GN Great Nordic – Q2 2002

This publication is available in Danish and in English. In the event of any discrepancies between the two versions, the Danish shall be the governing.

At a meeting today, the Board of Directors of GN Great Nordic approved the present Second Quarter Earnings Release 2002 for the Group. This quarterly earnings release is unaudited and has been prepared in accordance with IAS and the accounting policies applied in the Annual Report 2001 and the First Quarter Earnings Release 2002.

Copenhagen, August 28, 2002

Mogens Hugo Jørgensen
Chairman

Jørn Kildegaard
President & CEO

Second Quarter Highlights

- Revenues and earnings for the second quarter 2002 were in line with expectations, both for GN Great Nordic and the individual business areas. NetTest performed at the lower end of the range forecast, however
- Revenues were DKK 1,415 million, which was 3% more than in Q1 2002 but substantially below the Q2 2001 figure of DKK 1,944 million
- EBITA improved to DKK (31) million from DKK (50) million in Q1 2002 while Q2 2001 was DKK 90 million
- Amortization of goodwill and other acquired intangibles was DKK 169 million. Write-downs on projects in NetTest deducted, this was in line with the Q1 2002 figure and DKK 6,149 million less than in Q2 2001. The lower figure relative to 2001 was due to the impairment losses totaling DKK 8,509 million recognized in 2001
- Earnings before tax were DKK (336) million versus DKK (192) million in Q1 2002 and DKK (6,269) million in Q2 2001
- Q2 cash flows from operations were DKK (41) million versus DKK 19 million in Q1 2002 and DKK (402) million in Q2 2001
- GN's listing on the London Stock Exchange was discontinued on July 10, 2002
- Headset sales to the mobile market rose to DKK 63 million in the second quarter from DKK 34 million in Q1, lifted by the new Bluetooth™ products, in particular. Following the successful implementation of efficiency-improving measures in 2001, GN Netcom's existing organization now has the capacity for a substantial volume increase without having to incur a similar increase in fixed costs
- The launch of Canta2 in the spring has strengthened GN ReSound's position on the digital market, with growth increasingly driven by devices priced in line with analog programmable products. As part of the GN ReSound rationalization program, the production in Vienna have now been relocated to China, and the activities in California will be relocated to Minneapolis in September
- NetTest's new CMA 5000 solution was well received by the market and there is growing demand for MasterQuest for GPRS surveillance. AT&T Wireless recently placed a pilot order for field testing of its GPRS network. NetTest won the order in tough competition with the leading players of the industry following a long range of laboratory tests. The poor market outlook is making it necessary to further reduce capacity, especially within fiber optics and components testing. As a result, the company is making impairment charges of DKK 50 million in respect of a number of development projects being discontinued
- Chief Executive Officer Jens Maaløe has resigned his position as CEO of NetTest in order to become CEO of Terma A/S, Aarhus, Denmark. As of today, Chief Technology Officer Erik H. Nielsen is appointed CEO for NetTest.

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Outlook for 2002

- GN Great Nordic retains the forecast excluding NetTest of an EBITA of not less than DKK 350 million, but lowers the 2002 revenue forecasts for GN Netcom and GN ReSound due to developments in the Danish kroner – US dollar exchange rate.

  – GN Netcom projects full-year revenues of DKK 1.8-2.0 billion and an EBITA margin of 9%-11%

  – GN ReSound projects full-year revenues of DKK 2.8-3.0 billion and an EBITA margin of 9%-10%

  These forecasts are based on assumptions of some degree of economic growth, especially in the United States, and on the US dollar avoiding prolonged depreciation relative to the exchange rates applying at June 30.

- NetTest expects to generate full-year 2002 revenues of approximately DKK 900 million and an EBITA of approximately DKK (400) million. Due to the continued, considerable uncertainty as to when the market for NetTest's products will recover, NetTest is further adapting its cost structure to market conditions, reducing the break-even revenues (EBITA) to DKK 1.2 billion in 2003. Further adjustments to the work force planned for the second half of the year will see the staff reduced to about 850 employees by the beginning of 2003. NetTest will increase its expected overall restructuring costs in 2002 from DKK 100 million to DKK 150 million. If demand remains weak, the turnover rate for parts of the inventory, which currently stands at DKK 771 million, may fall to a level where items could become obsolete, possibly necessitating inventory write-downs

- The consolidated amortization of goodwill and other acquired intangibles is still expected to be almost DKK 500 million, while full-year 2002 financial expenses are still projected to reach approximately DKK 100 million

- Investments, mainly in product development, are expected to amount to approximately DKK 650 million for the full year

- The consolidated cash flows are expected to continue to improve, although movements will not be evenly distributed.

Overall, GN Great Nordic projects revenues of approximately DKK 5.7 billion, EBITA deficit of less than DKK 50 million and deficit before tax of just over DKK 850 million.

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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 2002 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 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 governing the Group's markets; changes in the demand for the Group's products; competition; fluctuations in sub-contractor supplies; and the integration of company acquisitions.

