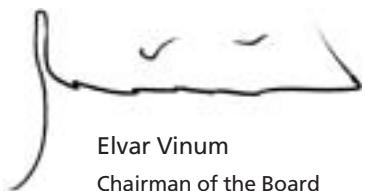


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■ ■ ■ ■ ■ **FIRST QUARTER REPORT 2001**

At a meeting today, the Board of Directors of GN Great Nordic approved the First Quarter Report 2001 for the Group, and is accordingly issuing the present First Quarter Report 2001.

*Chicago, May 30, 2001*



Elvar Vinum  
Chairman of the Board



Jørn Kildegaard  
President & CEO

## Highlights:

- Revenue increased by 33% to DKK 1,983 billion
- EBITA was DKK 135 million, as compared to DKK 152 million in Q1 of last year
- EBITA for the three core businesses rose 44% to DKK 152 million
- Income after amortization was minus DKK 127 million
- The full-year forecast for GN Great Nordic excluding NetTest is unchanged, assuming that the market for headsets experiences growth in the second half
- Strong organic growth still being forecast for NetTest in 2001



Group Financial Highlights (DKK millions)		2001 1st quarter Unaudited	2000 1st quarter Unaudited	2000 Full year
<b>Earnings</b>				
Total revenue		<b>1,983</b>	1,490	7,003
Earnings before interest, tax, depreciation, and amortization of goodwill and other acquired intangible assets (EBITDA)		<b>191</b>	231	1,070
Earnings before interest, tax, and amortization of goodwill and other acquired intangible assets (EBITA)		<b>135</b>	152	789
Amortization of acquired intangible assets		<b>(271)</b>	(41)	(664)
Income before taxes and extraordinary items		<b>(136)</b>	111	125
Earnings before tax (EBT)		<b>(127)</b>	132	13,004
Net income for the period		<b>(150)</b>	79	12,697
GN Great Nordic's share of net income for the period		<b>(150)</b>	79	12,697
GN Great Nordic's share of net income for the period excl. goodwill amortization		<b>94</b>	120	13,091
<b>Balance Sheet</b>				
Capital stock (GN Great Nordic)		<b>879</b>	782	879
Equity		<b>20,016</b>	3,331	19,698
Total assets		<b>24,367</b>	8,793	23,809
<b>Cash Flow</b>				
Cash flow from operations		<b>(231)</b>	(66)	41
Cash flow from investing activities		<b>(260)</b>	(226)	(741)
<b>Research and Development</b>				
Research and development costs incurred for the period		<b>202</b>	117	536
<b>Investments</b>				
Plant and machinery		<b>89</b>	182	265
Property		<b>12</b>	0	44
Intangible fixed assets		<b>109</b>	28	336
Total (excl. acquisitions)		<b>210</b>	210	645
Acquisition of companies		<b>72</b>	0	14,258
Total investments		<b>282</b>	210	14,903
Depreciation and amortization		<b>332</b>	142	772
Impairment		<b>0</b>	0	184
<b>Personnel</b>				
Average number of employees		<b>6,171</b>	4,495	5,162
<b>Key Figures</b>				
Average number of DKK 4 shares (1,000 shares)		<b>219,775</b>	195,587	201,561
Earnings and fully diluted earnings per DKK 4 share (EPS)		<b>(0.68)</b>	0.41	62.99
Earnings and fully diluted earnings per DKK 4 share, excl. amortization of intangible assets and non-recurring items		<b>0.49</b>	0.61	66.30

## FINANCIAL RESULTS

Overall, GN Great Nordic's first quarter results were as expected. NetTest outperformed expectations, GN ReSound performed in line with expectations, and GN Netcom did not meet expectations. Among other things, the results reflect the fact that the Group generates about 50% of its revenue in the United States.

The first quarter 2001 revenue rose 33% to DKK 1.983 billion against DKK 1.490 billion in the same period of 2000, which was as expected. The three core businesses almost doubled their revenue, reporting a total of DKK 1.922 billion, as compared to DKK 977 million in Q1 of 2000. Improving by DKK 438 million, NetTest reported the largest increase.

