Q2 Interim Report 2009

RESTRUCTURING INITIATIVES DELIVERING MORE THAN PREVIOUSLY ANNOUNCED. SIGNIFICANT PROGRESS ON POSITIVE CASH FLOW.

GN's Q2 results were in line with our expectations and the full-year guidance is unchanged.

As previously communicated, GN's short term focus is primarily on generating cash flow and improving earnings through implementing comprehensive restructuring programs in both GN Netcom and GN ReSound. The restructuring programs in both businesses are progressing very well.

For both GN Netcom and GN ReSound, driving revenue remains a challenge due to market conditions. GN ReSound is also impacted by a shift in the product mix.

By combining a strong focus on working capital management and reduced capital expenditure, GN continued to generate positive cash flows and for the third consecutive quarter reduced our net interest-bearing debt in Q2 2009.

With the combination of a continued strong focus on creating a leaner company and some exciting new product introductions lined up for the second half of 2009, we remain confident about our ability to deliver on EBITA, cash flow and revenue for the year.

HIGHLIGHTS

- Total revenue was DKK 1,196 million.
- Total EBITA was DKK 2 million.
- GN Netcom revenue was DKK 435 million and EBITA was DKK (43) million.
- GN ReSound revenue was DKK 757 million and EBITA was DKK 54 million.
- GN's free cash flow was positive at DKK 89 million.
- Net interest-bearing debt fell DKK 84 million to DKK 1,438 million.
- Mogens Elsberg announced as new CEO of GN Netcom on June 26.
- The comprehensive FAST restructuring program in GN Netcom (previously guided to deliver DKK 300 million in annual cost reductions) is almost complete, and we feel comfortable that we can reduce the annual cost base by up to DKK 500 million relative to 2007. Expected non-recurring costs are unchanged.
- GN ReSound is well on track to deliver on the targeted cost savings and cash flow improvements, and will reduce the annual cost base by more than DKK 200 million relative to 2008.
- GN has sold one of three buildings at its Ballerup headquarters at a price of DKK 153 million with cash effect in Q3.
- In regards to the DPTG/TPSA arbitration proceedings, the parties will submit their final post-hearing briefs on August 28, 2009. After the submission the agreed schedule calls for the Arbitration Tribunal to render an award on DPTG's claim for the period 1994 - mid-2004, expectedly within 2009.
- GN ReSound has announced two important partnership engagements after the end of Q2.

SECOND QUARTER AND YEAR TO DATE 2009

(DKK million)	Q2 2009	Q2 2008	YTD 2009	YTD 2008	Full-year Guidance 2009
Revenue	1,196	1,363	2,394	2,774	**Around 5 billion**
EBITA	2	38	(63)	65	**Around 65 million**
Investing activities	(88)	(146)	(184)	(327)	**Considerably lower than last year**
Free cash flow	89	39	161	(100)	**Significant, positive**

FINANCIAL OVERVIEW SECOND QUARTER 2009

	GN Netcom		GN ReSound		Consolidated total*	
(DKK mio.)	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Revenue	435	584	757	776	1,196	1,363
Organic growth	(30)%	3%	(7)%	(1)%	(17)%	1%
Gross profit	181	249	459	482	644	734
Gross margin	42%	43%	61%	62%	54%	54%
EBITA	(43)	(28)	54	72	2	38
EBITA margin	(9.9)%	(4.8)%	7.1 %	9.3%	0.2 %	2.8%

* "Other" is included in the total

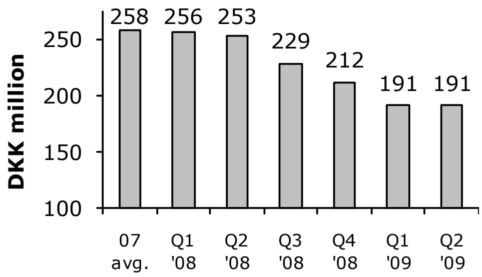
GN NETCOM

On June 26, 2009 GN announced that Mogens Elsberg had been recruited as the new CEO of GN Netcom and a member of GN Store Nord's Executive Management. He started as CEO on August 10, 2009. The former CEO Toon Bouten will continue to work closely with Mogens Elsberg until the end of September to secure a smooth and professional transition.

