Interim Report Q2 2012

Market share gains and solid increase in profitability

Q2 2012 was yet another quarter where GN Store Nord continued to generate notable profitability improvements with continued topline growth and market share gains. GN Store Nord increased revenue by 14% compared to Q2 2011 and the organic growth came in at 5%. Consolidated EBITA was up by 36% to DKK 185 million excluding SMART restructuring costs.

GN ReSound generated 4% organic growth and thereby gained market share for the eighth consecutive quarter. Business fundamentals continue to improve and EBITA increased by 47% compared to Q2 2011 (excluding SMART restructuring costs). Late September, GN ReSound will launch a premium product family with breakthrough technology, including ear-to-ear connectivity and direct 2.4 GHz sound streaming. Based on the upcoming launch and the consistent market appreciation of ReSound Alera™, the higher end of the organic growth guidance for 2012 of "3 - 5%" is now considered most likely. In light of the current elevated macroeconomic uncertainty, the revenue guidance is unchanged. The GN ReSound EBITA guidance is adjusted from "DKK 525 - 575 million" to "DKK 540 - 575 million" reflecting mainly a favorable foreign exchange development as well as continued business improvements.

GN Netcom delivered 6% organic growth. CC&O grew 6% which reflects strong performance in North America where organic growth was around 20% driven by Unified Communications. In southern Europe, the debt crisis led to market weakness in the traditional CC&O segment. As a result the 2012 organic growth guidance for GN Netcom is adjusted to "around 7%" from "more than 9%" previously. The EBITA guidance for 2012 of "DKK 350 - 375 million" is confirmed despite lower than projected revenue growth, reflecting the significantly increased profitability in Mobile and the overall improved and scalable business model. In Q2 2012, EBITA was DKK 87 million - an improvement of 24%.

GN Store Nord's investment in exploratory research projects as announced in the Annual Report 2011 has indicated encouraging leads beyond what has previously been observed. A number of additional projects have been initiated, and the Board of Directors now expects to invest DKK 15-25 million during 2012 against the previously expected "up to DKK 15 million". The EBITA guidance for Other is consequently changed from "DKK (50) - (75) million" to "around DKK (75) million".

Quarterly highlights

- GN Store Nord's revenue was DKK 1,515 million compared to DKK 1,334 million in Q2 2011 corresponding to 14% revenue growth and 5% organic growth. Compared to Q2 2011, acquired activities added around 2% to the revenue.

- Consolidated EBITA was DKK 185 million (excluding SMART restructuring costs of DKK 52 million), up 36% from DKK 136 million in Q2 2011.

- GN ReSound revenue was DKK 943 million and organic growth ended at 4%. EBITA was DKK 109 million (excluding SMART restructuring costs), up 47% from DKK 74 million in Q2 2011.

- GN Netcom revenue was DKK 572 million reflecting organic growth of 6%. EBITA was DKK 87 million, an increase of 24% compared to the same period last year.

- GN ReSound's SMART restructuring program continues to progress as planned and the DKK 190 - 240 million EBITA improvement potential in 2013 is confirmed. As previously communicated, certain non-core and loss making entities are expected to be divested during the remainder of 2012. As a result of an expected divestment in Q3 2012, "gain/loss on disposal of operations" is negatively impacted by a DKK 20 million one-off, non-cash loss in Q2 2012. The group guidance for 2012 for "amortization, finance, etc." is consequently adjusted from "around DKK (50) million" to "around DKK (75) million".

- GN Store Nord's organic revenue growth guidance for 2012 is changed from "more than 5%" to "4 - 6%". The EBITA guidance is changed from "DKK 800 - 900 million" to "DKK 815 - 875 million" reflecting foreign exchange developments, improved performance in the operating businesses and additional exploratory research projects carried out by the Strategy Committee under the Board of Directors.

- The Board of Directors has decided to initiate a new DKK 400 million share buyback program upon conclusion of the current DKK 1.3 billion program reflecting the continued improvement of business fundamentals and performance as well as GN Store Nord's capital structure policy of having net interest bearing debt of up to a maximum of two times EBITDA.

UPDATED GUIDANCE 2012 (Assumes exchange rates as of August 1, 2012 prevail throughout the remainder of 2012)

DKK million	Organic revenue growth		EBITA*		Amortization, finance, etc.	
	Updated	Previous	**Updated**	Previous	**Updated**	Previous
GN ReSound	**3 - 5%**	3-5%	**540 - 575**	525 - 575		
GN Netcom	**Around 7%**	More than 9%	**350 - 375**	350 - 375		
Other			**Around (75)**	(50) - (75)		
GN Store Nord	**4 - 6%**	More than 5%	**815 - 875**	800 – 900	**Around (75)**	Around (50)

*Excluding SMART restructuring costs in GN ReSound

FINANCIAL OVERVIEW Q2 2012

	GN ReSound*		GN Netcom		Group total**	
DKK million	**Q2 2012**	**Q2 2011**	**Q2 2012**	**Q2 2011**	**Q2 2012**	**Q2 2011**
Revenue	943	827	572	503	1,515	1,334
Organic growth	4%	9%	6%	8%	5%	9%
Gross margin	61.7%	59.4%	55.4%	56.7%	59.3%	58.5%
EBITA	109	74	87	70	185	136
EBITA margin	11.6%	8.9%	15.2%	14.0%	12.2%	10.2%
Free cash flow excl. acquisitions	59	6	55	89	90	61

*) Excluding SMART restructuring costs of DKK 52 million in Q2 2012 **) Including "Other" and excluding SMART restructuring costs

GN ReSound

In Q2 2012, GN ReSound generated 4% organic growth and thereby continued to deliver solid growth and gain market share, in a market estimated to have grown around 1% in value. The second quarter of 2012 was the eighth consecutive quarter with market share gains and the revenue amounted to DKK 943 million corresponding to revenue growth of 14% compared to Q2 2011. Acquisitions and the development in foreign exchange rates contributed to revenue growth by approximately 3% and 7% respectively.

