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Announcement No. 16



Q2 Earnings Release/2003

At a meeting today, the Supervisory Board of GN Great Nordic reviewed and adopted the present Second Quarter Earnings Release 2003. This quarterly earnings release is unaudited and has been prepared in accordance with IFRS (International Financial Reporting Standards, formerly IAS) and the accounting policies applied in the Annual Report 2002.

Copenhagen, August 21, 2003

Mogens Hugo Jørgensen
Chairman

Jørn Kildegaard
President & CEO

Second quarter highlights:

- Revenue increased to DKK 1,148 million from DKK 1,141 million in Q1 2003. In Q2 2002, revenue from the existing business areas was DKK 1,170 million. Organic growth was 12% relative to Q2 2002.
- EBITA improved by DKK 18 million to DKK 130 million in Q2 2003. The Q2 2002 EBITA was DKK 80 million. Implemented rationalization measures were the main drivers of the improvement.
- Profit before tax was DKK 33 million against DKK 24 million in Q1 2003 and a loss of DKK 30 million in Q2 2002.
- Cash flows from operations were DKK 78 million against DKK 132 million in Q1 2003 and DKK 55 million in Q2 2002.

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Outlook for 2003

- The full-year EBITA forecast announced on January 2 and May 7 is retained: EBITA is expected to be approximately DKK 550 million on sales of approximately DKK 4.65 billion, based on a Danish kroner – US dollar exchange rate of 6.25 in the second half of the year.
- The sale of the property at Kgs. Nytorv in Copenhagen will provide an accounting gain of DKK 57 million in the third quarter. Combined with an improvement in net financial items of DKK 40 million, the reversal of DKK 68 million in provisions relating to the divestment of NetTest and lower amortization charges in DKK-terms, this makes GN upgrade the pre-tax profit forecast from at least DKK 30 million to around DKK 200 million.
- GN Netcom maintains its forecast of an 11-13% EBITA margin in the headset operations on CC&O revenue of almost DKK 1.3 billion and Mobile Division revenue of just over DKK 0.5 billion.
- Revenue from hearing instruments and audiologic diagnostics equipment is expected to be just over DKK 2.55 billion and approx. DKK 0.3 billion, respectively. GN ReSound retains the full-year projection of an EBITA margin of 12-14%.
- The costs of centralized functions and of the GN Great Nordic Telegraph Company are still expected to fall to approximately DKK 70 million in 2003. As part of the efforts to create a single business organization, GN's shared staff functions will relocate to GN ReSound's premises in Taastrup, west of Copenhagen, along with all GN's Danish finance functions. Effective October 1, 2003, the official address of GN Store Nord as will be

Mårkærvej 2A, P.O. Box 224, DK-2630 Taastrup, Denmark.
- Due to the US dollar depreciation, amortization of intangible assets acquired through company acquisitions is reduced to DKK 260 million. Accordingly, net financial expenses are now forecast at DKK 60 million, reduced in part by approximately DKK 20 million in recoverable interest expenses in respect of a tax refund relating to two tax cases. Projected investments in property, plant and equipment and in intangible assets (devel-

opment projects) remain in the region of DKK 330 million. The sale of the property at Kgs. Nytorv in Copenhagen will lift the financial performance by DKK 57 million. DKK 68 million of the provision relating to the divestment of NetTest is being reversed. Restructuring costs are expected to amount to DKK 150 million, of which DKK 75 million will be for the CC&O Division and the rest is expected to be used for hearing instruments and audiologic diagnostics equipment. No restructuring costs are expected in 2004, provided no major company acquisitions are made.

- The pre-tax profit forecast is upgraded to around DKK 200 million.
- Profitability is expected to improve as the year progresses, due to seasonality and to implemented or announced rationalization measures.
- The projections are based on assumptions of economic growth in line with the figure for 2002. With just over half of GN's revenue and upwards of 60% of costs generated in USD or USD-related currencies, GN's industrial competitiveness and its EBITA is relatively resistant to likely US dollar fluctuations.

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 2003 are, of course, subject to risks and uncertainties which may result in material deviations from expectations.

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 in the company's markets; changes in demand for GN products; competition; shortages of components needed in production; 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)