GN Netcom's comprehensive turnaround program – the FAST program (Focused And Simplifying Turnaround) – is entering its final stage of implementation. The new dedicated supply chains for Mobile and CC&O Headsets – the most significant parts of the FAST program - went live at the end of Q2 as planned. The new supply chains will reduce complexity, operating expenses, production costs and inventories.

Significant costs have already been taken out of the business as operating expenses (excl. non-recurring costs) are down by 26% relative to the quarterly average of 2007 (2007 being the base line for the FAST program). The split of operating expenses between Q1 and Q2 2009 is impacted by timing differences related to product launches, among other things.

Operating expenses (excl. non-recurring costs)



The FAST program has been very successful and is now expected to provide annual cost reductions in 2010 in the magnitude of DKK 500 million relative to 2007 (previously guided to deliver at least DKK 300 million in cost reductions). This includes around DKK 175 million in structural reductions of production costs which are independent of production volumes. Despite the substantially higher savings target, expected total non-recurring costs are unchanged at up to around DKK 250 million.

GN Netcom generated revenue of DKK 435 million, corresponding to organic growth of (30)%. Due to the substantial cost reductions and despite the significant decrease in revenue, GN Netcom managed to keep EBITA for Q2 2009 at the same level as Q2 2008 exclusive of non-recurring costs. EBITA for GN Netcom was DKK (43) million, or DKK (7) million exclusive of non-recurring costs of DKK 36 million related to the FAST restructuring program.

CC&O Headsets reported revenue of DKK 264 million, corresponding to organic growth of (25)% relative to Q2 2008, which was broadly in line with the market. The CC&O headset market stabilized during Q2 2009. Year–on-year, however, the market is still strongly affected by the global economic slowdown. The Jabra BIZ™ 2400 headset for traditional desk phones, IP phones and USB launched in Q1 was very well received by the market, receiving continuously good reviews.

In June, GN Netcom announced two new wireless Unified Communications (UC) headset series to strengthen the CC&O product portfolio further. Scheduled to launch in October the Jabra GO™ 6400 and Jabra PRO™ 9400 Series are both industry-first Bluetooth and DECT headset solutions to feature a touch screen base, making call management intuitive and user-friendly. Both series combine the sound, range and quality performance of a professional office headset with the flexibility of a mobile headset, offering the ease of using a single device for several forms of communication. Further, both headset solutions offer "triple connectivity" i.e. the ability to connect simultaneously to desk, PC and mobile phones, solidifying our leadership role within the increasingly important UC market, which represents a growth opportunity for the CC&O industry.

Mobile Headsets generated revenue of DKK 171 million, equal to organic growth of (37)% relative to Q2 2008. Q2 of last year was positively impacted by the introduction of hands-free legislation in several large US states, including California. The market data available indicates that the Jabra branded products are still holding their market share. OEM revenue is under pressure and decreasing in line with the decline in handset volumes. After several months of weak sales to key emerging markets due to credit-related issues among customers, business picked up by the end of Q2. The Mobile division has also strengthened the product portfolio. In June, GN Netcom launched the Jabra BT2080 headset with unique usability features for the low-end category such as StatusDisplay™ technology making the headset easy to use.

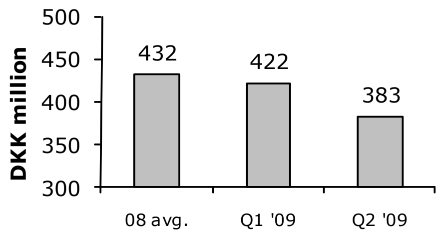
GN Netcom's gross margin was 42%, which excluding non-recurring costs was in line with last year. ASPs are generally in line with expectations. Production costs are expected to decline in the second half of 2009 following the new supply chain structures.

GN Netcom continued to reduce working capital during the quarter. Accounts receivable days stayed at low levels and inventory turns increased further – both improved considerably relative to last year. Net working capital declined to DKK 116 million by the end of Q2. The cash flow from investing activities was DKK (25) million against DKK (33) million in Q2 2008. The above has resulted in a positive cash flow from operating and investing activities excluding tax and financial items for Q2 of DKK 46 million despite the negative earnings for the quarter (last year: DKK 146 million).