The primary growth driver continues to be ReSound Alera™ which has now been on the market for two years. ReSound Alera™ continues to leverage on the fact that it is the only hearing aid solution on the market utilizing the 2.4 GHz direct streaming technology, delivering true wireless features to the end users. The market place continues to show significant appreciation of both the connectivity features and the distinct Surround Sound by ReSound™ sound processing.

ReSound Vea™ is experiencing a good start since its launch late first quarter of 2012. GN ReSound's customers in the basic and budget segments can now benefit from the improved and natural basic sound quality that characterizes ReSound Vea™. In addition to strengthening GN ReSound's position in the basic and budget segments, ReSound Vea™ is substituting a number of older low-end product families and thereby improving the ASP and cost structure in these segments.

In North America, the revenue growth continues at a solid level despite a challenging comparison base. The APAC and Rest of World regions also performed very well in the second quarter of 2012 among others driven by Japan, GN ReSound's second largest market.

In Europe, France generated double-digit organic growth reflecting encouraging impact from structural changes in the organization. In line with Q1 2012, Germany continued to generate positive organic growth in Q2 2012. Europe as a whole was, however, negatively impacted by significant market weakness in Switzerland and general market weakness in certain southern European countries.

In late July 2012, GN ReSound announced that it is selling its 38 retail stores in India to Amplifon and thereby strengthened the strategic partnership with the largest retail chain in the world. As part of the agreement, GN ReSound will continue to deliver hearing solutions to Amplifon in India.

Fueled by recent product launches, GN Otometrics also continued to gain market shares in Q2 2012, and the division posted organic growth of 5%.

Founded in the improved business fundamentals, the profitability of GN ReSound developed positively in the quarter. The EBITA margin increased both sequentially and compared to Q2 2011. The EBITA margin came in at 11.6% (excluding SMART restructuring costs), the best Q2 EBITA margin in five years. EBITA was DKK 109 million, an improvement of 47% compared to the same period last year.

Free cash flow excluding acquisitions amounted to DKK 59 million in the quarter, up DKK 53 million compared to Q2 2011.

Inventories were at DKK 426 million by the end of June 2012 corresponding to a sequential decrease of DKK 22 million or 5%. As previously communicated, the inventory levels are expected to improve further as the SMART program progresses.

SMART restructuring costs amounted to DKK 52 million in Q2 2012, of which DKK 19 million are recorded as production costs and the remaining DKK 33 million are recorded as operating expenses. As previously communicated, the benefits from the SMART program will start materializing in the second half of 2012, and the targeted EBITA improvement of DKK 50 million in 2012 and DKK 190-240 million in 2013 compared to 2011 are confirmed.

Based on the continued solid revenue growth, it is now considered most likely that organic growth for 2012 will end in the high end of the "3 - 5%" guidance. In light of the current elevated macroeconomic uncertainty, the revenue guidance is unchanged. The acquisitive growth is expected to be in the range of 0 - 1% for the remainder of 2012 reflecting the announced acquisitions conducted by the end of Q3 2011 which is partly offset by the divestment of Indian retail stores and other expected divestments of non-core and loss making entities during second half of 2012.

The EBITA guidance for 2012 is adjusted from "DKK 525 - 575 million" to "DKK 540 - 575 million" reflecting mainly a favorable foreign exchange development as well as continued business improvements.

Markets and products

GN ReSound regained technology leadership in 2010 by launching ReSound Alera™, a product with superior connectivity and direct streaming of sound utilizing 2.4 GHz technology, which has established itself as the state of the art technology for wireless communication in the industry. On June 11, 2012 Apple announced that their next operating system for iPhone (iOS 6) will feature integration with "made-for-iPhone" hearing aids. Other smartphone manufacturers have also started activities in this field. These developments represent exciting opportunities for GN ReSound, currently being the only manufacturer utilizing the 2.4 GHz technology for direct connectivity and wireless streaming of sound.

During late September 2012, GN ReSound will launch a new full product family which as the first hearing solution ever will enable end users to enjoy the benefits of both ear-to-ear connectivity and real direct 2.4 GHz streaming of sound in a combination with enhanced Surround Sound by ReSound™ sound processing.

In the second quarter of 2012, the market unit growth is estimated to just above 2%, which is lower than the historic growth trend. Although the growth continues to display resiliency to the macroeconomic development in many markets, certain markets in southern Europe were weak while Switzerland was severely impacted by changes in the reimbursement system.

The hearing aid market continued to experience pricing pressure in the second quarter of 2012, predominantly related to fierce competition in tender markets. The price decline is estimated to be in the ballpark of 1 - 2% compared to the same quarter last year.

Other business highlights

The SMART program progresses as planned with significant headway across all levers. As the program progresses, additional profit improvement potential is being uncovered. If these additional opportunities prove to be attractive business cases, which will be pursued they may result in additional restructuring costs in 2012.

GN Netcom

In Q2 2012, GN Netcom's revenue increased by 14% compared to Q2 2011 driven by 6% organic growth, exceeding the organic growth of our main competitors for the fifth consecutive quarter. Tailwind from the foreign exchange development increased revenue by 8%, primarily due to the appreciation of USD against DKK.