	Q2 2003 (unaud.)	Q2 2002 (unaud.)*	H1 2003 (unaud.)	H1 2002 (unaud.)*
Earnings - Income statement in accordance with International Financial Reporting Standards (IFRS)				
Revenue	1,148	1,415	2,289	2,783
Operating profit (loss) before share of profit in subsidiaries and associates	(33)	(308)	7	(534)
Operating profit (loss)	(30)	(310)	10	(537)
Profit (loss) from ordinary activities before tax	33	(336)	57	(528)
Profit (loss) from ordinary activities after tax	31	(420)	29	(557)
GN Store Nord's share of profit (loss) for the period	31	(420)	29	(557)
GN Store Nord's share of profit (loss) for the year excluding amortisation and impairment of goodwill and other intangible assets acquired in company acquisitions	94	(251)	157	(269)
Earnings - Investor-specific highlights				
Earnings before depreciation, amortisation, impairment and restructurings and items of a non-recurring nature (EBITDA)	160	21	302	21
Earnings before amortisation and impairment of goodwill and other intangible assets acquired in company acquisitions and restructurings and items of a non-recurring nature (EBITA)	130	(31)	242	(81)
Earnings before interest and tax (EBIT)	(30)	(310)	10	(537)
Balance Sheet				
Share capital (GN Store Nord as)	879	879	879	879
Equity	4,440	9,358	4,440	9,358
Total assets	7,284	13,408	7,284	13,408
Net interest bearing debt	(1,300)	(1,096)	(1,300)	(1,096)
Cash flows				
Cash flows from operating activities	78	(41)	210	(22)
Cash flows from investing activities	(139)	(168)	(239)	(196)
Total cash flows from operating and investing activities	(61)	(209)	(29)	(218)
Development costs				
Development costs incurred for the period before grant	71	160	139	311
Restructuring costs				
Restructuring recognised in income statement	(100)	(100)	(107)	(157)
Restructurings, paid	(40)	(60)	(58)	(111)
Investments				
Plant and machinery etc.	26	29	49	60
Real property including leasehold improvements	12	6	19	14
Development projects, developed in-house	32	111	68	215
Other intangible assets excluding goodwill	7	16	20	31
Total (excluding company acquisitions)	77	162	156	320
Company acquisitions	-	21	-	21
Acquisition of associated companies	-	-	3	-
Total investments	77	183	159	341
Depreciation and impairment of property, plant and equipment and amortisation of intangible assets				
Depreciation and impairment of property, plant and equipment and amortisation of intangible assets	120	230	242	445
Impairment of intangible assets	-	50	-	50
Key ratios				
EBITA margin	11.3 %	(2.2)%	10.6 %	(2.9)%
Return on equity	0.7 %	(4.2)%	0.6 %	(5.6)%
Equity ratio	61.0 %	69.8 %	61.0 %	69.8 %
Key ratios per share				
Earnings per share (EPS)	0.15	(1.99)	0.14	(2.64)
Earnings per share, fully diluted (EPS)	0.15	(1.99)	0.14	(2.64)
Earnings per share excluding amortisation and impairment of intangible assets and restructurings, etc. (EPS)	0.92	(0.69)	1.25	(0.50)
Earnings per share excluding amortisation and impairment of intangible assets and restructurings, etc., fully diluted (EPS)	0.91	(0.69)	1.25	(0.50)
Cash flow from operating activities per share (CFPS)	0.37	(0.19)	0.99	(0.10)
Net asset value per DKK 4 share	21	44	21	44
Share price at the end of the period	27	28	27	28
Average number of shares outstanding (in thousands)	211,311	211,309	211,311	211,309
Employees				
Average number	4,015	5,588	4,085	5,670

* The account figures for Q1 2002 and year 2002 include NetTest, which has been sold at 31 December 2002.

Financial results

GN generated Q2 2003 revenue of DKK 1,148 million (Q1 2003: DKK 1,141 million) and an EBITA of DKK 130 million (Q1 2003: 112 million). In Q2 2002, the hearing instruments and audiologic diagnostics equipment businesses generated revenue of DKK 1,170 million and an EBITA of DKK 80 million. The weaker US dollar reduced revenue by DKK 145 million relative to Q2 2002. About 52% of total revenue was denominated in the US dollar or USD-related currencies.

Fixed costs excluding depreciation charges were DKK 419 million, against DKK 454 million in Q2 2002. Fixed costs were reduced because of the weaker US dollar.

Development costs incurred were DKK 71 million, compared to DKK 83 million in Q2 2002.

Amortization of goodwill and other acquired intangible assets amounted to DKK 63 million in the second quarter. Restructuring costs were DKK 100 million and involved the already announced initiatives of relocating Hello Direct from California to New Hampshire, relocating headset manufacturing from the UK and the United States to China and, finally, moving the production of ITE hearing instruments from Chicago to the existing factory in Minneapolis, Minnesota. Net financial expenses for the quarter amounted to DKK 5 million.

GN recorded a Q2 profit from ordinary activities before tax of DKK 33 million.

GN had 4,015 employees during the quarter, a slight decline from the first quarter. The company plans to source in part of the headset production.

In spite of contractions in the contact center market, revenue from the CC&O segment was in line with the Q1 figure, driven especially by the successful February launch of the GN 9120 wireless headset for offices. The production of headsets still based at Nashua, New Hampshire and Washington, UK will be relocated to Xiamen, China during late summer. The relocation of the UK-based repair operations and the set up of a Dutch logistics center is expected to be fully implemented by the end of September 2003.

Mobile sales improved, especially in Europe, where GN is successfully establishing the JABRA brand. The JABRA BT200 is still GN's top-selling Bluetooth® enabled headset. GN sold DKK 88 million worth of

Bluetooth headsets in the second quarter, equivalent to 76% of the total mobile revenue.

The continuing efforts to optimize the production of hearing instruments include expanding the ITE manufacturing capacity at Minneapolis. The new "open" hearing instruments, ReSoundAIR and the Canta7/Open, were given a strong market reception.

The US and German markets for audiologic diagnostics equipment both remained weak, but this was offset by healthy demand on several European markets, especially the UK. The work to create a multiple functionality platform is progressing as planned.

GN has closed the tax proceedings involving a number of cable projects in Eastern Europe with a satisfactory outcome. An amount of DKK 180 million, which GN had previously paid to the tax authorities, was recognized under receivables at March 31, 2003. This amount will be refunded to GN with interest, for a total of DKK 200 million. GN has also submitted a claim for a DKK 20 million repayment in reliance of the right to deduct prior-year losses incurred when issuing employee shares. This is expected to lift the Q3 cash flow from operations by approximately DKK 220 million.

As part of the divestment of NetTest, GN was obliged to pay a net amount of up to DKK 150 million to the buyer of NetTest to cover restructuring costs, rent and other items over the next ten years. GN has agreed to make a non-recurring net payment of DKK 59 million, relieving GN of this former obligation. GN has paid a net amount of DKK 89 million in 2003 as part of the NetTest divestment. As a result of the new agreement, DKK 68 million of the provision recognized in connection with the NetTest divestment has now been reversed.