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

Consolidated Financial Highlights

(DKK millions)	**Q2 2002 (unaud.)**	Q2 2001 (unaud.)	**H1 2002 (unaud.)**	H1 2001 (unaud.)
Earnings – Statement of Income				
Net revenue	**1,415**	1,944	**2,783**	3,927
Earnings before results from subsidiaries and associated companies, interest and tax	**(308)**	(6,260)	**(534)**	(6,392)
Earnings before interest and tax	**(310)**	(6,264)	**(537)**	(6,400)
Earnings before tax	**(336)**	(6,269)	**(528)**	(6,396)
Net earnings for the period	**(420)**	(5,992)	**(557)**	(6,142)
GN Great Nordic's share of net earnings for the period	**(420)**	(5,992)	**(557)**	(6,142)
GN Great Nordic's share of net earnings for the period excl. amortization and impairment of intangibles	**(251)**	276	**(269)**	370
Earnings – Investor-Specific Financial Highlights				
Earnings before interest, tax, depreciation and amortization of intangibles (EBITDA)	**21**	146	**21**	341
Earnings before interest, tax and amortization of intangibles (EBITA)	**(31)**	90	**(81)**	229
Earnings before interest and tax (EBIT)	**(310)**	(6,264)	**(537)**	(6,400)
Balance Sheet				
Share Capital (GN Great Nordic)	**879**	879	**879**	879
Shareholders' equity	**9,358**	14,228	**9,358**	14,228
Total assets	**13,408**	18,500	**13,408**	18,500
NetTest order backlog, end of period	**278**	817	**278**	817
Cash Flow				
Cash flow from operations	**(41)**	(402)	**(22)**	(633)
Cash flow from investments	**(168)**	(426)	**(196)**	(686)
Development costs				
Development costs incurred for the period	**160**	187	**311**	356
Investments				
Plant and machinery	**29**	78	**60**	151
Real property incl. leasehold improvements	**7**	63	**15**	91
Long-term intangibles excl. goodwill	**126**	192	**245**	301
Total (excl. company acquisitions)	**162**	333	**320**	543
Company acquisitions	**21**	69	**21**	124
Total investments	**183**	402	**341**	667
Depreciation and amortization of long-term intangibles and tangibles	**230**	344	**445**	677
Impairment of long-term intangibles	**50**	6,019	**50**	6,019
Key Ratios				
EBITA margin	**(2.2)%**	4.6%	**(2.9)%**	5.8%
Return on equity	**(4.2)%**	(35.0)%	**(5.6)%**	(36.2)%
Equity ratio	**69.8%**	76.9%	**69.8%**	76.9%
Key Ratios				
Basic and fully diluted earnings per DKK 4 share (EPS)	**(1.91)**	(27.26)	**(2.54)**	(27.95)
Basic and fully diluted earnings per DKK 4 share (EPS) excl. amortization and impairment of intangibles (EPS)	**(0.66)**	1.63	**(0.48)**	2.18
Cash flow per DKK 4 share (CFPS)	**(0.19)**	(1.83)	**(0.10)**	(2.88)
Net asset value (per DKK 4 share)	**43**	65	**43**	65
Share price at end of period (per DKK 4 share)	**28**	78	**28**	78
Average number of DKK 4 shares (in thousands)	**219,775**	219,775	**219,775**	219,775
Employees				
Average number of employees	**5,588**	6,246	**5,670**	6,320

Financial Results

GN Great Nordic recorded revenues for the second quarter of 2002 of DKK 1,415 million (Q1 2002: DKK 1,368 million) and an EBITA of DKK (31) million (Q1 2002: (50) million). In Q2 2001, revenues were DKK 1,944 million and EBITA was DKK 90 million. The drop in revenues from 2001 was due to the effects of the general economic downturn that hit NetTest, in particular, as well as GN Netcom in 2001 and in 2002 to date.

Combined, GN Netcom and GN ReSound generated revenues of DKK 1,163 million and an EBITA of DKK 89 million, as compared to DKK 1,145 million in revenues and DKK 89 million in EBITA in Q1 2002. In Q2 2001, revenues were DKK 1,181 million and EBITA was DKK 34 million. As the figures indicate, the earnings performance has improved considerably relative to the same period of 2001, mainly due to rationalization measures completed. Relative to the first half of 2001, fixed costs have been cut by close to DKK 70 million.

NetTest's revenues of DKK 245 million and EBITA of DKK (111) million were in line with the forecast range announced. NetTest has cut back overheads substantially since May 2001, reducing its staff from more than 1,800 in May 2001 to just over 1,100 at June 30, 2002. At the beginning of 2003, the staff will be reduced to about 850 employees. In other words, the organization is refocusing even more on the development and manufacture of products and services that provide customer savings in the short term and increase the capacity of existing networks.

Amortization of goodwill and other intangibles including write-downs on projects in NetTest was DKK 169 million in the second quarter while planned restructuring costs were DKK 100 million. The restructurings pertain to GN ReSound and NetTest and involve previously announced measures.

Financial income, expenses and capital losses on shares during the quarter totaled DKK (21) million.

GN Great Nordic recorded earnings before tax of DKK (336) million for the second quarter, and earnings after tax of DKK (420) million.

Balance Sheet

Total assets amounted to DKK 13,408 million at June 30, 2002, against DKK 14,761 million at March 31, 2002. Goodwill and other intangibles amounted to DKK 7,919 million.

Combined, inventories and trade receivables fell by more than DKK 300 million relative to March 31, 2002, but are still too high. The decline was attributable to exchange rate developments. By focusing on cash flows during 2002, the Group expects to reduce the working capital.

Shareholders' equity amounted to DKK 9,358 million at June 30, 2002, as compared to DKK 10,603 million at March 31, 2002. The decline was due to the financial results for the period and exchange differences of DKK (824) million resulting from the depreciation of USD against DKK at June 30 relative to March 31, 2002.

Net interest-bearing debt was DKK 1,096 million against DKK 862 million at March 31, 2002.

Cash Flows

The Group generated cash flows from operations of DKK (41) million in the second quarter, as compared to DKK 19 million in Q1 2002 and DKK (402) million in Q2 2001.

Cash flows from investments were DKK (168) million against DKK (28) million in Q1 2002. Investments during the quarter were made mainly in development projects in group companies, and in noncurrent assets.