EBITA for the three core businesses totaled DKK 152 million, up from DKK 105 million in the same period last year. NetTest recorded the strongest improvement of almost DKK 71 million, while GN Netcom's EBITA fell by almost 50% from DKK 84 million in Q1 of 2000 to DKK 47 million in Q1 of 2001. GN ReSound's EBITA rose by DKK 13 million. Group EBITA was DKK 135 million in the first quarter, as compared to DKK 95 million excluding SONOFON and DKK 152 million inclusive SONOFON in Q1 of last year.

Amortization of goodwill and other intangibles was DKK 244 million in the first quarter, while restructuring costs were DKK 27 million. Financial items and gains on property totaled an income of DKK 9 million.

This led to an overall loss before tax and extraordinary items of DKK 127 million, and a loss after tax of DKK 150 million, which is in line with expectations for the period.

## Balance Sheet

Total assets amounted to DKK 24.367 billion as of March 31, 2001, compared to DKK 23.809 billion as of December 31, 2000. The difference is mainly due to inventories and trade accounts increasing by DKK 294 million and DKK 124 million, respectively.

Stockholders' equity amounted to DKK 20.016 billion at March 31, 2001, up from DKK 19.698 billion at December 31, 2000.

## Investments and Transactions

During the first three months of the year, the Group invested DKK 101 million in tangible assets and DKK 109 million in intangible assets. The comparable figures for 2000 were DKK 182 million and DKK 28 million, respectively. During the first quarter, the Group invested DKK 72 million in company acquisitions. No acquisitions were made during the first quarter of 2000. The largest acquisition made during the first quarter was the DKK 25 million transaction involving Dana Japan for GN ReSound. Investments in intangible assets, consisted of capitalized research and development costs, most of which were related to NetTest.

## NetTest IPO

GN Great Nordic still plans to list NetTest on the Copenhagen Stock Exchange and on Nasdaq as soon as the market offers an attractive opportunity to do so.

It is also still the intention to spin off NetTest within 12 months after the listing, although GN Great Nordic is not legally obligated to do so.

As can be seen from this announcement, NetTest is performing according to plan. Accordingly, the timing of the planned IPO will depend solely on developments in the stock market.

## Management and Organization

Jørn Kildegaard took over as President & CEO of Great Nordic on April 1, succeeding Jørgen Lindegaard, who moved on to become President & CEO of Scandinavian Airlines System (SAS).

## Outlook for 2001

Excluding NetTest, GN Great Nordic expects overall revenue of approximately DKK 5.5 billion and income after amortization and before tax in the order of DKK 100 million. The forecast is based on the assumption that the global market for headsets will once again show signs of growth in the second half of the year.

These figures do not reflect the impact of the NetTest IPO or the costs related to the division of GN Great Nordic.

NetTest anticipates strong revenue growth in 2001,

although the percentage growth is not expected to match the significant organic revenue improvement generated in 2000.

## 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 2001 are, of course, subject to risks and uncertainties which may result in material deviations from the outlook set forth above. Furthermore, some of these expectations are based on assumptions regarding future events, which may prove incorrect.

Factors that may cause the actual results to deviate materially from the above-mentioned expectations include, but are not limited to, general economic developments and developments in the financial markets, technological developments, changes and amendments to Danish, EU and US legislation and regulations, changes in the demand for the Group's products, competition, shortages of components needed in production (bottlenecks), especially components needed in the production of fiber optic test equipment, and the integration of company acquisitions.

This interim report should not be considered as an offer to sell securities in GN Great Nordic or NetTest.

## NETTEST

## Financial Results

NetTest reported Q1 revenue of DKK 714 million, compared to DKK 276 million in the same period of 2000. The improvement was based both on the acquisitions made in 2000, the main one of which involved Photonetics, and on organic growth.

