

GN Store Nord – Q3 2002

This publication is available in Danish and in English. In the event of any discrepancies, the Danish version shall be the governing text.

At a meeting today, the Board of Directors of GN Store Nord approved the present Third 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.

Copenhagen, November 20, 2002



Mogens Hugo Jørgensen
Chairman



Jørn Kildegaard
President & CEO

Third quarter highlights:

- The Q3 revenues and EBIT figures of the GN business areas reflect the rationalization measures completed, the lower rate of economic growth and the declining level of investments, especially in the telecoms sector.
- Revenues were DKK 1,273 million, which is a 10% drop from the second quarter. In Q3 2001, revenues were DKK 1,682 million.
- Due to the lower market value of comparable businesses and the plunge in demand for test equipment for the telecommunication industry, intangible assets including goodwill and other acquired intangible assets in NetTest are impaired by DKK 2,938 million to DKK 120 million, while other write-downs in NetTest amount to DKK 895 million. In total, the impairment charges reduce EBITA by DKK 1,088 million and earnings after tax by DKK 3,833 million.
- EBITA fell to DKK (1,142) million in the third quarter from DKK (31) million in Q2. Adjusted for impairments, EBITA was DKK (54) million in Q3. EBITA was DKK 47 million in Q3 2001.
- Earnings before tax were DKK (4,048) million against DKK (336) million in Q2 2002 and DKK (180) million in Q3 2001. Restructuring costs were DKK 85 million.
- The Q3 cash flows from operations were DKK 58 million, as compared to DKK (41) million in Q2 2002 and DKK 194 million in Q3 2001. The added focus on cash flows reduced GN Netcom's and GN ReSound's working capital.
- Sales of headsets to the mobile market were DKK 99 million, compared to DKK 63 million in Q2. Mobile segment revenues were DKK 66 million in October, driven especially by the new Bluetooth™ headsets. Sales to call centers and offices fell by 10% in the third quarter, due to the weaker US dollar, among other things.
- The launch of Beltone's Oria in the fall and of the Canta2 in the spring has strengthened GN's position on the core hearing instrument markets. With the California production facilities now relocated to Minnesota, GN ReSound is streamlining operations in line with plans and the Q3 EBITA margin rose to more than 10%. The shutdown of production at Eindhoven, the Netherlands is accelerated and will also involve a number of administrative functions, including Beltone's brand division, which will relocate to Copenhagen on April 1, 2003.
- NetTest continues to win new GPRS orders. However, demand on NetTest's markets weakened further in the third quarter.
- As announced in 2001, it is the intention to separate NetTest from GN Store Nord. GN's management is considering a number of opportunities, including through a merger or an actual sale. Until then, NetTest will adjust to market conditions and focus on providing products and solutions, especially for mobile networks.

BLUETOOTH™ is a trademark owned by Bluetooth SIG, Inc. and is used by GN Netcom under license

Outlook for 2002

- GN Store Nord retains the forecast excluding NetTest of an EBITA of not less than DKK 350 million and makes the following adjustments to the 2002 revenue forecasts for GN Netcom and GN ReSound:
 - GN Netcom projects full-year revenues of almost DKK 1.8 billion and an EBITA margin of approximately 9%.
 - GN ReSound retains its full-year revenue projection of approximately DKK 2.9 billion and an EBITA margin of 9%-10%.
- NetTest lowers its forecasts and now expects to generate full-year revenues of close to DKK 0.8 billion and an EBITA of just over DKK (1.6) billion. Earnings before tax are expected to be approximately DKK (4.7) billion. The increased loss being forecast is mainly due to the impairment charges taken as a result of the continued pressure on the market values of comparable businesses and the plunge in demand for test equipment for the telecommunication industry.
- Consolidated amortization of goodwill and other acquired intangibles is expected to amount to almost DKK 70 million in the fourth quarter. Net financial expenses are unchanged at DKK 100 million for the full year.
- Restructuring costs for the year will be increased by DKK 200 million to DKK 365 million. Restructuring costs in NetTest will be increased from DKK 150 million to DKK 200 million. The accelerated closure of the Eindhoven plant and costs of a number of minor projects will lift GN ReSound's restructuring costs from DKK 50 million to just over DKK 140 million. GN Netcom has made a DKK 22 million provision for the final relocation of production facilities to China.

Overall, GN Store Nord projects revenues of DKK 5.4-5.5 billion, an EBITA of just over DKK (1.2) billion and earnings before tax of just over DKK (4.8) billion including impairment charges of just over DKK 3.8 billion in NetTest.

Financial calendar 2003

February 27: 2002 Annual Report
April 3: Annual General Meeting
May 7: Q1 Earnings Release
August 21: Q2 Earnings Release
November 5: Q3 Earnings Release

For additional information, please contact:

Jørn Kildegaard
President & CEO
Telephone +45 72 111 888

Jens Due Olsen
Executive Vice President & CFO
Telephone +45 72 111 888

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 Store Nord.