The DKK (209) million cash flow of the period from operations and investments was funded through a drop in cash and cash equivalents.

Foreign Currency Impact

Manufacturing and selling its products on a large number of markets the world over, GN incurs costs and generates revenues in various currencies, including the US dollar and USD-related currencies. As a result, the Group is considered to have sufficient long-term competitive strength to withstand likely exchange rate movements. The impact on revenues from exchange rate developments will only have a minor impact on earnings.

Stock Option Plan

GN's stock option plan covers 450 senior employees and specialists. A total of 2,781,765 options were awarded in 2002 with an estimated Black & Scholes value of DKK 61 million. The estimated value of options awarded in 2001 was DKK 128 million. A total of 149,000 stock options were awarded to members of the Executive Management in 2002. Stock options awarded under the new program in 2002 have a strike price of DKK 40. The strike price will increase to DKK 50 in the event NetTest is spun off.

Options awarded run for periods of five years. Stock option exercise periods reflect local conditions. Employees in North America are eligible to exercise up to 20% of their stock options in each of the first two years after grant, while up to 60% can be exercised in the third year. North American awards total 1.690.088 stock options. Employees outside North America are only eligible to exercise their stock options during the 2005-2007 exercise period, if the GN stock exceeds a price of DKK 40 per share including an annual 6% hurdle rate over a period of three years. The same conditions apply at strike price DKK 50.

At June 30, 2002, there were 4,780,658 outstanding stock options pertaining to awards made in 2001 and prior years, of which 171,250 had been awarded to members of the Executive Management. Stock options are not awarded to members of the Board of Directors.

The total number of outstanding stock options at June 30, 2002, represents 3.4% of the capital stock.

The stock option scheme is not included in the statement of income.

Related-Party Shareholdings

At June 30, 2002, members of the Executive Management held 24,200 shares in GN Great Nordic. At June 30, 2002, members of the Board of Directors held a total of 29,303 shares in GN Great Nordic.

During the second quarter, members of the Board of Directors and the Executive Management made net acquisitions of 10,522 shares in GN Great Nordic.

GN Great Nordic held 8,465,889 treasury shares at June 30, 2002, equivalent to 3.9% of the capital stock.

GN NETCOM

Q2 revenues were DKK 433 million, which is DKK 27 million more than in Q1 2002 and DKK 23 million less than in Q2 2001.

The improvements were achieved even though a few customers still have inventories that remain to be sold and in spite of declining growth in cell phone sales. Mobile segment revenues rose by more than 20% relative to Q2 2001. In June, GN successfully launched the first Bluetooth enabled headset under the JABRA brand in both the United States and Europe. Two more JABRA Bluetooth headsets are due for market launch in the second half of the year. Growth in the mobile segment is rooted in all important markets.

The improvements in sales to the US call center and office market recorded in the spring were eliminated by a setback in Europe. GN Netcom retained its sales of wireless products for the call center and office market.

GN Netcom acquired Australian company Claria Headsets in June in the drive to expand outside the United States and Europe. The transaction doubles GN's market share in Australia to about 20%.

Hello Direct's revenues and earnings are developing favorably. Strongly improved efficiency and close cooperation with the rest of the GN Netcom organization, including on customer segments, continues to drive progress. The company expects to generate a moderate full-year profit.

After implementing efficiency improvements throughout the organization in 2001, GN Netcom now has the capacity for a substantial volume increase without having to incur a similar increase in fixed costs.

GN Netcom's overall EBITA was DKK 27 million in the second quarter versus DKK 29 million in Q1 2002 and DKK (4) million in Q2 2001. The EBITA of DKK 27 million does not reflect the sales increase, mainly due to non-recurring costs.

GN RESOUND

Q2 revenues were DKK 730 million against DKK 739 million in Q1 2002 and DKK 725 million in Q2 2001. At unchanged exchange rates, organic growth is 4% relative to Q2 2001, thanks mainly to the launch of the Canta products. The improvement is based on healthy progress on a number of markets, while others have contracted. The Canta2 was given a good reception on the major markets and is due to be launched on the remaining markets in the fall.

As expected, most markets experienced very weak growth or were flat. Sales of low-priced, digital hearing instruments rose sharply, however: In the US, unit sales rose by 67% relative to Q2 2001. Digital products made up 64% of GN's total Q2 sales of hearing instruments.

GN ReSound continues the efforts to integrate the five companies, relocate production to China and phase out several brands and a wide range of products.

Hearing aid revenues from the continuing brands ReSound and Beltone make up more than 80% of total sales. In order to simplify processes and reduce time-to-market, new products are being developed on a standard platform.

In the US, the number of dispensers in the Beltone chain continues to rise, although Beltone USA revenues are still trailing the 2001-figure by a fair margin. At June 30, 2002, the Beltone chain had more than 300 dispensers with over 1,250 retail outlets, which are expected to see a sales boost when the marketing campaign to promote the new digital device Oria gets under way this fall. Expansion on the US market continued in July, when GN acquired an ownership interest in a small chain in Boston, Mass. Overall, GN holds just over a 10% share of the US market.

The production facilities in Vienna have now been closed down and relocated to China, while the production of ITE (in-the-ear) devices in Redwood City, California will be relocated to Minneapolis in September. These measures will provide annual cost cuts of more than DKK 40 million.

The distribution center at Cork, Ireland and its IT infrastructure for the production and sales units is expected to be fully run in during 2003, resulting in better distribution management and smaller inventories.

In June, Great Britain's National Health Service appointed GN as one of its two providers of low-priced digital hearing instruments to be developed specifically for the NHS. The first shipments were made in June and the contract runs until the end of 2003.