GN's head office at Kgs. Nytorv in Copenhagen has been sold at a price of DKK 65 million and will be vacated this fall.

Balance sheet

Total assets amounted to DKK 7,284 million at June 30, 2003, against DKK 7,733 million at March 31, 2003.

The Bluetooth word mark and logos are owned by the Bluetooth SIG, Inc. and any use of such marks by GN Netcom is under license.

Goodwill amounted to DKK 3,192 million, distributed on DKK 564 million on headset operations and DKK 2,628 million on hearing instruments and audiologic diagnostics equipment.

Inventories and trade receivables were DKK 680 million (end-Q1: DKK 606 million) and DKK 948 million (end-Q1: DKK 933 million), respectively. The increase in inventories was due in part to the build-up of reserve inventories for the mobile business due to the uncertainty related to SARS and in part to less than efficient inventory management in connection with new product launches in the Hearing Instruments Division, among other things. The drop in cash and cash equivalents from DKK 271 million at March 31 to DKK 107 million at June 30 was due to a more efficient application of excess liquidity.

Equity amounted to DKK 4,440 million at June 30, 2003, as compared to DKK 4,611 million at March 31, 2003. Foreign exchange adjustments reduced equity by DKK 202 million relative to March 31, 2003.

Net interest-bearing debt was DKK 1,300 million at June 30, 2003, which was DKK 65 million more than at March 31, 2003. The increase resulted from the greater amount of cash tied up in working capital.

Cash flows

The Q2 cash flows from operations of DKK 78 million were reduced by restructuring costs of DKK 40 million. Cash flows from investments were DKK (139) million against DKK (100) million in Q1 2003 and DKK (101) million in Q2 2002. Investments consisted of development projects, property, plant and equipment to a minor extent and the payment relating to NetTest. Inventories of finished goods and components increased by DKK 84 million during the quarter, of which DKK 38 million related to the mobile business. The increase in the mobile inventories is expected to be eliminated during the second half of the year. The remaining inventories are still too high and will be reduced on an ongoing basis.

The free cash flow from headsets, hearing instruments and audiologic diagnostics equipment was DKK (61) million against DKK 32 million in Q1 2003 and DKK (46) million in Q2 2002. The cash flow is still not satisfactory and efforts to improve it will intensify as the major structural changes are gradually completed and the shared IT platform is implemented.

Share option plans

As announced in the Q1 earnings release, GN has awarded share options at a Black & Scholes value of DKK 24 million in the American and the European plans on the terms described in the 2002 annual report. Options with a strike price of 18.3, equal to the average share price during the 20 business days following the release of the 2002 annual report, have been awarded to a total of 128 employees. The European tranche has a hurdle rate of 6% and represents just over 54% of the 2,437,500 options awarded, while the North American tranche (46%) has no hurdle rate.

There were a total of 3,713,896 European and 3,772,810 American share options outstanding at June 30, 2003, corresponding to 3.4% of the share capital. In accordance with GN's accounting policies, the theoretical value of the options is not included in the income statement.

Members of the Executive Management held 955,875 share options at an average strike price of 47.7. Senior employees held 2,009,819 (average strike price 56.6) while other employees held 4,521,012 share options (average strike price 72.9).

Share options are not awarded to members of the Supervisory Board.

Shareholdings

At June 30, 2003, members of the Executive Management and the Supervisory Board held 57,513 and 33,290 shares, respectively, in GN. Senior employees and other employees listed in GN's insider register held a total of 438,328 shares in GN.

GN continued to hold 8,464,311 treasury shares at June 30, 2003, equivalent to 3.9% of the share capital. Foreign investors hold close to 40% of the shares in GN. Danish institutional investors hold about 30% and private investors hold some 25% of the GN share capital.

Contact Center & Office Division

Operating in a contracting contact center market, the CC&O Division generated revenue of DKK 320 million, which was in line with the Q1 2003 figure and a decline of 14% relative to Q2 2002. The weaker US dollar alone reduced revenue by DKK 59 million relative to Q2 2002. Finally, the pruning of Hello Direct's product portfolio also added to the lower sales in North America, which represented 51% of total CC&O sales.

The new products launched in 2002 and 2003 contributed to almost 30% of Q2 revenue, and sales of the GN 9120 wireless headset remained very satisfactory.

Mobile Division

The Mobile Division generated revenue of DKK 113 million, an improvement of 11% on Q1 2003 and of almost 90% on Q2 2002. In terms of value, market demand was especially directed at Bluetooth-enabled products. In this segment, the division supplied its first OEM products to Motorola in April 2002. European expansion is progressing according to plan, as the division signed new distribution agreements to make JABRA available in about 17,000 European outlets. Europe contributed 40% of the total Q2 revenue.

As expected, the Bluetooth market has become more competitive, as several important players launched products during the summer months. This fall, GN plans to begin shipping OEM products under the second contract signed with Motorola.

Combined, GN Netcom's CC&O and Mobile divisions generated Q2 EBITA of DKK 42 million (9.7% EBITA margin) against DKK 41 million in Q1 2003 (9.8%) and DKK 27 million (6.2%) in Q2 2002.

Cash flows from operations were DKK 25 million against DKK 51 million in Q1 2003 and DKK 14 million in Q2 2002.

Hearing instruments

Hearing instrument revenue fell 1% to DKK 628 million from the first to the second quarter due to the weaker US dollar. Organic growth was 7% relative to the Q2 2002 revenue of DKK 659 million.