The global demand for Unified Communications headsets continue to increase with notable growth in North America. GN Netcom achieved accelerated sequential growth in Unified Communications revenue and Microsoft reported "more than 45%" growth in Microsoft Lync in Q2 2012. Active Lync telephony users grew 250% in Microsoft's fiscal year 2012 and 70% of all Fortune 500 companies are using Lync to some extent by June 2012. Although the growth in Microsoft Lync cannot be converted directly to growth in headsets, it is seen as a good indicator for the future development within the Unified Communications space.

In the North American market, CC&O revenue grew around 20% organically and excluding our direct market business (Hello Direct Inc.), the revenue increased by 32% organically driven by a number of important Unified Communication deals with customers such as Cardinal Health, HP Vancouver and Chevron. Cardinal Health chose Jabra headsets for their Unified Communications solution which is deployed by more than 30,000 employees. GN Netcom will provide a broad range of different products to Cardinal Health, including the Jabra UC VOICE series, the Jabra SPEAK 410 speakerphone and Jabra PRO wireless headsets.

On the European market, GN Netcom also performed very well within Unified Communications driven by important projects in northern Europe with among others, Gunnebo and If Forsikring. Gunnebo chose Jabra UC VOICE headsets and Jabra SPEAK 410 for their Unified Communications solution to more than 5,500 employees. The debt crisis in southern Europe impacted demand for traditional CC&O headsets significantly in southern Europe but also to some extent in other markets in central and northern Europe.

The Mobile division contributed positively to the overall growth as the division generated 7% organic growth in Q2 2012 (12% when excluding OEM business). The growth was driven by Europe and APAC, positively impacted by the structural change in the market where retailers continued to a larger degree to choose independent headset brands instead of handset brands.

Profitability in GN Netcom improved considerably in the second quarter of 2012 compared to the same period last year reflecting attractive operating leverage as well as continued improved profitability in Mobile. The gross margin decreased as expected by around 1%-point in the quarter as Unified Communications comprised a larger part of the revenue but the favorable leverage effect on the operating cost base resulted in an improvement of the EBITA margin of 1.2%-point to 15.2%.

EBITA increased by 24% compared to Q2 2011 from DKK 70 million to DKK 87 million with operating expenses of DKK 230 million in Q2 2012 compared to DKK 215 million in Q2 2011. The increase in operating expenses is primarily a result of the development in foreign exchange rates as the operating expenses in fixed rates were close to flat.

GN Netcom continues to generate attractive cash flow and the free cash flow for the quarter ended at DKK 55 million - despite a negative impact from an expected increase in inventories in order to fulfill the increasing demand from customers.

The strong growth in Unified Communications is expected to continue throughout 2012 primarily driven by the growth in North America and APAC. The debt crisis in southern Europe has had significant impact on the traditional headset business and GN Netcom's organic growth rate in the CC&O division is consequently expected to amount to around 6% in 2012. The organic growth guidance for GN Netcom overall is adjusted to "around 7%" from previously "more than 9%". While the debt crisis in southern Europe is impacting the CC&O growth in 2012, the Unified Communications opportunity remains unchanged.

The EBITA guidance for 2012 of "DKK 350 - 375 million" is confirmed reflecting the improved and scalable business model despite lower than projected growth. The increase in profitability is a result of attractive operating leverage in GN Netcom and significantly increased profitability in the Mobile division. Margins on high end Mobile headsets are approaching the margins on low end CC&O headsets.

Markets and products

The underlying structural growth prospects remain favorable on the markets where GN Netcom operates, primarily due to the accelerating demand for Unified Communications headsets. Revenue from Unified Communications headsets grew significantly in Q2 2012 compared to last year despite the debt crisis in southern Europe.

The demand for traditional CC&O headsets in the US and Rest of the World was in line with historic growth trends, but the demand in southern Europe was weak in Q2 2012. The overall CC&O market is still expected to grow at an average annual growth rate (CAGR) in the period from 2011 until 2015 of around 16 - 19%.

Group activities and others

Capital structure

Acting under its share buyback authorization, the GN Store Nord Board of Directors initiated a share buyback program of DKK 1.3 billion on January 13, 2012 with the purpose of reducing the company's share capital. Shares for an amount of DKK 595 million were repurchased in Q2 2012 and as of June 30, 2012, shares for a total amount of DKK 1,108 million had been repurchased under the program. The share buyback program is expected to be concluded during August 2012. At the Annual General Meeting in March 2013, the Board of Directors will propose to cancel the shares repurchased and thereby reduce the outstanding share capital.

The Board of Directors has decided to initiate a new DKK 400 million share buyback program upon conclusion of the current program. The purpose of the program is to reduce the company's share capital. The decision reflects the continued improvement of business fundamentals and performance in both business areas as well as GN Store Nord's capital structure policy of having net interest bearing debt of up to a maximum of two times EBITDA.

At the Annual General Meeting held on March 22, 2012, the shareholders voted to reduce the company's share capital from DKK 833,441,052 to DKK 774,788,232 by cancelling shares with a nominal value of DKK 58,652,820 (14,663,205 treasury shares of DKK 4 each). The cancellation of the shares, which corresponded to 7% of the share capital, took place on April 23, 2012.

Claim against the German Federal Cartel Office concerning prohibition of the sale of GN ReSound to Sonova

On April 20, 2010, GN Store Nord received 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 Store Nord and its shareholders in connection with the unlawful prohibition, GN Store Nord filed a claim of EUR 1.1 billion (approximately DKK 8.2 billion) on December 22, 2010 with the district court in Bonn, Germany.