Optical Layer revenue rose from DKK 165 million in Q1 2000 to DKK 545 million in Q1 2001. The main reasons for the improvement were the acquisition of Photonetics and strong organic growth. Network Layer revenue rose from DKK 111 million in Q1 2000 to DKK 167 million in Q1 2001. The increase was due to continued improvements in system solution sales.

NetTest reported EBITA of DKK 63 million in the first

quarter of 2001, compared to a negative EBITA of DKK 8 million in the same period of 2000. The improvement was mainly driven by the large increase in revenue.

The integration of Photonetics, a company that develops and manufactures test and measurement equipment for DWDM (Dense Wavelength Division Multiplexing) systems and components, is progressing according to plan.

## The Market

A number of companies operating in the same markets as NetTest, including several of NetTest's customers, have forecast lower growth rates for 2001 due to the economic downturn in the United States. NetTest was not materially affected by these factors during the first quarter of 2001. Management believes that there is still a substantial need for investment in fiber optic networks and in next generation networks, both of which are NetTest focus areas.

The market has experienced strong demand for test equipment for the production of fiber optic cables. In addition, customers have focused on equipment providing more efficient production of components, network installation and monitoring of network traffic.

## New Products

At the annual Optical Fiber Conference held in March, NetTest introduced a number of new products, including two new optical components: an optical multiplexer and a tunable laser diode, which are the first results of the strategy to exploit NetTest's optical technologies to develop optical components. The company also introduced a large number of applications for fiber installation and handling.

## Outlook for 2001

The strong revenue growth is expected to continue in 2001, although the improvement is not expected to match the significant organic revenue growth generated in 2000. The second-quarter revenue is expected to be in line with the Q1 figure. Due to the planned flotation of NetTest in the United States, no further information can be given about the outlook for 2001.

GN RESOUND

## Financial Results

GN ReSound reported Q1 revenue of DKK 702 million, compared to DKK 391 million in the same period of 2000. The improvement was mainly due to the revenue generated by companies acquired in 2000, especially Beltone/Philips.

GN ReSound reported Q1 EBITA of DKK 42 million, which was in line with expectations, compared to DKK 29 million in the same period of 2000. First-quarter restructuring costs totaled DKK 12 million.

Integration of the companies acquired is progressing according to plan. The ReSound division has moved its North American activities to its new Minneapolis factory. Beltone has reduced its staff in Chicago and has begun to move certain production activities to China. The production of hearing aids in Denmark was moved to China during March and April.

The management of GN ReSound was strengthened by the appointment of Alan Dozier as Executive Vice President in charge of the North American market and Carsten J. Fensholt as Chief Financial Officer.

## The Market

The US market generally improved slightly during the early months of the year. Revenue from Beltone products fell somewhat short of expectations, as a number of retailers elected to discontinue their contracts with the Beltone chain in the fourth quarter of 2000 and the first quarter of 2001. Beltone has launched a number of initiatives expected to reverse this trend.

The Group reported satisfactory performances in the European and the Asian markets during the reporting period.

## New Products

GN ReSound made the initial shipments of the Canta7 hearing instruments in April. The world's most advanced hearing instrument, the Canta7 was launched as a complete product line, ranging from the miniature CIC products to the large power products, and the product was given a satisfactory reception by the market.

## Outlook for 2001

GN ReSound retains its projections for 2001 of approximately DKK 2.9 billion in revenue and an EBITA margin of about 8% and expects to incur restructuring costs of approximately DKK 70 million.

GN NETCOM

## Financial Results

GN Netcom recorded first-quarter revenue of DKK 506 million, up from DKK 310 million in the same period of 2000. The increase was attributable to the acquisitions of JABRA and Hello Direct. EBITA was DKK 47 million in the first quarter, as compared to DKK 84 million in Q1 of last year. The figure fell considerably short of expectations and was due to the weak North American markets in the first quarter. In response to the situation, GN Netcom took firm steps to cut costs as early as in February and, most recently, in May, one of the effects being that the staff has been reduced by a total of about 175 employees. Restructuring costs amounted to approximately DKK 15 million in the first quarter and mainly involved Hello Direct.