GN Otometrics generated Q2 revenues of DKK 70 million, compared to DKK 83 million in Q1. The production activities at Odense have now been relocated to the Copenhagen suburb of Taastrup.

Restructuring costs of DKK 28 million were incurred in the second quarter, which was as expected.

GN ReSound's EBITA was DKK 62 million in the second quarter versus DKK 60 million in Q1 2002 and DKK 38 million in Q2 2001. The EBITA margin was 8.5% versus 8.1% in Q1 2002.

NETTEST

Q2 revenues were DKK 245 million against DKK 217 million in Q1 2002 and DKK 701 million in Q2 2001.

The much lower revenues relative to the year-earlier period were due to a sharp drop in investments by companies in the telecommunications sector. The Q2 2002 order inflow was DKK 256 million against DKK 248 million in Q1 2002. Distributed on the three business areas, the order inflow was as follows: Optical DKK 50 million; Networks DKK 137 million; and Systems

DKK 69 million. Net of order cancellations totaling DKK 60 million in the second quarter, orders on hand at June 30, 2002 amounted to DKK 278 million.

The Q2 revenue distribution was as follows: Optical DKK 51 million (Q1: DKK 78 million); Networks DKK 142 million (Q1: DKK 93 million); and Systems DKK 52 million (Q1: 46 million). The H1 2001 revenues were DKK 748 million for Optical, DKK 521 million for Networks and DKK 146 million for Systems.

NetTest’s order inflow reflects the general market situation, as demand mainly targets products with a short payback time and solutions that effectively reduce operating costs. In spite of the decline in the general level of investments, the Systems division is seeing growing interest in its GPRS surveillance products in all markets. In 2002 to date, NetTest has won GPRS orders from Vodafone Ireland and Telia Mobil in Denmark, among others. The pilot order to AT&T Wireless, which has 20 million subscribers, strengthens NetTest’s position on the US market.

The Network division’s new multi-layer CMA 5000 solution, which replaces from five to seven individual instruments, was given a good market reception following the launch in June. CMA 5000 is currently believed to be a market-leading solution.

Reducing break-even revenue to DKK 1.2 billion in 2003, the rationalization initiatives and capacity adjustments planned for the fall are expected to increase 2002 restructuring costs by DKK 50 million to DKK 150 million.

Q2 EBITA was DKK (111) million versus DKK (127) million in Q1 2002 and DKK 62 million in Q2 2001.

CEO Jens Maaløe has resigned his position as President & CEO of NetTest in order to become CEO of Terma A/S, Aarhus, Denmark. Until he leaves NetTest at the end of the year, Jens Maaløe will be involved in a number of projects; including planned restructuring initiatives.

CTO Erik H. Nielsen has been appointed CEO for NetTest effective today. Mr. Nielsen, 54, is currently CTO and President of the NetTest Networks Group. He has held a number of managerial positions in Denmark and North America for the past 16 years. He and CFO, Poul Erik Tofte, will constitute the executive management team of NetTest.

OTHER GROUP OPERATIONS

The GN Great Nordic Telegraph Company reported Q2 revenues of DKK10 million and an EBITA of DKK 5 million. The company’s business operations are developing according to plan. The company is currently a party to arbitration proceedings with Telekomunikacja Polska S.A. involving the principles for traffic statistics in Poland’s NSL fiber-optic telecommunications system. The outcome of the arbitration proceedings will not have a negative impact on GN’s earnings.

Statement of Income for the Group

(DKK millions)	**Q2 2002 (unaud.)**	Q2 2001 (unaud.)	**H1 2002 (unaud.)**	H1 2001 (unaud.)
Net revenue	**1,415**	1,944	**2,783**	3,927
Production costs	**(727)**	(992)	**(1,429)**	(2,007)
Gross profit	**688**	952	**1,354**	1,920
Development costs	**(93)**	(82)	**(180)**	(187)
Sales and distribution costs	**(407)**	(497)	**(816)**	(938)
Management and administrative costs	**(229)**	(335)	**(452)**	(620)
Other operating income	**2**	1	**5**	3
Amortization and impairment of goodwill and other acquired long-term intangible assets	**(169)**	(6,268)	**(288)**	(6,512)
Restructuring	**(100)**	(31)	**(157)**	(58)
Earnings before results from subsidiaries and associated companies, interest and tax	**(308)**	(6,260)	**(534)**	(6,392)
Share of earnings from associated companies	**(2)**	(4)	**(3)**	(8)
Earnings before interest and tax	**(310)**	(6,264)	**(537)**	(6,400)
Gains/losses from divestment of discontinued activities	**(5)**	1	**42**	8
Earnings before financial items	**(315)**	(6,263)	**(495)**	(6,392)
Financial income	**47**	27	**60**	59
Financial expenses	**(68)**	(33)	**(93)**	(63)
Earnings before tax	**(336)**	(6,269)	**(528)**	(6,396)
Tax	**(84)**	277	**(29)**	254
Net earnings for the period	**(420)**	(5,992)	**(557)**	(6,142)
Minority interests' share of net earnings for the period	**-**	-	**-**	-
GN Great Nordic's share of net earnings for the period	**(420)**	(5,992)	**(557)**	(6,142)

