



Q2 Interim Report 2011

CONTINUED STRONG TOP-LINE GROWTH DRIVEN BY RESOUND ALERA™ AND UNIFIED COMMUNICATIONS

The continued launch of ReSound Alera™ as well as growth in Unified Communications (UC) delivered consolidated organic growth of 9% in Q2 2011. GN Store Nord EBITA improved from DKK 113 million in Q2 2010 to DKK 136 million in Q2 2011.

For GN ReSound, organic growth in Q2 was 9%, driven in particular by strong organic growth in North America backed by a continued strong uptake of the ReSound Alera™ products and the corresponding Beltone True™ family. In Q2, GN ReSound EBITA was DKK 74 million. GN ReSound has entered into a technology development and license agreement for the 2.4 GHz wireless technology with Cochlear, the global leader in implantable hearing solutions. The agreement clearly underlines the increasing recognition in the marketplace of the 2.4 GHz technology.

For GN Netcom, organic growth was 8%, driven by healthy 14% growth in CC&O, which was partly offset by (3)% organic growth in Mobile. Based on the relatively stronger margins in CC&O compared to Mobile, GN Netcom achieved an EBITA margin of 14.0% in Q2 2011 and EBITA ended at DKK 70 million (up 35% compared to Q2 2010). In June, GN Netcom and Logitech entered into a distribution agreement in order to seize the significant growth opportunity within Unified Communications (UC). Under the agreement, Logitech will sell three products under the co-branded name "Logitech powered by Jabra" – initially in North America.

GN confirms the consolidated full-year guidance announced in the Q1 Interim Report 2011. With the current visibility and expectations, GN ReSound is most likely to end in the low end of the EBITA guidance of DKK 425-475 million and GN Netcom is most likely to end in the high end of the EBITA guidance of DKK 275-325 million. The full year guidance is based on a DKK/USD exchange rate of 5.5. Additionally, the guidance is based on the assumption that the recent turmoil in the financial markets will not have a material negative impact on the markets for our products.

As previously communicated, a significant improvement in earnings is expected in the second half of 2011, especially in GN ReSound, where the transformation of the supply chain set-up will be a major contributor.

GUIDANCE 2011 – EXCHANGE RATE DKK/USD 5.5

(DKK million)	Revenue	EBITA guidance	Amortization, finance etc.
GN ReSound	More than 6% organic growth	425-475	
GN Netcom	More than 10% organic growth	275-325	
Other		~ (30)	
GN Store Nord	More than 7% organic growth	675-775	0-(25)

FINANCIAL OVERVIEW Q2 2011

(DKK million)	GN ReSound		GN Netcom		Consolidated total*	
	Q2 2011	Q2 2010	Q2 2011	Q2 2010	Q2 2011	Q2 2010
Revenue	827	789	503	495	1,334	1,286
Organic growth	9%	0%	8%	8%	9%	3%
Gross margin	59%	59%	57%	53%	58%	57%
EBITA	74	63	70	52	136	113
EBITA margin	8.9%	8.0%	14.0%	10.5%	10.2%	8.8%
Free cash flow	6	(20)	89	82	61	78

*) "Other" is included in the total

HIGHLIGHTS

- Total revenue was DKK 1,334 million corresponding to 9% organic growth compared to Q2 2010.
- Group EBITA was DKK 136 million up from DKK 113 million in Q2 2010.
- The free cash flow was positive at DKK 61 million in Q2 2011.
- GN ReSound revenue was DKK 827 million, equivalent to organic growth of 9%. EBITA was DKK 74 million, up from DKK 63 million last year.
- GN Netcom revenue was DKK 503 million, equivalent to organic growth of 8%, and EBITA was DKK 70 million, up 35% from DKK 52 million last year.
- GN continues to pursue all legal means in the TPSA case in order to ensure that the final and legally binding ruling dated September 3, 2010, from the Austrian Arbitration Tribunal is fulfilled. On July 25, 2011, TPSA's remaining two challenges against the independence of the arbitrators were firmly dismissed by the President of the Austrian Federal Economic Chamber. On July 27, 2011, GN – in line with expectations – received notification from the District Court in Warsaw that the enforcement proceedings in Poland have been postponed until a final and non-appealable decision has been rendered in the ongoing setting-aside court case in Austria.
- In accordance with IFRS accounting principles and based on the positive developments of the TPSA proceedings, GN has booked accrued penalty interest of DKK 60 million in accordance with the Arbitration Tribunal's ruling in respect of Phase 1.
- The guidance for amortization of intangible assets and financial items is changed from "DKK (50)-(75) million" to "DKK 0-(25) million" based on the accrual of interest income on the TPSA case.
- As announced on August 10, 2011, a DKK 200 million share buyback program has been initiated.

GN RESOUND

ReSound Alera™ and the corresponding Beltone True™ product family continued to drive revenue growth in the second quarter. Delivering revenue of DKK 827 million, corresponding to organic growth of 9% and clearly above the market growth, GN ReSound continued to gain market share in Q2.

As in previous quarters, revenue growth was fueled by strong 23% growth in North America and by the launch of the second wave of ReSound Alera™ products worldwide.