Consolidated Financial Highlights

(DKK millions)	Q3 2002 (unaud.)	Q3 2001 (unaud.)	YTD 2002 (unaud.)	YTD 2001 (unaud.)
Earnings - Statement of Income				
Net revenue	1,273	1,682	4,056	5,609
Earnings before results from subsidiaries and associated companies, interest and tax	(4,017)	(139)	(4,551)	(6,530)
Earnings before interest and tax	(4,017)	(136)	(4,554)	(6,536)
Earnings before tax	(4,048)	(180)	(4,576)	(6,576)
Net earnings for the period	(4,119)	(152)	(4,676)	(6,294)
GN Store Nord's share of net earnings for the period	(4,119)	(152)	(4,676)	(6,294)
GN Store Nord's share of net earnings for the period excl. amortization and impairment of intangibles	(1,081)	-	(1,350)	370
Earnings Investor-Specific Financial Highlights				
Earnings before interest, tax, depreciation and amortization of intangibles (EBITDA)	(1,078)	108	(1,057)	449
Earnings before interest, tax and amortization of intangibles (EBITA)	(1,142)	47	(1,223)	276
Earnings before interest and tax (EBIT)	(4,017)	(136)	(4,554)	(6,536)
Balance Sheet				
Share capital (GN Store Nord)	879	879	879	879
Shareholders' equity	5,297	13,327	5,297	13,327
Total assets	9,211	17,864	9,211	17,864
NetTest order backlog, end of period	198	519	198	519
Cash Flow				
Cash flow from operations	58	194	36	(439)
Cash flow from investments	(150)	(253)	(346)	(939)
Development Costs				
Development costs incurred for the period	135	169	446	525
Investments				
Plant and machinery	32	23	92	174
Real property incl. leasehold improvements	16	20	31	111
Long-term intangibles excl. goodwill	97	78	342	379
Total (excl. company acquisitions)	145	121	465	664
Company acquisitions	-	41	21	165
Total investments	145	162	486	829
Depreciation and amortization of long-term intangibles and tangibles	394	256	839	933
Impairment of long-term intangibles	2,922	(3)	2,972	6,016
Key Ratios				
EBITA margin	(89.7)%	2.8%	(30.2)%	4.9%
Return on equity	(56.2)%	(1.1)%	(58.4)%	(38.1)%
Equity ratio	57.5%	74.6%	57.5%	74.6%
Key Ratios				
Basic and fully diluted earnings per DKK 4 share (EPS)	(18.73)	(0.71)	(21.27)	(28.65)
Basic and fully diluted earnings per DKK 4 share (EPS) excl. amortization and impairment of intangibles (EPS)	(5.65)	0.14	(6.13)	2.31
Cash flow per DKK 4 share (CFPS)	0.26	0.88	0.16	(2.00)
Net asset value (per DKK 4 share)	24	61	24	61
Share price at end of period (per DKK 4 share)	21	38	21	38
Average number of DKK 4 shares (in thousands)	219,775	219,775	219,775	219,775
Employees				
Average number of employees	5,379	6,104	5,564	6,248

Financial results

GN Store Nord recorded revenues for the third quarter of 2002 of DKK 1,273 million (Q2 2002: DKK 1,415 million) and an EBITA of DKK (1,142) million (Q2 2001: (31) million). In Q3 2001, revenues were DKK 1,682 million and the EBITA was DKK 47 million. The slumping economic growth and declining level of investments have put revenues and earnings under pressure, especially in NetTest, whose weak order inflow is a reflection of the downturn in telecommunication investments.

Combined, GN Netcom and GN Resound generated revenues of DKK 1,114 million and an EBITA of DKK 103 million, as compared to DKK 1,163 million in revenues and DKK 89 million in EBITA in Q2 2002. In Q3 2001, revenues were DKK 1,195 million and the EBITA was DKK 101 million. The improvement from 2001 was achieved in spite of lower revenues and materialized as a result of the rationalization measures implemented by GN Netcom and GN ReSound.

Relative to the first nine months of 2001, GN Netcom and GN ReSound have reduced their overheads by DKK 113 million excluding development costs.

NetTest's revenues of DKK 151 million and EBITA of DKK (1,229) million fell short of expectations. The market is believed to have declined further in the fall of 2002, necessitating more layoffs than the previously announced reduction to 850 by the beginning of 2003. NetTest will increase restructuring costs by DKK 50 million to a to-

tal of DKK 200 million to cover relocation expenses and the layoff of a further 50 employees, among other things.

Amortization of goodwill and other intangibles was DKK 115 million in the third quarter. Restructuring costs including provisions in GN Netcom were DKK 85 million, of which DKK 19 million in GN ReSound and DKK 44 million in NetTest. At September 30, GN Netcom made a provision of DKK 22 million, including for relocation of the remaining production facilities in the United States and the UK to China.

Net financial expenses for the quarter amounted to DKK 31 million.

GN Store Nord recorded earnings before tax of DKK (4,048) million for the third quarter, and earnings after tax of DKK (4,119) million.

Balance sheet

Total assets amounted to DKK 9,211 million at September 30, 2002, against DKK 13,408 million at June 30, 2002. Goodwill and other intangibles amounted to DKK 4,964 million after impairment charges in NetTest. The amount is composed of DKK 1,016 million in GN Netcom and DKK 3,767 million in GN ReSound.

GN's inventories and trade receivables excluding NetTest fell by a total of DKK 52 million relative to June 30, 2002, but are still too high.

Shareholders' equity amounted to DKK 5,297 million at September 30, 2002, as compared to DKK 9,358 million at June 30,

2002. The decline was primarily due to the impairments in NetTest. Exchange differences caused shareholders' equity to rise by DKK 58 million relative to June 30, 2002.

Net interest-bearing debt was DKK 1,186 million at September 30, 2002 against DKK 1,096 million at June 30, 2002.

Cash flows

The Group generated cash flows from operations of DKK 58 million in the third quarter, as compared to DKK (41) million in Q2 2002 and DKK 194 million in Q3 2001.

GN excluding NetTest generated cash flows from operations of DKK 86 million in the third quarter and of DKK 191 million in the first nine months of the year on total revenues of DKK 3,443 million. In 2001, Q3 and 9M cash flows from operations were DKK 84 million and DKK (183) million, respectively, on revenues of DKK 3,719 million.