Balance Sheet for the Group

Assets (DKK millions)	**June 30 2002 (unaud.)**	March 31 2002 (unaud.)	Dec. 31 2001 (aud.)	June 30 2001 (unaud.)
Noncurrent assets				
Goodwill	**6,361**	6,999	7,051	9,536
Development projects, acquired	**15**	19	20	489
Development projects, developed in-house	**790**	817	750	618
Software, acquired	**22**	23	24	10
Software, developed in-house	**90**	91	80	75
Patents and rights	**155**	164	171	291
Telecommunications systems	**64**	82	85	94
Other long-term intangible assets	**422**	487	492	503
Total long-term intangible assets	**7,919**	8,682	8,673	11,616
Investment properties	**-**	-	21	34
Factory and office buildings	**122**	126	125	130
Leasehold improvements	**146**	167	170	146
Plant and machinery	**152**	168	169	217
Operating assets and equipment	**162**	181	198	212
Leased plant and equipment	**7**	11	12	7
Telecommunications systems	**6**	6	8	21
Plant under construction	**6**	5	7	28
Total long-term tangible assets	**601**	664	710	795
Investments in associated companies	**148**	182	186	56
Other securities	**12**	12	12	38
Other receivables and bank deposits	**495**	479	515	612
Deferred tax assets	**309**	329	324	142
Total long-term financial assets	**964**	1,002	1,037	848
Total noncurrent assets	**9,484**	10,348	10,420	13,259
Current assets				
Inventories	**1,563**	1,722	1,719	1,849
Trade receivables	**1,230**	1,384	1,497	1,997
Receivables from associated companies	**11**	11	6	12
Tax receivables	**295**	291	278	338
Other receivables	**281**	237	250	330
Prepayments	**115**	109	103	142
Total receivables	**1,932**	2,032	2,134	2,819
Listed stocks	**8**	14	10	34
Cash and cash equivalents	**421**	645	740	539
Total current assets	**3,924**	4,413	4,603	5,241
Total assets	**13,408**	14,761	15,023	18,500

Balance Sheet for the Group

Liabilities (DKK millions)	**June 30 2002 (unaud.)**	March 31 2002 (unaud.)	Dec. 31 2001 (aud.)	June 30 2001 (unaud.)
Shareholders' equity				
Share capital	**879**	879	879	879
Additional paid-in capital	**4,170**	4,170	4,170	4,170
Revaluation reserves	**-**	1	1	2
Exchange differences	**(385)**	439	407	893
Other reserves	**4,694**	5,114	5,251	8,284
Total shareholders' equity	**9,358**	10,603	10,708	14,228
Minority interests	**-**	-	-	-
Provisions				
Provisions for pension commitments and similar commitments	**15**	17	17	37
Deferred tax	**313**	256	331	407
Other provisions	**497**	559	563	398
Total provisions	**825**	832	911	842
Debt				
Mortgage debt	**3**	4	5	7
Bank debt	**1,104**	1,101	1,145	876
Capitalized lease commitments	**1**	-	4	4
Other debt	**479**	476	478	626
Total long-term debt	**1,587**	1,581	1,632	1,513
Repayment of long-term debt	**13**	27	13	18
Bank debt	**397**	375	394	339
Trade payables	**470**	458	500	644
Payable to associated companies	**-**	-	-	1
Tax payable	**135**	119	80	90
Other debt	**554**	678	708	694
Accruals and deferred income	**69**	88	77	131
Total current liabilities	**1,638**	1,745	1,772	1,917
Total debt	**3,225**	3,326	3,404	3,430
Total liabilities	**13,408**	14,761	15,023	18,500

Statement of Cash Flows

(DKK millions)	**Q2 2002 (unaud.)**	Q2 2001 (unaud.)	**H1 2002 (unaud.)**	H1 2001 (unaud.)
Operating activities				
Earnings before interest and tax	**(310)**	(6,264)	**(537)**	(6,400)
Depreciation, amortization and write-downs	**279**	6,317	**494**	6,649
Other adjustments	**(30)**	(38)	**(39)**	30
Cash flow from operating activities before change in working capital	**(61)**	15	**(82)**	279
Change in inventories	**-**	(266)	**32**	(532)
Change in receivables	**(23)**	40	**92**	(135)
Change in trade payables and other debt	**66**	(72)	**(2)**	(96)
Total change in working capital	**43**	(298)	**122**	(763)
Cash flow from operations before financial items and tax	**(18)**	(283)	**40**	(484)
Interest and dividends, etc. received	**11**	21	**16**	40
Interest paid	**(28)**	(27)	**(51)**	(44)
Tax paid, net	**(6)**	(113)	**(27)**	(145)
Cash flow from operations	**(41)**	(402)	**(22)**	(633)
Investing activities				
Acquisition of long-term intangible assets excluding development projects	**(16)**	(72)	**(31)**	(80)
Development projects, acquired and developed in-house	**(110)**	(120)	**(214)**	(221)
Purchase of long-term tangible assets	**(36)**	(127)	**(75)**	(250)
Purchase of long-term financial assets	**-**	(44)	**-**	(52)
Disposals of long-term intangible assets	**4**	-	**4**	-
Disposals of long-term tangible assets	**12**	1	**30**	8
Disposals of long-term financial assets	**(2)**	-	**42**	23
Purchase/sale of listed securities	**1**	-	**1**	-
Acquisition of companies	**(21)**	(69)	**(21)**	(124)
Sale of investment property	**-**	5	**68**	10
Cash flow from investments	**(168)**	(426)	**(196)**	(686)
Cash flow from operations and investments	**(209)**	(828)	**(218)**	(1,319)
Financing activities				
Increase of long-term debt	**-**	450	**-**	450
Increase of short-term bank debt	**30**	34	**11**	140
Treasury stock	**-**	9	**-**	39
Stock options settled	**-**	(5)	**-**	(5)
Repayment and reduction of long-term debt	**12**	(59)	**(29)**	(50)
Dividends paid to shareholders	**-**	(127)	**-**	(127)
Exchange differences	**7**	136	**(26)**	194
Cash flow from financing activities	**49**	438	**(44)**	641
Net cash flow	**(160)**	(390)	**(262)**	(678)
Cash funds, begining of period	**645**	929	**740**	1,220
Exchange differences, cash funds	**(64)**	-	**(57)**	(3)
Cash funds, begining of period	**581**	929	**683**	1,217
Cash funds, end of period	**421**	539	**421**	539