The growth was based on new market shares won in the United States and in parts of Europe. The division recorded a certain improvement in sales of advanced digital products, indicating a good timing of the May launches of ReSoundAIR and Canta7/Open. Digital products made up about 80% of the hearing instrument revenue, and the continuing brands contributed more than 90% of sales. The new products and product varieties launched in 2002 and 2003 represented almost 50% of sales.

In June, GN announced that it would be consolidating the production of ITE products in North America. From March 2004, all digital ITE products will be manufactured at the Minneapolis factory, and a number of technical and administrative functions will also be relocated

there over the next 12 months. This is the last of the major restructurings that make up GN ReSound's "Closing the Margin Gap" project, which aims to lift GN's hearing instrument profitability to among the best in the industry by the end of 2004.

Audiologic diagnostics equipment

GN Otometrics' Q2 revenue was DKK 82 million, against DKK 87 million in Q1 2003 and DKK 71 million in Q2 2002.

Shipments to the National Health Service in the UK contributed to securing growth relative to Q2 2002.

Combined, GN ReSound's hearing instruments and audiologic diagnostics equipment businesses generated Q2 EBITA of DKK 98 million (13.8% EBITA margin) against DKK 87 million (12.1%) in Q1 2003 and DKK 62 million (8.5%) in Q2 2002.

Cash flows from operations were DKK 47 million against DKK 98 million in Q1 2003 and DKK (4) million in Q2 2002.

Other GN operations

The GN Great Northern Telegraph Company reported Q2 revenue of DKK 5 million and an EBITA of DKK 1 million.

DPTG I/S, in which GN holds a 75% interest, is still a party to arbitration proceedings with Telekomunikacja Polska S.A. involving the principles for traffic statistics in Poland's NSL fiber-optic telecommunications system, for which DPTG holds the rights to part of net revenues during the period from 1994 to 2009. A positive outcome of the proceedings or a settlement acceptable to DPTG could involve a termination of the entire contract and settlement of expected future traffic revenue for the period to the end of 2009. GN is unable to provide any further information in this matter without possibly affecting the outcome of the case.

Income statement	Consolidated			
(DKK millions)	Q2 2003 (unaud.)	Q2 2002 (unaud.)*	H1 2003 (unaud.)	H1 2002 (unaud.)*
Revenue	1,148	1,415	2,289	2,783
Production costs	(514)	(727)	(1,029)	(1,429)
Gross profit	634	688	1,260	1,354
Development costs	(64)	(93)	(122)	(180)
Selling and distribution costs	(279)	(407)	(564)	(816)
Management and administrative expenses	(163)	(229)	(335)	(452)
Other operating income	2	2	3	5
Amortisation and impairment of goodwill and other intangible assets acquired in company acquisitions	(63)	(169)	(128)	(288)
Restructuring	(100)	(100)	(107)	(157)
Operating profit (loss) before share of profit in subsidiaries and associates	(33)	(308)	7	(534)
Share of profit (loss) in associates	3	(2)	3	(3)
Operating profit (loss)	(30)	(310)	10	(537)
Gains/losses on disposal of discontinuing operations	68	(5)	68	42
Profit (loss) before interest income and expense and similar items	38	(315)	78	(495)
Interest income and similar items	18	47	41	60
Interest expense and similar items	(23)	(68)	(62)	(93)
Profit (loss) from ordinary activities before tax	33	(336)	57	(528)
Tax on profit (loss) from ordinary activities	(2)	(84)	(28)	(29)
Profit (loss) from ordinary activities after tax	31	(420)	29	(557)
Minority shareholders' share of profit (loss) for the period	-	-	-	-
GN Store Nord's share of profit (loss) for the period	31	(420)	29	(557)
* Include NetTest, which has been sold at 31 December 2002.				
Earnings per share (EPS)	0.15	(1.99)	0.14	(2.64)
Earnings per share, fully diluted (EPS)	0.15	(1.99)	0.14	(2.64)
Earnings per share excluding amortisation and impairment of intangible assets and restructurings, etc. (EPS)	0.92	(0.69)	1.25	(0.50)
Earnings per share excluding amortisation and impairment of intangible assets and restructurings, etc., fully diluted (EPS)	0.91	(0.69)	1.25	(0.50)

Assets	Consolidated			
(DKK millions)	June 30 2003 (unaud.)	March 31 2003 (unaud.)	Dec. 31 2002 (aud.)	June 30 2002 (unaud.) *
Non-current assets				
Goodwill	3,192	3,396	3,578	6,361
Development projects, acquired	-	-	-	15
Development projects, developed in-house	359	348	339	790
Software, acquired	-	-	-	22
Software, developed in-house	99	103	101	90
Patents and rights	94	97	99	155
Telecommunications systems	55	56	58	64
Other intangible assets	320	341	360	422
Total intangible assets	4,119	4,341	4,535	7,919
Factory and office buildings	109	108	106	122
Leasehold improvements	42	46	49	146
Plant and machinery	76	74	79	152
Operating assets and equipment	75	80	83	162
Leased plant and equipment	9	10	11	7
Telecommunications systems	-	-	-	6
Plant under construction	22	14	6	6
Total property, plant and equipment	333	332	334	601
Investments in associates	178	169	171	148
Other securities	7	7	7	12
Other receivables and deposited bank balances	110	122	111	495
Deferred tax assets	345	354	330	309
Total investments	640	652	619	964
Total non-current assets	5,092	5,325	5,488	9,484
Current assets				
Inventories	680	606	630	1,563
Trade receivables	948	933	945	1,230
Receivables from associates	4	4	4	11
Tax receivable	229	234	231	295
Other receivables	142	160	152	281
Deposited bank balances	-	111	117	-
Prepayments	69	78	80	115
Total receivables	1,392	1,520	1,529	1,932
Listed securities	13	11	9	8
Cash and cash equivalents	107	271	282	421
Total current assets	2,192	2,408	2,450	3,924
Total assets	7,284	7,733	7,938	13,408

* Include NetTest, which has been sold at 31 December 2002.