On April 2, 2012, GN Store Nord was notified that the District Court of Bonn had referred the case to the District Court of Cologne and the civil law chamber in the District Court of Cologne has ordered the first hearing to take place on October 9, 2012.

Foreign exchange exposure

GN Store Nord is exposed to the development in foreign exchange rates, predominantly DKK/USD. In Q2 2012, the development in foreign exchange rates increased revenue with around 7% compared to Q2 2011, primarily due the appreciation of USD against DKK. The effect on EBITA in Q2 from the development in foreign exchange rates is estimated to be positive in the range of DKK 4 - 6 million compared to Q2 2011, net of hedging.

For the current revenue and cost composition, the annual impact on EBITA from a 5% increase in DKK/USD is estimated to be DKK 15 - 20 million when assuming an unchanged USD/CNY and excluding any impact from the hedging of the foreign exchange exposure. GN Store Nord hedges half of its exposure on EBITA level meaning that the annual impact on EBITA from a 5% increase in DKK/USD is estimated to be in the range of DKK 8 - 10 million net of hedging. The impact is primarily related to GN ReSound as GN Netcom generally is relatively neutral to changes in foreign exchange rates.

2012 guidance assumptions

The guidance for 2012 is based on the assumption that the exchange rates as of August 1, 2012, including a DKK/USD of around 6.05, continue to prevail throughout 2012, which implies an average full year DKK/USD of around 5.90. Additionally, the guidance is based on the assumption that the development in the macroeconomic environment will not have further material negative impact on the markets in which GN Store Nord operates. The elevated level of macroeconomic instability results in higher than usual uncertainty in the financial guidance.

Financial calendar for 2012

Q3/2012 ....November 15, 2012

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, 2012.

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, 2012 and of the results of the Group's operations and cash flows for the period April 1 - June 30, 2012.

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 9, 2012

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

Morten Andersen

Executive Management

Mogens Elsberg
CEO, GN Netcom

Lars Viksmoen
CEO, GN ReSound

Anders Boyer
CFO, GN Store Nord & GN ReSound

Contents of the Q2 2012 interim financial statements

Consolidated financial highlights*

(DKK million)	Q2 2012 (unaud.)	Q2 2011 (unaud.)	YTD 2012 (unaud.)	YTD 2011 (unaud.)	Total 2011 (aud.)
Income statement					
Revenue	1,515	1,334	2,993	2,632	5,564
Organic growth	5 %	9 %	7 %	8 %	9 %
Operating profit (loss)	126	125	270	217	1,256
Financial items, net	(11)	48	(20)	32	(28)
Profit (loss) for the period	66	127	164	181	865
Development costs incurred	(132)	(119)	(260)	(242)	(501)
EBITDA	163	169	342	300	1,475
EBITA	133	136	283	233	1,284
Balance sheet					
Share capital	775	833	775	833	833
Equity	5,963	6,259	5,963	6,259	6,878
Total assets	8,669	9,632	8,669	9,632	11,181
Net working capital	979	3,317	979	3,317	4,120
Net interest-bearing debt	(562)	1,064	(562)	1,064	1,269
Cash flow					
Cash flow from operating activities	202	155	3,299	213	702
Cash flow from investing activities	(127)	(94)	(263)	(179)	(486)
Hereof:					
Development projects	(75)	(58)	(142)	(118)	(265)
Investments in property, plant and equipment	(14)	(24)	(36)	(38)	(82)
Acquisitions	(15)	-	(42)	-	(82)
Total cash flow from operating and investing activities (free cash flow)	75	61	3,036	34	216
Restructuring/non-recurring costs					
Restructuring/non-recurring costs recognized in income statement	52	-	67	-	-
Restructuring/non-recurring costs, paid	20	-	31	-	2
Key ratios					
Gross profit margin	58.1 %	58.5 %	58.6 %	59.0 %	59.2 %
EBITA margin	8.8 %	10.2 %	9.5 %	8.9 %	23.1 %
Return on invested capital including goodwill (ROIC including goodwill)**	21.1 %	42.0 %	21.1 %	42.0 %	16.5 %
Return on equity**	13.9 %	33.8 %	13.9 %	33.8 %	12.9 %
Equity ratio	68.8 %	65.0 %	68.8 %	65.0 %	61.5 %
Net interest-bearing debt/EBITDA**	0.2	0.4	0.2	0.4	0.8
Key ratios per share					
Earnings per share, basic (EPS)	0.37	0.63	0.89	0.89	4.31
Earnings per share, fully diluted (EPS diluted)	0.36	0.62	0.88	0.88	4.27
Cash flow from operating activities per share	1.11	0.76	17.68	1.04	3.46
Cash flow from operating and investing activities per share	0.41	0.30	16.27	0.17	1.07
Share price at the end of the period	71	50	71	50	48
Other					
Number of employees, end of period	~4.725	~4.525	~4.725	~4.525	~4.675
Outstanding shares, end of period	176,059	202,891	176,059	202,891	192,974
Average number of outstanding shares, fully diluted	181,938	204,706	186,574	204,914	202,604
Market capitalization	12,500	10,145	12,500	10,145	9,263

*Based on key ratio definitions from the annual report 2011 except for market capitalization which is calculated using outstanding shares and share price at the end of the period instead of using an average for the period.
**ROIC, ROE and NIBD/EBITDA are calculated based on EBITA, net profit and EBITDA, respectively for the latest four quarters.