The 2.4 GHz wireless technology which ReSound Alera™ is based upon is increasingly gaining recognition in the marketplace. End-users of the 2.4 GHz technology experience several important benefits including wireless streaming from their TV-set and other devices without the need to have an intermediate device hanging around the neck.

The strength of the 2.4 GHz technology was clearly witnessed by a technology development and license agreement signed with Cochlear, the global leader in innovative, implantable hearing solutions. Under the agreement, GN ReSound will supply Cochlear with its 2.4 GHz wireless technology.

The Cochlear agreement is a clear testimony to how attractive the 2.4 GHz technology is and yet another strong indication that the ReSound Alera™ wireless technology is a technology of the future for wireless streaming to hearing instruments.

GN ReSound's EBITA was DKK 74 million compared to DKK 63 million in Q2 2010. The EBITA-margin in Q2 2011 was 8.9%, up from 8.0% in Q2 2010.

Hearing Instruments generated revenue of DKK 733 million, corresponding to positive organic growth of 9%. Based on the launch of AURICAL, a complete system for fitting hearing instruments, Audiologic Diagnostics Equipment generated revenue of DKK 94 million, corresponding to double-digit organic growth of 14%.

GN ReSound's gross margin was 59.4% in Q2 – up from 58.6% in Q2 2010. The mix effect from the continued uptake of ReSound Alera™ contributed positively to the gross margin. However, like other hearing aid manufacturers, GN Resound experienced pressure on ASPs reflecting aggressive and competitive pricing in tender markets as well as the continued consolidation among retailers, which partially offsets the positive impact from the improved product mix.

Combined with the positive impact from ReSound Alera™ on GN ReSound's market share in the top/plus segment, the ongoing transformation of the manufacturing and supply chain set-up is expected to result in higher gross margins during the second half of 2011.

Q2 operating expenses amounted to DKK 417 million, up from DKK 399 million in Q2 2010. The increase is partially related to additional investments in R&D in both Hearing Instruments and Audiologic Diagnostics Equipment and partially to costs related to securing a continued broad and impactful market penetration of ReSound Alera™ as well as the launch of the new products from Audiologic Diagnostics Equipment.

Cash flow from operating and investing activities before financial items and tax was DKK 30 million against DKK (8) million in Q2 2010. Working capital was DKK 959 million.

The ReSound Alera™ family with the unique 2.4 GHz wireless technology and ReSound Unite™ accessories has since early Q1 2011 been available in a wide range of models covering approximately two thirds of end-user needs and preferences. As previously announced, wave 3 of the ReSound Alera™ family will be launched during Q3 2011. Wave 3 consists of a wireless mini behind-the-ear (BTE) product and a full series of traditional custom products, ranging from completely-in-the-canal to full shell in-the-ear products. With this addition the ReSound Alera™ family will cover approximately 90% of end-user needs and preferences. Furthermore, wave 3 will contain a new wireless accessory, the ReSound Unite™ Mini Microphone – a portable wireless clip-on microphone that transmits speech directly into the hearing instruments to extend the hearing range in a wealth of situations.

With the launch of the third wave, the ReSound Alera™ family will be a complete family of form factors, supporting the continued revenue growth in GN ReSound.

GN ReSound continued to gain market share in the VA (Veterans Affairs) segment during Q2 and now holds 7.5% of that market – the highest ever for GN Resound and almost a 2 percentage point improvement over June 2010. This should be seen in light of the fact that ReSound Alera™ wave 2 products only became commercially available in the VA from May 2011.

The ongoing transformation of GN ReSound's manufacturing and supply chain set-up is on track towards an annual cost reduction of up to DKK 200 million as a run rate by the end of 2011 and a positive net EBITA impact of DKK 75 million for the calendar year 2011. The cost reductions generated during Q2 are offset by one-off costs related to closing down local facilities and sites in connection with the centralization of the supply chain activities. As previously communicated, the EBITA impact of the project is skewed towards the end of the year.



GN NETCOM

GN Netcom generated revenue of DKK 503 million, corresponding to an overall organic growth of 8%. GN Netcom has gained market share in both divisions in the second quarter.

In Q2 2011, GN Netcom EBITA was DKK 70 million (EBITA margin of 14.0%) up approximately 35% from DKK 52 million in Q2 2010 (EBITA margin of 10.5%).

GN Netcom's gross margin improved by four percentage points from 53% in Q2 2010 to 57%. The improved gross margin reflects continued stronger-than-expected ASPs in CC&O as well as a higher percentage of total revenue deriving from the CC&O business which has higher margins than the Mobile business.

Q2 operating expenses were DKK 215 million, almost flat compared to DKK 211 million in Q2 2010 as higher R&D costs were basically offset against lower management and administrative expenses.

Net working capital was DKK 84 million at the end of Q2. As previously communicated, net working capital is expected to increase during the rest of 2011. Cash flow from operating and investing activities before financial items and tax was DKK 86 million against DKK 82 million in Q2 2010.

Revenue in CC&O was DKK 335 million equivalent to organic growth of 14%, driven by UC.