Equity and liabilities	Consolidated			
(DKK millions)	June 30 2003 (unaud.)	March 31 2003 (unaud.)	Dec. 31 2002 (aud.)	June 30 2002 (unaud.)*
Equity				
Share capital	879	879	879	879
Share premium	4,170	4,170	4,170	4,170
Revaluation reserves	-	-	-	-
Foreign exchange adjustments	(933)	(731)	(555)	(385)
Retained earnings	324	293	295	4,694
Total equity	4,440	4,611	4,789	9,358
Minority interests	-	-	-	-
Provisions				
Provisions for pension obligations and similar obligations	13	13	13	15
Deferred tax	75	74	48	313
Other provisions	379	438	474	497
Total provisions	467	525	535	825
Liabilities				
Mortgage loans	3	3	3	3
Bank loans	1,323	1,323	1,321	1,104
Capitalised lease obligations	9	10	8	1
Other long-term payables	86	90	97	460
Received prepayments	21	17	17	19
Total non-current liabilities	1,442	1,443	1,446	1,587
Repayment of long-term loans	3	3	4	13
Bank loans	78	177	197	397
Trade payables	312	304	322	470
Tax payable	68	84	76	135
Other payables	445	553	534	554
Received prepayments	29	33	35	69
Total current liabilities	935	1,154	1,168	1,638
Total liabilities	2,377	2,597	2,614	3,225
Total equity and liabilities	7,284	7,733	7,938	13,408

* Include NetTest, which has been sold at 31 December 2002.

Cash flow statement	Consolidated			
(DKK millions)	Q2 2003 (unaud.)	Q2 2002 (unaud.) *	H1 2003 (unaud.)	H1 2002 (unaud.) *
Operating activities				
Operating profit (loss)	(30)	(310)	10	(537)
Depreciation, amortisation and impairment	120	279	242	494
Other adjustments	117	30	150	72
Cash flow from operating activities before changes in working capital	207	(1)	402	29
Change in inventories	(84)	-	(86)	32
Change in receivables	(14)	(23)	(43)	92
Change in trade payables and other payables	42	66	53	(2)
Total changes in working capital	(56)	43	(76)	122
Cash flow from operating activities before interest income and expense and similar items, restructurings and tax	151	42	326	151
Interest and dividends, etc. received	4	11	6	16
Interest paid	(25)	(28)	(43)	(51)
Restructurings, paid	(40)	(60)	(58)	(111)
Tax paid, net	(12)	(6)	(21)	(27)
Cash flows from operating activities	78	(41)	210	(22)
Investing activities				
Acquisition of intangible assets excluding development projects	(7)	(16)	(20)	(31)
Development projects, acquired and developed in-house	(32)	(111)	(68)	(215)
Acquisition of property, plant and equipment	(38)	(35)	(68)	(74)
Investments	(6)	-	(6)	-
Disposal of intangible assets	-	4	1	4
Disposal of property, plant and equipment	1	12	5	30
Disposal of investments	2	(2)	9	42
Acquisition/disposal of securities	-	1	-	1
Company acquisitions	-	(21)	(3)	(21)
Disposal of investment property	-	-	-	68
Cash purchase consideration, net	(59)	-	(89)	-
Cash flows from investing activities	(139)	(168)	(239)	(196)
Cash flows from operating and investing activities	(61)	(209)	(29)	(218)
Financing activities				
Decrease of short-term bank loans	(107)	30	(128)	11
Repayment and reduction of non-current liabilities	-	12	-	(29)
Foreign exchange adjustments etc.	6	7	(12)	(26)
Cash flows from financing activities	(101)	49	(140)	(44)
Net cash flows	(162)	(160)	(169)	(262)
Cash and cash equivalents at 1 January	271	645	282	740
Foreign exchange adjustments, cash and cash equivalents at 1 January	(2)	(64)	(6)	(57)
Cash and cash equivalents at 1 January	269	581	276	683
Cash and cash equivalents at 30 June	107	421	107	421

The statement of cash flows cannot be derived using only the other accounting data.

* Include NetTest, which has been sold at 31 December 2002.

Total equity

(DKK millions)	Share capital (shares of DKK 4 each)	Share premium	Revaluation reserves	Foreign exchange adjustments	Retained earnings	Total equity
Balance sheet total at 31 December 2001	879	4,170	1	407	5,251	10,708
Profit (loss) for the period	-	-	-	-	(557)	(557)
Foreign exchange adjustments etc.	-	-	(1)	(792)	-	(793)
Balance sheet total at 30 June 2002	879	4,170	-	(385)	4,694	9,358
Profit (loss) for the period	-	-	-	-	(4,557)	(4,557)
Tax on changes in equity	-	-	-	-	155	155
Foreign exchange adjustments etc.	-	-	-	(170)	3	(167)
Balance sheet total at 31 December 2002	879	4,170	-	(555)	295	4,789
Profit (loss) for the period	-	-	-	-	29	29
Foreign exchange adjustments etc.	-	-	-	(378)	-	(378)
Balance sheet total at 30 June 2003	879	4,170	-	(933)	324	4,440

