	(5)	(6)	(5)	(6)	(6)	(14)	(17)	(20)
Mobile Headsets	(9)	(10)	(10)	(10)	(10)	(11)	(11)	(29)	(32)	(39)
Hearing Instruments	(9)	(6)	(15)	(15)	(17)	(14)	(17)	(30)	(48)	(45)
Audiologic Diagnostics Equipment	(4)	(3)	(4)	(3)	(4)	(5)	(3)	(11)	(12)	(14)
GN total	**(26)**	**(24)**	**(34)**	**(34)**	**(36)**	**(36)**	**(37)**	**(84)**	**(109)**	**(118)**

Development in Selected Balance Sheet Items

(DKK millions)	March 31. 2005 (unaud.)	June 30 2005 (unaud.)	Sep 30 2005 (unaud.)	Dec. 31 2005 (aud.)	March 31. 2006 (unaud.)	June 30 2006 (unaud.)	Sep 30 2006 (unaud.)
Goodwill							
GN Netcom	461	491	493	502	489	469	470
GN ReSound	2,034	2,198	2,211	2,542	2,486	2,380	2,386
GN total	**2,495**	**2,689**	**2,704**	**3,044**	**2,975**	**2,849**	**2,856**
Development projects developed in-house							
GN Netcom	69	76	78	82	90	98	106
GN ReSound	319	337	345	363	386	408	422
GN total	**388**	**413**	**423**	**445**	**476**	**506**	**528**
Inventories							
GN Netcom	180	210	364	427	378	454	471
GN ReSound	298	317	311	320	326	340	363
GN total	**478**	**527**	**675**	**747**	**704**	**794**	**834**
Trade receivables							
GN Netcom	444	616	742	682	654	656	504
GN ReSound	563	624	641	667	698	696	706
Other**	45	44	42	38	37	34	33
GN total	**1,052**	**1,284**	**1,425**	**1,387**	**1,389**	**1,386**	**1,243**
Trade payables							
GN Netcom	195	322	389	228	263	263	91
GN ReSound	115	113	96	181	136	146	169
Other**	19	15	16	55	39	48	40
GN total	**329**	**450**	**501**	**464**	**438**	**457**	**300**

*) Incurred development costs do not include share of amortization of other intangible assets acquired in company acquisitions.
**) "Other" comprises Telegraph Company, GN Ejendomme, corporate staff, corporate finance and eliminations.