In June, GN Netcom and Logitech entered into a distribution agreement in order to seize the significant growth opportunity within the UC market. This is a move to further securing the long-term expansion of Jabra's market share in the UC market by combining the Logitech channel reach and the well-known Logitech-brand with GN Netcom's quality headsets for UC and the Jabra brand's strength in the traditional headset markets. Logitech will sell select Jabra UC headsets to channel partners and business customers, initially in the North American market. The first three "Logitech powered by Jabra" products shipped in July. It is the intention that the cooperation will expand to more markets and that the number of products in the "Logitech powered by Jabra" portfolio will be broadened.

GN Netcom is pleased with the progress of the UC business. In the second quarter, GN Netcom has entered into a number of UC agreements with several leading global companies all with a deployment base of above 30,000 seats. These companies have made the strategic decision to install UC software-based solutions in combination with Jabra headsets which are plug-and-play with all leading UC applications. GN Netcom is truly pleased to be seen as a qualified provider of UC-solutions for these companies.

In Q2, GN Netcom also proved its competitiveness in important growth markets when China Merchants Bank decided to deploy Jabra BIZ™ 2400 headsets at its call centers to enhance customer communications and improve comfort levels for their agents. The comfort and ergonomic features of the Jabra BIZ™ 2400 headsets mean that agents feel more fulfilled at their jobs – making it easier for them to handle more calls in a day. In addition, noise cancellation has delivered improved call clarity enabling the agents to boost customer satisfaction being able to connect better with customers. China Merchants Bank has 780 operation touchpoints across China and is manned by 2,000 agents who handle up to 200,000 calls daily. The deal with China Merchants Bank is a proof that even call centers in important growth markets choose high end products from GN Netcom.

In late Q2, GN Netcom expanded the Jabra BIZ™ 2400 corded headset family, designed and built for office and contact center professionals using UC voice applications, with Jabra BIZ™ 2400 USB mono headset including three new wearing styles. The BIZ™ 2400 family has already raised the bar on corded headset quality and performance and with the new launch Jabra has the most versatile UC line of products in the market.

In mid-June, GN Netcom expanded its high-end Jabra PRO™ wireless family for UC and office segment with Jabra PRO™ 9450. Jabra PRO™ 9450 is targeting office professionals using desk phones and UC voice applications offering the users one of the markets best high quality communication tools which are fast and easy to implement and have a unique wearing comfort.

Mobile was impacted by a severe weakness in the North American headset market in the second quarter. Mobile generated revenue of DKK 168 million corresponding to organic growth of (3)%, still significantly better than market performance. EMEA and APAC experienced strong double-digit organic growth rates. GN Netcom continues to take market share in both regions and consolidates the position as the market leader for Bluetooth® in EMEA.

In mid-May, Mobile kicked off a partnership with RadioShack nationwide in the U.S. RadioShack is a leading US retailer of mobile technology products and services, as well as products related to personal and home technology. The company has around 4,600 locations in the US and Mexico. To mark this partnership, RadioShack is now the exclusive national retailer for the Jabra WAVE and the Jabra EASYGO Bluetooth® headsets. Consumers looking for a hands-free solution for their car will also be able to acquire the Jabra CRUISER2 in-car speakerphone at all RadioShack locations. The partnership will strengthen GN Netcom's footprint within the retail business in North America.

OTHER ACTIVITIES & OTHER ISSUES

Arbitration Case against TPSA

GN Store Nord continues to be involved in an arbitration case against Telekomunikacja Polska S.A. (TPSA) through its 75% share of Danish Polish Telecommunications Group I/S (DPTG). The dispute concerns the determination of traffic volumes carried over 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.

The arbitration case against TPSA was initiated by DPTG in 2001 due to lack of profit sharing by TPSA. On September 3, 2010 the Arbitration Tribunal awarded DPTG approximately DKK 2.9 billion for the contract period from 1994 to mid-2004 (phase one). Despite the fact that the award is final and legally binding, TPSA did not pay the amount due within the 14-day deadline established by the Arbitration Tribunal, and the payment is still outstanding. Penalty interest of 6% p.a. will accrue until payment is received. According to IFRS combined with the positive developments of the proceedings, GN has booked DKK 60 million in interest for phase one in accordance with the ruling from the Arbitration Tribunal from September 3, 2010. The accrued interest covers the period from September 3, 2010 to June 30, 2011.

Following the award rendered by the Arbitration Tribunal in September 2010, TPSA filed three challenges against the arbitrators of the Arbitration Tribunal to the President of the Federal Economic Chamber in Vienna, claiming that the arbitrators were biased and questioning their independence. In April 2011, the first challenge against the arbitrators was firmly dismissed by the President of the Federal Economic Chamber in Vienna. On July 25, 2011, the remaining two challenges against the independence of the Arbitrators were also firmly dismissed by the President of the Austrian Federal Economic Chamber in Vienna. As previously communicated, TPSA has also filed a setting-aside complaint with the Austrian Courts – in which TPSA uses arguments similar to those that have been rejected by the President of the Federal Economic Chamber in Vienna. DPTG believes the complaint is without any merit whatsoever. A final hearing in the Commercial Court in Vienna is scheduled for September 8, 2011.

GN continues to pursue all legal means in the TPSA case to ensure that the final and legally binding ruling from the Austrian Arbitration Tribunal is adhered to by TPSA. In order to collect the DKK 2.9 billion, DPTG has, among other measures, initiated enforcement proceedings in Poland, the Netherlands, Germany, the UK, Ireland and France. In Poland, the enforcement is handled by the District Court in Warsaw. On July 27, 2011 – in line with expectations – GN received notification from the District Court in Warsaw regarding a decision from July 22, 2011, to postpone the enforcement proceedings in Poland until a final and non-appealable decision has been rendered in the ongoing setting-aside court case in Austria.