The NetTest cash flow from operations of DKK (49) million reflects the drop in both turnover and costs related to restructuring the organization.

Cash flows from investments were DKK (150) million against DKK (168) million in Q2 2002 and DKK 253 million in Q3 of 2001. Investments during the quarter were made mainly in development projects and, to a minor extent, in noncurrent assets.

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.

At unchanged exchange rates, GN generated organic revenue growth excluding NetTest of (2)% relative to Q3 2001.

The DKK 3,833 million goodwill impairment in NetTest will increase the following GN Store Nord statement of income items:

- Variable costs by DKK 637 million as a result of inventory write-downs.
- Management and administrative costs by DKK 35 million.
- Development costs by DKK 416 million due to write-downs on development projects.

Amortization and impairment charges by DKK 2,668 million

- on goodwill DKK 2,421 million
- on other acquired intangible assets DKK 85 million
- on leasehold improvement and technical plant, etc DKK 162 million

Tax by a net amount of DKK 77 million due to a reversal of previously capitalised deferred tax.

Stock Option Plans

A total of 25,500 stock options were awarded in Q3 (in the European plan). The total estimated Black & Scholes value of stock options awarded during the year was DKK 61 million at the time of award.

There were a total of 7,007,246 outstanding stock options at September 30, corresponding to 3.2% of the capital stock. These stock options had a total estimated Black & Scholes value of DKK 31 million.

No stock options were exercised during the quarter. The number of outstanding stock options was reduced by 555,177 relative to June 30, 2002 as a result of resignations.

At September 30, members of the Executive Management held 320,250 stock options at an average strike price of 76. Senior employees held 2,638,418 (strike price 92) while other employees held 4,048,578 stock options (strike price 78).

Since GN began awarding stock options to management and key employees in 1998, a total of 10,591,060 stock options have been awarded and 1,453,170 have been exercised, corresponding to 0.7% of the current capital stock. A total of 2,130,644 stock options have been cancelled due to resignations. The average strike price of outstanding options is 83.

Stock options are not awarded to members of the Board of Directors.

Shareholdings

At September 30, 2002, members of the Executive Board and the Board of Directors held 24,980 and 53,509 shares, respectively, in GN Store Nord.

Senior employees and other employees listed in the GN Great Nordic Insider Register held a total of 419,684 shares in GN Store Nord.

GN Store Nord held 8,465,889 treasury shares at September 30, 2002, corresponding to 3.9% of the capital stock.

Foreign investors hold 30% of the stock in GN Store Nord. Danish institutionals and private investors hold just over 40% and 25%, respectively, of GN Store Nord's capital stock.

GN NETCOM

Q3 revenues were DKK 434 million, which was in line with the Q2 figure. In Q3 2001, revenues were DKK 471 million.

Overall, CC&O sales (to the call center and office market) fell relative to the second quarter, due to the weaker US dollar, the summer season and the generally declining level of investments resulting from the slumping economies of both the United States and Europe. CC&O revenues from wireless products were DKK 59 million, compared to DKK 63 million in Q2.

The volume of Bluetooth headsets produced in 2002 reached 100,000 at September 30. Output will top 250,000 by the end of November. Total mobile market revenues rose to DKK 99 million, which partly reflects seasonal fluctuations. Sales to the mobile segment fell by 12% relative to Q3 2001, due to weaker sales to North American mobile operators. In spite of the economic slump, however, year-to-date mobile sales are only down by 4% relative to 2001. The output of Bluetooth products was restricted to some extent by a component shortage in Q3.

The output capacity of Bluetooth products is expected to rise to 100,000 units per month by the end of the year, consisting design-wise of three very different JABRA products and two OEM products to Motorola and Siemens. Some 90% of Q3 mobile sales were generated in North America. JABRA plans to expand its European organization in 2003, which is expected to lift the contribution to revenues of GN Netcom's European sales.

Hello Direct is gradually refocusing towards selling GN Netcom products. These represent some 30-35% of the company's DKK 335 million sales in 2002 to date. Hello Direct is expected to break even in 2002, recovering from a major loss in 2001.

As from the second quarter of 2003, all of GN Netcom's products will be manufactured in China. Transferring the remaining production facilities in the US and the UK to China will, by itself, cut annual costs by more than DKK 20 million.

GN Netcom's EBITA was DKK 34 million

against DKK 27 million in Q2 2002 and DKK 46 million in Q3 2001. The Q3 cash flow from operations was DKK 44 million against DKK 14 million in Q2 2002 and DKK 106 million in Q3 2001.

GN RESOUND

Q3 revenues were DKK 680 million against DKK 730 million in Q2 2002 and DKK 724 million in Q3 2001. At unchanged exchange rates, organic growth was (2)% relative to Q3 2001.

The market share in the United States remained at close to 11% in a contracting market with demand increasingly targeting ever cheaper digital hearing instruments. The continued expansion of the Beltone chain – it now consists of 1,280 retail outlets – and sales of Oriá, Beltone's new digital device, contributed to lifting GN ReSound's total digital sales to 70% of Q3 hearing instrument revenues. From the beginning of 2003, Oriá will be available in all form factors.

About 85% of revenues are generated from GN ReSound and Beltone, the two continuing brands.

The PocketAvanta was launched in Japan in June. A standard PDA containing fitting software, the PocketAvanta makes it easier to fit hearing instruments and enables dispensers to go to the customer to provide the service instead of having to do it at the clinic. The PocketAvanta will be launched in all other markets in 2003.

In October, at the UHA fair in Germany, GN ReSound launched the world's first headset for hearing instrument users. Customer demands for increased functionality and comfort require solutions and products, to which GN's headset operations have the technology to contribute.