## The Market

The US market went through significant change during the first quarter. Demand for headsets fell due to the downturn in the US economy, causing retailers to cut back their stocks considerably.

JABRA, a provider of headsets for cell phones, has been strongly hit by the cutback in retailer stocks. Accordingly, the Q1 revenue was substantially lower than expected. Furthermore, the downturn in the US economy affected the North American market for call-center and office headsets, and this also influenced sales. Europe has still only been modestly affected, but there are growing signs that buyers are holding back in this market as well.

On the other hand, GN Netcom also recorded substantial revenue increases in important market segments. For example, sales of wireless headsets for call centers and offices more than doubled during the period.

## New Products

JABRA has introduced a full range of products for the mobile headset market. In March, the company announced an agreement with Motorola to supply Bluetooth™ headsets for cellular phones.

GN Netcom also launched, and has now begun to ship, new product lines for the call center and office market.

## Outlook for 2001

For 2001, GN Netcom projects revenue of approximately DKK 2.3 billion and an EBITA margin of about 16%. The forecast is based on the assumption that the global market for headsets will once again show signs of growth in the second half of the year. Full-year restructuring costs are expected to amount to approximately DKK 30 million.

## Other Group Operations

GN Comtext reported revenue of DKK 49 million and an EBITA of DKK 1 million in the first quarter. The company continues to focus on the maritime sector, reporting results in line with expectations.

The GN Great Northern Telegraph Company reported Q1 revenues of DKK 14 million and an EBITA of DKK 3 million. The company's business activities performed according to plan during the period.

The GN Ejendomme property management business reported income before tax of DKK 6 million. This was well above expectations and was due to satisfactory sales of condominiums from the property portfolio.

The BLUETOOTH™ trademark is owned by Telefonaktiebolaget L M Ericsson, Sweden.

Consolidated (DKK millions)	2001 1st quarter Unaudited	2000 1st quarter Unaudited	2000 1st quarter Unaudited excl. SONOFON	2000 Full year
<b>Total revenue</b>	<b>1,983</b>	1,490	1,109	7,003
Production costs	(1,015)	(758)	(551)	(3,538)
<b>Gross profit</b>	<b>968</b>	732	558	3,465
Research and development costs	(105)	(98)	(98)	(315)
Sales and distribution costs	(441)	(317)	(233)	(1,492)
Management and administration costs	(285)	(164)	(132)	(882)
Other operating revenue	2	1	2	19
Share of income from associated companies	(4)	(2)	(2)	(6)
<b>Earnings before interest, tax and amortization</b>	<b>135</b>	152	95	789
Amortization of acquired intangible assets	(51)	(9)	(9)	(75)
Goodwill amortization	(193)	(32)	(25)	(316)
Restructuring	(27)	-	-	(89)
Impairment losses	-	-	-	(184)
<b>Earnings before interest and tax</b>	<b>(136)</b>	111	61	125
Gains on sale of property	7	1	1	45
Gains on the sale of companies	-	-	-	12,836
Capital gains on shares	-	54	54	16
Financial income	32	22	21	192
Financial expenses	(30)	(56)	(37)	(210)
<b>Income before tax and extraordinary items</b>	<b>(127)</b>	132	100	13,004
Tax on income before tax	(23)	(53)	(52)	(307)
<b>Net income for the period</b>	<b>(150)</b>	79	48	12,697
Minority interests' share of net income for the period	-	-	-	-
<b>GN Great Nordic's share of net income for the period</b>	<b>(150)</b>	79	48	12,697