On January 14, 2011, DPTG filed a claim of DKK 2.4 billion for phase two (mid-2004 to 2009) based on the directions issued by the Arbitration Tribunal in May 2010 in connection with phase one. The arbitrators have turned down TPSA's request to re-open the question of liability under the NSL contract and phase two will therefore solely be about determining the revenue generated on the NSL during phase two. The Arbitration Tribunal is expected to issue a final award in respect of phase two in 2013.

Claim against the German Federal Cartel Office concerning Prohibition of the Sale of GN ReSound to Sonova

On May 5, 2010, GN received the complete wording of the ruling in which the German Federal Supreme Court declared the decision made by the German Federal Cartel Office (Bundeskartellamt) on April 11, 2007 prohibiting the sale of GN ReSound to Sonova unlawful. To claim compensation for the significant loss imposed on GN in connection with the German Federal Cartel Office's prohibition of the sale of GN ReSound to Sonova, GN filed a claim of EUR 1.1 billion (approximately DKK 8.2 billion) on December 22, 2010 with the district court in Bonn, Germany. The Federal Cartel Office handed in their defense brief on July 4, 2011. GN expects to hand in its defense brief late summer of 2011.

Guidance for 2011

The guidance is based on a DKK/USD exchange rate of 5.50. If the DKK/USD exchange rate level remains at the current level of around 5.20-5.25 for the rest of 2011, it will have a negative impact on EBITA of around DKK 20 million. Additionally, the guidance is based on the assumption that the recent turmoil in the financial markets will not have a material negative impact on the markets for our products.

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 the future 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 and development in ongoing litigation (including but not limited to class action and patent infringement litigation in the United States). This interim report should not be considered an offer to sell or buy securities in GN Store Nord A/S.

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The Board of Directors 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, 2011 and for the period January 1 – June 30, 2011.

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 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, 2011 and of the results of the Group's operations and cash flows for the period January 1 – June 30, 2011.

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 11, 2011

Board of Directors

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

Executive Management

Mogens Elsberg CEO, GN Netcom	Lars Viksmoen CEO, GN ReSound	Anders Boyer CFO, GN Store Nord & GN ReSound
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CONTENTS OF THE Q2 INTERIM FINANCIAL STATEMENTS

Consolidated Financial Highlights	6
Quarterly Reporting by Segment	7
Income Statement	8
Statement of Comprehensive Income	8
Balance Sheet	9
Consolidated Equity	9
Cash Flow Statement	10
Note 1 Accounting policies	10
Note 2 Segment Disclosures	11
Note 3 Incentive Plans	12
Note 4 Shareholdings	12

Consolidated Financial Highlights*

(DKK million)	Q2 2011 (unaud.)	Q2 2010 (unaud.)	YTD 2011 (unaud.)	YTD 2010 (unaud.)	Total 2010 (aud.)
Income statement					
Revenue	1,334	1,286	2,632	2,460	5,145
Organic growth	9 %	3 %	8 %	2 %	5 %
Operating profit (loss)	125	106	217	185	2,569
Financial items, net	48	(2)	32	(2)	(33)
Profit (loss) for the period	127	76	181	134	1,855
Development costs incurred	(119)	(115)	(242)	(224)	(455)
EBITDA	169	149	300	270	2,736
EBITA	136	113	233	199	2,595
Balance sheet					
Share capital	833	833	833	833	833
Equity	6,259	5,006	6,259	5,006	6,504
Total assets	9,632	7,827	9,632	7,827	9,806
Net working capital	3,317	967	3,317	967	3,172
Net interest-bearing debt	1,064	1,014	1,064	1,014	960
Cash flow					
Cash flow from operating activities	155	179	213	292	563
Cash flow from investing activities	(94)	(101)	(179)	(156)	(367)
Hereof:					
Development projects	(58)	(62)	(118)	(116)	(234)
Investments in property, plant and equipment	(24)	(27)	(38)	(40)	(95)
Total cash flow from operating and investing activities (free cash flow)	61	78	34	136	196
Key ratios					
Gross profit margin	58 %	57 %	59 %	56 %	57 %
EBITA margin	10.2 %	8.8 %	8.9 %	8.1 %	50.4 %
Return on invested capital including goodwill (ROIC including goodwill)**	42.0 %	5.2 %	42.0 %	5.2 %	43.0 %
Return on equity**	33.8 %	3.5 %	33.8 %	3.5 %	33.9 %
Equity ratio	65 %	64 %	65 %	64 %	66 %
Net interest-bearing debt/EBITDA***	0.4	2.4	0.4	2.4	0.4
Key ratios per share					
Earnings per share, basic (EPS)	0.63	0.37	0.89	0.66	9.15
Earnings per share, fully diluted (EPS diluted)	0.62	0.37	0.88	0.65	9.00
Cash flow from operating activities per share	0.76	0.87	1.04	1.41	2.73
Cash flow from operating and investing activities per share	0.30	0.38	0.17	0.66	0.95
Share price at the end of the period	50	43	50	43	51
Other					
Number of employees, end of period	~4,525	~4,375	~4,525	~4,375	~4,525
Market capitalization	10,145	8,684	10,145	8,684	10,336

*Based on key ratio definitions from the annual report 2010.