Following the closure of the production facilities in California, the final step before all manufacturing of standard products has been relocated to China or Ireland, will be the shutdown of the production of BTE devices in Eindhoven, the Netherlands. The shutdown of production at Eindhoven will be moved ahead to Q1 2003. A decision to

Directors' Report

relocate Beltone's R&D and brand division to Copenhagen was taken and announced in November. This will strengthen the cooperation with the GN ReSound brand division and R&D department.

GN ReSound's EBITA improved to DKK 69 million in the third quarter against DKK 62 million in Q2 2002 and DKK 55 million in Q3 2001. The cash flow from operations was DKK 26 million against DKK (4) million in Q2 2002 and DKK 63 million in Q3 2001.

NETTEST

Q3 revenues were DKK 151 million against DKK 245 million in Q2 2002 and DKK 475 million in Q3 2001.

The Q3 order inflow fell to DKK 166 million against DKK 256 million in Q2 2002. The order inflow by business area was as follows: Opticals DKK 28 million; Networks DKK 81 million; and Systems DKK 57 million. Orders on hand at September 30, 2002, amounted to DKK 198 million.

In spite of the sharp drop in telecom sec-

tor investments, Systems is recording fair demand for its GPRS mobile network solutions. After more than two months of testing with satisfactory results, AT&T Wireless awarded an initial order for MasterQuest in November for managing the company's US network consisting of 20 million users. NetTest now provides test and management equipment to two of the world's three largest mobile operators, AT&T Wireless and D2 of Germany. While the US and Europe are currently the largest markets, growth in mobile networks in the Far East and China will substantially increase demand for test equipment for these markets within a reasonable time horizon.

Opticals' revenues and order inflow are a reflection of the excess capacity among manufacturers of fiber optic cabling and components. A market turnaround is not expected in the near term.

As announced in the second quarter, NetTest is laying off staff. As the order inflow weakened further in the third quarter, the staff will be reduced to approximately

800 employees instead of to 850 as previously announced. Due to the additional layoffs and the relocation to smaller premises, among other things, the year's restructuring costs will rise to DKK 200 million.

NetTest's EBITA fell to DKK (1,229) million in the third quarter (DKK (141) million before impairments) against DKK (111) million in Q2 2002 and DKK (49) million in Q3 2001. The cash flow from operations was DKK (49) million against DKK (96) million in Q2 2002 and DKK 100 million in Q3 2001.

Other Group Operations

The GN Store Nord Telegraph Company reported Q3 revenues of DKK 8 million and an EBITA of DKK 1 million.

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.

Consolidated Statement of Income

(DKK millions)	Q3 2002 (unaud.)	Q3 2001 (unaud.)	YTD 2002 (unaud.)	YTD 2001 (unaud.)
Net revenue	1,273	1,682	4,056	5,609
Production costs	(1,314)	(864)	(2,743)	(2,871)
Gross profit	(41)	818	1,313	2,738
Development costs	(83)	(88)	(263)	(275)
Sales and distribution costs	(376)	(453)	(1,192)	(1,391)
Management and administrative costs	(239)	(234)	(691)	(853)
Other operating income	-	(1)	5	2
Amortization and impairment of goodwill and other acquired long-term intangible assets	(3,038)	(152)	(3,326)	(6,664)
Restructuring	(240)	(29)	(397)	(87)
Earnings before results from subsidiaries and associated companies, interest and tax	(4,017)	(139)	(4,551)	(6,530)
Share of earnings from associated companies	-	3	(3)	(6)
Earnings before interest and tax	(4,017)	(136)	(4,554)	(6,536)
Gains/losses from divestment of discontinued activities	-	(27)	42	(19)
Earnings before financial items	(4,017)	(163)	(4,512)	(6,555)
Financial income	1	5	61	64
Financial expenses	(32)	(22)	(125)	(85)
Earnings before tax	(4,048)	(180)	(4,576)	(6,576)
Tax	(71)	28	(100)	282
Net earnings for the period	(4,119)	(152)	(4,676)	(6,294)
Minority interests' share of net earnings for the period	-	-	-	-
GN Store Nord's share of net earnings for the period	(4,119)	(152)	(4,676)	(6,294)

Consolidated Balance Sheet

Assets (DKK millions)	Sept. 30 2002 (unaud.)	June 30 2002 (unaud.)	March 31 2002 (unaud.)	Dec. 31 2001 (aud.)	Sept. 30 2001 (unaud.)
Noncurrent assets					
Goodwill	3,885	6,361	6,999	7,051	9,429
Development projects, acquired	-	15	19	20	137
Development projects, developed in-house	423	790	817	750	643
Software, acquired	5	22	23	24	20
Software, developed in-house	90	90	91	80	58
Patents and rights	114	155	164	171	165
Telecommunications systems	61	64	82	85	90
Other long-term intangible assets	386	422	487	492	485
Total long-term intangible assets	4,964	7,919	8,682	8,673	11,027
Investment properties	-	-	-	21	19
Factory and office buildings	135	122	126	125	126
Leasehold improvements	55	146	167	170	171
Plant and machinery	105	152	168	169	205
Operating assets and equipment	119	162	181	198	197
Leased plant and equipment	7	7	11	12	8
Telecommunications systems	5	6	6	8	20
Plant under construction	4	6	5	7	11
Total long-term tangible assets	430	601	664	710	757
Investments in associated companies	163	148	182	186	188
Other securities	12	12	12	12	57
Other receivables and bank deposits	500	495	479	515	542
Deferred tax assets	189	309	329	324	134
Total long-term financial assets	864	964	1,002	1,037	921
Total noncurrent assets	6,258	9,484	10,348	10,420	12,705
Current assets					
Inventories	842	1,563	1,722	1,719	1,842
Trade receivables	1,169	1,230	1,384	1,497	1,829
Receivables from associated companies	4	11	11	6	17
Tax receivables	295	295	291	278	355
Other receivables	201	281	237	250	410
Prepayments	118	115	109	103	144
Total receivables	1,787	1,932	2,032	2,134	2,755
Listed stocks	8	8	14	10	17
Cash and cash equivalents	316	421	645	740	545
Total current assets	2,953	3,924	4,413	4,603	5,159
Total assets	9,211	13,408	14,761	15,023	17,864

