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February 27, 2009

ANNOUNCEMENT NO: 3

GN's Q4 and Full Year 2008 Results in line with Guidance

GN's Q4 and full year consolidated results were in line with the guidance provided in the Q3 report of November 6, 2008.

GN ReSound generated solid positive organic revenue growth in the second half of the year. The results in GN Netcom were adversely impacted by the global economic crisis.

Chairman of GN's Supervisory Board Per Wold-Olsen says: "2008 was a challenging year for GN. We have implemented a new corporate structure, initiated a number of change initiatives and taken significant actions to cut costs. The programs initiated are beginning to deliver results, our product pipeline is promising and I believe we are setting the scene for a positive development in GN in the years to come."

Full Year 2008 Results

- Total revenue was DKK 5,624 million.
- EBITA was DKK 65 million inclusive of non-recurring costs of DKK 107 million.
- Earnings before tax were DKK (83) million.
- Net interest-bearing debt was DKK 1,592 million at the end of the year.
- The Supervisory Board recommends that no dividend will be paid for the financial year 2008.

Fourth Quarter 2008 Results

- Total revenue was DKK 1,464 million.
- EBITA was DKK 27 million.
- The free cash flow was positive at DKK 35 million.
- Revenue in GN Netcom was DKK 615 million equivalent to (23)% organic growth.
- GN Netcom EBITA was DKK (18) million or DKK 31 million exclusive of non-recurring costs.
- Revenue in GN Resound was DKK 843 million equal to organic growth of 10%.
- GN ReSound EBITA was DKK 56 million.

Additional Highlights

- GN Netcom has reached a settlement with ATL in the battery replacement case. The outcome is as expected and will have no material effect on the financial statements.
- The DPTG/TPSA arbitration proceedings progress according to the agreed time schedule. As of February 25, 2009, the arbitration tribunal issued directions to the experts on how to calculate the claim without prejudice to a final decision. This does not give GN cause to change the claim.
- As previously announced, CEO of GN Netcom Toon Bouten's contract of employment expires at the end of September 2009. GN Store Nord and Toon Bouten have been in dialogue as to the possible extension of his contract of employment and have now concluded that it will not be extended beyond September 2009.

Outlook for 2009

GN is proactively preparing for challenging market conditions in 2009. Significant cost reductions are planned in both GN Netcom and GN ReSound. Total EBITA is expected to be around the same level as EBITA in 2008 despite the fact that revenue is expected to decline significantly to a level around DKK 5 billion in line with the expected market developments.

- Total EBITA for GN: Around the 2008 EBITA level based on a revenue scenario of around DKK 5 billion.
- EBITA for GN Netcom: Around DKK (100) million including non-recurring costs based on a revenue scenario of around DKK 2 billion.
  The FAST program will deliver considerable higher cost reductions than previously expected. The cost reductions will be in the magnitude of at least DKK 300 million annually.
- EBITA for GN ReSound: Around DKK 200 million based on a revenue scenario of around DKK 3 billion.
  GN ReSound is implementing further significant restructuring measures in 2009 and preliminary estimates indicate a reduction of the annual cost base of more than DKK 200 million as an end-of-2009 run rate with significant effect already in 2009.
- EBITA for Other: Around DKK (30) million.
- GN expects a significant, positive free cash flow.

All expectations are expressed in approximate numbers and are subject to significant uncertainty due to the global economic crisis.

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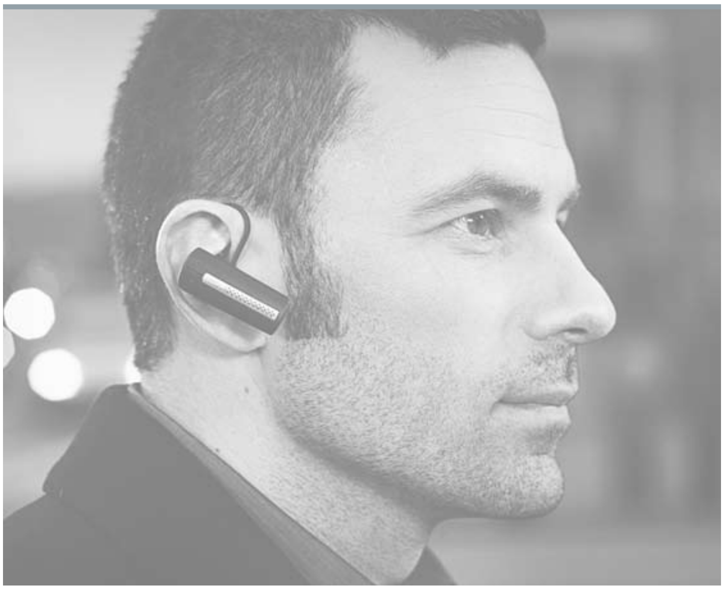
GN Store Nord
Annual Report 2008

GN Netcom



GN ReSound

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Consolidated Financial Highlights 2004-2008 can be found on the inside of the front cover

FINANCIAL STATEMENTS

Glossary and Key Ratio Definitions can be found on the inside of the back cover

PROFILE

GN

GN Store Nord has been helping people connect since 1869. Initially as a telegraph company and now as a headset company (GN Netcom) as well as a hearing instruments and audiologic diagnostics equipment company (GN ReSound). The two businesses are run as separate entities.

The listed company GN Store Nord A/S consists of a small secretariat with a number of functions such as group consolidation, IR & communications, tax, legal affairs, treasury and risk management.

GN has about 45,000 registered shareholders, who own almost 75% of the share capital in aggregate. Foreign investors hold an estimated 30% of the shares in the company. GN is listed on NASDAQ OMX Copenhagen.

GN Netcom

GN Netcom is a leading developer and supplier of headsets for contact centers and offices (CC&O) and headsets and speakerphones for mobile phones (Mobile). GN Netcom markets all headsets under the Jabra brand. GN Netcom is also an OEM supplier to a number of global customers including mobile phone, PC and PDA manufacturers. The total workforce in GN Netcom numbered about 1,000 employees at December 31, 2008.

GN ReSound

GN ReSound is a leading developer and manufacturer of advanced hearing instruments and audiologic diagnostic equipment. The hearing instruments are sold under the ReSound, Beltone and Interton brands. GN ReSound's subsidiary GN Otometrics manufactures and markets audiological diagnostics equipment under the Madsen, Aurical and ICS brands. GN ReSound's manufacturing is mainly based at the company's factory in Xiamen, China. The total workforce in GN ReSound numbered about 3,775 employees at December 31, 2008.

CONSOLIDATED FINANCIAL HIGHLIGHTS

(DKK million)	2004	2005	2006	2007	2008
Earnings - Income Statement in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU					
Revenue	5,548	6,644	6,766	5,981	5,624
Operating profit (loss)	532	823	257	230	34
Financial items, net	(37)	(21)	(60)	(66)	(117)
Profit (loss) from continuing operations	508	850	323	(94)	(56)
Profit (loss) for the year	508	850	348	(67)	(56)
Earnings - Investor-specific Highlights					
Earnings before depreciation, amortization and impairment (EBITDA)	865	1,051	466	500	268
Earnings before amortization and impairment of goodwill and other intangible assets acquired in company acquisitions (EBITA)	731	876	262	294	65
Balance Sheet					
Share capital	879	879	855	833	833
Consolidated equity	4,580	5,349	4,900	4,482	4,507
Parent company equity	5,799	5,286	4,811	5,563	5,566
Total assets	6,086	8,091	8,227	7,835	7,878
Net interest-bearing debt*	(245)	(720)	(1,387)	(1,516)	(1,592)
Cash Flow					
Cash flow from operating activities (CFFO)	959	828	491	478	512
Cash flow from investing activities	(273)	(751)	(722)	(661)	(607)
Total cash flow from operating and investing activities	686	77	(231)	(183)	(95)
Dividends					
Parent company dividends paid	132	132	-	-	-
Development Costs					
Development costs incurred for the year	307	371	514	552	531
Restructuring/Non-recurring Costs**					
Restructuring/non-recurring costs recognized in income statement	-	7	67	109	107
Restructuring/non-recurring costs, paid	40	8	60	32	(128)
Investments					
Plant and machinery etc.	121	168	214	102	121
Real property including leasehold improvements	99	18	148	36	12
Development projects	142	188	96	311	328
Other intangible assets excluding goodwill	41	49	52	71	30
Investments in discontinuing operations (January 1 - September 30, 2006)	-	-	187	-	-
Total (excluding company acquisitions)	403	423	697	520	491
Acquisition of companies	-	457	-	11	36
Acquisition of other non-current assets	1	74	-	33	42
Total investments	404	954	697	564	569
Depreciation and impairment of property, plant and equipment and amortization of intangible assets	473	335	366	474	434
Impairment of intangible assets	-	8	-	19	38
Key Ratios					
Parent company pay-out ratio	15.0 %	15.0 %	0.0 %	0.0 %	0.0 %
Dividend per DKK 4 share (in Danish kroner)	0.6	0.6	0.0	0.0	0.0
EBITA margin	13.2 %	13.2 %	3.9 %	4.9 %	1.2 %
Return on invested capital including goodwill (ROIC including goodwill)*	16.2 %	17.8 %	4.6 %	5.3 %	1.2 %
Return on equity	11.2 %	17.1 %	6.8 %	(1.4)%	(1.2)%
Equity ratio	75.3 %	66.1 %	59.6 %	57.2 %	57.2 %
Key Ratios per Share					
Earnings per share, basic (EPS)	2.40	4.04	1.71	(0.33)	(0.27)
Earnings per share, fully diluted (EPS diluted)	2.38	4.00	1.69	(0.33)	(0.27)
Cash flow from operating activities per share (CFPS)	4.50	3.94	2.39	2.35	2.51
Book value per DKK 4 share	27	25	23	27	27
Share price at the end of the period	59	83	84	40	10
Employees					
Average number	4,640	5,190	5,483	4,920	4,786

* For 2006 the pro-forma balance sheet has been used in the calculation.
** Non-recurring costs are only included from 2007 and onward. In prior years only restructuring costs are included.

Back to Basics

Dear Shareholder

2008 was a challenging year for GN. We implemented a number of major change initiatives and were directly impacted by the financial crisis that hit the global economy in the fall of 2008.

GN Netcom initiated the most comprehensive and far-reaching turnaround program ever in the history of the business and a new management team took over the reins at GN ReSound.

2008 was also a year in which the employees of GN Netcom and GN ReSound developed and launched new, exciting and award-winning headsets and hearing instruments, emphasizing GN's strong capability as an innovator.

At GN's Annual General Meeting in March, GN's former chairman, Mogens Hugo, announced that with the new corporate structure; a new management in place in both businesses; and a new strategy, it was time for him to pass on the torch to a new chairman and a new board. In June, at the Extraordinary General Meeting, a new board was elected and I was given the honor of becoming the Chairman of the Supervisory Board. Five of GN's six board members elected by the shareholders have joined the board within the last two years.

In the summer and fall 2008 GN Netcom and GN ReSound both initiated programs with clearly defined goals: to grow the top line, reduce operating expenses, enhance profitability, and improve operational excellence.

GN Netcom

The FAST (Focused and Simplifying Turnaround) program launched in GN Netcom is a comprehensive restructuring program intended to turn around the Mobile division's unsatisfactory earnings performance and strengthen profitability in the CC&O division. The program will simplify the entire organization and involves a demand-driven supply chain for Mobile Headsets and a simplified supply chain for CC&O Headsets. It also encompasses a stronger focus on selected core markets, key accounts and key products. We are realigning the business to an affordable level and the program is already showing encouraging results. In 2008, GN Netcom achieved full transpacency of the cost base, but unfortunately the top line was seriously impacted by the global economic crisis. The FAST program continues with further initiatives planned for the first half of 2009.

GN ReSound

The process of rebuilding GN ReSound is off to a good start. The business and organization stabilized during the year. Thanks to an impressive portfolio of new products in all price segments and in all three brands, (ReSound, Beltone and Interton), the company managed to produce top-line growth rates in a flattish global market for hearing instruments in the second half of 2008. In 2009, we must continue to strengthen the foundation for sustainable profitable growth and growth in market share despite the deteriorating global economic outlook. We have the products and the product pipeline to do that. Significant actions to cut costs and increase our cash efficiency have now been initiated. We have extensive internal knowledge of reducing costs and restructuring from GN Netcom, and I am confident that we can successfully transfer that knowledge to GN ReSound.

Going Forward

All these changes are essential steps in our efforts to bring GN's performance level up and ensure profitable growth.

The new board is adding considerable value in the process and is upgrading the company's corporate governance. We have adjusted the composition of the board to better support the new corporate structure, and we have established two board committees: an Audit Committee and a Remuneration Committee.

The main focus for GN in 2009 is "Back-to-basics". We need to be extremely dedicated, to be more focused, effective and goal-oriented in everything we do and in the choices we make. We are making good progress with the current restructuring initiatives; however, for the turnaround to be a success we must continue to prioritize in everything we do. We need to and we will make "hard choices".

The results of the programs initiated in the summer are beginning to show and the 2009 product pipeline includes a number of very promising products from both businesses. In spite of the economic crisis and the turmoil in the marketplace we operate in, I believe that we are setting the scene for a positive development in GN in the years to come.

The company is going through an extensive process of change that is taking its toll on all our employees and I would like to thank each and every one of them for their commitment and dedication. Our common goal is to bring GN back on track in order to create value by focusing on what we must be good at – innovation and commercialization. We need to be better at transforming innovation to commercial success in a cost-effective way. I believe that we can do this! As GN's chairman and on behalf of GN's Supervisory Board and the entire company I promise you that we are all working very hard to achieve this goal.

For 2009, in light of the turmoil in the marketplace, our short-term fous is primarily on generating cash flow and improving earnings.

Per Wold-Olsen
Chairman

The Year 2008 and Outlook for 2009

GN's full year consolidated results were in line with the guidance provided in the Q3 report of November 6, 2008.

GN ReSound generated solid positive organic revenue growth in the second half of the year, but the results, particularly in GN Netcom, were adversely impacted by the global economic crisis.

The FAST restructuring program in GN Netcom is progressing better than planned and will deliver considerably higher cost reductions than previously communicated.

In the second half of the year, GN ReSound won back customers and rebuilt credibility. GN ReSound is still true to the long-term growth strategy, but the short-term focus is on creating a leaner, more customer-focused business and thereby reducing the cost base significantly before the end of 2009.

Financial Highlights

- Total GN revenue was DKK 5,624 million corresponding to organic growth of (2)%. Exchange rate fluctuations impacted revenue by (4)%.
- Gross profit was DKK 2,901 million, falling short of the 2007 figure due to the lower revenue level. On the other hand, the gross margin improved by one percentage point to 52% primarily due to a relatively lower share of headset revenue and a higher share of hearing instrument revenue delivering a higher gross margin.
- Selling, distribution and administrative costs etc. were DKK 2,383 million and expensed development costs were DKK 453 million, both amounts slightly above 2007. However, at the close of 2008, the run rate operational costs had been reduced significantly.
- EBITA was DKK 65 million. EBITA includes non-recurring costs of DKK 107 million related to the restructuring program in GN Netcom.
- The share of profit in associates was DKK 0 million, amortization of acquired intangible assets was DKK (31) million and net financial items were DKK (117) million.
- The DPTG/TPSA arbitration proceedings progress according to the agreed time schedule. As of February 25, 2009, the arbitration tribunal issued directions to the experts on how to calculate the claim without prejudice to a final decision. This does not give GN cause to change the claim. Read more in note 30.
- Earnings before tax amounted to DKK (83) million against DKK (100) million in 2007.
- Total assets amounted to DKK 7,878 million at December 31, 2008.
- Total intangible assets were DKK 3,818 million, primarily consisting of goodwill of DKK 2,655 million and capitalized R&D of DKK 790 million.
- Property, plant and equipment amounted to DKK 714 million, of which more than half related to GN's corporate headquarters in Copenhagen.
- Equity was DKK 4,507 million corresponding to an equity ratio of 57%, compared to DKK 4,482 million (57%) at the end of last year.
- Net interest-bearing debt was DKK 1,592 million against DKK 1,516 million at December 31, 2007, which is primarily a reflection of the free cash flow of DKK (95) million.
- The Supervisory Board will propose to the general meeting that no dividend be paid for 2008.

For elaborate financial details for GN Netcom and GN ReSound, see the respective Management's Reports for GN Netcom and GN ReSound.

OUTLOOK FOR 2009

GN is proactively preparing for challenging market conditions in 2009. Significant cost reductions are planned in both GN Netcom and GN ReSound. Total EBITA in GN is expected to be around the same level as EBITA in 2008 despite the fact that revenue is expected to decline significantly to around DKK 5 billion in line with the expected market developments. Amortization of intangible assets and financial items is expected to amount to approximately DKK (175) million. Apart from usual seasonality, the quarterly results are expected to improve throughout 2009 following the gradual implementation of the substantial turnaround initiatives in both GN Netcom and GN ReSound.

The cash outflow from investing activities, including capitalized development projects, is expected to be considerably lower than in 2008. A significant, positive free cash flow is expected for 2009 whereas the free cash flow was negative in 2008.

All expectations are expressed in approximate numbers and are subject to significant uncertainty due to the global economic crisis. The outlook for 2009 is based on a DKK/USD average exchange rate of 5.50.

GN Netcom

Revenue in GN Netcom is expected to be around DKK 2 billion. Based on this revenue scenario, EBITA including non-recurring costs is expected to be around DKK (100) millon. During the last few months, the FAST program has expanded significantly and will deliver considerably higher cost reductions than previously expected. This is embedded in the above EBITA guidance.

GN ReSound

Revenue in GN ReSound is expected to be around DKK 3 billion. Based on this revenue scenario, the EBITA guidance is around DKK 200 million. The announced plan to create a more lean and competitive organization in GN ReSound will reduce costs with a significant positive net effect already in 2009. This is embedded in the above EBITA guidance.

Other Activities

Other Activities are expected to generate an EBITA of around DKK (30) million, representing primarily listing fees etc. and costs related to the secretariat, the Supervisory Board and the Telegraph Company.

2008 Overview	Full Year 2008				Full Year 2007			
DKK million	**GN Netcom**	**GN ReSound**	**Other**	**GN total**	**GN Netcom**	**GN ReSound**	**Other**	**GN total**
Revenue	2,430	3,178	16	5,624	2,811	3,155	15	5,981
Organic growth	(9)%	5%	-	(2)%	(13)%	(2)%	-	(7)%
Gross profit	968	1,917	16	2,901	1,094	1,932	16	3,042
Gross margin	40%	60%	-	52%	39%	61%	-	51%
EBITA	(71)	163	(27)	65	35	300	(41)	294
EBITA margin	(2.9)%	5.1%	-	1.2%	1.2%	9.5%	-	4.9%

GN Netcom

Management's Report for GN Netcom

Intro from CEO Toon Bouten

GN Netcom exceeded the planned restructuring initiatives and gained control over the cost base in 2008. Unfortunately, these very positive developments in GN Netcom were strongly overshadowed by the negative global market developments. Consequently, GN Netcom's full-year financial results were disappointing and lower than expected earlier in the year.

GN Netcom's primary goal for 2009 is to bring Mobile EBITA to a run-rate break even by the end of 2009 and improve profitability in CC&O Headsets. We are confident that the FAST program is working and have therefore accelerated our efforts to restructure the business under the FAST program even further. With a combination of strong focus on costs, new innovative products in the pipeline for 2009 both in Mobile Headsets and CC&O Headsets and, last but not least, extremely dedicated employees, I firmly believe that we will achieve our ambitious goals for 2009.

See the following pages for more details about GN Netcom.

Business Areas

Headsets for Contact Centers

Comfort, sound quality, acoustic shock protection and durability are overall criteria for a contact center headset.

Read more on page 6

Headsets for Offices

Jabra's range of hands-free and wireless solutions lends an extra helping hand, enabling users to manage tasks more efficiently while communicating at the same time.

Read more on page 7

Headsets for IP-Telephony and Unified Communications

GN Netcom markets a variety of headsets for Unified Communications and general IP communication.

Read more on page 8

Headsets for Mobile Phones

The main features of all GN Netcom Bluetooth® headsets are ease of use, comfort and sublime sound, making them some of the best headsets in the world.

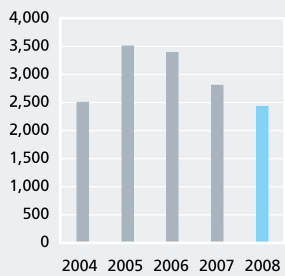
Read more on page 9

Brand

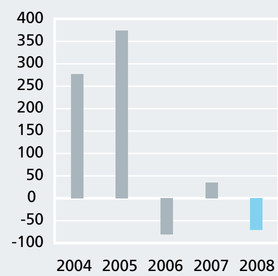
Jabra

Key Figures for 2008

GN Netcom - Revenue
DKK million



GN Netcom - EBITA (incl. restr. costs)
DKK mlllion



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ACCELERATING RESTRUCTURING AND COST REDUCTION INITIATIVES

GN Netcom has accelerated the efforts to restructure the business under the FAST program (Focused And Simplifying Turnaround) launched in June 2008. The FAST program is expected to provide cost reductions in the magnitude of at least DKK 300 million annually which is at least DKK 150 million more than previously expected.

The significantly higher cost reduction target is due to the fact that the early phases of the FAST program revealed that substantial improvements in efficiency and structure could be achieved in most parts of the value chain – not only in Mobile Headsets but also in CC&O Headsets. A significant part of the cost reductions in the FAST program stem from the reorganization of the supply chain which support the new business models effectively. Two new dedicated supply chain organizations, supporting CC&O Headsets and Mobile Headsets respectively, were launched in early October 2008, and the new supply chain set-up will be fully operational by the end of the second quarter of 2009.

Under the new supply chain model the Mobile division is moving to a full-blown build-to-order business model. Customers throughout North America, Europe and Asia will be supplied through a single Asia-based fulfillment center with a two-week lead-time from order to delivery. The CC&O division moves in two stages towards an equally simple supply chain with a core fulfillment center in Asia and two sub-centers, one in Europe and one in North America.

Prior to FAST, the Mobile division served around 700 customers. Focus is now on the around 100 large customers that previously generated 90% of revenue. The revenue lost has been made up through a greater commitment and dedicated focus on these around 100 customers. Also, the product portfolio is now significantly more focused, especially in Mobile headsets. By the end of 2008, the number of Mobile products had been significantly reduced – to fewer products based on reconfigurable platforms.

Given the global economic outlook and the negative market expectations for the headset market, GN Netcom will continue to focus on creating a leaner and more agile organization during 2009. These initiatives combined are expected to bring Mobile EBITA to a run rate break-even by the end of 2009 and improve profitability in CC&O Headsets.

Total restructuring costs related to the FAST program are expected to amount to up to around DKK 250 million, of which DKK 107 million was expensed in 2008.

Full Year 2008

GN Netcom generated full-year revenue of DKK 2,430 million, corresponding to organic growth of (9)%. EBITA was DKK (71) million or 36 million exclusive of non-recurring costs of DKK 107 million.

GN Netcom has exceeded the previously expected cost reduction initiatives and the cost base is under control. During the process, however, market conditions constantly worsened and the effects of the significant cost reductions were more than off-set by declining revenue.

CC&O Headsets reported revenue of DKK 1,373 million, corresponding to organic growth of (6)% relative to 2007. GN Netcom leveraged

>> HEADSETS FOR CONTACT CENTERS

Durable Solutions Designed for Fit & Comfort

Contact center headsets are used by professional contact center agents, who speak on the phone for between four and eight hours daily. Comfort, sound quality, acoustic shock protection and durability are overall criteria for a contact center headset. All contact center headset solutions from GN Netcom comply with the latest in noise legislation, meaning that the 'digital intelligence' of our headsets protects against peaks and acoustic shocks that exceed the legal limits defined by the EU (recommended level of 85 dB(A) time-weighted average exposure). Noise cancelation is another important criterion for headsets. GN Netcom's noise canceling microphones ensure that background noise from the agents' working environment does not reach the customers' ears. Durability is also top of mind which is why our headset solutions are rigorously tested to ensure that they can stand the extensive use in a contact center.

⇒ Read more at www.jabra.com

Jabra BIZ™ 2400 to be launched in April 2009.

on its strong positions in Europe, gaining overall market share in the CC&O market compared to last year despite the negative revenue growth. The CC&O headset market is significantly affected by the global economic slowdown and especially the crisis within the largest vertical CC&O segment, financial services, which represents more than 25% of the contact center & office market. Companies are generally being more cautious about spending, leading to headset lifetimes being extended by existing users and first-time users holding back on investments.

Mobile Headsets generated revenue of DKK 1,057 million, equal to organic growth of (14)% relative to 2007. The overall mobile headset market experienced negative growth for the first time ever. GN's Mobile revenue in North America improved somewhat, however, among other things due to the introduction of hands-free legislation in certain US states. Nevertheless, several European countries are showing signs of weakness. Additionally, the OEM programs with large handset manufacturers are not generating the expected revenue especially relating to one specific mobile phone manufacturer following a sharp drop in that customer's sales of mobile phones. Today, GN Netcom has a broader portfolio of OEM customers than it had in previous years, but as always revenue generated from OEM programs depends on the sales volume of the handsets which a headset is bundled with and on sales through the OEM channels.

In terms of geographic split, Europe generated 48% of total GN Netcom revenue in 2008 while North America contributed 44% and Asia and the rest of the world accounted for 8%. GN Netcom's gross margin was 40%, compared to 39% last year. The gross margin is affected by inventory write-downs related to both finished goods and components, primarily in Mobile Headsets. Under its new demand-driven supply chain set-up based on a build-to-order process, Mobile Headsets will have limited inventories of finished goods, which will reduce the write-down risks substantially. The gross margin is also affected by approximately DKK 18 million in restructuring costs related to FAST (equivalent to 1 percentage point in the gross margin).

GN Netcom EBITA was DKK (71) million (a margin of (2.9)%), compared to DKK 35 million (a margin of 1.2%) in 2007. Selling, distribution and administrative costs etc. were DKK 868 million (run rate at the end of 2008 is around DKK 750 million excluding restructuring costs) compared to DKK 879 million in 2007, reflecting that the restructuring initiatives in GN Netcom have started to take significant effect. Expensed development costs were DKK 171 million, down from DKK 180 million in 2007. The above-mentioned EBITA of DKK (71) million includes non-recurring costs of DKK 107 million related to the FAST restructuring program of which DKK 89 million were operating expenses and DKK 18 million production costs.

GN Netcom reduced its working capital considerably during 2008 following a general improvement in all the key working capital parameters, but obviously a part of the effect was also related to the lower revenue base. Trade receivables were DKK 362 million as of December 31, 2008 relative to DKK 573 million at the end of 2007. During the year, inventories decreased by DKK 72 million to DKK 271 million and trade payables contributed positively to the lower working capital, increasing by DKK 27 million relative to the end of last year.

⇒

>> HEADSETS FOR OFFICES

Hands-free and Wireless Solutions Give You an Extra Helping Hand

⇒ Read more at www.jabra.com

The average office worker is on the phone/soft phone for between one and four hours per day. Comfort, usability and sound quality are necessary key office headset features. Today, office workers not only work at their desks, but also elsewhere in the office, at home, or when they are on the road. Keeping up with the hectic pace of today's workplace means multi-tasking has become a necessary part of the working day. Jabra's range of hands-free and wireless solutions lends an extra helping hand, enabling users to manage tasks more efficiently while communicating at the same time. At GN Netcom, we provide convenience to our customers. Ergonomic design means that our users hardly notice it when they are wearing our headsets and our noise-canceling microphones reduce background noise to strengthen productivity in noisy environments, resulting in a healthier and more productive working environment.

Jabra GN9350e was launched in April 2008.

The positive development in working capital is reflected in positive cash flow generation for the second year in a row in GN Netcom despite negative earnings. The cash flow from operations excluding tax and financial items in GN Netcom was DKK 363 million against DKK 144 million in 2007. The cash flow from investing activities was DKK (145) million against DKK (128) million in 2007.

The number of employees in GN Netcom was approximately 1,000 by the end of 2008 down from approximately 1,200 at the end of 2007.

As previously announced, CEO of GN Netcom Toon Bouten's contract of employment expires at the end of September 2009. GN Store Nord and Toon Bouten have been in dialogue as to the possible extension of his contract of employment and have now concluded that it will not be extended beyond September 2009.

GN Netcom has reached a settlement with ATL in the battery replacement case. The outcome is as expected and will have no material effect on the financial statements.

OPERATIONS

Markets

The market for contact center and office headsets was seriously impacted by the global economic crisis in 2008 and especially the financial sector, which accounts for more than 25% of the revenue in the contact center & office market, was hit hard. The contact center and office market declined by 8-10% in 2008 and it is expected to decline significantly further in 2009. Despite the negative short term outlook, GN Netcom, which is one of the world's leading headset companies with about 30% of the market for contact center and office headsets, continues to see a long-term growth potential in this market.

With a headset penetration of less than 10% among the some 200 million office workers in the western world who speak on the telephone for at least two hours daily there continues to be a significant market potential in this segment. Furthermore, a survey conducted by Datamonitor in 2008 indicates that businesses and contact centers will increase their investment in Unified Communications (UC) technologies in 2009 despite the global economic downturn. It is expected that the number of soft phone access points (softphone: a software program for making telephone calls over the Internet) will experience double-digit growth worldwide in 2009. With the growth of IP telephony, soft phones and mobile VoIP there is a need for high quality professional UC headsets or multi-use solutions to fully appreciate the UC experience, while at the same time maximizing employee satisfaction and increasing productivity. An increase in the number of remote workers, i.e. people working from home and remote agents in contact centers will also increase the demand for headsets. GN Netcom offers a full headset product portfolio for UC and has a number of agreements with leading providers of UC solutions.