Assets (DKK millions)	2001 March 31 Unaudited	2000 March 31 Unaudited	2000 Dec. 31
<b>Noncurrent Assets</b>			
Goodwill	<b>14,817</b>	2,287	14,598
Development projects	<b>1,471</b>	328	1,418
Software	<b>105</b>	319	98
Patents and rights	<b>446</b>	99	449
Telecommunications systems	<b>97</b>	126	100
Other intangible assets	<b>583</b>	158	563
<b>Total intangible assets</b>	<b>17,519</b>	3,317	17,226
Rental properties	<b>31</b>	41	31
Leasehold properties	<b>-</b>	106	-
Factory and office buildings	<b>220</b>	255	194
Plant and machinery	<b>184</b>	801	162
Operating assets and equipment	<b>203</b>	205	196
Leased plant and equipment	<b>5</b>	1	5
Telecommunications systems	<b>22</b>	-	24
Plant under construction	<b>40</b>	98	18
<b>Total tangible assets</b>	<b>705</b>	1,507	630
Investments in associated companies	<b>64</b>	10	82
Receivables in associated companies	<b>-</b>	283	-
Other securities	<b>51</b>	16	44
Other receivables and bank deposits	<b>540</b>	-	543
Deferred tax assets	<b>125</b>	114	121
<b>Total financial assets</b>	<b>780</b>	423	790
<b>Total noncurrent assets</b>	<b>19,004</b>	5,247	18,646
<b>Current Assets</b>			
<b>Inventories</b>	<b>1,662</b>	782	1,368
Trade accounts	<b>1,964</b>	1,415	1,840
Receivables from associated companies	<b>11</b>	19	5
Tax receivables	<b>305</b>	316	326
Other receivables	<b>311</b>	122	249
Prepayments	<b>152</b>	32	124
<b>Total receivables</b>	<b>2,743</b>	1,904	2,544
<b>Listed stocks and bonds</b>	<b>29</b>	325	31
<b>Cash and cash equivalents</b>	<b>929</b>	535	1,220
<b>Total current assets</b>	<b>5,363</b>	3,546	5,163
<b>Total Assets</b>	<b>24,367</b>	8,793	23,809



Liabilities (DKK millions)	2001 March 31 Unaudited	2000 March 31 Unaudited	2000 Dec. 31
<b>Stockholders' Equity</b>			
Capital stock	879	782	879
Additional paid-in fund	4,170	302	4,170
Revaluation surplus	1	107	1
Exchange differences	567	215	128
Other reserves	14,399	1,925	14,520
<b>Total equity</b>	<b>20,016</b>	3,331	19,698
<b>Minority Interests</b>			
<b>Provisions</b>			
Provisions for pension commitments and similar commitments	36	10	21
Deferred tax	687	98	694
Other provisions	484	300	452
<b>Total provisions</b>	<b>1,207</b>	408	1,167
<b>Debt</b>			
Mortgage debt	7	14	5
Bank debt	555	2,620	509
Capitalized leasing obligations	7	110	5
Other debt	568	288	529
<b>Total long-term debt</b>	<b>1,137</b>	3,032	1,048
Repayment of long-term debt	5	38	19
Bank debt	305	891	199
Trade payables	765	402	694
Tax	103	52	96
Other debt	720	581	779
Accruals and deferred income	109	58	109
<b>Total current liabilities</b>	<b>2,007</b>	2,022	1,896
<b>Total debt</b>	<b>3,144</b>	5,054	2,944
<b>Total Liabilities</b>	<b>24,367</b>	8,793	23,809