GN RESOUND

GN ReSound continues the initiatives to create a leaner, more customer-focused organization with improved cash flows and a strong platform for profitable growth in 2010. During Q2 the restructuring continued in line with plans and GN ReSound is well on track to reduce the annual cost base by more than DKK 200 million as an end-of-2009 run rate. The cost reductions following the restructuring program initiated earlier this year are beginning to show. Operating expenses were DKK 405 million compared to DKK 410 million in Q2 2008. As illustrated below, the operating expenses, excluding costs related to the restructuring program, have been reduced by 11% relative to quarterly average of 2008 (2008 being the base line for the restructuring program).

Operating expenses (excl. cost related to restruct. program)



The operating expenses will decrease gradually over the next few quarters, as cost reductions already implemented begin to take further effect and costs related to the restructuring program tail off.

GN ReSound generated Q2 revenue of DKK 757 million, corresponding to organic growth of (7)% relative to the same quarter of last year. EBITA for GN ReSound was DKK 54 million (a margin of 7.1%), including DKK 25 million related to the restructuring program, compared to DKK 72 million (a margin of 9.3%) in Q2 2008.

Hearing Instruments generated revenue of DKK 679 million, corresponding to organic growth of (7)% relative to Q2 2008, adversely impacted by market conditions and a shift in the product mix. Unit growth was (1)%.

Audiologic Diagnostics Equipment generated revenue of DKK 78 million corresponding to organic growth of (3)%.

The market trends seen in Q1 seem to continue and hence the overall hearing instrument unit growth is modest and the global economic situation is causing consumers to trade down. In the US, unit growth outside the Veterans Administration (VA) business was 2%, and as a result of customers trading down value growth is still estimated to be slightly negative. The overall US market grew by approximately 6% in units, primarily driven by significant unit growth in VA sales (up 29%). Growth in the European markets was very modest with the two largest markets – UK and Germany – declining in value. Emerging markets continued to experience double-digit growth rates.

Successful partnering with key retailers in Europe

In line with the strategy of GN ReSound to be a true partner with the key retailers in Europe, GN ReSound has recently successfully expanded the collaboration with two of the world's leading hearing instrument retailers, Amplifon and KIND Hörgeräte. GN ReSound and Amplifon have agreed to expand their long-term supply agreement and will partner to grow their respective global businesses. As part of the agreement, GN ReSound has sold its Belgium-based retail activities to Amplifon for DKK 104 million effective July 2009. Further, the agreement involves supplies to the Belgian market as well as additional supplies to markets outside of Belgium.

GN ReSound has also entered into a multi-year strategic partnership with KIND. Under this agreement KIND will appoint GN ReSound as a core supplier and partner in further expanding its global business including taking over retail shops currently owned by GN ReSound in Poland.

GN ReSound plans to further strengthen the product portfolio in the autumn of 2009 through the launches of the ReSound Live and dot^2 by ReSound families. ReSound Live reinforces our offering of conventional hearing instruments in the upper two price segments as well as in the fast growing basic segment. dot^2 by ReSound will also be launched in the three price segments and is targeted for users in the segment who primarily values cosmetics and invisibility.

GN ReSound's gross margin was 61%, compared with 62% in Q2 2008.

GN ReSound reduced its working capital during the quarter with both accounts receivable days and inventory turns improving. The cash flow from investing activities was DKK (61) million against DKK (107) million in Q2 2008. The positive change in working capital and lower investments has resulted in positive cash flow from operating and investing activities excluding tax and financial items of DKK 104 million (last year: DKK (48) million).

OTHER ACTIVITIES

GN Store Nord continues to be involved in an arbitration case against Telekomunikacja Polska S.A. (TPSA) through its 75% share of DPTG I/S. The dispute concerns the determination of traffic volumes carried via the NSL fibre optical telecommunication system in Poland. DPTG is entitled to 14.8% of net profits from NSL during the period 1994-2009. The seat of the Arbitration tribunal is Vienna, Austria. As previously communicated, a hearing in the Arbitration Tribunal was scheduled for April 20-23, 2009. The hearing proceeded as expected. The Parties will submit their final post-hearing briefs on August 28. After the submission the agreed schedule calls for the Arbitration Tribunal to render an award on DPTG's claim for the period 1994 - mid-2004, expectedly within 2009.