GN Netcom continues to be the world's largest provider of headsets to the mobile market with an estimated market share of approximately 20%. 2008 was the first year in which the market for mobile headsets experienced negative value growth. This was primarily powered by the negative developments of the fourth quarter and especially towards OEM customers. Due to the global economic situation, the market is expected to continue to decline throughout 2009.

>> HEADSETS FOR IP-TELEPHONY AND UNIFIED COMMUNICATIONS

Stereo and Mono Headsets to Get the Most out of Your PC Experience

GN Netcom markets a variety of headsets for Unified Communications and general IP communication, which is a technology that transmits voice communication over the network using open-standard-based Internet Protocol. With GN Netcom you can take your pick from a multitude of stereo and mono headsets, all designed to help you get the most out of your PC audio experience. Ideal for voice and video chat, PC-based IP telephony, interactive training, and even gaming or music – in fact for just about anything you might want to listen to on your PC. In collaboration with Microsoft, GN Netcom has developed a suite of corded and wireless headsets that are optimized for Microsoft Communicator 2007, an application comprising a number of technologies such as unified messaging/voice mail and instant messaging, telephony. In fact, a Datamonitor study conducted in November 2008 shows GN Netcom to be amongst the top 5 trusted providers of Unified Communications solutions.

M5390 USB was launched in February 2009.

⇒ Read more at www.jabra.com

However, the market for Bluetooth headsets is still very underdeveloped globally with an average attachment rate of 9% (Bluetooth headsets per Bluetooth enabled handset sold) and as such the market holds a very high long-term growth potential. The US is the most mature Bluetooth headset market with an estimated 20% attachment rate.

GN Netcom entered the car speakerphone category of Bluetooth car kits in late 2007, launching a single product and a second product followed in mid-2008. This category of handsfree devices is outgrowing headsets in terms of both units sold and value and this has been a distinct growth area for mobile products.

Although the Asia Pacific region is growing at a faster rate than Europe and North America, the overall market value is still to a high degree dominated by Europe and North America.

Sales

GN Netcom's mobile headsets are sold globally through mobile operators, telecom retail specialists, consumer electronic channels and mass market retailers. OEM customers, which include leading mobile phone manufacturers, account for about one-third of GN Netcom's mobile headset sales measured in units. Demand from OEM customers fluctuates considerably from one quarter to the next, but it plays an important part in enabling GN Netcom to maintain the essential large-volume production of mobile headsets and speakerphones.

Independent brands like Jabra are estimated to account for slightly above 50% of all mobile headsets sold in the market, while the remaining mobile headsets are handset-branded and supplied by OEM suppliers.

GN Netcom's CC&O headsets are primarily sold via the multi-tier indirect ITC (IT- telecommunications) channel with a "high touch" towards resellers and key end customers.

Sales to the ten largest headset customers accounted for 32% of the GN Netcom revenue. The largest headset customer accounted for 7% of total GN Netcom revenue.

GN Netcom continued to focus its office product development on Unified Communications products to extend its leadership in this fast growing market segment. In the Office business the Jabra M5390 was launched in the summer. This innovative Bluetooth multiuse headset is targeted at the manager or office worker with a need to switch seamlessly between different communication devices, such as a desk phone, a PC softphone or a mobile phone, using only a single headset. The Jabra M5390 combines the sound and range performance of an office headset with the convenience of a mobile headset. For the first time, an office headset offers the combination of the newest long-range Bluetooth technology together with wideband sound resulting in clear and concise audio quality, which provides GN Netcom with a competitive advantage. In the spring, GN Netcom also enhanced the Jabra GN9300 range of wireless headsets for conventional and IP telephony which features an increased wireless range, a new boom arm and a microphone concept that reduces wind noise sensitivity and provides improved comfort. This range of products stands out from the competition through its cost-effective and future-proof technology, allowing users to switch freely from conventional to IP telephony while using the same rich voice headset.

Stylish Wireless Headsets that Give You the Freedom You Need for Modern Communication

The main features of all GN Netcom Bluetooth headsets are ease of use, comfort and sublime sound, making them some of the best headsets in the world. Our headsets enable people to discover freedom - the freedom of movement – whether they are walking, working or just out around town. The wide range of Jabra headsets and in-car speakerphones means pure freedom of choice! It also enables users to make hands-free calls - the perfect answer to hands-free legislation in countries around the world making the use of hands-free devices for mobile phones mandatory while driving. Famous for our innovative headsets, we were the first to launch headsets with Bluetooth technology and recently we launched the Jabra BT530 with Noise Blackout™, a headset with dual microphones coupled with advanced DSP technology.

Jabra BT530 was launched in August 2008

⇒ Read more at www.jabra.com

In the contact center business, GN Netcom launched an upgraded version of the very successful Jabra GN2100. The upgraded version enables the contact centre agents to choose their preferred wearing style among four different styles making the headset the most flexible headset solution on the market.

In the first half of 2009 the portfolio of contact center headsets will be significantly strengthened through the introduction of the Jabra BIZ™ 2400, a headset featuring a number of improvements that pushes the limit for the levels of audio quality, comfort and durability. In February the office headset portfolio was expanded with the launch of the Jabra M5390 USB. The M5390 USB is a Bluetooth headset that connects simultaneously to mobile phones and PC softphones via the enclosed PC USB Bluetooth adapter. Furthermore, the M5390 USB has been optimized for Microsoft Office Communicator (OC) and works plug and play with the OC soft phone.

GN Netcom launched several mobile products on the market in 2008. Early in the year, the Mobile business introduced the Jabra JX20 Pura – Titanium Edition headset. The JX20 Pura headset is designed by the Danish design house Jacob Jensen and built on the legacy of the successful Jabra JX10 headset. Further, the Jabra BT2050 with its striking design and clear sound and the Jabra BT4010 with its elegant display allowing the user to check the battery level, connection and call status at a single glance were launched. GN Netcom also launched the Jabra BT530 which is the first headset featuring Noise Blackout™. It eliminates background noise without any compromise on natural voice quality with its dual microphones coupled with digital signal processing. Equipped with intelligent volume control, the Jabra BT530 automatically adjusts the level of received audio for optimal audibility and also offers Audio Shock Protection, guarding against sudden raised voices or noise surges. Designed with comfort and intuition in mind, the Jabra BT530 will provide pure audio power all-day long. Also the built-in On/Off Power slide switch makes it easy to extend battery life. In addition, the Jabra SP700, a Bluetooth speakerphone which can also transmit calls and music from a mobile phone to the car stereo, was launched in 2008.

Prices

All markets for headsets are becoming increasingly competitive but manufacturers' prices for CC&O headsets were generally stable in 2008. The market for mobile headsets saw an estimated average price decline of around 15% last year – a smaller decline compared to previous years.

Manufacturing and Distribution

GN Netcom manufactured about 25 million headsets and other devices through subcontractors. All GN Netcom headsets are manufactured in Asia, with the majority being manufactured in China. All headsets were manufactured by subcontractors as production at the GN factory in Xiamen, China was discontinued in the fourth quarter of 2007. Most components for GN Netcom headsets are sourced in Asia.

Two new dedicated supply chain organizations supporting CC&O Headsets and Mobile Headsets were launched in early October 2008, and the new supply chain set-up will be fully operational by the end of the second quarter of 2009. Global procurement continues as a single support function for both business divisions. With its new supply chain model, the Mobile division is moving to a full-blown build-to-order business model. Customers throughout North America, Europe and Asia will be supplied through a single Asia-based fulfillment center with a two-week lead time from order to delivery. The CC&O division moves in two stages towards an equally simple supply chain with a core fulfillment center in Asia and two sub-centers, one in Europe and one in North America.

Research & Development

In 2008, GN Netcom successfully launched a significant number of new products for the Mobile and CC&O markets. Several of the products were based on GN Netcom's new, third generation Bluetooth platform. This common platform provides strong development synergies while still allowing for flexible designs. A considerable number of OEM Bluetooth products were developed for different customers during the year, and a technically demanding product was delivered to one particular customer. A number of large CC&O programs were initiated in 2008. The programs have gained momentum and are progressing as planned towards product launch in 2009. Triple-convergent office solutions, i.e. office headsets that can communicate with three different devices such as a PC, a mobile phone and a landline phone with vastly improved performance, were also successfully launched in 2008.

Several cost optimization programs were initiated on current products and these have generated substantial savings for the company. To meet the demands from the two business units created in 2008 - Mobile Headsets and CC&O Headsets - R&D allocated dedicated resources to support the product development in either of the two businesses. To that effect, the GN Netcom R&D organization in Copenhagen is mainly assigned to CC&O programs while GN Netcom's R&D organization in Xiamen is mostly Mobile-centric and GN Netcom's development center in Aalborg serves both business units, providing a cost-efficient and competitive organization.

Human Resources

As part of the organizational development in GN Netcom, HR initiated a number of projects and initiatives in 2008. A global employee satisfaction survey was conducted at the beginning of the year, followed by a number of global and local activities in response to the findings of the survey.

Also, as an important step to further develop the GN Netcom organization, HR conducted a global ODP (Organizational Development Process) people assessment covering all GN Netcom employees globally. As part of the people development, about 50 managers representing several GN Netcom departments and locations successfully completed leadership training courses.

HR was deeply involved in handling the employee part of the FAST program launched in June by providing data and support to the program management. The department focused on supporting employees affected by the staff reductions by helping them with outplacement services and offering other forms of support. A number of transition management seminars were held in the fall with the aim of providing employees and managers in GN Netcom with tools on how to handle and understand change.

Together with the Supervisory Board's Remuneration Committee and the Executive Management, HR developed a new, global remuneration strategy for GN Netcom. The purpose of the new strategy is to ensure a much stronger interdependency between the actual business strategy and the remuneration of each specific employee. The strategy was approved by GN's Supervisory Board in December and implementation of the strategy will take place during 2009.

GN ReSound

Management's Report for GN ReSound

Intro from CEO Mike van der Wallen

2008 was an eventful year for GN ReSound. Coming out of the abandoned sales process the key priorities were to stabilize the business, win back lost customers and rebuild credibility. The negative market share performance of 2007 was reversed as GN ReSound introduced many new products during 2008, including the innovative and award winning hearing instruments "dot by ReSound™" and "be by ReSound™". As a result, GN ReSound began 2009 with one of the youngest and most complete product portfolios in the industry.

During 2008, the organization moved closer to where it needs to be as a competitive company with a strong performance culture. The aim is to create a leaner, more customer focused company while also reducing the spending significantly by the end of 2009. The GN ReSound management has been proud to see the entire organization pitching in, contributing innovative ideas on how to improve efficiency and structure, innovating processes, taking out complexity and eliminating duplicate tasks.

See the following pages for more details about GN ReSound.

Brand Descriptions

ReSound

The ReSound brand provides excellent sound by offering innovative hearing solutions.

Read more on page 12

Beltone

Beltone is GN ReSound's strong retail brand.

Read more on page 13

Interton

Interton is GN ReSound's value-for-money wholesale brand.

Read more on page 14

GN Otometrics

GN Otometrics is the world leader in hearing and balance diagnostics systems.

Read more on page 15

Brands

ReSound
rediscover hearing

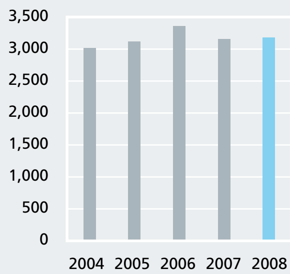
Beltone

INTERTON
simply different

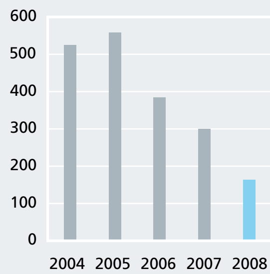
otometrics
MADSEN · AURICAL · ICS

Key Figures for 2008

GN ReSound - Revenue
DKK million



GN ReSound - EBITA
DKK mIllion



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WEATHERING THE STORM

GN Resound is currently on a multiyear journey to significantly increase the sustainability and profitability of its businesses. The complexity and importance of this journey was catalyzed by the sales process abandoned in 2007 and the dramatic change in the world economy in 2008.

A new management team was put in place during 2008, adding expertise in driving change and efficiency by leveraging internal and external best practices. The result was the definition and subsequent implementation of a new five-year strategy based on organic growth. It is of paramount importance to restore trust and confidence in GN ReSound by continuously exhibiting strong performance and meeting targets. A program to upgrade the commercial capabilities was successfully piloted in key markets and a global roll-out initiated. Business and market shares were won back despite the increasingly challenging environment.

Initiatives to improve the profitability and cash flow generation were accelerated as the deterioration of the global economy unfolded during the second half of 2008. By January 2009, approximately 250 positions were reduced, corresponding to about 7% of the global organization.

GN Resound is implementing further significant restructuring measures in 2009 to enable it to weather the current economic downturn and to create a lean and customer focused organization. These measures will reduce the ongoing cost base, working capital and capital expenditures. Preliminary estimates indicate a reduction of the annual cost base of more than DKK 200 million as an end-of-2009 run rate with significant effect already in 2009.

Full Year 2008

Full-year revenue in GN ReSound was DKK 3,178 million corresponding to a positive organic growth of 5%. EBITA for GN ReSound was DKK 163 million.

Hearing Instruments generated full-year revenue of DKK 2,853 million, corresponding to an organic growth rate of 5% relative to 2007 with double-digit growth rates in the second half of the year. As the market value growth in Q3 and Q4 2008 has been flattish, the organic growth clearly shows that GN ReSound is winning back some of the business lost during 2007 when the company was still for sale. Unit growth during the year was 12%. Current market conditions outside the public sector are generally soft and even contracting in certain markets. The global recession is shifting the demand pattern, skewing it more towards the lower-priced product segments.

Audiologic Diagnostics Equipment generated revenue of DKK 325 million, equal to 2% organic growth.

GN ReSound's gross margin was 60%, compared with 61% in 2007. The gross margin was affected by extraordinary inventory write-downs of DKK 30 million that was primarily the result of the integration and relocation of Interton inventories. Excluding the extraor-

RESOUND

ReSound - Rediscover Hearing

The ReSound brand provides excellent sound by offering innovative hearing solutions that combine thinking and design with solid technology, all based on deep audiological insight and a profound understanding of user needs. A number of industry firsts have been launched via the ReSound brand; the introduction of ReSoundAIR with open fitting meant that it was finally possible to avoid plugging the ear canal. "be by ReSound™" launched in 2008 opened a completely new hearing instrument category IOT (invisible open technology) and also in 2008 the world's smallest behind-the-ear hearing instrument "dot by ReSound™" was launched.

⇒ Read more on www.resound.com

"be by ReSound™" was launched in April 2008.

dinary write-downs, the gross margin was 61%.

The GN ReSound EBITA was DKK 163 million (a margin of 5.1%), compared to DKK 300 million (a margin of 9.5%) in 2007. Audiologic Diagnostics Equipment contributed DKK 14 million to the 2008 EBITA. Selling, distribution and administrative costs, etc. were DKK 1,472 million compared to DKK 1,378 million in 2007, impacted by higher costs related to the kick-start of growth-driving initiatives early in the year, inflation and general rebuilding of the organization after the abandoned sales process. Expensed R&D costs were DKK 282 million, compared to DKK 254 million in 2007, impacted by a need for an extraordinary DKK 25 million impairment of R&D assets. The operating cost base will be significantly reduced during 2009.

In terms of geographic split, Europe generated 44% of total GN ReSound revenue in 2008 while North America contributed 38% and Asia and the rest of the world accounted for 18%.

GN ReSound reduced its working capital significantly in Q4 following an increase in Q3. Trade receivables amounted to DKK 744 million compared to DKK 665 million at the end of 2007. Inventories were DKK 17 million higher than at the end of last year, standing at DKK 391 million at December 31, 2008. Trade payables stood at DKK 206 million at the end of 2008 compared to DKK 211 million at the end of 2007.

The cash flow from operations excluding tax and financial items in GN ReSound was DKK 296 million against DKK 457 million in 2007, due to lower earnings and the effects of the increase in working capital resulting from the increase in revenue. The cash flow from investing activities was DKK (443) million compared to DKK (348) million in 2007. The 2008 cash flow in GN ReSound was impacted by paid expenses related to the abandoned sales process and minor acquisitions, including the outstanding 51% of the shares in the Indian distributor GN ReSound India Private Ltd. Further, new production and tooling equipment was acquired for the many new product launches in 2008.

GN ReSound had approximately 3,775 employees at the end of 2008 up from approximately 3,425 at the end of 2007.

OPERATIONS

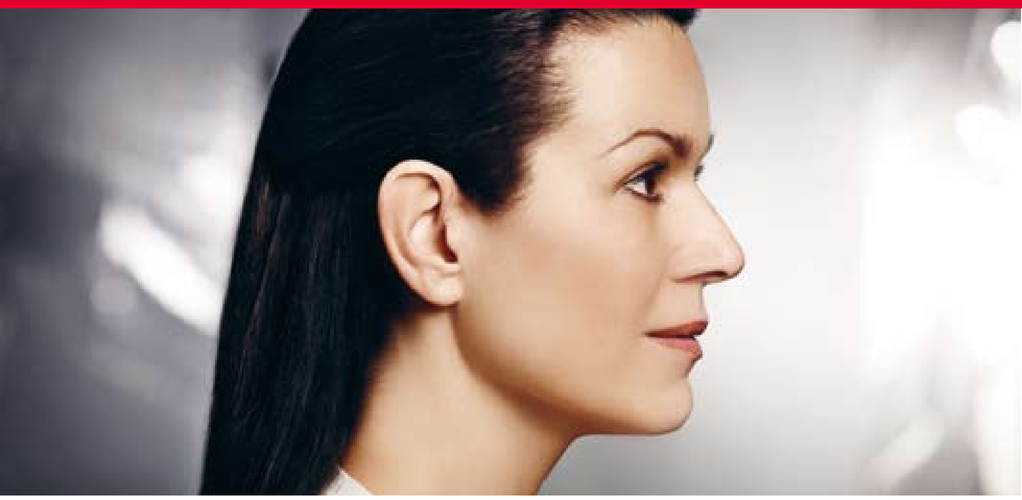
Markets

The global hearing instrument market expanded by 2-3% in 2008 to just below 9 million units.

The hearing instrument market has traditionally been divided into four price segments based on customers price preferences – Top, Plus, Basic and Budget segments. The total market has historically increased by 5-6% in value annually with a demand shifting towards Top and Plus segments. GN ReSound has a global market share of approximately 17% in terms of units sold, making the company the world's fourth-largest hearing instrument manufacturer.

BELTONE

Beltone - Everyone Has the Right to Good Hearing



Beltone Reach was launched in July 2008.

Beltone is GN ReSound's strong retail brand and one of the most recognized names in hearing care in North America with a legacy of more than 65 years of experience. Beltone has a superior distribution and service model. Beltone's hearing solutions are developed using the latest hearing technology and are designed to fit just about any lifestyle and hearing loss. In the US, Beltone hearing aids are marketed through a network of dispensers in more than 1,400 stores.

Read more on www.beltone-hearing.com

In the United States, the world's biggest market for hearing instruments, the decline in growth rates of 2007 continued in 2008, especially in the fourth quarter, resulting in negative unit growth of approximately 1% including Veterans Administration (VA) and (2.5)% excluding VA. In the UK, the world's second-largest hearing instrument market, the estimated growth in the public sector was around 5% while the private market is expected to experience a 6% decline from 2007 to 2008. The total hearing instrument market in Germany is estimated to have increased by 6%.

On a long-term basis the market for hearing instruments is still expected to show solid growth rates. These expectations are based on a number of different factors. The demographic trends in main markets show an ageing population which will increase the demand for hearing aids. Low penetration rates represent a significant growth opportunity for the hearing instrument industry. In the US and Western Europe which today have the highest hearing instrument adoption rates, only one in five persons with a hearing impairment actually uses a hearing instrument. Adoption rates in emerging markets are significantly lower, but are expected to increase in parallel with increased economic growth and improved hearing healthcare. The ageing population is a traditional driver of the hearing aid market with the majority of hearing aids being sold to people aged 65 or above living in Western Europe and North America. New innovative technology and design are key drivers in the efforts to lower the average age of first-time hearing instrument buyers and consequently increase overall adoption rates. Younger first-time users are focused on invisible solutions with high wearing comfort and durability. In 2008, GN ReSound launched several new hearing instruments targeted at that specific group. Approximately 80% of the hearing impaired population suffers from binaural hearing loss, i.e. hearing loss on both ears, while binaural fitting only accounts for approximately 50% in Europe and 80% in the US. It is expected that the binaural fitting percentage in Europe will narrow the gap with the US, which would further expand the market in the long term.

Sales

The negative sales development in 2007 was reversed during 2008, primarily driven by the launch of a number of new innovative hearing instruments by GN ReSound. A key introduction that initially stabilized the business and which has now laid the foundation for growth was the successful launch of "dot by ReSound™" at the beginning of the year. "dot by ReSound™" is the smallest Behind-The-Ear (BTE) hearing instrument to date and although amazingly small, it offers high-tech performance to meet individual needs. "dot by ReSound™" is available in three end-user segments, meeting individual user requirements. Another clear indication of the strong R&D performance in GN ReSound is the launch of "be by ReSound™" in 2008. The product represents an entirely new category with its revolutionary concept that combines the main benefits of traditional hearing instruments: it is just as open, comfortable and easy to use as the best micro-behind-the-ear products on the market, and at the same time it is just as invisible as the smallest hearing instruments placed deep inside the ear canal. It targets

INTERTON

Interton - Flexibility and Simplicity

Interton is GN ReSound's value-for-money wholesale brand. Interton products are sold globally through public tenders and key accounts.

In 2008, Interton launched the product Relay for the CROS (Contralateral Routing of Sounds) and BiCROS segment. Relay is the world's first digital wireless CROS product - interference-free and without wires and adapters. Another important launch was the lifestyle product Slim, which is the slimmest Receiver-In-The-Ear device on the market.

Relay from Interton was launched in August 2008.

Read more on www.interton.com

the growing population of hearing impaired persons with an active lifestyle, thus addressing a significant new market segment. The revolutionary "be by ReSound™" design has also been recognized by independent design experts, and in the fall, GN ReSound was awarded the prestigious "Danish Design Prize 2008/2009". The design also garnered "The Good Design Award 2008", viewed as one of the world's most prestigious global awards for new product design.

In addition to the launches of innovative hearing instruments like "dot by ReSound™" and "be by ReSound™", the conventional product portfolio was also updated. The ReSound Ziga™ and the ReSound X-plore™, two new product families in the basic and plus segments, were launched in spring and summer. Both ReSound Ziga™ and ReSound X-plore™ are available in the new Silhouette BTE housing, a new, slim and functional design rooted in Scandinavian design tradition and focusing on clean lines as well as exclusive color and material combinations. The new BTE housing was also used to upgrade existing products such as the high-end product ReSound Azure. A number of new budget products have also been launched. These launches all assist in prolonging the lifetime and expanding the market opportunities for a range of existing products.

The 2008 Beltone brand portfolio also has a lot to offer. The Beltone Reach, which was launched in the summer, is one of the most advanced and user-friendly hearing instruments on the market today. Beltone has also introduced the Tinnitus Breaker, the world's most advanced support for successful tinnitus treatment with an acoustic component. The Tinnitus Breaker is available as part of Beltone Reach and the tinnitus treatment capabilities are integrated with all the features of the hearing instrument.

December witnessed the launch of Beltone Touch. This hearing instrument builds on the same platform and design as "be by ReSound™".

In the Interton brand, GN ReSound presented the digital, wireless hearing instrument Relay, which provides a hearing solution for people with single-sided deafness. Relay picks up the sound arriving at one side of the head and wirelessly feeds it to the opposite ear. This allows the user to receive sounds from both sides of the head in the "good" ear resulting in improved speech recognition, directionality and a better overall hearing experience. At EUHA 2008, Interton also presented the lifestyle product Slim, a mid-priced BTE hearing instrument.

Following these launches, GN ReSound currently has one of the youngest and most complete product portfolios in the industry. This enables GN ReSound to effectively address the dynamic changes in the market and continue to make a positive difference in the lives of people affected by hearing loss.

Products launched in the last 24 months generated 64% of the total hearing instrument sales. The ReSound brand contributed 67% of

GN Otometrics - the World Leader in Hearing and Balance Diagnostics Systems

GN ReSound's subsidiary GN Otometrics is the global leader in audiological measurement equipment, delivering the world's most trusted, integrated instrument solutions for audiology. Solutions that set new standards in clinical technology and business management for today's clinical settings. GN Otometrics develops manufactures and markets computer-based audiological and vestibular measurement instrumentation under the MADSEN, AURICAL, and ICS brand names in over 70 countries worldwide.

The MADSEN brand has changed the industry for screening and diagnosing hearing loss. Via the AURICAL brand GN Otometrics provides state-of-the-art solutions for handling the entire hearing instrument fitting process, including counseling, fitting and verification. The ICS brand is a leader in the fields of PC-based otoneurologic and vestibular test systems for diagnosing and rehabilitating the balance impaired.

MADSEN Astera from GN Otometrics was launched in December 2008.

Read more on www.otometrics.com

total sales revenue, Beltone contributed 27% and Interton 6%.

Through GN Otometrics, GN ReSound sells audiologic diagnostics equipment to hearing clinics, hospitals, ear-nose-throat specialists and, on a smaller scale, to OEM customers.

Prices

With solid unit growth in emerging markets and customers currently trading down, GN ReSound is experiencing a decrease in average selling prices. The resulting pressure on absolute profits is offset by strong unit growth in the lower price segments and by increased cost efficiency.

GN ReSound introduced new products in all brands and price segments in the 2008 product portfolio. A number of products, "dot by ReSound™", for example, are sold in several price segments depending on the specific hearing instrument's features. In 2008, GN ReSound experienced a volume increase above 40% in the Plus segment, which includes hearing instruments such as "dot by ReSound 20™" and Beltone Edge. Also, the basic segment, which includes hearing instruments such as Beltone Marq and ReSound Ziga™, experienced a significant increase in sales. The increase in the sales of hearing instruments in these categories underlines the importance of having a comprehensive and up-to-date product portfolio with attractive products in all price segments.

Manufacturing and Distribution

Nearly all GN ReSound hearing instruments are manufactured at the factory in Xiamen, China.

The roll-out of the Demand Managed Inventory (DMI) was successfully extended to North America and key countries in Europe. DMI relays replenishment signals on a prioritized basis taking into account customer demand versus safety stock levels. It also allows the supply chain at the factory in Xiamen to plan production on a two-day cycle as opposed to the previous weekly cycle and assigns components on the basis of urgency.

The production and distribution of Interton hearing instruments in Cologne, Germany was transferred to the main manufacturing sites in Xiamen, China and Præstø, Denmark. Furthermore, the production of In-The-Ear (ITE) hearing instruments in Denmark for the Nordic countries was closed and relocated to the UK.

The company continues to support a diverse customer base and has a strong position with independent dispensers and networks (primarily via the Beltone network). In Western Europe and the US, the markets for hearing instruments remain very competitive with the main sales channels being large international retailers, independent hearing aid dispensers and public tenders in the UK and Scandinavia. GN ReSound has a leading position in emerging markets such as China, India and Brazil.

Research & Development

The Research and Development (R&D) organization has invested in consolidating the product development platform and in meeting the demand from markets for lower priced products and to counteract the pressure on average selling prices.

As a result of this demand, Research and Development in GN ReSound has moved to a platform approach when developing new products. Several different hearing instruments and brands are based on the same platform using a core set of software and hardware elements. This approach has reduced time to market significantly and increased efficiency. Today, the platform approach is used for all three brands, ReSound, Beltone and Interton, and most products introduced in 2008 were platform-based. It is expected that the increased effectiveness, in line with corporate focus, will improve the company's competitive position and bring R&D spending, as a percentage of revenue, closer to the industry average.

With the release of "dot by ReSound™", "be by ReSound™" and Beltone Touch in 2008, GN ReSound has again taken a leadership position in developing innovative technologies that improve end-user satisfaction. One of the smallest instruments on the market, the "dot by ReSound™" offers a wide range of fitting options. The introduction of "be by ReSound™" initiates a completely new type of fitting called Invisible Open Technology™ (IOT). With this technology, GN ReSound has moved the success of open fittings to the ear canal by removing the microphone from the case of the instrument. In addition to these important releases, the conventional product line was updated and super-power products were added to broaden the product portfolio. Several products were also introduced in the budget price segment in order to continue to strengthen the position of GN ReSound in the emerging markets.

GN ReSound continued the extensive cooperation with external research and development partners, especially universities in Germany, the Netherlands, the US and Denmark.

Human Resources

Global HR initiated a number of operational and strategic initiatives in order to support the business strategy of GN ReSound. One of the building blocks of the strategy is the creation of a more performance-driven culture. In order to support the foundation of the performance-driven culture, a new set of values was introduced in the organization. The new values are Customer Focus, Accountability, Respect and Performance-driven and were communicated and translated into concrete and measurable actions through a number of workshops held across the organization. The values will be incorporated in the new annual performance management system that was also developed and introduced in 2008.

Global HR also launched a global sales incentive and short-term incentive program by the end of 2008. The incentive systems will be in place from the beginning of 2009. The purpose of the new performance management system and the incentive programs is to create a clear link and ensure alignment with the company targets for all employees.

Q4 2008

GN's Q4 results were in line with the guidance provided in the Q3 report of November 6, 2008. The free cash flow was positive, reducing the net interest-bearing debt compared to the end of September 2008.