Investor-specific income statement per quarterly period

(The accounting abbreviations EBITDA and EBITA are not defined in International Financial Reporting Standards (IFRS), previously IAS or the Danish Financial Statements Act)

(DKK millions)	Q3 2001 (unaud.)*	Q4 2001 (unaud.)*	Q1 2002 (unaud.)*	Q2 2002 (unaud.)*	Q3 2002 (unaud.)*	Q4 2002 (unaud.)*	Q1 2003 (unaud.)	Q2 2003 (unaud.)	H1 2002 (unaud.)*	H1 2003 (unaud.)
Revenue	1,682	1,710	1,368	1,415	1,273	1,456	1,141	1,148	2,783	2,289
Production costs	(842)	(957)	(686)	(712)	(1,300) **	(747)	(507)	(505)	(1,398)	(1,012)
Gross profit	840	753	682	703	(27)	709	634	643	1,385	1,277
Incurred development costs	(163)	(165)	(151)	(160)	(135)	(175)	(68)	(71)	(311)	(139)
Selling and distribution costs	(438)	(472)	(401)	(390)	(360)	(334)	(282)	(276)	(791)	(558)
Management and administrative expenses	(205)	(236)	(197)	(201)	(194) **	(171)	(153)	(145)	(398)	(298)
Other operating income	(1)	7	3	2	-	4	1	2	5	3
Operating profit (loss) before capitalisation and amortisation of development costs, amortisation and impairment of intangible assets acquired in company acquisitions	33	(113)	(64)	(46)	(716)	33	132	153	(110)	285
Capitalised development costs	109	120	104	111	92	70	35	33	215	68
Amortised development costs	(34)	(36)	(40)	(44)	(454) **	(43)	(25)	(26)	(84)	(51)
EBITDA	108	(29)	-	21	(1,078)	60	142	160	21	302
Ordinary depreciation and amortisation relating to:										
Production	(22)	(9)	(16)	(15)	(14)	(14)	(8)	(9)	(31)	(17)
Selling and distribution	(7)	(17)	(8)	(9)	(6)	(7)	(3)	(3)	(17)	(6)
Administration	(32)	(23)	(26)	(28)	(44) **	(20)	(19)	(18)	(54)	(37)
EBITA	47	(78)	(50)	(31)	(1,142)	19	112	130	(81)	242
Share of profit (loss) in associates	3	-	(1)	(2)	-	(30)	-	3	(3)	3
Amortisation of goodwill	(139)	(135)	(103)	(103)	(99)	(58)	(56)	(55)	(206)	(111)
Amortisation of other intangible assets acquired in company acquisitions	(16)	(21)	(16)	(16)	(16)	(6)	(9)	(8)	(32)	(17)
Restructuring	(29)	(306)	(57)	(100)	(85)	(132)	(7)	(100)	(157)	(107)
Impairment	3	(2,547)	-	(58)	(2,675) **	14	-	-	(58)	-
Costs related to planned NetTest IPO	(5)	(1)	-	-	-	-	-	-	-	-
Earnings before interest and tax (EBIT)	(136)	(3,088)	(227)	(310)	(4,017)	(193)	40	(30)	(537)	10
Gain on disposal of property	68	-	47	-	-	-	-	-	47	-
Gains/losses on disposal of discontinuing operations	(95)	-	-	(5)	-	(489)	-	68	(5)	68
Capital gains/losses on shares	17	12	4	(2)	(1)	2	1	2	2	3
Interest income and similar items	(12)	95	9	49	2	69	22	16	58	38
Interest expense and similar items	(22)	(85)	(25)	(68)	(32)	(102)	(39)	(23)	(93)	(62)
Earnings before tax (EBT)	(180)	(3,066)	(192)	(336)	(4,048)	(713)	24	33	(528)	57
Tax on profit (loss)	28	184	55	(84)	(71) **	275	(26)	(2)	(29)	(28)
Net earnings for the period	(152)	(2,882)	(137)	(420)	(4,119)	(438)	(2)	31	(557)	29
Minority shareholders' share of net earnings for the period	-	-	-	-	-	-	-	-	-	-
GN Store Nord's share of net earnings for the period	(152)	(2,882)	(137)	(420)	(4,119)	(438)	(2)	31	(557)	29

*) The account figures from Q3 2001 to Q4 2002 include NetTest, which has been sold at 31 December 2002

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

Quarterly Operations by Business Area

(The accounting abbreviations EBITDA and EBITA are not defined in International Financial Reporting Standards (IFRS), previously IAS or the Danish Financial Statements Act)