Consolidated Balance Sheet

Liabilities (DKK millions)	Sept. 30 2002 (unaud.)	June 30 2002 (unaud.)	March 31 2002 (unaud.)	Dec. 31 2001 (aud.)	Sept. 30 2001 (unaud.)
Shareholders' equity					
Share capital	879	879	879	879	879
Additional paid-in capital	4,170	4,170	4,170	4,170	4,170
Revaluation reserves	-	-	1	1	1
Exchange differences	(327)	(385)	439	407	149
Other reserves	575	4,694	5,114	5,251	8,128
Total shareholders' equity	5,297	9,358	10,603	10,708	13,327
Minority interests	-	-	-	-	-
Provisions					
Provisions for pension commitments and similar commitments	14	15	17	17	35
Deferred tax	267	313	256	331	385
Other provisions	499	497	559	563	464
Total provisions	780	825	832	911	884
Debt					
Mortgage debt	3	3	4	5	6
Bank debt	1,349	1,104	1,101	1,145	1,169
Capitalized lease commitments	1	1	-	4	4
Other debt	472	479	476	478	605
Total long-term debt	1,825	1,587	1,581	1,632	1,784
Repayment of long-term debt	13	13	27	13	17
Bank debt	137	397	375	394	419
Trade payables	366	470	458	500	634
Payable to associated companies	8	-	-	-	1
Tax payable	121	135	119	80	117
Other debt	602	554	678	708	567
Accruals and deferred income	62	69	88	77	114
Total current liabilities	1,309	1,638	1,745	1,772	1,869
Total debt	3,134	3,225	3,326	3,404	3,653
Total liabilities	9,211	13,408	14,761	15,023	17,864

Statement of Cash Flow

(DKK millions)	Q3 2002 (unaud.)	Q3 2001 (unaud.)	YTD 2002 (unaud.)	YTD 2001 (unaud.)
Operating activities				
Earnings before interest and tax	(4,017)	(136)	(4,554)	(6,536)
Depreciation, amortization and write-downs	3,318	299	3,812	6,948
Other adjustments	652	(5)	613	25
Cash flow from operating activities before change in working capital	(47)	158	(129)	437
Change in inventories	86	26	118	(506)
Change in receivables	119	145	211	10
Change in trade payables and other debt	(98)	(114)	(100)	(210)
Total change in working capital	107	57	229	(706)
Cash flow from operations before financial items and tax	60	215	100	(269)
Interest and dividends, etc. received	3	(3)	19	7
Interest paid	(23)	(14)	(74)	(58)
Tax paid, net	18	(4)	(9)	(149)
Cash flow from operations	58	194	36	(439)
Investing activities				
Acquisition of long-term intangible assets excluding development projects	(4)	(6)	(35)	(86)
Development projects, acquired and developed in-house	(93)	(72)	(307)	(293)
Purchase of long-term tangible assets	(48)	(35)	(123)	(285)
Purchase of long-term financial assets	(14)	(139)	(14)	(191)
Disposals of long-term intangible assets	-	-	4	-
Disposals of long-term tangible assets	9	-	39	8
Disposals of long-term financial assets	-	49	42	72
Purchase/sale of listed securities	-	4	1	4
Acquisition of companies	-	(41)	(21)	(165)
Sale of investment property	-	1	68	11
Disposal of discontinuing activities	-	(14)	-	(14)
Cash flow from investments	(150)	(253)	(346)	(939)
Cash flow from operations and investments	(92)	(59)	(310)	(1,378)
Financing activities				
Increase of long-term debt	250	300	250	750
Increase of short-term debt	-	80	11	220
Treasury stock	-	-	-	39
Stock options settled	-	(2)	-	(7)
Repayment and reduction of long-term debt	(25)	(46)	(54)	(96)
Repayment and reduction of short-term debt	(251)	-	(251)	-
Dividends paid to shareholders	-	-	-	(127)
Exchange differences	(3)	(267)	(29)	(73)
Cash flow from financing activities	(29)	65	(73)	706
Net cash flow	(121)	6	(383)	(672)
Cash funds, beginning of period	421	539	740	1,220
Exchange differences, cash funds	16	0	(41)	(3)
Cash funds, beginning of period	437	539	699	1,217
Cash funds, end of period	316	545	316	545

Consolidated Shareholders' Equity

(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
Net income for the period	-	-	-	-	(4,119)	(4,119)
Exchange differences, etc.	-	-	-	58	-	58
Balance at September 30, 2002	879	4,170	-	(327)	575	5,297