GN ReSound generated solid positive organic revenue growth in the fourth quarter, but the results, in particular in GN Netcom, were negatively impacted by the global economic crisis. Restructuring initiatives in GN Netcom have clearly begun to show results.

GN Highlights

- Total GN revenue was DKK 1,464 million corresponding to organic growth of (7)%. Exchange rate fluctuations impacted revenue by (3)%.
- EBITA was DKK 27 million.
- Amortization of acquired intangible assets was DKK (8) million and net financial items were DKK (28) million.
- Earnings before tax were DKK (9) million against DKK (359) million in Q4 2007 (Q4 2007 was impacted by costs related to the abandoned sale of GN ReSound).
- The free cash flow was positive at DKK 35 million versus DKK (191) million in Q4 2007.
- Net interest-bearing debt was reduced to DKK 1,592 million.

GN Netcom Highlights

- GN Netcom revenue was DKK 615 million, equivalent to (23)% organic growth.
- GN Netcom EBITA was DKK (18) million or DKK 31 million exclusive of non-recurring costs.
- CC&O headsets reported a revenue of DKK 341 million versus DKK 397 million last year corresponding to organic growth of (15)%.
- Wireless products contributed 43% of the CC&O business' revenue.
- Mobile headset revenue was DKK 274 million versus DKK 378 million equal to (32)% organic growth.
- GN Netcom's gross margin was 37%.
- Selling, distribution and administrative costs, etc. were DKK 200 million (DKK 171 million exclusive of non-recurring costs) compared to DKK 213 million in Q4 2007 (DKK 194 million exclusive of non-recurring costs).
- Expensed development costs were DKK 48 million, slightly down from DKK 50 million in Q4 2007.
- The cash flow from operating activities excluding tax and financial items in GN Netcom was DKK 89 million against DKK (12) million in Q4 2007, positively impacted by reductions in working capital.
- The cash flow from investing activities was DKK (39) million against DKK (30) million in Q4 2007.
- The FAST restructuring program in GN Netcom is progressing better than planned and these initiatives have been expanded and will deliver considerably higher cost savings than previously expected.

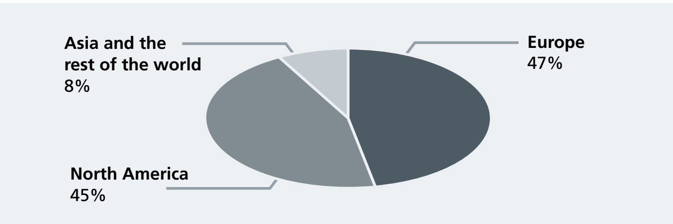
GN ReSound Highlights

- GN ReSound revenue was DKK 843 million, equal to organic growth of 10%.
- GN ReSound EBITA was DKK 56 million (of which Audiologic Diagnostics Equipment contributed DKK 8 million).
- Hearing Instruments generated revenue of DKK 753, corresponding to 12% organic growth relative to Q4 2007.
- Unit growth was 19%.
- Audiologic Diagnostics Equipment revenue was DKK 90 equal to (1)% organic growth relative to Q4 2007.
- GN ReSound's gross margin was 62%.
- Selling, distribution and administrative costs, etc. were DKK 386 million compared to DKK 376 million in Q4 2007.
- Expensed development costs were DKK 79 million compared to DKK 68 million last year.
- The cash flow from operating activities excluding tax and financial items in GN ReSound was DKK 122 million against DKK 55 million in Q4 2007.
- The cash flow from investing activities was DKK (88) million against DKK (100) million in Q4 2007.
- GN ReSound is restructuring to reduce its cost base significantly which will also create a more lean and competitive organization.

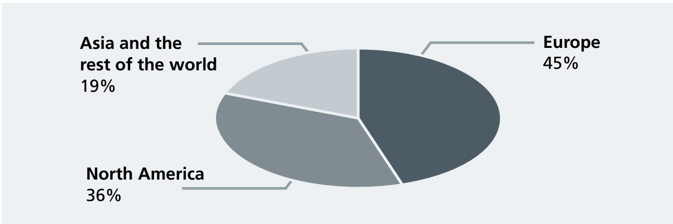
Highlights – Other Activities

- Other Activities including the GN Great Northern Telegraph Company reported revenue of DKK 6 million.
- Other Activities, which include costs related to listing fees etc. and costs related to the secretariat and the Supervisory Board, reported an EBITA of DKK (11) million.

GN Netcom Q4 Revenue Distributed Geographically – %



GN ReSound Q4 Revenue Distributed Geographically – %



Q4 Overview	Q4 2008				Q4 2007			
DKK million	GN Netcom	GN ReSound	Other	GN total	GN Netcom	GN ReSound	Other	GN total
Revenue	615	843	6	1,464	775	747	4	1,526
Organic growth	(23)%	10%	-	(7)%	(2)%	(13)%	-	(8)%
Gross profit	230	521	6	757	293	439	5	737
Gross margin	37%	62%	-	52%	38%	59%	-	48%
EBITA	(18)	56	(11)	27	30	(5)	(20)	5
EBITA margin	(2.9)%	6.6%	-	1.8%	3.9%	(0.7)%	-	0.3%

Risk Management

GN continuously works to identify, analyze, evaluate, and mitigate all major business risks in a systematic way as the GN risk profile changes over time. Hence, processes, projects and major business changes are monitored and evaluated to identify developing or emerging risks at an early stage. The overall risk map and business continuity plans are updated on an ongoing basis and redefined to reflect any changes in GN's overall risk profile.

GN's overall risk profile is diversified across GN's two business areas, GN Netcom and GN Resound. Described below are a number of key strategic and operational risk factors related to both business areas. The order of the risk factors does not imply any order of importance nor do they present the full spectrum of risks, the businesses are exposed to.

The overall objective of GN's risk management philosophy is to avoid, transfer and manage inappropriate risks encountered within any of the GN business entities. The risk management philosophy is documented in GN's Risk Management Manual.

Markets & Competition

GN's activities in both GN Netcom and GN Resound are affected by general macroeconomic conditions. However, most of the hearing instrument industry growth drivers are demographic or secular trends, which provide a higher degree of stability towards macroeconomic trends than is the case in the headsets industry. The global economic uncertainties of 2008 have negatively impacted demand for GN Netcom products in particular and, to a lesser extent, for GN Resound products. Accordingly, GN monitors the general economic developments and the economic outlook. The markets on which GN operates are all competitive, and consequently, GN reviews market shares on an ongoing basis and monitors new product launches in both the headset and hearing instrument industries.

Manufacturing and Quality

GN's headset production is carried out by selected subcontractors, making GN much more capable of adapting production changes to actual market demand. At the same time, the risk is diversified across a number of production locations. GN has conducted a series of visits to the major production sites in order to review the production facilities and the contingency plans in place to secure production in the event of production breakdown. The hearing instrument and chip production is carried out at GN's own two production facilities in Xiamen, China and Præstø, Denmark. To mitigate the risk associated with the production facilities in China and Denmark, GN proactively applies preventive measures to make sure that the facilities meet the highest safety standards at all times. GN also pursues a strategy of having alternative supplier options for all strategic components. In order to ensure that the suppliers comply with GN's high quality standards, GN conducts regular quality checks of all suppliers of finished products and of subcontractors of critical components.

In GN Netcom a new quality factory manufacturing system has been rolled out in the supply chain. The Quality Factory Manufacturing System covers all incoming materials and ensures a strict quality control of finished goods with the purpose of lowering the error margin, improving product quality and bringing products to market in a more efficient manner. In GN ReSound, a global process including a web-based workflow system for gathering and resolving quality issues has been rolled out to nearly all manufacturing sites and subsidiaries in order to increase the efficiency and coordination in resolving globally reported issues.

Research & Development

Both headset and hearing instrument life cycles continue to shorten and the ability to identify and master new core technologies and to move quickly from idea to high quality product is key.

GN Netcom's Product Creation department has devised a systematic product development process that utilizes product platforms intended to enhance quality and shorten time to market. Therefore, GN Netcom has developed a new, more stringent development model consisting of a number of gate reviews to ensure that each individual phase has been completed before the next phase is initiated.

GN ReSound's R&D department has moved to a platform approach when creating new products. Several different hearing instruments and brands are now produced on the same platform using a core set of software and hardware applications. This approach has reduced time to market significantly and increased efficiency.

Employees

GN's innovative products are the results of our employees' great dedication, skills and competencies, and to retain the competitive edge GN needs to continue developing and retaining the skills of the employees. Operating in competitive markets of rapid change in technologies and consumer demand, GN is dedicated to attracting the employees with the highest skills in the entire value chain.

GN regularly monitors compliance with local labor market rules on markets where GN operates, and being able to offer GN employees working conditions that as a minimum match local market standards or better is absolutely essential.

Environmental Issues and Working Environment

GN operates under a combination of global and local rules and guidelines ensuring that the company meets or exceeds the standards in regards to environmental, health, safety and working conditions in the countries where the company operates.

The consumption of raw materials and energy for production of GN's products is relatively low as the development technologies continue to improve and the products, both headsets and hearing instruments, become smaller.

It is essential to GN that all subcontractors comply with local environmental and occupational health and safety requirements; GN therefore monitors all subcontractors on a regular basis to ensure such compliance. Additionally, experts from GN Netcom's and GN ReSound's supply chains monitor all subcontractors to verify that GN's ethical standards are maintained, ensuring, among other things, that child labor does not occur and that employee rights are preserved.

GN Netcom has introduced a Global Green Policy based on a 6-step approach; the new policy not only includes national regulatory environmental requirements that reduce or eliminate harmful materials, but also includes designing products for high recovery, recycle rates and low energy consumption.

Insurance

GN's insurance program reflects the scope and geographical locations of its business operations. As GN's businesses are constantly undergoing change, coverage requirements are reviewed not only when insurance is renewed, but also on a regular basis together with local and global advisors. GN takes out insurance for liability, property damage and, when found appropriate and financially feasible, consequential loss. Liability and property damage coverage is subject to global and local standards. The Executive Management ensures that coverage always complies with GN's policies and reflects GN's exposure, and it keeps the Supervisory Board updated on the scope and extent of the insurance program.

Financial Risks

Due to the nature of its operations, investments and financing activities, GN is exposed to a number of financial risks. GN has centralised the management of financial risks. The overall financial risk management guidelines are set out in GN's treasury policy. The treasury policy applies mainly to GN's funding, liquidity and foreign exchange policies and to its policy regarding credit risks in relation to financial counterparties. A description of approved financial instruments and risk exposure limits is provided in the Treasury Department's business procedures. It is GN's policy not to actively conduct speculation in financial risks. Commercial credit risks are managed decentrally by the two operational business areas, GN Netcom and GN ReSound.

Foreign Currency

Transaction Risk

GN's foreign subsidiaries are not materially impacted by currency fluctuations as their revenues and costs are mostly settled in the currency of the individual subsidiary. Activities in the Danish companies are, however, exposed to currency fluctuation as both intercompany and external payments are often settled in foreign currency.

Translation Risk

GN has currency exposure only in connection with commercial transactions. GN does not raise loans or place surplus cash in foreign currency unless doing so reduces a currency exposure. As GN's revenue (~50%) and costs (~60%) generated in USD or USD-related currencies largely offset one another, GN's long-term industrial competitiveness and its EBITA are relatively resistant to likely USD fluctuations. With between 5% and 10% of revenues and only local costs generated in GBP, GN has a certain exposure to a depreciation of GBP. GN has a large cost base in China and is as such exposed to appreciation of the CNY which historically has been linked to the USD. Most Chinese subcontractor agreements are agreed and paid in USD, however. Costs settled directly in CNY are primarily GN's staff expenses. Net of revenue in CNY from local sales in China, the direct exposure to CNY appreciation is therefore limited. A 10% depreciation of the USD is estimated to have a slightly positive EBITA effect on a medium-term horizon. Fluctuations in the USD might, however, impact short-term profit as and when products manufactured at a given exchange rate are sold at a different exchange rate at a later point in time. GN has several balance sheet items denominated in USD, including most of its goodwill. A 10% depreciation of the USD would reduce equity by approximately DKK 270 million.

Funding, Liquidity and Capital Structure

At December 31, 2008, GN had an equity ratio of 57% and net interest-bearing debt of DKK 1,592 million. The drawn long-term debt and the undrawn committed reserves are based on commitments with terms of between three and four years. The drawn debt at the end of the year was mainly DKK-denominated with interest duration of less than one year, reflecting the asset composition with few long-term assets other than goodwill. Other things being equal, a one-percentage-point increase in overall interest rate levels would increase GN's net interest expenses by approximately DKK 16 million per year assuming an unchanged level of debt. A decrease in overall interest rate levels would likewise reduce GN's net interest expenses by approximately DKK 16 million per year. To reduce GN's overall liquidity risks, it is GN's policy to maintain flexibility by spreading the timing of credit facility terminations and renegotiations. GN's financial reserve consists primarily of undrawn committed credit facilities. GN has a long-term target of continuing to debt finance operations in order to utilize the general advantage of being partly debt financed while still maintaining a flexible target level of debt so as to allow for unforeseen liquidity fluctuations and enable GN to carry out relevant investments to support the underlying business. In light of the current challenges in both GN Netcom and GN Resound as well as the general economic crisis, the current level of debt is considered to be acceptable, although it does not leave much room for flexibility. Therefore, neither dividends nor share buy-backs are being proposed in this Annual Report, and GN will apply its entire free cash flow towards repaying debt or developing the businesses. However, GN maintains its long-term commitment to distributing funds to the shareholders whenever the situation allows for it or special events occur. When relevant, this will predominantly be effected by the means of share buy-backs. For many Danish shareholders, this is the most tax efficient way of distribution and for most other shareholders at least as tax efficient as dividend payments.

Financial Credit Risks

Surplus cash positions in local GN subsidiaries are re-circulated back to the parent company as soon as possible and cash is primarily held in current accounts or as short-term money market deposits. Cash positions is primarily held with banks through which GN conducts its day to day banking business and which have a satisfactory rating with Moody's or Standard & Poor's. GN has a policy of never having an exposure to a single financial counterparty of more than 2.5% of such party's capital and reserves. GN had cash and cash equivalents of DKK 154 million at December 31, 2008.

Corporate Governance

Recommendations on corporate governance in Denmark issued by NASDAQ OMX Copenhagen (www.nasdaqomx.com) require listed companies to include a "comply or explain" section in their annual report. The recommendations include eight sections which are covered below, including explanations for non-compliance where relevant.

1) THE ROLE OF THE SHAREHOLDERS AND THEIR INTERACTION WITH THE MANAGEMENT OF THE COMPANY

GN endeavors to provide adequate and timely information to the market in order to ensure that the share price always reflects GN's results and its strategic potential.

Our website – www.gn.com – gives our shareholders access to information about the company. Conference calls held in connection with annual and interim reports are webcast and made available from GN's website, as are presentations from various roadshows and events.

All registered shareholders receive notices of our general meetings and can register for such meetings by fax, mail or through our website. GN aims to increase the use of information technology in the communication with the company's shareholders.

Capital and Share Structure

GN Store Nord A/S' share capital of DKK 833,441,052 is distributed on 208,360,263 shares each carrying four votes. GN Store Nord A/S has one share class and there are no restrictions on ownership or voting rights.

There is no unilateral answer to what the optimum capital structure is for a specific company and GN's Supervisory Board assesses the need for capital on an ongoing basis. The Supervisory Board has a long-term target of continuing to debt finance operations in order to utilize the general advantage of being partly debt financed while still maintaining a flexible target level of debt so as to allow for unforeseen liquidity fluctuations and enable GN to carry out relevant investments in support of the underlying business. For more information see "Funding, Liquidity and Capital Structure" on page 19.

Pursuant to the Articles of Association, the Supervisory Board has been authorized to increase the share capital by up to a nominal amount of DKK 205 million. The authorization is valid until March 14, 2010. The Supervisory Board has also been authorized to buy treasury shares up to 10% of the company's share capital and to increase the share capital as part of the company's share option plan. The authorization is for a nominal amount of up to DKK 15 million and is valid until March 11, 2009. The Articles of Association may be amended in accordance with the general provisions of the Danish Public Companies Act.

General Meetings

Notice to convene a general meeting must be announced not more than four and not less than two weeks prior to the date of the meeting at www.gn.com and in the Danish Commerce and Companies Agency's computerized information system. Such notice containing the agenda of the general meeting is forwarded in writing to all registered shareholders. Following an amendment of the company's Articles of Association adopted by the general meeting in 2007, such information may be forwarded to registered shareholders either by mail or e-mail, at the discretion of the company. A shareholder is entitled to request to receive such information by mail.

Authorizations given to the Supervisory Board should be limited to one particular general meeting and should allow shareholders to consider each individual point on the agenda. GN aims to ensure that all notifications of general meetings are worded clearly and unambiguously and contain all relevant details about the items on the agenda.

Takeover Bids

GN does not have any form of anti-takeover measures in the form of voting restrictions or other types of ownership limitations. The Supervisory Board will consider any takeover bid in the context of the Danish Public Companies Act and guidelines issued by NASDAQ OMX Copenhagen.

2) THE ROLE OF STAKEHOLDERS AND THEIR IMPORTANCE TO THE COMPANY

The Supervisory Board and GN's management ensure that GN maintains ongoing relations with the company's stakeholders in order to ensure value enhancement for all stakeholders in both the short and the long term. Stakeholders are everyone directly affected by the company's decisions and business. GN believes that maintaining a good relationship with stakeholders is key to ensuring that GN's market capitalization reflects both short-term results and long-term strategic opportunities.

3) OPENNESS AND TRANSPARENCY

The Supervisory Board works in accordance with the GN communication policy which requires adequate, timely and simultaneous communication to all parties, including the stock market, shareholders, financial analysts, investors and prospective investors.

Investor Relations

All communication with NASDAQ OMX Copenhagen and the stock market is conducted by the Executive Management as well as the Investor Relations and the Communications departments. A large part of the company's relations with Danish and foreign shareholders as well as with prospective investors is cultivated through meetings organized by banks or stockbrokers. GN conducts road shows in Denmark and internationally following the publication of interim reports and also takes part in investor conferences. In 2008, GN had about 200 one-on-one meetings with institutional investors.

Interim and full-year earnings releases are presented at meetings arranged for financial analysts, investors and the press. To ensure that everyone has equal access, these meetings are all held in English at GN's corporate headquarters in Ballerup, Copenhagen, and transmitted live on GN's website: www.gn.com. All presentations are also available from the website. Some 15 financial analysts in Denmark and abroad provide active coverage of the GN share. The current list of analysts can be found on www.gn.com. Our website is available in Danish and English, and with a few exceptions all content can be found in both languages. GN makes a dedicated effort to maintaining a high level of information, including information about our corporate governance and making all GN presentations available on www.gn.com after they are held.

In addition, shareholders and other stakeholders can always contact GN through investor@gn.com or info@gn.com. GN endeavors to reply to all inquiries and maintains procedures to ensure that everyone receives a reply, either by mail, e-mail or telephone. Through "The Investorportal" which is available at www.gn.com, shareholders can also:

- view the size of their own portfolio of registered GN shares
- sign up for the general meeting and/or
- vote in advance for general meetings

By registering for a subscription to GN's news and information services on www.gn.com, interested parties receive electronic news from GN immediately after the release of stock exchange announcements, including interim and full-year profit announcements, to NASDAQ OMX Copenhagen.

GN issued 28 stock exchange announcements in 2008, four of which involved trading in GN shares or share options by insiders. The announcements are available at www.gn.com.

Annual Report and Supplementary Information

GN Store Nord's consolidated and parent company financial statements in the Annual Report are presented in accordance with the provisions of the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

GN's Supervisory Board continuously assesses whether it is appropriate to disclose detailed non-financial information for example regarding environmental and ethical issues. For such information please refer to "Employees" and "Environmental Issues and Working Environment" on page 18.

4) THE TASKS AND RESPONSIBILITIES OF THE SUPERVISORY BOARD

The Supervisory Board is responsible for carefully safeguarding the interests of the shareholders while giving due consideration to the other stakeholders.

At least once a year, the Supervisory Board discusses and establishes its most important tasks related to the overall strategic management as well as the financial and managerial supervision of the company and regularly evaluates the work of the Executive Management.

The Tasks of the Chairman

GN has an elaborate task and work description specifying the tasks, duties and responsibilities of the Chairman and of the Deputy Chairman. Some of the important tasks, duties and responsibilities stated in the description are that it is the Chairman's duty to ensure that the Supervisory Board as a collective body and its members individually perform satisfactory and to make sure that an evaluation of the Supervisory Board takes place once a year. Also, the Chairman prepares agendas for board meetings which are held a minimum of eight times a year. Between board meetings the Chairman meets with Executive Management to stay updated. Finally, the Chairman represents the Supervisory Board in-house as well as externally and makes statements on behalf of the Supervisory Board. In the Chairman's absence, the Deputy Chairman exercises the powers of the Chairman.

Procedures

The procedures should always match the needs of the company. GN's rules of procedure have been drawn up stipulating the duties of the Supervisory Board. The rules of procedure lay down the guidelines for appointing the Chairman and Deputy Chairman, duties of disclosure, assignments and responsibilities. The rules are reviewed yearly and updated when deemed relevant.

There is also a set of guidelines for the Executive Management's reporting to the Supervisory Board.

Information from the Executive Management to the Supervisory Board

Information from the Executive Management to the Supervisory Board is regulated by the guidelines for the Executive Management. These guidelines specify which kind of information should be reported to the Supervisory Board and how often. Moreover, the Executive Management meets with the Chairman and the Deputy Chairman regularly to continuously optimize collaboration and share detailed information about the business.

5) THE COMPOSITION OF THE SUPERVISORY BOARD

The composition of the Supervisory Board should allow the board to perform its managerial tasks, including the strategic tasks of the company, in an effective and forward-looking manner and, at the same time, should always allow the board to act independently of special interests. The composition of the Supervisory Board and its procedures should regularly be reviewed to ensure that it reflects the company's current situation and circumstances.

Recruitment and Election of Supervisory Board Members

GN's Supervisory Board aims to recruit board members with mutually complementary competencies. When the Supervisory Board proposes new board members, a CV as well as a thorough description of the candidate's qualifications is always provided. Moreover, the Chairman reviews the recruitment criteria on which the board has based its recommendation for the benefit of the shareholders in general meeting.

The current members of the Supervisory Board embody extensive experience from international businesses in the pharmaceutical, healthcare, IT, telecom and business consulting sectors, insight into financial and accounting issues as well as general industry experience, all of which are relevant for GN's operations. The Supervisory Board believes that the current composition provides a strong and diversified Supervisory Board in relation to competencies and experience. The current board members elected by the general meeting are six males aged 52-61.

In connection with the latest election of new board members in the summer of 2008, a very thorough and transparent process for selection and nomination of candidates was carried out. Elaborate CVs were available combined with a detailed description of why the individual up for election was deemed to be qualified for the Supervisory Board. At the extraordinary general meeting where the candidates were elected, the general meeting had the opportunity to discuss the composition of the Supervisory Board.

Training and Introduction of Members of the Supervisory Board

Upon being elected to the Supervisory Board, each new board member is given a thorough introduction to the company and its two businesses. In 2008, the new board members participated in a number of meetings for training purposes.

Number of Supervisory Board Members

GN's Supervisory Board consists of three employee representatives elected by the Danish employees and six directors elected by the shareholders in general meeting. The Supervisory Board believes this to be the appropriate number of board members both in relation to the size of the company and to the skills and assignments of the board. To ensure in-depth discussions in both businesses, all members of the board elected by the general meeting are also members of the supervisory boards of GN ReSound and GN Netcom respectively.

Independence of the Supervisory Board

No member of the Supervisory Board elected by the general meeting is or has ever been an employee of GN, and no such board member has any financial interests in the company other than that of a shareholder. All members of the Supervisory Board elected in general meeting are considered to be independent.

Information on occupation, other directorships, shares held in GN and year elected for each board member can be found in this Annual Report on page 29.

Among the six directors elected by the general meeting, five have served on the Board for five years or less.

Supervisory Board Members Elected by the Staff

Pursuant to the relevant rules of the Danish Public Companies Act, the company's Danish employees elect a number of members to the Supervisory Board. The number of employee representatives must equal half the number of members elected by the general meeting. Eligible candidates must have been GN employees during the last 12 months prior to the date of election. The candidates are elected for periods of four years, and must if they leave the company retire from the Supervisory Board. Employee representatives have the same rights and duties as the board members elected by the general meeting.

Meeting Frequency

The Supervisory Board meets at least eight times a year in scheduled ordinary meetings to which a number of extraordinary meetings can be added. In 2008, 10 ordinary and 7 extraordinary board meetings were held. Each year, the Supervisory Board prepares a schedule for the coming year's board meetings.

Time allocated to supervisory board work and the number of directorships

The Supervisory Board believes that it is up to the individual board member to decide how many directorships each member is able to hold and that the time required to fulfill different directorships varies. The corporate governance recommendations state that a supervisory board member who is also a member of the executive board of an active company should hold no more than three ordinary directorships or one chairmanship and one ordinary directorship. GN largely complies with this recommendation; however Jørgen Bardenfleth is chairman of two other companies as well as board member of a company.

Retirement Age and Election Period

The retirement age for GN Store Nord board members is 70. The annual report contains information about the age of each individual board member. Each board member elected by the general meeting holds office for one year and is eligible for re-election.

Use of Supervisory Board Committees

In December 2007, the Danish Commerce and Companies Agency published a bill on implementation of the EU's eighth company law directive's proposal on the implementation of audit committees in listed companies. The provision was implemented in Danish legislation in June 2008. The Supervisory Board fully agrees with this and in June 2008 an Audit Committee and a Remuneration Committee were set up and shortly after, an Audit Committee charter and a Remuneration Committee charter were approved by the Board. Neither committee has responsibilities that are independent of the Supervisory Board. The committees carry out work which serves to support the Supervisory Board in its duties and decisions.

Audit Committee

According to its charter, the Audit Committee, among other things, assists the Supervisory Board in relation to internal accounting and financial control systems, the integrity of the company's financial reports and engagements with external auditors. The committee also carries out ongoing assessments of the company's financial and business risks. The Committee held 3 meetings in 2008.

Remuneration Committee

According to its charter, the Remuneration Committee, among other things, assists the Supervisory Board in matters and decisions concerning remuneration of the executive management and senior employees and in ensuring that the overall remuneration policies strike an appropriate balance between the interests of the company's shareholders. The Committee held 3 meetings in 2008.

Assessment of the Work of the Supervisory Board and Executive Management

It is recommended that the supervisory board establish an assessment procedure that regularly and systematically evaluates the work, results and composition of the supervisory board as well as the results of each individual member, including the chairman, for the purpose of improving the work of the supervisory board and that the criteria of assessment are clearly defined.

In 2008, three new members were elected to the Supervisory Board, including a new Chairman. Prior to the election process, the competencies and the composition of the former board were evaluated. Based on these results a global search was initiated in order to ensure that the competencies and composition of the new Board fit the new corporate structure with a hearing instrument business and a headset business. After the new Board was established, the work to adjust the corporate structure has continued, and the shareholder-elected members of the Supervisory Board now also serve on the boards of GN Netcom and GN ReSound respectively. In addition, the new board has introduced the Audit and Remuneration Committees to support the Board in its work. In light of all these changes, it was decided to postpone the assessment of the Board's work for 2008, however, an assessment of the board's work is now being conducted.

The Supervisory Board evaluates the work and results of the Executive Management, in particular, once a year in connection with determining remuneration packages, targets achieved and setting new targets.

The collaboration between the Supervisory Board and the Executive Management is also evaluated on a regular basis through discussions between the CEOs and the Chairman.

6) REMUNERATION OF THE SUPERVISORY BOARD AND THE EXECUTIVE MANAGEMENT

Competitive remuneration is a prerequisite for attracting and maintaining competent members on the Supervisory Board and the Executive Management. The remuneration of the members of the Supervisory Board and the Executive Management should be reasonable in relation to the tasks assigned and the responsibilities involved in performing the tasks.

Remuneration Policy

GN pursues a policy of offering the Supervisory Board and Executive Management remuneration on par with that offered by industry peers and by other Danish companies to attract and retain competent management resources. The remuneration of the Executive Management is based on a fixed base salary plus a bonus if agreed targets are achieved. The company does not make pension contributions in respect of members of the Executive Management.

Members of the Supervisory Board receive fixed remuneration. They are not awarded share options, nor do they participate in other incentive programs.

The Supervisory Board has established a remuneration committee to support and advise the Supervisory Board on remuneration policies. Some of the key purposes are to ensure that executive and senior management are remunerated fairly and appropriately and that GN is driven, managed and rewarded by a performance-management culture.

Principles for Establishing Incentive Schemes

In 2008, GN introduced and obtained shareholder approval for warrant-based incentive programs covering two years for GN Netcom and three years for GN ReSound whereby the Executive Management and other senior employees of GN's two subsidiaries, GN ReSound A/S and GN Netcom A/S, will be granted warrants, entitling the holder to subscribe shares in GN ReSound and GN Netcom respectively.

The purpose of the program is to attract and retain the best and most qualified employees to GN ReSound and GN Netcom in order to ensure that both companies develop successfully. The objective is to ensure long-term growth and value creation and thereby to align shareholder and management interests going forward.

For detailed information about the long-term incentive program, see note 35.

Severance Schemes

GN's Executive Management has severance agreements and change-of-control agreements on market terms.

Openness about Remuneration

Detailed information about the remuneration to members of the Supervisory Board and the Executive Management is provided in note 3 to the financial statements of the Annual Report.