Quarterly reporting by segment

(DKK million)	Q1 2011 (unaud.)	Q2 2011 (unaud.)	Q3 2011 (unaud.)	Q4 2011 (unaud.)	Q1 2012 (unaud.)	Q2 2012 (unaud.)	2011 YTD (unaud.)	2012 YTD (unaud.)
Income statement								
Revenue								
GN Netcom	476	503	516	611	564	572	979	1,136
GN ReSound	820	827	841	962	914	943	1,647	1,857
Other *	2	4	2	-	-	-	6	-
Total	**1,298**	**1,334**	**1,359**	**1,573**	**1,478**	**1,515**	**2,632**	**2,993**
Organic growth								
GN Netcom	5 %	8 %	19 %	5 %	16 %	6 %	6 %	11 %
GN ReSound	9 %	9 %	9 %	8 %	6 %	4 %	9 %	5 %
Total	**7 %**	**9 %**	**12 %**	**7 %**	**9 %**	**5 %**	**8 %**	**7 %**
Gross profit margin								
GN Netcom	58.4%	56.7%	55.2%	55.6%	55.3%	55.4%	57.5%	55.4%
GN ReSound	60.2%	59.4%	61.3%	62.3%	61.5%	59.7%	59.8%	60.6%
Total	**59.6%**	**58.5%**	**59.0%**	**59.7%**	**59.1%**	**58.1%**	**59.0%**	**58.6%**
Expensed development costs**								
GN Netcom	(40)	(46)	(46)	(60)	(46)	(42)	(86)	(88)
GN ReSound	(85)	(81)	(74)	(78)	(89)	(87)	(166)	(176)
Total	**(125)**	**(127)**	**(120)**	**(138)**	**(135)**	**(129)**	**(252)**	**(264)**
Selling and distribution costs and administrative expenses etc.**								
GN Netcom	(182)	(169)	(165)	(170)	(180)	(188)	(351)	(368)
GN ReSound	(357)	(336)	(334)	(328)	(396)	(419)	(693)	(815)
Other *	(13)	(12)	(10)	575	(13)	(11)	(25)	(24)
Total	**(552)**	**(517)**	**(509)**	**77**	**(589)**	**(618)**	**(1,069)**	**(1,207)**
EBITA								
GN Netcom	56	70	74	110	86	87	126	173
GN ReSound	52	74	107	193	77	57	126	134
Other *	(11)	(8)	(8)	575	(13)	(11)	(19)	(24)
Total	**97**	**136**	**173**	**878**	**150**	**133**	**233**	**283**
EBITA margin								
GN Netcom	11.8 %	14.0 %	14.3 %	18.0 %	15.2 %	15.2 %	12.9 %	15.2 %
GN ReSound	6.3 %	8.9 %	12.7 %	20.1 %	8.4 %	6.0 %	7.7 %	7.2 %
Total	**7.5 %**	**10.2 %**	**12.7 %**	**55.8 %**	**10.1 %**	**8.8 %**	**8.9 %**	**9.5 %**
Depreciation								
GN Netcom	(5)	(5)	(5)	(5)	(4)	(4)	(10)	(8)
GN ReSound	(21)	(20)	(20)	(20)	(22)	(23)	(41)	(45)
Other *	(8)	(8)	(5)	(69)	(3)	(3)	(16)	(6)
Total	**(34)**	**(33)**	**(30)**	**(94)**	**(29)**	**(30)**	**(67)**	**(59)**
EBITDA								
GN Netcom	61	75	79	115	90	91	136	181
GN ReSound	73	94	127	213	99	80	167	179
Other *	(3)	-	(3)	644	(10)	(8)	(3)	(18)
Total	**131**	**169**	**203**	**972**	**179**	**163**	**300**	**342**
EBITA	**97**	**136**	**173**	**878**	**150**	**133**	**233**	**283**
Amortization of other intangible assets acquired in business combinations	(5)	(11)	(6)	(6)	(6)	(7)	(16)	(13)
Operating profit (loss)	**92**	**125**	**167**	**872**	**144**	**126**	**217**	**270**
Gains (losses) on disposal of operations	-	2	(15)	4	-	(20)	2	(20)
Share of profit (loss) in associates	-	-	4	2	-	-	-	-
Financial items, net	(16)	48	6	(66)	(9)	(11)	32	(20)
Profit (loss) before tax	**76**	**175**	**162**	**812**	**135**	**95**	**251**	**230**
Tax on profit (loss)	(22)	(48)	(44)	(246)	(37)	(29)	(70)	(66)
Profit (loss)	**54**	**127**	**118**	**566**	**98**	**66**	**181**	**164**
Balance sheet								
Development projects								
GN Netcom	110	105	99	87	79	81	105	81
GN ReSound	755	754	765	777	780	778	754	778
Total	**865**	**859**	**864**	**864**	**859**	**859**	**859**	**859**
Inventories								
GN Netcom	105	90	79	95	87	105	90	105
GN ReSound	404	399	451	454	448	426	399	426
Total	**509**	**489**	**530**	**549**	**535**	**531**	**489**	**531**
Trade receivables								
GN Netcom	263	285	321	351	339	354	285	354
GN ReSound	788	781	807	904	857	876	781	876
Other *	7	7	6	14	10	3	7	3
Total	**1,058**	**1,073**	**1,134**	**1,269**	**1,206**	**1,233**	**1,073**	**1,233**
Net working capital								
GN Netcom	97	84	67	77	73	95	84	95
GN ReSound	950	959	1,013	1,067	1,213	918	959	918
Other *	2,194	2,274	2,270	2,976	(49)	(34)	2,274	(34)
Total	**3,241**	**3,317**	**3,350**	**4,120**	**1,237**	**979**	**3,317**	**979**
Cash flow								
Free cash flow excl. company acquisitions								
GN Netcom	45	89	106	118	92	55	134	147
GN ReSound	(65)	6	(8)	149	(94)	59	(59)	(35)
Other *	(7)	(34)	(16)	(85)	2,990	(24)	(41)	2,966
Total	**(27)**	**61**	**82**	**182**	**2,988**	**90**	**34**	**3,078**
Company acquisitions	**-**	**-**	**(6)**	**(76)**	**(27)**	**(15)**	**-**	**(42)**
Free cash flow	**(27)**	**61**	**76**	**106**	**2,961**	**75**	**34**	**3,036**

* "Other" comprises Group Shared Services, the Telegraph Company, GN Ejendomme and eliminations.
** Does not include share of amortization of other intangible assets acquired in business combinations, cf. the definition of EBITA.