With the substantial restructuring initiatives ongoing and the resulting reduction in headcount, less space is required at the Copenhagen headquarters. As a result, GN has sold one of three buildings at its Ballerup site. As previously communicated the building was sold to C.W. Obel at a price of DKK 153 million. The transaction has just been approved by local authorities and closing will follow during Q3 2009.

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 2009 are, of course, subject to risks and uncertainties which may result in material deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect. Factors that may cause 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; fluctuations in sub-contractor supplies; developments in class action and patent infringement litigation in the United States; and the integration of company acquisitions. This interim report should not be considered an offer to sell or buy securities in GN Store Nord A/S.

STATEMENT BY THE SUPERVISORY BOARD AND THE EXECUTIVE MANAGEMENT

The Supervisory Board and the Executive Management have today discussed and approved the interim report for GN Store Nord A/S for the period April 1- June 30, 2009 and for the period January 1 – June 30, 2009.

The interim report, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion the interim report gives a true and fair view of the Group's assets, liabilities and financial position at June 30, 2009 and of the results of the Group's operations and cash flows for the period April 1- June 30, 2009 and for the period January 1 – June 30, 2009.

Further, in our opinion the Management's review contains a fair presentation of developments in the Group's operations and financial matters, the results of the Group's operations and the Group's financial position in general and describes the significant risks and uncertainties pertaining to the Group.

Ballerup, August 14, 2009

Supervisory Board

Per Wold-Olsen Chairman	William E. Hoover, Jr. Deputy Chairman	Carsten Krogsgaard Thomsen
Jørgen Bardenfleth	René Svendsen-Tune	Wolfgang Reim
Jens Bille Bergholdt	Leo Larsen	Nikolai Bisgaard

Executive Management

Mogens Elsberg CEO, GN Netcom	Mike van der Wallen CEO, GN ReSound

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Consolidated Financial Highlights*

(DKK million)	Q2 2009 (unaud.)	Q2 2008 (unaud.)	YTD 2009 (unaud.)	YTD 2008 (unaud.)	Total 2008 (aud.)
Earnings					
Revenue	1,196	1,363	2,394	2,774	5,624
Operating profit (loss)	(6)	31	(79)	50	34
Financial items, net	(5)	(35)	(51)	(61)	(117)
Profit (loss) for the period	(3)	(1)	(101)	(7)	(56)
Earnings before depreciation, amortization and impairment (EBITDA)	46	86	30	161	268
Earnings before impairment of goodwill and amortization of other intangible assets acquired in company acquisitions (EBITA)	2	38	(63)	65	65
Balance sheet					
Share capital	833	833	833	833	833
Equity	4,427	4,252	4,427	4,252	4,507
Total assets	7,499	7,534	7,499	7,534	7,878
Net interest-bearing debt	(1,438)	(1,612)	(1,438)	(1,612)	(1,592)
Cash flow					
Cash flow from operating activities (CFFO)	177	185	345	227	512
Cash flow from investing activities	(88)	(146)	(184)	(327)	(607)
Total cash flow from operating and investing activities	89	39	161	(100)	(95)
Development costs					
Development costs incurred for the year	(111)	(127)	(236)	(249)	(531)
Restructuring/non-recurring costs					
Restructuring/non-recurring costs recognized in income statement	36	25	77	30	107
Restructuring/non-recurring costs, paid	48	33	50	47	128
Investments					
Plant and machinery etc.	11	19	19	47	121
Real property including leasehold improvements	1	1	3	5	12
Development projects	62	81	137	158	328
Other intangible assets excluding goodwill	8	10	13	14	30
Total (excluding company acquisitions)	82	111	172	224	491
Acquisition of companies	-	8	6	27	36
Acquisition of other non-current assets	-	16	-	30	42
Total investments	82	135	178	281	569
Depreciation and impairment of property, plant and equipment and amortization of intangible assets	101	107	210	210	434
Impairment of intangible assets	2	-	5	-	38
Key ratios					
EBITA margin	0.2 %	2.8 %	(2.6)%	2.3 %	1.2 %
Return on invested capital including goodwill (ROIC including goodwill)	0.0 %	0.7 %	(1.2)%	1.2 %	1.2 %
Return on equity	(0.1)%	0.0 %	(2.3)%	(0.2)%	(1.2)%
Equity ratio	59 %	56 %	59 %	56 %	57 %
Key ratios per share					
Earnings per share basic (EPS)	(0.01)	0.00	(0.50)	(0.03)	(0.27)
Earnings per share, fully diluted (EPS diluted)	(0.01)	0.00	(0.50)	(0.03)	(0.27)
Cash flow from operating activities per share (CFPS)	0.87	0.91	1.69	1.11	2.51
Share price at the end of the period	21	23	21	23	10
Employees					
Number of employees, end of period	~4,350	~4,800	~4,350	~4,800	~4,800