7) RISK MANAGEMENT

Effective risk management is a prerequisite allowing the Supervisory Board to perform its tasks in the best possible way. Therefore, it is essential that the Supervisory Board arrange for appropriate risk management systems to be established and generally ensure that such systems meet the requirements of the company from time to time.

Identification of Risks

GN has adopted and implemented numerous systematic processes of collecting risk management information so that strategic and operational risks can be identified, reported and managed in the best possible way throughout GN. The Audit Committee is fully engaged in the financial risk management assessment.

Plan for Risk Management

When formulating a new strategy for the company, the Supervisory Board and the Executive Management consider these risks. The risk management processes are conducted on a continuous basis throughout the year, and the results are compiled by the corporate risk management function for a presentation of GN's overall risk scenario to the Executive Management and the Supervisory Board.

Openness about Risk Management

GN's risk management activities are disclosed on pages 18-19 of this Annual Report.

8) AUDIT

Ensuring an independent and competent audit is crucial to the Supervisory Board's work. Therefore, the contractual basis and hence the framework for the auditor's services must be determined by the Supervisory Board and the Executive Management.

The Supervisory Board's Nomination of an Auditor Candidate

Pursuant to Danish law, the independent auditors are elected by the shareholders in general meeting. Candidates are recommended to the position as auditors on the basis of an assessment of their competences and independence prepared by the Audit Committee together with the Executive Management and discussed by the Supervisory Board.

Agreement with the Auditors

The Danish Act on Registered and State-Authorised Public Accountants restricts the scope of the services an independent auditor may provide to a listed company. Independent auditors may only provide advisory tasks approved before such task is commenced. The advisory tasks provided are specified in the notes to the financial statements in the classifications of audit-related services, tax assistance and other services.

GN's Audit Committee negotiates the engagement agreement including the fee to the auditors and presents the agreement to the Supervisory Board for approval.

Internal Control Systems

At least once a year, the Supervisory Board reviews the adequacy of the internal control systems. The Audit Committee has assessed that the size and complexity of the company for the time being does not require that an internal audit function is established. Together with the Executive Management, the Audit Committee is currently preparing the establishment of a whistle-blower function which is expected to be introduced in 2009.

Accounting Policies and Accounting Estimates

The principles for the company's presentation of its financial statements are described in a financial reporting manual applied by all subsidiaries. Financial reporting is managed in a corporate reporting system that provides full transparency in each individual reporting unit to the parent company's consolidation department. Controller visits are conducted, among other things, to evaluate internal control systems of subsidiaries and to ensure that subsidiaries comply with approved principles and policies. The results of the controller visits are reported to the Executive Management, the independent auditors and the local management.

Audit Results

At the board meeting when the annual report is reviewed, the board members discuss the internal control systems with the auditors elected by the shareholders in general meeting. Based on the auditors' reporting in the long-form audit report, the Supervisory Board and the independent auditors discuss the audit results, the significant accounting policies applied, critical accounting estimates and the appropriateness of the accounting policies applied.

Audit Committee

In June 2008, an Audit Committee was established to assist the Supervisory Board in its supervision of audit and accounting matters as well as control systems, regulatory compliance and risk management.

Shareholder Information

Share Capital and Voting Rights

GN Store Nord's share capital of DKK 833,441,052 is distributed on 208,360,263 shares each carrying fours votes. GN has one share class and there are no restrictions on ownership or voting rights.

At the end of 2008, approximately 45,000 registered shareholders held about 75% of the share capital. Foreign ownership is estimated at 30%. The ten largest registered shareholders held about 33% of the GN share capital in aggregate at mid-February 2009. At the 2008 general meeting, approximately 17% of the share capital was represented directly or by proxy. GN holds 2.3% treasury shares, primarily held to cover the long-term incentive plans in GN.

The GN share is 100% free float and the company has no dominant shareholders. ATP, Kongens Vænge 8, Hillerød, Denmark (the Danish Labour Market Supplementary Pension Fund) has reported an ownership interest in excess of 10% of GN's share capital and Marathon Asset Management LLP based in 5 Upper St. Martin's Lane, London, UK has reported an ownership interest in excess of 5% of GN's share capital.

Financial Calendar 2009

Annual General Meeting .... March 23, 2009
GN's Annual General Meeting will be held
at 10 a.m. at the Radisson SAS Falconer Center,
Falkoner Allé 9 in Copenhagen.
Interim report 1/2009 .... May 7, 2009
Interim report 2/2009 .... August 14, 2009
Interim report 3/2009 .... November 13, 2009

Events after the Balance Sheet Date

GN Store Nord announced plans for a leaner GN ReSound organization (Announcement No. 1 of January 5, 2009) and announced an updated Financial Calendar for 2009 (Announcement 2 of January 30, 2009).

Proposed Resolutions for the Annual General Meeting (Excerpt)

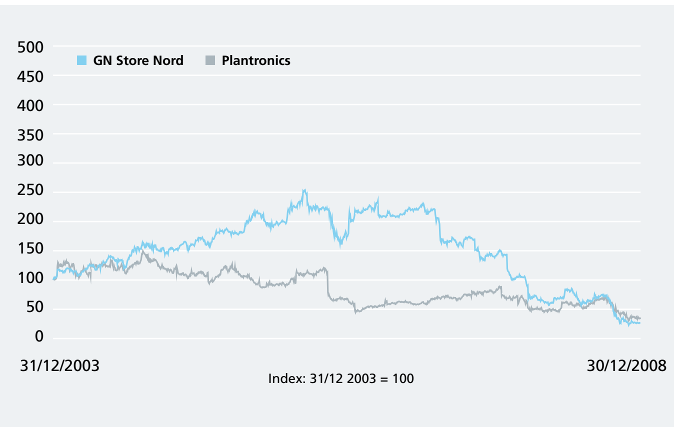
The Supervisory Board intends to submit proposals to the Annual General Meeting:

- for the distribution of the profit/loss for the year, including that no dividend be paid
- that the Board be authorized to acquire treasury shares
- that the Supervisory Board be authorized to issue share options and shares to employees
- for the remuneration of the Supervisory Board
- that the board members elected by the general meeting be re-elected
- that an auditor be appointed

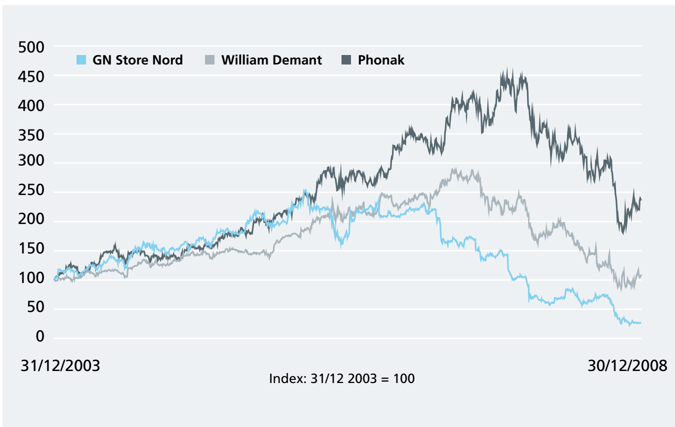
Dividend

GN maintains a long-term commitment to distributing funds to the shareholders whenever the situation allows or special events occur. However, in light of the financial results in 2008, the Supervisory Board will propose to the general meeting that no dividend be paid for the financial year January 1-December 31, 2008.

Share Price Development vs GN Netcom Peers



Share Price Development vs GN ReSound Peers



Investor-specific Statements

Earnings, Cash Flow Statement and Selected Balance Sheet Items by Segment

GN Store Nord's consolidated and parent company financial statements are presented in accordance with the provisions of the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

These standards, regulations and guidelines do not consider the concepts of EBITDA and EBITA, which are often applied in a valuation of a company's profitability and in comparisons of GN Store Nord with its competitors or other comparable companies.

GN Store Nord defines EBITA as the operating profit before impairment of goodwill and amortization of other intangible assets acquired in company acquisitions and special items.

EBITDA is defined as EBITA before depreciation of property, plant and equipment. Amortization of development projects developed in-house, is included in both EBITDA and EBITA.

The International Financial Reporting Standards require that impairment of property, plant and equipment, internally generated intangible assets and items of a non-recurring nature are treated as ordinary items and, to the extent possible, included under the respective functions in the income statement as "Production costs", "Development costs", "Selling and distribution costs" and "Management and administrative expenses", etc.

For the purpose of calculating EBITA and EBITDA, operating profit is adjusted for the following:

- Impairment of goodwill and other intangible assets acquired in company acquisitions, as these are recognized after EBITA, see the Group's definition.

- The share of profit from associates which is not considered a part of EBITA.

- In accordance with IFRS 5 amortization and depreciation resulting from a reclassification from discontinuing operations to continuing operations should be recognized in the financial year in which the sales process is abandoned and not in the financial year in which the amortization and depreciation would otherwise have been made. For ease of comparison, amortization and depreciation relating to the period in which GN ReSound was classified as a discontinuing operation is recognized in the periods in which the amortization and depreciation would have been recognized had GN ReSound not been classified as a discontinuing operation.

The EBITA figure is then adjusted for ordinary depreciation of property, plant and equipment, resulting in the EBITDA figure.

Costs incurred in relation to the abandoned sales process concerning GN ReSound are disclosed in a separate line item after EBITA as these costs are viewed as special costs which are recognized after EBITA, see the Group's definition.

Segment Operations

As in the interim reports for 2008, changes have been made to the schedules in the investor-specific statements compared to the interim and annual reports for 2007. In order to reflect GN's new corporate governance structure, CC&O Headsets and Mobile Headsets are presented as GN Netcom, and Hearing Instruments and Audiologic Diagnostics Equipment are presented as GN Resound. Also, depreciation is included under the respective functions. Total depreciation and EBITDA are included in a separate schedule. All comparative figures have been restated to reflect the changes.

Cash Flow Statement by Quarterly Period and by Segment

The statements also provide, for the past eight quarters, changes in cash flows from operating activities before changes in working capital, changes in working capital and restructuring/non-recurring costs paid, cash flows from operating activities before financial items and tax, cash flows from investing activities, tax and financial items and cash flows from operating and investing activities.

The presentation and the method of calculation applied are identical to the IFRS cash flow statement.

Investor-specific Income Statement per Quarterly Period

(DKK million)	Q1 2007 (unaud.)	Q2 2007 (unaud.)	Q3 2007 (unaud.)	Q4 2007 (unaud.)	2007 Total (aud.)	Q1 2008 (unaud.)	Q2 2008 (unaud.)	Q3 2008 (unaud.)	Q4 2008 (unaud.)	2008 Total (aud.)
Revenue	1,564	1,463	1,428	1,526	5,981	1,411	1,363	1,386	1,464	5,624
Production costs	(784)	(685)	(681)	(789)	(2,939)	(682)	(629)	(705)	(707)	(2,723)
Gross profit	780	778	747	737	3,042	729	734	681	757	2,901
Expensed development costs	(89)	(114)	(113)	(118)	(434)	(95)	(102)	(129)	(127)	(453)
Selling and distribution costs and administrative expenses etc.	(562)	(571)	(567)	(614)	(2,314)	(607)	(594)	(579)	(603)	(2,383)
EBITA	129	93	67	5	294	27	38	(27)	27	65
Share of profit (loss) in associates	-	-	-	2	2	-	(1)	1	-	-
Amortization of other intangible assets acquired in company acquisitions	(11)	(8)	(8)	(7)	(34)	(8)	(7)	(8)	(8)	(31)
Depreciation related to GN ReSound in Q4 2006 (and 2007) due to the abandoned sales process	31	32	31	(126)	(32)	-	-	-	-	-
Operating profit (loss)	149	117	90	(126)	230	19	30	(34)	19	34
Costs related to abandoned sales process concerning GN ReSound	-	-	(49)	(215)	(264)	-	-	-	-	-
Gains (losses) on disposal of operations	-	(2)	-	2	-	-	-	-	-	-
Financial items, net	(23)	(11)	(12)	(20)	(66)	(26)	(35)	(28)	(28)	(117)
Earnings before tax (EBT)	126	104	29	(359)	(100)	(7)	(5)	(62)	(9)	(83)
Margins:										
Gross profit margin	49.9 %	53.2 %	52.3 %	48.3 %	50.9 %	51.7 %	53.9 %	49.1 %	51.7 %	51.6 %
EBITA margin	8.2 %	6.4 %	4.7 %	0.3 %	4.9 %	1.9 %	2.8 %	(1.9)%	1.8 %	1.2 %
EBITDA	180	146	118	56	500	75	86	21	86	268
Depreciation	(51)	(53)	(51)	(51)	(206)	(48)	(48)	(48)	(59)	(203)
EBITA	129	93	67	5	294	27	38	(27)	27	65

Quarterly Operations by Segment

(DKK million)	Q1 2007 (unaud.)	Q2 2007 (unaud.)	Q3 2007 (unaud.)	Q4 2007 (unaud.)	2007 Total (aud.)	Q1 2008 (unaud.)	Q2 2008 (unaud.)	Q3 2008 (unaud.)	Q4 2008 (unaud.)	2008 Total (aud.)
Revenue										
GN Netcom	749	617	670	775	2,811	636	584	595	615	2,430
GN Resound	811	842	755	747	3,155	772	776	787	843	3,178
Other*	4	4	3	4	15	3	3	4	6	16
Total	**1,564**	**1,463**	**1,428**	**1,526**	**5,981**	**1,411**	**1,363**	**1,386**	**1,464**	**5,624**
Gross profit										
GN Netcom	277	244	280	293	1,094	263	249	226	230	968
GN Resound	499	530	464	439	1,932	463	482	451	521	1,917
Other *	4	4	3	5	16	3	3	4	6	16
Total	**780**	**778**	**747**	**737**	**3,042**	**729**	**734**	**681**	**757**	**2,901**
Expensed development costs**										
GN Netcom	(36)	(47)	(47)	(50)	(180)	(37)	(46)	(40)	(48)	(171)
GN Resound	(53)	(67)	(66)	(68)	(254)	(58)	(56)	(89)	(79)	(282)
Total	**(89)**	**(114)**	**(113)**	**(118)**	**(434)**	**(95)**	**(102)**	**(129)**	**(127)**	**(453)**
Selling and distribution costs and administrative expenses etc.										
GN Netcom	(225)	(214)	(227)	(213)	(879)	(223)	(231)	(214)	(200)	(868)
GN Resound	(325)	(334)	(343)	(376)	(1,378)	(374)	(354)	(358)	(386)	(1,472)
Other*	(12)	(23)	3	(25)	(57)	(10)	(9)	(7)	(17)	(43)
Total	**(562)**	**(571)**	**(567)**	**(614)**	**(2,314)**	**(607)**	**(594)**	**(579)**	**(603)**	**(2,383)**
EBITA										
GN Netcom	16	(17)	6	30	35	3	(28)	(28)	(18)	(71)
GN Resound	121	129	55	(5)	300	31	72	4	56	163
Other*	(8)	(19)	6	(20)	(41)	(7)	(6)	(3)	(11)	(27)
Total	**129**	**93**	**67**	**5**	**294**	**27**	**38**	**(27)**	**27**	**65**
EBITA margin										
GN Netcom	2.1%	(2.8)%	0.9%	3.9%	1.2%	0.5%	(4.8)%	(4.7)%	(2.9)%	(2.9)%
GN Resound	14.9%	15.3%	7.3%	(0.7)%	9.5%	4.0%	9.3%	0.5%	6.6%	5.1%
Total	**8.2%**	**6.4%**	**4.7%**	**0.3%**	**4.9%**	**1.9%**	**2.8%**	**(1.9)%**	**1.8%**	**1.2%**
Depreciation										
GN Netcom	(19)	(17)	(17)	(16)	(69)	(17)	(17)	(17)	(19)	(70)
GN Resound	(23)	(23)	(25)	(26)	(97)	(23)	(23)	(23)	(31)	(100)
Other*	(9)	(13)	(9)	(9)	(40)	(8)	(8)	(8)	(9)	(33)
Total	**(51)**	**(53)**	**(51)**	**(51)**	**(206)**	**(48)**	**(48)**	**(48)**	**(59)**	**(203)**
EBITDA										
GN Netcom	35	-	23	46	104	20	(11)	(11)	1	(1)
GN Resound	144	152	80	21	397	54	95	27	87	263
Other*	1	(6)	15	(11)	(1)	1	2	5	(2)	6
Total	**180**	**146**	**118**	**56**	**500**	**75**	**86**	**21**	**86**	**268**
Incurred development costs										
GN Netcom	(38)	(46)	(48)	(47)	(179)	(41)	(44)	(45)	(51)	(181)
GN Resound	(87)	(102)	(90)	(94)	(373)	(81)	(83)	(87)	(99)	(350)
Total	**(125)**	**(148)**	**(138)**	**(141)**	**(552)**	**(122)**	**(127)**	**(132)**	**(150)**	**(531)**
Capitalized development costs										
GN Netcom	19	21	27	28	95	26	24	30	26	106
GN Resound	56	59	50	51	216	51	57	54	60	222
Total	**75**	**80**	**77**	**79**	**311**	**77**	**81**	**84**	**86**	**328**
Amortization and depreciation of development costs***										
GN Netcom	(17)	(22)	(26)	(31)	(96)	(22)	(26)	(25)	(23)	(96)
GN Resound	(22)	(24)	(26)	(25)	(97)	(28)	(30)	(56)	(40)	(154)
Total	**(39)**	**(46)**	**(52)**	**(56)**	**(193)**	**(50)**	**(56)**	**(81)**	**(63)**	**(250)**

*) "Other" comprises the secretariat, the Telegraph Company, GN Ejendomme and eliminations.
**) "Expensed development costs" is equal to "Incurred development costs" less "Capitalized development costs" plus "Amortization and depreciation".
***) Does not include share of amortization of other intangible assets acquired in company acquisitions, cf. the definition of EBITA.

Development in Selected Balance Sheet Items

(DKK million)	March 31 2007 (unaud.)	June 30 2007 (unaud.)	Sept. 30 2007 (unaud.)	Dec. 31 2007 (aud.)	March 31 2008 (unaud.)	June 30 2008 (unaud.)	Sept. 30 2008 (unaud.)	Dec. 31 2008 (aud.)
Goodwill								
GN Netcom	450	445	427	414	387	390	423	425
GN ReSound	2,290	2,262	2,176	2,111	2,021	2,034	2,206	2,230
Total	2,740	2,707	2,603	2,525	2,408	2,424	2,629	2,655
Development projects								
GN Netcom	114	113	118	115	113	117	126	132
GN ReSound	495	531	554	577	604	637	637	658
Total	609	644	672	692	717	754	763	790
Inventories								
GN Netcom	222	282	381	343	265	228	291	271
GN ReSound	376	378	367	374	375	390	421	391
Total	598	660	748	717	640	618	712	662
Trade receivables								
GN Netcom	553	458	531	573	542	424	462	362
GN ReSound	713	717	706	665	687	758	823	744
Other	33	33	32	24	24	26	22	21
Total	1,299	1,208	1,269	1,262	1,253	1,208	1,307	1,127
Trade payables								
GN Netcom	106	153	208	181	124	163	260	208
GN ReSound	167	165	131	211	162	161	197	206
Other	46	16	18	29	6	8	6	34
Total	319	334	357	421	292	332	463	448

Development in Selected Items from the Cash Flow Statement

(DKK million)	Q1 2007 (unaud.)	Q2 2007 (unaud.)	Q3 2007 (unaud.)	Q4 2007 (unaud.)	2007 Total (aud.)	Q1 2008 (unaud.)	Q2 2008 (unaud.)	Q3 2008 (unaud.)	Q4 2008 (unaud.)	2008 Total (aud.)
Cash flow from operating activities before changes in working capital										
GN Netcom	80	21	41	97	239	42	34	60	77	213
GN ReSound	159	194	108	74	535	114	104	107	137	462
Other	2	(5)	15	(10)	2	2	2	4	1	9
Total	241	210	164	161	776	158	140	171	215	684
Cash flow from changes in working capital and restructurings/non-recurring costs paid										
GN Netcom	(19)	131	(98)	(109)	(95)	(11)	145	4	12	150
GN ReSound	(70)	(21)	32	(19)	(78)	(72)	(45)	(34)	(15)	(166)
Other	11	(47)	11	26	1	1	(9)	(2)	(11)	(21)
Total	(78)	63	(55)	(102)	(172)	(82)	91	(32)	(14)	(37)
Cash flow from operating activities before financial items and tax										
GN Netcom	61	152	(57)	(12)	144	31	179	64	89	363
GN ReSound	89	173	140	55	457	42	59	73	122	296
Other	13	(52)	26	16	3	3	(7)	2	(10)	(12)
Total	163	273	109	59	604	76	231	139	201	647
Cash flow from investing activities										
GN Netcom	(29)	(30)	(39)	(30)	(128)	(39)	(33)	(34)	(39)	(145)
GN ReSound	(89)	(78)	(81)	(100)	(348)	(139)	(107)	(109)	(88)	(443)
Other	(29)	(51)	(29)	(76)	(185)	(3)	(6)	(2)	(8)	(19)
Total	(147)	(159)	(149)	(206)	(661)	(181)	(146)	(145)	(135)	(607)
Tax and financial items										
GN Netcom	35	(19)	12	(37)	(9)	(7)	(6)	(7)	8	(12)
GN ReSound	(92)	(12)	(32)	(34)	(170)	(28)	(35)	(16)	21	(58)
Other	28	1	(3)	27	53	1	(5)	(1)	(60)	(65)
Total	(29)	(30)	(23)	(44)	(126)	(34)	(46)	(24)	(31)	(135)
Cash flow from operating and investing activities										
GN Netcom	67	103	(84)	(79)	7	(15)	140	23	58	206
GN ReSound	(92)	83	27	(79)	(61)	(125)	(83)	(52)	55	(205)
Other	12	(102)	(6)	(33)	(129)	1	(18)	(1)	(78)	(96)
Total	(13)	84	(63)	(191)	(183)	(139)	39	(30)	35	(95)

SUPERVISORY BOARD

Per Wold-Olsen
Chairman
Member of the Board since 2008, age 61
Chairman, Remuneration Committee
No. of GN shares held: 100,000
Formerly with Merck & Co, Inc. (retired)

Chairman of:
Lundbeck A/S, Gilead Global Health Policy Advisory Board

Board member of:
Exiqon A/S, Medicine for Malaria Venture

William E. Hoover, Jr.
Deputy Chairman
Member of the Board since 2007, age 59
Member, Remuneration Committee
No. of GN shares held: 21,000
Formerly with McKinsey & Company (retired)

Board member of:
Danfoss A/S, Sauer-Danfoss Inc., NorthStar Battery

Jørgen Bardenfleth
Member of the Board since 2003, age 53
Member, Remuneration Committee
No. of GN shares held: 20,020
Country General Manager, Microsoft Danmark A/S

Chairman of:
IT-Væksthus A/S, IPtronics ApS,

Board member of:
COWI A/S

Wolfgang Reim
Member of the Board since 2008, age 52
Member, Audit Committee
No. of GN shares held: 0

Deputy Chairman of:
BB Medtech AG

Board member of:
Carl Zeiss Meditec AG

René Svendsen-Tune
Member of the Board since 2007, age 53
Member, Audit Committee
No. of GN shares held: 30,000
President & CEO Teleca AB

Board member of:
Excitor A/S

Carsten Krogsgaard Thomsen
Member of the Board since 2008, age 52
Chairman, Audit Committee
No. of GN shares held: 0
CFO, DONG Energy

Deputy Chairman of:
NNIT A/S

Board member of:
BaneDanmark

Jens Bille Bergholdt
Employee representative
Member of the Board since 2001, age 40
No. of GN shares held: 5,426
VP, IR, Finance & Communications, GN Store Nord A/S

Nikolai Bisgaard
Employee representative
Member of the Board since 2006, age 57
No. of GN shares held: 4,840
VP, IPR & Industry Relations, GN Store Nord A/S

Leo Larsen
Employee representative
Member of the Board since 2007, age 50
No. of GN shares held: 4,665
CTO, GN Netcom A/S

EXECUTIVE MANAGEMENT

Toon Bouten
President & CEO, GN Netcom
Member of the Executive Management since 2006, age 50
No. of GN shares held: 0

Mike van der Wallen
President & CEO, GN ReSound
Member of the Executive Management since March 1, 2008, age 43
No. of GN shares held: 0

Information provided by the board members at February 27, 2009.

STATEMENT BY THE EXECUTIVE MANAGEMENT AND THE SUPERVISORY BOARD

Today the Executive Management and the Supervisory Board have discussed and approved the annual report of GN Store Nord A/S for the financial year 2008. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies used to be appropriate. In our opinion the consolidated financial statements and the financial staments of the parent company give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at December 31, 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 2008. The Management's report comprises in our opinion a fair review of the development in the Group's and the parent company's operations and financial conditions, the results for the financial year and the parent company's financial position as well as the financial position as a whole for the entities included in the annual report and a description of the more significant risks and elements of uncertainty facing the Group and the parent company. We recommend that the annual report be approved at the annual general meeting.

Ballerup, February 27, 2009

Executive Management GN Store Nord	Toon Bouten CEO GN Netcom	Mike van der Wallen CEO GN ReSound	
Supervisory Board	Per Wold-Olsen Chairman	William E. Hoover Jr. Deputy chairman	Jørgen Bardenfleth
	Wolfgang Reim	René Svendsen-Tune	Carsten Krogsgaard Thomsen
	Jens Bille Bergholdt	Leo Larsen	Nikolai Bisgaard

INDEPENDENT AUDITORS' REPORT

To the Shareholders of GN Store Nord A/S

We have audited the annual report of GN Store Nord A/S for the financial year January 1 - December 31, 2008, which comprises the Management's report, statement by the Executive Management and the Supervisory Board on the annual report, income statement, balance sheet, cash flow statement, statement of recognized income and expense, statement of changes in equity and notes for the Group as well as for the parent company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The Executive Management and the Supervisory Board's Responsibility for the Annual Report

The Executive Management and the Supervisory Board are responsible for the preparation and fair presentation of the consolidated financial statements and the financial staments of the parent company in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, and that the Management's report gives a fair review in accordance with the traditional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility and Basis of Opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements and the financial staments of the parent company, and that the Management's report gives a fair review in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Management and the Supervisory Board, as well as evaluating the overall presentation of the annual report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements and the financial staments of the parent company give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at December 31, 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year January 1 - December 31, 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, and that the Management's report gives a fair review in accordance with the traditional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, February 27, 2009

KPMG
Statsautoriseret Revisonspartnerselskab

Flemming Brokhattingen State Authorized Public Accountant	Peter Gath State Authorized Public Accountant

GN Store Nord Financial Statements 2008

FInancial Statements

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Notes – Income Statement

Notes – Balance Sheet

Notes – Supplementary Information

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
	Revenue	5,624	5,981	15	15
3, 5, 7	Production costs	(2,723)	(2,939)	-	(1)
	Gross profit	**2,901**	**3,042**	**15**	**14**
3, 4, 5, 7	Development costs	(460)	(442)	-	-
3, 5, 7	Selling and distribution costs	(1,608)	(1,564)	-	-
3, 5, 6, 7	Management and administrative expenses	(807)	(794)	(36)	(70)
	Other operating income	8	18	2	1
	Operating profit (loss) before share of profit (loss) in associates and special items	**34**	**260**	**(19)**	**(55)**
	Dividends from subsidiaries	-	-	-	1,000
14	Share of profit (loss) in associates	-	2	-	-
5	Depreciation related to GN ReSound in Q4 2007 due to abandoned sales process	-	(32)	-	-
	Operating profit (loss)	**34**	**230**	**(19)**	**945**
3, 5, 6	Costs related to abandoned sales process concerning GN ReSound	-	(264)	-	(222)
	Gains/losses on disposal of operations	-	-	-	-
	Profit (loss) before financial items	**34**	**(34)**	**(19)**	**723**
8	Financial income	89	63	216	157
9	Financial expenses	(206)	(129)	(228)	(163)
	Profit (loss) from continuing operations before tax	**(83)**	**(100)**	**(31)**	**717**
10	Tax on profit (loss) from continuing operations	27	6	28	80
	Profit (loss) from continuing operations	**(56)**	**(94)**	**(3)**	**797**
	Profit (loss) from discontinuing operations	-	27	-	27
	Profit (loss) for the year	**(56)**	**(67)**	**(3)**	**824**
	Proposed profit appropriation/distribution of loss				
	Retained earnings			(3)	824
	Proposed dividends for the year 0% (0% in 2007)			-	-
				(3)	**824**
33	**Earnings per share (EPS)**				
	Earnings per share (EPS)	(0.27)	(0.33)		
	Earnings per share, fully diluted (EPS diluted)	(0.27)	(0.33)		
33	**Earnings per share (EPS), continuing operations**				
	Earnings per share (EPS)	(0.27)	(0.46)		
	Earnings per share, fully diluted (EPS diluted)	(0.27)	(0.46)		