(DKK millions)	Q3 2001 (unaud.)	Q4 2001 (unaud.)	Q1 2002 (unaud.)	Q2 2002 (unaud.)	Q3 2002 (unaud.)	Q4 2002 (unaud.)	Q1 2003 (unaud.)	Q2 2003 (unaud.)	H1 2002 (unaud.)	H1 2003 (unaud.)
Revenue										
Contact Center & Office	358	367	373	373	335	338	317	320	746	637
Mobile Headsets	113	130	33	60	99	143	102	113	93	215
GN Netcom	471	497	406	433	434	481	419	433	839	852
Hearing Instruments	647	684	657	659	613	664	635	628	1,316	1,263
Audiologic Diagnostics Equipment	77	72	82	71	67	90	87	82	153	169
GN ReSound	724	756	739	730	680	754	722	710	1,469	1,432
Other *	12	20	6	7	8	4	-	5	13	5
New GN total	1,207	1,273	1,151	1,170	1,122	1,239	1,141	1,148	2,321	2,289
NetTest	475	437	217	245	151	217	-	-	462	-
Total	1,682	1,710	1,368	1,415	1,273	1,456	1,141	1,148	2,783	2,289
Gross profit										
GN Netcom	247	249	210	223	214	238	232	231	433	463
GN ReSound	346	371	387	381	362	408	402	408	768	810
Other *	15	25	10	11	5	9	-	4	21	4
New GN total	608	645	607	615	581	655	634	643	1,222	1,277
NetTest	232	108	75	88	(608) **	54	-	-	163	-
Total	840	753	682	703	(27)	709	634	643	1,385	1,277
Overheads excluding development costs and depreciation and amortisation of non-current assets										
GN Netcom	(168)	(174)	(155)	(166)	(149)	(148)	(159)	(157)	(321)	(316)
GN ReSound	(250)	(273)	(279)	(270)	(248)	(248)	(261)	(250)	(549)	(511)
Other *	(14)	(24)	(19)	(18)	(17)	(17)	(14)	(12)	(37)	(26)
New GN total	(432)	(471)	(453)	(454)	(414)	(413)	(434)	(419)	(907)	(853)
NetTest	(212)	(230)	(142)	(135)	(140) **	(88)	-	-	(277)	-
Total	(644)	(701)	(595)	(589)	(554)	(501)	(434)	(419)	(1,184)	(853)
Incurred development costs										
GN Netcom	(33)	(27)	(21)	(27)	(26)	(27)	(18)	(15)	(48)	(33)
GN ReSound	(45)	(45)	(47)	(56)	(53)	(68)	(50)	(56)	(103)	(106)
Other *	-	-	-	-	-	-	-	-	-	-
New GN total	(78)	(72)	(68)	(83)	(79)	(95)	(68)	(71)	(151)	(139)
NetTest	(85)	(93)	(83)	(77)	(56)	(80)	-	-	(160)	-
Total	(163)	(165)	(151)	(160)	(135)	(175)	(68)	(71)	(311)	(139)
Capitalised development costs										
GN Netcom	13	12	11	15	15	18	8	7	26	15
GN ReSound	31	24	24	32	32	36	27	26	56	53
Other *	-	-	-	-	-	-	-	-	-	-
New GN total	44	36	35	47	47	54	35	33	82	68
NetTest	65	84	69	64	45	16	-	-	133	-
Total	109	120	104	111	92	70	35	33	215	68
Amortised development costs										
GN Netcom	-	(5)	(4)	(5)	(6)	(8)	(11)	(13)	(9)	(24)
GN ReSound	(7)	(4)	(6)	(6)	(7)	(27)	(14)	(13)	(12)	(27)
Other *	-	-	-	-	-	-	-	-	-	-
New GN total	(7)	(9)	(10)	(11)	(13)	(35)	(25)	(26)	(21)	(51)
NetTest	(27)	(27)	(30)	(33)	(441) **	(8)	-	-	(63)	-
Total	(34)	(36)	(40)	(44)	(454)	(43)	(25)	(26)	(84)	(51)
Ordinary depreciation and amortisation										
GN Netcom	(13)	(14)	(12)	(13)	(14)	(15)	(11)	(11)	(25)	(22)
GN ReSound	(20)	(6)	(19)	(19)	(17)	(16)	(17)	(17)	(38)	(34)
Other *	(6)	(7)	(3)	(2)	(4)	(3)	(2)	(2)	(5)	(4)
New GN total	(39)	(27)	(34)	(34)	(35)	(34)	(30)	(30)	(68)	(60)
NetTest	(22)	(22)	(16)	(18)	(29) **	(7)	-	-	(34)	-
Total	(61)	(49)	(50)	(52)	(64)	(41)	(30)	(30)	(102)	(60)
EBITA										
GN Netcom	46	41	29	27	34	58	41	42	56	83
GN ReSound	55	67	60	62	69	85	87	98	122	185
Other *	(5)	(6)	(12)	(9)	(16)	(11)	(16)	(10)	(21)	(26)
New GN total	96	102	77	80	87	132	112	130	157	242
NetTest	(49)	(180)	(127)	(111)	(1,229) **	(113)	-	-	(238)	-
Total	47	(78)	(50)	(31)	(1,142)	19	112	130	(81)	242
EBITA - margin										
GN Netcom	9.8 %	8.2 %	7.1 %	6.2 %	7.8 %	12.1 %	9.8 %	9.7 %	6.7 %	9.7 %
GN ReSound	7.6 %	8.9 %	8.1 %	8.5 %	10.2 %	11.3 %	12.1 %	13.8 %	8.3 %	12.9 %
Other *	(41.7)%	(30.0)%	(200.0)%	(128.6)%	(200.0)%	(275.0)%	-	-	(161.5)%	(520.0)%
New GN total	8.0 %	8.0 %	6.7 %	6.8 %	7.8 %	10.7 %	9.8 %	11.3 %	6.8 %	10.6 %
NetTest	(10.3)%	(41.2)%	(58.5)%	(45.3)%	(813.9)%	(52.1)%	-	-	(51.5)%	-
Total	2.8 %	(4.6)%	(3.7)%	(2.2)%	(89.7)%	1.3 %	9.8 %	11.3 %	(2.9)%	10.6 %
Restructuring costs, recognised in the income statement										
GN Netcom	-	(14)	-	-	(22)	-	-	(59)	-	(59)
GN ReSound	(18)	(102)	(37)	(28)	(19)	(56)	(7)	(41)	(65)	(48)
Other *	-	-	-	-	-	-	-	-	-	-
New GN total	(18)	(116)	(37)	(28)	(41)	(56)	(7)	(100)	(65)	(107)
NetTest	(11)	(190)	(20)	(72)	(44)	(76)	-	-	(92)	-
Total	(29)	(306)	(57)	(100)	(85)	(132)	(7)	(100)	(157)	(107)