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.)	Q3 2002 (unaud.)	YTD 2001 (unaud.)	YTD 2002 (unaud.)
Net revenue	1,983	1,944	1,682	1,710	1,368	1,415	1,273	5,609	4,056
Production costs	(999)	(977)	(842)	(957)	(686)	(712)	(1,300)*	(2,818)	(2,698)*
Gross profit	984	967	840	753	682	703	(27)	2,791	1,358
Development costs incl. amortization and depreciation	(105)	(82)	(88)	(81)	(87)	(93)	(497)*	(275)	(677)*
Sales and distribution costs	(435)	(489)	(446)	(482)	(401)	(390)	(360)	(1,370)	(1,151)
Management and administrative costs	(251)	(251)	(197)	(226)	(197)	(201)	(194)*	(699)	(592)*
Other operating income	2	1	(1)	7	3	2	-	2	5
Earnings before interest, tax, depreciation and amortization of intangibles (EBITDA)	195	146	108	(29)	-	21	(1,078)	449	(1,057)
Ordinary depreciation and write-downs relating to:									
Production	(16)	(15)	(22)	(9)	(16)	(15)	(14)	(53)	(45)
Sales and distribution	(6)	(8)	(7)	(17)	(8)	(9)	(6)	(21)	(23)
Administration	(34)	(33)	(32)	(23)	(26)	(28)	(44)*	(99)	(98)*
Earnings before interest, tax and amortization and impairment of intangibles (EBITA)	139	90	47	(78)	(50)	(31)	(1,142)	276	(1,223)
Share of earnings from associated companies	(4)	(4)	3	-	(1)	(2)	-	(5)	(3)
Amortization of goodwill	(193)	(195)	(139)	(135)	(103)	(103)	(99)	(527)	(305)
Amortization of other intangibles acquired	(51)	(54)	(16)	(21)	(16)	(16)	(16)	(121)	(48)
Restructuring	(27)	(31)	(29)	(306)	(57)	(100)	(85)	(87)	(242)
Impairments	-	(6,019)	3	(2,547)	-	(58)	(2,675)*	(6,016)	(2,733)*
Costs related to NetTest IPO	-	(51)	(5)	(1)	-	-	-	(56)	-
Earnings before interest and tax	(136)	(6,264)	(136)	(3,088)	(227)	(310)	(4,017)	(6,536)	(4,554)
Gain on the sale of property	7	1	68	-	47	-	-	76	47
Gains/losses on activities divested	-	-	(95)	-	-	(5)	-	(95)	(5)
Capital gains/losses on stocks	-	-	17	12	4	(2)	(1)	17	1
Financial income	32	27	(12)	95	9	49	2	47	60
Financial expenses	(30)	(33)	(22)	(85)	(25)	(68)	(32)	(85)	(125)
Earnings before tax	(127)	(6,269)	(180)	(3,066)	(192)	(336)	(4,048)	(6,576)	(4,576)
Tax	(23)	277	28	184	55	(84)	(71)*	282	(100)*
Net earnings for the period	(150)	(5,992)	(152)	(2,882)	(137)	(420)	(4,119)	(6,294)	(4,676)
Minority interests' share of net earnings for the period	-	-	-	-	-	-	-	-	-
GN Store Nord's share of net earnings for the period	(150)	(5,992)	(152)	(2,882)	(137)	(420)	(4,119)	(6,294)	(4,676)
Amortization and write-off of development projects included in "Development costs" amount to:	(33)	(39)	(40)	(44)	(46)	(51)	(463)	(112)	(560)

* In both the third quarter and in the year to date figures, these items were specifically affected by impairment losses in NetTest totaling DKK 3,833 million. The impairment losses are distributed as follows:

Production costs	(637)
Development costs	(416)
Management and administrative costs	(20)
Ordinary depreciation and write-downs relating to administration	(15)
EBITA - effect	(1,088)
Impairments (on goodwill, other intangibles acquired, leasehold improvements, plant, etc.)	(2,668)
EBIT - effect	(3,756)
Tax	(77)
Effect on net earnings for the period	(3,833)