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
	Non-current Assets				
	Goodwill	2,655	2,525	-	-
	Development projects	790	692	-	-
	Software	73	97	-	-
	Patents and rights	43	51	-	-
	Telecommunications systems	11	19	10	14
	Other intangible assets	246	268	-	-
11	**Total intangible assets**	**3,818**	**3,652**	**10**	**14**
	Factory and office buildings	466	487	-	-
	Leasehold improvements	33	37	-	-
	Plant and machinery	124	125	-	-
	Operating assets and equipment	86	80	-	-
	Leased plant and equipment	2	2	-	-
	Assets under construction	3	4	-	-
12	**Total property, plant and equipment**	**714**	**735**	**-**	**-**
13	Investments in subsidiaries	-	-	5,779	5,780
	Receivables from subsidiaries	-	-	2,261	2,060
14	Investments in associates	41	59	-	-
15	Other securities	129	86	-	-
	Other receivables	13	12	-	-
17, 23	Deferred tax assets	695	621	-	-
	Total other non-current assets	**878**	**778**	**8,040**	**7,840**
	Total non-current assets	**5,410**	**5,165**	**8,050**	**7,854**
	Current Assets				
18	**Inventories**	**662**	**717**	**-**	**-**
20	Trade receivables	1,127	1,262	6	10
	Receivables from associates	5	18	-	-
19	Tax receivable	33	9	-	-
	Other receivables	327	302	15	16
16	Prepayments	160	194	6	4
21	**Total receivables**	**1,652**	**1,785**	**27**	**30**
	Cash and cash equivalents	**154**	**168**	**-**	**-**
	Total current assets	**2,468**	**2,670**	**27**	**30**
	Total assets	**7,878**	**7,835**	**8,077**	**7,884**

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
	Equity				
	Share capital	833	833	833	833
	Foreign exchange adjustments	(1,850)	(1,934)	-	-
	Proposed dividends for the year	-	-	-	-
	Retained earnings	5,524	5,583	4,733	4,730
	Total equity	**4,507**	**4,482**	**5,566**	**5,563**
	Non-current Liabilities				
25	Bank loans	1,600	1,300	1,600	1,300
25, 29	Capitalized lease obligations	2	2	-	-
25	Other long-term payables	19	20	-	-
25	Prepayments received	38	33	-	-
22	Pension obligations and similar obligations	80	35	1	1
23	Deferred tax	6	34	79	124
24	Other provisions	56	85	5	5
	Total non-current liabilities	**1,801**	**1,509**	**1,685**	**1,430**
	Current Liabilities				
	Amounts owed to subsidiaries	-	-	672	627
26	Repayment of long-term loans	1	1	-	-
26	Bank loans	145	383	59	111
	Trade payables	448	421	31	26
27	Tax payable	33	16	4	21
28	Other payables	615	686	25	63
	Prepayments received	77	69	-	-
24	Other provisions	251	268	35	43
	Total current liabilities	**1,570**	**1,844**	**826**	**891**
	Total liabilities	**3,371**	**3,353**	**2,511**	**2,321**
	Total equity and liabilities	**7,878**	**7,835**	**8,077**	**7,884**

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
	Operating Activities				
	Operating profit (loss)	34	230	(19)	945
	Depreciation, amortization and impairment	472	481	4	16
37	Other adjustments	178	65	2	(996)
	Cash flow from operating activities before changes in working capital	**684**	**776**	**(13)**	**(35)**
	Change in inventories	44	(67)	-	-
	Change in receivables	126	(102)	3	6
	Change in trade payables and other payables	(79)	29	(13)	-
	Total changes in working capital	**91**	**(140)**	**(10)**	**6**
	Cash flow from operating activities before financial items, restructurings and tax	**775**	**636**	**(23)**	**(29)**
	Interest and dividends, etc. received	11	14	213	154
	Interest paid	(118)	(98)	(226)	(162)
	Restructurings/non-recurring costs paid	(128)	(32)	-	-
	Tax paid, net	(28)	(42)	(35)	77
	Cash flow from operating activities	**512**	**478**	**(71)**	**40**
	Investing Activities				
	Acquisition of intangible assets excluding development projects	(30)	(71)	-	(42)
	Development projects	(328)	(311)	-	-
	Acquisition of property, plant and equipment	(133)	(154)	-	(5)
	Acquisition of other non-current assets	(42)	(33)	-	-
	Disposal of intangible assets excluding development projects	6	-	2	-
	Disposal of property, plant and equipment	11	8	-	-
	Disposal of other non-current assets	2	6	-	-
	Company acquisitions and capital contributions in subsidiaries	(36)	(12)	-	(1,000)
	Dividend from subsidiaries	-	-	-	1,000
	Sale of disposed operations, including liabilities settled in connection with disposal of activities, etc.	(57)	(94)	(20)	(87)
	Cash flow from investing activities	**(607)**	**(661)**	**(18)**	**(134)**
	Cash flow from operating and investing activities	**(95)**	**(183)**	**(89)**	**(94)**
	Financing Activities				
	Increase of long-term loans	300	56	300	50
	Increase of short-term loans	-	187	-	6
	Decrease of short-term loans	(232)	(55)	(214)	-
	Share-based payment (exercised)	3	18	3	18
	Purchase/sale of treasury shares and other equity instruments	4	-	-	-
	Other adjustments	3	12	-	-
	Cash flow from financing activities	**78**	**218**	**89**	**74**
	Net cash flow from continuing operations	**(17)**	**35**	**-**	**(20)**
	Net cash flow from discontinuing operations	**-**	**20**	**-**	**20**
	Net cash flow	**(17)**	**55**	**-**	**-**
	Cash and cash equivalents, beginning of the period	168	118	-	-
	Adjustment foreign currency, cash and cash equivalents	3	(5)	-	-
	Cash and cash equivalents, beginning of the period	**171**	**113**	**-**	**-**
	Cash and cash equivalents in acquired companies	-	-	-	-
	Cash and cash equivalents, end of the period	**154**	**168**	**-**	**-**

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

Statement of Recognized Income and Expense	CONSOLIDATED		PARENT COMPANY	
(DKK million)	**2008**	**2007**	**2008**	**2007**
Statement of Recognized Income and Expense - Items Recognized Directly in Equity				
Acturial gains (losses)	(45)	3	-	-
Exchange rate adjustments, etc.	84	(403)	-	-
Intra-group transactions	-	-	-	(98)
Share-based payment (granted)	8	12	3	12
Tax on change in equity	27	19	-	(4)
Total income and expense recognized directly in equity	74	(369)	3	(90)
Profit (loss) for the year	(56)	(67)	(3)	824
Total recognized income for the year	**18**	**(436)**	**-**	**734**
Of which:				
Total recognized income for the year, continuing operations	18	(463)	-	707
Total recognized income for the year, discontinuing operations	-	27	-	27

Consolidated Equity (DKK million)	**Share capital (shares of DKK 4 each)**	**Foreign exchange adjustments**	**Proposed dividends for the year**	**Retained earnings**	**Total equity**
Balance sheet total at December 31, 2006	**855**	**(1,531)**	**-**	**5,576**	**4,900**
Total recognized income and expense for the year, cf. the Statement of recognized income and expense	-	(403)	-	(33)	(436)
Capital decrease	(22)	-	-	22	-
Share-based payment (exercised)	-	-	-	18	18
Balance sheet total at December 31, 2007	**833**	**(1,934)**	**-**	**5,583**	**4,482**
Total recognized income and expense for the year, cf. the Statement of recognized income and expense	-	84	-	(66)	18
Share-based payment (exercised)	-	-	-	3	3
Purchase/sale of treasury shares and other equity instruments	-	-	-	4	4
Balance sheet total at December 31, 2008	**833**	**(1,850)**	**-**	**5,524**	**4,507**
Parent Company Equity					
Balance sheet total at December 31, 2006	**855**	**-**	**-**	**3,956**	**4,811**
Total recognized income and expense for the year, cf. the Statement of recognized income and expense	-	-	-	734	734
Capital decrease	(22)	-	-	22	-
Share-based payment (exercised)	-	-	-	18	18
Balance sheet total at December 31, 2007	**833**	**-**	**-**	**4,730**	**5,563**
Total recognized income and expense for the year, cf. the Statement of recognized income and expense	-	-	-	-	-
Share-based payment (exercised)	-	-	-	3	3
Balance sheet total at December 31, 2008	**833**	**-**	**-**	**4,733**	**5,566**

Note 1 – Significant Accounting Estimates and Judgments and Presentation of the Annual Report

The recognition of certain items of income and expenses and the determination of the carrying amount of certain assets and liabilities implies making accounting estimates and judgments. Significant accounting estimates and judgments comprise revenue recognition, computation of amortization, depreciation and impairment, useful lives and remaining useful lives of non-current assets, recognition of pension obligations and similar non-current obligations, provisions and contingent assets and liabilities.

The estimates used are based on assumptions which by Management are assessed to be reliable, but which by nature are associated with uncertainty. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Accordingly, the Company is subject to risks and uncertainties which may result in the fact that actual results may differ from these estimates.

GN Store Nord considers the following presentation, accounting estimates and judgments and related assumptions significant to the annual report:

Revenue Recognition

Revenue from the sale of goods and rendering of services is recognized provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Significant accounting estimates and judgments comprise determining the portion of expected returns of goods and extended warranties. The portion of goods sold that is expected to be returned is determined based on historical product returns data. Extended warranties are separated from the sale of goods and recognized on a straight-line basis over the term of the contract. The value of extended warranties that are not separately priced is estimated.

Development Projects

Development projects are initially measured at cost. An impairment test is performed of the carrying amount of recognized development projects. The impairment test is based on assumptions regarding strategy, product lifecycle, market conditions, discount rates and budgets etc. after the project has been completed and production has commenced. If market-related assumptions etc. are changed, development projects may have to be written down. Management examines and assesses the underlying assumptions when determining whether the carrying amount should be written down. The carrying amount of completed and in-process development projects was DKK 790 million at December 31, 2008 (2007: DKK 692 million).

Goodwill

Determining whether goodwill is impaired requires a comparison of the recoverable amount with the carrying amount. The recoverable amount is determined as the net present value of the future cash flows expected to arise from the cash-generating unit to which goodwill is allocated.

As a result of the negative results in Mobile Headsets, the sustainability of the carrying amount depends on whether the expected FAST savings as well as expectations stated in the strategy plans of future earnings from 2009 and on will be realized.

The carrying amount of goodwill at December 31, 2008 was DKK 2,677 million (2007: DKK 2,565 million). Assumptions underlying the impairment test are provided in note 11.

Trade Receivables

Trade receivables are measured at amortized cost less write-down for bad debt losses. If a customer's financial condition deteriorates, and thus the ability to meet the financial obligation to GN Store Nord, further write-downs may be required in future periods. In assessing the adequacy of write-downs for bad debt losses, Management specifically analyses receivables, including doubtful debts, concentrations of credit risk, credit ratings, current economic conditions and changes in customers' payment terms. At December 31, 2008 the carrying amount of write-downs for bad debt losses was DKK 101 million (2007: DKK 63 million).

Measurement of Inventories

Inventories are measured at cost using the standard cost method. Standard costs take into account normal levels of raw materials and consumables, staff costs, efficiency and capacity utilization. Standard costs are reviewed regularly and adjusted to take into account changes in circumstances. Where the net realizable value is lower than cost, inventories are written down to this lower value. The net realizable value of inventories is calculated based on the size of the inventory and decreases in the recoverable amount of purchased raw materials, technical obsolescence (e.g. faulty products), physical obsolescence (e.g. damaged products) and financial obsolescence (e.g. reduced demand or substituting products). GN Store Nord performs write-downs of inventories based on an individual assessment of products or product groups and expected product sales within 12 months following the balance sheet date. At December 31, 2008 the carrying amount of write-downs of inventories was DKK 216 million (2007: DKK 217 million).

Deferred Tax

Management has made judgments in determining the Company's provisions for tax, deferred tax assets and deferred tax liabilities and the extent to which deferred tax assets are recognized. GN Store Nord recognizes deferred tax assets only to the extent that it is probable that taxable profit will be available against which the temporary differences and unused tax losses can be utilized. Management has taken the future taxable profit into account in determining the recognition of deferred tax assets. At December 31, 2008 the carrying amount of deferred tax assets and deferred tax liabilities was DKK 695 million (2007: DKK 621 million) and DKK 6 million (2007: DKK 34 million), respectively.

Provisions and Contingencies

As part of its normal business policy GN Store Nord supplies its products with ordinary and extended warranties. Warranty provisions are recognized based on historical and future warranty costs related to the Group's products. Future warranty costs may differ from past practices and the level of costs. At December 31, 2008 the carrying amount of warranty provisions was DKK 104 million (2007: DKK 101 million). In accordance with GN Store Nord's business policy some products are supplied with a right of return. Provisions for future returns of goods are recognized based on historical product returns data. The probability of future returns may differ from past practices. At December 31, 2008 the carrying amount of provisions in respect of obligations to take back goods was DKK 48 million (2007: DKK 41 million).

GN Store Nord's production of headsets is undertaken by sub-suppliers. Agreement has been made with a number of the sub-suppliers that the sub-suppliers purchase components for the production of headsets based on sales estimates prepared by GN Store Nord. To the extent that GN Store Nord's actual purchases from sub-suppliers are lower than sales estimates, GN Store Nord will be under an obligation to purchase any remaining components from the sub-suppliers. Management assesses sales estimates on an ongoing basis and to the extent that component inventories at sub-suppliers are not expected to be used, GN Store Nord recognizes a provision for onerous purchase contracts.

The Company's Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or threatened lawsuits on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., Management bases its assessment on external legal assistance and decided cases. A detailed account of significant lawsuits and the contingent asset regarding the arbitration case against Telekomunikacja Polska S.A. is provided in note 30.

Note 2 Segment Disclosures

Income statement 2008 (DKK million)	GN Netcom	GN ReSound	Other GN	Eliminations	Consolidated total
External revenue	2,430	3,178	16	-	5,624
Internal revenue	-	-	59	(59)	-
Revenue	**2,430**	**3,178**	**75**	**(59)**	**5,624**
Production costs	(1,462)	(1,261)	-	-	(2,723)
Gross profit	**968**	**1,917**	**75**	**(59)**	**2,901**
Expensed development costs*	(171)	(282)	-	-	(453)
Selling and distribution costs*	(507)	(1,077)	-	-	(1,584)
Management and administrative expenses	(363)	(399)	(104)	59	(807)
Other operating income	2	4	2	-	8
EBITA	**(71)**	**163**	**(27)**	**-**	**65**
Amortization of other intangible assets acquired in company acquisitions	(5)	(26)	-	-	(31)
Profit (loss) before financial items and tax	**(76)**	**137**	**(27)**	**-**	**34**
Financial income	107	219	244	(481)	89
Financial expenses	(138)	(298)	(251)	481	(206)
Profit (loss) before tax	**(107)**	**58**	**(34)**	**-**	**(83)**
Tax on profit (loss)	17	(19)	29	-	27
Profit (loss) from continuing operations	**(90)**	**39**	**(5)**	**-**	**(56)**

Transactions between segments are based on market terms.
Eliminations regard intersegment rent, interest, tax and intercompany balances.

Other segment disclosures 2008 (DKK million)	GN Netcom	GN ReSound	Other GN	Eliminations	Consolidated total
Incurred development costs	(181)	(350)	-	-	(531)
Capitalized development costs	106	222	-	-	328
Amortization and depreciation*	(96)	(154)	-	-	(250)
Expensed development costs	**(171)**	**(282)**	**-**	**-**	**(453)**
EBITDA	**(1)**	**263**	**6**	**-**	**268**
Depreciation	(70)	(100)	(33)	-	(203)
EBITA	**(71)**	**163**	**(27)**	**-**	**65**

Major customers
No single customer accounted for 10% or more of GN's total revenue in 2008.

Cash flow statement 2008 (DKK million)	GN Netcom	GN ReSound	Other GN	Eliminations	Consolidated total
Cash flow from operating activities before changes in working capital	**213**	**462**	**9**	**-**	**684**
Cash flow from changes in working capital and restructuring/non-recurring costs paid	150	(166)	(21)	-	(37)
Cash flow from operating activities before financial items and tax	**363**	**296**	**(12)**	**-**	**647**
Cash flow from investing activities	(145)	(443)	(19)	-	(607)
Cash flow from operating and investing activities before financial items and tax	**218**	**(147)**	**(31)**	**-**	**40**
Tax and financial items	(12)	(58)	(65)	-	(135)
Cash flow from operating and investing activities	**206**	**(205)**	**(96)**	**-**	**(95)**

Geographical information 2008 (DKK million)	Denmark	Rest of Nordic region	Rest of Europe	North and South America	Asia and rest of world	Consolidated total
Revenue	161	412	2,019	2,367	665	5,624
Intangible assets and property, plant and equipment	1,441	29	433	2,464	165	4,532

Revenues are attributed to countries on the basis of the customer's location. Intangible assets and property, plant and equipment are attributed based on the physical location of the assets.

* Does not include share of amortization of other intangible assets acquired in company acquisitions, cf. the definition of EBITA.

Note 2 Segment Disclosures (continued)

Balance sheet 2008 (DKK million)	GN Netcom	GN ReSound	Other GN	Eliminations	Consolidated total
ASSETS					
Non-current assets					
Goodwill	425	2,230	-	-	2,655
Development projects	132	658	-	-	790
Software	23	50	-	-	73
Patents and rights	-	43	-	-	43
Telecommunications systems	-	-	11	-	11
Other intangible assets	63	183	-	-	246
Total intangible assets	**643**	**3,164**	**11**	**-**	**3,818**
Factory and office buildings	-	82	384	-	466
Leasehold improvements	4	29	-	-	33
Plant and machinery	33	79	12	-	124
Operating assets and equipment	14	72	-	-	86
Leased plant and equipment	-	2	-	-	2
Assets under construction	3	-	-	-	3
Total property, plant and equipment	**54**	**264**	**396**	**-**	**714**
Investments in associates	-	41	-	-	41
Other securities	3	126	-	-	129
Other receivables	12	1	-	-	13
Deferred tax assets	241	522	125	(193)	695
Total other non-current assets	**256**	**690**	**125**	**(193)**	**878**
Total non-current assets	**953**	**4,118**	**532**	**(193)**	**5,410**
Current assets					
Inventories	**271**	**391**	**-**		**662**
Trade receivables	362	744	21	-	1,127
Receivables from subsidiaries*	30	-	1,696	(1,726)	-
Receivables from associates	-	5	-	-	5
Tax receivable	45	27	1	(40)	33
Other receivables	42	269	16	-	327
Prepayments	13	112	35	-	160
Total receivables	**492**	**1,157**	**1,769**	**(1,766)**	**1,652**
Cash and cash equivalents	**45**	**108**	**1**	**-**	**154**
Total current assets	**808**	**1,656**	**1,770**	**(1,766)**	**2,468**
Total assets	**1,761**	**5,774**	**2,302**	**(1,959)**	**7,878**
EQUITY AND LIABILITIES					
Equity	**1,249**	**2,831**	**427**	**-**	**4,507**
Non-current liabilities					
Bank loans	-	-	1,600	-	1,600
Capitalized lease obligations	-	2	-	-	2
Other long-term payables	1	18	-	-	19
Prepayments received	-	38	-	-	38
Pension obligations and similar obligations	-	79	1	-	80
Deferred tax	15	104	80	(193)	6
Other provisions	11	40	5	-	56
Total non-current liabilities	**27**	**281**	**1,686**	**(193)**	**1,801**
Current liabilities					
Repayment of long-term loans	-	1	-	-	1
Bank loans	19	67	59	-	145
Trade payables	208	206	34	-	448
Amounts owed to subsidiaries*	-	1,726	-	(1,726)	-
Tax payable	12	30	31	(40)	33
Other payables	187	398	30	-	615
Prepayments received	-	77	-	-	77
Other provisions	59	157	35	-	251
Total current liabilities	**485**	**2,662**	**189**	**(1,766)**	**1,570**
Total liabilities	**512**	**2,943**	**1,875**	**(1,959)**	**3,371**
Total equity and liabilities	**1,761**	**5,774**	**2,302**	**(1,959)**	**7,878**

* Presented net.
Additional information is provided in the investor-specific statements.

Note 2 Segment Disclosures (continued)

Income statement 2007 (DKK million)	**GN Netcom**	**GN ReSound**	**Other GN**	**Eliminations**	**Consolidated total**
External revenue	2,811	3,155	15	-	5,981
Internal revenue	-	-	41	(41)	-
Revenue	**2,811**	**3,155**	**56**	**(41)**	**5,981**
Production costs	(1,717)	(1,223)	1	-	(2,939)
Gross profit	**1,094**	**1,932**	**57**	**(41)**	**3,042**
Expensed development costs*	(180)	(254)	-	-	(434)
Selling and distribution costs*	(561)	(977)	-	-	(1,538)
Management and administrative expenses	(326)	(410)	(99)	41	(794)
Other operating income	8	9	1	-	18
EBITA	**35**	**300**	**(41)**	**-**	**294**
Share of profit (loss) in associates	-	2	-	-	2
Amortization of other intangible assets acquired in company acquisitions	(7)	(27)	-	-	(34)
Depreciation related to GN ReSound in Q4 2006 due to abandoned sales process	-	(32)	-	-	(32)
Operating profit (loss)	**28**	**243**	**(41)**	**-**	**230**
Costs related to abandoned sales process concerning GN ReSound	(1)	(41)	(222)	-	(264)
Gains (losses) on disposal of operations	-	(2)	2	-	-
Profit (loss) before financial items and tax	**27**	**200**	**(261)**	**-**	**(34)**
Financial income	16	47	178	(178)	63
Financial expenses	(74)	(56)	(177)	178	(129)
Profit (loss) before tax	**(31)**	**191**	**(260)**	**-**	**(100)**
Tax on profit (loss)	(3)	(59)	68	-	6
Profit (loss) from continuing operations	**(34)**	**132**	**(192)**	**-**	**(94)**

Transactions between segments are based on market terms. Eliminations regard intersegment rent, interest, tax and intercompany balances.

Other segment disclosures 2007 (DKK million)	**GN Netcom**	**GN ReSound**	**Other GN**	**Eliminations**	**Consolidated total**
Incurred development costs	(179)	(373)	-	-	(552)
Capitalized development costs	95	216	-	-	311
Amortization and depreciation*	(96)	(97)	-	-	(193)
Expensed development costs	**(180)**	**(254)**	**-**	**-**	**(434)**
EBITDA	**104**	**397**	**(1)**	**-**	**500**
Depreciation	(69)	(97)	(40)	-	(206)
EBITA	**35**	**300**	**(41)**	**-**	**294**

Major customers

No single customer accounted for 10% or more of GN's total revenue in 2007.

Cash flow statement 2007 (DKK million)	**GN Netcom**	**GN ReSound**	**Other GN**	**Eliminations**	**Consolidated total**
Cash flow from operating activities before changes in working capital	**239**	**535**	**2**	**-**	**776**
Cash flow from changes in working capital and restructurings/non-recurring costs paid	(95)	(78)	1	-	(172)
Cash flow from operating activities before financial items and tax	**144**	**457**	**3**	**-**	**604**
Cash flow from investing activities	(128)	(348)	(185)	-	(661)
Cash flow from operating and investing activities before financial items and tax	**16**	**109**	**(182)**	**-**	**(57)**
Tax and financial items	(9)	(170)	53	-	(126)
Cash flow from operating and investing activities	**7**	**(61)**	**(129)**	**-**	**(183)**

Geographical information 2007 (DKK million)	**Denmark**	**Rest of Nordic region**	**Rest of Europe**	**North and South America**	**Asia and rest of world**	**Consolidated total**
Revenue	152	364	2,211	2,669	585	5,981
Intangible assets and property, plant and equipment	1,426	34	453	2,388	86	4,387

Revenues are attributed to countries on the basis of the customer's location. Intangible assets and property, plant and equipment are attributed based on the physical location of the assets.

* Does not include share of amortization of other intangible assets acquired in company acquisitions, cf. the definition of EBITA.

Note 2 Segment Disclosures (continued)

Balance sheet 2007 (DKK million)	GN Netcom	GN ReSound	Other GN	Eliminations	Consolidated total
ASSETS					
Non-current assets					
Goodwill	414	2,111	-	-	2,525
Development projects	115	577	-	-	692
Software	46	50	1	-	97
Patents and rights	1	50	-	-	51
Telecommunications systems	-	-	19	-	19
Other intangible assets	65	202	1	-	268
Total intangible assets	**641**	**2,990**	**21**	**-**	**3,652**
Factory and office buildings	-	86	401	-	487
Leasehold improvements	6	31	-	-	37
Plant and machinery	37	69	19	-	125
Operating assets and equipment	18	61	1	-	80
Leased plant and equipment	-	2	-	-	2
Assets under construction	3	-	1	-	4
Total property, plant and equipment	**64**	**249**	**422**	**-**	**735**
Investments in associates	-	59	-	-	59
Other securities	3	83	-	-	86
Other receivables	11	1	-	-	12
Deferred tax assets	212	464	93	(148)	621
Total other non-current assets	**226**	**607**	**93**	**(148)**	**778**
Total non-current assets	**931**	**3,846**	**536**	**(148)**	**5,165**
Current assets					
Inventories	**343**	**374**	**-**	**-**	**717**
Trade receivables	573	665	24	-	1,262
Receivables from subsidiaries*	-	-	1,541	(1,541)	-
Receivables from associates	-	18	-	-	18
Tax receivable	18	38	-	(47)	9
Other receivables	41	241	20	-	302
Prepayments	18	151	25	-	194
Total receivables	**650**	**1,113**	**1,610**	**(1,588)**	**1,785**
Cash and cash equivalents	**53**	**111**	**4**	**-**	**168**
Total current assets	**1,046**	**1,598**	**1,614**	**(1,588)**	**2,670**
Total assets	**1,977**	**5,444**	**2,150**	**(1,736)**	**7,835**
EQUITY AND LIABILITIES					
Equity	**1,288**	**2,767**	**427**	**-**	**4,482**
Non-current liabilities					
Bank loans	-	-	1,300	-	1,300
Capitalized lease obligations	-	2	-	-	2
Other long-term payables	-	20	-	-	20
Prepayments received	-	33	-	-	33
Pension obligations and similar obligations	-	34	1	-	35
Deferred tax	4	52	126	(148)	34
Other provisions	8	72	5	-	85
Total non-current liabilities	**12**	**213**	**1,432**	**(148)**	**1,509**
Current liabilities					
Repayment of long-term loans	-	1	-	-	1
Bank loans	60	212	111	-	383
Trade payables	181	211	29	-	421
Amounts owed to subsidiaries*	155	1,386	-	(1,541)	-
Tax payable	6	16	41	(47)	16
Other payables	224	395	67	-	686
Prepayments received	-	69	-	-	69
Other provisions	51	174	43	-	268
Total current liabilities	**677**	**2,464**	**291**	**(1,588)**	**1,844**
Total liabilities	**689**	**2,677**	**1,723**	**(1,736)**	**3,353**
Total equity and liabilities	**1,977**	**5,444**	**2,150**	**(1,736)**	**7,835**

*Presented net
Additional information is provided in the investor-specific statements.

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
3	**Staff costs**				
	Wages, salaries and remuneration	(1,525)	(1,644)	(17)	(164)
	Pensions	(63)	(59)	(2)	(5)
	Other social security costs	(142)	(152)	-	(1)
	Share-based payments	(8)	(12)	-	(3)
	Total	**(1,738)**	**(1,867)**	**(19)**	**(173)**
	Included in:				
	Production costs and change in payroll costs included in inventories	(318)	(331)	-	-
	Development costs	(276)	(264)	-	-
	Selling and distribution costs	(786)	(815)	-	-
	Management and administrative expenses	(358)	(342)	(19)	(103)
	Costs related to the abandoned sales process concerning GN ReSound	-	(115)	-	(70)
	Total	**(1,738)**	**(1,867)**	**(19)**	**(173)**
	Salaries	12	36	-	36
	Share-based payments	1	1	-	1
	Executive Management remuneration	**13**	**37**	**-**	**37**
	Supervisory Board remuneration	(3.4)	(2.6)	(2.5)	(2.6)
	Average number of employees	4,786	4,920	18	129
	Number of employees, year end	4,819	4,673	19	124

Incentive Plans

The Group's incentive plans are specified and described in note 35.

Executive Management and Supervisory Board Remuneration

Executive Management remuneration of DKK 13 million includes DKK 6 million to Toon Bouten and DKK 7 million to Mike van der Wallen.

Remuneration of the Executive Management is based on a fixed base salary plus a potential bonus of up to 100%. Bonus for Toon Bouten is subject to the performance of GN Netcom's EBITA excl. non-recurring costs. Bonus for Mike van der Wallen is subject to the performance of GN ReSound's revenue and EBITA. Share options and warrants are granted to members of the Executive Management (note 35). The company does not make pension contributions in respect of members of the Executive Management. Toon Bouten and Mike van der Wallen have severance agreements and change-of-control agreements on market terms.

As previously announced, CEO of GN Netcom Toon Bouten's contract of employment expires at the end of September 2009. GN Store Nord and Toon Bouten have been in dialogue as to the possible extension of his contract of employment and have now concluded that it will not be extended beyond September 2009.