Quarterly Statement of Cash Flows

(DKK millions)	Q1 2005 (unaud.)	Q2 2005 (unaud.)	Q3 2005 (unaud.)	Q4 2005 (unaud.)	Q1 2006 (unaud.)	Q2 2006 (unaud.)	Q3 2006 (unaud.)	YTD 2006 (unaud.)	YTD 2006 (unaud.)	Total 2005 (aud.)
Operating activities										
Earnings before interest and tax (EBIT)	176	211	211	225	97	51	(33)	598	115	823
Depreciation, amortization and impairment	73	73	91	106	91	95	100	237	286	343
Other adjustments	54	42	19	-	28	30	63	115	121	115
Cash flow from operating activities before changes in working capital	**303**	**326**	**321**	**331**	**216**	**176**	**130**	**950**	**522**	**1,281**
Change in inventories	27	(34)	(139)	(42)	22	(118)	(67)	(146)	(163)	(188)
Change in receivables	(68)	(235)	(177)	29	(22)	(95)	139	(480)	22	(451)
Change in trade payables and other payables	21	158	144	(60)	(41)	79	(202)	323	(164)	263
Total changes in working capital	**(20)**	**(111)**	**(172)**	**(73)**	**(41)**	**(134)**	**(130)**	**(303)**	**(305)**	**(376)**
Cash flow from operating activities before financial items, restructurings and tax	**283**	**215**	**149**	**258**	**175**	**42**	**-**	**647**	**217**	**905**
Interest and dividends, etc. received	2	2	-	8	2	3	14	4	19	12
Interest paid	(6)	(5)	(5)	(14)	(13)	(15)	(8)	(16)	(36)	(30)
Restructurings, paid	(6)	-	-	(2)	(12)	(18)	(16)	(6)	(46)	(8)
Tax paid, net	(12)	(6)	(8)	(25)	(6)	(10)	(5)	(26)	(21)	(51)
Cash flows from operating activities	**261**	**206**	**136**	**225**	**146**	**2**	**(15)**	**603**	**133**	**828**
Investments										
Development projects, acquired and developed in-house	(37)	(51)	(44)	(56)	(66)	(67)	(68)	(132)	(201)	(188)
Acquisition of other intangible assets and property, plant and equipment, net	(32)	(42)	(48)	(60)	(116)	(155)	(95)	(122)	(366)	(182)
Acquisition/disposal of other non-current assets, net	3	(9)	(17)	(40)	(2)	145	3	(23)	146	(63)
Acquisition/disposal of listed securities	2	1	-	-	-	-	-	3	-	3
Acquisition of companies	-	(17)	-	(305)	-	-	-	(17)	-	(322)
Disposal of discontinuing operations, including settled liabilities in relation to discontinuance of operations	-	-	-	1	-	-	49	-	49	1
Cash flows from investing activities	**(64)**	**(118)**	**(109)**	**(460)**	**(184)**	**(77)**	**(111)**	**(291)**	**(372)**	**(751)**
Cash flows from operating and investing activities	**197**	**88**	**27**	**(235)**	**(38)**	**(75)**	**(126)**	**312**	**(239)**	**77**
Financing activities										
Increase of short-term liabilities	39	74	(20)	88	(114)	17	14	93	(83)	181
Acquisition of treasury share	(51)	(349)	-	-	(52)	(348)	-	(400)	(400)	(400)
Share options exercised	1	30	4	4	21	2	5	35	28	39
Increase/reduction of non-current liabilities	(50)	200	(50)	182	294	550	(44)	100	800	282
Paid dividends to shareholders	(103)	(24)	-	-	(103)	(21)	-	(127)	(124)	(127)
Foreign exchange adjustments etc.	(6)	9	(7)	(1)	5	5	(12)	(4)	(2)	(5)
Cash flows from financing activities	**(170)**	**(60)**	**(73)**	**273**	**51**	**205**	**(37)**	**(303)**	**219**	**(30)**
Net cash flows	**27**	**28**	**(46)**	**38**	**13**	**130**	**(163)**	**9**	**(20)**	**47**
Cash and cash equivalents, beginning of the period	67	95	124	79	120	132	261	67	120	67
Foreign exchange adjustments, cash and cash equivalents	1	1	1	(1)	(1)	(1)	-	3	(2)	2
Cash and cash equivalents, beginning of the period	**68**	**96**	**125**	**78**	**119**	**131**	**261**	**70**	**118**	**69**
Cash and cash equivalents in acquired companies	-	-	-	4	-	-	-	-	-	4
Cash and cash equivalents, end of the period	**95**	**124**	**79**	**120**	**132**	**261**	**98**	**79**	**98**	**120**

Quarterly Cash Flow Statement by Business Area

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	YTD 2006	YTD 2006	Total 2005
Cash flow from operating activities before changes in working capital										
GN Netcom	104	135	131	162	99	13	(40)	370	72	532
GN ReSound	202	203	198	180	121	172	168	603	461	783
Other	(3)	(12)	(8)	(11)	(4)	(9)	2	(23)	(11)	(34)
GN total	**303**	**326**	**321**	**331**	**216**	**176**	**130**	**950**	**522**	**1,281**
Cash flow from operating activities before financial items, restructurings and tax										
GN Netcom	129	86	(41)	(1)	170	(14)	(105)	174	51	173
GN ReSound	154	144	196	270	(11)	100	128	494	217	764
Other	-	(15)	(6)	(11)	16	(44)	(23)	(21)	(51)	(32)
GN total	**283**	**215**	**149**	**258**	**175**	**42**	**-**	**647**	**217**	**905**
Cash flows from operating activities										
GN Netcom	109	74	(51)	(11)	154	(33)	(100)	132	21	121
GN ReSound	139	133	182	237	(32)	69	104	454	141	691
Other	13	(1)	5	(1)	24	(34)	(19)	17	(29)	16
GN total	**261**	**206**	**136**	**225**	**146**	**2**	**(15)**	**603**	**133**	**828**
Cash flows from investing activities										
GN Netcom	(22)	(37)	(42)	(54)	(44)	(40)	(35)	(101)	(119)	(155)
GN ReSound	(43)	(81)	(63)	(389)	(61)	85	(52)	(187)	(28)	(576)
Other	1	-	(4)	(17)	(79)	(122)	(24)	(3)	(225)	(20)
GN total	**(64)**	**(118)**	**(109)**	**(460)**	**(184)**	**(77)**	**(111)**	**(291)**	**(372)**	**(751)**
Cash flows from operating and investing activities										
GN Netcom	87	37	(93)	(65)	110	(73)	(135)	31	(98)	(34)
GN ReSound	96	52	119	(152)	(93)	154	52	267	113	115
Other	14	(1)	1	(18)	(55)	(156)	(43)	14	(254)	(4)
GN total	**197**	**88**	**27**	**(235)**	**(38)**	**(75)**	**(126)**	**312**	**(239)**	**77**