*Based on key ratio definitions from the annual report 2008

Income Statement — Consolidated

(DKK million)	Q2 2009 (unaud.)	Q2 2008 (unaud.)	YTD 2009 (unaud.)	YTD 2008 (unaud.)	Full year 2008 (aud.)
Revenue	1,196	1,363	2,394	2,774	5,624
Production costs	(552)	(629)	(1,123)	(1,311)	(2,723)
Gross profit	**644**	**734**	**1,271**	**1,463**	**2,901**
Development costs	(106)	(103)	(213)	(200)	(460)
Selling and distribution costs	(356)	(435)	(741)	(826)	(1,608)
Management and administrative expenses	(186)	(168)	(396)	(390)	(807)
Other operating income	(2)	3	-	3	8
Operating profit (loss)	**(6)**	**31**	**(79)**	**50**	**34**
Share of profit (loss) in associates	-	(1)	-	(1)	-
Financial income	18	-	26	2	89
Financial expenses	(23)	(35)	(77)	(63)	(206)
Profit (loss) before tax	**(11)**	**(5)**	**(130)**	**(12)**	**(83)**
Tax on profit (loss)	8	4	29	5	27
Profit (loss) for the period	**(3)**	**(1)**	**(101)**	**(7)**	**(56)**
Earnings per share (EPS)					
Earnings per share (EPS)	(0.01)	0.00	(0.50)	(0.03)	(0.27)
Earnings per share, fully diluted (EPS diluted)	(0.01)	0.00	(0.50)	(0.03)	(0.27)
EBITA	**2**	**38**	**(63)**	**65**	**65**
Amortization of other intangible assets acquired in company acquisitions	(8)	(7)	(16)	(15)	(31)
Operating profit (loss)	**(6)**	**31**	**(79)**	**50**	**34**

Statement of Recognized Income and Expense - Items Recognized Directly in Equity — Consolidated

(DKK million)	Q2 2009 (unaud.)	Q2 2008 (unaud.)	YTD 2009 (unaud.)	YTD 2008 (unaud.)	Full year 2008 (aud.)
Profit (loss) for the period	**(3)**	**(1)**	**(101)**	**(7)**	**(56)**
Actuarial gains (losses)	-	-	-	-	(45)
Exchange rate adjustments, etc.	(201)	36	10	(252)	84
Share based payment (granted)	8	3	13	6	8
Tax on changes in equity	15	(1)	(3)	20	27
Total income and expense recognized directly in equity	(178)	38	20	(226)	74
Total recognized income for the period	**(181)**	**37**	**(81)**	**(233)**	**18**