Income statement

Consolidated

(DKK million)	Q2 2012 (unaud.)	Q2 2011 (unaud.)	YTD 2012 (unaud.)	YTD 2011 (unaud.)	Full year 2011 (aud.)
Revenue	1,515	1,334	2,993	2,632	5,564
Production costs	(635)	(554)	(1,239)	(1,078)	(2,269)
Gross profit	**880**	**780**	**1,754**	**1,554**	**3,295**
Development costs	(131)	(129)	(267)	(256)	(517)
Selling and distribution costs	(486)	(420)	(953)	(836)	(1,657)
Management and administrative expenses	(135)	(107)	(262)	(250)	(608)
Other operating income and costs, net	(2)	1	(2)	5	12
Award from the arbitration case against TPSA	-	-	-	-	731
Operating profit (loss)	**126**	**125**	**270**	**217**	**1,256**
Gains (losses) on disposal of operations	(20)	2	(20)	2	(9)
Share of profit (loss) in associates	-	-	-	-	6
Financial income	11	83	27	97	178
Financial expenses	(22)	(35)	(47)	(65)	(206)
Profit (loss) before tax	**95**	**175**	**230**	**251**	**1,225**
Tax on profit (loss)	(29)	(48)	(66)	(70)	(360)
Profit (loss) for the period	**66**	**127**	**164**	**181**	**865**
Earnings per share (EPS)					
Earnings per share (EPS)	0.37	0.63	0.89	0.89	4.31
Earnings per share, fully diluted (EPS diluted)	0.36	0.62	0.88	0.88	4.27
EBITA	**133**	**136**	**283**	**233**	**1,284**
Amortization of other intangible assets acquired in company acquisitions	(7)	(11)	(13)	(16)	(28)
Operating profit (loss)	**126**	**125**	**270**	**217**	**1,256**

Statement of comprehensive income

Consolidated

(DKK million)	Q2 2012 (unaud.)	Q2 2011 (unaud.)	YTD 2012 (unaud.)	YTD 2011 (unaud.)	Full year 2011 (aud.)
Profit (loss) for the period	**66**	**127**	**164**	**181**	**865**
Other comprehensive income					
Actuarial gains (losses)	-	-	-	-	(44)
Adjustment of cash flow hedges	(7)	(7)	4	(2)	(16)
Foreign exchange adjustments, etc.	229	(51)	109	(297)	90
Tax relating to other comprehensive income	2	3	(1)	3	7
Other comprehensive income for the period, net of tax	**224**	**(55)**	**112**	**(296)**	**37**
Total comprehensive income for the period	**290**	**72**	**276**	**(115)**	**902**

Balance sheet

Consolidated

(DKK million)	June 30 2012 (unaud.)	March 31 2012 (unaud.)	Dec. 31 2011 (aud.)	June 30 2011 (unaud.)
Assets				
Intangible assets	4,322	4,164	4,248	3,805
Property, plant and equipment	254	258	262	458
Deferred tax assets	595	568	569	564
Other non-current assets	639	176	193	187
Total non-current assets	**5,810**	**5,166**	**5,272**	**5,014**
Inventories	531	535	549	489
Trade receivables	1,233	1,206	1,269	1,073
Tax receivable	43	44	13	39
Other receivables	248	603	3,695	2,803
Cash and cash equivalents	650	1,172	229	214
Total current assets	**2,705**	**3,560**	**5,755**	**4,618**
Assets classified as held for sale	**154**	**154**	**154**	-
Total assets	**8,669**	**8,880**	**11,181**	**9,632**
Equity and liabilities				
Equity	**5,963**	**6,264**	**6,878**	**6,259**
Bank loans	-	-	1,374	1,168
Pension obligations	110	105	110	67
Provisions	105	112	130	94
Deferred tax liabilities	577	695	825	596
Other non-current liabilities	225	59	59	47
Total non-current liabilities	**1,017**	**971**	**2,498**	**1,972**
Bank loans	88	91	124	110
Trade payables	389	380	486	320
Tax payable	325	208	36	49
Provisions	250	245	260	200
Other payables	637	721	899	722
Total current liabilities	**1,689**	**1,645**	**1,805**	**1,401**
Total equity and liabilities	**8,669**	**8,880**	**11,181**	**9,632**