Shareholders' Equity for the Group

(DKK millions)	Share capital (in shares of DKK 4 each)	Additional paid-in capital	Revaluation reserves	Exchange differences	Other reserves	Total shareholders' equity
Balance at December 31, 2000	**879**	**4,170**	**1**	**128**	**14,520**	**19,698**
Effect of change in accounting policies	-	-	-	-	(1)	(1)
Net income for the year	-	-	-	-	(9,176)	(9,176)
Paid dividend	-	-	-	-	(127)	(127)
Treasury stock	-	-	-	-	39	39
Stock options settled	-	-	-	-	(7)	(7)
Tax on changes in shareholders' equity	-	-	-	-	3	3
Exchange differences, etc.	-	-	-	279	-	279
Balance at December 31, 2001	**879**	**4,170**	**1**	**407**	**5,251**	**10,708**
Net income for the period	-	-	-	-	(137)	(137)
Exchange differences, etc.	-	-	-	32	-	32
Balance at March 31, 2002	**879**	**4,170**	**1**	**439**	**5,114**	**10,603**
Net income for the period	-	-	-	-	(420)	(420)
Exchange differences, etc.	-	-	(1)	(824)	-	(825)
Balance at June 30, 2002	**879**	**4,170**	**-**	**(385)**	**4,694**	**9,358**

Investor-Specific Statement of Income per Quarterly Period

(DKK millions)	Q1 2001 (unaud.)	Q2 2001 (unaud.)	Q3 2001 (unaud.)	Q4 2001 (unaud.)	Q1 2002 (unaud.)	Q2 2002 (unaud.)	H1 2001 (unaud.)	H1 2002 (unaud.)
Net revenue	1,983	1,944	1,682	1,710	1,368	1,415	3,927	2,783
Production costs	(999)	(977)	(842)	(957)	(686)	(712)	(1,976)	(1,398)
Gross profit	**984**	**967**	**840**	**753**	**682**	**703**	**1,951**	**1,385**
Development costs incl. amortization and depreciation	(105)	(82)	(88)	(81)	(87)	(93)	(187)	(180)
Sales and distribution costs	(435)	(489)	(446)	(482)	(401)	(390)	(924)	(791)
Management and administrative costs	(251)	(251)	(197)	(226)	(197)	(201)	(502)	(398)
Other operating income	2	1	(1)	7	3	2	3	5
Earnings before interest, tax, depreciation and amortization of intangibles (EBITDA)	**195**	**146**	**108**	**(29)**	**0**	**21**	**341**	**21**
Ordinary depreciation and write-downs relating to:								
Production	(16)	(15)	(22)	(9)	(16)	(15)	(31)	(31)
Sales and distribution	(6)	(8)	(7)	(17)	(8)	(9)	(14)	(17)
Administration	(34)	(33)	(32)	(23)	(26)	(28)	(67)	(54)
Earnings before interest, tax and amortization and impairment of intangibles (EBITA)	**139**	**90**	**47**	**(78)**	**(50)**	**(31)**	**229**	**(81)**
Share of earnings from associated companies	(4)	(4)	3	-	(1)	(2)	(8)	(3)
Amortization of goodwill	(193)	(195)	(139)	(135)	(103)	(103)	(388)	(206)
Amortization of other intangibles acquired	(51)	(54)	(16)	(21)	(16)	(16)	(105)	(32)
Restructuring	(27)	(31)	(29)	(306)	(57)	(100)	(58)	(157)
Impairments	-	(6,019)	3	(2,547)	-	(58)	(6,019)	(58)
Costs related to NetTest IPO	-	(51)	(5)	(1)	-	-	(51)	-
Earnings before interest and tax	**(136)**	**(6,264)**	**(136)**	**(3,088)**	**(227)**	**(310)**	**(6,400)**	**(537)**
Gain on the sale of property	7	1	68	-	47	-	8	47
Gains/losses on activities divested	-	-	(95)	-	-	(5)	-	(5)
Capital gains/losses on stocks	-	-	17	12	4	(2)	-	2
Financial income	32	27	(12)	95	9	49	59	58
Financial expenses	(30)	(33)	(22)	(85)	(25)	(68)	(63)	(93)
Earnings before tax	**(127)**	**(6,269)**	**(180)**	**(3,066)**	**(192)**	**(336)**	**(6,396)**	**(528)**
Tax	(23)	277	28	184	55	(84)	254	(29)
Net earnings for the period	**(150)**	**(5,992)**	**(152)**	**(2,882)**	**(137)**	**(420)**	**(6,142)**	**(557)**
Minority interests' share of net earnings for the period	-	-	-	-	-	-	-	-
GN Great Nordic's share of net earnings for the period	**(150)**	**(5,992)**	**(152)**	**(2,882)**	**(137)**	**(420)**	**(6,142)**	**(557)**
Amortization and write-off of development projects included in "Development costs" amount to:	(33)	(39)	(40)	(44)	(46)	(51)	(72)	(97)