Balance Sheet — Consolidated

(DKK million)	June 30 2009 (unaud.)	March 31 2009 (unaud.)	Dec. 31 2008 (aud.)	June 30 2008 (unaud.)
Assets				
Intangible assets	3,820	3,976	3,818	3,565
Property, plant and equipment	505	691	714	712
Deferred tax assets	732	736	695	620
Other non-current assets	177	187	183	156
Total non-current assets	**5,234**	**5,590**	**5,410**	**5,053**
Inventories	460	552	662	618
Trade receivables	984	1,040	1,127	1,208
Tax receivable	19	36	33	34
Other receivables	596	464	492	468
Cash and cash equivalents	164	177	154	153
Assets classified as held for sale	42	-	-	-
Total current assets	**2,265**	**2,269**	**2,468**	**2,481**
Total assets	**7,499**	**7,859**	**7,878**	**7,534**
Equity and liabilities				
Equity	**4,427**	**4,607**	**4,507**	**4,252**
Bank loans	1,506	1,650	1,600	1,500
Other non-current liabilities	57	59	59	51
Pension obligations and similar obligations	79	83	80	34
Deferred tax	5	8	6	34
Other provisions	57	59	56	59
Total non-current liabilities	**1,704**	**1,859**	**1,801**	**1,678**
Bank loans	102	49	146	265
Trade payables	253	261	448	332
Tax payable	-	36	33	24
Other payables	715	793	692	733
Other provisions	246	254	251	250
Liabilities classified as held for sale	52	-	-	-
Total current liabilities	**1,368**	**1,393**	**1,570**	**1,604**
Total equity and liabilities	**7,499**	**7,859**	**7,878**	**7,534**

Consolidated Equity

(DKK million)	Share capital (shares of DKK 4 each)	Exchange rate adjustments	Retained earnings	Total equity
Balance sheet total at December 31, 2007	**833**	**(1,934)**	**5,583**	**4,482**
Total recognized income and expense	-	(252)	19	(233)
Share based payment (exercised)	-	-	3	3
Balance sheet total at June 30, 2008	**833**	**(2,186)**	**5,605**	**4,252**
Total recognized income and expense	-	336	(85)	251
Share based payment (exercised)	-	-	-	-
Purchase/sale of treasury shares and other equity instruments	-	-	4	4
Balance sheet total at December 31, 2008	**833**	**(1,850)**	**5,524**	**4,507**
Total recognized income and expense	-	10	(91)	(81)
Purchase/sale of treasury shares and other equity instruments	-	-	1	1
Balance sheet total at June 30, 2009	**833**	**(1,840)**	**5,434**	**4,427**

Cash Flow Statement — Consolidated

(DKK million)	Q2 2009 (unaud.)	Q2 2008 (unaud.)	YTD 2009 (unaud.)	YTD 2008 (unaud.)	Full year 2008 (aud.)
Operating profit (loss)	(6)	31	(79)	50	34
Depreciation, amortization and impairment	103	107	215	210	472
Other adjustments	52	2	123	38	178
Cash flow from operating activities before changes in working capital	**149**	**140**	**259**	**298**	**684**
Changes in working capital and restructurings/non-recurring costs, paid	80	91	178	9	(37)
Cash flow from operating activities before financial items and tax	**229**	**231**	**437**	**307**	**647**
Financial items, net	(33)	(32)	(63)	(58)	(107)
Tax paid, net	(20)	(14)	(30)	(22)	(28)
Cash flow from operating activities	**176**	**185**	**344**	**227**	**512**
Investments in intangible assets, net	(69)	(89)	(149)	(170)	(352)
Investments in property, plant and equipment, net	(10)	(19)	(19)	(50)	(122)
Investments in other non-current assets, net	-	(16)	-	(30)	(40)
Company acquisitions	(7)	(8)	(13)	(33)	(36)
Sale of disposed operations, including liabilities settled in connection with disposal of activities, etc.	(1)	(14)	(2)	(44)	(57)
Cash flow from investing activities	**(87)**	**(146)**	**(183)**	**(327)**	**(607)**
Cash flow from operating and investing activities	**89**	**39**	**161**	**(100)**	**(95)**
Cash flow from financing activities	**(94)**	**(75)**	**(150)**	**86**	**78**
Net cash flow	**(5)**	**(36)**	**11**	**(14)**	**(17)**
Cash and cash equivalents beginning of the period	177	187	154	168	168
Adjustment foreign currency, cash and cash equivalents	(2)	2	5	(1)	3
Cash and cash equivalents, end of the period	170	153	170	153	154

Note 1 – Accounting Policies

This interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish interim financial reporting requirements for listed companies.