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, 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**
Profit (loss) for the period	-	-	-	-	-	-	684	684
Actuarial gains (losses)	-	-	-	-	-	-	(44)	(44)
Adjustment of cash flow hedges	-	-	-	(14)	-	-	-	(14)
Foreign exchange adjustments, etc.	-	-	387	-	-	-	-	387
Tax relating to other comprehensive income	-	-	(14)	6	-	-	12	4
Total comprehensive income for the period	-	-	373	(8)	-	-	652	1,017
Proposed dividends for the year	-	-	-	-	-	57	(57)	-
Share-based payment (granted)	-	-	-	-	-	-	6	6
Share based payment (exercised)	-	(7)	-	-	11	-	-	4
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(408)	-	-	(408)
Balance at December 31, 2011	**833**	**3,054**	**(1,486)**	**(8)**	**(654)**	**57**	**5,082**	**6,878**
Profit (loss) for the period	-	-	-	-	-	-	164	164
Adjustment of cash flow hedges	-	-	-	4	-	-	-	4
Foreign exchange adjustments, etc.	-	-	109	-	-	-	-	109
Tax relating to other comprehensive income	-	-	(1)	-	-	-	-	(1)
Total comprehensive income for the period	-	-	108	4	-	-	164	276
Reduction of the share capital	(58)	(565)	-	-	623	-	-	-
Share-based payment (granted)	-	-	-	-	-	-	5	5
Share-based payment (exercised)	-	(6)	-	-	29	-	-	23
Purchase/sale of treasury shares and other equity instruments	-	-	-	-	(1,169)	-	-	(1,169)
Paid dividends	-	-	-	-	-	(50)	-	(50)
Dividends, treasury shares	-	-	-	-	-	(7)	7	-
Balance at June 30, 2012	**775**	**2,483**	**(1,378)**	**(4)**	**(1,171)**	**-**	**5,258**	**5,963**

Cash flow statement

Consolidated

(DKK million)	Q2 2012 (unaud.)	Q2 2011 (unaud.)	YTD 2012 (unaud.)	YTD 2011 (unaud.)	Full year 2011 (aud.)
Operating activities					
Operating profit (loss)	126	125	270	217	1,256
Depreciation, amortization and impairment	105	106	213	205	484
Other adjustments	21	(15)	(1)	(32)	(735)
Cash flow from operating activities before changes in working capital	**252**	**216**	**482**	**390**	**1,005**
Changes in working capital and restructuring/non-recurring costs, paid	(15)	(41)	2,917	(144)	(208)
Cash flow from operating activities before financial items and tax	**237**	**175**	**3,399**	**246**	**797**
Financial items, net	(7)	(7)	(43)	(18)	(72)
Tax paid, net	(28)	(13)	(57)	(15)	(23)
Cash flow from operating activities	**202**	**155**	**3,299**	**213**	**702**
Investing activities					
Investments in intangible assets, net	(92)	(69)	(177)	(140)	(318)
Investments in property, plant and equipment, net	(14)	(25)	(36)	(38)	(68)
Investments in other non-current assets, net	(6)	(1)	(8)	(2)	(19)
Company acquisitions	(15)	-	(42)	-	(82)
Company disposals	-	1	-	1	1
Cash flow from investing activities	**(127)**	**(94)**	**(263)**	**(179)**	**(486)**
Cash flow from operating and investing activities (free cash flow)	**75**	**61**	**3,036**	**34**	**216**
Financing activities					
Paid dividends	-	-	(50)	(39)	(39)
Share-based payment (exercised)	1	2	23	133	137
Purchase/sale of treasury shares and other equity instruments	(595)	-	(1,169)	(233)	(641)
Increase/decrease in bank loans and other adjustments	(7)	(16)	(1,420)	165	396
Cash flow from financing activities	**(601)**	**(14)**	**(2,616)**	**26**	**(147)**
Net cash flow	**(526)**	**47**	**420**	**60**	**69**
Cash and cash equivalents beginning of period	1,172	166	229	157	157
Adjustment foreign currency, cash and cash equivalents	4	1	1	(3)	3
Cash and cash equivalents, end of period	650	214	650	214	229

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, 2012, 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 2011. The new or revised Standards and Interpretations did not affect recognition and measurement materially or result in any material changes to disclosures in the notes.

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Note 2 – Segment disclosures

Income statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2012	2011	2012	2011	2012	2011	2012	2011
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Revenue	**572**	**503**	**943**	**827**	**-**	**4**	**1,515**	**1,334**
Production costs	(255)	(218)	(380)	(336)	-	-	(635)	(554)
Gross profit	**317**	**285**	**563**	**491**	**-**	**4**	**880**	**780**
Expensed development costs**	(42)	(46)	(87)	(81)	-	-	(129)	(127)
Selling and distribution costs**	(157)	(140)	(324)	(271)	-	-	(481)	(411)
Management and administrative expenses	(31)	(30)	(93)	(65)	(11)	(12)	(135)	(107)
Other operating income	-	1	(2)	-	-	-	(2)	1
EBITA	**87**	**70**	**57**	**74**	**(11)**	**(8)**	**133**	**136**
Amortization of other intangible assets acquired in business combinations	(2)	(2)	(5)	(9)	-	-	(7)	(11)
Operating profit (loss)	**85**	**68**	**52**	**65**	**(11)**	**(8)**	**126**	**125**
Gains (losses) on disposal of operations	-	-	(20)	2	-	-	(20)	2
Financial items	(2)	6	(13)	(19)	4	61	(11)	48
Profit (loss) before tax	**83**	**74**	**19**	**48**	**(7)**	**53**	**95**	**175**
Tax on profit (loss)	(22)	(23)	(6)	(14)	(1)	(11)	(29)	(48)
Profit (loss)	**61**	**51**	**13**	**34**	**(8)**	**42**	**66**	**127**

Cash flow statement	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2012	2011	2012	2011	2012	2011	2012	2011
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Operating activities before changes in working capital	108	88	152	135	(8)	(7)	252	216
Cash flow from changes in working capital and restructuring/non-recurring costs paid	(23)	16	24	(32)	(16)	(25)	(15)	(41)
Cash flow from operating activities before financial items and tax	**85**	**104**	**176**	**103**	**(24)**	**(32)**	**237**	**175**
Cash flow from investing activities	(29)	(18)	(94)	(73)	(4)	(3)	(127)	(94)
Cash flow from operating and investing activities before financial items and tax	**56**	**86**	**82**	**30**	**(28)**	**(35)**	**110**	**81**
Tax and financial items	(1)	3	(38)	(24)	4	1	(35)	(20)
Cash flow from operating and investing activities (free cash flow)	**55**	**89**	**44**	**6**	**(24)**	**(34)**	**75**	**61**