Quarterly Statement of Cash Flows

(DKK millions)	Q1 2001 (unaud.)	Q2 2001 (unaud.)	Q3 2001 (unaud.)	Q4 2001 (unaud.)	Q1 2002 (unaud.)	Q2 2002 (unaud.)	H1 2001 (unaud.)	H1 2002 (unaud.)
Operating activities								
Earnings before interest and tax (EBIT)	(136)	(6,264)	(136)	(3,088)	(227)	(310)	(6,400)	(537)
Depreciation, amortization and write-downs	332	6,317	299	2,865	215	279	6,649	494
Other adjustments	68	(38)	(5)	171	(9)	(30)	30	(39)
Cash flow from operations before change in working capital	**264**	**15**	**158**	**(52)**	**(21)**	**(61)**	**279**	**(82)**
Change in inventories	(266)	(266)	26	52	32	-	(532)	32
Change in receivables	(175)	40	145	327	115	(23)	(135)	92
Change in trade payables and other debt	(24)	(72)	(114)	(37)	(68)	66	(96)	(2)
Total change in working capital	**(465)**	**(298)**	**57**	**342**	**79**	**43**	**(763)**	**122**
Cash flow from operations before financial items and tax	**(201)**	**(283)**	**215**	**290**	**58**	**(18)**	**(484)**	**40**
Interest and dividends, etc. received	19	21	(3)	37	5	11	40	16
Interest paid	(17)	(27)	(14)	(59)	(23)	(28)	(44)	(51)
Tax paid, net	(32)	(113)	(4)	106	(21)	(6)	(145)	(27)
Cash flow from operations	**(231)**	**(402)**	**194**	**374**	**19**	**(41)**	**(633)**	**(22)**
Investing activities								
Development projects, acquired and developed in-house	(101)	(120)	(72)	(150)	(104)	(110)	(221)	(214)
Acquisition of other long-term intangible and tangible assets, net	(124)	(198)	(41)	(68)	(36)	(36)	(322)	(72)
Purchase of long-term financial assets, net	15	(44)	(90)	7	44	(2)	(29)	42
Purchase/sale of listed securities	-	-	4	19	-	1	-	1
Acquisition of companies	(55)	(69)	(41)	(2)	-	(21)	(124)	(21)
Sale of investment property	5	5	1	77	68	-	10	68
Divestment of discontinuing activities	-	-	(14)	(9)	-	-	-	-
Cash flow from investments	**(260)**	**(426)**	**(253)**	**(126)**	**(28)**	**(168)**	**(686)**	**(196)**
Cash flow from operations and investments	**(491)**	**(828)**	**(59)**	**248**	**(9)**	**(209)**	**(1,319)**	**(218)**
Finansiering								
Increase of long-term debt	-	450	300	-	-	-	450	-
Increase of short-term bank debt	106	34	80	(52)	(19)	30	140	11
Treasury stock	30	9	-	-	-	-	39	-
Stock options settled	-	(5)	(2)	-	-	-	(5)	-
Repayment and reduction of long-term debt	9	(59)	(46)	(46)	(41)	12	(50)	(29)
Dividends paid to shareholders	-	(127)	-	-	-	-	(127)	-
Exchange differences	58	136	(267)	45	(33)	7	194	(26)
Cash flow from financing activities	**203**	**438**	**65**	**(53)**	**(93)**	**49**	**641**	**(44)**
Net cash flow	**(288)**	**(390)**	**6**	**195**	**(102)**	**(160)**	**(678)**	**(262)**
Cash funds, beginning of period	1,220	929	539	545	740	645	1,220	740
Exchange differences, cash funds	(3)	-	-	-	7	(64)	(3)	(57)
Cash funds, beginning of period	**1,217**	**929**	**539**	**545**	**747**	**581**	**1,217**	**683**
Cash funds, end of period	**929**	**539**	**545**	**740**	**645**	**421**	**539**	**421**

Quarterly Statement of Cash Flow by Business Area

(DKK millions)	Q1 2001 (unaud.)	Q2 2001 (unaud.)	Q3 2001 (unaud.)	Q4 2001 (unaud.)	Q1 2002 (unaud.)	Q2 2002 (unaud.)	H1 2001 (unaud.)	H1 2002 (unaud.)
Cash flow from operations before financial items & tax								
GN Netcom	4	(73)	138	97	78	36	(69)	114
GN ReSound	(143)	(48)	64	81	21	10	(191)	31
Subtotal	**(139)**	**(121)**	**202**	**178**	**99**	**46**	**(260)**	**145**
NetTest	(44)	(231)	70	52	(47)	(69)	(275)	(116)
Total	**(183)**	**(352)**	**272**	**230**	**52**	**(23)**	**(535)**	**29**
Cash flow from operations								
GN Netcom	(9)	(91)	106	95	49	14	(100)	63
GN ReSound	(190)	(84)	63	57	(11)	(4)	(274)	(15)
Subtotal	**(199)**	**(175)**	**169**	**152**	**38**	**10**	**(374)**	**48**
NetTest	(205)	(255)	100	(55)	(66)	(96)	(460)	(162)
Total	**(404)**	**(430)**	**269**	**97**	**(28)**	**(86)**	**(834)**	**(114)**
Cash flow from investments								
GN Netcom	(41)	(47)	(67)	(39)	(21)	(39)	(88)	(60)
GN ReSound	(133)	(64)	(165)	(71)	(38)	(65)	(197)	(103)
Subtotal	**(174)**	**(111)**	**(232)**	**(110)**	**(59)**	**(104)**	**(285)**	**(163)**
NetTest	(185)	(218)	(56)	(102)	(78)	(67)	(403)	(145)
Total	**(359)**	**(329)**	**(288)**	**(212)**	**(137)**	**(171)**	**(688)**	**(308)**
Cash flow from operations and investments								
GN Netcom	(50)	(138)	39	56	28	(25)	(188)	3
GN ReSound	(323)	(148)	(102)	(14)	(49)	(69)	(471)	(118)
Subtotal	**(373)**	**(286)**	**(63)**	**42**	**(21)**	**(94)**	**(659)**	**(115)**
NetTest	(390)	(473)	44	(157)	(144)	(163)	(863)	(307)
Total	**(763)**	**(759)**	**(19)**	**(115)**	**(165)**	**(257)**	**(1,522)**	**(422)**