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.)	Q3 2002 (unaud.)	YTD 2001 (unaud.)	YTD 2002 (unaud.)
Operating activities									
Earnings before interest and tax (EBIT)	(136)	(6,264)	(136)	(3,088)	(227)	(310)	(4,017)	(6,536)	(4,554)
Depreciation, amortization and write-downs	332	6,317	299	2,865	215	279	3,318	6,948	3,812
Other adjustments	68	(38)	(5)	171	(9)	(30)	652	25	613
Cash flow from operations before change in working capital	264	15	158	(52)	(21)	(61)	(47)	437	(129)
Change in inventories	(266)	(266)	26	52	32	-	86	(506)	118
Change in receivables	(175)	40	145	327	115	(23)	119	10	211
Change in trade payables and other debt	(24)	(72)	(114)	(37)	(68)	66	(98)	(210)	(100)
Total change in working capital	(465)	(298)	57	342	79	43	107	(706)	229
Cash flow from operations before financial items and tax	(201)	(283)	215	290	58	(18)	60	(269)	100
Interest and dividends, etc. received	19	21	(3)	37	5	11	3	37	19
Interest paid	(17)	(27)	(14)	(59)	(23)	(28)	(23)	(58)	(74)
Tax paid, net	(32)	(113)	(4)	106	(21)	(6)	18	(149)	(9)
Cash flow from operations	(231)	(402)	194	374	19	(41)	58	(439)	36
Investing activities									
Development projects, acquired and developed in-house	(101)	(120)	(72)	(150)	(104)	(110)	(93)	(293)	(307)
Acquisition of other long-term intangible and tangible assets, net	(124)	(198)	(41)	(68)	(36)	(36)	(43)	(363)	(115)
Purchase of long-term financial assets, net	15	(44)	(90)	7	44	(2)	(14)	(119)	28
Purchase/sale of listed securities	-	-	4	19	-	1	-	4	1
Acquisition of companies	(55)	(69)	(41)	(2)	-	(21)	-	(165)	(21)
Sale of investment property	5	5	1	77	68	-	-	11	68
Divestment of discontinuing activities	-	-	(14)	(9)	-	-	-	(14)	-
Cash flow from investments	(260)	(426)	(253)	(126)	(28)	(168)	(150)	(939)	(346)
Cash flow from operations and investments	(491)	(828)	(59)	248	(9)	(209)	(92)	(1,378)	(310)
Financing activities									
Increase of long-term debt	-	450	300	-	-	-	250	750	250
Reduction of short-term debt	106	34	80	(52)	(19)	30	(251)	220	(240)
Treasury stock	30	9	-	-	-	-	-	39	-
Stock options settled	-	(5)	(2)	-	-	-	-	(7)	-
Repayment and reduction of long-term debt	9	(59)	(46)	(46)	(41)	12	(25)	(96)	(54)
Dividends paid to shareholders	-	(127)	-	-	-	-	-	(127)	-
Exchange differences	58	136	(267)	45	(33)	7	(3)	(73)	(29)
Cash flow from financing activities	203	438	65	(53)	(93)	49	(29)	706	(73)
Net cash flow	(288)	(390)	6	195	(102)	(160)	(121)	(672)	(383)
Cash funds, beginning of period	1,220	929	539	545	740	645	421	1,220	740
Exchange differences, cash funds	(3)	-	-	-	7	(64)	16	(3)	(41)
Cash funds, beginning of period	1,217	929	539	554	747	581	437	1,217	699
Cash funds, end of period	929	539	545	740	645	421	316	545	316
Quarterly Statement of Cash Flow by Business Area									
Cash flow from operations before financial items and tax									
GN Netcom	4	(73)	138	97	78	36	64	69	178
GN ReSound	(143)	(48)	64	81	21	10	66	(127)	97
Subtotal	(139)	(121)	202	178	99	46	130	(58)	275
NetTest	(44)	(231)	70	52	(47)	(69)	(63)	(205)	(179)
Total	(183)	(352)	272	230	52	(23)	67	(263)	96
Cash flow from operations									
GN Netcom	(9)	(91)	106	95	49	14	44	6	107
GN ReSound	(190)	(84)	63	57	(11)	(4)	26	(211)	11
Subtotal	(199)	(175)	169	152	38	10	70	(205)	118
NetTest	(205)	(255)	100	(55)	(66)	(96)	(49)	(360)	(211)
Total	(404)	(430)	269	97	(28)	(86)	21	(565)	(93)
Cash flow from investments									
GN Netcom	(41)	(47)	(67)	(39)	(21)	(39)	(27)	(155)	(87)
GN ReSound	(133)	(64)	(165)	(71)	(38)	(65)	(74)	(362)	(177)
Subtotal	(174)	(111)	(232)	(110)	(59)	(104)	(101)	(517)	(264)
NetTest	(185)	(218)	(56)	(102)	(78)	(67)	(50)	(459)	(195)
Total	(359)	(329)	(288)	(212)	(137)	(171)	(151)	(976)	(459)
Cash flow from operations and investments									
GN Netcom	(50)	(138)	39	56	28	(25)	17	(188)	20
GN ReSound	(323)	(148)	(102)	(14)	(49)	(69)	(48)	(471)	(166)
Subtotal	(373)	(286)	(63)	42	(21)	(94)	(31)	(659)	(146)
NetTest	(390)	(473)	44	(157)	(144)	(163)	(99)	(863)	(406)
Total	(763)	(759)	(19)	(115)	(165)	(257)	(130)	(1,522)	(552)