Members of The Supervisory Board receive fixed remuneration. The remuneration of the Supervisory Board for the first half of 2008 was based on the following full-year fees: The Chairman receives DKK 600 thousand, the Deputy Chairman receives DKK 400 thousand and the other Supervisory Board members receive DKK 200 thousand each. As per the oral report by the former Chairman at GN Store Nords Extraordinary General Meeting held on June 16, 2008, the total remuneration of the GN Store Nord Supervisory Board has been changed in respect of the second half of 2008. The new remuneration amounts are based on the new corporate governance structure in which an audit committee and a remuneration committee have been established. Further, the appointed board members in GN Store Nord now also serve on the supervisory boards of GN ReSound A/S and GN Netcom A/S. For the second half of 2008, the remuneration of the Supervisory Board was as follows (DKK thousand):

GN Store Nord A/S	
Chairman	600
Deputy Chairman	400
Other Supervisory Board members	200
Remuneration Committee Chairman	100
Remuneration Committee other members	50
Audit Committee Chairman	150
Audit Committee other members	50

GN ReSound A/S	
Chairman	250
Deputy Chairman	175
Other Supervisory Board members	100

GN Netcom A/S	
Chairman	250
Deputy Chairman	175
Other Supervisory Board members	100

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
4	**Development Costs**				
	Development costs are capitalized when the related projects satisfy a number of conditions relating to reliability of measurement and probability of future earnings.				
	The relationship between development costs incurred and development costs recognized in the income statement is as follows:				
	Development costs incurred	(531)	(539)	-	-
	Depreciation of operating assets etc. used for development purposes	(21)	(21)	-	-
	Grants and tax refunds	-	-	-	-
	Total development costs incurred	(552)	(560)	-	-
	Development costs capitalized as development projects	328	311	-	-
	Amortization and impairment of capitalized development projects	(236)	(193)	-	-
	Total expensed development costs	**(460)**	**(442)**	**-**	**-**
5	**Depreciation, Amortization and Impairment**				
	Depreciation, amortization and impairment for the year of property, plant and equipment and software, and amortization and impairment of in-house development projects and other intangible assets acquired in company acquisitions are recognized in the income statement as follows:				
	Production costs	(67)	(77)	-	(1)
	Development costs	(257)	(214)	-	-
	Selling and distribution costs	(45)	(38)	-	-
	Management and administrative expenses	(103)	(120)	(4)	(15)
	Depreciation related to GN Resound in Q4 2006 due to abandoned sales process	-	(32)	-	-
	Costs related to abandoned sales process concerning GN ReSound	-	(12)	-	(12)
	Total	**(472)**	**(493)**	**(4)**	**(28)**

Amortization of intangible assets is included with DKK 216 million (2007: DKK 198 million) in development costs, DKK 32 million (2007: DKK 31 million) in selling and distribution costs, DKK 45 million (2007: DKK 57 million) in management and administrative expenses and DKK 1 million (2007: DKK 2 million) in production costs.

Impairment of intangible assets is included with DKK 34 million in development costs (2007: DKK 7 million) and DKK 4 million in management and administrative expenses. In 2007 DKK 12 million were included in costs related to abandoned sales process concerning GN ReSound.

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
6	**Fees to Auditors Appointed by the Annual General Meeting**				
	Audit fees	(10)	(11)	(1)	(1)
	Total	**(10)**	**(11)**	**(1)**	**(1)**
	Other assistance:				
	Other assurance engagements	(1)	-	(1)	-
	Other audit-related services	(1)	(6)	-	(2)
	Tax assistance and advice	(4)	(4)	(1)	(1)
	Other services	-	(11)	-	(10)
	Total	**(6)**	**(21)**	**(2)**	**(13)**
	Total	**(16)**	**(32)**	**(3)**	**(14)**
	Distributed as follows:				
	Management and administrative expenses	(16)	(22)	(3)	(4)
	Costs related to abandoned sales process concerning GN ReSound	-	(10)	-	(10)
	Total	**(16)**	**(32)**	**(3)**	**(14)**

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
7	**Restructuring/Non-recurring Costs**				
	Inventory write-down	(1)	(28)	-	-
	Impairment of non-current assets	(3)	(9)	-	-
	Severance pay, outplacement costs, etc.	(28)	(50)	-	-
	Cancellation of various contracts	(15)	-	-	-
	Consultants and implementation support	(33)	-	-	-
	Other	(27)	(22)	-	-
	Total	**(107)**	**(109)**	**-**	**-**
	Recognized in the income statement as:				
	Production costs	(18)	(48)	-	-
	Development costs	(7)	(12)	-	-
	Selling and distribution costs	(8)	(6)	-	-
	Management and administrative expenses	(74)	(43)	-	-
	Total	**(107)**	**(109)**	**-**	**-**

2008

Restructuring/non-recurring costs are primarily related to the FAST program announced by GN Netcom on June 17, 2008. Driven by tougher market conditions, GN Netcom has launched a comprehensive restructuring program in order to turn around the Mobile division's unsatisfactory earnings and to strengthen profitability in CC&O Headsets. The program comprises a significant simplification of the entire organization, including of the supply chain, a stronger focus on selected core markets, key accounts and product segments and a further simplification of the organization.

2007

Earnings for GN Netcom include DKK (69) million related primarily to the discontinuation of headset production in GN's own factory in Xiamen, China in connection with outsourcing to subsuppliers and inventory write-downs due to GN Netcom's exit from the market for dedicated music products.

Earnings for GN ReSound include DKK (40) million related to a number of restructuring and efficiency-improving projects initiated and announced late in the fourth quarter of 2007. The projects involve among others the full integration of the Interton business into GN ReSound and the streamlining of the back-office functions in the US.

Additional information is provided in note 24.

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
8	**Financial income**				
	Interest income from subsidiaries	-	-	213	153
	Interest income from bank accounts	6	8	-	-
	Financial income, other	5	6	1	1
	Foreign exchange gain	78	49	2	3
	Total	**89**	**63**	**216**	**157**
9	**Financial expenses**				
	Interest expense to subsidiaries	-	-	(136)	(100)
	Interest expense on bank loans	(102)	(76)	(88)	(59)
	Financial expenses, other	(16)	(24)	(3)	(3)
	Foreign exchange loss	(88)	(29)	(1)	(1)
	Total	**(206)**	**(129)**	**(228)**	**(163)**

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
10	**Tax**				
	Tax on the profit (loss) for the year can be specified as follows :				
	Tax on profit (loss) from continuing operations	27	6	28	80
	Tax on profit (loss) from discontinuing operations	-	-	-	-
	Total	**27**	**6**	**28**	**80**
	Tax on profit (loss) from continuing operations can be specified as follows :				
	Joint taxation contribution	-	-	5	25
	Tax payable on foreign activities	(32)	(52)	-	-
	Deferred tax adjustment	30	87	13	62
	Change in tax rate	4	(26)	-	7
	Capitalization of tax assets not previously recognized	-	8	-	-
	Impairment of previously capitalized tax assets	(30)	-	-	-
	Other, including prior-year tax adjustment	55	(11)	10	(14)
	Total	**27**	**6**	**28**	**80**
	Breakdown of tax rate	**%**	**%**	**%**	**%**
	Danish tax rate	25	25	25	25
	Change in and differences compared to Danish tax rate	6	(37)	-	1
	Non-taxable income and non-deductible expenses	(4)	-	(8)	(36)
	Non-deductable goodwill amortization and impairment for tax purposes	-	-	-	(1)
	Change in value adjustment, including utilization of non-capitalized tax losses	(59)	8	-	-
	Prior-year tax adjustment	68	10	33	2
	Other value adjustments and changes	(3)	-	41	(2)
	Effective tax rate	**33**	**6**	**91**	**(11)**

In 2008, the parent company paid DKK 3 million in corporation tax against DKK 0 million in 2007.
In 2008, the parent company paid corporation tax (joint taxation contributions to subsidiaries) of DKK 33 million (received DKK 77 million in 2007).

Note (DKK million)

11 Intangible Assets

Consolidated

	Goodwill	Development projects, developed in-house	Software	Patents and rights	Tele-communi-cations systems	Other	Total
Cost at January 1	2,525	1,253	385	235	159	459	5,016
Additions on company acquisitions	35	-	-	-	-	-	35
Additions	-	328	29	-	-	1	358
Disposals	-	(5)	(20)	-	(12)	-	(37)
Transfers	17	3	(3)	-	-	-	17
Foreign exchange adjustments	78	3	5	4	-	9	99
Cost at December 31	2,655	1,582	396	239	147	469	5,488
Amortization and impairment at January 1	-	(561)	(288)	(184)	(140)	(191)	(1,364)
Amortization	-	(202)	(45)	(8)	(8)	(24)	(287)
Disposals	-	5	20	-	12	-	37
Impairment	-	(34)	(4)	-	-	-	(38)
Foreign exchange adjustments		-	(6)	(4)	-	(8)	(18)
Amortization and impairment at December 31	-	(792)	(323)	(196)	(136)	(223)	(1,670)
Carrying amount at December 31, 2008	**2,655**	**790**	**73**	**43**	**11**	**246**	**3,818**
Cost at January 1	455	242	190	131	159	143	1,320
Additions	-	96	53	-	-	-	149
Disposals	-	(39)	(12)	-	-	-	(51)
Foreign exchange adjustments	(41)	(3)	(12)	(13)	-	(15)	(84)
Transferred from assets held for sale	2,111	957	166	117	-	331	3,682
Cost at December 31	2,525	1,253	385	235	159	459	5,016
Amortization and impairment at January 1	-	(127)	(124)	(127)	(132)	(64)	(574)
Amortization	-	(89)	(29)	(3)	(8)	(6)	(135)
Disposals	-	39	6	-	-	-	45
Impairment	-	(6)	(13)	-	-	-	(19)
Foreign exchange adjustments	-	2	10	13	-	7	32
Transferred from assets held for sale	-	(380)	(138)	(67)	-	(128)	(713)
Amortization and impairment at December 31	-	(561)	(288)	(184)	(140)	(191)	(1,364)
Carrying amount at December 31, 2007	**2,525**	**692**	**97**	**51**	**19**	**268**	**3,652**
Amortized over	-	1-5 years	1-5 years	up to 20 years	5-15 years	up to 20 years	

Impairment primarily regards development projects where the sales forecasts no longer can justify the capitalized value.

Goodwill

Additions during the year of DKK 35 million and transfer of goodwill from associated companies DKK 17 million primarily relates to acquistion of the remaining shares in the Indian hearing instruments distributor GN ReSound India Private Ltd. and Mexican hearing instruments retailer Viennatone. Refer to note 36. Management has performed an impairment test of the carrying amount of goodwill at December 31, 2008. The impairment test covered the Group's cash-generating units (CGU) to which the carrying amount of goodwill is allocated.

	Carrying amount of goodwill		Required rate of return before tax	
	2008	**2007**	**2008**	**2007**
Cash-generating units:				
Contact Center & Office Headsets	262	258	12	13
Mobile Headsets	163	156	15	15
Hearing Instruments	2,194	2,094	11	13
Audiologic Diagnostics Equipment	58	57	13	13
Total	**2,677**	**2,565**		

Hearing Instruments comprises goodwill related to associates of DKK 22 million (2007: DKK 40 million).

In the impairment test the discounted future cash flows of each CGU were compared with the carrying amounts. Future cash flows are based on budget for 2009, market forecasts for 2010 - 2018 and strategy plans etc. To ensure that the terminal period is based on normalized cash flows, a budget/forecast period of more than 5 years has been applied for the CGU's. Budgets and strategy plans are based on specific assumptions for the individual CGU regarding sales, operating profit, working capital, investments in non-current assets, etc. The calculation applies expected growth in the terminal period of 2.5%. Based on the impairment tests and related assumptions, Management has not identified any goodwill impairment at December 31, 2008.

Note (DKK million)

11 Intangible Assets (continued)

Mobile Headsets

In Mobile Headsets, a key assumption for maintaining the value of Mobile goodwill is obviously, an improvement of profitability in Mobile Headsets. Earnings for the calendar year 2009 are expected to be negative but approaching break-even on a run rate basis by year-end, and through the implemention of the FAST program, the future Mobile EBITA margin is expected to increase to 5%. In 2009 the FAST program is expected to reduce Mobile working capital. This is also an important assumption for maintaining the value of goodwill in this CGU. A negative deviation from the assumptions used may result in a future impairment.

Development projects and software

In-progress and completed development projects comprise development and design of hearing instruments, audiologic diagnostics equipment and headsets. The development projects are expected to be completed in 2009 and 2010, after which date product sales and marketing can be commenced. Management performs at least one annual impairment test of the carrying amount of recognized development costs. The recoverable amount is assessed based on sales forecasts. In Management's assessment, the recoverable amount exceeds the carrying amount.

Software comprises development, design and test of production and planning software and reporting systems, business intelligence etc. Implementation of the systems is expected to optimize internal procedures and processes. In 2008, Management assessed that the expected useful lives are reflected in the carrying amount at December 31, 2008.

The carrying amount at December 31, 2008 of completed and in-progress development projects, which are developed in-house, and software is specified as follows:

	Development projects, developed in-house		Software		Total	
	2008	2007	2008	2007	2008	2007
Cost at December 31, completed projects	1,162	845	396	365	1,516	1,210
Cost at December 31, projects in progress	420	408	-	20	462	428
Total	**1,582**	**1,253**	**396**	**385**	**1,978**	**1,638**
Carrying amount at December 31, completed projects	370	312	73	77	417	389
Carrying amount at December 31, projects in progress	420	380	-	20	446	400
Total	**790**	**692**	**73**	**97**	**863**	**789**

Patents and Rights

Patents and rights primarily comprise patents and rights acquired in company acquisitions. The most significant patents primarily relate to technologies regarding the development of new hearing instruments for GN ReSound and rights for the use of certain technologies regarding development of headsets.

Other

The Group's other intangible assets comprise DKK 66 million related to customer lists, DKK 175 related to trademarks of which DKK 72 million with indefinite useful life, and DKK 5 million related to non-competition clauses. Management assesses that the value of trademarks with indefinite useful lifes can be maintained for an indefinite period, as these are well-established trademarks and are expected to be profitable in the long term. The current and planned marketing efforts help to maintain the value of these trademarks.

Parent Company

	Software		Telecom-munications-systems		Total	
	2008	2007	2008	2007	2008	2007
Cost at January 1	23	36	79	79	102	115
Additions	-	45	-	-	-	45
Disposals	(19)	(58)	(12)	-	(31)	(58)
Cost at December 31	4	23	67	79	71	102
Amortization and impairment at January 1	(23)	(5)	(65)	(61)	(88)	(66)
Amortization	-	(9)	(4)	(4)	(4)	(13)
Disposals	19	3	12	-	31	3
Impairment	-	(12)	-	-	-	(12)
Amortization and impairment at December 31	(4)	(23)	(57)	(65)	(61)	(88)
Carrying amount at December 31	**-**	**-**	**10**	**14**	**10**	**14**
Amortized over	3 years	3 years	5-15 years	5-15 years	-	-

Note (DKK million)

12 Property, Plant and Equipment

Consolidated

(DKK million)	Factory and office buildings	Lease-hold im-provements	Plant and machinery	Operating assets and equipment	Leased plant and equipment	Assets under con-struction	Total
Cost at January 1	542	121	534	376	3	4	1,580
Additions on company acquisitions	-	-	-	2	-	-	2
Additions	3	9	72	45	1	3	133
Disposals	(11)	(25)	(39)	(28)	-	(4)	(107)
Foreign exchange adjustments	5	(1)	6	(1)	-	-	9
Cost at December 31	539	104	573	394	4	3	1,617
Depreciation and impairment at January 1	(55)	(84)	(409)	(296)	(1)	-	(845)
Depreciation	(22)	(11)	(72)	(38)	(1)	-	(144)
Impairment	-	-	-	(3)	-	-	(3)
Disposals	7	24	36	26	-	-	93
Foreign exchange adjustments	(3)	-	(4)	3	-	-	(4)
Depreciation and impairment at December 31	(73)	(71)	(449)	(308)	(2)	-	(903)
Carrying amount at December 31, 2008	**466**	**33**	**124**	**86**	**2**	**3**	**714**
Cost at January 1	254	28	221	130	-	152	785
Additions	24	3	19	12	-	9	67
Disposals	-	-	-	(7)	-	-	(7)
Transfers	144	-	13	-	-	(157)	-
Foreign exchange adjustments	-	(2)	(5)	(6)	-	-	(13)
Transferred from assets held for sale	120	92	286	247	3	-	748
Cost at December 31	542	121	534	376	3	4	1,580
Depreciation and impairment at January 1	(10)	(22)	(148)	(104)	-	-	(284)
Depreciation	(12)	(3)	(49)	(14)	-	-	(78)
Disposals	-	-	-	6	-	-	6
Foreign exchange adjustments	-	1	5	6	-	-	12
Transferred from assets held for sale	(33)	(60)	(217)	(190)	(1)	-	(501)
Depreciation and impairment at December 31	(55)	(84)	(409)	(296)	(1)	-	(845)
Carrying amount at December 31, 2007	**487**	**37**	**125**	**80**	**2**	**4**	**735**
Depreciated over	10-50 years	5-20 years	1-7 years	2-7 years	2-7 years	-	-

Note	(DKK million)

12 Property, Plant and Equipment (continued)

Parent Company

(DKK million)	Operating assets and equipment 2008	Operating assets and equipment 2007
Cost at January 1	-	8
Additions	-	5
Disposals	-	(13)
Cost at December 31	-	-
Depreciation and impairment at January 1	-	(4)
Depreciation	-	(3)
Disposals	-	7
Depreciation and impairment at December 31	-	-
Carrying amount at December 31	-	-
Depreciated over	-	2-7 years

	PARENT COMPANY 2008	PARENT COMPANY 2007
13 Investments in Subsidiaries		
Cost at January 1	5,780	600
Additions, capital contribution	1	1,009
Disposals	(2)	(412)
Transferred from/to assets held for sale	-	4,583
Cost at December 31	**5,779**	**5,780**

Group companies are listed on page 74

	CONSOLIDATED 2008	CONSOLIDATED 2007
14 Associates and Joint Ventures		
Investments in associates		
Cost at January 1	72	-
Transfer	(21)	-
Foreign exchange adjustments	(2)	-
Transferred from/to assets held for sale	-	72
Cost at December 31	49	72
Value adjustments at January 1	(13)	-
Share of profit (loss)	-	-
Dividends	(1)	-
Transfer	8	-
Foreign exchange adjustments	(2)	-
Transferred from/to assets held for sale	-	(13)
Value adjustments at December 31	(8)	(13)
Net asset value at December 31	41	59
Companies with negative net asset values	-	-
Carrying amount at December 31	**41**	**59**

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007
14	**Associates and Joint Ventures (continued)**		
	Aggregated financial information in respect of associates is provided below:		
	Revenue	134	97
	Profit (loss) for the year after tax	(8)	(3)
	Total assets	83	134
	Total liabilities	32	31
	Total share of profit (loss) for the year after tax	-	2
	Total share of net assets	17	19
	Associates are listed on page 74.		
	Aggregated financial information in respect of joint ventures accounted for by proportionate consolidation is provided below:		
	Non-current assets	-	5
	Current assets	13	19
	Non-current liabilities	-	-
	Current liabilities	-	-
	Revenue	-	-
	Costs	5	6
	Joint ventures accounted for by proportionate consolidation are listed on page 74.		
15	**Other Securities**		
	Ownership interests	87	60
	Derivate financial instruments relating to ownership interests	37	20
	Other	5	6
	Total	**129**	**86**

Other securities are primarily ownership interests in dispensers of GN ReSound products and derivative financial instruments linked to ownership interests in such dispensers.

Note		CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
16	**Prepayments**				
	Rent	6	4	-	-
	Property tax	-	1	-	-
	Insurance	4	9	-	-
	RAP, SIP and DCP	60	82	-	-
	Investment in company in India	-	20	-	-
	Other	90	78	6	4
	Total	**160**	**194**	**6**	**4**

Regarding RAP, SIP and DCP, see note 28. The investment in India is decribed in note 36.

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
17	**Deferred Tax Assets**				
	Tax assets at January 1	621	196	-	-
	Prior-year adjustments	42	6	-	-
	Change in tax rate	3	(17)	-	-
	Impairment of previously capitalized tax assets	(30)	3	-	-
	Change relating to profit (loss) for the year	43	27	-	-
	Transferred from "Deferred tax"	(32)	(1)	-	-
	Tax on changes in equity	27	-	-	-
	Foreign exchange and other adjustments	21	(18)	-	-
	Transferred from/to assets held for sale	-	425	-	-
	Deferred tax assets at December 31	**695**	**621**	**-**	**-**
	A specification of the above is provided in note 23.				
18	**Inventories**				
	Raw materials and consumables	294	285	-	-
	Contract work in progress	8	6	-	-
	Finished goods and merchandise	360	426	-	-
	Total	**662**	**717**	**-**	**-**
	The above includes write-downs amounting to	216	217	-	-
	Write-downs recognized in the income statement under production costs	79	125	-	-
	Reversed write-downs recognized under production costs	10	13	-	-
	Value of inventory, recognized at net realizable value	-	-	-	-
	Production costs include costs of sales of	2,345	2,500	-	-
19	**Tax Receivable**				
	Receivable at January 1	9	89	-	48
	Prior-year adjustments	17	(9)	-	(17)
	Additions on company acquisitions	2	-	-	-
	Tax on profit (loss) for the year	24	19	-	-
	Joint taxation contributions from group companies	-	-	5	25
	Received during year	(26)	(122)	-	(56)
	Transferred from "Tax payable"	7	2	(5)	-
	Foreign exchange and other adjustments	-	(1)	-	-
	Transferred from/to assets held for sale	-	31	-	-
	Tax receivable at December 31	**33**	**9**	**-**	**-**

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
20	**Trade Receivables**				
	Trade receivables	1,127	1,262	6	10
	Total	**1,127**	**1,262**	**6**	**10**
	Trade receivables have the following maturities:				
	Not due	827	873	6	9
	Due in 30 days or less	137	195	-	1
	Due in more than 30 days but less than 90 days	79	104	-	-
	Due after more than 90 days	84	90	-	-
	Total	**1,127**	**1,262**	**6**	**10**
	Write-downs, which are included in total trade recievables, have developed as follows:				
	Write-downs at January 1	(63)	(40)	-	-
	Write-downs	(53)	(8)	-	-
	Realized	13	20	-	-
	Reversed write-downs	(1)	1	-	-
	Foreign exchange adjustments	3	4	-	-
	Transferred from/to assets held for sale	-	(40)	-	-
	Write-downs at December 31	**(101)**	**(63)**	**-**	**-**

A write-down of DKK 101 million is included in trade receivables end of 2008. Of this amount no material individual write-downs are included. The group does not typically renegotiate the terms of trade receivables. There were no significant renegotiated balances outstanding at December 31, 2008 or December 31, 2007. GN's assessment of credit risk associated to the individual receivable depends primarily on aging, change in customer payment term, current economic conditions etc. as described in note 1.

Based on past experience, GN believes that no write-down is necessary in respect of trade receivables not passed due.

No security has been pledged for trade receivables.

In trade receivables overdue but not written down receivables are included as follows:

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
	Due in 30 days or less	137	195	-	1
	Due in more than 30 days but less than 90 days	72	77	-	-
	Due after more than 90 days	79	42	-	-
	Total	**288**	**314**	**-**	**1**
21	**Current Receivables falling due after more than One Year**				
	Trade receivables	1	10	-	-
	Other receivables	1	2	-	-
	Prepayments	4	-	-	-
	Total	**6**	**12**	**-**	**-**

No security has been pledged for receivables.

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
22	**Pension Obligations and Similar Obligations**				
	Present value of defined benefit obligations	(220)	(208)	(1)	(1)
	Fair value of plan assets	142	176	-	-
	Net obligations	**(78)**	**(32)**	**(1)**	**(1)**
	of which recognized in				
	Other receivables	2	3	-	-
	Pension obligations and similar obligations	(80)	(35)	(1)	(1)
	Total	**(78)**	**(32)**	**(1)**	**(1)**

The present value of defined benefit obligations includes unfunded pension obligations not covered by payments to insurance company of DKK (8) million in 2008 (2007: DKK (10) mio.).

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
22	**Pension Obligations and Similar Obligations (continued)**				
	Development in present value of defined benefit obligations				
	Obligations at January 1	(208)	(227)	(1)	(1)
	Adjustments to balance at January 1	(12)	(9)	-	-
	Foreign exchange adjustments	(9)	23	-	-
	Costs for the year	(4)	(3)	-	-
	Interest expense	(12)	(11)	-	-
	Actuarial gains (losses)	13	4	-	-
	Pension payments, unfunded	1	5	-	-
	Pension payments	11	10	-	-
	Obligations at December 31	**(220)**	**(208)**	**(1)**	**(1)**
	Development in fair value of plan assets				
	Plan assets at January 1	176	177	-	-
	Adjustments to balance at January 1	12	9	-	-
	Foreign exchange adjustments	7	(18)	-	-
	Expected return on plan assets	14	13	-	-
	Actuarial gains (losses)	(58)	(1)	-	-
	Payment by GN Store Nord	2	6	-	-
	Pension payments	(11)	(10)	-	-
	Plan assets at December 31	**142**	**176**	**-**	**-**
	Pension costs recognized in the income statement				
	Costs for the year	(4)	(3)	-	-
	Interest expense	(12)	(11)	-	-
	Expected return on plan assets	14	13	-	-
	Defined benefit plans total	(2)	(1)	-	-
	Defined contribution plans total	(61)	(58)	(2)	(5)
	Total cost recognized in the income statement	**(63)**	**(59)**	**(2)**	**(5)**
	The costs are recognized in the following income statement items:				
	Production costs	(15)	(11)	-	-
	Development costs	(13)	(9)	-	-
	Selling and distribution costs	(18)	(27)	-	-
	Management and administrative expenses	(17)	(12)	(2)	(5)
	Total	**(63)**	**(59)**	**(2)**	**(5)**
	The following accumulated actuarial gains/(losses) since January 1, 2005 are recognized in the Statement of recognized income and expense:				
	Accumulated actuarial gains/(losses)	(60)	(15)	-	-
	Breakdown of plan assets:				
	Shares	68%	70%	-	-
	Bonds	31%	28%	-	-
	Cash and cash equivalents	1%	2%	-	-
	Total	**100%**	**100%**	**-**	**-**
	Return on plan assets:				
	Expected return on plan assets	(14)	(13)	-	-
	Actual return on plan assets	(44)	12	-	-
	Actuarial gains (losses) on plan assets	**(58)**	**(1)**	**-**	**-**
	The actuarial calculations for the prevailing American defined benefit plan at the balance sheet date are based on the following assumptions:				
	Discount rate	6.25%	5.75%		
	Expected return on plan assets	8.00%	8.00%		
	Development in salary levels	N/A	N/A		

Note **(DKK million)**

22 Pension Obligations and Similar Obligations (continued)

Breakdown of the Group's pension obligations for the current and the four preceding years:

	2008	2007	2006	2005	2004
Actuarial pension obligation	(220)	(208)	(227)	(251)	(200)
Plan assets	142	176	177	175	156
Surplus/(deficit)	**(78)**	**(32)**	**(50)**	**(76)**	**(44)**

Defined Contribution Plans
The Group has commitments regarding certain groups of employees in Denmark and abroad. Pension plans are generally defined contribution plans. The pension plans are funded by current payments to independent pension funds and insurance companies, which are responsible for payment of the pension benefits. When contributions to defined contribution plans have been paid, the Group has no further commitments to present or former employees. Contributions to defined contribution plans are recognized in the income statement as paid.

An amount of DKK 61 million (2007: DKK 58 million) has been expensed in the consolidated income statement in respect of defined contribution plans.

Defined Benefit Plans
The Group has an American pension plan, which is not covered by payments to insurance companies but is partly offset by the fair value of reserved pension funds. At 1 July 2003, the pension plan was frozen, meaning that employees covered by the plan will continue to be entitled to the pension payments earned up to this date. However, employees will not earn further pension payments.

In addition, in a number of subsidiaries, agreements have been made for payment of certain benefits, e.g. retirement pension as a fixed amount or a fixed percentage of the final salary at the retirement date. Such obligations are not covered by payments to pension funds.

Other Plans
The Group has no other pension obligations or similar obligations to its employees.

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
23	**Deferred Tax**				
	Deferred tax at January 1	34	72	124	192
	Prior-year tax adjustments	(8)	-	(33)	(3)
	Changes relating to profit (loss) for the year	13	(42)	(12)	(62)
	Change in tax rate	-	(10)	-	(7)
	Tax on changes in equity	-	-	-	4
	Transferred to "Deferred tax assets"	(32)	(1)	-	-
	Foreign exchange adjustments	(1)	(1)	-	-
	Transferred from/to liabilities associated with assets held for sale	-	16	-	-
	Total	**6**	**34**	**79**	**124**

Specification of deferred tax assets and deferred tax	CONSOLIDATED 2008 Deferred tax assets	CONSOLIDATED 2007 Deferred tax assets	CONSOLIDATED 2008 Deferred tax	CONSOLIDATED 2007 Deferred tax
Intangible assets	3	3	251	145
Property, plant and equipment	31	37	5	1
Other non-current assets	30	25	-	-
Current assets	284	159	1	1
Provisions	83	75	8	7
Current liabilities	25	27	-	-
Intra-group liabilities	214	226	-	-
Tax loss carryforwards	448	358	-	-
Reversal of tax benefit arising from loss	-	-	163	146
Value adjustments	(66)	(17)	-	-
Other	74	34	9	40
Total	**1,126**	**927**	**437**	**340**
Set-off within same legal tax units and jurisdictions	(431)	(306)	(431)	(306)
Deferred tax assets and deferred tax at December 31	**695**	**621**	**6**	**34**

	CONSOLIDATED 2008	CONSOLIDATED 2007
Tax value of unrecognized tax assets		
Change in unrecognized tax assets		
Tax value at January 1	17	8
Change for the year, tax loss carryforwards	49	(2)
Change for the year, other tax assets	-	(1)
Transferred to unrecognized tax assets held for sale	-	12
Tax assets at December 31	**66**	**17**
Specification of unrecognized tax assets		
Tax loss carryforwards	62	17
Other tax assets	4	-
Tax assets at December 31	**66**	**17**
A number of tax loss carryforwards expire between 2009-2024.		
Tax assets not previously recognized, but used during the year:		
Tax loss carryforwards	1	-

Value adjustments are based on the Group's expectations as to the future utilization of the tax asset.