**ROIC and ROE are calculated based on EBITA and net profit, respectively for the latest four quarters.

***The calculation has been changed to include net interest-bearing debt at the end of the period instead of an average for the latest four quarters. The comparative figures have been changed.



Quarterly Reporting by Segment

	Q1 2010 (unaud.)	Q2 2010 (unaud.)	Q3 2010 (unaud.)	Q4 2010 (unaud.)	Q1 2011 (unaud.)	Q2 2011 (unaud.)	2010 YTD (unaud.)	2011 YTD (unaud.)
Income statement								
Revenue								
GN Netcom	446	495	452	580	476	503	941	979
GN ReSound	726	789	794	855	820	827	1,515	1,647
Other *	2	2	2	2	2	4	4	6
Total	1,174	1,286	1,248	1,437	1,298	1,334	2,460	2,632
Organic growth								
GN Netcom	9 %	8 %	3 %	17 %	5 %	8 %	8 %	6 %
GN ReSound	(2)%	0 %	5 %	5 %	9 %	9 %	(1)%	9 %
Total	2 %	3 %	4 %	10 %	7 %	9 %	2 %	8 %
Gross profit margin								
GN Netcom	52%	53%	55%	52%	58%	57%	52%	58%
GN ReSound	59%	59%	60%	61%	60%	59%	59%	60%
Total	56%	57%	58%	57%	60%	58%	56%	59%
Expensed development costs**								
GN Netcom	(42)	(35)	(40)	(48)	(40)	(46)	(77)	(86)
GN ReSound	(69)	(69)	(71)	(72)	(85)	(81)	(138)	(166)
Total	(111)	(104)	(111)	(120)	(125)	(127)	(215)	(252)
Selling and distribution costs and administrative expenses etc.**								
GN Netcom	(163)	(176)	(160)	(155)	(182)	(169)	(339)	(351)
GN ReSound	(290)	(330)	(335)	(318)	(357)	(336)	(620)	(693)
Other *	(12)	(4)	2,068	(18)	(13)	(12)	(16)	(25)
Total	(465)	(510)	1,573	(491)	(552)	(517)	(975)	(1,069)
EBITA								
GN Netcom	26	52	50	96	56	70	78	126
GN ReSound	70	63	68	128	52	74	133	126
Other *	(10)	(2)	2,070	(16)	(11)	(8)	(12)	(19)
Total	86	113	2,188	208	97	136	199	233
EBITA margin								
GN Netcom	5.8 %	10.5 %	11.1 %	16.6 %	11.8 %	14.0 %	8.3 %	12.9 %
GN ReSound	9.6 %	8.0 %	8.6 %	15.0 %	6.3 %	8.9 %	8.8 %	7.7 %
Total	7.3 %	8.8 %	175.3 %	14.5 %	7.5 %	10.2 %	8.1 %	8.9 %
Depreciation								
GN Netcom	(8)	(9)	(6)	(7)	(5)	(5)	(17)	(10)
GN ReSound	(23)	(23)	(23)	(25)	(21)	(20)	(46)	(41)
Other *	(4)	(4)	(4)	(5)	(8)	(8)	(8)	(16)
Total	(35)	(36)	(33)	(37)	(34)	(33)	(71)	(67)
EBITDA								
GN Netcom	34	61	56	103	61	75	95	136
GN ReSound	93	86	91	153	73	94	179	167
Other *	(6)	2	2,074	(11)	(3)	-	(4)	(3)
Total	121	149	2,221	245	131	169	270	300
EBITA								
Amortization of other intangible assets acquired in company acquisitions	(7)	(7)	(5)	(7)	(5)	(11)	(14)	(16)
Operating profit (loss)	79	106	2,183	201	92	125	185	217
Gains (losses) on disposal of operations	-	-	-	-	-	2	-	2
Financial items, net	-	(2)	(11)	(20)	(16)	48	(2)	32
Profit (loss) before tax	79	104	2,172	181	76	175	183	251
Tax on profit (loss)	(21)	(28)	(572)	(60)	(22)	(48)	(49)	(70)
Profit (loss)	58	76	1,600	121	54	127	134	181
Balance sheet								
Development projects								
GN Netcom	127	128	125	113	110	105	128	105
GN ReSound	716	731	740	751	755	754	731	754
Total	843	859	865	864	865	859	859	859
Inventories								
GN Netcom	74	91	107	93	105	90	91	90
GN ReSound	312	337	358	378	404	399	337	399
Total	386	428	465	471	509	489	428	489
Trade receivables								
GN Netcom	265	288	251	317	263	285	288	285
GN ReSound	721	738	747	783	788	781	738	781
Other *	22	23	10	10	7	7	23	7
Total	1,008	1,049	1,008	1,110	1,058	1,073	1,049	1,073
Net working capital								
GN Netcom	58	35	50	82	97	84	35	84
GN ReSound	775	872	860	893	950	959	872	959
Other *	68	60	2,181	2,197	2,194	2,274	60	2,274
Total	901	967	3,091	3,172	3,241	3,317	967	3,317
Cash flow								
Cash flow from operating and investing activities before financial items and tax								
GN Netcom	59	82	45	47	44	86	141	130
GN ReSound	26	(8)	(6)	57	(47)	30	18	(17)
Other *	(13)	12	4	(61)	(11)	(35)	(1)	(46)
Total	72	86	43	43	(14)	81	158	67
Total tax and financial items								
	(14)	(8)	(18)	(8)	(13)	(20)	(22)	(33)
Total cash flow from operating and investing activities (free cash flow)								
	58	78	25	35	(27)	61	136	34

* "Other" comprises Group Shared Services, 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.