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.)	Q3 2002 (unaud.)	YTD 2001 (unaud.)	YTD 2002 (unaud.)
Revenue									
GN Netcom	506	456	471	497	406	433	434	1,433	1,273
GN ReSound	701	725	724	756	739	730	680	2,150	2,149
Other	62	62	12	20	6	7	8	136	21
Subtotal	1,269	1,243	1,207	1,273	1,151	1,170	1,122	3,719	3,443
NetTest	714	701	475	437	217	245	151	1,890	613
Total	1,983	1,944	1,682	1,710	1,368	1,415	1,273	5,609	4,056
Production costs									
GN Netcom	241	225	224	248	196	210	220	690	626
GN ReSound	346	364	378	385	352	349	318	1,088	1,019
Other	27	22	(3)	(5)	(4)	(4)	3	46	(5)
Subtotal	614	611	599	628	544	555	541	1,824	1,640
NetTest	385	366	243	329	142	157	759**	994	1,058**
Total	999	977	842	957	686	712	1,300	2,818	2,698
Gross profit									
GN Netcom	265	231	247	249	210	223	214	743	647
GN ReSound	355	361	346	371	387	381	362	1,062	1,130
Other	35	40	15	25	10	11	5	90	26
Subtotal	655	632	608	645	607	615	581	1,895	1,803
NetTest	329	335	232	108	75	88	(608)	896	(445)
Total	984	967	840	753	682	703	(27)	2,791	(1,358)
Gross margin									
GN Netcom	52.4%	50.7%	52.4%	50.1%	51.7%	51.5%	49.3%	51.8%	50.8%
GN ReSound	50.6%	49.8%	47.8%	49.1%	52.4%	52.2%	53.2%	49.4%	52.6%
Øvrige	56.5%	64.5%	125.0%	125.0%	166.7%	157.1%	62.5%	66.2%	123.8%
Subtotal	51.6%	50.8%	50.4%	50.7%	52.7%	52.6%	51.8%	51.0%	52.4%
NetTest	46.1%	47.8%	48.8%	24.7%	34.6%	35.9%	(402.6)**	47.4%	(72.6)**
Total	49.6%	49.7%	49.9%	44.0%	49.9%	49.7%	(2.1)%	49.8%	33.5%
Overheads excl. depreciation and write-downs on long-term tangible assets									
GN Netcom	204	219	188	194	169	183	166	611	518
GN ReSound	292	302	271	298	308	300	276	865	884
Other	43	42	14	24	19	18	17	99	54
Subtotal	539	563	473	516	496	501	459	1,575	1,456
NetTest	250	258	259	266	186	181	592**	767	959**
Total	789	821	732	782	682	682	1,051	2,342	2,415
EBITDA									
GN Netcom	61	12	59	55	41	40	48	132	129
GN ReSound	63	59	75	73	79	81	86	197	246
Other	(8)	(2)	1	1	(9)	(7)	(12)	(9)	(28)
Subtotal	116	69	135	129	111	114	122	320	347
NetTest	79	77	(27)	(158)	(111)	(93)	(1,200)	129	(1,404)
Total	195	146	108	(29)	-	21	(1,078)	449	(1,057)
Ordinary depreciation and write-downs									
GN Netcom	15	16	13	14	12	13	14	44	39
GN ReSound	20	21	20	6	19	19	17	61	55
Other	5	4	6	7	3	2	4	15	9
Subtotal	40	41	39	27	34	34	35	120	103
NetTest	16	15	22	22	16	18	29**	53	63**
Total	56	56	61	49	50	52	64	173	166
EBITA									
GN Netcom	46	(4)	46	41	29	27	34	88	90
GN ReSound	43	38	55	67	60	62	69	136	191
Other	(13)	(6)	(5)	(6)	(12)	(9)	(16)	(24)	(37)
Subtotal	76	28	96	102	77	80	87	200	244
NetTest	63	62	(49)	(180)	(127)	(111)	(1,229)	76	(1,467)
Total	139	90	47	(78)	(50)	(31)	(1,142)	276	(1,223)
EBITA margin									
GN Netcom	9.1%	(0.9)%	9.8%	8.2%	7.1%	6.2%	7.8%	6.1%	7.1%
GN ReSound	6.1%	5.2%	7.6%	8.9%	8.1%	8.5%	10.2%	6.3%	8.9%
Other	(21.0)%	(9.7)%	(41.7)%	(30.0)%	(200.0)%	(128.6)%	(200.0)%	(17.6)%	(176.2)%
Subtotal	6.0%	2.3%	8.0%	8.0%	6.7%	6.8%	7.8%	5.4%	7.1%
NetTest	8.8%	8.8%	(10.3)%	(41.2)%	(58.5)%	(45.3)%	(813.9)%	4.0%	(239.3)%
Total	7.0%	4.6%	2.8%	(4.6)%	(3.7)%	(2.2)%	(89.7)%	4.9%	(30.2)%

*) 'Other' comprises Telegraf-Company, GN Ejendomme, corporate staff, corporate finance and eliminations.

**) These items are specifically affected by the impairment of assets in NetTest. See page 12.

Other Financial Highlights

(DKK millions)	March 31 2001 (unaud.)	June 30 2001 (unaud.)	Sept. 30 2001 (unaud.)	Dec. 31 2001 (aud.)	March 31 2002 (unaud.)	June 30 2002 (unaud.)	Sept. 30 2002 (unaud.)
Goodwill							
GN Netcom	1,022	822	783	794	790	710	704
GN ReSound	5,058	4,013	3,608	3,686	3,672	3,184	3,181
Other	69	69	69	-	-	-	-
Subtotal	6,149	4,904	4,460	4,480	4,462	3,894	3,885
NetTest	8,668	4,632	4,969	2,571	2,537	2,467	-
Total	14,817	9,536	9,429	7,051	6,999	6,361	3,885
Development projects, acquired and developed in-house							
GN Netcom	62	73	66	66	73	78	87
GN ReSound	108	127	143	169	188	208	236
Other	-	-	-	-	-	-	-
Subtotal	170	200	209	235	261	286	323
NetTest	1,301	907	571	535	575	519	100
Total	1,471	1,107	780	770	836	805	423
Inventories							
GN Netcom	290	347	351	319	307	273	249
GN ReSound	521	539	552	535	552	519	478
Other	-	-	-	-	-	-	-
Subtotal	811	886	903	854	859	792	727
NetTest	785	963	939	865	863	771	115
Total	1,596	1,849	1,842	1,719	1,722	1,563	842
Trade receivables							
GN Netcom	404	367	388	303	302	309	329
GN ReSound	593	628	615	575	616	564	557
Other	264	229	195	150	143	95	118
Subtotal	1,261	1,224	1,198	1,028	1,061	968	1,004
NetTest	769	773	631	469	323	262	165
Total	2,030	1,997	1,829	1,497	1,384	1,230	1,169
Trade payables							
GN Netcom	115	113	156	82	80	96	96
GN ReSound	208	184	240	220	213	241	169
Other	46	16	10	14	11	8	9
Subtotal	369	313	406	316	304	345	274
NetTest	396	331	228	184	154	124	92
Total	765	644	634	500	458	470	366

(DKK millions)

Q1 **Q2** **Q3** **YTD**
2002 **2002** **2002** **2002**

Difference between "Consolidated statement of income" and "Investor-specific statement of income"

Earnings before results from subsidiaries and associated companies, interest and tax, see page 7 (227) (310) (4,017) (4,554)

The following costs have affected "Earnings before results from subsidiaries and associated companies, interest and tax" but not EBITA:

Amortization and impairment of goodwill and long-term intangible assets	119	119	115	353
Write-down of goodwill and other long-term intangible assets		50	2,507	2,557
Impairment losses on other assets (included under production costs, sales and distribution costs and administrative costs)		8	13	21
Restructuring costs	57	100	240	397
Share of earnings from associated companies	1	2		3
EBITA	(50)	(31)	(1,142)	(1,223)