Note	(DKK million)				
24	**Other Provisions**				
	Consolidated				
		Restruc-turing	**Warranty provisions**	**Other provisions**	**Total**
	Other provisions at January 1	40	101	212	353
	Additions	24	37	140	201
	Consumed	(34)	(26)	(162)	(222)
	Reversals	(1)	(6)	(17)	(24)
	Foreign exchange adjustments	1	(2)	-	(1)
	Other provisions at December 31, 2008	**30**	**104**	**173**	**307**
	Of which is recognized in the consolidated balance sheet:				
	Non-current liabilities	-	39	17	56
	Current liabilities	30	65	156	251
	Other provisions at December 31, 2008	**30**	**104**	**173**	**307**
	Of which is recognized in the balance sheet for the parent company:				
	Non-current liabilities	-	-	5	5
	Current liabilities	-	-	35	35
	Other provisions at December 31, 2008	**-**	**-**	**40**	**40**

Restructuring provisions of DKK 30 million relate to restructurings based on detailed plans prepared by Management, which have been discussed with and announced to the employee groups affected and others. The provisions cover severance payments and post-employment pay.

Warranty provisions concern sold products. The warranty provision covers any defects in design, materials and workmanship for a period of 1-3 years from delivery and completion. The provision has been calculated on the basis of historical warranty costs of the Group's products.

Other provisions include obligations regarding onerous contracts and property leases and accrued retention bonus to employees. Onerous contracts are described in note 1.

		CONSOLIDATED		**PARENT COMPANY**	
		2008	**2007**	**2008**	**2007**
25	**Non-current Liabilities**				
	Bank loans	1,600	1,300	1,600	1,300
	Capitalized lease obligations	2	2	-	-
	Other long-term payables	19	20	-	-
	Received prepayments	38	33	-	-
	Non-current liabilities excluding pension obligations, deferred tax and other provisions	**1,659**	**1,355**	**1,600**	**1,300**
	Breakdown of liabilities due as of the balance sheet date				
	1-2 years	58	39	-	-
	2-3 years	501	12	500	-
	3-4 years	-	303	-	300
	4-5 years	1,100	1	1,100	-
	> 5 years	-	1,000	-	1,000
	Total	**1,659**	**1,355**	**1,600**	**1,300**
	Breakdown of liabilities by currency				
	DKK	1,600	1,320	1,600	1,300
	EUR	1	-	-	-
	USD	55	33	-	-
	Other currencies	3	2	-	-
	Total	**1,659**	**1,355**	**1,600**	**1,300**

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
26	**Current Liabilities**				
	Bank loans	145	383	59	111
	Repayment of long-term loans	1	1	-	-
	Total bank loans	**146**	**384**	**59**	**111**
	Breakdown of loans by currency				
	DKK	82	294	55	108
	EUR	8	67	2	-
	USD	41	18	-	-
	Other currencies	15	5	2	3
	Total	**146**	**384**	**59**	**111**
27	**Tax Payable**				
	Tax payable at January 1	16	10	21	-
	Prior-year adjustments	10	(3)	24	-
	Tax on profit (loss) for the year	56	13	-	-
	Paid during the year	(54)	(14)	(36)	-
	Transferred to "Tax receivable"	7	2	(5)	21
	Foreign exchange and other adjustments	(2)	-	-	-
	Transferred to liabilities associated with assets held for sale	-	8	-	-
	Tax payable at December 31	**33**	**16**	**4**	**21**
28	**Other Payables**				
	Wages and salaries, holiday pay, etc.	223	227	10	29
	Taxes and duties and tax payable at source	34	63	-	12
	Social contributions	20	33	-	-
	Bonuses and discounts	99	106	-	-
	Outlays	-	24	-	-
	Marketing	40	50	-	-
	Accrued fees	21	19	1	3
	RAP, SIP and DCP*	65	88	-	-
	Other	113	76	14	19
	Total	**615**	**686**	**25**	**63**

*RAP (Retirement Advantage Plan) and SIP (Savings and Investment Plan) are programmes in which customers earn funds based on purchases made. DCP (Deferred Compensation Plan) is a programme in which Management in certain foreign subsidiaries may choose to defer compensation. The amounts invested by the group on behalf of customers and Management is recognised in prepayments at DKK 60 million in 2008 (DKK 82 million in 2007).

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
29	**Lease Obligations**				
	Future lease obligations are distributed as follows:				
	Finance leases:				
	Less than one year	-	-	-	-
	Between one and five years	2	2	-	-
	More than five years	-	-	-	-
	Total	**2**	**2**	**-**	**-**

Finance leases relate to operating asset and equipment leases.

The interest element of finance lease obligations amounts to less than DKK 1 million. Accordingly, only the net present value is disclosed.

Operating leases:				
Less than one year	62	53	30	5
Between one and five years	87	88	62	5
More than five years	15	13	-	-
Total	**164**	**154**	**92**	**10**

Operating leases primarily relate to lease of property on market terms in Denmark, the United States and the UK. The remaining lease terms amount to between one and ten years.

Operating leases include rental obligations related to properties in Denmark in the amount of DKK 10 million (DKK 18 million in 2007). DKK 4 million (DKK 9 million in 2007) of the rental obligation in Denmark is provided for in the balance sheet in connection with vacating the premises.

Lease payments recognized in the income statement relating to operating leases amount to DKK 64 million (2007: DKK 65 million).

Note	(DKK million)	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT COMPANY 2008	PARENT COMPANY 2007
30	**Contingent Liabilities, other Financial Liabilities and Contingent Assets**				
	Guarantees, warranties and other liabilities	**27**	**31**	**6**	**6**

Contingent Liabilities

Outstanding lawsuits and arbitration proceedings

GN Store Nord and its subsidiaries and associates are parties to various lawsuits and arbitration proceedings, including various cases involving patent infringements. Apart from as described below, the outcome of cases pending is not expected to be of material importance to the Group's financial position.

Other Financial Liabilities

Guarantees

In the US, GN Store Nord has issued guarantees to our main bankers in respect of directly and indirectly wholly owned subsidiaries. The guarantees relate solely to drawings on group credit facilities of up to USD 25 million in respect of an interest netting cash pool.

Security

The Group has not pledged any assets as security in the present or prior year.

Purchase Obligations

GN has agreed with a number of sub-suppliers that the suppliers will purchase components for the production of headsets based on sales estimates prepared by GN Store Nord. To the extent that GN's sales estimates exceed actual purchases from subsuppliers, GN Store Nord is under obligation to purchase any remaining components from the sub-suppliers. Management assesses sales estimates on an ongoing basis. To the extent that component inventories at sub-suppliers exceed the expected use, GN recognises a provision for onerous purchase contracts.

Contingent Assets

GN Store Nord continues to be involved in an arbitration case against Telekomunikacja Polska S.A. (TPSA) through its 75% share of DPTG I/S. The dispute concerns determination of traffic volumes carried over the NSL fibre optical telecommunication system in Poland. DPTG is entitled to 14.8% of net profits from NSL during the period 1994-2009. The seat of the arbitral tribunal is Vienna, Austria.

Early 2003, DPTG claimed approximately DKK 1.6 billion for the period 1994 to mid 2002. In 2005, the arbitration tribunal appointed an expert to estimate the relevant traffic volumes and their consequent revenue. Based on a preliminary expert opinion and because of the lapse of time from mid 2002 to end 2007, DPTG modified its claim to approximately DKK 6.3 billion in 2008. TPSA disputes the expert's estimates and calculations as well as the legal basis of DPTG's claim. The chairman of the arbitration tribunal was replaced in March 2008, following a challenge raised by TPSA. The two other members of the arbitration tribunal remain unchanged. Following the hearing in January 2009, the proceedings progress according to the agreed time schedule. As of February 25, 2009, the arbitration tribunal issued directions to the experts on how to calculate the claim without prejudice to a final decision. This does not give GN cause to change the claim. The next hearing in the arbitration tribunal is scheduled for April 20-24, 2009. A partial award on DPTG's claim could be rendered in Q3 2009. GN Store Nord is unable to provide any further information in this matter in order not to influence the outcome of the case. No amount has been recognized in GN Store Nord's balance sheet at December 31, 2008 in this respect.

In the 2001 financial statements, GN Store Nord made an impairment write-down of goodwill related to Beltone of DKK 1,250 million. Beltone (USA) was merged with GN Hearing Care Corporation (USA) at January 1, 2005. It is GN Store Nord´s assessment that a significant part of the write-down made for accounting purposes in 2001 as a result of the merger has tax effect in Denmark. Both companies were jointly taxed with GN Store Nord in the relevant period. GN Store Nord has brought the issue of deductibility for the merger loss before the Danish tax authorities who have informed GN Store Nord that they dispute the right of deductibility. GN Store Nord has appealed the decision of the Danish tax authorities to the Danish National Tax Tribunal. GN Store Nord held a meeting with the Danish National Tax Tribunal in October 2008, but it is difficult to predict when a ruling can be expected. Any effect of deductibility of the loss is not recognized in the annual report.

Apart from the above, Management is not aware of any cases that could be of importance to the Group's financial position.

Note	(DKK million)

31 **Financial Instruments and Financial Risks**

Contractual Maturity Analysis for Financial Liabilities

(DKK million)	Less than one year	Between one and five years	More than five years	Total
2008				
Long-term bank loans	-	1,600	-	1,600
Capitalized lease obligations	-	2	-	2
Other long-term payables	-	19	-	19
Short-term bank loans	146	-	-	146
Trade payables	448	-	-	448
2007				
Long-term bank loans	-	300	1,000	1,300
Capitalized lease obligations	-	2	-	2
Other long-term payables	-	20	-	20
Short-term bank loans	384	-	-	384
Trade payables	421	-	-	421

The maturity analysis is based on non-discounted cash flows excluding interest payments.

Specification of Net-interest Bearing Debt	Total 2008	Total 2007
Cash and cash equivalents	154	168
Bank loans, non-current liabilities	(1,600)	(1,300)
Repayment of long-term loans	(1)	(1)
Bank loans, current liabilities	(145)	(383)
Total	**(1,592)**	**(1,516)**

For a description of financial risks, see the section Risk management in the Management's report page 19 and note 20.

Categories of financial assets and liabilities	CONSOLIDATED		PARENT COMPANY	
	2008	2007	2008	2007
Derivate financial instruments relating to ownership interests, cf. note 15	37	20	-	-
Financial assets held for trading	**37**	**20**	**-**	**-**
Ownership interests and Other, cf. note 15	92	66	-	-
Financial assets available-for-sale	**92**	**66**	**-**	**-**
Trade receivables	1,127	1,262	6	10
Receivables from associates	5	18	-	-
Other receivables	327	302	15	16
Other receivables, non-current	13	12	-	-
Loans and receivables	**1,472**	**1,594**	**21**	**26**
Bank loans, non-current	1,600	1,300	1,600	1,300
Other long term payables	19	20	-	-
Repayment long-term loans	1	1	-	-
Bank loans	145	383	59	111
Trade payables	448	421	31	26
Financial liabilities measured at amortized cost	**2,213**	**2,125**	**1,690**	**1,437**

For financial assets and liabilities, the fair value is approximately equal to the carrying amount.

Derivative Financial Instruments

Except for the financial instruments described in note 15, GN Store Nord had no derivative financial instruments at December 31, 2008.

32 **Government Grants**

The Group received government grants of DKK 0 million. (DKK 0 million in 2007).

Note	(DKK million)

33 **Outstanding Shares and Treasury Shares**

	Outstanding shares (thousands)	Treasury shares (thousands)	Total number of shares (thousands)	Nominal value of outstanding shares (DKK '000)	Nominal value of treasury shares (DKK '000)	Nominal value of total shares (DKK '000)	Treasury shares as a percentage of share capital
Number of shares at January 1, 2008	203,527	4,833	208,360	814,108	19,332	833,440	2.3%
Options exercised in 2008	180	(180)	-	720	(720)	-	
Shares acquired/sold by GN Store Nord A/S	-	-	-	-	-	-	
Number of shares at December 31, 2008	**203,707**	**4,653**	**208,360**	**814,828**	**18,612**	**833,440**	**2.2%**

The treasury shares had a market value of DKK 47 million at December 31, 2008.

(Shares thousands)	2008	2007
Weighted average number of shares	203,662	203,381
Dilutive effect of outstanding share options with positive intrinsic value - average for the period	18	450
Diluted weighted average number of shares	**203,680**	**203,831**

(DKK million)	2008	2007
Profit (loss) for the year used for the calculation of earnings per share	(56)	(67)
Dilutive effect of profit (loss) for the year	-	-
Profit (loss) for the year used for the calculation of diluted earnings per share	**(56)**	**(67)**

34 **Related Party Transactions**

GN Store Nord's related parties exercising significant influence comprise the Supervisory Board and the Executive Management and senior employees and their family members.

In addition, related parties comprise group enterprises and associates over which GN Store Nord A/S exercises control or significant influence.

Group enterprises and associates are listed on page 74.

Supervisory Board and Executive Management and Senior Employees

Management remuneration and incentive plans are described in notes 3 and 35.

GN Store Nord A/S has entered into an administration agreement in respect of GN Great Nordic Telco A/S with a company owned by a senior employee.

Group Enterprises and Associates

Trade with group enterprises and associates comprised:

	CONSOLIDATED		PARENT COMPANY	
	2008	**2007**	**2008**	**2007**
Sale of products to associates	30	44	-	-
Purchase of products from associates	-	2	-	-
Sale of services to group enterprises	-	-	66	167
Purchase of services from group enterprises	-	-	61	-
Dividends from group enterprises	-	-	-	1,000

Transactions with group enterprises are eliminated in the consolidated financial statements in accordance with the accounting policies.

The parent company's balances with group enterprises at 31 December 2008 are recognized in the balance sheet. Interest income and expenses in respect of group enterprises are disclosed in notes 8 and 9.

Further, balances with group enterprises and associates comprise usual trade balances related to the purchase and sale of goods and services.

No transactions have been carried out with the Supervisory Board, the Executive Management, senior employees, major shareholders or other related parties, apart from ordinary remuneration.

Note **(DKK million)**

35 **Incentive Plans**

Share Options Programs

Since 1998, GN Store Nord has issued share options annually as a part of a long-term incentive plan for a number of senior employees. The plans from 1998 – 2003 all expired at the end of 2007. Accordingly, at December 31, 2008 GN only had share options granted from 2004 – 2008. No share options are granted to Supervisory Board members appointed by the annual general meeting.

Share options in GN Store Nord	Executive Management	Other employees	Discontinuing operations	Total	Average exercise price
Share options granted at January 1, 2007	**352,339**	**1,102,352**	**1,747,252**	**3,201,943**	**57**
Options transferred at November 6, 2007	-	1,302,202	(1,302,202)	-	-
Share options exercised during the year	-	(143,000)	(381,250)	(524,250)	34
Share options terminated during the year/corrections	(267,388)	(60,880)	(63,800)	(392,068)	69
Outstanding share options at December 31, 2007	**84,951**	**2,200,674**	**-**	**2,285,625**	**60**
Share options granted during the year	100,000	99,026	-	199,026	26
Share options exercised during the year	-	(180,000)	-	(180,000)	18
Share options terminated during the year/corrections	-	(228,145)	-	(228,145)	58
Outstanding share options at December 31, 2008	**184,951**	**1,891,555**	**-**	**2,076,506**	**61**
Grant date market value of share options granted in 2008	0.8 mio.	1.0 mio.	-	1.8 mio.	
Market value of outstanding share options at December 31, 2008	0.1 mio.	0.1 mio.	-	0.2 mio.	

The granted share options for the year are basically identical in regards to exercise price and expiry date, but vary in relation to the exercise period and exercise conditions depending on the region in which the options are granted; North America, France and rest of the world. Of the options granted in North America, 20% can be exercised after one year, a further 20% can be exercised after two years and the remaining 60% three years after the grant date. Of the options granted in France, 100% can be exercised four years after the grant date. Of the options granted in the rest of the world, 100% can be exercised three years after the grant date. In addition, for options granted outside of North America exercise is contingent on at least a 19% increase in GN Store Nord's share price compared to the exercise price in the period following the first exercise date.

All share option plans expire no later than five years after the grant date. When exercised, GN's share options are settled by shares from GN's holding of treasury shares. A detailed specification by grant date of outstanding share option plans in GN at the balance sheet date is provided below.

The average share price of options exercised is DKK 24 per share at the exercise date.

Share options in GN Store Nord Grant date	Executive Management	Other employees	Total	Number of exercisable options	Exercise price	Years to expiry	Market value in DKK million
April/2004	-	501,100	501,100	501,100	43	0.3	0.0
Nov/2004	-	67,000	67,000	67,000	53	0.8	0.0
April/2005	-	625,643	625,643	613,143	62	1.3	0.0
Oct/2005	-	8,520	8,520	8,520	76	1.7	0.0
April/2006	-	565,994	565,994	70,088	86	2.3	0.0
Nov/2006	84,951	24,272	109,223	-	80	2.9	0.0
March/2008	100,000	-	100,000	-	25	4.2	0.1
Aug/2008	-	99,026	99,026	-	27	4.6	0.1
Outstanding share options at December 31, 2008	**184,951**	**1,891,555**	**2,076,506**	**1,259,851**			**0.2**

The market value of the share options has been calculated using the Black & Scholes option pricing model. The market value of the outstanding share options at the balance sheet date is calculated on the basis of underlying market prices on the final business day of the year, whereas the market value of options granted during the year is based on the underlying market prices at the grant date. The following assumptions were applied for the calculation of the market value at the balance sheet date and at the grant date of share options in 2008:

Market conditions	2008 year end	Grant date 2008	2007 year end	Grant date 2007
Share price	10	25/27	40	-
Volatility	41%	30%/33%	25%	-
Dividend per share	0	0	0	-
Risk-free rate	3.08%	3.52%/4.35%	4.22%	-
Term	Remaining term	5 years	Remaining term	-

No share options were granted in 2007. The calculation of the market value at the balance sheet date is based on a historic three-year volatility in the period January 1, 2006 - December 31, 2008 in the GN Store Nord share.

Note	(DKK million)

35 **Incentive Plans (continued)**

Warrants Program

In June 2008, a new warrant-based long term incentive program was approved whereby the Executive Management and other senior employees of GN's subsidiaries, GN ReSound A/S and GN Netcom A/S, will be granted warrants, entitling the holder to subscribe shares in GN ReSound and GN Netcom, respectively. The conditions in the program for employees of GN Netcom and GN ReSound are not the same. Therefore, the program in GN Netcom and GN ReSound is described separately below.

Warrant program for employees of GN Netcom	GN Netcom Executive Management	Other employees	Total	Average exercise price
Warrants granted at January 1, 2008	-	-	-	-
Warrants granted during the year	372	1,141	1,513	60,190
Warrants terminated during the year/corrections	-	(116)	(116)	61,382
Outstanding warrants at December 31, 2008	**372**	**1,025**	**1,397**	**60,091**
Grant date market value of warrants granted in 2008	5.8 mio.	19.2 mio.	25.0 mio.	
Market value of outstanding warrants at December 31, 2008	0.7 mio.	1.5 mio.	2.2 mio.	

In GN Netcom, one-half of the total number of warrants available will be granted in each of 2008 and 2009. Warrants granted will vest the day after the release of GN's annual report in the year after the grant. Warrants are granted at no consideration. Warrants vested may be exercised during a four-week period following the release of GN's annual report in each of the first, second and third years after the grant.

Outstanding warrants by grant date to employees of GN Netcom are shown below.

Warrants program GN Netcom, Grant date	GN Netcom Executive Management	Other employees	Total	% of GN Netcom	Number of exercisable warrants	Exercise price	Years to expiry	Market value in DKK million
March/2008	200	-	200	0.7%	-	52,366	2.3	0.4
June/2008	172	1,025	1,197	3.9%	-	61,382	2.3	1.8
Outstanding warrants at December 31, 2008	**372**	**1,025**	**1,397**	**4.6%**	**-**			**2.2**

Warrants program for employees of GN ReSound	GN ReSound Executive Management	Other employees	Total	Average exercise price
Warrants granted at January 1, 2008	-	-	-	-
Warrants granted during the year	193	769	962	43,414
Warrants terminated during the year/corrections	-	(5)	(5)	44,939
Outstanding warrants at December 31, 2008	**193**	**764**	**957**	**43,406**
Grant date net market value of warrants granted in 2008*	1.7 mio.	11.3 mio.	13.0 mio.	
Market value of outstanding warrants at December 31, 2008	0.1 mio.	0.5 mio.	0.6 mio.	

*Less payments, see below.

In GN ReSound, one-third of the total number of warrants available will be granted annually over a three-year period from 2008 to 2010. Warrants granted will vest the day after the release of GN's annual report in the third year after the grant. Warrants vested may be exercised during a four-week period following the release of GN's annual report in each of the third, fourth and fifth years after the grant. GN Resound's CEO, CFO and its Senior Vice Presidents will on subscription receive warrants against payment of a price per warrant to be determined by the Supervisory Board.

Outstanding warrants by grant date to employees of GN ReSound are shown below.

Warrants program GN ReSound, Grant date	GN ReSound Executive Management	Other employees	Total	% of GN ReSound	Number of exercisable warrants	Exercise price	Years to expiry	Market value in DKK million
March/2008	125	-	125	0.2%	-	37,887	4.3	0.1
May/2008	68	302	370	0.6%	-	43,356	4.3	0.2
Aug/2008	-	340	340	0.6%	-	44,939	4.3	0.2
Sep/2008	-	122	122	0.2%	-	44,939	4.3	0.1
Outstanding warrants at December 31, 2008	**193**	**764**	**957**	**1.6%**	**-**			**0.6**

Note (DKK million)

35 Incentive Plans (continued)

Warrants granted in 2009 and 2010 entitle the holder to subscribe shares at a price equal to the average share price of GN ReSound and GN Netcom, respectively, in the five days following the Annual General Meeting of GN Store Nord. GN Netcom shares and GN ReSound shares will be converted into GN Store Nord shares after subscription. Grants and vesting of warrants are subject to the holder remaining employed with the GN Store Nord Group.

The market value of the warrants has been calculated using the Black & Scholes pricing model. The market value of the outstanding warrants at the balance sheet date is calculated on the basis of underlying market prices on the final business day of the year, whereas the market value of warrants granted during the year is based on the underlying market prices at the grant date. The following assumptions were applied for the calculation of the market value at the balance sheet date and at the grant date of warrants in 2008:

Market conditions	2008 year end		Grant date 2008	
	GN Netcom	GN ReSound	GN Netcom	GN ReSound
Share price GN Store Nord	10	10	23/27	23/31/27/24
Share of GN Store Nord market value	31%	32%	33%	48%
Share price	21,285	11,251	52,366/61,382	37,887/51,007/ 43,701/39,533
Volatility	63%	50%	45%	40%
Dividend per share	0	0	0	0
Risk-free rate	2.74%	2.67%	3.82%/5.76%	3.72%/4.56%/ 4.41%/4.11%
Expected term (years)	1.75	3.25	2	4

In the calculation of market value, the share of market value and volatility is estimated by external experts.

36 Acquisition of Companies and Operations

In January 2008, GN ReSound acquired the remaining shares of the Indian hearing instrument distributor GN ReSound India Private Ltd. In May 2008, GN ReSound acquired the remaining shares of the Mexican hearing instrument retailer Viennatone S.A de C.V. Both companies are now fully owned by GN ReSound.

At March 15, 2007 GN Store Nord A/S acquired the remaining shares in the Polish hearing instrument retailer Marked Med Sp. Zoo.

In both 2008 and 2007, GN Store Nord A/S also acquired a number of minor hearing instrument chains and distributors in the USA, Canada, Belgium and Singapore. The acquisitions strengthened GN's sales and distribution channels.

All transactions are accounted for using the purchase method.

	2008			2007		
Statement of acquired net assets and cash purchase price:	IFRS carrying amount prior to acquisition	Fair value adjustment	Fair value at acquisition date	IFRS carrying amount prior to acquisition	Fair value adjustment	Fair value at acquisition date
Non-current assets	1	1	2	3	-	3
Current assets	11	-	11	4	1	5
Non-current liabilities	(1)	-	(1)	-	-	-
Current liabilities	(11)	-	(11)	(3)	-	(3)
Acquired net assets	**-**	**1**	**1**	**4**	**1**	**5**
Goodwill			35			8
Purchase price			**36**			**13**
Provision, earn-out obligation			-			(1)
Acquired cash and cash equivalents			-			-
Cash purchase price			**36**			**12**

Note	(DKK million)

36 Acquisition of Companies and Operations (continued)

Goodwill relating to the above transactions is allocated to the cash-generating unit hearing instruments. In connection with the acquisition of GN ReSound India Private Ltd. and Viennatone S.A de C.V., Mexico, a total of DKK 17 million of previously recognized goodwill has been reclassified from associated companies to goodwill.

	2008	2007
The share of revenue and profit (loss) for the year from the acquisition date can be specified as follows:		
Revenue	27	17
EBIT	(6)	(9)
Profit (loss) for the year	(8)	(7)
Acquired operations if they had been owned throughout the year:		
Revenue	29	20
EBIT	(6)	(11)
Profit (loss) for the year	(9)	(8)

	CONSOLIDATED		PARENT COMPANY	
	2008	2007	2008	2007
37 Other Adjustments				
Gain/loss on disposal of assets	(2)	1	(1)	1
Share-based payment (granted)	8	12	3	3
Dividends from subsidiaries and associates	-	-	-	(1,000)
Share of profit (loss) in associates	-	(2)	-	-
Provision for bad debts and inventory write-downs	59	17	-	-
Restructuring/non-recurring costs recognised in the income statement excl. impairment	104	100	-	-
Adjustment of provisions	9	(63)	-	-
Total	**178**	**65**	**2**	**(996)**

Note

38 **Adopted International Financial Reporting Standards for Implementation in 2009 or later**

The IASB and the EU have adopted the following new International Financial Reporting Standards and IFRIC Interpretations that are not compulsory for GN Store Nord A/S in the preparation of the annual report for 2008, but which may affect the annual report for 2009:

- IAS 1 Presentation of Financial Statements (2007) applies to financial years beginning on or after January 1, 2009. The Standard is expected to affect the financial statement presentation, but will not affect the accounting policies for recognition and measurement.
- IAS 23 (Revised) Borrowing Costs applies to financial years beginning on or after January 1, 2009. The Standard requires interest expenses relating to the acquisition, construction or production of a qualifying asset to be capitalized as part of the cost of such assets. Considering GN Store Nord's current practice for borrowing and using funds, the Standard is not expected to affect GN Store Nord A/S.
- Amendments to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations applies to financial years beginning on or after January 1, 2009. The amendments are not expected to affect GN Store Nord A/S.
- IFRIC 13 Customer Loyalty Programmes applies to financial years beginning on or after July 1, 2008. The Interpretation is not expected to have any material effect on GN Store Nord A/S.
- Amendments to IAS 32 and IAS 1 Puttable Financial instruments and Obligations Arising on Liquidation (2008) applies to financial years beginning on or after January 1, 2009. The amendments are not expected to affect the financial reporting.
- Improvements to IFRSs (2007) applies to financial years beginning on or after January 1, 2009. The amendments are not expected to affect GN Store Nord A/S.
- Amendments to IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly controlled entity or associate (2008) applies to financial years beginning on or after January 1, 2009. The amendments are not expected to affect GN Store Nord A/S.

In addition, the IASB has adopted the following new International Financial Reporting Standards and IFRIC Interpretations which have not yet been adopted by the EU. The new International Financial Reporting Standards and IFRIC Interpretations are not compulsory for GN Store Nord A/S in the preparation of the annual report for 2008, but may affect the annual report for 2009:

- IFRS 3 Business Combinations (2008) applies to financial years beginning on or after July 1, 2009. The Standard will only have effect on future business combinations.
- Amendments to IAS 27 Consolidated and Separate Financial Statements (2008) applies to financial years beginning on or after 1 July 2009. The amendments will only have effect on future changes in control of subsidiaries.
- IFRIC 12 Service Concession Arrangements applies to financial years beginning on or after January 1, 2008. The GN Store Nord A/S Group neither has nor expects to enter any concession arrangements. Accordingly, the Interpretation is not expected to affect the financial reporting.
- IFRIC 15 Agreements for the construction of Real Estate applies to financial years beginning on or after January 1, 2009. The Interpretation is not expected to affect the financial reporting.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation applies to financial years beginning on or after October 1, 2008. The GN Store Nord A/S Group does not hedge net investments in foreign operations. Accordingly, the Interpretation is not expected to affect the financial reporting.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (2008) applies to financial years beginning on or after 1 July 2009. The amendment is not expected to affect GN Store Nord A/S.
- IFRIC 17 Distributions of non-cash assets to owners applies to financial years beginning on or after July 1, 2009. The Interpretation is not expected to affect the financial reporting.
- Revised IFRS 1 First time adoption of IFRS. The amendment is not expected to affect GN Store Nord A/S.
- IFRIC 18 Transfer of assets from customers will be effective for transfers received from customers on or after July 1, 2009. The interpretation is not expected to affect the financial reporting.

GN Store Nord A/S expects to adopt the mentioned Standards and Interpretations as of the effective dates.

Note 39 – Accounting Policies

The annual report of GN Store Nord for 2008 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. Additional Danish disclosure requirements for annual reports are those laid down by the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act and by NASDAQ OMX Copenhagen.

In addition, the annual report has been prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

CHANGES TO ACCOUNTING POLICIES

In the Annual Report 2008 GN Store Nord has adopted IFRS 8 Operating Segments. IFRS 8 is mandatory for reporting periods beginning on or after January 1 2009. The standard has affected the disclosure in the notes and the comparative figures in the notes have been restated. Please refer to the section Segment Information below for a description of the operating segments.

Apart from the changes described, the annual report is presented in accordance with the same accounting policies applied in previous years.