Quarterly Operations by Business Area

(DKK millions)	Q1 2001 (unaud.)	Q2 2001 (unaud.)	Q3 2001 (unaud.)	Q4 2001 (unaud.)	Q1 2002 (unaud.)	Q2 2002 (unaud.)	H1 2001 (unaud.)	H1 2002 (unaud.)
Revenue								
GN Netcom	506	456	471	497	406	433	962	839
GN ReSound	701	725	724	756	739	730	1,426	1,469
Other	62	62	12	20	6	7	124	13
Subtotal	**1,269**	**1,243**	**1,207**	**1,273**	**1,151**	**1,170**	**2,512**	**2,321**
NetTest	714	701	475	437	217	245	1,415	462
Total	**1,983**	**1,944**	**1,682**	**1,710**	**1,368**	**1,415**	**3,927**	**2,783**
Production costs								
GN Netcom	241	225	224	248	196	210	466	406
GN ReSound	346	364	378	385	352	349	710	701
Other	27	22	(3)	(5)	(4)	(4)	49	(8)
Subtotal	**614**	**611**	**599**	**628**	**544**	**555**	**1,225**	**1,099**
NetTest	385	366	243	329	142	157	751	299
Total	**999**	**977**	**842**	**957**	**686**	**712**	**1,976**	**1,398**
Gross profit								
GN Netcom	265	231	247	249	210	223	496	433
GN ReSound	355	361	346	371	387	381	716	768
Other	35	40	15	25	10	11	75	21
Subtotal	**655**	**632**	**608**	**645**	**607**	**615**	**1,287**	**1,222**
NetTest	329	335	232	108	75	88	664	163
Total	**984**	**967**	**840**	**753**	**682**	**703**	**1,951**	**1,385**
Gross margin								
GN Netcom	52.4%	50.7%	52.4%	50.1%	51.7%	51.5%	51.6%	51.6%
GN ReSound	50.6%	49.8%	47.8%	49.1%	52.4%	52.2%	50.2%	52.3%
Other	56.5%	64.5%	125.0%	125.0%	166.7%	157.1%	60.5%	161.5%
Subtotal	**51.6%**	**50.8%**	**50.4%**	**50.7%**	**52.7%**	**52.6%**	**51.2%**	**52.6%**
NetTest	46.1%	47.8%	48.8%	24.7%	34.6%	35.9%	46.9%	35.3%
Total	**49.6%**	**49.7%**	**49.9%**	**44.0%**	**49.9%**	**49.7%**	**49.7%**	**49.8%**
Overheads excl. depreciation and write-downs on long-term tangible assets								
GN Netcom	204	219	188	194	169	183	423	352
GN ReSound	292	302	271	298	308	300	594	608
Other	43	42	14	24	19	18	85	37
Subtotal	**539**	**563**	**473**	**516**	**496**	**501**	**1,102**	**997**
NetTest	250	258	259	266	186	181	508	367
Total	**789**	**821**	**732**	**782**	**682**	**682**	**1,610**	**1,364**
EBITDA								
GN Netcom	61	12	59	55	41	40	73	81
GN ReSound	63	59	75	73	79	81	122	160
Other	(8)	(2)	1	1	(9)	(7)	(10)	(16)
Subtotal	**116**	**69**	**135**	**129**	**111**	**114**	**185**	**225**
NetTest	79	77	(27)	(158)	(111)	(93)	156	(204)
Total	**195**	**146**	**108**	**(29)**	**-**	**21**	**341**	**21**
Ordinary depreciation and write-downs								
GN Netcom	15	16	13	14	12	13	31	25
GN ReSound	20	21	20	6	19	19	41	38
Other	5	4	6	7	3	2	9	5
Subtotal	**40**	**41**	**39**	**27**	**34**	**34**	**81**	**68**
NetTest	16	15	22	22	16	18	31	34
Total	**56**	**56**	**61**	**49**	**50**	**52**	**112**	**102**
EBITA								
GN Netcom	46	(4)	46	41	29	27	42	56
GN ReSound	43	38	55	67	60	62	81	122
Other	(13)	(6)	(5)	(6)	(12)	(9)	(19)	(21)
Subtotal	**76**	**28**	**96**	**102**	**77**	**80**	**104**	**157**
NetTest	63	62	(49)	(180)	(127)	(111)	125	(238)
Total	**139**	**90**	**47**	**(78)**	**(50)**	**(31)**	**229**	**(81)**
EBITA-margin								
GN Netcom	9.1%	(0.9)%	9.8%	8.2%	7.1%	6.2%	4.4%	6.7%
GN ReSound	6.1%	5.2%	7.6%	8.9%	8.1%	8.5%	5.7%	8.3%
Other	(21.0)%	(9.7)%	(41.7)%	(30.0)%	(200.0)%	(128.6)%	(15.3)%	(161.5)%
Subtotal	**6.0%**	**2.3%**	**8.0%**	**8.0%**	**6.7%**	**6.8%**	**4.1%**	**6.8%**
NetTest	8.8%	8.8%	(10.3)%	(41.2)%	(58.5)%	(45.3)%	8.8%	(51.5)%
Total	**7.0%**	**4.6%**	**2.8%**	**(4.6)%**	**(3.7)%**	**(2.2)%**	**5.8%**	**(2.9)%**

*) Additionally, "Other" now comprises GN Ejendomme, corporate staff and eliminations (as opposed to previous quarterly reports). The accounts for previous quarters have been adjusted.