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

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

Quarterly Statement of Cash Flow by Business Area

(DKK millions)	Q3 2001 (unaud.)	Q4 2001 (unaud.)	Q1 2002 (unaud.)	Q2 2002 (unaud.)	Q3 2002 (unaud.)	Q4 2002 (unaud.)	Q1 2003 (unaud.)	Q2 2003 (unaud.)	H1 2002 (unaud.)	H1 2003 (unaud.)
Cash flow from operating activities before changes in working capital										
GN Netcom			34	38	52	97	63	67	72	130
GN ReSound			91	53	79	159	146	148	144	294
Other			(9)	(9)	(10)	(12)	(14)	(8)	(18)	(22)
New GN total			116	82	121	244	195	207	198	402
NetTest			(86)	(83)	(123)	(74)	-	-	(169)	-
Total			30	(1)	(2)	170	195	207	29	402
Cash flow from operating activities before interest income and expense and similar items, restructurings and tax										
GN Netcom	138	111	78	36	64	90	76	61	114	137
GN ReSound	66	170	51	32	87	293	128	102	83	230
Other	(57)	62	6	5	(7)	25	(29)	(12)	11	(41)
New GN total	147	343	135	73	144	408	175	151	208	326
NetTest	81	85	(26)	(31)	(39)	(17)	-	-	(57)	-
Total	228	428	109	42	105	391	175	151	151	326
Cash flows from operating activities										
GN Netcom	106	95	49	14	44	60	51	25	63	76
GN ReSound	63	57	(11)	(4)	26	172	98	47	(15)	145
Other	(75)	277	47	45	37	78	(17)	6	92	(11)
New GN total	94	429	85	55	107	310	132	78	140	210
NetTest	100	(55)	(66)	(96)	(49)	(105)	-	-	(162)	-
Total	194	374	19	(41)	58	205	132	78	(22)	210
Cash flows from investing activities										
GN Netcom	(67)	(39)	(21)	(39)	(27)	(38)	(15)	(19)	(60)	(34)
GN ReSound	(165)	(71)	(38)	(65)	(74)	(80)	(58)	(63)	(103)	(121)
Other	35	86	109	3	1	-	(27)	(57)	112	(84)
New GN total	(197)	(24)	50	(101)	(100)	(118)	(100)	(139)	(51)	(239)
NetTest	(56)	(102)	(78)	(67)	(50)	(240)	-	-	(145)	-
Total	(253)	(126)	(28)	(168)	(150)	(358)	(100)	(139)	(196)	(239)
Cash flows from operating and investing activities										
GN Netcom	39	56	28	(25)	17	22	36	6	3	42
GN ReSound	(102)	(14)	(49)	(69)	(48)	92	40	(16)	(118)	24
Other	(40)	363	156	48	38	78	(44)	(51)	204	(95)
New GN total	(103)	405	135	(46)	7	192	32	(61)	89	(29)
NetTest	44	(157)	(144)	(163)	(99)	(345)	-	-	(307)	-
Total	(59)	248	(9)	(209)	(92)	(153)	32	(61)	(218)	(29)

Development in selected balance sheet items

(DKK millions)	30 Sep 2001 (unaud.)	31 Dec 2001 (aud.)	31 March 2002 (unaud.)	30 June 2002 (unaud.)	30 Sep 2002 (unaud.)	31 Dec 2002 (aud.)	31 March 2003 (unaud.)	30 June 2003 (unaud.)
Goodwill								
GN Netcom	783	794	790	710	704	656	597	564
GN ReSound	3,608	3,686	3,672	3,184	3,181	2,922	2,799	2,628
Other	69	-	-	-	-	-	-	-
New GN total	4,460	4,480	4,462	3,894	3,885	3,578	3,396	3,192
NetTest	4,969	2,571	2,537	2,467	-	-	-	-
Total	9,429	7,051	6,999	6,361	3,885	3,578	3,396	3,192
Development projects, acquired and developed in-house								
GN Netcom	66	66	73	78	87	97	91	84
GN ReSound	143	169	188	208	236	242	257	275
Other	-	-	-	-	-	-	-	-
New GN total	209	235	261	286	323	339	348	359
NetTest	571	535	575	519	100	-	-	-
Total	780	770	836	805	423	339	348	359
Inventories								
GN Netcom	351	319	307	273	249	228	223	276
GN ReSound	552	535	552	519	478	402	383	404
Other	-	-	-	-	-	-	-	-
New GN total	903	854	859	792	727	630	606	680
NetTest	939	865	863	771	115	-	-	-
Total	1,842	1,719	1,722	1,563	842	630	606	680
Trade receivables								
GN Netcom	388	303	302	309	329	325	296	311
GN ReSound	615	575	616	564	557	526	550	548
Other	195	150	143	95	118	94	87	89
New GN total	1,198	1,028	1,061	968	1,004	945	933	948
NetTest	631	469	323	262	165	-	-	-
Total	1,829	1,497	1,384	1,230	1,169	945	933	948
Trade payables								
GN Netcom	156	82	80	96	96	111	109	139
GN ReSound	240	220	213	241	169	183	176	157
Other	10	14	11	9	9	28	19	16
New GN total	406	316	304	346	274	322	304	312
NetTest	228	184	154	124	92	-	-	-
Total	634	500	458	470	366	322	304	312