Balance sheet	GN Netcom		GN ReSound		Other*		Consolidated total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2012	2011	2012	2011	2012	2011	2012	2011
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
ASSETS								
Goodwill	477	423	2,637	2,237	-	-	3,114	2,660
Development projects	81	105	778	754	-	-	859	859
Other intangible assets	61	50	240	210	48	26	349	286
Property, plant and equipment	23	23	226	225	5	210	254	458
Other non-current assets	132	161	1,111	607	(9)	(17)	1,234	751
Total non-current assets	**774**	**762**	**4,992**	**4,033**	**44**	**219**	**5,810**	**5,014**
Inventories	105	90	426	399	-	-	531	489
Trade receivables	354	285	876	781	3	7	1,233	1,073
Receivables from subsidiaries***	1,086	741	-	-	(1,086)	(741)	-	-
Other receivables	35	36	232	504	24	2,302	291	2,842
Cash and cash equivalents	28	23	79	191	543	-	650	214
Total current assets	**1,608**	**1,175**	**1,613**	**1,875**	**(516)**	**1,568**	**2,705**	**4,618**
Assets classified as held for sale	**-**	**-**	**-**	**-**	**154**	**-**	**154**	**-**
Total assets	**2,382**	**1,937**	**6,605**	**5,908**	**(318)**	**1,787**	**8,669**	**9,632**
EQUITY AND LIABILITIES								
Equity	**1,771**	**1,466**	**3,814**	**3,218**	**378**	**1,575**	**5,963**	**6,259**
Bank loans	-	-	-	-	-	1,168	-	1,168
Other non-current liabilities	22	36	563	286	432	482	1,017	804
Total non-current liabilities	**22**	**36**	**563**	**286**	**432**	**1,650**	**1,017**	**1,972**
Bank loans	40	40	48	24	-	46	88	110
Trade payables	181	129	199	181	9	10	389	320
Amounts owed to subsidiaries***	-	-	1,411	1,556	(1,411)	(1,556)	-	-
Other current liabilities	368	266	570	643	274	62	1,212	971
Total current liabilities	**589**	**435**	**2,228**	**2,404**	**(1,128)**	**(1,438)**	**1,689**	**1,401**
Total equity and liabilities	**2,382**	**1,937**	**6,605**	**5,908**	**(318)**	**1,787**	**8,669**	**9,632**

Note 2 – Segment disclosures (continued)

Additional information	**GN Netcom**		**GN ReSound**		**Other***		**Consolidated total**	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	2012	2011	2012	2011	2012	2011	2012	2011
(DKK million)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)	(unaud.)
Revenue Distributed Geographically								
Europe	46%	50%	29%	32%	0%	100%	35%	39%
North America	37%	36%	45%	44%	0%	0%	42%	41%
Rest of world	17%	14%	26%	24%	0%	0%	23%	20%
Incurred development costs	(43)	(41)	(89)	(78)	-	-	(132)	(119)
Capitalized development costs	20	13	55	45	-	-	75	58
Amortization and depreciation of development costs**	(19)	(18)	(53)	(48)	-	-	(72)	(66)
Expensed development costs	**(42)**	**(46)**	**(87)**	**(81)**	**-**	**-**	**(129)**	**(127)**
EBITDA	91	75	80	94	(8)	-	163	169
Depreciation	(4)	(5)	(23)	(20)	(3)	(8)	(30)	(33)
EBITA	**87**	**70**	**57**	**74**	**(11)**	**(8)**	**133**	**136**
EBITA margin	15.2 %	13.9 %	6.0 %	8.9 %	NA	NA	8.8 %	10.2 %
Number of employees, end of period	~900	~875	~3.800	~3.625	~25	~25	~4.725	~4.525

* "Other" comprises Group Shared Services, the Telegraph Company, GN Ejendomme and eliminations.
**Does not include share of amortization of other intangible assets acquired in business combinations, cf. the definition of EBITA.
***Net amount

Note 3 – Incentive plans

There were a total of 27,000 outstanding share options (average strike price 14) at June 30, 2012, corresponding to 0.0% of the shares issued.

The total number of outstanding warrants in GN Netcom was 7,930 (2.4% of the shares issued in GN Netcom). The total number of outstanding warrants in GN ReSound was 18,327 (3.0% of the shares issued in GN ReSound).

Note 4 – Shareholdings

At August 9, 2012, members of the Board of Directors and the Executive Management, respectively, held 569,711 and 37,000 shares in GN.

At August 9, 2012, GN held 19,721,038 treasury shares, equivalent to 10.2% of the 193,697,058 shares issued. At the Annual General Meeting on March 22, 2012, it was decided to reduce the company's nominal share capital from DKK 833,441,052 to nominally DKK 774,788,232 by cancelling part of the company's treasury shares at a nominal value of DKK 58,652,820 divided into 14,663,205 shares of DKK 4 each. The reduction was conducted on April 23, 2012.

The GN stock is 100% free float and the company has no dominant shareholders. Marathon Asset Management LLP and ATP (the Danish Labor Market Supplementary Pension Fund) have both reported an ownership interest in excess of 5% of GN's share capital. Foreign ownership of GN is estimated at about 50%.