Income Statement

Consolidated

(DKK million)	Q2 2011 (unaud.)	Q2 2010 (unaud.)	YTD 2011 (unaud.)	YTD 2010 (unaud.)	Full year 2010 (aud.)
Revenue	1,334	1,286	2,632	2,460	5,145
Production costs	(554)	(559)	(1,078)	(1,071)	(2,211)
Gross profit	780	727	1,554	1,389	2,934
Development costs	(129)	(106)	(256)	(219)	(452)
Selling and distribution costs	(420)	(396)	(836)	(744)	(1,537)
Management and administrative expenses	(107)	(125)	(250)	(251)	(519)
Other operating income	1	6	5	10	17
Award from the arbitration case against TPSA	-	-	-	-	2,126
Operating profit (loss)	125	106	217	185	2,569
Gains (losses) on disposal of operations	2	-	2	-	-
Financial income	83	28	97	46	82
Financial expenses	(35)	(30)	(65)	(48)	(115)
Profit (loss) before tax	175	104	251	183	2,536
Tax on profit (loss)	(48)	(28)	(70)	(49)	(681)
Profit (loss) for the period	127	76	181	134	1,855
Earnings per share (EPS)					
Earnings per share (EPS)	0.63	0.37	0.89	0.66	9.15
Earnings per share, fully diluted (EPS diluted)	0.62	0.37	0.88	0.65	9.00
EBITA	136	113	233	199	2,595
Amortization of other intangible assets acquired in company acquisitions	(11)	(7)	(16)	(14)	(26)
Operating profit (loss)	125	106	217	185	2,569

Statement of Comprehensive Income

Consolidated

(DKK million)	Q2 2011 (unaud.)	Q2 2010 (unaud.)	YTD 2011 (unaud.)	YTD 2010 (unaud.)	Full year 2010 (aud.)
Profit (loss) for the period	127	76	181	134	1,855
Other comprehensive income					
Actuarial gains (losses)	-	-	-	-	(9)
Adjustment of cash flow hedges	(7)	-	(2)	-	2
Foreign exchange adjustments, etc.	(51)	374	(297)	594	309
Tax relating to other comprehensive income	3	(29)	3	(45)	11
Other comprehensive income for the period, net of tax	(55)	345	(296)	549	313
Total comprehensive income for the period	72	421	(115)	683	2,168



Balance Sheet

Consolidated

(DKK million)	June 30 2011 (unaud.)	March 31 2011 (unaud.)	Dec. 31 2010 (rev.)	June 30 2010 (unaud.)
Assets				
Intangible assets	3,805	3,857	4,031	4,175
Property, plant and equipment	458	463	481	471
Deferred tax assets	564	571	612	679
Other non-current assets	187	184	192	252
Total non-current assets	5,014	5,075	5,316	5,577
Inventories	489	509	471	428
Trade receivables	1,073	1,058	1,110	1,049
Tax receivable	39	39	38	30
Other receivables	2,803	2,727	2,714	534
Cash and cash equivalents	214	166	157	209
Total current assets	4,618	4,499	4,490	2,250
Total assets	9,632	9,574	9,806	7,827
Equity and liabilities				
Equity	6,259	6,182	6,504	5,006
Bank loans	1,168	1,161	1,056	1,160
Pension obligations	67	68	73	53
Provisions	94	101	107	75
Deferred tax liabilities	596	587	572	9
Other non-current liabilities	47	49	48	79
Total non-current liabilities	1,972	1,966	1,856	1,376
Bank loans	110	132	61	63
Trade payables	320	333	387	373
Tax payable	49	25	24	34
Provisions	200	214	240	666
Other payables	722	722	734	309
Total current liabilities	1,401	1,426	1,446	1,445
Total equity and liabilities	9,632	9,574	9,806	7,827