Changes to accounting policies

As of January 1, 2009 GN Store Nord has adopted the relevant new or revised International Financial Reporting Standards and IFRIC Interpretations as specified in note 38 in the annual report 2008. The main principles of the most relevant Standards and Interpretations are described below. The new or revised Standards and Interpretations did not affect recognition and measurement or result in changes to note disclosures.

IAS 23 (Revised) ”Borrowing costs” requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Considering the Group’s current business set-up and practice for borrowing and using funds the adoption of IAS 23 (Revised) Borrowing costs will have no material effect on the consolidated numbers.

IFRIC 13 ”Customer loyalty programs” emphasizes that award credits granted to customers as part of customer loyalty programs are accounted for as separately identifiable components of the sales transactions in which they are granted. The fair value of the considera-tion received or receivable in respect of the initial sale are allocated between the award credits and the other components of the sale. The consideration allocated to the award credits are recognized when the Group fulfils its obligations in respect of the awards.

Apart from the changes described above, the accounting policies applied are unchanged from those applied in the annual report 2008.

Note 2 – Segment Disclosures

Income statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2009	2008	2009	2008	2009	2008	2009	2008
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Revenue	**435**	**584**	**757**	**776**	**4**	**3**	**1,196**	**1,363**
Production costs	(254)	(335)	(298)	(294)	-	-	(552)	(629)
Gross profit	**181**	**249**	**459**	**482**	**4**	**3**	**644**	**734**
Expensed development costs**	(35)	(46)	(70)	(56)	-	-	(105)	(102)
Selling, distr. and adm. expenses etc.**	(189)	(231)	(335)	(354)	(13)	(9)	(537)	(594)
EBITA	**(43)**	**(28)**	**54**	**72**	**(9)**	**(6)**	**2**	**38**
Amortization of other intangible assets acquired in company acquisitions	(2)	(1)	(6)	(6)	-	-	(8)	(7)
Operating profit (loss)	**(45)**	**(29)**	**48**	**66**	**(9)**	**(6)**	**(6)**	**31**
Share of profit(loss) in associates	-	-	-	(1)	-	-	-	(1)
Financial items	11	-	(20)	(32)	4	(3)	(5)	(35)
Profit (loss) before tax	**(34)**	**(29)**	**28**	**33**	**(5)**	**(9)**	**(11)**	**(5)**
Tax on profit (loss)	19	9	(11)	(8)	-	3	8	4
Profit (loss)	**(15)**	**(20)**	**17**	**25**	**(5)**	**(6)**	**(3)**	**(1)**

Cash flow statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2009	2008	2009	2008	2009	2008	2009	2008
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Operating activities before changes in working capital	34	34	113	104	2	2	149	140
Cash flow from changes in working capital and restructurings/non-recurring costs paid	37	145	52	(45)	(9)	(9)	80	91
Cash flow from operating activities before financial items and tax	**71**	**179**	**165**	**59**	**(7)**	**(7)**	**229**	**231**
Cash flow from investing activities	(25)	(33)	(61)	(107)	(1)	(6)	(87)	(146)
Cash flow from operating and investing activities before financial items and tax	**46**	**146**	**104**	**(48)**	**(8)**	**(13)**	**142**	**85**
Tax and financial items	13	(6)	(30)	(35)	(36)	(5)	(53)	(46)
Cash flow from operating and investing activities	**59**	**140**	**74**	**(83)**	**(44)**	**(18)**	**89**	**39**