CONSOLIDATED STATEMENT OF CASH FLOWS

<b>Consolidated Statement of Cash Flows</b> (DKK millions)		<b>2001</b>	<b>2000</b>
		<b>1st quarter</b>	<b>1st quarter</b>
		<b>Unaudited</b>	<b>Unaudited</b>
<b>Operating Activities</b>			
EBIT		(136)	111
Depreciation, amortization, etc.		332	142
Other adjustments		38	(10)
Interest, dividends, etc. received		19	67
Interest paid		(17)	(48)
Tax paid		(2)	(294)
Change in receivables		(175)	111
Change in inventories		(266)	(140)
Change in payables, etc.		(24)	(5)
<b>Cash flow from operating activities</b>		<b>(231)</b>	<b>(66)</b>
<b>Investing Activities</b>			
Acquisition of intangible assets		(109)	(28)
Acquisition of tangible assets and real property		(123)	(182)
Disposal of tangible assets and real property		7	-
Acquisition of financial assets		17	2
Change in listed securities		3	(18)
Acquisition of companies		(55)	-
<b>Cash flow from investing activities</b>		<b>(260)</b>	<b>(226)</b>
<b>Free cash flow</b>		<b>(491)</b>	<b>(292)</b>
<b>Financing Activities</b>			
Treasury stock		29	-
Change in long-term debt		50	(4)
Change in short-term bank debt		121	108
<b>Cash flow from financing activities</b>		<b>200</b>	<b>104</b>
<b>Net cash flow</b>		<b>(291)</b>	<b>(188)</b>
<b>Cash funds at January 1</b>		<b>1,220</b>	<b>723</b>
<b>Cash funds at March 31</b>		<b>929</b>	<b>535</b>



## Consolidated (DKK millions)

	Share Capital (in shares of DKK 4)	Additional paid-in-fund	Revaluation surplus	Accumulated exchange differences	Other reserves	Total equity
<b>Balance at year-end 1999</b>	<b>782</b>	<b>190</b>	<b>80</b>	<b>77</b>	<b>1,985</b>	<b>3,114</b>
Implication due to change of accounting policies	-	-	-	-	(16)	(16)
Adjusted balance at year-end 1999	782	190	80	77	1,969	3,098
Stock issue	97	3,980	-	-	-	4,077
Transfer	-	-	(79)	-	79	-
Net income for the year	-	-	-	-	12,697	12,697
Paid dividend	-	-	-	-	(117)	(117)
Treasury stock	-	-	-	-	77	77
Tax of changes incapital and reserves	-	-	-	-	33	33
Stock options settled	-	-	-	-	(218)	(218)
Exchange differences etc.	-	-	-	51	-	51
<b>Balance at year-end 2000</b>	<b>879</b>	<b>4,170</b>	<b>1</b>	<b>128</b>	<b>14,520</b>	<b>19,698</b>
Net income for the period	-	-	-	-	(150)	(150)
Treasury stock	-	-	-	-	29	29
Exchange differences etc.	-	-	-	439	-	439
<b>Balance at March 31, 2001</b>	<b>879</b>	<b>4,170</b>	<b>1</b>	<b>567</b>	<b>14,399</b>	<b>20,016</b>

Result of Group Operations (DKK millions)	2001	2000	2000	Quarterly percentage change
	1st quarter Unaudited	1st quarter Unaudited	Full year	
<b>Revenue</b>				
NetTest	714	276	1,817	158%
GN Netcom	506	310	1,479	63%
GN ReSound	702	391	2,255	79%
<b>Total</b>	<b>1,922</b>	977	5,551	97%
SONOFON	0	381	972	
Others	63	132	476	
<b>EBITDA</b>				
NetTest	78	(6)	272	-
GN Netcom	62	90	347	(31%)
GN ReSound	63	41	211	55%
<b>Total</b>	<b>203</b>	125	830	63%
SONOFON	0	107	209	
Others	9	15	129	
<b>EBITA</b>				
NetTest	63	(8)	240	-
GN Netcom	47	84	319	(44%)
GN ReSound	42	29	146	47%
<b>Total</b>	<b>152</b>	105	705	45%
SONOFON	0	57	87	
Others	4	7	94	
<b>EBITA margin</b>				
NetTest	8.9%	(2.9%)	13.2%	
GN Netcom	9.3%	27.1%	21.6%	
GN ReSound	6.0%	7.4%	6.5%	
<b>Total</b>	<b>7.9%</b>	10.8%	12.7%	
SONOFON	-	14.9%	9.0%	
Others	6.8%	5.6%	19.8%	





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