Consolidated Equity

(DKK million)	Share capital (shares of DKK 4 each)	Additional paid-in capital	Foreign exchange adjustments	Hedging reserve	Treasury shares	Proposed dividends for the year	Retained earnings	Total equity
Balance at December 31, 2009	833	3,369	(1,885)	-	(344)	-	2,462	4,435
Profit (loss) for the period	-	-	-	-	-	-	134	134
Foreign exchange adjustments, etc.	-	-	594	-	-	-	-	594
Tax relating to other comprehensive income	-	-	(45)	-	-	-	-	(45)
Total comprehensive income for the period	-	-	549	-	-	-	134	683
Share-based payment (granted)	-	-	-	-	-	-	9	9
Share based payment (exercised)	-	(124)	-	-	156	-	-	32
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(153)	-	-	(153)
Balance at June 30, 2010	833	3,245	(1,336)	-	(341)	-	2,605	5,006
Profit (loss) for the period	-	-	-	-	-	-	1,721	1,721
Actuarial gains (losses)	-	-	-	-	-	-	(9)	(9)
Adjustment of cash flow hedges	-	-	-	2	-	-	-	2
Foreign exchange adjustments, etc.	-	-	(285)	-	-	-	-	(285)
Tax relating to other comprehensive income	-	-	56	-	-	-	-	56
Total comprehensive income for the period	-	-	(229)	2	-	-	1,712	1,485
Proposed dividends for the year	-	-	-	-	-	40	(40)	-
Share-based payment (granted)	-	-	-	-	-	-	13	13
Share based payment (exercised)	-	-	-	-	-	-	-	-
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	-	-	-	-
Balance at December 31, 2010	833	3,245	(1,565)	2	(341)	40	4,290	6,504
Profit (loss) for the period	-	-	-	-	-	-	181	181
Adjustment of cash flow hedges	-	-	-	(2)	-	-	-	(2)
Foreign exchange adjustments, etc.	-	-	(297)	-	-	-	-	(297)
Tax relating to other comprehensive income	-	-	3	-	-	-	-	3
Total comprehensive income for the period	-	-	(294)	(2)	-	-	181	(115)
Share-based payment (granted)	-	-	-	-	-	-	9	9
Share-based payment (exercised)	-	(184)	-	-	317	-	-	133
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(233)	-	-	(233)
Paid dividends	-	-	-	-	-	(39)	-	(39)
Dividends, treasury shares	-	-	-	-	-	(1)	1	-
Balance at June 30, 2011	833	3,061	(1,859)	-	(257)	-	4,481	6,259

Cash Flow Statement
Consolidated

(DKK million)	Q2 2011 (unaud.)	Q2 2010 (unaud.)	YTD 2011 (unaud.)	YTD 2010 (unaud.)	Full year 2010 (aud.)
Operating activities					
Operating profit (loss)	125	106	217	185	2,569
Depreciation, amortization and impairment	106	90	205	185	379
Other adjustments	(15)	23	(32)	38	(2,079)
Cash flow from operating activities before changes in working capital	216	219	390	408	869
Changes in working capital and restructuring/non-recurring costs, paid	(41)	(32)	(144)	(94)	(258)
Cash flow from operating activities before financial items and tax	175	187	246	314	611
Financial items, net	(7)	(3)	(18)	(10)	(27)
Tax paid, net	(13)	(5)	(15)	(12)	(21)
Cash flow from operating activities	155	179	213	292	563
Investing activities					
Investments in intangible assets, net	(69)	(71)	(140)	(131)	(268)
Investments in property, plant and equipment, net	(25)	(25)	(38)	(38)	(93)
Investments in other non-current assets, net	(1)	(5)	(2)	(6)	(13)
Company acquisitions	-	-	-	-	(12)
Company disposals	1	-	1	19	19
Cash flow from investing activities	(94)	(101)	(179)	(156)	(367)
Cash flow from operating and investing activities (free cash flow)	61	78	34	136	196
Financing activities					
Paid dividends	-	-	(39)	-	-
Share-based payment (exercised)	2	8	133	32	32
Purchase/sale of treasury shares and other equity instruments	-	(111)	(233)	(153)	(153)
Increase/decrease in bank loans and other adjustments	(16)	38	165	35	(76)
Cash flow from financing activities	(14)	(65)	26	(86)	(197)
Net cash flow	47	13	60	50	(1)
Cash and cash equivalents beginning of period	166	190	157	148	148
Adjustment foreign currency, cash and cash equivalents	1	6	(3)	11	10
Cash and cash equivalents, end of period	214	209	214	209	157

Note 1 - Accounting Policies

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

CHANGES TO ACCOUNTING POLICIES

As of January 1, 2011 GN Store Nord adopted the relevant new or revised International Financial Reporting Standards and IFRIC Interpretations as specified in note 34 in the Annual Report 2010. The new or revised Standards and Interpretations did not affect recognition and measurement materially or result in changes to note disclosures.

Apart from the changes described above, the accounting policies applied are unchanged from those applied in the Annual Report 2010.



Note 2 - Segment Disclosures

Income statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2011	2010	2011	2010	2011	2010	2011	2010
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Revenue	503	495	827	789	4	2	1,334	1,286
Production costs	(218)	(232)	(336)	(327)	-	-	(554)	(559)
Gross profit	285	263	491	462	4	2	780	727
Expensed development costs**	(46)	(35)	(81)	(69)	-	-	(127)	(104)
Selling and distribution costs**	(140)	(139)	(271)	(252)	-	-	(411)	(391)
Management and administrative expenses	(30)	(37)	(65)	(79)	(12)	(9)	(107)	(125)
Other operating income	1	-	-	1	-	5	1	6
EBITA	70	52	74	63	(8)	(2)	136	113
Amortization of other intangible assets acquired in company acquisitions	(2)	(2)	(9)	(5)	-	-	(11)	(7)
Operating profit (loss)	68	50	65	58	(8)	(2)	125	106
Gains (losses) on disposal of operations	-	-	2	-	-	-	2	-
Financial items	6	(14)	(19)	9	61	3	48	(2)
Profit (loss) before tax	74	36	48	67	53	1	175	104
Tax on profit (loss)	(23)	(10)	(14)	(18)	(11)	-	(48)	(28)
Profit (loss)	51	26	34	49	42	1	127	76