DESCRIPTION OF ACCOUNTING POLICIES

Consolidated Financial Statements

The consolidated financial statements relate to the parent company, GN Store Nord, and the enterprises in which GN Store Nord directly or indirectly holds more than 50% of the voting rights or where it, in some other way, has the power to govern the financial and operating policies of an enterprise. GN Store Nord and its subsidiaries are referred to as the Group. Group companies are listed on page 74. Enterprises that are not subsidiaries but where GN Store Nord holds between 20% and 50% of the voting rights and over which it exercises significant influence, but where it does not have power to govern the financial and operating policies, are considered associates. When assessing whether GN Store Nord exercises control or significant influence, potential voting rights and options on acquisition of additional ownership interests are taken into account.

The consolidated financial statements are prepared as a consolidation of the financial statements of the parent company and those of the individual subsidiaries, all of which are presented in accordance with the Group's accounting policies. Intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains and losses on intra-group transactions are eliminated. On consolidation, the carrying amount of shares held by the parent company in subsidiaries is set off against the subsidiaries' equity. Projects and enterprises established as joint ventures with joint control are accounted for by proportionate consolidation and accounting items are therefore recognized in proportion to the ownership interest.

Business Combinations

Enterprises acquired or formed during the year are recognized in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognized in the consolidated income statement until the disposal date. The comparative figures are not restated for acquisitions. Discontinuing operations are presented separately, see Presentation of Discontinuing Operations.

For acquisitions of new enterprises in which the parent company is able to exercise control over the acquired enterprise, the purchase method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognized if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on revaluations is recognized.

The acquisition date is the date when the parent company effectively obtains control of the acquired enterprise

Any excess of the cost over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognized as goodwill under intangible assets. Goodwill is not amortized but is tested at least annually for impairment. The first impairment test is performed within the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than the presentation currency used by GN Store Nord are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. Negative differences (negative goodwill) are recognized in the income statement at the acquisition date.

The cost of a business combination comprises the fair value of the consideration agreed upon and costs directly attributable to the acquisition. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment is included in the cost of the combination if the adjustment is probable and can be measured reliably.

If uncertainties regarding measurement of identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have different fair value at the acquisition date than first assumed, goodwill is adjusted up until 12 months after the acquisition. The effect of the adjustments is recognized in the opening balance of equity and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase considerations. However, subsequent realization of the acquired enterprise's deferred tax assets not recognized at the acquisition date will require recognition of the tax benefit in the income statement and at the same time write-down of the carrying amount of goodwill to the amount which would have been recognized had the deferred tax asset been recognized as an identifiable asset at the acquisition date.

Intra-group Transactions in the Parent Company Financial Statements

Intra-group transactions are recognized in the parent company financial statements at the carrying amount. Accordingly, additions to or disposals of investments are recognized at the carrying amount, and any difference between the carrying amount of net assets and the consideration paid is recognized directly in equity. Comparative figures are not restated.

Foreign Currency Translation

Functional Currency and Presentation Currency

Financial statement items for each of the reporting enterprises in the Group are measured using the currency used in the primary financial environment in which the reporting enterprise operates. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies. The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency and presentation currency of the parent company.

Translation of Transaction and Amounts

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses. Receivables, inventories, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in the income statement as financial income or financial expenses.

Translation of Subsidiaries

On recognition in the consolidated financial statements of foreign entities with another functional currency than GN Store Nord's presentation currency, the income statements are translated at the exchange rates at the transaction date, and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognized directly in equity.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity are recognized directly in equity in the consolidated financial statements under a separate translation reserve.

Translation of Associates

On recognition in the consolidated financial statements of associates with another functional currency than GN Store Nord's presentation currency, the share of profit (loss) for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on the translation of the share of the opening balance of equity of foreign associates at the exchange rates at the balance sheet date, and on translation of the share of profit (loss) for the year from average exchange rates to the exchange rates at the balance sheet date, are recognized directly in equity.

Derivative Financial Instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognized as other receivables and payables, respectively, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognized asset or liability are recognized in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of the hedged item are recognized in equity. If the hedged transaction results in gains or losses, amounts previously recognized in equity are transferred to the same item as the hedged item.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in the income statement under financial items.

Options on Acquisition and Disposal of Investments in Unlisted Enterprises

On initial recognition, options on acquisition and disposal of investments in unlisted enterprises are recognized in the balance sheet at cost and are subsequently measured at cost if a reliable measurement of the fair value can not be made. The cost of options is included in Other Securities.

Government Grants

Government grants relate to grants and funding for R&D activities.

Grants for development activities are recognized in the income statement as development costs. Grants for the acquisition of assets are set off against the cost of the assets for which grants are awarded.

Incentive Plans

The Executive Management and a number of senior employees are included in share-based payment plans (equity-settled plans). For equity-settled programs, the share options and warrants are measured at the fair value at the grant date and recognized in the income statement as a staff cost of the respective functions over the vesting period. The counter item is recognized directly in equity. On initial recognition, an estimate is made of the number of options and warrants expected to vest, see description of incentive plans in note 35. This estimate is subsequently revised for changes in the number of options and warrants expected to vest. Accordingly, recognition is based on the number of options and warrants that are ultimately vested. The fair value of granted options and warrants is estimated using the Black-Scholes option pricing model. Vesting conditions are taken into account when estimating the fair value of the options and warrants.

Presentation of Discontinuing Operations

Discontinuing operations comprise a major unit whose activities and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the other business areas and where the unit either has been disposed of or is held for sale and where the sale is expected to be carried out within twelve months in accordance with a formal plan.

The profit (loss) after tax of discontinuing operations and value adjustments after tax of related assets and liabilities are presented in a separate line item in the income statement with comparative figures and disclosed in the notes. Assets and liabilities of discontinuing operations are presented in separate line items in the balance sheet without restatement of comparative figures and main items are specified in the notes. Net cash flows from operating, investing and financing activities of discontinuing operations are presented separately in the cash flow statement and disclosed in a note.

If a sale is not completed as expected, the income statement and the cash flow statement are restated for all prior periods presented as had the operations never been classified as discontinuing. The income statements and cash flow statements of prior periods are described as "restated". For prior year comparison, amortization and depreciation for prior periods are recognized in a separate line item under operating profit in the income statement. The comparative balance sheet figures are not restated.

INCOME STATEMENT

Revenue

Revenue from the sale of goods and rendering of services is recognized in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Extended warranties are recognized over the term of the contract. Revenue is measured excluding VAT, taxes and granted cash and quantity discounts in relation to the sale and expected returns of goods and rebates. The portion of goods sold that is expected to be returned is determined based on historical product returns data.

Production Costs

Production costs comprise costs, including depreciation and salaries, incurred in generating the revenue for the year. Production costs include direct and indirect costs for raw materials and consumables, wages and salaries, maintenance and depreciation and impairment of production plant and costs and expenses relating to the operation, administration and management of factories. Also included are inventory write-downs.

R&D Costs

R&D costs comprise costs, salaries, and depreciation of operating assets and equipment directly or indirectly attributable to the Group's R&D activities. Research costs are recognized in the income statement as incurred. Development projects that are clearly defined and identifiable, where the technical utilization degree, sufficient resources and a potential future market or development opportunities in the Company is evidenced, and where the Company intends to produce, market or use the project, are recognized as intangible assets if it is probable that costs incurred will be covered by future earnings. The cost of such development projects includes direct wages, salaries, materials and other direct and indirect costs attributable to the development projects. Amortization and write-down of such capitalized development projects are started at the date of completion and are included in R&D costs. Other development costs are recognized in the income statement as incurred.

Selling and Distribution Costs
Selling and distribution costs comprise costs relating to the sale and distribution of products and services, including salaries, sales commissions, advertising and marketing costs, depreciation and impairment, etc.

Management and Administrative Expenses
Management and administrative expenses comprise expenses incurred for management and administration. Administrative expenses include office expenses, and depreciation and impairment, etc. Also included are losses on trade receivables.

Other Operating Income and Costs
Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on disposal of intangible assets and property, plant and equipment.

Restructuring/Non-recurring Costs
Restructuring/non-recurring costs include significant costs of a non-recurring nature in terms of the Group's revenue-generating operating activities.

Restructuring/non-recurring costs are recognized in the income statement under the functions to which they relate and are specified in a note.

Please refer to the section Other provisions for a description of when provisions for restructuring costs are made.

Profit (loss) from Investments in Associates
The proportionate share of the profit (loss) after tax of the individual associates is recognized in the income statement of the Group less amortization of goodwill and after elimination of the proportionate share of intra-group profits (losses).

Profits (losses) from Investments in Subsidiaries and Associates in the Parent Company Financial Statements
Dividend received from investments in subsidiaries and associates is recognized in the parent company income statement in the financial year in which the dividend is declared. To the extent that distributed dividend exceeds the accumulated earnings after the acquisition date, the dividend is, however, not recognized in the income statement but recognized as a write-down of the cost of the investment. To the extent that investments are written down below cost, the write-down is recognized in the income statement.

Financial Income and Expenses
Financial income and expenses comprise interest income and expense, costs of permanent loan facilities, gains and losses on securities, receivables, payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities etc. Also included are realized and unrealized gains and losses on derivative financial instruments which are not designated as hedges.

Tax on Profit (loss) for the Year
The parent company is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit (loss) for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity. Current tax payable is recognized in current liabilities and deferred tax is recognized in non-current liabilities. Tax receivable is recognized in receivables and deferred tax assets are recognized in other non-current assets.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is not recognized on goodwill unless this is deductible for tax purposes. Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement. If a tax deduction on computation of the taxable income in Denmark or in foreign jurisdictions is obtained as a result of share-based payment programs, the tax effect of the programs is recognized in Tax on the profit (loss) for the year. If the total tax deduction exceeds the total tax expense, the tax benefit for the excess deduction is recognized directly in the balance sheet.

BALANCE SHEET
Intangible Assets
Goodwill

At the acquisition date goodwill is recognized in the balance sheet at cost as described under Business combinations. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

As a result of the integration of acquired enterprises in the existing group, Management assesses that the smallest cash-generating units to which the carrying amount of goodwill can be allocated are Contact Center & Office Headsets, Mobile Headsets, Hearing Instruments and Audiologic Diagnostics Equipment.

The carrying amount of goodwill is tested at least annually for impairment together with the other non-current assets in the cash-generating unit to which the goodwill is allocated and written down to recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is computed as the present value of the expected future net cash flows from the enterprises or activities to which the goodwill is allocated. Impairment of goodwill is recognized in a separate line item in the income statement.

Development Projects, Patents and Licenses

Intangible assets with a finite useful life are measured at cost less accumulated amortization and impairment. Amortization is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Completed development projects	1-5 years
Software	1-5 years
Patents, licenses, trademarks and other intellectual property rights	up to 20 years

Completed development projects are amortized on a straight-line basis over the estimated useful life. The basis of amortization is calculated less impairment losses.

Development projects are described under Research and development costs.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the disposal date, and are recognized in the income statement as other operating income or other operating costs, respectively.

Telecommunications Systems

Intangible assets include telecommunications systems which are not in the legal ownership of the Group, but from which the Group is contractually entitled to receive revenue.

Amortization of telecommunications systems reflects utilization during the period in the form of actual traffic as compared to total forecast traffic over the term of the contract. The carrying amount of a telecommunications system may, however, not exceed what it would have been had amortization been provided on a straight-line basis over the expected useful lives of the assets (contract term). The expected useful lives of telecommunications systems are as follows:

Telecommunications systems	5-15 years

Other Intangible Assets

Other intangible assets with an indefinite useful life, including selected trademarks, are measured at cost less impairment losses. Other intangible assets with an indefinite useful life are not amortized but are tested for impairment annually.

Property, Plant and Equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs of materials, components, subsuppliers, direct wages and salaries and indirect production costs until the date when the asset is available for use. Liabilities related to dismantling and removing the asset and restoring the site on which the asset is located are added to the cost. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. Interest and other borrowing costs are not included in the cost of acquisition.

Depreciation is provided on a straight-line basis over the expected useful lives of property, plant and equipment. The expected useful lives are as follows:

Buildings and installations	10-50 years
Leasehold improvements	5-20 years
Plant and machinery	1-7 years
Operating assets and equipment	2-7 years

Land is not depreciated.

The basis of depreciation is calculated on the basis of the residual value of the asset less impairment losses. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. When changing the depreciation period or the residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates. Depreciation is recognized in the income statement as production costs, development costs, distribution costs and administrative expenses. Expenses for repairs and maintenance of property, plant and equipment are included in the income statement. Gains or losses on disposal or scrapping of an item of property, plant and equipment are determined as the difference between the sales price reduced by costs related to dismantling and removing the asset, selling costs and costs related to restoring the site on which the asset is located and the carrying amount. Gains or losses are recognized in the income statement as Other operating income or Other operating costs, respectively.

Rental and Lease Matters

Leases for property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the Group (finance leases) are initially recognized in the Balance Sheet sheet at the lower of fair value and the present value of the future lease payments.

In calculating the net present value the discount factor is the interest rate implicit in the lease or a rate that approximates this rate. Assets held under finance leases are subsequently treated as the Group's other property, plant and equipment.

The capitalized residual obligation on the lease is recognized in the balance sheet as a liability and the interest element of the lease payment is recognized in the income statement over the term of the lease. Leases that do not meet the criteria for classification as a financial asset are treated as operating leases. Operating lease payments are recognized in the income statement over the term of the lease.

Investments in Associates in the Consolidated Financial Statements

Investments in associates are recognized in the consolidated financial statements according to the equity method. Investments in associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealized intra-group profits and losses and plus the carrying amount of goodwill. Investments in associates with negative net asset values are measured at DKK 0 (nil). If the Group has a legal or constructive obligation to cover a deficit in the associate, the remaining amount is recognized under provisions.

On acquisition of investments in associates, the purchase method is used, cf. Business Combinations.

Investments in Subsidiaries and Associates in the Parent Company Financial Statements

Investments in subsidiaries and associates are recognized in the parent company financial statements at cost less impairment losses. Where the recoverable amount is lower than cost, investments are written down to this lower value. Cost is reduced by received dividend that exceeds the accumulated earnings after the acquisition date.

Stock options granted by GN Store Nord to employees in subsidiaries are for accounting purposes treated as a capital injection and increase GN Store Nord's cost of the subsidiaries. If GN Store Nord subsequently requires the subsidiaries to pay the intrinsic value of the options at the exercise date, the cost is reduced correspondingly.

Other Securities

Shares and bonds (available-for-sale) are recognized under non-current assets at cost at the trade date and are subsequently measured at fair value corresponding to the market price of quoted securities and for unquoted securities an estimated fair value computed on the basis of market data and generally accepted valuation methods. Unrealized value adjustments are recognized directly in equity except for impairment losses and reversal of impairment losses as well as foreign exchange adjustments of bonds denominated in foreign currencies, which are recognized as financial income or financial expenses. On realization, the accumulated value adjustment recognized in equity is transferred to financial income or financial expenses in the income statement.

Ownership interests between 20% and 50% in unlisted enterprises in which GN Store Nord does not exercise significant influence on the financial and operating policies are recognized under non-current assets at cost and are subsequently measured at cost if a reliable measurement of the fair value can not be made. Impairment losses are recognized under financial income or financial expenses in the income statement.

Options on acquisition and disposal of investments in unlisted enterprises are recognized under non-current assets at cost and are subsequently measured at cost if a reliable measurement of the fair value can not be made, see Derivative Financial Instruments.

Impairment of non-current Assets

Goodwill and intangible assets with indefinite useful lives are subject to at least annual impairment tests, initially before the end of the acquisition year. Similarly, in-process development projects are subject to an annual impairment test.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The carrying amount of other non-current assets – with the exception of deferred tax assets, investments in associates and other securities measured at fair value – is subject to an annual impairment test for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilized.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognized in the income statement under the respective functions. Impairment of goodwill is recognized in a separate line item in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortization had the asset not been impaired.

Inventories

Inventories are measured at cost in accordance with the FIFO method.

Raw materials and goods for resale are measured at cost, comprising purchase price plus delivery costs.

Work in progress and finished goods are measured at cost, comprising the cost of direct materials, wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

Where the net realizable value is lower than cost, inventories are written down to this lower value. The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortized cost less write-down for bad debt losses. Write-down for bad debt losses is based on an individual assessment of each receivable and at portfolio level.

Prepayments

Prepayments recognized under current assets comprise costs incurred concerning subsequent financial years and are measured at cost.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item in equity. Proposed dividends are recognized as a liability at the date they are adopted by the annual general meeting (declaration date). Interim dividends are recognized as a liability at the date when the decision to pay interim dividends is made.

Treasury Shares

Cost of acquisition, consideration received and dividends received from treasury shares are recognized directly as retained earnings in equity. Capital reductions from the cancellation of treasury shares are deducted from the share capital at an amount corresponding to the nominal value of the shares. Proceeds from the sale of treasury shares are recognized directly in equity.

Translation Reserve

The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign subsidiaries from their functional currencies into the presentation currency used by GN Store Nord (DKK) and foreign exchange adjustments of balances considered to be part of the total net investment in foreign entities. On full or partial realization of the net investment, the foreign exchange adjustments are recognized in the income statement.

Pensions and other Non-current Liabilities

Contributions to defined contribution plans are recognized in the income statement in the period to which they relate and any contributions outstanding are recognized in the balance sheet as other payables.

Defined benefit plans are subject to an annual actuarial estimate of the present value of future benefits under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from their employment with the Group. The actuarial present value less the fair value of any plan assets is recognized in the balance sheet under pension obligations.

Pension costs for the year are recognized in the income statement based on actuarial estimates and financial expectations at the beginning of the year. Any difference between the expected development in plan assets and the defined benefit obligation and actual amounts results in actuarial gains or losses. Actuarial gains or losses are recognized directly in equity through the Statement of recognized income and expense.

Similarly, other long-term employee benefits are recognized based on an actuarial calculation. Actuarial gains and losses on other long-term employee benefits are recognized in the income statement immediately.

Other Provisions

Other provisions primarily comprise warranties, onerous contracts, restructurings and return obligations related to sold products etc. Provisions are recognized when as a result of events before or at the balance sheet date the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. The amount recognized as a provision is Management's best estimate of the expenses required to settle the obligation. Warranty provisions are recognized as the underlying goods and services are sold based on warranty costs incurred in previous years and expectations of future costs.

Restructuring costs are recognized under liabilities when a detailed, formal restructuring plan has been announced to the persons affected no later than at the balance sheet date. On acquisition of enterprises, restructuring provisions in the acquiree are only included in goodwill when the acquiree has a restructuring liability at the acquisition date. A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract (onerous contracts). A provision for onerous contracts is recognized e.g. when the Company has entered a binding legal agreement for the purchase of components from subsuppliers that exceed the benefits from the expected future use of the components and the Company can only sell the components at a loss.

Financial Liabilities

Amounts owed to mortgage credit institutions and banks are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Financial liabilities also include the capitalized residual obligation on finance leases. Other liabilities, comprising trade payables, amounts owed to group enterprises and associates as well as other payables, are measured at amortized cost.

Received Prepayments

Received prepayments, recognized in liabilities, comprise payments received concerning income in subsequent years.

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method based on the operating profit (loss). The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and end of the year. The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognized in the cash flow statement from the acquisition date. Cash flows from disposals of enterprises are recognized up until the disposal date.

Cash flows from operating activities comprise cash flows from the year's operations adjusted for non-cash operating items and changes in working capital. Working capital comprises current assets excluding items stated as cash and cash equivalents and excluding tax receivable, as well as current liabilities less repayment of non-current liabilities, bank loans and tax payable.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities, acquisitions and disposals of intangible assets, property, plant and equipment and other non-current assets and acquisitions and disposals of securities that are not included in cash and cash equivalents.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders. Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

SEGMENT INFORMATION

GN's management has identified GN Netcom and GN ReSound as the reportable segments in the Group. GN Netcom is selling hands-free communications solutions in the form of headsets for mobile phones and traditional phones. GN ReSound is operating within the hearing instrument industry primarily producing and selling hearing instruments and products related hereto.

Segment information is based on the Group's Accounting Policies.

In the Group segment performance is evaluated on the basis of EBITA as defined under key ratio definitions. Segment revenue and expense and segment assets and liabilities comprise items directly attributable to a segment and items which can be allocated to a segment on a reasonable basis.

KEY RATIOS

Earnings per Share and Diluted Earnings per Share

Earnings per share (EPS) is calculated by dividing the profit for the year after tax by the weighted average number of shares outstanding in the year. Diluted earnings per share are calculated by increasing the weighted average number of shares outstanding by the number of additional ordinary shares that would be outstanding if potentially dilutive shares were issued. The dilutive effect of outstanding share options is calculated using the Treasury Stock method.

Other Key Ratios

Other key ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2005". The key ratios stated in the survey of consolidated financial highlights are defined on the inside of the back cover.

	Country	Currency	Ownership %	Share capital
GN Store Nord A/S	**Denmark**	**DKK**	**N/A**	**833,441,052**
GN Ejendomme A/S	Denmark	DKK	100	10,500,000
GN Great Nordic Telco A/S	Denmark	DKK	100	10,500,000
GN Cable System A/S	Denmark	DKK	100	500,000
● Danish Polish Telecommunications Group I/S	Denmark	DKK	75	N/A
● Danish Russian Telecommunications Group I/S	Denmark	DKK	50	N/A
GN Netcom A/S	**Denmark**	**DKK**	**100**	**30,200,000**
GN Netcom, Inc.	USA	USD	100	35,900,000
GN Hello Direct, Inc.	USA	USD	100	450,000
GN Netcom (Canada), Inc.	Canada	CAD	100	1,000
GN Netcom (China) Ltd.	China	USD	100	8,000,000
GN Netcom Logistic (Xiamen) Ltd.	China	USD	100	500,000
GN Communications (Shanghai) Co., Ltd	China	CNY	100	15,481,000
GN Netcom (Japan) Ltd.	Japan	JPY	100	10,000,000
GN Netcom (Singapore) Pte Ltd.	Singapore	SGD	100	200,000
GN Netcom Asia Ltd.	Hong Kong	HKD	100	2,000,000
GN Netcom Australia Pty. Ltd.	Australia	AUD	100	2,500,000
GN Netcom (Iberica) S.A.	Spain	EUR	100	60,111
GN Netcom (Italia) S.r.l.	Italy	EUR	100	10,200
GN Netcom (UK) Ltd.	Great Britain	GBP	100	100,000
GN Netcom AB	Sweden	SEK	100	5,100,000
GN Netcom European Repair Centre B.V.	Netherlands	EUR	100	18,000
GN Netcom GmbH	Germany	EUR	100	51,129
GN Netcom S.A.	France	EUR	100	80,000
GN ReSound A/S	**Denmark**	**DKK**	**100**	**60,000,000**
GN GROC Ltd.	China	USD	100	500,000
GN Hearing Care Canada Ltd.	Canada	CAD	100	10,000
GN Hearing Care Corporation	USA	USD	100	180,000
GN Hearing Care S.A.	Spain	EUR	100	1,562,631
GN ReSound AB	Sweden	SEK	100	100,000
GN ReSound AG	Switzerland	CHF	100	420,000
GN ReSound B.V.	Netherlands	EUR	100	680,670
GN ReSound China Ltd.	China	CNY	100	34,000,000
GN Resound do Brazil Ltda.	Brasil	BRL	100	11,466,706
GN ReSound GDC Ltd.	Ireland	USD	100	269,520
GN Hearing GmbH	Germany	EUR	100	296,549
GN ReSound GmbH Hörtechnologie	Germany	EUR	100	2,162,253
GN ReSound Hearing Care Equ. (Shanghai)	China	USD	100	1,000,000
GN ReSound Hörtechnologie GmbH	Austria	EUR	100	500,000
GN ReSound Ireland Holdings Ltd.	Ireland	USD	100	402,583
GN ReSound Ireland Ltd.	Ireland	USD	100	402,561
GN ReSound Ireland Sales Ltd.	Ireland	USD	100	160
GN ReSound Italia SRL	Italy	EUR	100	181,190
GN ReSound Japan K.K.	Japan	JPY	100	499,000,000
GN ReSound Ltd.	Great Britain	GBP	100	7,376,000
GN ReSound Norge AS	Norway	NOK	100	2,000,000
GN ReSound NV	Belgium	EUR	100	495,800
GN ReSound NZ Ltd	New Zealand	NZL	100	2,000,000
GN ReSound Pty. Ltd.	Australia	AUD	100	4,000,002
GN ReSound S.A.S.	France	EUR	100	285,957
GN ReSound Singapore Pte. Ltd.	Singapore	SGD	100	300,000
GN ReSound India Private Limited	India	INR	100	7,352,000
GN Group Solutions GmbH	Germany	EUR	100	25,565

	Country	Currency	Ownership %	Share capital
GN US Holdings Inc.	USA	USD	100	34,000,000
GN af 19. januar 1998 A/S	Denmark	DKK	100	91,013,000
GN af 20. januar 1998 A/S	Denmark	DKK	100	13,975,000
Beltone Audiologic France S.A.S.	France	EUR	100	650,000
Beltone Europe Holdings ApS	Denmark	DKK	100	200,000
Beltone Netherlands B.V.	Netherlands	EUR	100	45,378
Beltone Norge AS	Norway	NOK	100	1,000,000
Beltone Schweiz GmbH	Switzerland	CHF	100	20,000
Beltone Polska Marke-Med Sp. z o.o.	Poland	PLN	100	62,500
Bel Tone India Limited	India	INR	95	74,000,000
Interton Ltd.	Great Britain	GBP	100	5,000
Interton Electronic Hörgeräte GmbH	Germany	EUR	100	25,000
American Hearing Systems Inc.	USA	USD	100	10
Altberta Ltd. (Canada)	Canada	CAD	100	50,000
Viennatone S.A. de C.V.	Mexico	MXN	100	50,000
Sluchadlova Akustika spol S.R.O.	Czech Republic	CHZ	100	102,000
Interton Slovakia S.R.O	Slovakia	SKK	85	170,000
▲ Audio Nova S.R.L	Romania	ROL	49	10,000,000
▲ AVR Inc	Israel	USD	20	2,811,108
▲ GN ReSound Korea Co. Ltd.	Korea	KRW	40	136,700,000
▲ Himpp A/S	Denmark	DKK	33	2,400,000
▲ HIMSA A/S	Denmark	DKK	25	1,000,000
▲ HIMSA II A/S	Denmark	DKK	16,67	600,000
▲ Himsa II K/S	Denmark	DKK	15,38	3,250,000
▲ K/S Himpp	Denmark	DKK	30	114,782,415
▲ NewCo ZAO	Russia	RUR	20	2,000,000
GN Otometrics A/S	**Denmark**	**DKK**	**100**	**24,239,000**
GN Otometrics GmbH & Co. KG	Germany	EUR	100	409,034
GN Otometrics Holding GmbH	Germany	EUR	100	1,800,000
GN Otometrics Verwaltungs GmbH	Germany	EUR	100	25,000

▲ Associates

● Indicates associates under joint control. These are accounted for by proportionate consolidation. The joint control is based on agreements on exercise of voting rights, joint control, and possession and disposal of ownership interests, etc. The partnerships (I/S) stated in the list do not publish financial statements subject to section 5 of the Danish Financial Statements Act, as they are included in the consolidated financial statements of GN Store Nord A/S.

A few minor companies without business operations have been omitted from the list.

Forward-looking statements

The forward-looking statements in this annual report reflect GN management's current expectations of certain future events and financial results. Statements regarding 2009 are, of course, subject to risks and uncertainties which may result in material deviations from expectations. Factors that may cause 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 GN's markets; changes in product demand; competition; shortages of components needed in production; and the integration of company acquisitions. For more information, see the "Management's Report" and "Risk Management" elsewhere in this Annual Report. This annual report should not be considered an offer to sell securities in GN Store Nord.

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

GLOSSARY AND KEY RATIO DEFINITIONS

In this annual report the following four UK/US accounting abbreviations are used:

EBITDA	Earnings before depreciation of property, plant and equipment, impairment of goodwill and amortization of intangible assets and special items.
EBITA	Earnings before impairment of goodwill and amortization of other intangible assets acquired in company acquisitions and special items.
EBIT	Earnings before financial items and tax.
EBT	Earnings before tax.

Key Ratio Definitions

Organic growth = $\dfrac{\text{Comparable revenue current period in fixed currency rates}}{\text{Comparable revenue prior year period in equivalent fixed currency rates}}$

EBITA margin = $\dfrac{\text{EBITA}}{\text{Revenue}}$

Return on invested capital including goodwill (ROIC including goodwill) = $\dfrac{\text{EBITA}}{\text{Average invested capital including goodwill}}$

Return on equity (ROE) = $\dfrac{\text{Profit (loss) for the year}}{\text{Average equity of the Group}}$

Equity ratio = $\dfrac{\text{Equity of the Group}}{\text{Total assets}}$

Earnings per share basic (EPS) = $\dfrac{\text{Profit (loss) for the year}}{\text{Average number of shares outstanding}}$

Earnings per share, fully diluted (EPS diluted) = $\dfrac{\text{Profit (loss) for the year}}{\text{Average number of shares outstanding, fully diluted}}$

Cash flow per share = $\dfrac{\text{Cash flows from operating activities (CFFO)}}{\text{Average number of shares outstanding, fully diluted}}$

Book value per share = $\dfrac{\text{Equity of the parent company}}{\text{Number of shares at year end}}$

Invested capital = NWC + property, plant and equipment and intangible assets - other provisions

Net working capital (NWC) = Inventories + receivables + other operating current assets - trade payables - other operating current liabilities

Net interest-bearing debt = Cash and cash equivalents - mortgage debt - bank loans

Key ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2005".

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