Balance sheet	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2009	2008	2009	2008	2009	2008	2009	2008
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
ASSETS								
Goodwill	426	390	2,225	2,034	-	-	2,651	2,424
Development projects	134	117	689	637	-	-	823	754
Other intangible assets	75	97	262	275	9	15	346	387
Property, plant and equipment	41	61	232	243	232	408	505	712
Other non-current assets	284	230	688	597	(63)	(51)	909	776
Total non-current assets	**960**	**895**	**4,096**	**3,786**	**178**	**372**	**5,234**	**5,053**
Inventories	128	228	332	390	-	-	460	618
Trade receivables	275	424	687	758	22	26	984	1,208
Receivables from subsidiaries***	155	-	-	-	(155)	-	-	-
Other receivables	55	110	377	387	183	5	615	502
Cash and cash equivalents	32	49	131	100	1	4	164	153
Assets classified as held for sale	-	-	42	-	-	-	42	-
Total current assets	**645**	**811**	**1,569**	**1,635**	**51**	**35**	**2,265**	**2,481**
Total assets	**1,605**	**1,706**	**5,665**	**5,421**	**229**	**407**	**7,499**	**7,534**
EQUITY AND LIABILITIES								
Equity	**1,168**	**1,226**	**2,852**	**2,604**	**407**	**422**	**4,427**	**4,252**
Bank loans	-	-	-	-	1,506	1,500	1,506	1,500
Other non-current liabilities	25	12	280	182	(107)	(16)	198	178
Total non-current liabilities	**25**	**12**	**280**	**182**	**1,399**	**1,484**	**1,704**	**1,678**
Bank loans	31	16	46	161	25	88	102	265
Trade payables	118	163	126	161	9	8	253	332
Amounts owed to subsidiaries***	-	17	1,641	1,647	(1,641)	(1,664)	-	-
Other current liabilities	263	272	668	666	30	69	961	1,007
Liabilities classified as held for sale	-	-	52	-	-	-	52	-
Total current liabilities	**412**	**468**	**2,533**	**2,635**	**(1,577)**	**(1,499)**	**1,368**	**1,604**
Total equity and liabilities	**1,605**	**1,706**	**5,665**	**5,421**	**229**	**407**	**7,499**	**7,534**

Note 2 – Segment Disclosures (continued)

Additional information	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Revenue Distributed Geographically								
Europe	48%	52%	40%	44%	100%	100%	43%	48%
North America	41%	40%	40%	37%	0%	0%	40%	38%
Rest of world	11%	8%	20%	19%	0%	0%	17%	14%
Incurred development costs	(36)	(44)	(75)	(83)	-	-	(111)	(127)
Capitalized development costs	20	24	42	57	-	-	62	81
Amortization and depreciation of development costs**	(19)	(26)	(37)	(30)	-	-	(56)	(56)
Expensed development costs	**(35)**	**(46)**	**(70)**	**(56)**	**-**	**-**	**(105)**	**(102)**
EBITDA	(30)	(11)	79	95	(3)	2	46	86
Depreciation	(13)	(17)	(25)	(23)	(6)	(8)	(44)	(48)
EBITA	**(43)**	**(28)**	**54**	**72**	**(9)**	**(6)**	**2**	**38**
EBITA margin	(9.9)%	(4.8)%	7.1 %	9.3 %	NA	NA	0.2 %	2.8 %
Number of employees, end of period	~875	~1,150	~3,450	~3,600	~25	~50	~4,350	~4,800

* "Other" comprises the secretariat, the Telegraph Company, GN Ejendomme and eliminations.
**Does not include share of amortization of other intangible assets acquired in company acquisitions, cf. the definition of EBITA.
***Presented net

Note 3 – Incentive Plans

There were a total of 1,668,386 outstanding share options (average strike price 63) at June 30, 2009, corresponding to 0.8% of the shares issued.

The total number of outstanding warrants in GN Netcom was 3,079 (10.2% of the number of shares). The total number of outstanding warrants in GN ReSound was 1,924 (3.2% of the number of shares).

Note 4 – Shareholdings

At August 14, 2009, members of the Supervisory Board and the Executive Management, respectively, held 395,437 and 0 shares in GN.

At June 30, 2009, GN held 4,653,192 treasury shares, equivalent to 2.2% of the 208,360,263 shares issued. The holding covers mainly GN's long-term incentive programs.

The GN stock is 100% free float and the company has no dominant shareholders. ATP (the Danish Labour Market Supplementary Pension Fund) and Marathon Asset Management LLP have each reported an ownership interest in excess of 10% of GN's share capital, and Parvus Asset Management (UK) LLP has reported an ownership interest in excess of 5% of GN's share capital. Foreign ownership of GN is estimated at about 30%.