Cash flow statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2011	2010	2011	2010	2011	2010	2011	2010
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Operating activities before changes in working capital	88	84	135	133	(7)	2	216	219
Cash flow from changes in working capital and restructuring/non-recurring costs paid	16	17	(32)	(59)	(25)	10	(41)	(32)
Cash flow from operating activities before financial items and tax	104	101	103	74	(32)	12	175	187
Cash flow from investing activities	(18)	(19)	(73)	(82)	(3)	-	(94)	(101)
Cash flow from operating and investing activities before financial items and tax	86	82	30	(8)	(35)	12	81	86
Tax and financial items	3	-	(24)	(12)	1	4	(20)	(8)
Cash flow from operating and investing activities (free cash flow)	89	82	6	(20)	(34)	16	61	78

Balance sheet	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2011	2010	2011	2010	2011	2010	2011	2010
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
ASSETS								
Goodwill	423	485	2,237	2,506	-	-	2,660	2,991
Development projects	105	128	754	731	-	-	859	859
Other intangible assets	50	66	210	254	26	5	286	325
Property, plant and equipment	23	27	225	225	210	219	458	471
Other non-current assets	161	235	607	761	(17)	(65)	751	931
Total non-current assets	762	941	4,033	4,477	219	159	5,014	5,577
Inventories	90	91	399	337	-	-	489	428
Trade receivables	285	288	781	738	7	23	1,073	1,049
Receivables from subsidiaries***	741	358	-	-	(741)	(358)	-	-
Other receivables	36	36	504	494	2,302	34	2,842	564
Cash and cash equivalents	23	51	191	134	-	24	214	209
Total current assets	1,175	824	1,875	1,703	1,568	(277)	4,618	2,250
Total assets	1,937	1,765	5,908	6,180	1,787	(118)	9,632	7,827
EQUITY AND LIABILITIES								
Equity	1,466	1,223	3,218	3,520	1,575	263	6,259	5,006
Bank loans	-	-	-	-	1,168	1,160	1,168	1,160
Other non-current liabilities	36	41	286	303	482	(128)	804	216
Total non-current liabilities	36	41	286	303	1,650	1,032	1,972	1,376
Bank loans	40	16	24	47	46	-	110	63
Trade payables	129	168	181	202	10	3	320	373
Amounts owed to subsidiaries***	-	-	1,556	1,454	(1,556)	(1,454)	-	-
Other current liabilities	266	317	643	654	62	38	971	1,009
Total current liabilities	435	501	2,404	2,357	(1,438)	(1,413)	1,401	1,445
Total equity and liabilities	1,937	1,765	5,908	6,180	1,787	(118)	9,632	7,827



Note 2 – Segment Disclosures (continued)

Additional information	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2 2011 (unaud.)	Q2 2010 (unaud.)	Q2 2011 (unaud.)	Q2 2010 (unaud.)	Q2 2011 (unaud.)	Q2 2010 (unaud.)	Q2 2011 (unaud.)	Q2 2010 (unaud.)
(DKK million)								
Revenue Distributed Geographically								
Europe	50%	44%	32%	33%	100%	100%	39%	37%
North America	36%	45%	44%	42%	0%	0%	41%	43%
Rest of world	14%	11%	24%	25%	0%	0%	20%	20%
Incurred development costs	(41)	(35)	(78)	(80)	-	-	(119)	(115)
Capitalized development costs	13	17	45	45	-	-	58	62
Amortization and depreciation of development costs**	(18)	(17)	(48)	(34)	-	-	(66)	(51)
Expensed development costs	(46)	(35)	(81)	(69)	-	-	(127)	(104)
EBITDA	75	61	94	86	-	2	169	149
Depreciation	(5)	(9)	(20)	(23)	(8)	(4)	(33)	(36)
EBITA	70	52	74	63	(8)	(2)	136	113
EBITA margin	13.9 %	10.5 %	8.9 %	8.0 %	NA	NA	10.2 %	8.8 %
Number of employees, end of period	~875	~825	~3.625	~3.525	~25	~25	~4.525	~4.375

* "Other" comprises Group Shared Services, 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.

***Net amount

Note 3 - Incentive Plans

There were a total of 221,298 outstanding share options (average strike price 27) at June 30, 2011, corresponding to 0.1% of the shares issued.

The total number of outstanding warrants in GN Netcom was 6,381 (1.9% of the number of shares). The total number of outstanding warrants in GN ReSound was 22,617 (3.7% of the number of shares).

Note 4 - Shareholdings

At August 11, 2011, members of the Board of Directors and the Executive Management, respectively, held 568,621 and 32,000 shares in GN.

At August 11, 2011, GN held 5,469,492 treasury shares, equivalent to 2.6% 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) has reported an ownership interest in excess of 10% of GN's share capital whereas Marathon Asset Management LLP has reported an ownership interest in excess of 5% of GN's share capital. Foreign ownership of GN is estimated at about 50%.